

# ISRAEL CHEMICALS LTD.

## OFFER TO PURCHASE FOR CASH ANY AND ALL 4.500% SENIOR NOTES DUE 2024

Title of Securities	ISIN Number	Outstanding Principal Amount	U.S. Treasury Reference Security	Fixed Spread (bps)	Bloomberg Reference Page	Hypothetical Total Consideration <sup>(1)</sup>
4.500% Senior Notes due 2024	IL0028102734	\$800,000,000	2.750% due April 30, 2023	145	FIT 1	\$1,013.27

- (1) Per \$1,000 principal amount of Notes accepted for purchase, assuming the Reference Yield (as defined below) had been measured at 10:00 a.m., New York City time, on May 10, 2018 (see Annex B of this Offer to Purchase). Calculated assuming a hypothetical Settlement Date (as defined below) of May 29, 2018.

**The Tender Offer will expire at 10:00 a.m., New York City time, on May 22, 2018, unless extended or earlier terminated (such time and date, as the same may be extended, the “Expiration Date”). Holders who wish to be eligible to receive the Total Consideration must validly tender and not validly withdraw their Notes at or prior to the Expiration Date.**

Israel Chemicals Ltd. (the “Company”) hereby offers to purchase for cash any and all of its 4.500% Senior Notes due 2024 (the “Notes”). The offer to purchase the Notes (the “Tender Offer”) is being made upon the terms and subject to the conditions set forth in this offer to purchase (the “Offer to Purchase”), and the accompanying form of notice of guaranteed delivery (the “Notice of Guaranteed Delivery”) and the form of Israeli acceptance notice (the “Acceptance Notice” and, together with this Offer to Purchase and the Notice of Guaranteed Delivery, the “Offer Documents”).

For Notes validly tendered and not validly withdrawn prior to the Expiration Date and accepted for purchase, the total consideration per \$1,000 principal amount of the Notes (the “Total Consideration”) will be calculated in accordance with standard market practice determined as described in this Offer to Purchase by reference to a yield to maturity equal to the sum of (i) the yield to maturity for the United States Treasury (“UST”) Reference Security specified in the table above, calculated based on the bid-side price of such UST Reference Security as of 10:00 a.m., New York City time, on May 21, 2018 (such time and date, as the same may be extended, the “Price Determination Time”), plus (ii) the Fixed Spread specified in the table above. The formula for calculating the Total Consideration for the Notes appears in Annex A, and a sample calculation of hypothetical Total Consideration for the Notes appears in Annex B.

Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer. As a result and for the avoidance of doubt, based upon an expected Payment Date (as defined below) on May 29, 2018, no accrued and unpaid interest (“Accrued Interest”) will be payable in addition to the Total Consideration, and persons in whose name the Notes are registered at the close of business on May 21, 2018 will receive the full interest payment scheduled for June 2, 2018. If the Expiration Date is extended, and the Payment Date occurs after June 2, 2018, in addition to the Total Consideration payable in respect of purchased Notes, each registered Holder of the Notes (each a “Holder” and, collectively, the “Holders”) whose Notes are accepted for purchase in the Tender Offer will also receive Accrued Interest in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the payment date for such Notes purchased in the Tender Offer (the “Payment Date”).

The Company will finance the purchase of validly tendered and accepted Notes with cash on hand, short-term borrowings and its revolving credit facility. The Company intends to replace cash on hand or repay short-term borrowings and amounts under its revolving credit facility applied to the purchase of validly tendered and accepted Notes with the net proceeds from the issuance of unsecured senior notes (“New Notes”) in a concurrent offering as announced by the Company on the date hereof (the “New Offering”). When considering any potential allocation of New Notes, the Company intends, but is not obligated, to give some degree of preference to those investors who, prior to such allocation, have validly tendered, or have indicated to the Company or the Dealer-Managers their firm intention to tender, Notes in the Tender Offer. See “Certain Considerations—Allocation of New Notes in the New Offering.”

*The Dealer-Managers for the Tender Offer are:*

**Barclays**

**BNP PARIBAS**

**BofA Merrill Lynch**

**HSBC**

May 14, 2018

*(Cover page continued)*

Any questions or requests for assistance concerning the Tender Offer should be directed to Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Bank plc or Merrill Lynch International (collectively, the “Dealer-Managers”) at the contact details set forth on the back cover of this Offer to Purchase. Requests for additional copies of the Offer Documents or any other documents relating to the Tender Offer should be directed to Lucid Issuer Services Limited (the “Information and Tender Agent”) and/or Israel Brokerage & Investments IBI Ltd. (the “Israeli Tender Agent” and, together with the Information and Tender Agent, the “Tender Agents”), at the contact details set forth on the back cover of this Offer to Purchase. Beneficial owners also may contact their broker, dealer, commercial bank, trust company or other nominee (each, a “Custodian”) for assistance concerning the Tender Offer.

**NONE OF THE COMPANY, THE DEALER-MANAGERS, THE TENDER AGENTS OR THE TRUSTEE (AS DEFINED HEREIN) MAKES ANY RECOMMENDATION IN CONNECTION WITH THE TENDER OFFER.**

In the event that the Tender Offer is terminated, withdrawn or otherwise not consummated, the Total Consideration will not become payable. In any such event, the Notes previously tendered pursuant to the Tender Offer will be promptly returned to the tendering Holders.

Tenders of Notes pursuant to the Tender Offer may be validly withdrawn at any time before the earlier of (i) the Expiration Date, and (ii) if the Tender Offer is extended, the 10<sup>th</sup> business day after commencement of the Tender Offer. Notes subject to the Tender Offer may also be validly withdrawn in the event the Tender Offer has not been consummated within 60 business days after commencement. Tendered Notes may be withdrawn by following the procedures described herein under the captions “Withdrawal of Tenders; No Appraisal Rights.”

Notwithstanding any other provision of the Tender Offer, the Company’s acceptance of validly executed, delivered and not validly withdrawn tendered Notes pursuant to the Tender Offer and payment of the consideration with respect thereto are subject to the satisfaction or waiver of a number of conditions. The Company reserves the right to waive any and all conditions of the Tender Offer.

The Company expressly reserves the right, in its sole discretion, subject to applicable law, to (i) terminate prior to the Expiration Date the Tender Offer and not accept for purchase any Notes not theretofore accepted for purchase, (ii) waive prior to the Expiration Date any and all of the conditions of the Tender Offer, (iii) extend the Expiration Date with respect to the Tender Offer and (iv) amend the other terms of the Tender Offer. The foregoing rights are in addition to the Company’s right to delay acceptance for purchase of Notes tendered under the Tender Offer or the payment for Notes accepted for purchase in order to comply with any applicable law, subject to Rule 14e-1(c) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of a tender offer.

From time to time after the Expiration Date or termination of the Tender Offer, the Company or its affiliates may acquire any Notes that are not tendered pursuant to the Tender Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as the Company may determine, which may be more or less than the prices to be paid pursuant to the Tender Offer and could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives or combinations thereof the Company or its affiliates may choose to pursue.

**See “Certain Considerations” and “Certain Tax Considerations” for a discussion of certain factors that should be considered in evaluating the Tender Offer.**

**This Offer to Purchase does not constitute an offer to purchase Notes in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities or “blue sky” laws. The delivery of this Offer to Purchase shall not under any circumstances create any implication that the information contained herein or incorporated herein by reference is correct as of any time subsequent to the date hereof or, in the case of information incorporated herein by reference, subsequent to the date thereof, or that there has been no change in the information set forth herein or incorporated herein by reference or in any attachments hereto or in the affairs of the Company or any of its affiliates since the date hereof.**

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## IMPORTANT INFORMATION

For Holders holding Notes through a participant of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”), in order to participate in the Tender Offer, and be eligible to receive the Total Consideration pursuant thereto, such Holders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, an Electronic Instruction (as defined herein) in accordance with the procedures of Euroclear and Clearstream. Holders holding Notes through a participant of Euroclear and Clearstream should contact the Information and Tender Agent for more information on how to participate in the Tender Offer.

For Holders holding Notes through a Member (a “TASE Member”) of the Tel-Aviv Stock Exchange Ltd. (“TASE”) and not Euroclear or Clearstream, in order to participate in the Tender Offer and be eligible to receive the Total Consideration pursuant thereto, such Holders must validly tender their Notes by delivering an Acceptance Notice in accordance with the procedures set forth in this Offer to Purchase. See “Procedures for Tendering Notes.” Holders holding Notes through a TASE Member should contact the Israeli Tender Agent for more information on how to participate in the Tender Offer.

Holders must follow certain procedures to tender Notes for purchase pursuant to the Tender Offer. See “Procedures for Tendering Notes” for more information. Queries on how to participate in the Tender Offer may be directed to the Information and Tender Agent for Notes held through Euroclear and Clearstream and/or to the Israeli Tender Agent for Notes held through a TASE Member, the contact details for which appear on the back cover of this Offer to Purchase. Holders are advised to check with any bank, securities broker or other intermediary through which they hold Notes to confirm whether such intermediary needs to receive instructions from such Holders before the deadlines specified in this Offer to Purchase in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Tender Offer. The deadlines set by Euroclear or Clearstream (each, a “Clearing System” and, together, the “Clearing Systems”) and the relevant TASE Member through which Notes are held for the submission and withdrawal of tender instructions may be earlier than the relevant deadlines specified in this Offer to Purchase.

None of the Company or the Dealer-Managers has expressed an opinion with respect to the Tender Offer. None of the Company, the Dealer-Managers, the Tender Agents, the Trustee nor any of their respective affiliates, makes any recommendation as to whether or not any Holders should tender the Notes held by them pursuant to the Tender Offer, and have not authorized any person to make any such recommendation.

***Holders are advised to check with any bank, securities broker or other intermediary through which they hold Notes to confirm whether such intermediary needs to receive instructions from such Holders before the deadlines specified in this Offer to Purchase in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Tender Offer. The deadlines set by Euroclear or Clearstream and the relevant TASE Member through which Notes are held for the submission and withdrawal of tender instructions may be earlier than the relevant deadlines specified in this Offer to Purchase. Unless the context requires otherwise, as used herein, the terms “holder,” “holder of Notes,” “Holder,” “Holder of Notes” and “Noteholder” (and terms of similar import) mean a “Holder” within the meaning of the Indenture. As used herein, the term “Business Day” shall mean any day that is not a Saturday, Sunday or legal holiday in the State of New York or the State of Israel, or a day on which banking institutions chartered by the State of New York, the United States of America or the State of Israel, are legally required or authorized to close.***

***Questions and requests for assistance in connection with the Tender Offer may be directed to the Dealer-Managers or the Tender Agents. Requests for assistance or for additional copies of this Offer to Purchase or any other document related to the Tender Offer may be directed to the Tender Agents. The contact details of the Dealer-Managers and the Tender Agents appear on the back cover of this Offer to Purchase.***

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the Securities and Exchange Commission (the “Commission”) and are incorporated herein by reference:

- the Company’s Annual Report on Form 20-F for the year ended December 31, 2017 (File No. 001-13742) filed on March 7, 2018; and
- the Company’s Current Reports on Form 6-K filed with the Commission on January 18, 2018 (Film No. 18534224), February 22, 2018 (Film No. 18630460), March 7, 2018, March 12, 2018, March 28, 2018, April 12, 2018, April 24, 2018, April 30, 2018, May 2, 2018 and May 10, 2018 (Film Nos. 18820307 and 18820316).

All documents filed (other than information in the documents or filings that are deemed to have been furnished and not filed) by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this Offer to Purchase and prior to the expiration or termination of the Tender Offer shall be deemed to be incorporated by reference in this Offer to Purchase and to be a part hereof from the date of filing such documents.

Any statement contained in this Offer to Purchase or incorporated herein by reference shall be deemed to be modified or superseded to the extent that a statement contained in any documents and reports filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Offer to Purchase modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offer to Purchase. Subject to the foregoing, all information appearing in this Offer to Purchase is qualified in its entirety by the information appearing in the documents incorporated herein by reference.

The Company will provide without charge to each person to whom this Offer to Purchase is delivered, upon the request of such person, a copy of any or all the documents incorporated herein by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such documents should be directed to Israel Chemicals Ltd., Millennium Tower, 23 Aranha Street Tel Aviv 61070 Israel, Attention: Company Secretary (telephone +972 (3) 684440). These documents can also be accessed by visiting [www.icl-group.com](http://www.icl-group.com). The information contained on, or that can be accessed through, the Company’s website, unless otherwise expressly provided herein, does not constitute part of this Offer to Purchase.

## AVAILABLE INFORMATION

The Company is subject to the periodic reporting requirements of the Exchange Act and, in accordance therewith, files reports and other information with the Commission. Such reports and other information filed with the Commission by the Company may be accessed electronically at the Commission’s website located at <http://www.sec.gov>. Statements made in this Offer to Purchase concerning the provisions of any contract, agreement, indenture or other document referred to herein are not necessarily complete. With respect to each such statement concerning a contract, agreement, indenture or other document filed with the Commission, reference is made to such filing for a more complete description of the matter involved, and each such statement is qualified in its entirety by such reference.

In addition, since the Company’s ordinary shares are traded on the TASE and based on the approval of the Company’s shareholders on May 8, 2014, commencing from October 31, 2014, the Company’s Israeli reporting requirements are governed by Chapter E’3 of the Israeli Securities Law, which generally requires filing with the ISA only copies of the English-language reports filed with the Commission. Nevertheless, the Company has undertaken (i) to publish quarterly financial statements, including management’s discussion and analysis thereof, and (ii) to Israel Corporation, for so long as Israel Corporation is a reporting company under Israeli law, to file reports in the United States and Israel about events outside the ordinary course of business that the Company would be required to file under Chapter F of the Israeli Securities Law, and to provide to Israel Corporation any other information about the Company’s business that it requires to meet its disclosure obligations under applicable law. Copies of the Company’s filings with the ISA can be retrieved electronically through the MAGNA distribution site of the ISA ([www.magna.isa.gov.il](http://www.magna.isa.gov.il)) and the TASE website ([www.maya.tase.co.il](http://www.maya.tase.co.il)).

