ICL Q4 2012 and Year End Fact Sheet

March 13, 2013

The information in this Fact Sheet represents a summary of the highlights of ICL's Q4 and yearend earnings release dated March 13, 2013, as reported, and does not purport to be a comprehensive overview of the Company's financial or business condition. The information contained herein may include statements of future expectations and other forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ materially from those contained in the statements. The information contained herein should be read in conjunction with all parts of the Company's quarterly and annual reports and all exhibits and schedules thereto.

ICL Group Results:

$ million	Q4 2011	Q4 2012	2011	2012
Total sales	1712	**1338**	7068	**6672**
Gross profit	775	**507**	3,156	**2,757**
Operating income	467	**194**	1,926	**1,577**
Financing expenses	2	**-1**	62	**59**
Share in profit (loss) of affiliated companies	-3	**1**	8	**8**
Income before taxes	462	**196**	1,872	**1,526**
Taxes on income	88	**-14**	349	**221**
Net income attributed to equity interest	374	**210**	1,523	**1,305**
Minority interest in profit of subsidiaries	4	**0**	11	**5**
Net income attributed to shareholders	370	**210**	1512	**1301**
EPS (basic)	0.291	**0.165**	1.193	**1.024**
EPS (fully diluted)	0.287	**0.165**	1.188	**1.024**

Highlights of Q4 2012 and 2012 Results:

- Global economic headwinds and slowdown in the fertilizer market impacted Q4 and 2012 results.
- **Nevertheless, ICL's operating cash flow in 2012 is the second best ever.**
- As expected, Q4'2012 was negatively impacted by significantly lower sales volumes to China and India; **however significant supply contracts were signed with these two markets in the beginning of 2013.**

- Q4 2012 sales decreased by 21.8%, of which 17.4% is attributed to lower quantities sold, 3.3% to lower prices and 1.4% to exchange rate fluctuations.
- 2012 sales decreased 5.6%. Lower volumes and exchange rates fluctuations had a negative impact of 5.6% and 2.5%, respectively. Higher prices and new acquisitions had a positive impact of 0.7% and 1.8%, respectively.
- 2012 gross profit decreased by 12.6%, of which 8.7% is attributed to lower quantities sold, 3.3% to higher raw materials and energy costs, 2.5% to higher other operating expenses and 0.6% to exchange rates fluctuations. This was partially offset by higher prices which contributed 1.6% and acquisitions which contributed 1%.
- Q4 '12 gross profit decreased by 35%, of which 27.5% is attributed to lower quantities sold, 6.7% to lower selling prices, and 2.3% to higher raw materials and energy costs. This was partially offset by a decrease in other operating expenses which contributed 2.3%.
- **Excluding the impact of one-time expenses associated with early retirement plans totaling approximately $55 million and a one-time gain associated with an $11 million VAT refund received by a subsidiary abroad, operating profit for Q4 2012 and 2012 totaled $238 million and $1,621 million, respectively.**
- Adjusted Q4 2012 & annual operating profit decreased 49% & 15.8%, respectively. This was due to the decrease in gross profit, partially offset by lower sales & marketing expenses (due to lower shipments), as well as lower general and administrative costs.
- The quarter's and the year's decrease in financial expenses reflected financial income generated by transactions in financial derivatives and revaluation of short term liabilities due to the strengthening of the shekel against the dollar and interest income vs. interest expenses in the comparable period. This was partially offset by higher financial expenses derived from the exchange rate fluctuations' impact on employee benefit expenses.
- The quarter's tax income is attributed to a tax credit in a foreign subsidiary in respect of distribution of a dividend, in the amount of $14 million, and non-recurring tax income resulting from not claiming accelerated depreciation of an Israeli subsidiary on the balance of deferred taxes in the amount of about $10 million.
- The annual effective tax rate totaled 14.5%, or 17.2% excluding one-time items.
- Q4 results reflect lower revenues from Asia which reached 20% of sales vs. 38% in Q4' 2011, due mainly to lower potash sales to China and India, as well as lower volumes of flame retardants. The higher sales to Europe reflect mainly higher fertilizer sales.
- 2012 results reflect lower sales to Asia and, in contrast, higher sales to Latin America due to increased fertilizer sales to the region.

