Balancing the Value Chain:

Strengthening Our Resource Base & Growing Our Specialty Business
ICL fulfills essential needs in three core end markets - Agriculture, Food and Engineered Materials - by utilizing an integrated global value chain based on specialty minerals.

During the past two years, we have been implementing a broad-based strategy aimed at creating a more balanced, integrated and efficient company focused on specialty end markets. Our strategic initiatives are designed to strengthen and enrich our resource base – our mineral resources, processing know-how, market positioning, logistical and organizational capabilities – while increasing our efficiency and lowering our costs, forming a solid platform from which we are growing our Specialty Business.

This report reviews the strategic progress we made during 2015 and lays out our five-year growth goals and strategies.
Our Goal
Building a profitable, integrated company focused on specialty end markets

Over the next 5 years, we aim to continue growing, balancing and strengthening our business:

- **Growing our core Specialty Business** through R&D, organic initiatives, joint ventures & bolt-on acquisitions
- **Maintaining our commodity positions** while ensuring raw material sources
- **Allocating capital in line with our strategy** to create an optimal balance between Specialty and Commodity businesses while maintaining a strong dividend yield
- **Achieving the full potential of our Operational Excellence initiatives** to generate at least US$100M/year in additional savings by the end of 2016 compared to 2015 (for a cumulative US$375-400M since 2013) and an additional US$75-100M/year in 2018 vs. 2016

Our mineral assets, integrated value chains, processing know-how, market positioning and organizational capabilities form a solid platform that supports the growth of our Commodity and Specialty Businesses.

### Strengthening Our Resource Base & Growing Our Specialty Business

#### COMMODITY BUSINESS

<table>
<thead>
<tr>
<th>Spain</th>
<th>Potash Fertilizers</th>
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<tbody>
<tr>
<td>Site consolidation and expansion</td>
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<td>Agreement with the Government of Catalonia</td>
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<tr>
<th>Dead Sea</th>
<th>Potash Fertilizers</th>
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<tr>
<td>Site consolidation and expansion</td>
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#### SPECIALTY BUSINESS

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| Specialty Fertilizers & Polysulphate™ |
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#### ENABLERS – ICL’s Global Platform

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External sales, after set-off of inter-segment sales. Business unit sales include inter-segment sales.

### 2015: US$5.4B in sales*

**Specialty Business:**
- 56% of sales, 31% of operating income

**Food Specialties**
- US$614M

**Advanced Additives**
- US$780M

**Industrial Solutions**
- US$671M

**Flame Retardants**
- US$366M

**Specialty Fertilizers**
- US$708M

**Commodity Business:**
- 44% of sales, 69% of operating income

**Potash Fertilizers**
- US$1,435M

**Phosphate Fertilizers**
- US$1,079M

### 2020: Growth targets (CAGR)

**Specialty Business:**
- 63% of sales, 49% of operating income

**Food Specialties**
- Sales: 8-10%
- Op Income: 9-11%

**Advanced Additives**
- Sales: 3-5%
- Op Income: 8-10%

**Industrial Solutions**
- Sales: 0%
- Op Income: 1-3%

**Flame Retardants**
- Sales: 5%
- Op Income: 30-40%

**Specialty Fertilizers**
- Sales: 8-10%
- Op Income: 13-15%

**Polysulphate™**
- Sales: 30-50%
- Op Income: 60-80%

**Commodity Business:**
- 37% of sales, 51% of operating income

**Potash Fertilizers**
- Sales: ~0%
- Op Income: 1-3%

**Phosphate Fertilizers**
- Sales: 5-7%
- Op Income: 8-10%

* External sales, after set-off of inter-segment sales. Business unit sales include inter-segment sales.
To our Stakeholders,

If, after Management’s impressive 2014 achievements, anyone still harbored skepticism about the need for ICL’s Next Step Forward strategy, the macro environment we faced in 2015 removed any doubt. Events over which we had no control, including lower potash prices, China’s slowdown and the continued unfavorable business environment in Israel, gave new urgency to Management’s pursuit of balance, resilience and efficiency. To achieve these goals, ICL has executed dozens of programs aimed at reducing costs, diversifying sources of minerals and other raw materials, developing new eco-friendly products, and seeking out the optimal means to address high-potential emerging markets.

As ICL moves into the Next Step Forward’s final phase and begins executing on an ambitious five-year growth plan, the results of the past three years are clearly visible: a stronger focus, more integrated and efficient operations, lower raw material cost positions and a better positioned Specialty Business – in short, a broader and more resilient platform.

We are excited by the potential of our investments at ICL Iberia, our YPH joint venture in China, the planned transition of our ICL UK operations, our detailed plan for growing our Specialty Business through geographic expansion and innovation, and our first steps into Africa. We believe that these initiatives will further expand the Company’s resource base and increase its revenue streams, thereby assuring its freedom of operation and future growth path. As an inseparable part of all of its activities, Management continues to intensify its operational and development activities in the area of environmental responsibility, often discovering that the initiatives also generate cost savings and open new markets.

In Israel, we have not yet – unfortunately – received the government cooperation that will enable us to move forward with planned investments. We hope they will follow the lead of the Catalonian government, which recognizes the potash industry as a strategic public asset and provides us with extensive regulatory and infrastructure support. Nonetheless, we are encouraged by recent developments in the Barir Field phosphate mining permitting process and continue to view our Dead Sea and Negev operations as key activities.

Taken as a whole, the Company is healthy, stable and moving in the right direction. We applaud Management for its achievements during the past challenging but productive three years, and are confident that its planned activities will create long-term growth and value for all of its stakeholders.

Mr. Nir Gilad
Chairman of the Board
Dear Stakeholders,

2015 was another year of progress for ICL as we continued implementation of our “Next Step Forward” blueprint, completing numerous strategic initiatives and launching the final stage of multi-year projects.

The positive results of these efforts are increasingly visible in our financial results as our Operational Excellence and efficiency programs contributed US$275 million in savings since 2013. Less immediately apparent is the success of our efforts to make ICL more global, balanced, integrated and resilient – a company with secure raw material positions, high-potential value chains and efficient global operations.

