

Application for Approval of an Additional Class Action due to the Collapse of the Dike at Rotem

The Company hereby reports that on 17 August 2017 its subsidiary, Rotem Amfert Negev Ltd. ("**Rotem**"), was served an additional application for approval of a class action against the Company, Rotem, and current and past officeholders of both the Company and Rotem (jointly, the "**Respondents**"). It was filed with the Beer Sheva District Court, on behalf of several groups of persons allegedly impacted by the incident (the "**Applicants**"). The Applicants allege that, as a result of the collapse of the dike in Rotem's operational pond, the Ashalim stream and its surroundings were polluted, and thus the Respondents have breached various provisions of environmental protection laws, including the provisions of the Law for Prevention of Environmental Hazards, the Water Law and the Clean Air Law, as well as infractions relating to the Business Licensing Law, Planning and Construction Law, Basic Law: Human Dignity and Liberty, the Tort Ordinance, breach of statutory duty and negligence.

Within the framework of the application, the Court was requested to order the Respondents, among other things, to prepare plans for removal of the pollution, to restore Ashalim stream, to implement controls to prevent recurrence of the hazard caused, to grant financial remedy to the injured class at the amount of ILS 202.5 million (approx. \$55.9 million), and also to provide compensation by way of repairing the natural values harmed and restoring the area.

The Company is studying the application and considering its legal steps. In light of the very preliminary stages of the application and the scarcity of similar cases, it is difficult to estimate, at this stage, the outcomes of the application proceeding.

Name of the authorized signatory on the report and name of authorized electronic reporter: Lisa Haimovitz
Position: SVP, Global General Counsel and Company Secretary
Signature Date: 18 August 2017

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