ICL Fertilizers Segment Results:

$ million	Q4 2011	Q4 2012	2011	2012
Revenues (external)	973	**635**	3,836	**3,541**
Revenues (internal)	61	**75**	262	**271**
Revenues (total)	1,034	**710**	4,098	**3,812**
Operating profit	365	**140**	1,403	**1,159**
Operating profit - adjusted	365	**174**	1,403	**1,192**

Potash Sub-segment Results:

	Q4 2011	Q4 2012	2011	2012
Production - thousands of tonnes (KCl)	1,191	**1,258**	4,261	**4,936**
Inventory - thousands of tonnes*	699	**1,006**	699	**1,006**
External sales volume - thousands of tonnes	1,327	**735**	4,904	**4,336**
Total sales volume - thousands of tonnes	1,379	**810**	5,172	**4,629**
Revenues (external)- million $	644	**315**	2,285	**1,965**
Revenues (internal)- million $	51	**62**	222	**234**
Potash revenues (total)- million $	695	**377**	2,506	**2,198**
Operating profit - million $	337	**135**	1,182	**997**

Q4 2012 & 2012 Highlights:

- Potash sub-segment annual total revenues decreased 12.3% of which 11% is attributed to lower sales volumes, primarily to China and India and 1.7% to the depreciation of the euro against the US dollar. This was slightly countered by higher potash prices which compensated for lower by-product prices.
- The 46% decrease in Q4 '12 total revenues vs. the comparable quarter was due to lower volumes, lower prices and the depreciation of the euro against the dollar which had a negative impact of 37%, 7.7% and 1%, respectively.
- Potash production in 2012 was positively affected by higher production in Spain, while the comparable period was negatively affected by a 40-day strike at Dead Sea Works. Potash production remains negatively affected by lower production rates at our mine in England.
- 2012 operating profit decreased 15.7%. Lower sales volumes, higher energy and other input costs, as well the depreciation of the euro against the dollar had a negative impact of 13.6%, 1.4%, 0.9% and 1.6%, respectively. This was partially offset by higher selling prices and the depreciation of the shekel against the dollar which contributed 1.4% & 0.8%, respectively.
- Q4 '12 operating profit decreased 60%. Lower volumes and selling prices had a negative impact of 47.5% and 15.4%, respectively, partially offset by lower costs which contributed 3.3%.

Main Business Trends:

- 2012 was characterized by a severe drought in the US. As a result, the USDA reduced significantly its estimates for global grains stock to use ratio which led to strong increases in crop commodity prices.
- Over the past few months prices have moderated as the USDA's estimates have stabilized and due to expectations for bumper US crops during the 2013/14 agricultural season. However, prices are still tens of percent higher than the previous ten years' average.
- In its monthly report published on March 8, 2013, the USDA updated its estimate for the global grain stock-to-use ratio to 18.7% at the end of 2012/13 agricultural season, compared to 20.2% at the end of the 2011/12 season and 20.7% at the end of the 2010/11 season.
- Low grain inventories and relatively high crop commodity prices are generating robust profits for farmers and a strong incentive to maximize yields by optimizing fertilizer application.
- Potash demand weakened in 2012 due to the impact of the global economic environment and the reluctance of potash supply chain players to hold inventories or to commit to prices. This was combined with the negative impact of unfavorable weather in some geographical areas.

- Another major factor which negatively affected potash demand in 2012 was India's subsidy policy and the depreciation of the rupee against the dollar. These two factors led to a significant increase in the Maximum Retail Price for farmers. As a result, high potash inventories accumulated at Indian importers and no supply contracts have been signed since August 2011.
- In addition, Chinese customers did not sign supply contracts for the second half of 2012.
- According to the International Fertilizer Association (IFA), global potash shipments in 2012 decreased by 9% to 52 million tonnes.
- As a result of the weaker demand, there was a slow erosion in potash prices during 2012.
- On the last day of 2012, Canpotex, the Canadian potash producers' export association signed a contract with Sinofert for the supply of 1 million tonnes of potash during the first half of 2012. Other suppliers quickly followed.
- In the beginning of 2013, ICL signed a framework agreement to supply 3.3 million tonnes to several Chinese customers over a 3 year period. Within this framework, ICL signed contracts to supply 660,000 tonnes to Chinese customers at a price of $400/tonne cfr.
- India followed China and new supply contracts began to be signed during February 2013 for supply during the 2013/14 agricultural season.
- To date, ICL has signed contracts with Indian customers in the amount of 820,000 tonnes at a price $63/tonne cfr lower than previous contracts. ICL is currently negotiating with additional customers.
- The Brazilian market's strength continued in 2012, and potash consumption increased by 9% to 8.1 million tonnes. Imports decreased by 3% to 7.5 million tonnes due to high inventories at the beginning of 2012.
- Based on this data, it is estimated that potash inventory levels in Brazil at the end of 2012 were lower than their level at the end of 2011, leading to an expectation for strong demand in the next fertilizing season.
- Following the contracts signing with Chinese and Indian customers, there was a resurgence of strong demand in Brazil.