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information included in this Offer to Purchase and the documents incorporated by reference contain statements that constitute “forward-looking statements,” many of which can be identified by the use of forward-looking words such as “anticipate,” “believe,” “could,” “expect,” “should,” “plan,” “intend,” “estimate” and “potential,” among others. Forward-looking statements appear in a number of places in this Offer to Purchase and the documents incorporated by reference and include, but are not limited to, statements regarding the Company’s intent, belief or current expectations. Forward-looking statements are based on the Company’s management’s beliefs and assumptions and on information currently available to the Company’s management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those discussed under “Item 3. Key Information—D. Risk Factors” in the Company’s Annual Report on Form 20-F for the year ended December 31, 2017 incorporated by reference herein.

Although the Company believes the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements and whether to invest in or remain invested in the Company’s securities. The Company has identified important factors in the documents incorporated herein by reference that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by the Company; any such statement is qualified by reference to these cautionary statements. The Company elaborates on these and other risks it faces in the documents incorporated by reference. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider risks discussed in the documents incorporated herein by reference to be a complete discussion of all potential risks or uncertainties. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

**THIS OFFER TO PURCHASE (INCLUDING THE ANNEXES HERETO), THE NOTICE OF GUARANTEED DELIVERY AND THE ACCEPTANCE NOTICE CONTAIN IMPORTANT INFORMATION THAT SHOULD BE READ CAREFULLY AND IN THEIR ENTIRETY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE TENDER OFFER.**

**NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS OFFER TO PURCHASE AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY, THE DEALER-MANAGERS OR THE TENDER AGENTS.**

## SIGNIFICANT DATES AND TIMES

Date	Calendar Date	Event
Launch Date.....	May 14, 2018	Commencement of the Tender Offer.
Price Determination Time.....	The Company expects that this time will be at or around 10:00 a.m., New York City time, on May 21, 2018.	<p>The date and time on which the Reference Yield will be determined and the Total Consideration for the Notes will be calculated. If the Expiration Date is extended by more than 24 hours, the applicable Price Determination Time will be extended to 10:00 a.m., New York City time, on the business day prior to such new Expiration Date.</p> <p>The Company will issue a press release announcing the Reference Yield and the Total Consideration for the Notes promptly after the determination thereof.</p>
Expiration Date.....	The Tender Offer will expire at 10:00 a.m., New York City time, on May 22, 2018, unless the Tender Offer is extended.	The deadline for Notes to be tendered pursuant to the Tender Offer. Validly tendered Notes may be withdrawn prior to the Expiration Date but not thereafter.
Results Announcement Date.....	The results of the Tender Offer are expected to be announced on May 23, 2018, unless the Tender Offer is extended.	Announcement of Tender Offer results.
Guaranteed Delivery Date .....	No later than 5:00 p.m., New York City time, on the second Business Day after the Expiration Date, expected to be on May 24, 2018, unless the Tender Offer is extended.	The deadline for Holders who deliver a Notice of Guaranteed Delivery and all other required documentation to the Information and Tender Agent or the relevant TASE Member, as applicable, at or prior to the Expiration Date to validly tender Notes using the Guaranteed Delivery Procedures in order to be eligible to receive the applicable Total Consideration and Accrued Interest (if applicable) on the Guaranteed Delivery Settlement Date.
Payment Date.....	The Company expects the Payment Date to occur on May 29, 2018, unless the Tender Offer is extended or earlier terminated.	The Company pays the Total Consideration, plus Accrued Interest (if applicable) for such Notes up to, but not including, the Payment Date, for any Notes accepted for purchase. If the Company accepts the tender of Holders' Notes pursuant to the Tender Offer, Holders, or the custodial entity acting on such Holders' behalf, must deliver to the Company good and marketable title to such Notes.

## SUMMARY

*The following summarizes in a question-and-answer format certain material terms of the Tender Offer. You should carefully read this entire Offer to Purchase, the Notice of Guaranteed Delivery and the Acceptance Notice, as well as all annexes hereto and documents incorporated herein for more detailed information and instructions.*

### ***Who is offering to buy my Notes?***

Israel Chemicals Ltd. (the “Company”), the issuer of the Notes, is offering to purchase the Notes.

### ***What securities are the subject of the Tender Offer?***

The Company is offering to purchase any and all of its outstanding 4.500% Senior Notes due 2024 (ISIN No. IL0028102734). The Notes were issued under and are governed by the indenture, dated as of December 2, 2014 (the “Indenture”), between the Company and HSBC Bank USA, National Association, as trustee (the “Trustee”). As of the date of this Offer to Purchase, there were \$800,000,000 aggregate principal amount of the Notes outstanding.

### ***What is the purpose of the Tender Offer?***

The principal purpose of the Tender Offer is to manage the Company’s overall funding level and optimize the maturity profile as part of the Company’s ongoing liability management. See “Purpose and Background of the Tender Offer; Source of Funds.”

### ***What happens to my Notes if I do not validly tender my Notes?***

Any Notes not purchased pursuant to the Tender Offer will remain outstanding immediately following the completion of the Tender Offer. As a result of the consummation of the Tender Offer and depending on the amount of Notes purchased pursuant to the Tender Offer, the aggregate principal amount of the Notes remaining outstanding after the Tender Offer may be significantly reduced, which may adversely affect the liquidity of and, consequently, the market prices for, any Notes that remain outstanding after consummation of the Tender Offer. See “Certain Considerations — Limited Trading Market.”

Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer.

### ***What price will I receive for my Notes if I validly tender them to you?***

The Company is offering to pay you the Total Consideration for your Notes if you validly tender and do not validly withdraw your Notes before the Expiration Date. The Total Consideration for each Note, upon the terms and subject to the condition of the Tender Offer, is payable only to Holders who validly tender and do not validly withdraw their Notes prior to the Expiration Date and whose Notes are purchased in the Tender Offer. The Total Consideration for each Note will be calculated as described under “The Tender Offer.” Annex A contains the formula to be used in calculating the Total Consideration, and Annex B contains a hypothetical calculation of the Total Consideration.

### ***If I validly tender and do not validly withdraw my Notes, will I be paid Accrued Interest?***

Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer. As a result and for the avoidance of doubt, based upon an expected Payment Date on May 29, 2018, no Accrued Interest will be payable in addition to the Total Consideration, and persons in whose name the Notes are registered at the close of business on May 21, 2018 will receive the full interest payment scheduled for June 2, 2018.

If the Expiration Date is extended, and the Payment Date occurs after June 2, 2018, in addition to the Total Consideration payable in respect of purchased Notes, each Holder whose Notes are accepted for purchase in the



Tender Offer will also receive Accrued Interest in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the Payment Date.

***What amount of Notes are subject to purchase in the Tender Offer?***

The Company is offering to purchase any and all of the Notes.

***Do you have the resources to pay for validly tendered and accepted Notes?***

The Company will finance the purchase of validly tendered and accepted Notes with cash on hand, short-term borrowings and its revolving credit facility. The Company intends to replace cash on hand or repay short-term borrowings and amounts under its revolving credit facility applied to the purchase of validly tendered and accepted Notes with the net proceeds from the issuance of the New Notes in the concurrent New Offering. This Offer to Purchase should not be deemed to be an offer to sell or a solicitation of an offer to purchase the New Notes.

***What are the significant conditions of the Tender Offer?***

The Tender Offer is conditioned on, among other things, the satisfaction of the General Conditions (as defined herein). The Tender Offer is not subject to a financing condition or a minimum condition.

The Company reserves the right to waive any and all conditions of the Tender Offer prior to the Expiration Date. See “Conditions of the Tender Offer.”

***May I withdraw my tendered Notes?***

Tenders of Notes pursuant to the Tender Offer may be validly withdrawn at any time prior to the earlier of (i) the Expiration Date, and (ii) if the Tender Offer is extended, the 10<sup>th</sup> business day after commencement of the Tender Offer. Notes subject to the Tender Offer may also be validly withdrawn in the event the Tender Offer has not been consummated within 60 business days after commencement. To withdraw your tendered Notes, you must follow the instructions under “Withdrawal of Tenders; No Appraisal Rights.”

***When does the Tender Offer expire?***

The Tender Offer will expire at 10:00 a.m., New York City time, on May 22, 2018, unless extended or earlier terminated by the Company in its sole discretion.

***Can the Tender Offer be extended, and if so, how will I be notified?***

Yes, the Company has the right to extend the Expiration Date at any time in its sole discretion by giving oral or written notice to the Tender Agents and making a public announcement by press release regarding the extension no later than 9:00 a.m., New York City time, on the first Business Day following the previously scheduled Expiration Date. See “Expiration Date; Extension; Amendment; Termination.”

***When will I receive payment for my validly tendered Notes?***

Payment of the Total Consideration for Notes purchased in the Tender Offer, together with Accrued Interest thereon (if applicable), will be made on the Payment Date, which will promptly follow the Expiration Date, assuming the conditions of the Tender Offer are satisfied or waived. It is expected that payment will be made on the third Business Day following the Expiration Date. Assuming that the Tender Offer is not extended or earlier terminated, it is expected that May 29, 2018 will be the Payment Date. See “Acceptance of Notes; Payment for Notes.”

Payment for Notes validly tendered and accepted for payment, including any Accrued Interest (if applicable), will be made by the Company in immediately available funds to the Israeli Tender Agent, a TASE Member acting on behalf of the Company, for further credit to the payment accounts of the TASE Members who are credited with Notes on the Payment Date, which is expected to be on or about the third Business Day after the Expiration Date. The Company understands that payment will thereafter be credited by such TASE Members to the accounts of their clients who hold Notes in their individual securities accounts with such TASE Members and, where such clients are not the ultimate beneficial owners of the Notes, as in the case of Euroclear and Clearstream, the relevant amounts shall be further credited by such TASE Member clients (including Euroclear and Clearstream) to the ultimate

beneficial owner (or participant of such client through which such ultimate beneficial owner holds its interest in the Notes) for whom such TASE Member clients hold the Notes, subject to their operations, procedures, any applicable agreements or applicable bylaws.

Delivery of Notes will be made on the Payment Date to the Israeli Tender Agent by each TASE Member through which Notes are held (including Citibank N.A., as custodian of the Notes on behalf of Euroclear and Clearstream), in a delivery versus payment transaction, in accordance with the procedures of the Tel Aviv Stock Exchange Clearing House Ltd. (“TASECH”), as a condition for the payment for such Notes.

***What are the tax consequences to me if I validly tender my Notes?***

Please see “Certain Tax Considerations” for a summary of certain Israeli and United States federal income tax considerations applicable to the Tender Offer. Due to the number of different jurisdictions where tax laws may apply to a Holder or beneficial owner, this Offer to Purchase does not discuss the tax consequences for Holders or beneficial owners arising from the Tender Offer in any jurisdiction, except as specifically described under “Certain Tax Considerations.” Holders and beneficial owners are urged to consult their own advisers regarding the possible tax consequences of the Tender Offer under the laws of any relevant jurisdiction. Holders and beneficial owners are liable for their own taxes and have no recourse to the Company, the Dealer-Managers or the Tender Agents with respect to taxes arising in connection with the Tender Offer.

***How should I validly tender my Notes?***

The manner in which you may validly tender your Notes in the Tender Offer will depend on the manner in which you hold your Notes:

- with respect to Noteholders holding Notes through a participant of Euroclear and Clearstream, if such Noteholders wish to tender their Notes pursuant to the Tender Offer, such Noteholder must deliver an Electronic Instruction as provided in “Procedures for Tendering Notes”;
- with respect to Noteholders holding Notes through a TASE Member and not through Euroclear or Clearstream, if such Noteholders wish to tender their Notes pursuant to the Tender Offer, each such Noteholder must deliver to the TASE Member through which the Notes are held a duly signed Acceptance Notice in the form attached hereto as Annex D specifying the principal amount of Notes tendered by each such Noteholder. See “Procedures for Tendering Notes”; or
- if you wish to tender your Notes and (1) your Note certificates are not immediately available or cannot be delivered to the applicable Tender Agent by the Expiration Date, (2) you cannot comply with the procedure for book-entry transfer by the Expiration Date, or (3) you cannot deliver the other required documents to the applicable Tender Agent by the Expiration Date, you must tender your Notes according to the guaranteed delivery procedure described below. See “Procedures for Tendering Notes.”

Only registered Holders of Notes are entitled to tender Notes. As noted above, a beneficial owner whose Notes are registered in the name of a Custodian must contact the Custodian if such beneficial owner desires to tender Notes with respect to such registered Notes. If you hold your Notes through a Custodian, you should ask your Custodian if you will be charged a fee to tender your Notes through the Custodian.

For further information, contact the Information and Tender Agent, the Israeli Tender Agent or the Dealer-Managers at the contact details set forth on the back cover of this Offer to Purchase.

***Are you making any recommendation about the Tender Offer?***

No. The Company is not expressing any opinion and remains neutral with respect to whether Holders should tender Notes in response to the Tender Offer. The Trustee, the Dealer-Managers and the Tender Agents likewise make no recommendation. Holders should determine whether to tender Notes based upon their own assessment of market value, liquidity needs and investment objectives.