As expected, achieving these goals has not always been an easy process. The need to reduce costs at ICL Dead Sea and at our bromine operations in Israel required us to make painful cuts in the labor force, triggering a 3.5-month employee strike. In parallel, the continuation of Israel’s unfavorable business environment led us to declare a temporary moratorium on our planned investments in the region, underscoring the importance of our efforts to secure mineral resources in other parts of the world.

From a macro perspective, the year’s dramatic decline in the price of potash, coupled with the effect of China’s economic slowdown on our target markets, had a strongly negative impact on our sales. This confirmed beyond any remaining doubt the need to improve our position on the production cost curve at all of our manufacturing sites, and to pursue a more resilient balance between our Commodity and Specialty Businesses.

Progress in 2015

We are proud of the progress that we have made towards achieving these goals over the past two years, including the following highlights from 2015:

- **Our efficiency programs** contributed another US$175 million contributed costs during 2015 after saving US$100 million in 2014, positioning us to achieve our updated goal of at least US$400 million by the end of 2016. Among other benefits, these programs have reduced our potash, bromine and phosphate production costs, and returned our Negev phosphate mining operations to solid profitability. These lower raw material cost positions are critical for supporting the competitiveness of our Specialty Business, and will help us grow it to its full potential. Recently, ICL adopted additional measures to strengthen its financial position, including improving its working capital, which are expected to generate an additional US$50 million in cash flow and limit capital expenditures to US$650 million per year vs. our previous target of US$700-$800 million.

- **During the year, we completed the planning of bold initiatives to enhance our existing mineral assets** and progressed to the early-execution stage. In our ICL Iberia potash operations, we are moving ahead with our site consolidation and de-bottlenecking program, which is planned to increase our production by 1.3 million tonnes per year while reducing our costs by ~€40 per tonne (as compared to 2014) by 2020. In parallel, we have finalized our plan for transitioning ICL UK to focus on Polysulphate™, an ICL-exclusive mineral fertilizer whose low-cost production and attractive business case are expected to double the site’s operating income by 2020. At ICL Dead Sea, we are preparing to deploy innovative, internally-developed technologies to ensure
the sustainability of the elevated production level of approximately 4 million tonnes that we achieved in the fourth quarter of 2015.

Also during 2015, we initiated ambitious ventures with the goal of expanding our global mineral assets. The largest of these is YPH JV, a phosphate mining and integrated manufacturing joint venture in China that is expected to give us favorable strategic positioning in Asia for phosphate fertilizers and downstream products. In addition, we began ramping up our activities in Africa, primarily by acquiring potash mining rights, expanding potash education with our “Potash for Growth” program and signing an MOU towards the formation of a joint phosphate mining venture in Namibia.

To build up our Specialty Business value chains, we continue to invest in both R&D and M&As. In 2015, we enhanced our Food Specialties product portfolio with a dairy protein business, gaining valuable capabilities for the manufacture and marketing of traditional whey proteins as well as organic and other whey specialties. In 2015, this business has grown beyond our expectations. Our deep understanding of the interaction of phosphates with proteins enables us to develop new products, and with the acquisition of Fosbrasil, we will be able to expand our phosphate platform into South America. Additional bolt-on acquisitions over the past several years have provided us with an advanced technology platform for Specialty Fertilizers as well as growth in our Class B fire fighting foam business. These acquisitions are aimed at expanding our product offerings for customers while growing our footprint in selected geographies. In addition, we are proud of major R&D successes that are already opening up new Specialty Business opportunities. We believe that breakthroughs that we have already achieved - such as our FR122P polymeric flame retardant, Merquel™ power plant mercury emissions reducer and bromine-based energy storage battery - together with those still in the pipeline - will fuel the future growth of our Specialty Business.

In addition, during 2015 our organization-wide enablers programs moved from the planning and development phases to global implementation mode. We have begun establishing a network of regional Shared Service Centers as the key to streamlining our Human Resources, procurement, legal, administrative and other functions. Our Harmonize ICL ERP system is now being rolled out globally to unify and integrate our information systems. And our One ICL internal communications system has already begun improving company-wide information exchange and coordination, generating both tangible and intangible benefits.

It goes without saying that the success of these large-scale initiatives has required the sustained work and patient perseverance of thousands of dedicated and talented individuals throughout ICL – from senior managers through to staff members and line workers. There is a tangible feeling of mission across ICL, and a strong sense of satisfaction from the accomplishments we have achieved together. I thank the entire ICL family for their energy and optimism, with continued appreciation for the skill and professionalism they bring to the task.

In summary, during the past three years, we have established a strong, resilient platform that will support the Company’s long-term growth initiatives. As we transition forward from platform-building, we are strongly motivated by the potential of our products to address many of the world’s essential needs, thereby building value for our employees, shareholders and ecosystem partners.

Mr. Stefan Borgas
President & CEO
Our Resource Base
Fully integrated & diversified value chain

Our mineral assets, integrated value chains, processing know-how, market positioning and organizational capabilities form a solid platform that supports the growth of our Commodity and Specialty Business.