Phosphate & Fertilizers Sub-segment Results:

	Q4 2011	Q4 2012	2011	2012
Phosphate rock production - thousands of tonnes	776	**941**	3,105	**3,513**
Fertilizers production - thousands of tonnes	342	**383**	1,570	**1,598**
Rock sales volume (external) - thousands of tonnes	205	**250**	720	**739**
Rock internal use - thousands of tonnes	618	**680**	2,454	**2,491**
Fertilizers sales volume (external) - thousands of tonnes	260	**283**	1,638	**1,575**
Revenues (external) - million $	328	**320**	1,551	**1,577**
Revenues (internal) - million $	33	**45**	155	**157**
Phosphate & Fertilizers revenues (total) - million $	362	**365**	1,706	**1,733**
Operating profit - million $	29	**7**	221	**163**
Operating profit adjusted - million $	29	**40**	221	**196**

Q4 2012 & 2012 Highlights:

- 2012 total revenues increased by 1.6%. Consolidation of new acquisitions' contribution of 6.3% was offset by the depreciation of the euro against the dollar, lower prices and lower volumes which had a negative impact of 3.9%, 0.6% and 0.3%, respectively.
- Q4 '12 total revenues were stable vs. Q4 '11 as the contribution of higher prices and volumes, 1.4% and 1.1%, respectively, was partially offset by the depreciation of the euro against the dollar which had a negative impact of 1.7%.
- Adjusted operating profit excludes onetime expenses related to an early retirement plan in the amount of $33 million.
- 2012 adjusted operating profit decreased by 11.3% as lower volume and prices had a negative impact of 5.9%, and higher energy and raw materials costs had a negative impact of 13.6%. This was partially offset by a 7.7% contribution from the consolidation of new acquisitions.
- Q4 '12 adjusted operating profit increased by 38% due to higher volume and prices.

Main Business Trends:

- During 2012 the demand for phosphate fertilizers weakened in China and India. In the latter, due to the negative impact of the subsidy policy and the depreciation of the rupee against the dollar. In contrast, demand in Brazil was strong.
- According to IFA, phosphate consumption in 2012 in P2O5 terms decreased by 1.5% to 40.7 million tonnes.
- After weakening in the last months of 2011, phosphate prices recovered during the second quarter of 2012 and DAP prices grew closer to $600/tonne. However, slower demand in the fourth quarter led to some price depreciation and DAP prices decreased to a level slightly higher than $500/tonne.
- In the specialty fertilizer market, soluble fertilizer prices decreased around 10%. Slow and controlled release fertilizer prices increased, but to a lesser extent than the increase in raw materials prices.
- The recovery of the global potash markets in 2013 has resulted in some recovery in phosphate demand compared to the last quarter of 2012.
- The Company's plan for mining phosphates in Israel's Barir Field has reached the planning approval stages. Authorities' refusal to furnish ICL with a license to mine the Barir Field could have a significant negative impact on the Company's future phosphate franchise.

ICL Industrial Products Segment Results:

$ million	Q4 2011	Q4 2012	2011	2012
Revenues (external)	331	**321**	1,498	**1,421**
Revenues (internal)	5	**5**	15	**16**
Industrial Products revenues (total)	335	**326**	1,513	**1,437**
Operating profit	64	**27**	298	**231**
Operating profit - adjusted	64	**49**	298	**253**

Q4 2012 & 2012 Highlights:

- 2012 total revenues decreased by 5%. This was mainly due to lower volumes (primarily flame retardants), which had a negative impact of 6% as well as exchange rates fluctuations which had a negative impact of 1.7%, partially offset by higher prices, mainly of industrial bromine derivatives, which contributed 2.6%.
- Q4 '12 total revenues decreased 2.7% due to lower volumes, lower prices and exchange rate fluctuation which had a negative impact of 0.9% each.
- Adjusted operating profit in Q4 12 and the year excluded onetime expenses related to an early retirement plan in the amount of $22 million.
- 2012 adjusted operating profit decreased 15.1%. Higher selling prices and positive exchange rate fluctuations contributed 13.1% and 2.3%, respectively, compensating partially for the negative impact of lower volumes of 12.1%, as well as higher raw materials & energy and other operating costs which had a negative impact of 9.1% and 9.7%, respectively.
- Q4 '12 adjusted operating profit decreased by 23.4% due to lower prices and volumes as well as higher other operating expenses.
- During 2012 ICL Industrial Products produced 174,000 tonnes of elemental bromine, compared to 202,000 tonnes in 2011, bromine compounds production totaled 218,000 tonnes compared to 254,000 tonnes in 2011, organo-phosphorous compounds production in 2012 totaled 90,000 tonnes compared to 97,000 tonnes in 2011, and magnesia production totaled 42,000 tonnes compared to 40,000 tonnes in 2011.