***Whom can I contact if I want more information?***

Any questions or requests for assistance concerning the Tender Offer should be directed to the Dealer-Managers at the contact details set forth on the back cover of this Offer to Purchase. Requests for additional copies of the Offer Documents should be directed to the Tender Agents at the contact details set forth on the back cover of this Offer to Purchase. Beneficial owners may also contact their Custodian for assistance concerning the Tender Offer.

**INFORMATION CONCERNING THE COMPANY**

The Company is a leading global specialty minerals and specialty chemicals company that operates three mineral chains in a unique, integrated business model. The Company extracts raw materials and utilizes sophisticated processing and product formulation technologies to add value to its customers in the various agriculture and industrial markets. The Company's operations are organized under two segments: the Essential Minerals Segment and the Specialty Solutions Segment. The Essential Minerals Segment includes three business lines: ICL Potash & Magnesium, ICL Phosphate Commodities and ICL Specialty Fertilizers. The Specialty Solutions Segment includes three business lines: ICL Industrial Products, ICL Advanced Additives and ICL Food Specialties. Following a recent management decision regarding the Company's structure, in 2017 the Specialty Fertilizers business was shifted to the Essential Minerals segment.

The Company's legal name is Israel Chemicals Ltd. and its commercial name is ICL. The Company is a public company and operates today as a limited liability company under the laws of Israel. The Company's registered headquarters are located at Millennium Tower, 23 Aranha Street, P.O. Box 20245, Tel Aviv 61202, Israel. The telephone number at the Company's registered office is +972 3 684 4400. The Company's website address is [www.icl-group.com](http://www.icl-group.com).

The information contained in, or that can be accessed through, the Company's website is not and shall not be deemed to be a part of this Offer to Purchase, except to the extent set forth in "Documents Incorporated by Reference."

**PURPOSE AND BACKGROUND OF THE TENDER OFFER; SOURCE OF FUNDS**

The Company has undertaken the Tender Offer in order to manage its overall funding level and optimize the maturity profile as part of the Company's ongoing liability management.

The Company will finance the purchase of validly tendered and accepted Notes with cash on hand, short-term borrowings and its revolving credit facility. The Company intends to replace cash on hand or repay short-term borrowings and amounts under its revolving credit facility applied to the purchase of validly tendered and accepted Notes with the net proceeds from the issuance of the New Notes in the concurrent New Offering. This Offer to Purchase should not be deemed to be an offer to sell or a solicitation of an offer to purchase the New Notes.

The Notes purchased by the Company pursuant to the Tender Offer will be cancelled and will not be re-issued or re-sold.

**CERTAIN CONSIDERATIONS**

**In deciding whether to participate in the Tender Offer, in addition to the other information contained, or incorporated by reference, in the Offer Documents, each Holder should consider carefully and in its entirety the following:**

## **Allocation of New Notes in the New Offering**

The Company intends, in connection with the allocation of New Notes in the New Offering, to consider among other factors whether or not the relevant investor seeking an allocation of the New Notes in the New Offering has validly tendered or indicated to the Company or the Dealer-Managers a firm intention to tender any Notes it holds pursuant to the Tender Offer and, if so, the aggregate principal amount of such Notes tendered or indicated to be tendered by such investor. When determining allocations of the New Notes, the Company intends to give some degree of preference to those investors who, prior to such allocation, have validly tendered Notes, or have indicated their firm intention to tender Notes, pursuant to the Tender Offer. However, the Company will consider various factors in making allocation decisions and is not obliged to allocate the New Notes to an investor who has validly tendered or indicated to the Company or the Dealer-Managers a firm intention to tender any Notes it holds pursuant to the Tender Offer and if allocated, the amount may be less than the amount tendered and accepted.

Any potential allocation of the New Notes, while being considered by the Company as set out above, will be made in accordance with customary new issue allocation processes and procedures following the completion of the book building process for the offering of the New Notes and will be made at the sole discretion of the Company. In the event that a Holder validly tenders Notes pursuant to the Tender Offer, such Notes will remain subject to such tender and the conditions of the Tender Offer as set out in this Offer to Purchase irrespective of whether that Holder receives all, part or none of any allocation of New Notes for which it has applied.

*Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in the offering memorandum prepared in connection with the issue and listing of the New Notes (the "Offering Memorandum"), and no reliance is to be placed on any representations other than those contained in the Offering Memorandum. This Offer to Purchase should not be deemed to be an offer to sell or a solicitation of an offer to purchase the New Notes.*

The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and are being offered only outside the United States to non-U.S. persons that are qualifying investors in reliance on Regulation S under the Securities Act and within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A")) in reliance on Rule 144A and, in each case, in compliance with all applicable securities laws.

## **TASE and TASECH Procedures**

The Tender Offer and settlement thereof are being effected in accordance with the bylaws of the TASE and the TASECH which may not be customary for investors holding similar securities listed on other international exchanges.

Holders of book-entry interests in the Notes must rely on the TASE Bylaws as well as the procedures of the TASE Member through which they hold their book-entry interests to transfer their interests or to exercise any rights of holders of Notes under the Indenture (including the tendering of Notes). Investors holding book-entry interests through TASE Member clients (including Euroclear and Clearstream) must rely on the TASE Bylaws, the procedures of the TASE Member and the TASE Member client (including Euroclear or Clearstream) through which they hold their book-entry interests as well as the procedures of any participants of a TASE Member client (including participants of Euroclear or Clearstream) through which they hold book-entry interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture (including the tendering of Notes).

The delivery of tender instructions pursuant to the Tender Offer and the tabulation and settlement thereof on the Payment Date in accordance with TASE Bylaws requires coordination between multiple parties including the Company, the TASE, the TASECH, the TASE Members, the Dealer-Managers and the Tender Agents. There is no assurance that there will not be delays in the delivery of instructions and/or settlement as a result of such coordination or in respect of procedures that are required to be carried out in connection to the Tender Offer under the TASE Bylaws or other applicable rules and procedures.

## **Limited Trading Market**

To the extent that Notes are traded, prices for the Notes may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. To the extent that Notes are tendered and accepted for purchase in the

Tender Offer, the trading market for such Notes would become more limited. A debt security with a smaller outstanding principal amount available for trading (a smaller “float”) may command a lower price than would a comparable debt security with a greater float. Therefore, the market price for Notes not tendered or not purchased may be affected adversely to the extent that the principal amount of Notes tendered pursuant to the Tender Offer reduces the float. The reduced float also may tend to make the trading price more volatile. Holders of Notes not tendered or not purchased may attempt to obtain quotations for their Notes from their brokers; however, there can be no assurance that any trading market will exist for the Notes following consummation of the Tender Offer. The extent of the public market for the Notes following consummation of the Tender Offer will depend upon, among other things, the remaining outstanding principal amount of such Notes after the Tender Offer, the number of Holders of such Notes remaining at such time and the interest in maintaining a market in such Notes on the part of securities firms and other factors. The Company does not intend to create or sustain a market for any Notes that remain outstanding following consummation of the Tender Offer.

### **Conditions of the Tender Offer**

The consummation of the Tender Offer is subject to satisfaction of certain conditions. These conditions are described in more detail in this Offer to Purchase under “Conditions of the Tender Offer.” There can be no assurance that such conditions will be met or that, in the event the Tender Offer is not consummated, the market value and liquidity of the Notes will not be materially adversely affected.

### **Changes in Reference Yields on UST Reference Security**

The Total Consideration for the Notes will be based on the bid-side yield of the UST Reference Security as of the Price Determination Time. This yield may fluctuate during the term of the Tender Offer prior to the Price Determination Time. As a result, the actual amount of cash that will be received by a tendering Holder of the Notes pursuant to the Tender Offer will be affected by such changes and may be different than if such amount were calculated based on the yield of the UST Reference Security prevailing on dates or times prior to the Price Determination Time. Changes in the yield on the UST Reference Security following the Price Determination Time will not alter the Total Consideration unless the terms of the Tender Offer are amended.

### **Subsequent Repurchases of Notes**

From time to time after the Expiration Date or termination of the Tender Offer, the Company or its affiliates may acquire any Notes that are not tendered pursuant to the Tender Offer through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as the Company may determine, which may be more or less than the price to be paid pursuant to the Tender Offer and could be for cash or other consideration. There can be no assurance as to which, if any, of these alternatives or combinations thereof the Company or its affiliates may choose to pursue.

### **No Recommendation**

None of the Company, the Dealer-Managers, the Tender Agents or the Trustee makes any recommendation in connection with the Tender Offer. Holders should determine whether to tender Notes based upon their own assessment of market value, liquidity needs and investment objectives.

### **Tax Matters**

See “Certain Tax Considerations” for a discussion of certain Israeli and United States federal income tax considerations applicable to the Tender Offer. Due to the number of different jurisdictions where tax laws may apply to a Holder or beneficial owner, this Offer to Purchase does not discuss the tax consequences for Holders or beneficial owners arising from the Tender Offer in any jurisdiction, except as specifically described under “Certain Tax Considerations.” Holders and beneficial owners are urged to consult their own advisers regarding the possible tax consequences of the Tender Offer under the laws of any relevant jurisdiction. Holders and beneficial owners are liable for their own taxes and have no recourse to the Company, the Dealer-Managers or the Tender Agents with respect to taxes arising in connection with the Tender Offer.

## THE TENDER OFFER

The Offer Documents contain important information that should be read carefully and in their entirety prior to making any decision with respect to the Tender Offer.

### Introduction

The Company hereby offers, upon the terms and subject to the conditions set forth in the Offer Documents, to purchase for cash any and all Notes that are validly tendered and not validly withdrawn prior to the Expiration Date for the consideration described below. Notes may be tendered and will be accepted for purchase in denominations of \$1.00 and integral multiples of \$1.00 in excess thereof (the “Authorized Denominations”). No alternative, conditional or contingent tenders of Notes are permitted in connection with the Tender Offer. Holders who tender less than all of their Notes must continue to hold Notes in minimum denominations of \$1.00.

A Holder who wishes to tender Notes but who cannot comply with the procedures set forth herein for a tender on a timely basis or whose Notes are not immediately available may tender such Notes by following the procedures for guaranteed delivery set forth below under “—Procedures for Tendering Notes—Guaranteed Delivery Procedures.”

### Total Consideration

The Company is offering to purchase for cash, on the terms and subject to the conditions described in the Offer Documents, any and all Notes for the Total Consideration. The Dealer-Managers will calculate (in accordance with standard market practice) the Total Consideration for the Notes, as the present value of the cash payments of interest and principal due on such Notes, based on a yield to maturity for such Notes equal to the yield to maturity that corresponds to the bid-side price of the UST Reference Security for such Notes (the “Reference Yield”) plus the Fixed Spread indicated in the table on the cover page of this Offer to Purchase (such total, the “Tender Offer Yield”). The Total Consideration will be calculated in accordance with the formula in Annex A.

The Dealer-Managers will calculate the Total Consideration for the Notes equal to the value per \$1,000 principal amount, assuming the Notes will be repaid in full at maturity, of all remaining payments of principal thereof and interest thereon to be made through maturity, discounted to the Payment Date at a rate equal to the Tender Offer Yield for such Notes (in a manner consistent with the methodology underlying the formula for the Total Consideration set forth in Annex A), minus the Accrued Interest per \$1,000 principal amount of such Notes that would be due in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the Payment Date.

The Dealer-Managers will calculate the Reference Yield used to determine the Total Consideration for the Notes in accordance with standard market practice based on the bid-side price of the UST Reference Security for such Notes as displayed on the Bloomberg Reference Page specified in the table on the cover page of this Offer to Purchase, as of the Price Determination Time (or, if the Dealer-Managers determine that such page is not operational or is displaying inaccurate information at that time, the bid-side price of such UST Reference Security as determined at or around 10:00 a.m., New York City time, on such date by such other means as the Dealer-Managers may consider to be appropriate under the circumstances). The Company will issue a press release specifying the final Reference Yield and Total Consideration for the Notes promptly after they are calculated.

Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer. As a result and for the avoidance of doubt, based upon an expected Payment Date on May 29, 2018, no Accrued Interest will be payable in addition to the Total Consideration, and persons in whose name the Notes are registered at the close of business on May 21, 2018 will receive the full interest payment scheduled for June 2, 2018. If the Expiration Date is extended, and the Payment Date occurs after June 2, 2018, in addition to the Total Consideration payable in respect of purchased Notes, each Holder whose Notes are accepted for purchase in the Tender Offer will also receive Accrued Interest in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the Payment Date.

Payment of the Total Consideration for Notes purchased in the Tender Offer, together with Accrued Interest thereon (if applicable) will be made on the Payment Date, which will promptly follow the Expiration Date, assuming

the conditions of the Tender Offer are satisfied or waived. It is expected that payment will be made on the third Business Day following the Expiration Date. Assuming that the Tender Offer is not extended or earlier terminated, it is expected that May 29, 2018 will be the Payment Date.

Promptly after the Expiration Date, payment for Notes validly tendered and accepted for payment, including any Accrued Interest (if applicable), will be made by the Company in immediately available funds to the Israeli Tender Agent, for further credit to the payment accounts of the TASE Members who are credited with Notes on the Payment Date, which is expected to be on or about the third Business Day after the Expiration Date. The Company understands that payment will thereafter be credited by such TASE Members to the accounts of their clients who hold Notes in their individual securities accounts with such TASE Members and, where such clients are not the ultimate beneficial owners of the Notes, as in the case of Euroclear and Clearstream, the relevant amounts shall be further credited by such TASE Member clients (including Euroclear and Clearstream) to the ultimate beneficial owner (or participant of such client through which such ultimate beneficial owner holds its interest in the Notes) for whom such TASE Member clients hold the Notes, subject to their operations, procedures, any applicable agreements or applicable bylaws.

