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**ICL REPORTS FINANCIAL RESULTS FOR
THE SECOND QUARTER 2010**

- *Continued Strong Momentum for ICL: 2nd Best-Ever Q2 with Second Largest Quantity of Potash Sold in a Quarter, Increasing Revenues From All Segments & Target Markets –*
- *Q2 Results: \$1.5B Revenues, \$384M Operating Income, \$296M Net Income, \$521M Operating Cash Flow -*

Tel – Aviv, Israel, August 24, 2010 – ICL (TASE:ICL), a multinational fertilizer and specialty chemicals company, today reported results for the second quarter ended June 30, 2010.

Financial Results for the Second Quarter

The second quarter of 2010 was the Company's best-ever Q2 with the exception of the second quarter of 2008, which was a 'spike' year throughout the fertilizer and specialty chemicals industries.

Revenues: Revenues for the quarter were \$1,495 million, an increase of 38% compared with \$1,083 million for the second quarter of 2009 and 8% compared with the first quarter of 2010. The improvement reflected sharply rising quantities sold across all operating segments and most target markets, indicating the continued strengthening of the recovery that began in the second half of 2009. This was countered partially by a reduction of selling prices for some of the Company's products.

For the first half of 2010, ICL's sales increased by 45% to \$2,877 million compared with \$1,981 for the first six months of 2009.

Gross profit: Gross profit for the second quarter of 2010 was \$662 million, an increase of 73% compared with \$382 million for the parallel quarter of 2009 and 18% compared with the first quarter of 2010. The increased profit derived from higher quantities sold of most of the Company's products, offset somewhat by lower selling prices for some products and increased energy costs. Gross margin for the period was 44.3%, compared with 35.3% for the second quarter of 2009 and 40.4% for the first quarter of 2010.

For the first half of 2010, gross profit rose by 63% to \$1,221 million compared with \$751 million for the first half of 2009.

Operating income: Operating income for the second quarter of 2010 totaled \$384 million, an increase of 102% compared with \$191 million for the second quarter of 2009 and 27% compared with the first quarter of 2010. These improved profits reflected the significant increase in gross profit, countered partially by an increase in selling expenses and higher transportation expenses associated with a higher level of sales. Operating margin for the second quarter of 2010 increased to 25.7% from 17.6% in the second quarter of 2009 and 22.0% in the first quarter of 2010.

For the first half of 2010, operating income increased by 74% to \$688 million compared with \$396 million for the first six months of 2009.

Net income: Net income to the Company's shareholders for the second quarter of 2010 was \$296 million, an increase of 94% compared with \$152 million for the second quarter of 2009, and 23% compared with \$241 million for the first quarter of 2010.

For the first half of 2010, net income increased by 72% to \$536 million compared with \$311 million in the first half of 2009.

Cash flow: The Company's cash flow from operating activities totaled \$741 million in the first half of 2010, an all time record for the Company and an increase of 16% over \$639 million for the comparable period in 2009. This served as the Company's primary financing source for the period's investments in fixed assets and debt reduction, as well for its ability to distribute dividends totaling \$771 million. For the second quarter, operating cash flow totaled \$521 million, a 30% increase compared with \$400 million in the second quarter of 2009.

Securitization transaction: On July 2, the Company completed a \$350 million securitization transaction managed jointly by two European banks, one of the largest international financings completed in recent years by an Israeli company. With the goal of continuing to diversify its sources of funding, ICL initiated this transaction in addition to a separate \$300 million securitization transaction completed in 2004, whose funding has not been fully deployed and remains available for use by the Company.

Rating: On August 5, Ma'alot Standard & Poors ("Ma'alot") granted ICL an "i1AA+" rating with a stable outlook. In awarding ICL with this rating, Ma'alot cited the Company's high level of business stability and its expectation that ICL will maintain its current debt level, liquidity level and dividend policy.

Debt: As of June 30, 2010, the Company's net debt totaled \$1,025 million, a \$168.3 million increase compared with its net debt level on December 31, 2009.

Highlights of Core Business Segments for the First Six Months of 2010

- **ICL Fertilizers:** sales for the first half of 2010 were \$1,588 million, up 90% compared with the first half of 2009, representing 52.4% of total revenues (before offsets of inter-segment sales). This reflected ongoing increases in demand for all of the segment's products, a development which resulted in 1) a **4-fold increase in the quantity of potash sold during the second quarter to 1,527 thousand tons, the second-largest quantity that the Company has ever sold in a single quarter;** 2) **an increase in the sales of phosphate fertilizers;** and 3) **the doubling of phosphate sales during the first half of the year.** These increases were offset somewhat by lower prices for potash and phosphate rock.