Leading Positions in Commodity & Specialty End-Markets

Commodity
- Potash
- Bulk Phosphate Fertilizers

Specialty
- Specialty Fertilizers
- Polysulphate™
- Flame Retardants bromine-& phosphorus-based
- Industrial Solutions
- Advanced Additives phosphates & phosphorus-based
- Food Specialties

Unique Portfolio of Mineral Assets

ICL Dead Sea
Potash, Bromine
Magnesium

ICL UK
Potash
Polysulphate™

ICL Iberia
Potash

ICL Rotem
& YPH JV
Phosphates

Proprietary Know-How & Technology

Mining
Formulation
Chemistry
R&D
Fully Integrated & Diversified Value Chains

Source

Raw Materials

- Elemental Phosphorus
  - PCl₃
  - POCL₃
- Phosphate Rock
- Polysulphate™
- Carnallite
- End Brine
- Magnesium Chloride Solution
- Magnesia Products (MgO)
- Magnesium Chloride
- Sylivanite

Major Intermediate & Finished Products

- Phosphate Salts
- Food Grade Phosphoric Acid
- Special Grade Acid
- Fertilizer Grade Phosphoric Acid
- Food Additives
- Wildfire Extinguishers
- Phosphate Fertilizers
- Compound Fertilizers
- Specialty Fertilizers
- Potash
- Salt (NaCl)
- Crude Magnesium
- Chlorine
- Elemental Bromine
- Salt (NaCl)
- Potash

Legend:
- Green: Fertilizers
- Red: Industrial Products
- Purple: Performance Products
- Grey: DSM
- Plus: Product Sold
Our Commodity Business provides bulk potash and phosphate fertilizers, phosphate rock and phosphoric acid to agriculture markets, and provides raw materials for our backward-integrated Specialty Business.

One of our strategic goals is to secure our Commodity Business position by diversifying our sources of raw materials and reducing our costs at all sites.
Potash
ICL is the world’s sixth largest producer of potash

We extract potash from the Dead Sea and from mines in Spain and the UK, and market it as a commodity globally. Our main markets are Europe, China, India and Brazil. We also use potash as a raw material in the downstream production of our backward-integrated Specialty products.

At the Dead Sea, we are a low-cost producer due to the region’s hot, dry environment, which enables a low-cost solar evaporation production process and unlimited inventory stockpiling. In addition, we benefit from the Dead Sea’s proximity to the port of Eilat, which reduces our shipping costs to Asian customers and provides us with shorter time-to-market, and to the port of Ashdod in the Mediterranean, from which we enjoy favorable shipping freights to the Americas.

Our European mines enjoy logistical advantages due to their proximity to their target markets and to ports. At our mine in Suria, Spain, we have launched a major restructuring process aimed at giving us a capacity increase while reducing production costs (see below). In the UK, where our economic potash reserves are depleting, we are transitioning from potash to the production of Polysulphate™, a multi-nutrient specialty fertilizer.

Strategy
Goals:
- Maintaining our favorable positioning in the potash Commodity Business
- Strengthening our cost leadership at the Dead Sea and improving the competitiveness of our European sites

Strategic activities:
- Continuing to reduce cost per tonne at all sites (see “Operational Excellence Initiatives” below)
- Expanding and diversifying our sources of minerals, primarily through M&As in emerging regions (see “Ethiopia: Danakil Mining Project” below)

2015 Developments

ISRAEL
Operational Excellence Initiatives at ICL Dead Sea

Throughout 2015, ICL Dead Sea continued to execute on a range of operational initiatives including a 10% reduction of the ICL Dead Sea workforce, while increasing its production by about 400 thousand tonnes per year to approximately 4 million tonnes, thereby improving its bottom-line performance significantly. These initiatives contributed to over a 20% decrease in our realized full cost per tonne in the second half of 2015 compared to 2012.

Potash - Realized Full Cost Per Tonne Sold (Indexed)

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2H2015E</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>98%</td>
<td>92%</td>
<td>77%</td>
<td></td>
</tr>
</tbody>
</table>

ICL Corporate Review 2015
SPAIN

Restructuring of ICL Iberia (Phoenix Project)

ICL Iberia is one of the main sources of potential expansion of our potash operations. We will consolidate our operations activities into one mine and processing facility, and we plan to expand our production capability by 30% to 1.3 million tonnes. This will result in a cost reduction of approximately €40 per tonne brownfield. In parallel, we are evaluating the feasibility of an additional 1 million tonne brownfield expansion project.

Strategic Cooperation with the Catalan Government

In November 2015, the Catalan government signed a strategic cooperation agreement committing to the provision of extensive regulatory, infrastructure and transportation support to our regional operations. This agreement demonstrates the Catalan government’s strong appreciation of ICL’s contribution to the local economy as a strategic employer, and incentivizes us to continue expanding and improving our local activities.

Mining Concession from the Catalan Government

We are currently in the process of securing a 30-year extension for several of our Catalan mining concessions. To date, most required government approvals have been obtained.

Salt Agreement with AkzoNobel

During 2015, ICL and AkzoNobel signed an agreement for the production and marketing of 1.5 million tonnes of vacuum salt and 50,000 tonnes of white potash per year from the Suria mine. This venture will provide additional cost benefits and reduce the environmental impact of the mine’s salt refuse.

UK

Transition at ICL UK

As a result of the depletion of potash reserves at ICL UK’s Boulby mine, we are transitioning from the production of potash to Polysulphate™, a new multi-ingredient mineral found in large quantities under the potash seam. ICL UK will continue to produce ~600,000 MT of potash annually until 2018 while increasing its production of Polysulphate™. As part of this move, during 2015 ICL UK began to implement an efficiency program including a workforce reduction of ~350 people which will be carried out in the first quarter of 2016.
AFRICA: EXPANSION INITIATIVES

Ethiopia: Danakil Mining Project
In 2015, we completed the acquisition of Allana Potash, a company which holds a concession to develop the first potash mine in Ethiopia (and in Africa). This is an important step for further diversifying our sources of raw materials. We have set a goal of developing the Danakil Mine to become a major supplier of fertilizers to Ethiopia and Africa as a whole. We are now evaluating site development alternatives, including the possibility of developing an operation focused mainly on SOP (potassium sulphate), with smaller MOP volumes to supply the needs of the local market.

Fertilization Awareness: Ethiopia & Tanzania
During 2015, we expanded the scope of ‘Potash for Growth,’ the program that we have been running with Ethiopian partners for the past one and a half years to increase farmer awareness of the benefits of fertilization. The program includes farmer outreach, demonstration plots, soil fertility mapping and research. So far, we have established 950 demonstration plots and intend to expand the program to Tanzania in the near future.