Delivery of Notes will be made on the Payment Date to the Israeli Tender Agent by each TASE Member through which Notes are held (including Citibank N.A., as custodian of the Notes on behalf of Euroclear and Clearstream), in a delivery versus payment transaction, in accordance with the procedures of the TASECH, as a condition for the payment for such Notes.

#### **EXPIRATION DATE; EXTENSION; AMENDMENT; TERMINATION**

The Tender Offer will expire at 10:00 a.m., New York City time, on May 22, 2018, unless extended or earlier terminated by the Company in its sole discretion. In the event the Tender Offer is extended, the term “Expiration Date” with respect to such extended Tender Offer shall mean the time and date on which the Tender Offer, as so extended, shall expire. The Company reserves the right to extend the Tender Offer from time to time or for such period or periods as it may determine in its sole discretion by giving oral (to be confirmed in writing) or written notice of such extension to the Tender Agents and by making a public announcement at or prior to 9:00 a.m., New York City time, on the next Business Day following the previously scheduled Expiration Date. During any extension of the Tender Offer, all Notes previously tendered and not accepted for purchase will remain subject to the Tender Offer and, subject to the terms and conditions of the Tender Offer, may be accepted for purchase by the Company.

To the extent it is legally permitted to do so, the Company reserves the right, in its sole discretion, at any time prior to the Expiration Date, to waive any condition of the Tender Offer, to amend any of the terms of the Tender Offer, and to modify the Total Consideration for the Notes. If the Company makes a material change in the terms of the Tender Offer or waives a material condition of the Tender Offer, the Company will give written notice thereof to the Tender Agents and will make a public announcement thereof as promptly as practicable. The minimum period during which the Tender Offer will remain open following material changes in the terms of the Tender Offer or in the information concerning the Tender Offer will depend upon the facts and circumstances of such change, including the relative materiality of the changes. With respect to any change in the consideration offered in the Tender Offer, the Company will disclose any such amendment in a press release at or prior to 10:00 a.m., New York City time, on the day of such amendment and the Company will extend the Expiration Date by at least five Business Days, if the Tender Offer would otherwise expire during such period. If any of the terms of the Tender Offer are amended in a manner determined by the Company to constitute a material change adversely affecting any Holder, the Company will disclose any such amendment in a press release at or prior to 10:00 a.m., New York City time, on the day of such amendment, and the Company will extend the Tender Offer for at least three Business Days, if the Tender Offer would otherwise expire during such time period.

The Company reserves the right to amend, at any time prior to the Expiration Date, the terms of the Tender Offer subject to the disclosure requirements described above. The Company will give Holders notice of such amendments as set forth herein and as may be required by law.

The Company reserves the right, in its sole discretion, subject to applicable law, to terminate the Tender Offer. Any such termination will be followed promptly by public announcement thereof. In the event the Company terminates the Tender Offer, it shall give immediate notice thereof to the Tender Agents. Notes theretofore tendered and not accepted for purchase will be returned promptly to the tendering Holders thereof. In the event that the

Tender Offer is terminated, withdrawn or otherwise not consummated prior to the Expiration Date, the Total Consideration will not become payable pursuant thereto. See “Withdrawal of Tenders; No Appraisal Rights” and “Conditions of the Tender Offer.”

### **ACCEPTANCE OF NOTES; PAYMENT FOR NOTES**

Upon the terms and subject to the conditions of the Tender Offer, the Company will accept for purchase any and all Notes validly tendered pursuant to the Tender Offer (or defectively tendered, if such defect has been waived by the Company) and not validly withdrawn, upon the satisfaction or waiver of the conditions of the Tender Offer specified herein under “Conditions of the Tender Offer.”

The Company reserves the right, in its sole discretion, to delay acceptance for purchase of Notes tendered under the Tender Offer or the payment for Notes accepted for purchase (subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the Holders thereof promptly after the termination or withdrawal of a tender offer), or to terminate the Tender Offer as set forth herein or in order to comply with any applicable law and not accept for purchase any Notes not theretofore accepted for purchase. In all cases, payment for Notes accepted for purchase pursuant to the Tender Offer will be made only after timely receipt by the Information and Tender Agent of valid Electronic Instructions (in the case of holders holding Notes through Euroclear or Clearstream) or by the Israeli Tender Agent of valid Acceptance Notices (in the case of holders holding Notes through a TASE Member and not through Euroclear or Clearstream).

The Company will be deemed to have accepted for purchase validly tendered Notes (or defectively tendered Notes, if such defect has been waived by the Company) when the Company gives oral (confirmed in writing) or written notice thereof to the Tender Agents.

Tenders of Notes, as so accepted, will constitute binding obligations of the submitting Noteholders and the Company to settle the Tender Offer, subject only to satisfaction in full or waiver of the conditions on or prior to the Payment Date. If the Tender Offer is not earlier extended or terminated, the Company will, on the Business Day following the Expiration Date, announce the final results of the Tender Offer to the extent any Notes are accepted for purchase.

Tenders of Notes pursuant to the Tender Offer, as well as withdrawal of previously tendered Notes, will be accepted only in principal amounts equal to \$1.00 and integral multiples of \$1.00 in excess thereof.

If, for any reason whatsoever, acceptance for payment of or payment for any Notes tendered pursuant to the Tender Offer is delayed (whether before or after the Company’s acceptance for payment of Notes) or the Company is unable to accept or pay for the Notes tendered pursuant to the Tender Offer, the Company may (without prejudice to its rights set forth herein) instruct the applicable Clearing System and the TASECH, as applicable, to retain tendered Notes, and such Notes may not be withdrawn except to the extent that the tendering Holder is entitled to withdrawal rights as described herein (subject to Rule 14e-1 under the Exchange Act).

If any tendered Notes are not accepted for purchase for any reason pursuant to the terms and conditions of the Tender Offer, such Notes will be credited to the account maintained at the Clearing Systems and the relevant TASE Member from which such Notes were delivered, promptly following the Expiration Date or the termination of the Tender Offer.

The Company reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its respective wholly-owned subsidiaries, the right to purchase all or any portion of the Notes tendered pursuant to the Tender Offer, but any such transfer or assignment will not relieve the Company of its obligations under the Tender Offer and will in no way prejudice the rights of tendering Holders to receive payment for their Notes validly tendered and not validly withdrawn and accepted for purchase pursuant to the Tender Offer.

Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer. As a result and for the avoidance of doubt, based upon an expected Payment Date on May 29, 2018, no Accrued Interest will be payable in addition to the Total Consideration, and persons in whose name the Notes are registered at the close of business on May 21, 2018 will receive the full interest payment scheduled for June 2, 2018.



If the Expiration Date is extended, and the Payment Date occurs after June 2, 2018, in addition to the Total Consideration payable in respect of purchased Notes, each Holder whose Notes are accepted for purchase in the Tender Offer will also receive Accrued Interest in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the Payment Date. **Unless the Tender Offer is extended, Holders of purchased Notes are not expected to receive any Accrued Interest in the Tender Offer. In addition, under no circumstances will any additional interest be payable because of any delay in the transmission of funds to the Holders of purchased Notes or otherwise.**

Holders will not be obligated to pay fees or transfer taxes in the Tender Offer. Tendering Holders will not be obligated to pay brokerage fees or commissions to any of the Dealer-Managers, the Information and Tender Agent, the Israeli Tender Agent or the Company. Holders whose Notes are held by a broker, dealer, commercial bank, trust company or other nominee should contact such nominee to determine whether a fee will be charged for tendering Notes pursuant to the Tender Offer.

### **PROCEDURES FOR TENDERING NOTES**

*Any beneficial owner whose Notes are registered in the name of a Custodian who wishes to tender its Notes should contact such Custodian promptly and instruct such Custodian to tender its Notes on such beneficial owner's behalf.*

*The following description of procedures for participating in the Tender Offer and the submission of Electronic Instructions and Acceptance Notices is provided to Noteholders for convenience only. Noteholders who wish to participate in the Tender Offer are urged to consult their bank, securities broker or other intermediary through which they hold Notes for further information on how to participate in the Tender Offer.*

*Noteholders who need assistance with respect to the procedures for participating in the Tender Offer may also contact the Dealer-Managers, the Information and Tender Agent or the Israeli Tender Agent, at the contact details set forth on the back cover of this Offer to Purchase.*

*Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes whether such intermediary needs to receive instructions from a holder before the deadlines specified in this Offer to Purchase in order for that holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Tender Offer before the deadlines specified in this Offer to Purchase.*

*The deadlines set by Euroclear, Clearstream and Citibank N.A. (as custodian for Euroclear and Clearstream in respect of the Notes) for the submission and withdrawal of Electronic Instructions and, in the case of Notes held through a TASE Member and not through Euroclear or Clearstream, the deadlines set by the relevant TASE Member for the submission of Acceptance Notices may be earlier than the relevant deadlines specified in this Offer to Purchase.*

The Company will only accept tenders of Notes for purchase pursuant to the Tender Offer which are made by way of the submission of valid Electronic Instructions (in the case of holders holding Notes through Euroclear or Clearstream) or by way of the delivery of valid Acceptance Notices (in the case of holders holding Notes through a TASE Member and not through Euroclear or Clearstream) in accordance with the procedures set out in this section.

To tender Notes for purchase pursuant to the Tender Offer, a Noteholder should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream on or prior to the deadlines imposed by the Clearing Systems and in accordance with the requirements of such Clearing System, a valid Electronic Instruction that is received by the Information and Tender Agent on or prior to the Expiration Date. For Noteholders holding Notes through a TASE Member and not through Euroclear or Clearstream, such Noteholder should deliver, or arrange to have delivered on its behalf, an Acceptance Notice to the relevant TASE Member through which the tendered Notes are held at or prior to the Expiration Date.

#### **Electronic Instructions for Noteholders holding Notes through Euroclear or Clearstream**

To tender Notes by Electronic Instruction, a Noteholder should either (i) contact Euroclear or Clearstream for participation procedures and deadlines regarding the submission of a tested telex, authenticated SWIFT message, a

Euclid server or Creation instruction (each an “Electronic Instruction”) to authorize the tendering of Notes which will be subject to the relevant Noteholder’s representations and warranties set forth herein (please see “—Representations, Warranties and Undertakings”) and the blocking of the relevant accounts in Euroclear or Clearstream, as the case may be; or (ii) request such Noteholder’s broker, dealer, bank, trust company or other nominee to effect the submission of an Electronic Instruction to authorize the tendering of Notes which will be subject to the relevant Noteholder’s and nominated beneficial owner’s representations and warranties set forth herein (please see “—Representations, Warranties and Undertakings”) and the blocking of the relevant accounts in Euroclear or Clearstream for such holder. Noteholders whose Notes are held on their behalf by a broker, dealer, bank, trust company or other nominee must contact such entity if they desire to tender their Notes in the Tender Offer as described herein.

Notwithstanding the delivery of the tenders by each Noteholder by means of an Electronic Instruction, each Noteholder thereby agrees that such Electronic Instruction constitutes a written tender.

Each Electronic Instruction, by which Noteholders are to effect their tender of their Notes, should include (a) the aggregate principal amount of Notes which the Noteholder wishes to tender, (b) the name of the direct participant and the securities account number for the relevant Clearing System in which the Notes are held, (c) an authorization of Euroclear or Clearstream, as the case may be, to block the Notes tendered so that no transfers may be effected in relation to such Notes at any time from and including the date on which the Noteholder submits its Electronic Instruction until the termination or withdrawal of the Tender Offer, all in accordance with the normal procedures of such Clearing System and after taking into account the deadlines imposed by such Clearing System and (d) the series of Notes (including ISIN) to which the instruction refers.

The tendering of Notes in the Tender Offer will be deemed to have occurred upon receipt by the relevant Clearing System of a valid Electronic Instruction submitted in accordance with the requirements of such Clearing System.

The receipt of such Electronic Instruction by Euroclear or Clearstream may be acknowledged in accordance with the standard practices of Euroclear or Clearstream.

**Direct participants may submit Electronic Instructions. Each Noteholder that is not a direct participant must arrange for the Direct participant through which such Noteholder holds its Notes to submit a valid Electronic Instruction on its behalf to the relevant Clearing System before the deadlines specified by the relevant Clearing System.**

#### **Acceptance Notices for Noteholders holding Notes through a TASE Member**

To tender Notes, a Noteholder holding its Notes through a TASE Member and not through Euroclear or Clearstream should deliver to the TASE Member through which the Notes are held a duly signed Acceptance Notice in the form attached hereto as Annex D specifying the principal amount of Notes tendered by such Noteholder. The Acceptance Notice shall be delivered to the relevant TASE Member in accordance with the instructions set forth in the Acceptance Notice. The Acceptance Notice will be subject to the relevant Noteholder’s representations and warranties set forth herein (please see “—Representations, Warranties and Undertakings”).

TASE Members must submit to the Israeli Tender Agent customary acceptance notices with respect to all tendered Notes by 5:00 p.m. Israel time on the Expiration Date. The tendering of Notes in the Tender Offer will be deemed to have occurred upon receipt by the Israeli Tender Agent of a valid acceptance notices from the TASE Members through which the Notes tendered are held by the tendering Noteholders.

#### **No Letter of Transmittal**

For Noteholders holding Notes through Euroclear or Clearstream, no letter of transmittal need be executed in relation to the Tender Offer.

For Noteholders holding Notes through a TASE Member and not through Euroclear or Clearstream, other than the Acceptance Notice, no letter of transmittal or consent need be executed in relation to the Tender Offer.

