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**ICL BOARD APPROVES FRAME AGREEMENT FOR DEAD
SEA SALT HARVESTING RESPONSIBILITIES AND FUTURE
ROYALTY PAYMENTS**

*-- Pending Approval of Agreement By Israeli Government, Royalties on Dead Sea
Potash to Increase from 5% to 10% for Volumes Over 1.5M Tonnes through 2030 –*

- ICL To Bear 100% of Dead Sea Salt Harvesting Expense –

*-- Agreement To Eliminate Major Uncertainties Regarding ICL's Future Activities
and Obligations, While Insuring the Viable Co-existence of Tourism & Industry at
the Dead Sea -*

Tel – Aviv, Israel, December 29, 2011 – ICL (TASE:ICL), a multinational fertilizer and specialty chemicals company, today announced that its Board of Directors has approved a framework agreement reached by the Company's Management with Israel's Ministry of Finance regarding 1) ICL's participation in the costs of the Dead Sea Pond #5 Salt Harvesting Project ("the Project"), the solution that the Israeli government has chosen for addressing the pond's rising water level; and 2) the level of royalties that ICL will pay on its sales of potash mined from the Dead Sea. Execution of the agreement is pending approval by the Israeli Government.

In signing the agreement, ICL's Management and Board of Directors recognize that it is the only firm positioned to meet the unprecedented technological and financial challenges inherent in carrying out an infrastructure project of this scope, and thereby to protect the Dead Sea and its regional industries.

Dead Sea Salt Harvesting Project: The execution of the full Salt Harvesting Project as recommended by Israel's Ministry of Tourism and Ministry of Environmental Protection will cost billions of shekels more than alternative solutions, but was selected because it represents a comprehensive, long-term solution which will enable uninterrupted operation of the region's hotels and tourist attractions.

- ICL will finance 100% of the cost of the Salt Harvesting, a major undertaking which is projected to cost approximately NIS 3.8 (\$1 billion) in

present value terms over ICL's concession period (until March 2030) assuming a 7% discount rate. The Government's cash participation in the cost is the present value of the \$30 million it received from ICL in 1992, whose value today accounts for 20% of the total project cost.

- The planning and execution of the Project will be carried out by Dead Sea Works.
- The Government will declare that the Salt Harvesting and the building of a new pumping station are national infrastructure projects that will be expedited by the National Infrastructure Committee ("the Committee"). The Government will instruct the Committee and Dead Sea Works, as the initiators of the project, to focus their full efforts on the matter, to ensure that all of the Project's planning is completed no later than June 30, 2013.

Royalties: The royalties that the Dead Sea Works will pay on its potash sales will double from 5% to 10% above a certain quantity sold. For 2010-2011, the 10% royalty will apply to quantities sold above 3 million tonnes. This issue will be eliminated from the arbitration between ICL and the Israeli government. Beginning in 2012, the 10% royalty will apply to quantities above 1.5 million tonnes.

The Israeli government will accept the decision that at this time there is no need for additional changes to be made in its specific fiscal policies towards Dead Sea Works' activities.

Agreement rationale: ICL's Management and Board of Directors agreed to the terms proposed by the Ministry of Finance in order to avoid protracted litigation that would have resulted in a long period of uncertainty while delaying the initiation of work on the permanent solution, thereby endangering the future of industrial activity and tourism in the Dead Sea region. Following approval by the Israeli Government, and following the implementation of the agreement, the Israeli government's take of Dead Sea Work's mining operations would total more than 60%, among the highest 'Government Takes' of any potash/fertilizer company in the world by any government.

Additional information regarding the Salt Harvesting Project: The Salt Harvesting Project will be one of the largest and most complex infrastructure initiatives that has ever been undertaken in Israel. It is designed to solve the problem of the rising water level in the Dead Sea Works' artificial evaporation pond number #5, which is being caused by the deposit of salt as part of DSW's activities. The rising of the water level bears a threat to the hotels located on the pond's shore, which were built beginning in 1971 despite the Dead Sea Works's warnings regarding the certainty of future flooding issues.

The Project calls for the removal of 16 million cubic meters of salt from the Pond each year, and also for the transfer of the salt to the Dead Sea's Northern Basin. The

method to be deployed includes: 1) the use of floating dredgers to harvest salt from the Dead Sea floor; 2) the flow of the salt emulsion to shore through floating pipes; 3) the transport of the emulsion on a 36 kilometer conveyer to an evaporation area; 4) the evaporation of the salt; 5) the loading of the salt onto barges; and 6) the deposit of the salt into the Dead Sea's Northern Basin.

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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.