Operating income for the first half was \$508 million, more than double the \$250 million recorded in the first half of 2009. The increase reflected the rise in quantities of potash and phosphate fertilizers sold.

Market developments:

- During the second quarter, the Company began selling significant quantities of potash to customers in both **China** and **India** under the framework of long-term contracts.
 - **Brazil's** import of potash rose dramatically during the first half of 2010 compared with the comparable period in 2009, and has continued during the third quarter in anticipation of a strong planting season.
 - In **Western Europe**, demand for all types of fertilizers (and especially for potash) has been returning gradually to levels that were customary before the economic crisis, resulting in a significant increase in shipments to Europe during the first half of the year.
 - In the **US**, the year's relatively early timing of the spring planting season led to a high level of fertilizer demand during the first half of the year and is expected to lead to a long fall planting season.
 - In **European and CIS** countries, extreme weather conditions are expected to result in major damage to grain crops. The Russian government's announcement banning grain exports until December 2010 has resulted in a significant increase in all grain futures, especially wheat futures.
- **ICL Industrial Products:** sales for the first half of 2010 were \$651 million, an increase of 42% compared to \$458 million for the first half of 2009, representing 21.5% of total revenues (before offsets of inter-segment sales). The increase reflects an increase in the quantity sold for the segment's flame retardants and for most of its other products.

Operating income for the first half was \$87 million, an increase of approximately 580% compared with the first half of 2009. This dramatic increase reflected a sharp rise in quantities sold, together with the contribution of decreasing raw material and energy costs. Operating margin for the half

year period rose to 13.4% from 2.8% in the first half of 2009.

During the first half of 2010, the segment's average selling prices, which had declined throughout 2009 due to the global economic crisis, strengthened steadily in step with the market's firmer demand. This was particularly evident in the flame retardant industry, whose prices increased significantly throughout the first six months of 2010. The prices of bromine and brominated flame retardants were also affected by the period's declining Chinese bromine production, a phenomenon related to several factors, including the dilution of Chinese source brines, the harshness of China's winter in 2009-2010 and the ongoing rise in manufacturing prices. As a result of this reduced supply, prices of bromine and brominated flame retardants in the Chinese market rose, and demand for the products offered by other suppliers increased.

- **ICL Performance Products:** sales for the first half of 2010 were \$661 million, a 4% increase compared to the first half of 2009, representing 21.8% of total revenues (before offsets of inter-segment sales). The increase reflects higher quantities sold for most of the segment's products, countered partially by reduced selling prices as compared with the first half of 2009.

Operating income for the half declined slightly to \$99 million compared with \$103 million for the first half of 2009, due primarily to a decrease in average selling prices in North America during the second half of 2009. However, average prices stabilized in the first quarter of 2010 and started to rise in the second quarter of 2010, as demonstrated by the second quarter's 8% year-over-year increase in operating income.

Dividends:

- On April 27, 2010, the Company paid a dividend totaling \$155 million in respect of its fourth quarter 2009 results. This brought the total dividend paid in respect of 2009 results to \$530 million.
- On June 28, 2010, the Company paid a \$500 million one-time dividend and a \$168 million dividend in respect of the Company's first quarter results.
- On August 23, 2010, the Company's Board of Directors declared a dividend totaling \$177 million to be paid on September 20, 2010 in respect of its second quarter results.

About ICL

ICL is one of the world's leading fertilizer and specialty chemicals companies. For a world challenged by population growth and scarce resources, ICL makes products that increase global food and water supplies and improve industrial materials and processes.

ICL produces approximately a third of the world's bromine and is the 6th largest potash producer in the world. ICL is a leading supplier of fertilizers in Europe and a major player in specialty fertilizer market segments. One of the world's most integrated manufacturers and suppliers of phosphate products, ICL has become the world's leading provider of pure phosphoric acid and a major specialty phosphate player.

ICL is comprised of three core segments: ICL Fertilizers, ICL Industrial Products and ICL Performance Products. Its major production activities are located in Israel, Europe, the US, South America and China, and are supported by major global marketing and logistics networks. ICL benefits from exclusive concessions to extract minerals from Israel's Dead Sea, a vast source of high-quality and low-cost potash, bromine, magnesium chloride and sodium chloride. ICL also mines phosphate rock from Israel's Negev Desert and potash and salt from its mines in Spain and the UK.

ICL's shares are traded on the Tel Aviv Stock Exchange (TASE: ICL).

Forward Looking Statement

This press release contains forward-looking assessments and judgments regarding macro-economic conditions and the Group's markets, and there is no certainty as to whether, when and/or at what rate these projections will materialize. Management's projections are likely to change in light of market fluctuations, especially in ICL's manufacturing locations and target markets. In addition, ICL is likely to be affected by changes in the demand and price environment for its products as well as the cost of shipping and energy, whether caused by actions of governments, manufacturers or consumers. ICL can also be affected by changes in the capital markets, including fluctuations in currency exchange rates, credit availability, interest rates, etc.