## Representations, Warranties and Undertakings

By submitting an Electronic Instruction to the relevant Clearing System or an Acceptance Notice to the relevant TASE Member, a Noteholder, and any person in whose name such Noteholder has nominated Notes to be tendered (the “Nominated Beneficial Owner”), is deemed to represent, warrant and undertake to the Company, the Dealer-Managers, the Information and Tender Agent and, for Noteholders holding Notes through a TASE Member, the Israeli Tender Agent (as of the date of submission of such Electronic Instruction or Acceptance Notice, the Expiration Date and the Payment Date) that:

- (1) it has received and reviewed this Offer to Purchase and all other information as it deems necessary or appropriate in order to make its decision and has undertaken an appropriate analysis of the implications of such Tender Offer, without reliance on the Company;
- (2) the Notes are, at the time of tender, and will continue to be, held by it at the relevant Clearing System or, in the case of Noteholders holding Notes through a TASE Member, in their TASE Securities Account, until the earliest of (i) the Payment Date or (ii) the termination or withdrawal of the Tender Offer;
- (3) for Noteholders holding Notes through Euroclear or Clearstream only, the Notes have been blocked in the securities account to which such Notes are credited in the relevant Clearing System with effect from, and including, the date on which either the Electronic Instruction was received by the relevant Clearing System until the earliest of (i) the Payment Date or (ii) the termination or withdrawal of the Tender Offer, all in accordance with the normal procedures of such Clearing System and after taking into account the deadlines imposed by such Clearing System;
- (4) its tender of Notes is made in compliance with any law and regulation of its jurisdiction of incorporation or residence; it has obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Tender Offer or which will or may result in the Company, the Dealer-Managers, the Information and Tender Agent, the Israeli Tender Agent or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Tender Offer;
- (5) it is not located or resident in Belgium or if it is located or resident in Belgium it is a qualified investor, in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (as amended from time to time), acting on its own account or acting in accordance with the circumstances set out in Article 6, §4 of the Belgian Public Offer Law;
- (6) it is not located in Italy or, if it is located in Italy, it is an authorized person or is tendering Notes through an authorized person (such as an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Legislative Decree No. 58 of 24 February 1998, as amended, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and Italian Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB, or any other Italian authority;
- (7) it is not resident and/or located in the United Kingdom or, if it is resident and/or located in the United Kingdom, it is a person falling within the definition of investment professional (as defined in Article 19(5) of the Financial Promotion Order) or within Article 43 of the Financial Promotion Order, or to whom this Offer to Purchase may lawfully be communicated in accordance with the Financial Promotion Order;
- (8) it is not located or resident in France or, if it is located or resident in France, it is (i) a provider of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or (ii) a qualified investor (*investisseur qualifié*) acting for its own account, all as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 and D.411-3 of the French *Code monétaire et financier*;
- (9) upon the terms and subject to the conditions of the Tender Offer, it tenders for purchase in such Tender

Offer the nominal amount of Notes blocked in its account in the relevant Clearing System (or, in the case of Noteholders holding Notes through a TASE Member, the nominal amount of Notes as set forth in the Acceptance Notice) and, subject to and effective on such purchase by the Company, it renounces all right, title and interest in and to all such Notes purchased by or at the direction of the Company and waives and releases any rights or claims it may have against the Company with respect to any such Notes and such Tender Offer;

- (10) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Company, any of its directors or any person nominated by the Company in the proper exercise of his or her powers and/or authority hereunder;
- (11) it agrees to do all such acts and things as will be necessary and execute any additional documents deemed by the Company to be desirable, in each case to complete the transfer of the relevant Notes to the Company or their nominee against payment to it of the Total Consideration and the Accrued Interest (if applicable), payable for such Notes and/or to perfect any of the authorities expressed to be given hereunder;
- (12) no information has been provided to it by the Company, the Dealer-Managers, the Trustee, the Tender Agents or any of their respective directors or employees, with regard to the tax consequences for Noteholders of the purchase of Notes by the Company pursuant to the Tender Offer and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Tender Offer and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Company, the Dealer-Managers, the Trustee, the Tender Agents or any of their respective directors or employees, or any other person in respect of such taxes and payments;
- (13) it is not a person to whom it is unlawful to make an invitation pursuant to the Tender Offer under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Electronic Instruction or the Acceptance Notice (as the case may be) in respect of the Notes it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the Tender Offer; and
- (14) it has full power and authority to tender the Notes it has tendered in the Tender Offer and, if such Notes are accepted for purchase by the Company such Notes will be transferred to, or to the order of the Company with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached to such Notes, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Company to be necessary or desirable to complete the transfer and cancellation of such Notes or to evidence such power and authority.

By submitting an Electronic Instruction to the relevant Clearing System or an Acceptance Notice to the relevant TASE Member, as applicable, a Noteholder or its Nominated Beneficial Owner (if any) acknowledges that all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings and every obligation of such Noteholder and the tenders given by such Noteholder or its Nominated Beneficial Owner (if any) will be binding (to the extent applicable in law) upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of such Noteholder or its Nominated Beneficial Owner (if any) and will not be affected by, and will survive, the death or incapacity of such Noteholder or its Nominated Beneficial Owner (if any).

All tenders will be made on the basis of the terms set out in this Offer to Purchase and on the Expiration Date will become irrevocable. Notes held through Euroclear or Clearstream may only be tendered by submission of a valid Electronic Instruction to the relevant Clearing System on or prior to the deadlines imposed by the Clearing Systems. Notes held through a TASE Member may only be tendered by submission of a valid Acceptance Notice to the relevant TASE Member no later than the Expiration Date.

The Notes for which tenders have been given will be unblocked in the relevant Clearing System upon the earliest of (i) the termination or withdrawal of the Tender Offer, or (ii) in the case of Notes in respect of which the tender has been withdrawn, the date on which such tender is validly withdrawn.

The receipt of an Electronic Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System. The receipt of an Acceptance Notice by the TASE Members may be acknowledged orally by the relevant TASE Members, in accordance with their standard practices, by telephone or by email. It is the responsibility of the tendering Noteholder to ensure that the TASE Member has received the Acceptance Notice by contacting the relevant TASE Member. All questions as to validity, form and eligibility (including time of receipt) of any Electronic Instruction will be determined solely by the Company. Such determination as to whether or when an Electronic Instruction or an Acceptance Notice is received, whether it is duly completed and signed or whether a tender is validly withdrawn will be final and binding.

Noteholders should ensure that the relevant Clearing System in which Notes are held has received instructions (with which it has complied) to block such Notes in the securities account to which they are credited with effect from, and including, the day on which the Electronic Instruction is submitted so that no transfers may be effected in relation to such Notes at any time after such date until the earliest of (i) the termination or withdrawal of the Tender Offer, or (ii) in the case of Notes in respect of which the tender has been withdrawn, the date on which such tender is validly withdrawn. Notes should be blocked in accordance with the procedures of the relevant Clearing System and the deadlines required by the Clearing System. The Company and the Information and Tender Agent will be entitled to accept submission of an Electronic Instruction as deemed confirmation that such Notes have been so blocked.

Beneficial owners of Notes who are not direct participants in Euroclear or Clearstream must contact their broker, dealer, bank, custodian, trust company or other nominee to arrange for their direct participant in Euroclear or Clearstream, as the case may be, through which they hold Notes to submit valid Electronic Instruction to the relevant Clearing System prior to the deadlines imposed by the Clearing Systems. The beneficial owners of Notes that are held in the name of a broker, dealer, bank, custodian, trust company or other nominee or custodian should contact such entity sufficiently in advance of the Expiration Date if they wish to tender and procure that the Notes are blocked in accordance with the normal procedures of the relevant Clearing System and the deadlines imposed by such Clearing Systems.

### **Tender of Notes in Physical Form**

All Holders hold the Notes through Clearing System and/or TASE Member accounts and there are no Notes in physical form. If you believe that you are holding a Note in physical form, please contact one of the Tender Agents for the appropriate procedures with regard to tendering such Notes.

### **Guaranteed Delivery Procedures**

If a holder wishes to tender Notes in the Offer and if such a Holder is unable to deliver, or arrange to have delivered on its behalf via the relevant Clearing System, to the Information and Tender Agent a valid Electronic Instruction by the Expiration Date, or if time will not permit such holder to comply with the procedures for submitting Electronic Instructions or with the procedures for submitting an Acceptance Notice with a TASE Member before the Expiration Date, such holder may nevertheless tender its Notes, provided that such holder satisfies all of the following conditions:

- such holder makes the tender by or through an intermediary;
- guaranteed deliveries may be submitted only in principal amounts equal to the Authorized Denominations;
- the Information and Tender Agent or the relevant TASE Member, as applicable, receives by mail, overnight courier or facsimile transmission, before the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form of Annex C to this Offer to Purchase, including (where required) a signature by the intermediary in the form set forth in such Notice of Guaranteed Delivery; and
- the relevant Clearing System receives the Electronic Instruction or the Acceptance Notice, as applicable, no later than 5:00 p.m., New York City time, on the second Business Day after the Expiration Date.

Upon request, the applicable Tender Agent will send to holders a form of Notice of Guaranteed Delivery or a form of Acceptance Notice if holders wish to use to the guaranteed delivery procedures set forth above.

**For the avoidance of doubt, the delivery of Notes tendered by using the guaranteed delivery procedures set forth above must be made no later than 5:00 p.m., New York City time, on the second Business Day after the Expiration Date.**

The Custodian that completes the Notice of Guaranteed Delivery must (i) deliver a Notice of Guaranteed Delivery to the Information and Tender Agent and comply with the procedures applicable to guaranteed delivery and (ii) must deliver the Acceptance Notice or Electronic Instructions, as applicable, to the relevant TASE Member, in each case, within the time period stated above. Failure to do so could result in a financial loss to such Custodian.

For the avoidance of doubt, the compliance of TASE Members with the guaranteed delivery procedures set forth above, is subject to the TASE Member's internal guidelines and procedures, and to the specific terms agreed between the TASE Members and their clients.

### **Other Matters**

Notwithstanding any other provision hereof, payment for Notes validly tendered and accepted for payment, including any Accrued Interest (if applicable), will be made by the Company in immediately available funds to the Israeli Tender Agent for further credit to the payment accounts of the TASE Members who are credited with Notes on the Payment Date, which is expected to be on or about the third Business Day after the Expiration Date. The Company understands that payment will thereafter be credited by such TASE Members to the accounts of their clients who hold Notes in their individual securities accounts with such TASE Members and, where such clients are not the ultimate beneficial owners of the Notes, as in the case of Euroclear and Clearstream, the relevant amounts shall be further credited by such TASE Member clients (including Euroclear and Clearstream) to the ultimate beneficial owner (or participant of such client through which such ultimate beneficial owner holds its interest in the Notes) for whom such TASE Member clients hold the Notes, subject to their operations, procedures, any applicable agreements or applicable bylaws. Under no circumstances will interest be paid on the Total Consideration as a result of any delay in making such payment.

Tenders of Notes pursuant to any of the procedures described above, and acceptance thereof by the Company, will constitute a binding agreement between the Company and the tendering Holder of such Notes, upon the terms and subject to the conditions of the Tender Offer, which agreement will be governed by, and construed in accordance with, the laws of the State of New York.

By executing Electronic Instructions or an Acceptance Notice, as applicable, or by delivery of a Notice of Guaranteed Delivery and subject to and effective upon acceptance for purchase of, and payment for, the Notes tendered therewith, a tendering Holder: (i) irrevocably sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to all the Notes tendered thereby pursuant to the Tender Offer; (ii) waives any and all other rights with respect to the Notes tendered pursuant to the Tender Offer (including the tendering Holder's waiver of any existing or past defaults and their consequences in respect of the Notes and the Indenture under which the Notes were issued); (iii) releases and discharges the Company from any and all claims such Holder may have now, or may have in the future, arising out of, or related to, the Notes tendered pursuant to the Tender Offer, including any claims that such Holder is entitled to receive additional principal or interest payments with respect to the Notes or to participate in any redemption or defeasance of the Notes; and (iv) irrevocably constitutes and appoints the Information and Tender Agent or Israeli Tender Agent, as applicable, as the true and lawful agent and attorney-in-fact of such Holder with respect to any such tendered Notes (understanding that the Information and Tender Agent or Israeli Tender Agent is also acting as agent for the Company), with full power of substitution and resubstitution (such power of attorney being deemed to be an irrevocable power coupled with an interest) to (a) deliver certificates representing such Notes, or transfer ownership of such Notes on the account books maintained by Euroclear, Clearstream or a TASE Member, together, in any such case, with all accompanying evidences of transfer and authenticity, to the Company, (b) present such Notes for transfer on the relevant security register, and (c) receive all benefits or otherwise exercise all rights of beneficial ownership of such Notes (except that the Information and Tender Agent or Israeli Tender Agent will have no rights to, or control over, funds from the Company, except as agent for the tendering Holders, for the Total Consideration and Accrued Interest (if applicable) or any Notes tendered pursuant to the Tender Offer that are purchased by the Company), all in accordance with the terms of the Tender Offer.

The Holder, by tendering its Notes, represents and warrants that the Holder (i) owns the Notes tendered and is entitled to tender such Notes and (ii) has full power and authority to tender, sell, assign and transfer the Notes

tendered and that, when the same are accepted for purchase by the Company, the Company will acquire good, marketable and unencumbered title thereon, free and clear of all liens, restrictions, charges and encumbrances, and the same will not be subject to any adverse claims.

The Holder will, upon request, execute and deliver any additional documents deemed by the Company, the Information and Tender Agent or the Israeli Tender Agent to be necessary or desirable to complete the sale, assignment and transfer of the Notes tendered pursuant to the Tender Offer.

