



January 15, 2018

Immediate Report

Debt Raising

A. Undertakings to future issue of Debentures (Series 9)

On January 14, 2018 the Company and a number of institutional bodies recognized as investors according to the First Addendum to the Securities Law, 1968 ("Securities Law") signed subordinated notes whereby, subject to compliance with the contingent terms stipulated below, the institutional investors undertook to purchase from the Company and the Company undertook to issue to the institutional investors, in a future private offering, the Company's Debentures (Series 9), by way of an extension of the existing Debenture series (Series 9) that the Company offered, which have been issued and registered for trading for the first time on the Tel-Aviv Stock Exchange Ltd. ("TASE") based on the Shelf Offering Report that the Company published on October 13, 2015 ("the Future Private Offering").

The Future Private Offering will take place on December 2, 2018 (or at a date soon after that date according to the terms of the subordinated note) for an overall amount of par value NIS 550 million of the Company's Debentures (Series 9). The overall consideration for the Future Private Offering will be NIS 578,325,000. The offering will take place at a price of NIS 1.0515 per debenture reflecting an annual yield of 2.7%. The Company will also pay the purchasers of Debentures (Series 9) a commitment commission.

Implementation of the Future Private Offering is subject to fulfillment of the contingent terms by the date of implementation of the Future Private Offering, including receipt of a valid approval from TASE to register the issued debentures for trading, receipt of approval from the Tax Authority concerning the weighted discount rate (if each debenture will be issued at a discount), the non-existence of a prohibition or hindrance in law to carry out the Future Private Offering, non-fulfillment of one or more instances stipulated in section 8.1 of the Trust Deed (entitlement to immediate repayment) for the Debentures (Series 9) dated October 13, 2015 ("the Trust Deed"), and compliance with all the other terms stipulated in the Trust Deed to carry out the extension of the series of

Bezeq The Israel Telecommunication Corporation Ltd.



Debentures (Series 9), including the conditions whereby the Debenture series will not lead to a reduction in the rating of the debentures of that series as it was at that date. It is stipulated that if the said contingent terms are not fulfilled by the date for carrying out the Future Private Offering, the Future Private Offering will not be carried out.

Debentures offered in the Future Private Offering (subject to fulfillment of the contingent terms as stated above) will be registered on the Company's securities register in the name of the registration company of Bank Hapoalim Ltd. Following implementation of the Future Private Offering, and assuming that the Company will not issue additional Debentures (Series 9) by that date, the overall amount of Debentures (Series 9) will be par value NIS 2,144,968,000.

The terms of the debentures issued in the Future Private Offering are identical to the terms of the existing Debentures (Series 9), and from the date of their issue the additional debentures and the existing ones will be deemed a single series in all respects. For details of the terms of the Company's Debentures (Series 9), see the Shelf Offering Report dated October 13, 2015, as part of which the said debentures were issued and registered for trading on TASE.

For the Debentures (Series 9) to be allocated as part of the Future Private Offering, subject to fulfillment of the contingent terms as stated above, there will be limitations on repeat sale (lock-up rule) in accordance with section 15c of the Securities Law and the Securities Regulations (Details According to Sections 15a to 15c of the Law), 2000.

B. Additional raising of debt through a private loan

In addition, in recent weeks the Company has completed raising additional debt of NIS 600 million by receiving a bank loan (made available to the Company on December 24, 2017) at a duration of 6.7 years and at overall interest (fixed nominal) of 3.2% ("The Loan").

The terms of the Loan are similar to the terms of other loans the Company has taken (terms detailed in section 2.13.4 of the Description of the Company's Business in the 2016 Periodic Report), including: An undertaking not to create additional liens on the Company's assets (with certain limitations), an undertaking that in the event the



Company commits to any party in an undertaking in respect of compliance with financial covenants, the Company will undertake identical commitments also in respect of this credit (subject to certain exceptions), and usual terms for immediate repayment (such as breach events, insolvency, liquidation proceedings or a receiver etc., and cross default, with certain limitations).

The above information constitutes a translation of the Immediate Report published by the Company. The Hebrew version was submitted by the Company to the relevant authorities pursuant to Israeli law, and represents the binding version and the only one having legal effect. This translation was prepared for convenience purposes only.