CHINA
Framework Agreements
In early 2016, we signed new three-year framework agreements with our customers in China to supply an aggregate 3.4 million tonnes of potash (including options) at prevailing market prices. This represents a 3% quantity increase over previous framework agreements. The scale and term of these agreements demonstrate the strength and stability of our customer relationships in this strategic region, reinforcing our positioning as a significant global potash supplier and an important facilitator of increased food production in China.
Our phosphate operations are located in Israel’s Negev Desert, where we mine and process 3.5 million tonnes of phosphate rock in three open-pit mines, and in China, where our YPH JV mines 2.5 million tonnes of phosphate rock per year. We use our phosphate rock in the production of phosphate fertilizers and compound fertilizers that we sell throughout the world, as well as phosphate-based downstream products for industrial uses and for the food ingredients industry. These operations are also at the center of our integrated value chain, and most of our phosphate is used as an input by our value-added Specialty businesses, which benefit from the cost and supply advantages of the backward-integration.

Strategy
- Securing long-term, competitively-priced reserves to support our long-term production needs
- Improving our cost competitiveness through the implementation of Operational Excellence initiatives in Israel and China and actualization of synergies
- Expanding our backward-integrated specialty business model into emerging markets
- Establishing a strong position in the Chinese and global commodity phosphates markets (DAP & MAP)

2015 Developments

CHINA: YPH JV

During 2015, we completed the formation of a strategic JV with Yunnan Yuntianhua in China, which, among other benefits, gives us access to a world-class 2.5 million tonne phosphate mine. The joint venture is a major milestone in our ‘Next Step Forward’ strategy, and will nearly double our global phosphate market share, diversify our sources of phosphate rock, improve our efficiency and help secure our long-term phosphate reserves. In addition, we plan to duplicate our Specialty Business model from Rotem in Israel into this JV (see below), transforming ICL into the world’s leading specialty phosphate player while serving as a base for our penetration into emerging Asian markets.

ICL/YPH JV Capacity

<table>
<thead>
<tr>
<th></th>
<th>000s tonnes</th>
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<tbody>
<tr>
<td></td>
<td>ICL</td>
</tr>
<tr>
<td>Phosphate Rock</td>
<td>4,000</td>
</tr>
<tr>
<td>Speciality Fertilizers</td>
<td>600</td>
</tr>
<tr>
<td>Purified Phosphoric Acid</td>
<td>256</td>
</tr>
<tr>
<td>Phosphoric Acid</td>
<td>1,300</td>
</tr>
<tr>
<td>Commodity Fertilizers</td>
<td>700</td>
</tr>
</tbody>
</table>

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Operational Excellence measures contribute to lower cost per tonne

**Green Phosphoric Acid Cost**
(US$/tonne FOB)

- 2012: 100%
- 2013: 95.8%
- 2014: 85.2%
- 2015: 76.3%

**White Phosphoric Acid Cost**
(US$/tonne FOB)

- 2012: 100%
- 2013: 88%
- 2014: 80.6%
- 2015: 72.5%

**Phosphorus Rock Cost**
(US$/tonne FOB)

- 2012: 100%
- 2013: 98.6%
- 2014: 90.7%
- 2015: 78.4%

**2015 Cost/tonne Reduction Breakdown**

- ICL Initiatives: 57%
- External Factors: 43%

ICL Corporate Review 2015
NAMIBIA

MOU with Leviev Group

In late 2015, we signed an MOU towards the formation of a joint venture with a subsidiary of the Leviev Group to develop a large-scale phosphate mining and downstream phosphate industry in Namibia. The Leviev subsidiary holds permits and exploration rights for ~1 billion tonnes of offshore marine phosphate deposits, and possesses unique expertise regarding maritime mining techniques. The JV will enable us to further diversify our sources of raw materials, secure additional sources of competitively-priced phosphate reserves, and meet the growing needs of agriculture and food production in Africa and South America. We expect to begin executing this project in 3-4 years following the completion of project engineering pilots and economic feasibility studies.

ISRAEL

Efficiency Initiatives

During 2015, ICL Rotem continued to execute on its efficiency and Operational Excellence plan, resulting in the transformation of its operations from barely break-even to mid-teens profit margins. Despite the 10% labor reduction carried out at the site, phosphoric acid production rates increased by ~15% to record levels due to improved utilization processes. ICL Rotem’s operations are now solidly profitable, and its production of phosphate rock, phosphoric acids and fertilizers is increasing.

Mining Concession at Barir Field

Following a two-decade delay, in late 2015, Israel’s National Planning and Building Council issued a recommendation to permit ICL to mine phosphates at the Negev Barir Field. Although the decision-making process is not yet complete, this recommendation is an important step forward for ICL and thousands of employees relying on our operations in the area in the Negev. The ability to initiate mining at the Barir Field is a prerequisite for the long-term continuity of our phosphate activities in Israel, since our existing Negev phosphate mines will deplete in seven years. If approved, the Barir Field will provide us with competitively-priced phosphate resource for decades, giving us the stability and visibility we need before we can commit to additional investments in the region. As part of the approval process, we are currently designing a one-year pilot program to be overseen and evaluated by the Israeli government.
Specialty Business

Our Specialty Business serves all three of our end markets: Agriculture, Food and Engineered Materials
Specialty Business
Agriculture, Food and Engineered Materials

Agriculture
For agriculture, our mineral raw materials are used to produce specialty fertilizers that enhance yields, improve crop quality, save water and protect the environment.

Engineered Materials
For Engineered Materials markets, we produce downstream products such as flame retardants for the electronics, automotive and construction industries, clear bromine-based brine fluids for the oil and gas drilling industry and advanced additives for a host of industrial and consumer products in various industries including motor oils, paints and coatings, electronics, construction, asphalt and fire fighting.

Food
Our Food Specialties products are used to improve the texture, stability and shelf life of products for the meat, bakery, dairy and soft-drink industries, while maintaining and even improving the food nutritional values.