All questions as to the form of all documents and the validity (including time of receipt) and acceptance or withdrawal of all tenders of Notes will be determined by the Company, in its sole discretion, the determination of which shall be final and binding. The Company reserves the absolute right, in its sole discretion, to reject any or all tenders of Notes that are not in proper form or the acceptance or withdrawal of which, in the Company's opinion, may be unlawful. The Company also reserves the right to waive any defects, irregularities or conditions of tender as to particular Notes whether or not similar defects or irregularities are waived in the case of other Holders. A waiver of any defect or irregularity with respect to the tender of one Note shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Note.

The Company's interpretation of the terms and conditions of the Tender Offer will be final and binding.

Any defect or irregularity in connection with tenders of Notes must be cured within such time as the Company determines, unless waived by the Company. Tenders of Notes shall not be deemed to have been made until all defects and irregularities have been waived by the Company or cured. A defective tender of Notes (which defect is not waived by the Company) will not constitute a valid tender of Notes. None of the Company, the Trustee, the Information and Tender Agent, the Israeli Tender Agent, the Dealer-Managers or any other person will be under any duty to give notice of any defects or irregularities in tenders of Notes, or will incur any liability to Holders for failure to give any such notice.

#### **WITHDRAWAL OF TENDERS; NO APPRAISAL RIGHTS**

Notes tendered prior to the Expiration Date may be validly withdrawn at any time before the earlier of (i) the Expiration Date, and (ii) if the Tender Offer is extended, the 10<sup>th</sup> business day after commencement of the Tender Offer. Notes subject to the Tender Offer may also be validly withdrawn in the event the Tender Offer has not been consummated within 60 business days after commencement. To withdraw tendered Notes, a Holder must follow the procedures set forth below.

For holders holding Notes through Euroclear or Clearstream, withdrawals may only be effected by delivering a withdrawal instruction (a "Withdrawal Instruction") to Euroclear or Clearstream, as applicable. To be effective, a Withdrawal Instruction must be received by Euroclear or Clearstream, as applicable, not later than the Expiration Date or such earlier deadline as may be set by the relevant Clearing System.

Each Withdrawal Instruction must specify:

- the name of the accountholder having tendered the Notes to be withdrawn; and
- the Notes to be withdrawn (including the principal amount of such Notes).

**Holders holding Notes through Euroclear or Clearstream wishing to exercise any such right of withdrawal should do so in accordance with the procedures of the relevant Clearing System. Holders should confirm with the bank, securities broker or any other intermediary through which they hold their Notes whether such intermediary would require receiving instructions to participate in, or withdraw their instruction to participate in, the Tender Offer prior to the deadlines set out in this Offer to Purchase. In particular, holders who seek the flexibility to withdraw their Notes at a time prior to the Expiration Date but outside of the normal business hours of Euroclear or Clearstream, as applicable, should consult in advance with their bank, securities broker or other intermediary regarding the effective deadline for exercising withdrawal by means of a Withdrawal Instruction. For the avoidance of doubt, any holder who does not exercise any such right of withdrawal in the circumstances and in the manner specified above, shall be deemed to have waived such right of withdrawal and its original Electronic Instruction will remain effective.**

For holders holding Notes through a TASE Member and not through Euroclear or Clearstream, instructions as to withdrawal of Notes previously tendered may be effected prior to the Expiration Date by way of adding the words “Acceptance Notice Canceled” to the Acceptance Notice submitted to the relevant TASE Member and sign it.

A Holder who validly withdraws previously tendered Notes will not receive the Total Consideration unless such Notes are retendered by the Expiration Date in accordance with the procedures and deadlines described in this Offer to Purchase. All questions as to the form and validity (including time of receipt) of any tender of a Note or withdrawal of a tender of a Note, will be determined by the Company, in its sole discretion, which determination shall be final and binding.

If, for any reason whatsoever, acceptance for payment of or payment for any Notes tendered pursuant to the Tender Offer is delayed (whether before or after the Company’s acceptance for payment of Notes) or the Company is unable to accept or pay for the Notes tendered pursuant to the Tender Offer, the Company may (without prejudice to its rights set forth herein) instruct the applicable Clearing System and the TASECH, as applicable, to retain tendered Notes, and such Notes may not be withdrawn except to the extent that the tendering Holder is entitled to withdrawal rights as described herein (subject to Rule 14e-1 under the Exchange Act).

### **No Appraisal Rights**

The Notes are debt obligations of the Company and are governed by the Indenture. There are no appraisal or other similar statutory rights available to Holders in connection with the Tender Offer.

### **CONDITIONS OF THE TENDER OFFER**

Notwithstanding any other provision of the Tender Offer, the Company will not be required to accept for purchase, or to pay for, Notes tendered pursuant to the Tender Offer and may terminate, extend or amend the Tender Offer and may (subject to Rule 14e-1 under the Exchange Act) postpone the acceptance for purchase of, and payment for, Notes so tendered, if, prior to the Expiration Date, the satisfaction of the General Conditions set forth in the following paragraph has not occurred. The Company reserves the right to waive any and all conditions of the Tender Offer.

For purposes of the foregoing provision, all of the “General Conditions” shall be deemed to be satisfied, unless any of the following conditions, as applicable to the Tender Offer, shall occur and not be waived on or after the date of this Offer to Purchase:

- (i) there shall have been instituted, threatened or be pending any action or proceeding before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Tender Offer, that is, or is reasonably likely to be, in the reasonable judgment of the Company, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company and its subsidiaries and affiliates, taken as a whole, or that would or might, in the reasonable judgment of the Company, prohibit, prevent, restrict or delay consummation of the Tender Offer;
- (ii) there shall have occurred any development that would, in the reasonable judgment of the Company, materially adversely affect the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company and its subsidiaries and affiliates, taken as a whole;
- (iii) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction shall have been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality (collectively, a “Legal Event”) that, in the reasonable judgment of the Company, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer;
- (iv) there shall have occurred or be reasonably likely to occur (a) any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company or its subsidiaries or affiliates that, in the reasonable judgment of the Company, would or might prohibit, prevent, restrict or delay consummation of the Tender Offer, or (b) any Legal Event that in the reasonable judgment of the Company is, or is reasonably likely to be, materially adverse to the business,



operations, properties, condition (financial or otherwise), assets, liabilities or prospects of the Company and its subsidiaries and affiliates, taken as a whole;

- (v) the Trustee under the Indenture shall have objected in any respect to or taken any action that could, in the reasonable judgment of the Company, adversely affect the consummation of the Tender Offer or shall have taken any action that challenges the validity or effectiveness of the procedures used by the Company in the making of the Tender Offer or the acceptance of, or payment for, the Notes;
- (vi) there shall exist, in the reasonable judgment of the Company, any actual or threatened legal impediment (including a default under an agreement, indenture or other instrument or obligation to which the Company or any of its subsidiaries is a party, or by which it is bound) to the acceptance for purchase of, or payment for, any of the Notes; or
- (vii) there shall have occurred (a) any general suspension of, or limitation on prices for, trading in the United States or Israeli securities or financial markets or any other significant adverse change in United States or Israeli securities or financial markets, (b) a material impairment in the trading market for debt securities, (c) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the United States or Israel (whether or not mandatory), (d) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of the Company, might affect the extension of credit by banks or other lending institutions, (e) there is (i) an outbreak or escalation of hostilities or acts of terrorism involving the United States or Israel or declaration of a national emergency or war by the United States or Israel or (ii) any other calamity or crisis or any change in political, financial or economic conditions, if the effect of any such event in (i) or (ii), in the Company's reasonable judgment, makes it impracticable or inadvisable to proceed with the Tender Offer, or (f) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

The conditions of the Tender Offer are for the sole benefit of the Company and may be asserted by the Company in its sole discretion regardless of the circumstances giving rise to such conditions or may be waived by the Company, in whole or in part, and with respect to the Tender Offer, in its sole discretion, whether or not any other condition of the Tender Offer also is waived. The Company has not made a decision as to what circumstances would lead it to waive any such condition, and any such waiver would depend on circumstances prevailing at the time of such waiver. Any determination by the Company concerning the events described in this section shall be final and binding upon all Holders. The failure by the Company at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

## **MARKET AND TRADING INFORMATION**

The Notes are listed on the TACT Institutional, a system for trading bonds and convertible bonds issued in private placements to investors that are considered "institutional investors" under the TASE Bylaws. To the extent that any of the Notes are traded, prices of the Notes may fluctuate greatly depending on the trading volume and the balance between buy and sell orders. Holders are urged to obtain current information with respect to the market prices for their Notes.

## **DESCRIPTION OF NOTES**

The Notes were issued pursuant to the Indenture among the Company and the Trustee. The terms of the Notes are those stated in the Indenture. The Notes are subject to all such terms and the Holders of the Notes are referred to the Indenture for a statement thereof.

The Notes were issued on December 2, 2014 in an original aggregate principal amount of \$800,000,000, all of which remain outstanding as of the date of this Offer to Purchase. Interest on the Notes is payable semi-annually, on each June 2 and December 2, to Holders at an annual rate of 4.500%. The Company may redeem all of the Notes upon the occurrence of specified tax events or an involuntary delisting of the Notes from TACT Institutional. The maturity date of the Notes is December 2, 2024.

## CERTAIN TAX CONSIDERATIONS

### Israeli Tax Considerations

The following discussion, which is for general information only, is a brief summary of certain Israeli tax considerations relating to the selling of Notes pursuant to the Tender Offer. This discussion does not purport to be a complete analysis of all potential tax effects of the Tender Offer. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts.

Moreover, this summary does not address all of the Israeli tax consequences that may be relevant to all Holders of Notes selling Notes pursuant to the Tender Offer, and does not purport to deal with persons with special tax situations and specific tax treatment. The following is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations. Accordingly, each Holder should consult its own tax advisor with regard to the Tender Offer and the application of Israeli tax laws to its particular situation.

### Israeli Tax Considerations for the Sale of Notes

#### *General Overview*

The selling of the Notes pursuant to the Tender Offer is expected to be treated by the ITA as a sale of the securities by their holders, which may be subject to capital gains tax. Israeli law generally imposes a capital gains tax on the sale of capital assets by residents of Israel, and on the disposal of such assets by non-Israeli residents, if those assets (i) are located in Israel; (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The Israeli Income Tax Ordinance [New Version], 1961 (the "Ordinance"), distinguishes between "Real Capital Gain" and "Inflationary Surplus." Inflationary Surplus is a portion of the total capital gain that is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index ("CPI") or, in certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus.

#### *Capital Gain on the Sale of Notes by Israeli Residents*

*Israeli Resident Individuals.* Generally, the tax rate applicable to Real Capital Gain derived by Israeli individuals from the sale of securities purchased on or after January 1, 2003, whether or not listed on a stock exchange, is 25%, unless such holder claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such securities, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such a holder is considered to be a "Significant Shareholder" (*i.e.*, a person who holds, directly or indirectly, alone or together with another, 10% or more of any of the company's "Means of Control" (including, among other things, the right to receive profits of the company, voting rights, the right to receive the company's liquidation proceeds and the right to appoint a director)) at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30%. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered "business income" as defined in Section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (currently up to 47%).

Israeli resident individuals are generally subject to capital gain tax on their Real Capital Gain. "Index" income is generally exempt from tax. Securities denominated in a foreign currency or where the securities' value is linked to a foreign currency, the exchange rate is considered to be an "Index," and therefore, the income derived from foreign exchange fluctuations should not be subject to tax.

Individual holders who have taxable income that exceeds NIS 641,880 (in 2018) (linked to the CPI) in a tax year will be subject to an additional tax, known as High Income Tax, at the rate of 3% on their taxable income

for such tax year that is in excess of such threshold. For this purpose, taxable income includes taxable capital gains from the sale of securities and taxable income from interest, discount and linkage differentials.

Payers of consideration for traded securities, including the purchaser, the Israeli stockbroker effectuating the transaction, or the financial institution through which the sold securities are held, are required, subject to any of the foregoing exemptions and the demonstration of a holder regarding his, her or its foreign residency, to withhold tax upon the sale of publicly traded securities from the consideration or from the Real Capital Gain derived from such sale, as applicable, at the rate of 25%.

Upon the sale of securities traded on a stock exchange a detailed return must be filed with the Israel Tax Authority (“ITA”). However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder, the aforementioned return need not be filed.

*Israeli Resident Corporations.* Under present Israeli tax legislation, the tax rate applicable to Real Capital Gain derived by Israeli resident corporations from the sale of securities is the general corporate tax rate (23% in 2018).

#### *Capital Gain on the Sale of Notes by Non-Israeli Resident Holders*

In general, non-Israeli residents are subject to Israeli tax on capital gains derived in Israel, unless exemptions under the domestic law or a tax treaty provide otherwise.

Foreign residents may qualify for an exemption from tax on capital gains derived from the sale, exchange or disposition of securities that are publicly traded on the Tel Aviv Stock Exchange (“TASE”) or on a recognized stock exchange outside of Israel, provided, among other things, that (i) such gains are not generated through a permanent establishment that the non-Israeli resident maintains in Israel, and (ii) the securities were purchased after being listed on a recognized stock exchange.

On October 6, 2014, the Issuer received a ruling (the “Ruling”) from the ITA providing that Notes that are traded on TASE on the TACT institutional system will be treated for tax purposes as debentures traded on a stock exchange in Israel for the purpose of Section 97(B2) of the Ordinance, and therefore non-Israeli residents will be exempt from capital gains tax with respect to the Notes, provided, among other requirements, that (i) the Company is considered a reporting entity as defined under the Companies Law, 5759-1999; (ii) the Notes will fulfill the terms and conditions applicable to a debenture traded publicly on the TACT pursuant to the TASE Bylaws and the tax withholding provisions, regarding: (A) the value of public holdings after listing for trading (for this purpose, public holdings shall be the holdings of investors who are not, directly or indirectly, interested parties in the Company); (B) minimum distribution of the Notes after listing with respect to the number of holders and the market value of the Notes (for this purpose, in lieu of the minimum number of holders set forth in the TASE Bylaws, a minimum number of 20 institutional investors who are not, directly or indirectly, interested parties in the Company will be required); and (C) the transfer of the consideration or debentures and registration of the transaction; and (iii) none of the conditions exists for removal from trading of debentures listed on the TACT public pursuant to the TASE Bylaws exist with respect to the Notes.

