



UNITRONICS (1989) (R" G) LTD.

PRESS RELEASE
Airport City, Israel
October 7, 2014

Regulated Information

For Immediate Release

Re: **Immediate Report Regarding The Full Early Redemption of Series 3
Debentures of the Company**

Airport City, Israel – October 7, 2014 – Unitronics published the attached Report, pursuant to the requirements of Israeli law, in concerning with The Full Early Redemption of Series 3 Debentures of the Company

About Unitronics

Unitronics (1989) (R" G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and forty distributors (and a wholly owned US subsidiary) in approximately fifty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.



Unitronics (1989) (R"G) Ltd.
(hereinafter: the "Company")

Re: **Immediate Report Regarding The Full Early Redemption of Series 3 Debentures of the Company**

The Company hereby announces that on October 7, 2014, the Board of Directors of the Company resolved to make the full early redemption of the outstanding balance of the Series 3 Debentures of the Company (hereinafter: the "**Debentures**"), which were issued pursuant to a shelf offering report dated March 22, 2011 (hereinafter: the "**Offering Report**"), by virtue of a shelf prospectus of the Company dated February 23, 2011, and the amendment thereto dated March 17, 2011 (hereinafter: the "**Shelf Prospectus**") and the deed of trust dated February 22, 2011 and the amendment thereto dated March 17, 2011 (hereinafter: the "**Deed of Trust**"). The early redemption shall be made by virtue of and in accordance with section 2.12.8.2 of the Shelf Prospectus, section 12 of the terms and conditions listed overleaf on the Deed of Trust and section 12 of the Offering Report, and as set forth in this Report below:

1. The early redemption shall be made in a single payment, on October 30, 2014 (hereinafter: the "**Early Redemption Date**"). After the Early Redemption Date, the Debentures shall be delisted from trading on the Tel Aviv Stock Exchange Ltd. (hereinafter: the "**Stock Exchange**") and from the Stock Exchange Clearing House, and they shall be devoid of any validity or effect.
2. In coordination with the Stock Exchange, the last trading day of the Debentures shall be on October 14, 2014.
3. In accordance with the terms and conditions of the Shelf Prospectus, the Deed of Trust and the Offering Report, the amount which shall be paid to the holders of the Debentures in the event of early redemption shall be the higher of:
 - 3.1 The commitment value of the Debentures in circulation, i.e., the principal plus interest and linkage differentials (if any), which have accumulated by the Early Redemption Date;
 - 3.2 The capitalization of the future cash flow of the Debentures (principal plus interest), capitalized according to the Government Bond Yield, as defined in the Offering Report, plus interest at an annual rate of 1.5%. The capitalization of the Debentures shall be calculated commencing from the Early Redemption Date to the last payment date determined in relation to the Debentures.
 - 3.3 The average closing rate of the Debentures in the 30 trading days preceding the date of the resolution of the Board of Directors of the Company regarding the making of the early redemption.

In accordance with the foregoing, the alternative pursuant to which the early redemption shall be made is as set forth in section 3.3 above.

4. The rate of interest which shall be actually paid in respect of the period between the last date of the payment of the interest and the Early Redemption Date is 0.5727%.
5. The amount which shall be used for the early redemption of the Debentures is NIS 38,098,802 (hereinafter: the "**Early Redemption Amount**"). Accordingly, the Early Redemption Amount for each NIS 1 par value at which the Company shall redeem the Debentures is approximately NIS 1.125 (including interest and linkage differentials). The total par value of the Debentures is NIS 33,865,200 par value, which constitutes the total of the entire balance of the par value of the Debentures in circulation.
6. It should be noted that an amount of NIS 2,268,573 out of the Early Redemption Amount exceeds the amount of the outstanding principal balance plus linkage differentials and interest, which have accumulated by the Early Redemption Date. The aforesaid amount constitutes a supplement of approximately NIS 0.067 for each NIS 1 par value of the Debentures.
7. Out of the payments of the Early Redemption, tax at source shall be deducted as required by law, by the Stock Exchange members.
8. It shall be clarified that the foregoing in section 5 above has been calculated in accordance with the Consumer Price Index known on the date of the publication of this Report (the index of the month of August 2014, which was published on September 15, 2014), and it may actually change in the event that there is any positive or negative change in the index known by the Early Redemption Date. Should any such change occur, the Company shall publish a supplemental immediate report.
9. In accordance with the provisions of the Rules and Regulations of the Stock Exchange, the persons entitled to the full and final early redemption shall be those persons who shall hold the Debentures on the Early Redemption Date. This being the case, it is clarified, for the avoidance of doubt, that a record date shall not apply in respect of the final redemption amount (including in respect of the payment of the interest component contained therein).
10. As a result of the early redemption the Company expects to record a one-time loss of approximately NIS 3 million, which will be included in the financing expenses in the fourth quarter this year.

Sincerely yours,

Unitronics (1989) (R''G) Ltd.

Gabriel Badusa, CFO.