Specialty Business Units’ Expected Growth

<table>
<thead>
<tr>
<th>Sales (US$M)</th>
<th>2014</th>
<th>2015E</th>
<th>2020E</th>
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</thead>
<tbody>
<tr>
<td>Food Specialties</td>
<td>525</td>
<td>614</td>
<td></td>
</tr>
<tr>
<td>Advanced Additives</td>
<td>653</td>
<td>780</td>
<td></td>
</tr>
<tr>
<td>Industrial Solutions</td>
<td>867</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flame Retardants</td>
<td>470</td>
<td>671</td>
<td></td>
</tr>
<tr>
<td>Polysulphate™</td>
<td>770</td>
<td>366</td>
<td></td>
</tr>
<tr>
<td>Specialty Fertilizers (incl. SOP, NOP)</td>
<td>10</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>
One of our strategic goals is to improve ICL’s balance by significantly growing our Specialty Business. We will pursue a number of activities to achieve this goal, including the geographic expansion of our existing businesses, the internal development of new products addressing targeted markets, and the acquisition of tangent companies to support our capabilities and product portfolios. In parallel, we plan to improve the profitability of all Specialty companies through Operational Excellence initiatives and a value-oriented marketing strategy.

Our new YPH JV business will play an important role in building the scope and profitability of our Specialty Business. The JV’s new R&D platform is already engaged in nearly a dozen projects in our core markets. In parallel, the JV is building a Specialty marketing platform aimed at replicating our phosphate business model to Asia and capitalizing on synergies to improve our phosphate product cost positions. With these goals in mind, we plan to invest a total of ~US$340 million with our JV partner on a 50/50 basis over the next five years to build Specialty plants in China and to triple the JV’s white phosphoric acid capacity.
In 2015, farmers around the globe continued to be challenged by climate change, environmental initiatives and regulatory changes, such as the EU Nitrate Directive and China’s policy of Zero Nutrient Use Growth from 2020 as well as by ongoing market changes. This is incentivizing the need to increase the efficiency of farming techniques, a goal that mandates the use of specialty fertilizers.

ICL Specialty Fertilizers (ICL SF) markets the world’s broadest portfolio of specialty fertilizers, including controlled release fertilizers (CRF) for greenhouses, water soluble fertilizers (WSNPK) for drip irrigation systems, and an array of other products such as Potassium Nitrate (NOP), Calcium Nitrate (CN), soluble MAP/MKP fertilizers and special NPK fertilizers. Our specialty fertilizers are used to enhance yields, improve crop quality, save water and protect the environment.

Tailored to meet the specific needs of our end-users, soluble Specialty Fertilizers can be delivered via drip irrigation systems, enabling farmers to achieve close control of fertilizer consumption and to optimize plant performance.

ICL SF benefits from several operational advantages:

- A highly synergetic, efficient supply chain with back-integrated access to high quality raw materials
- A favorable market position based on the ability to offer a full, strongly-branded product portfolio with strong brands
- A highly professional agronomic sales team
- Distributor loyalty
- Integrated and tailored service
- Added-value production process technology
- An innovative R&D team that is developing next-generation controlled release, fertigation and foliar soluble fertilizers, each with enhanced nutrients and water efficiency

Strategy

Our goal for ICL SF is to grow faster than the market, doubling its sales in five years while tripling its operating income. The strategic initiatives that we will pursue to achieve these goals include:

- **R&D-supported growth**: development of additional innovative products (e.g. our Emax coating introducing best-in-class nutrient release technology with lower conversion costs)
- **Geographic expansion**: building production plants close to key growth regions, including China and Brazil
- **Improving our a cost position in MAP/MKP**
- **Constructing an NOP plant** (under examination)
2015 Developments

CHINA JV CONNECTION

Our YPH JV positions us to address Chinese demand for specialty fertilizers, a large market currently in its infancy which is growing significantly due to government encouragement and its Zero Nutrient Use Growth from 2020. To support the growth of our sales in China, we intend to build new plants for the production of water-soluble NPK, MAP, MKP and other specialties.
In late 2015, we decided to transition our ICL UK business unit from the high-cost production of potash to lower-cost production of Polysulphate™, a high-potential new mineral that we discovered in large quantities under the potash seam at ICL UK. The plan is to cease production of potash at ICL UK by 2018 due to a lowered estimation of the economic value of the site's potash reserves, and to ramp up production of Polysulphate™, of which we are the world's sole producer and marketer. This transition will double ICL UK's operating profit from 2015 to 2020 while improving its margins to over 30%. The immediate restructuring, which includes a reduction of 350 employees, is expected to contribute US$30 million annually starting from the second half of 2016.

Polysulphate™ is a readily-available new natural fertilizer containing four nutrients: sulphur, potassium, calcium and magnesium. The fact that its production requires no chemical intervention gives it a relatively low production cost, enabling us to market it with attractive economics for farmers.

Polysulphate™’s unique combination of minerals positions it to address new market niches as a replacement for more costly products. It is environmentally friendly in its natural form, approved for organic agriculture and suitable for chloride sensitive crops such as fruits and vegetables, coffee, tobacco (cash crops). It is also a unique and cost-effective solution for sulphur-depleted soils and used as a raw material in the production of specialty fertilizers.

Based on initial market acceptance, we are investing approximately £40 million to upgrade ICL UK’s mining infrastructure for Polysulphate™ production. We are also considering an investment of an additional £40 million to construct a granulation plant.
Our ICL Food Specialties (ICL FS) business unit is an integrated, global provider of texture and stability solutions for the beverage, dairy, bakery, vegetarian and meat industries. Its operations benefit from our backward phosphate integration, proprietary know-how and advanced technologies. A focus area for ICL FS is addressing rising demand for healthier food and meat replacement products in developed markets, while providing affordable protein sources for the growing food needs of emerging markets.

Strategy

Our goal for ICL Food Specialties is to double revenues and margins by 2020, primarily by expanding our product portfolio. Our focus will be on the addition of new protein formulation product lines to complement our existing phosphate offerings. By expanding our portfolio to include proteins, we will be able to capture more of the value of the texture and stability solutions that we formulate for our customers.