Main business trends:

- The global economic slowdown has resulted in lower demand for bromine-based flame retardants, mainly for the electronics market. As of the fourth quarter of 2012, a slowdown in demand for flame retardants has also occurred in the construction market.
- The decrease in demand resulted in lower bromine prices in China and India.
- The downward trend in the book-to-bill ratio for rigid and flexible printed circuit boards in North America, which resulted in a decrease from 1.06 in March 2012 to 0.93 in November 2012, has reversed lately and the book-to-bill ratio increased to 0.98 in December 2012 and to 1.01 in 2013. A book-to-bill above parity means orders were higher than shipments, which may imply sales growth over the next two to three months for printed circuit boards. However, IPC reported that sales and orders remained sluggish in January.
- Lower FR sales were countered partially by strong sales of drilling fluids and other brominated products for the energy and water markets.
- Chlorinated biocides for the Pool & Spa markets in the US continued to face high competition and price pressure due to elevated imports from East Asia. However, in the beginning of 2013, the US Department of Commerce imposed a 30% anti-dumping tax on Chinese imports. This is expected to improve the competitive position of local US producers.
- The decrease in the price of natural gas in the U.S. has increased the use of gas over coal for the production of electricity, a step which has decreased the projected sales growth of Merquel™, ICL's mercury-neutralizing product line. Despite that, sales rose at a double-digit rate as compared with 2011 and are expected to continue growing at a similar rate, due to its adoption by additional U.S. power plants.
- The shale gas industry offers the potential of increased demand for bromine based biocides for water treatment.
- Having signed an agreement in January 2012 with Dow Global Technologies for the licensing of its patent for the manufacture of FR122P, a new bromine-based polymeric flame retardant, ICL IP has now begun construction of new FR122P manufacturing plants. The segment expects to be able to begin supplying customers in the second half of 2013, which is earlier than originally expected.

ICL Performance Products Segment Results:

$ million	Q4 2011	Q4 2012	2011	2012
Revenues (external)	324	**324**	1,430	**1,411**
Revenues (internal)	10	**16**	65	**66**
Performance Products revenues (total)	333	**339**	1,495	**1,477**
Operating profit	27	**32**	193	**180**
Operating profit adjusted	27	**21**	193	**169**

Q4 2012 & 2012 Highlights:

- 2012 total sales were fairly stable, decreasing by 1.2%. Lower volumes and exchange rates fluctuations had a negative impact of 0.9% and 3.1%, respectively, while higher prices and the consolidation of acquisitions contributed 1.4% each.
- Q4 '12 total sales increased by 1.8% as volume growth contributed 2.7%, partially offset by the negative impact of exchange rates fluctuations.
- Adjusted operating profit excluded non-recurring income related to a VAT refund, in the amount of about $11 million.
- Annual adjusted operating profit decreased 12.4% with higher raw materials and energy costs, higher other operating expenses and exchange rate fluctuations having a negative impact of 14%, 5.2% and 3.1%, respectively, in contrast to higher prices which had a positive impact of 10.4% on the adjusted operating profit.
- Quarterly adjusted operating income decreased by 22% as higher raw materials and energy costs, as well as higher other operating costs, had a negative impact of 26% and 11%, respectively, partially offset by higher volumes which had a positive impact of 15%.
- During 2012 the ICL Performance Products segment produced 126,000 tonnes of white phosphoric acid (in P2O5 terms) compared to 140,000 tonnes in 2011; 472,000 tonnes of downstream phosphate products compared to 451,000 tonnes in 2011; and 261,000 tonnes of other products compared to 278,000 tonnes in 2011.

Main Business Trends:

- In the first three quarters of 2012, solid sales volumes in North America almost fully offset lower sales volumes in Europe due to the economic environment.
- In Q4 '12 higher sales volumes in Europe compensated lower volumes in the US due to costumers' destocking in December.
- Due to the seasonality of ICL PP's sales of some of its products, especially fire safety products, and the general holiday-related slowdown in December, Q4 is generally characterized by lower profit margins.
- Slowdown in demand and increased competition in 2012 led to a gradual decrease in white phosphoric acid prices which resulted in increased pressure from customers and competitors to reduced prices of phosphate downstream products.
- In addition, the limitations which are expected to be imposed on the use of phosphate salt as a detergent for dish washers (STTP) might add to price pressure in Europe.
- ICL Performance Products has recently acquired the phosphorus pentasulfide (P2S5) business and operations of Thermphos International B.V. (NL) located in Knapsack, Germany. The acquisition expands ICL Performance Products' leadership in global markets for phosphorus-based specialty chemicals while expanding its European footprint.
- During 2012 ICL Performance Products began to prepare for expected growth in demand for low sodium food products with its new salt replacer, "Salona", which is derived from Dead Sea minerals and which has 30% lower sodium content and a very acceptable taste profile.