The Ruling provides that TASE Members will be required to withhold tax from the Notes, pursuant to the Income Tax Regulations (Deduction from Interest, Dividends and Certain Profits), 2005.

The Ruling does not comprise an assessment or an opinion as to other tax matters for the Company or Noteholders and it does not limit the tax assessing officer when performing an audit, except as related to the issues that are the subject of the Ruling.

The Ruling was issued upon facts and representations provided by the Company to the ITA and the ruling will remain in force only for so long as the Company complies with all stipulations in the Ruling. The representations made by the Company will be examined by the assessing officer during the assessment process of the Company and/or in withholding tax files and/or in the Noteholders’ files, as the case may be. The Ruling does not constitute an auditing process or an acceptance of the facts and representations presented by the Company. If the details presented under the application were found to be incorrect or significantly incomplete, the ITA would be entitled to revoke the Ruling, fully or partially, prospectively or retroactively.

The Ruling provides that it shall remain in force until the final redemption of the Notes, with respect to Notes issued within a year of the date of issuance of the Ruling and shall be subject to changes of any law.

In addition, non-Israeli residents may also qualify for an exemption from capital gains tax on dispositions of all types of Israeli securities that are not publicly listed, provided the security was not purchased from a related party or in a tax-free transaction. This exemption does not apply to gains attributable to a permanent establishment (generally a fixed place of business) of the non-Israeli resident in Israel. In addition, a sale of securities may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty.

## **United States Tax Considerations**

### **Certain U.S. Federal Income Tax Considerations**

The following is a discussion of certain U.S. federal income tax consequences to the U.S. Holders described below of selling Notes pursuant to the Tender Offer. This discussion applies only to Notes held as capital assets by a U.S. Holder, and does not describe all of the tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances, including the possible application of the income accrual rules set forth in Section 451(b) of the Internal Revenue Code of 1986, as amended (the “Code”), any alternative minimum tax consequences, Medicare contribution tax consequences and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or certain traders in securities;
- persons holding Notes as part of a “straddle” or integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- partnerships for U.S. federal income tax purposes and their partners;
- persons holding Notes in connection with a trade or business conducted outside of the United States; or
- tax-exempt entities, including “individual retirement accounts” or “Roth IRAs.”

This summary is based on the Code, administrative pronouncements, judicial decisions and Treasury regulations as of the date hereof. U.S. Holders are urged to consult their tax advisers regarding the application of the U.S. federal tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is for U.S. federal income tax purposes:

- a citizen or an individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity treated as a partnership for U.S. federal income tax purposes owns Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership owning Notes, you should consult your tax adviser as to your particular U.S. federal income tax consequences of selling Notes pursuant to the Tender Offer.

### ***Sale of Notes Pursuant to a Tender Offer***

In general, a U.S. Holder who sells a Note pursuant to the Tender Offer (a “Tendering U.S. Holder”) will recognize U.S.-source gain or loss in an amount equal to the difference between the amount of cash received (other

than Accrued Interest) and the Tendering U.S. Holder's adjusted tax basis in the Note sold. A U.S. Holder's adjusted basis generally will be the original cost of the relevant Note to the U.S. Holder, increased by any market discount previously included in income (as described below) and decreased (but not below zero) by any amortizable bond premium that the U.S. Holder has previously amortized. Subject to the market discount rules described below, a Tendering U.S. Holder's gain or loss generally will constitute capital gain or loss, which will be long-term capital gain or loss if the Tendering U.S. Holder's holding period for the relevant Note is more than one year. The deductibility of capital losses is subject to limitations.

Accrued Interest will be taxable as ordinary interest income to the extent not previously included in gross income.

In the case of a Tendering U.S. Holder who acquired the relevant Notes other than in their initial offering at a market discount (unless the amount of such market discount was de minimis), any gain recognized upon the sale of such Notes will be treated as ordinary income to the extent of the market discount that accrued during the period the Tendering U.S. Holder held the Notes, unless the Tendering U.S. Holder previously had elected to include such market discount in income as it accrued. Market discount generally equals the excess of the principal amount of a Note over the Tendering U.S. Holder's initial tax basis in the Note.

#### ***Information Reporting and Backup Withholding***

Information reporting requirements may apply to payments pursuant to the Tender Offer. Payments may be subject to backup withholding, unless a Tendering U.S. Holder provides the payor with the U.S. Holder's correct social security or taxpayer identification number and otherwise complies with applicable requirements of the backup withholding rules or provides proof of an applicable exemption. Backup withholding is not an additional tax. Any amounts so withheld may be credited against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

#### ***Non-Tendering U.S. Holders***

A U.S. Holder that does not sell Notes pursuant to the Tender Offer will not recognize any gain or loss, and will have the same adjusted tax basis, holding period and accrued market discount, if any, in its Notes.

**THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TENDER OF NOTES PURSUANT TO THE TENDER OFFER.**

#### **DEALER-MANAGERS AND TENDER AGENTS**

The Company has retained Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Bank plc and Merrill Lynch International to act as Dealer-Managers for the Tender Offer. In their capacities as Dealer-Managers, Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Bank plc and Merrill Lynch International may contact Holders regarding the Tender Offer and may request Custodians to forward this Offer to Purchase and related materials to beneficial owners of Notes.

The Company has agreed to pay the Dealer-Managers customary fees and to reimburse the Dealer-Managers for their reasonable out-of-pocket expenses for their services in connection with the Tender Offer. The Company also has agreed to indemnify the Dealer-Managers and their respective affiliates against certain liabilities under federal or state law or otherwise caused by, relating to or arising out of the Tender Offer.

The Dealer-Managers and their respective affiliates provided in the past, are currently providing and may provide in the future investment banking and financial advisory services to the Company and its affiliates, for which they have received or will receive customary compensation. The Dealer-Managers and their respective affiliates may also from time to time be engaged in transactions with and perform services in the ordinary course of its business for the Company and its affiliates.

The Dealer-Managers and their respective affiliates in the ordinary course of their business may purchase and/or sell the Company's securities, including the Notes, for their own accounts and for the accounts of their customers.

As a result, the Dealer-Managers and their respective affiliates at any time may hold a long or a short position in certain of the Company's securities, including the Notes. The Dealer-Managers may also tender into the Tender Offer Notes that they may hold or acquire, but are under no obligation to do so.

Lucid Issuer Services Limited has been appointed the Information and Tender Agent and Israel Brokerage & Investments IBI Ltd. has been appointed the Israeli Tender Agent with respect to the Tender Offer. The Company will pay the Tender Agents customary fees for their services and reimburse the Tender Agents for their reasonable out-of-pocket expenses in connection therewith. The Company also has agreed to indemnify the Tender Agents for certain liabilities. Requests for additional copies of documentation may be directed to the Tender Agents at the contact details set forth on the back cover of this Offer to Purchase.

The Company will pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of the Offer Documents and related documents to the beneficial owners of Notes.

None of the Dealer-Managers or the Tender Agents assumes any responsibility for the accuracy or completeness of the information concerning the Company or its affiliates contained in this Offer to Purchase or related documents or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of such information.

**NONE OF THE COMPANY, THE TRUSTEE, THE DEALER-MANAGERS OR THE TENDER AGENTS MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR NOTES UNDER THE TENDER OFFER, AND NO ONE HAS BEEN AUTHORIZED BY ANY OF THEM TO MAKE ANY SUCH RECOMMENDATION. HOLDERS SHOULD MAKE THEIR OWN DECISION AS TO WHETHER TO TENDER NOTES.**

#### MISCELLANEOUS

The Tender Offer is not being made to (nor will tenders of Notes be accepted from or on behalf of) Holders of Notes in any jurisdiction in which the making or acceptance of the Tender Offer would not be in compliance with the laws of such jurisdiction. However, the Company, in its sole discretion, may take such action as it may deem necessary to make or extend the Tender Offer in any such jurisdiction.

No person has been authorized to give any information or make any representation on behalf of the Company that is not contained in the Offer Documents and, if given or made, such information or representation should not be relied upon.

Capitalized terms defined herein shall have the meanings set forth herein, as such terms may be amended or modified.

## ANNEX A

### FORMULA FOR CALCULATION OF TOTAL CONSIDERATION

YLD	=	The Tender Offer Yield expressed as a percentage.
CPN	=	The contractual annual rate of interest payable on a Note expressed as a percentage.
N	=	The number of scheduled semi-annual interest payments from, but not including, the Payment Date to (and including) the maturity date. For avoidance of doubt, this number shall include the scheduled interest payment date on June 2, 2018 for the purposes of this calculation if the Payment Date is prior to such date.
S	=	The number of days from and including the semi-annual interest payment date immediately preceding the Payment Date up to, but not including, the Payment Date. The number of days is computed using the 30/360 day-count method.
exp	=	Exponentiate. The term to the left of “exp” is raised to the power indicated by the term to the right of “exp.”
$\sum_{k=1}^N$	=	Summate. The term in the brackets to the right of the summation symbol is separately calculated “N” times (substituting for “k” in that term each whole number between 1 and N, inclusive), and the separate calculations are then added together.
Total Consideration	=	The price per \$1,000 principal amount of a Note if validly tendered at or prior to the Expiration Date. The Total Consideration is rounded to the nearest \$0.01.

**Formula for Total Consideration:**

$$\left[ \frac{\$[1,000]}{(1 + \text{YLD}/2)^{\exp(N - S/180)}} \right] + \sum_{K=1}^N \left[ \frac{\$[1,000] (\text{CPN}/2)}{(1 + \text{YLD}/2)^{\exp(K - S/180)}} \right] - \$[1,000] (\text{CPN}/2)(S/180)$$

## ANNEX B

### HYPOTHETICAL PRICING EXAMPLE

Set forth below is a hypothetical illustration of the Total Consideration for the Notes based on hypothetical data. It should, therefore, be used solely for the purpose of obtaining an understanding of the calculation of the Total Consideration as quoted at a hypothetical rate and time and should not be used or relied upon for any other purpose.

<u>Title of Security</u>	<u>4.500% Senior Notes due 2024</u>
ISIN No.	IL0028102734
Maturity Date	= December 2, 2024
UST Reference Security	= 2.750% due April 30, 2023
Fixed Spread (bps)	= 145
<b>Example:</b>	
Hypothetical Price Determination Time	= 10:00 a.m., New York City time, on May 10, 2018
Hypothetical Payment Date	= May 29, 2018
Reference Security Yield as of Hypothetical Price Determination Time	= 2.8143%
YLD	= 4.2643%
CPN	= 4.5%
N	= 14
S	= 177
Hypothetical Principal Amount	= \$1,000
Hypothetical Total Consideration	= \$1,013.27

The Total Consideration is rounded to the nearest \$0.01.



Pursuant to the terms and conditions of the Notes, in respect of the interest payment date scheduled for June 2, 2018, interest for the full semi-annual period will be payable to persons in whose name the Notes are registered at the close of business on May 21, 2018, regardless of whether or not such persons tender their Notes pursuant to the Tender Offer. As a result and for the avoidance of doubt, based upon an expected Payment Date on May 29, 2018, no Accrued Interest will be payable in addition to the Total Consideration, and persons in whose name the Notes are registered at the close of business on May 21, 2018 will receive the full interest payment scheduled for June 2, 2018. If the Expiration Date is extended, and the Payment Date occurs after June 2, 2018, in addition to the Total Consideration payable in respect of purchased Notes, each Holder whose Notes are accepted for purchase in the Tender Offer will also receive Accrued Interest in respect of such purchased Notes from the last interest payment date for such Notes up to, but not including, the Payment Date. No interest will accrue on or be payable with respect to any Total Consideration paid or payable.

**ANNEX C**

**Notice of Guaranteed Delivery**

**To Tender the**

**4.500% Senior Notes due 2024  
(ISIN IL0028102734)  
of  
Israel Chemicals Ltd.**

**PURSUANT TO THE OFFER TO PURCHASE DATED MAY 14, 2018**

**THE OFFER WILL EXPIRE AT 10:00 A.M., NEW YORK CITY TIME, ON MAY 22, 2018 (SUCH TIME AND DATE, AS THE SAME MAY BE EXTENDED, THE “EXPIRATION DATE”). NOTES (AS DEFINED BELOW) TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 10:00 A.M., NEW YORK CITY TIME, ON MAY 22, 2018 (SUCH TIME AND DATE, AS THE SAME MAY BE EXTENDED, THE “WITHDRAWAL DEADLINE”), BUT NOT THEREAFTER. HOLDERS MUST TENDER THEIR NOTES AT OR PRIOR TO THE EXPIRATION DATE TO RECEIVE THE TOTAL CONSIDERATION AND ANY ACCRUED INTEREST (IF APPLICABLE) (EACH AS DEFINED IN THE OFFER TO PURCHASE (AS DEFINED BELOW)).**

As set forth in the Offer to Purchase dated May 14, 2018 (as the same may be amended or supplemented from time to time, the “Offer to Purchase”), under the caption “*The Offer—Procedures for Tendering Notes—Guaranteed Delivery Procedures*”, this Notice of Guaranteed Delivery (the “Notice of Guaranteed Delivery” and, together with the Offer to Purchase, the “Offer Documents”), or one substantially in the form hereof, must be used to tender the 4.500% Senior Notes due 2024 issued by Israel Chemicals Ltd. (the “Notes”) pursuant to the Tender Offer, if time will not permit such Notes to be tendered prior to the Expiration Date. Capitalized terms used but not defined herein have the respective meanings assigned to them in the Offer to Purchase.