We will accomplish this expansion through both internal R&D efforts and bolt-on acquisitions. Our 2015 acquisition of Prolactal (see below) was an important first step towards fulfilling this strategy.

Ingredients (own production)¹

| Enabling modification to enhance performance |
| Whey protein |
| Pea / soy protein |

Ingredients (sourced)²

- Phosphate, whey protein, soy protein, pea protein, soluble fiber, modified starches
- Other proteins, fibers, emulsifiers, hydrocolloids

Classic business model

- Direct sale of ingredients
- Ingredients formulation of solutions
- Business model protected
  - Hard to copy technology
  - Specialized knowledge
  - Possible patents

Customers
Food Specialties, cont.

2015 Developments

**CHINA JV CONNECTION**

Our YPH JV in China already manufactures food-grade phosphoric acid and plans to establish a local multi-ingredient blending plant and laboratory. We project that the addition of these activities will increase ICL FS’ production by 15%, supporting its ability to increase sales in Asia.

**ACQUISITIONS**

- In 2015, we acquired Prolactal (including its subsidiary, Rovita), a producer of dairy proteins and other ingredients for the food and beverage industries used to stabilize and improve the nutrition of consumable products. The combination of our phosphate capabilities and Prolactal’s protein expertise will enable ICL FS to expand the range of value-added ingredient systems that it can offer customers, thereby creating new sales opportunities and increasing its addressable market. The integration of Prolactal into ICL’s existing business progressed better than projected during 2015, with the acquired business recording 26% growth in revenues and a 60% margin improvement.

**NEW R&D FORMULATION CENTERS**

- In 2015, we expanded our Ladenburg, Germany-based food laboratory from 160 to 210 food specialists. This facility is responsible for developing, producing and marketing ICL FS’ functional food additives.
- Also during 2015, ICL FS opened a new applications laboratory in Sao Jose dos Campos, Brazil, to create customized solutions for South American and other customers.

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**Upside Potential for Per Capita Protein Consumption**

*GS&P Research, FAO*
Advanced Additives
Ingredients used to manufacture a broad range of industrial and consumer products

Our Advanced Additives business unit produces phosphoric acid, phosphate and phosphorus-based intermediates. These products are important ingredients used in the manufacture of numerous industrial and consumer products, ranging from electronics, lubricants, asphalt, construction materials, paints & coatings, pulp & paper, motor oils, beverages and fire safety products.

Advanced Additives’ main product lines include fire safety products, technical phosphates and specialties from the P2S5 and the P2O5 chain, purified phosphoric acid and numerous specialty products. It has a broad, diversified customer base that includes many blue-chip clients and chemical distributors.

Strategy
Our goal for Advanced Additives is to increase revenues and operating margins by approximately 30% by 2020. The strategic initiatives that we will pursue to achieve these goals include:

- **Organic growth:** capitalizing on our competitive advantage for global customers as the only global player in the market for all three of our businesses: Paints and Coatings, Fire Safety and the P2S5/P2O5 chain.
- **R&D:** leveraging our technological capabilities and market knowledge to develop additional products to meet the market’s unmet needs.
- **Geographic expansion** to address emerging markets in Asia and South America.
- **Grow fire safety business,** especially Class B foam in North America.
- **Efficiency initiatives:** become a lean and reliable supplier and leverage other ICL products for industrial use.

2015 Developments

**CHINA JV CONNECTION**

Our YPH JV will more than double our production of technical grade phosphoric acid, thereby strengthening our ability to supply Asian customers.

**FIRE SAFETY PRODUCTS**

In late 2014, we rounded out our fire safety business with the acquisition of Auxquimia, a producer of environmentally-friendly, fluorine-free Class B foams, and in 2015, we began selling Class B products in the US following their UL certification. The global market for Class B fire safety products totals US$250 million per year.

Class B products are used by the oil and gas industry, chemical and petrochemical producers, airports, the military and municipal fire departments to fight flammable liquid fires. They complement our Class A products for structural and forest fires, completing our fire safety product portfolio.

**FOSBRASIL**

During 2015, we integrated the operations of Fosbrasil, a Brazilian-based producer of downstream phosphate-based products, and acquired the remaining 50% share. These activities strengthen our leadership of the global purified phosphoric acid market, expand our footprint in South America and provide us with a broader line of phosphoric acids and phosphates, while also increasing our production and customer support capabilities.
Industrial Solutions & Flame Retardants

ICL is a global cost leader in bromine with the world’s largest bromine production capacity

Our bromine production benefits from our mining concession at the Dead Sea, which contains an abundant supply of bromine. The end-brines created in our evaporation ponds are the world’s most concentrated bromine resource.

Our Industrial Solutions business uses our bromine to produce value-added clear brine fluids for the oil and gas drilling industry, biocides for water treatment and numerous compounds for industrial and agricultural uses.

Our Flame Retardants (FR) business produces both bromine-based and phosphorus-based flame retardants for the electronics, automotive and construction industries. These flame retardants are added into other products in order to reduce their flammability and to limit the spreading of fire.

Strategy

- Improve top-line results and margins through a value-oriented marketing strategy, efficiency improvement and advocacy.
- Grow addressable markets significantly through the development of innovative new products. Identifying sources of innovation from both within and outside ICL, we will focus on the development of next-generation sustainable products.

2015 Developments:

VALUE-ORIENTED STRATEGY

We have found that customers are willing to pay higher prices for supply reliability, product quality and the management of environmental issues. In addition, we are aware that Chinese domestic production of elemental bromine cannot supply all of its domestic demand.

Therefore, in late 2014 we announced a 20% price increase for elemental bromine in Asia, with an emphasis on the reliability, quality and environmental advantages of our products. As a result, elemental bromine prices in China increased by 50% from 2014-2016, leading to a 10-20% increase in the price of bromine compounds. These price increases are now spreading beyond Asia to markets in the Western hemisphere.