Other & Setoffs:

$ million	Q4 2011	Q4 2012	2011	2012
Revenues (external)	85	**58**	303	**299**
Revenues (internal)	15	**12**	41	**50**
Other revenues (total)	100	**70**	344	**349**
Operating profit	12	**0.8**	39	**10**
Setoffs	-1.9	**-7.1**	-7	**-2.6**

Cash Flow & Investments:

- 2012 operating cash flow reached $1,593 million, second only to the record level of $1,855 million in 2008. Q4 '12 operating cash flow reached $275 million compared to $344 million in Q4'11, as a decrease in trade receivables partially compensated the decrease in net income and the increase in finished products inventories.
- As at December 31, 2012, utilization of the securitization facility and trade receivables within its framework totaled $163 million, compared to $310 million as of December 31, 2011.
- Capital expenditures for Q4 '12 totaled $146 million compared to $134 million in Q4 '11. CAPEX for 2012 totaled $668 million compared to $496 million in 2011. Most of the increase stems from solidifying the dyke surrounding Evaporation Pond No. 5 at the Dead Sea, investments in a plan for gradually increasing production capability at the Sodom plants, upgrade of Iberpotash's operations in Spain, the beginning of construction of a new power plant in Sodom and an upgrade of the logistics setup.
- Net interest-bearing financial liabilities of ICL as of December 31, 2012, compared with the balance at the end of 2011 increased by $117 million, bringing the total to $1,557 million.

Q4 2012 & 2012 – Main Developments:

- The Company's Board of Directors declared that a dividend totaling $147 million will be paid on April 25, 2013 in respect of the Company's fourth quarter 2012 results.
- This brings total dividends paid in respect of ICL's 2012 results to $908 million, which represent a 6.4% dividend yield (based on the average share price in 2012).
- On June 28, 2012, ICL's subsidiary, DSW, entered into an agreement to construct a new cogeneration power plant in Sodom. The station will be a gas-powered plant with a production capacity of 330 tons of steam per hour and a generating capacity of 245MW of electricity, sufficient to supply the Company's long-term electricity and steam requirements in the region, while protecting the environment and air quality. The project is expected to be completed in the second half of 2015 and to cost approximately $320 million, linked to the Euro-dollar exchange rates.
- On July 8, 2012 Dead Sea Works and the Israeli government signed the agreement that essentially anchors the outline of principles regarding the permanent solution for the rising level of Dead Sea which the two parties agreed upon in January 2012.
- As a result of faster-than-expected depletion of the natural gas reservoir, the percentage reduction in the supply of gas from Yam Tethys in 2012 amounted to 50%.
- In November 2012, ICL announced it reached a settlement with the partners in "Yam Tethys" reservoir in which the supply agreement from the reservoir will continue until September 2017. In addition, ICL will purchase natural gas from the "Tamar" reservoir beginning in the second quarter of 2015 until September 30 2017. The gas consumption during the latter period will be in the amount of 0.76 BCM per annum.
- Energy costs in 2012 totaled $408 million, or 8% of ICL's total operating expenses. Of this amount, $109 million is attributed to oil and oil derivatives, $171 million to electricity and $67 million to natural gas.
- The increase in the use of natural gas is expected to reduce the share of energy costs in total operating costs.
- The Average Baltic Dry Index decreased by 40% compared to the average in 2011. Lower bulk freight rates as well as lower quantities shipped led to a 15% decrease in transport and insurance costs to a level of 7.7% of sales compared to 8.5% in 2011. Marine shipping costs were 5% of total operating costs in 2012, the same as 2011 as lower rates were set off by higher fuel costs.
- Actual royalty payments paid by DSW to the Israeli government increased by 42% in 2012 compared to 2011 to a total of $125 million. Actual royalty payments paid by Rotem in respect to its phosphate mining totaled $5.6 million, an increase of 33% over 2011.
- On October 31, 2012 and November 4, 2012, Israel Corp issued Immediate Reports further to reports in the media about a possible merger transaction of ICL with Potash Corporation of Saskatchewan.