With respect to Noteholders holding Notes through a TASE Member and not through Euroclear or Clearstream, this Notice of Guaranteed Delivery may be delivered by manually signed facsimile or email transmission, mail or hand delivery to the relevant TASE Member through which the Notes are held.

With respect to Noteholders holding Notes through a participant of Euroclear and Clearstream, this Notice of Guaranteed Delivery may be delivered by manually signed facsimile or email transmission, mail or hand delivery to the Information and Tender Agent as set forth below, but in any case it must be delivered to the Information and Tender Agent prior to the Expiration Date.

*The Information and Tender Agent for the Offer is:*

**Lucid Issuer Services Limited**

*by mail:*

Tankerton Works  
12 Argyle Walk  
London WC1H 8HA  
United Kingdom  
Attention: Thomas Choquet

*by manually signed facsimile  
transmission  
(for direct participants only):*

+ 44 203 004 1590  
Attention: Thomas Choquet

*by email:*

icl@lucid-is.com  
Attention: Thomas Choquet

**Delivery of this Notice of Guaranteed Delivery to an address, or transmission of instructions via facsimile or email transmission, other than as set forth above will not constitute a valid delivery.**

This form is not to be used to guarantee signatures.

Ladies and Gentlemen:

On the terms and subject to the conditions of the Offer Documents, the undersigned hereby tenders to Israel Chemicals Ltd. the principal amount of Notes indicated herein, pursuant to the guaranteed delivery procedures described herein and in the Offer to Purchase under the caption “*Procedures for Tendering Notes—Guaranteed Delivery Procedures.*” The undersigned hereby represents and warrants that the undersigned has full power and authority to tender such Notes.

The undersigned understands Notes may be tendered and guarantees may be delivered only in principal amounts equal to the Authorized Denominations. Alternative, conditional or contingent tenders will not be considered valid. The undersigned understands that tenders of Notes pursuant to the Offer may not be withdrawn after the Expiration Date. If the Offer is terminated or withdrawn, Notes tendered pursuant to the Offer will be credited to the account maintained at Euroclear or Clearstream from which such Notes were delivered.

The undersigned understands that payment for Notes tendered and accepted for payment pursuant to the Offer will be made only after receipt by the relevant Clearing System, no later than 5:00 p.m., New York City time, on the second Business Day after the Expiration Date, expected to be on May 24, 2018, unless the Tender Offer is extended, of a properly transmitted Electronic Instruction or delivery of the tendered Notes by the relevant TASE Member, as applicable.

The Euroclear or Clearstream participant that completes this Notice of Guaranteed Delivery must deliver a physical copy of this Notice of Guaranteed Delivery to the Information and Tender Agent and must deliver an Electronic Instruction to the Information and Tender Agent within the time period stated above. **Failure to do so will result in an invalid tender of the related Notes and could result in a financial loss to such Euroclear or Clearstream participant.**

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding on the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

**PLEASE SIGN AND COMPLETE**

This Notice of Guaranteed Delivery must be signed by the Euroclear or Clearstream participant, as applicable, tendering Notes on behalf of the Holder(s) of such Notes exactly as such participant's name appears on the records of Euroclear or Clearstream. If the signature appearing below is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her name, address and capacity as indicated below and submit evidence satisfactory to the Company of such person's authority so to act.

The undersigned understands that payment for Notes tendered and accepted for payment pursuant to the Offer will be made only after receipt by the relevant Clearing System, no later than 5:00 p.m., New York City time, on the second Business Day after the Expiration Date, expected to be on May 24, 2018, unless the Tender Offer is extended, of a properly transmitted Electronic Instruction or delivery of the tendered Notes by the relevant TASE Member, as applicable.

The Euroclear or Clearstream participant that completes this Notice of Guaranteed Delivery must deliver an electronic or physical copy of this Notice of Guaranteed Delivery to the Tender Agent and must deliver the Electronic Instruction to the Tender Agent within the time period stated above. **Failure to do so will result in an invalid tender of the related Notes and could result in a financial loss to such Euroclear or Clearstream participant.**

<p>ISIN of Notes Tendered:</p> <p>IL0028102734</p> <p>Aggregate Principal Amount of Notes Tendered:</p> <p>_____</p> <p>Clearing System Account Number: _____</p> <p>Date: _____</p>	<p>Name of Participant:</p> <p>_____</p> <p>_____</p> <p>Area Code and Tel. No.: _____</p> <p>_____</p> <p>Name(s) of Authorized Signatory: _____</p> <p>_____</p> <p>_____</p> <p>Capacity: _____</p> <p>Signature(s) of Authorized Signatory:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Date: _____</p>
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## ANNEX D

### Form of Israeli Acceptance Notice

#### הודעת קיבול (Acceptance Notice) הצעת רכש

אגרות חוב מסדרה ד' של כימיקלים לישראל בע"מ הנסחרות במערכת רצף מוסדיים  
(מס' נייר IL0028102734)

אל: חברת כימיקלים לישראל בע"מ (להלן: "המציעה" ו/או "החברה")

באמצעות חבר הבורסה \_\_\_\_\_ (להלן: "חבר הבורסה")

#### הנדון: אגרות חוב סדרה דולרית ד' של החברה הנסחרות במערכת רצף מוסדיים (מס' נייר: IL0028102734)

הואיל ועל פי מסמך הצעת רכש (Offer to Purchase) שפרסמה החברה ביום 14 במאי 2018, כפי שיתוקן מעת לעת, ככל שיתוקן (להלן: "הצעת הרכש" ו-"המפרט", בהתאמה), הציעה החברה לרכוש אגרות החוב סדרה דולרית ד' של החברה הנסחרות במערכת רצף מוסדיים (מס' נייר: IL0028102734) (להלן: "אגרות החוב");

והואיל והנני הבעלים והמחזיק באגרות חוב באמצעותכם, בפקדון מס' \_\_\_\_\_ בסניפכם מס' \_\_\_\_\_, וברצוני להיענות להצעת הרכש של המציעה, הריני להודיעכם כדלקמן:

1. ברצוננו להיענות להצעת הרכש, על פי תנאי המפרט, וזאת בגין \_\_\_\_\_ דולר ארה"ב ע.ג. אגרות חוב (להלן: "אגרות החוב המועברות").
2. בהודעה זו יש לראות "Acceptance Notice" כמשמעותה במפרט הצעת הרכש, והתחייבות להעברת אגרות החוב המועברות.
3. אני מצהיר ומתחייב בזאת, כי אגרות החוב המועברות נקיות וחופשיות מכל חוב, עיקול, שעבוד או זכות צד ג' אחרת במועד מתן הודעת קיבול זו וכי אגרות החוב האמורות תהיינה במצבן זה במועד העברתן על שם המציעה, ובכלל זה לא אקנה לצד שלישי כל זכויות באגרות החוב המועברות ולא אעשה בהן כל דיספוזיציה או עסקה עד למועד האמור.
4. את התמורה בגין אגרות החוב המועברות נא להעביר לפקדוני הנ"ל.
5. ידוע לי כי מפרט הצעת הרכש הינו בשפה האנגלית, וכי בכל מקרה של סתירה בין הוראות טופס זה לבין הוראות מפרט ההצעה, יגברו הוראות מפרט הצעת הרכש. בהגשת הודעת קיבול זו יראו אותי כמצהיר את כל ההצהרות המפורטות בסעיף "Procedures for Tendering Notes – Representations, Warranties and Undertakings" במפרט.
6. ידוע לי כי רכישת אגרות החוב על ידי החברה מותנית, בין היתר, בכך שהחברה תפקיד בחשבון ייעודי שייפתח על ידי חברת שרותי בורסה והשקעות בישראל – אי.בי.אי. בע"מ, המשמש כרכז הצעת הרכש, את מלוא התמורה עבור רכישת אגרות החוב עד לשעה 9:00 בבוקר שעות ישראל של יום הסליקה, בהתאם לתנאי מפרט הצעת הרכש.
7. ידוע לי, כי תנאי מוקדם לרכישת אגרות החוב המוצעות למכירה על ידי המציעה ותשלום תמורתן על-פי מפרט ההצעה הינו נכונות הצהרותיי לעיל.

\_\_\_\_\_  
(שם מלא)

\_\_\_\_\_  
תאריך

\_\_\_\_\_  
(מס' ת.ז. / מס' תאגיד)

\_\_\_\_\_  
(חתימה/ חותמת וחתימה)

**ANNEX D**

**Form of Israeli Acceptance Notice**

**English Translation**

**Acceptance Notice**

**Tender Offer for US\$ Notes Series D (TACT Institutional) of Israel Chemicals Ltd.  
(security number IL0028102734)**

**To:** Israel Chemicals Ltd. (the “**Company**” and/or the “**Offeror**”)

Through TASE Member \_\_\_\_\_ (“**TASE Member**”)

**Re: US\$ Notes Series D (TACT Institutional - security number IL0028102734)**

Whereas, pursuant to the Offer to Purchase published by the Offeror on May 14, 2018, as the same may be amended or supplemented from time to time (hereinafter: the “**Offer to Purchase**” and the “**Tender Offer**”, respectively), the Company offered to purchase the Series D Notes of the Company traded on the TACT Institutional (TACT Institutional security number IL0028102734) (the “**Notes**”);

And Whereas I am the owner and holder of the Notes through you, in deposit no. \_\_\_\_\_ in your branch number \_\_\_\_\_, and I wish to respond to the Offeror's Tender Offer, I hereby inform you as follows:

1. We would like to respond to the Tender Offer, according to the terms of the Offer to Purchase, in respect of the principal amount of \_\_\_\_\_ Notes (US\$ par value) (hereinafter: the “**Transferred Notes**”).
2. This notice should be considered an “Acceptance Notice” as defined in the Offer to Purchase, and a commitment to transfer the Transferred Notes.
3. I hereby declare and undertake that the Transferred Notes are free from all liens, charges and encumbrances, and not subject to any third party rights on the date of delivery of this Acceptance Notice and that these Transferred Notes will be in that position at the time of their transfer in the name of the Offeror, and I shall not grant any rights in the Transferred Notes to any third party and shall not make any dispositions or transactions therein until such date.
4. The payment in respect of the Transferred Notes should be transferred to the deposit mentioned above.
5. We acknowledge that the Offer to Purchase is in the English language. We agree that in case of conflict between the provisions of the Offer to Purchase and this Acceptance Notice, the Offer to Purchase shall take precedence. Upon submission of this Acceptance Notice we are deemed to make all of the declarations with all of the representations, warranties, and undertakings as set out in the section of the Offer to Purchase titled “Procedures for Tendering Notes— Representations, Warranties and Undertakings.”
6. We acknowledge that the purchase of the Notes by the Company is conditional, among other things, on the fact that the Company will deposit the total consideration for the purchase of the Notes in a segregated account to be opened by Israel Brokerage and Investments - I.B.I. Ltd., which serves as the Israeli tender agent, by 9:00 am Israel time of the payment date, and all in accordance with the terms of the Offer to Purchase.
7. I am aware that the declarations, representations, warranties and undertakings that I have made above are a precondition for the purchase of the Transferred Notes by the Offeror and the payment pursuant to the Offer to Purchase in respect of those Transferred Notes.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Full name

\_\_\_\_\_  
ID number / corporation number

\_\_\_\_\_  
Signature and seal

*The Information and Tender Agent for the Tender Offer is:*

**Lucid Issuer Services Limited**

Tankerton Works  
12 Argyle Walk  
London WC1 8HA  
United Kingdom  
Attention: Thomas Choquet

The Information and Tender Agent may be contacted at:  
Telephone: +44 207 704 0880  
Email: icl@lucid-is.com

*The Israeli Tender Agent for the Tender Offer is:*

**Israel Brokerage & Investments IBI Ltd.**

Shalom Tower  
9 Ahad Ha'am Street, 21<sup>st</sup> Floor  
61291 Tel Aviv, Israel  
Attention: David Vaksman

The Israeli Tender Agent may be contacted at:  
Telephone: +972 3 5190330  
Email: David\_V@IBI.co.il

Any questions or requests for assistance should be directed to Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Bank plc or Merrill Lynch International at the contact details set forth below. Requests for additional copies of the Offer Documents should be directed to the Information and Tender Agent. Beneficial owners may also contact their Custodian for assistance concerning the Tender Offer.

*The Dealer-Managers for the Tender Offer are:*

**Barclays**

745 Seventh Avenue  
New York, New York 10019  
(800) 438-3242 (toll-free)  
(212) 528-7581 (collect)  
Attn: Liability Management Group

**BNP PARIBAS**

787 Seventh Avenue  
New York, New York 10019  
+44 20 7595 8668 (Europe)  
(888) 210 4358 (toll-free)  
(212) 841 3059 (collect)  
liability.management@bnpparibas.com  
Attn: Liability Management Group

**BofA Merrill Lynch**

2 King Edward Street  
London EC1A 1HQ  
United Kingdom  
+44 20 7996 5420 (London)  
(888) 292 0070 (toll-free)  
(980) 387 3907 (collect)  
DG.LM\_EMEA@baml.com  
Attn: Liability Management Group

**HSBC**

8 Canada Square  
London E14 5HQ  
+44 (0) 207 992 6237 (London)  
(888) HSBC-4LM (toll-free)  
(212) 525-5552 (collect)  
LM\_EMEA@hsbc.com  
Attn: Liability Management Group