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(financial tables follow)

ICL
PRINCIPAL FINANCIAL RESULTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010

| | 3 months ended June 30, | | | | 6 months ended June 30, | | | |
|--|-------------------------|------------|-------------|------------|-------------------------|------------|-------------|------------|
| | 2010 | | 2009 | | 2010 | | 2009 | |
| | \$ millions | % of sales | \$ millions | % of sales | \$ millions | % of sales | \$ millions | % of sales |
| Sales | 1,494.7 | 100.0 | 1,082.6 | 100.0 | 2,877.2 | 100.0 | 1,981.1 | 100.0 |
| Gross profit | 661.8 | 44.3 | 382.1 | 35.3 | 1,220.9 | 42.4 | 751.2 | 37.9 |
| Operating income | 384.4 | 25.7 | 190.7 | 17.6 | 687.9 | 23.9 | 396.3 | 20.0 |
| Pre-tax income | 370.4 | 24.8 | 193.3 | 17.9 | 672.5 | 23.4 | 422.0 | 21.3 |
| Net income to the Company's shareholders | 295.9 | 19.8 | 152.3 | 14.1 | 536.4 | 18.6 | 311.1 | 15.7 |
| Operating cash flow | 521.1 | | 399.6 | | 740.6 | | 638.8 | |
| EBITDA* | 437.2 | 29.3 | 235.5 | 21.8 | 790.2 | 27.5 | 495.0 | 25.0 |
| Investment in fixed assets less grants | 75.8 | | 80.2 | | 160.4 | | 168.9 | |

* EBITDA is calculated as follows:

| | 3 months ended June 30, | | 6 months ended June 30, | |
|-----------------------------|-------------------------|--------------|-------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Net income | 295.9 | 152.3 | 536.4 | 311.1 |
| Amortization & depreciation | 52.3 | 51.0 | 104.4 | 98.6 |
| Financing expenses, net | 15.6 | (2.2) | 15.5 | (24.7) |
| Taxes on income | 73.4 | 34.4 | 133.9 | 110.0 |
| EBITDA | <u>437.2</u> | <u>235.5</u> | <u>790.2</u> | <u>495.0</u> |

ICL
PRINCIPAL RESULTS FROM CORE MANAGERIAL SEGMENTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010

| Sales CIF by segment | 3 months ended June 30, | | | | 6 months ended June 30, | | | |
|--------------------------|-------------------------|------------------|-------------|------------------|-------------------------|------------------|-------------|------------------|
| | 2010 | | 2009 | | 2010 | | 2009 | |
| | \$ millions | % of gross sales | \$ millions | % of gross sales | \$ millions | % of gross sales | \$ millions | % of gross sales |
| ICL Fertilizers | 821.6 | 52.1 | 465.1 | 40.4 | 1,587.5 | 52.4 | 836.2 | 39.4 |
| ICL Industrial Products | 358.9 | 22.8 | 247.8 | 21.5 | 651.1 | 21.5 | 457.9 | 21.6 |
| ICL Performance Products | 341.8 | 21.7 | 331.3 | 28.8 | 661.1 | 21.8 | 632.7 | 29.8 |
| Other and offsets | (27.6) | | 38.4 | | (22.5) | | 54.3 | |
| Total | 1,494.7 | | 1,082.6 | | 2,877.2 | | 1,981.1 | |

Note: Segment sales data and their percentage of total sales are before offsets of inter-segment sales.

| Operating income by segment | 3 months ended June 30, | | | | 6 months ended June 30, | | | |
|-----------------------------|-------------------------|--------------------|-------------|--------------------|-------------------------|--------------------|-------------|--------------------|
| | 2010 | | 2009 | | 2010 | | 2009 | |
| | \$ millions | % of segment sales | \$ millions | % of segment sales | \$ millions | % of segment sales | \$ millions | % of segment sales |
| ICL Fertilizers | 275.9 | 33.6 | 111.5 | 24.0 | 508.2 | 32.0 | 250.3 | 29.9 |
| ICL Industrial Products | 53.5 | 14.9 | 7.8 | 3.1 | 87.2 | 13.4 | 12.9 | 2.8 |
| ICL Performance Products | 54.8 | 16.0 | 50.6 | 15.3 | 99.0 | 15.0 | 102.8 | 16.2 |
| Other and offsets | 0.3 | | 20.8 | | (6.5) | | 30.3 | |
| Total | 384.4 | | 190.7 | | 687.9 | | 396.3 | |