OPERATIONAL EXCELLENCE

Our cost reduction efforts this year, including reduction of the labor force at our bromine operations in Israel, is an important step in value-creation. They are expected to reduce costs of our bromine operations by US$15 million in 2016 as compared with 2015, in addition to the US$10 million reduction that they contributed in the second half of 2015. We plan to expand our operational excellence initiatives to our global operations.

TRANSITION TO ECO-FRIENDLY FLAME RETARDANTS

During 2015, we commenced commercial production of two new eco-friendly flame retardants at our facilities in Israel and the Netherlands.

FR-122P is our next-generation polymeric replacement for HBCD which we have begun producing under a license
agreement with Dow Chemicals. HBCD, the previous flame retardant for EPS/XPS insulation foams, is being phased out of the market in line with EU REACH regulations. FR 122P has been well received by the EPS/XPS industry, and sales are expected to grow significantly in 2016. An agreement under which we will also supply Albemarle with the product will accelerate our utilization of our 12,500 tonne capacity.

FR1410 is an eco-friendly flame retardant that replaces DECA, the previous standard FR used in electrical and electronic applications.

NEW DIRECTIONS THROUGH R&D

With the goal of expanding our addressable markets, we are developing new products based on bromine and phosphorus. Developments currently in the pipeline include solutions of mass energy storage, gold extraction, and 3D printing.

In addition, we are creating next-generation products to replace existing products being phased out due to environmental regulations. These products carry higher margins than the base products in our portfolio because they are not yet commoditized, and therefore face less competitive markets.

ADVOCACY

We are collaborating with global regulators to advocate the improvement of green legislation fire safety standards.

In addition, in 2015 we launched SAFR™ (Scientific Assessment for Flame Retardants), a tool we developed to assess the sustainability profile of individual flame retardants used in specific applications. It is intended to help customers select the most sustainable FR product for their particular needs. We are also promoting the implementation of mercury emission control measure in Europe, China and India.
Enablers

- Operational Excellence
- Innovation
- Environmental Responsibility
- Community
Operational Excellence

During 2015, our Operational Excellence and efficiency programs generated significant additional savings, enabling us to decrease our annual expenditures by US$275 million as compared to 2013, beating our target by 15%. We are on track to achieve our updated goal of US$400 million in savings by the end of 2016, helping us to enhance our profitability irrespective of market conditions.

As reported throughout this document, labor reductions and process improvements have contributed to record potash production at the Dead Sea and record green phosphoric acid production, and, as a result, to a more than 20% reduction in potash and green phosphoric acid cost per tonne. Our bromine operations in Israel will also benefit from labor reductions and the streamlining of our operations.

In our Specialty business units, we are focused on excellence in all commercial operations, leveraging the quality of our products and logistical capabilities to generate additional value.

Furthermore, ICL has initiated and already implemented certain initiatives across the Company to reduce our G&A costs and we continue to assess additional potential areas of savings and expect to continue to do that during 2016.

In addition, in light of the significant deterioration of the potash business environment and the continued weak outlook for the potash business, we have adopted a number of additional measures to strengthen our financial position and results. These measures are designed to maintain ICL’s tradition of creating sustainable shareholder value and include working capital improvements that are expected to generate an additional US$50 million in cash flow and
limit capital expenditures to US$650 million per year vs. our previous target of US$700-$800 million.

Beyond our specific cost reduction initiatives, we have begun to implement a program aimed at creating a culture of operational excellence throughout the company. The goal of this program is to deploy Best Practice operational and managerial standards across our production facilities and Operational Excellence systems for production management and asset management. It includes the development of ‘transformation roadmaps’ for each of our sites and the cultivation of ‘change leaders’ mandated with instilling a culture of operational excellence in all our activities.

Beyond 2016, our Operational Excellence initiatives will also benefit from the consolidation of our mining activities in Spain, as well the restructuring of ICL UK to focus on production of Polysulphate™.

Shared Services

As part of our ‘One ICL’ vision, during 2015 we continued to build out our network of regional Shared Service Centers (SHS), a strategy designed to centralize our core operational activities, optimize our labor costs and increase our productivity. During 2015, our European SHS in Amsterdam and our Israel SHS in Beer Sheva joined our existing North American SHS center in St. Louis, and we plan soon to create a fourth SHS center in China. These centers provide consistent, quality, timely and cost-effective services to all regional ICL business units in the areas of procurement, finance/taxation, information technologies (IT), legal/compliance and human resources.

Harmonize ICL

During 2015, we completed the ‘Go Live’ phase of our Harmonize ICL program at ICL UK and at our new European headquarters in Amsterdam. Harmonize ICL is a complex process aimed at creating a unified global platform to standardize and integrate our IT and communications systems worldwide and to create a best-in-class operational platform. The integrated platform will enable us to streamline our information transfer, increase our transparency and achieve significant cross-segment synergies, supporting our integration of acquisitions and Best Practices.

One ICL

A number of initiatives launched during 2015 are enhancing internal communications and connections throughout ICL. For example, we have created a global employee intranet that serves as a gateway to external and internal organizational databases, as well as an internal magazine that is printed in eight languages for our 14,000 employees.
Innovation

With a strong belief that research innovations will be the key to the Company’s long-term success, throughout 2015 we continued to invest in our R&D activities. By the end of 2015, we had increased our R&D portfolio value by approximately US$120 million, up 17% compared with 2014, and significantly beyond our US$50 million target. We estimate the value of our R&D portfolio at about US$800 million.

ICL Innovation

ICL Innovation, our technology incubator and open innovation arm, continues to identify growth opportunities and new uses for our specialty minerals while pursuing increased efficiency for our production processes. We are currently pursuing innovative projects in the areas of Nutrients Recycle (from waste to product), Paint & Coatings, Materials for 3D Printers, Materials for Construction, From Field to Plate and Energy Storage. A cross-segment team focuses on knowledge sharing to leverage the potential of product development projects within individual business units and to achieve faster time-to-market of new products. We have also established a global intellectual property forum, a portal to foster knowledge sharing, and a global talent and training program to foster company-wide innovation.

Food Specialties

During 2015, we expanded ICL Food Specialties’ analytical food laboratory in Ladenburg, Germany, adding 50 new food specialists and a pilot plant. This lab will be tasked with broadening our Food Specialties product portfolio, enabling us to provide customers with a greater range of sustainable, added-value ingredients for extending shelf life and improving taste. We will use a new analytics lab and pilot plant to create and test custom-designed solutions, enabling us to accelerate the innovation cycle and to bring products to market more rapidly.

Fertilizers

We are collaborating with outside research institutes to develop new technologies in our core markets.

- We have created a joint venture with Israel’s Volcani Institute to conduct agronomic research aimed at increasing the yields of basic crops in Africa.
- We have formed a large-scale cooperation with Israel’s Agricultural Research Organization to establish CFPN, the Center for Fertilization and Plant Nutrition. This center will collaborate with researchers and scientists worldwide, fostering both innovation and education in the area of food production.
- We are cooperating with MIGAL, a research center in Israel’s north, to market and sell reagents used to enable the re-use of wastewater for agriculture. The venture was launched following MIGAL’s successful year-long pilot program in ICL Innovation.

Industrial Products

We are working with the Israeli “Green Future” to implement proprietary “green” sustainable technologies for the pre-treatment stage of metal galvanization processes.
Environmental Responsibility

We strive to minimize our environmental impact wherever we operate and to enhance the sustainability of our products throughout the value chain.

We are developing next-generation products to benefit the environment, such as Merquel®, our bromine-based product for reducing mercury emissions, our new energy storage technology, our balanced fertilization initiatives and our eco-friendly polymeric flame retardants. As a global policy, we have voluntarily adopted international environmental management principles and programs, such as the “Responsible Care” Product Stewardship program administered by the International Council for Chemicals Associations (ICCA).

Energy Initiatives

As part of our commitment to reduce our environmental impact, we are pursuing global energy efficiency initiatives that have significantly reduced our energy consumption. Today, nearly all of ICL’s Israeli facilities are powered by natural gas, resulting in environmental benefits as well as lower operating costs. We are also optimizing our use of equipment, re-using residual heat, producing compressed air and steam with greater efficiency, and deploying advanced systems for automatic shutdown of power, light and air-conditioning systems.

CDP Awards/Ranking

The Carbon Disclosure Project (CDP), an international organization which rates the carbon footprint and climate change policies of over 2,000 companies, gave ICL a high “B” grade (on a scale from A to E) in recognition of the 35% emissions reduction that we achieved from 2008 to 2014 and rated its CDP Report with a score of 99 (out of 100) according to the CDP Carbon Disclosure Index. This score places ICL among the top 120 reporting companies in the world.

Green Leaf Award

During 2015, ICL Rotem achieved a 2nd place rating from the International Fertilizer Association in its worldwide biennial Green Leaf Award for excellence in safety, health and environmental protection. ICL Rotem was selected by an independent panel out of 25 leading companies from around the world in recognition of its innovative mining site reclamation projects.

Corporate Responsibility Report

As we transform into a unified, global company, our awareness of corporate responsibility (CR) has evolved and deepened. As part of our commitment to transparency regarding CR issues, we publish comprehensive annual CR reports according to GRI (Global Reporting Initiative) guidelines. Our reporting covers our facilities throughout the world, including our activities related to social, economic and environmental matters.

Dialogue with the Public

We promote an ongoing dialogue with the community regarding our environmental initiatives regarding a broad range of topics, including responsible use of natural resources, biodiversity, restoration and preservation of mining regions, reduction of waste and recycling, increased energy efficiency, reduction of air pollution, greenhouse gas emissions and our carbon footprint and development of sustainable products.
We aim to be a positive force in the communities in which we operate. We create a framework for employee volunteerism and empower disadvantaged populations through our investment in community-related programs. During 2015 we took steps to deepen and broaden our community activities outside of Israel to bring them up to a scale similar to our community involvement in Israel. We increased our budget for community activities to a level of 0.5%-1% of ICL’s annual net income, and created a formal global infrastructure for community involvement by appointing managers for each of our geographical regions. These managers are responsible for preparing and implementing a community support and activities plan in their region, as well as for encouraging volunteerism by employees in their region.

Social Welfare

Our flagship community program remains our Afternoon Clubs Project in Israel, a country-wide program aimed at supporting safe spaces and a therapeutic environment for at-risk children and adolescents. The clubs, operated by municipalities in cooperation with Israel’s Ministry of Welfare and Ministry of Education, provide homework assistance, enrichment, social activities and computer skills. Our employees and retirees volunteer thousands of hours annually in over 60 clubs, serving as mentors to hundreds of children and teens.

In addition, we provide support to a broad variety of social welfare organizations in Israel with financial and cash-equivalent donations. Recipients of our support include a crisis center for victims of sexual assault, homes for autistic children, Soroka Medical Center, senior centers, clubs for mentally challenged persons and soup kitchens, among many others.

Our business units in Europe and the Americas also support a broad array of charitable organizations dedicated to advancing health and welfare, education, culture and sports. For example, ICL Iberia sponsors a Chair in Sustainable Mining at the Catalan Polytechnic University, and supports a sports center in Bages. ICL’s business units in Germany support institutions that assist physically challenged children, cultural events aimed at integrating youth of various cultures through music, and triathlons. In the Netherlands, ICL sponsors cancer prevention initiatives as well as cultural and sports events.

In the US, our employees in Missouri, California, Kansas, Ohio, Indiana and West Virginia carry out a broad range of volunteer initiatives, including the “adoption” of needy families during holiday seasons, the distribution of food packages, volunteering in school reading programs, participating in environmental cleanup and beautification programs and painting homes of people with disabilities. In addition, they provide financial support and food supplies to a range of charitable and welfare organizations, social services and firefighter organizations, including the United Way, the St. Louis Area Food Bank and VA (Veterans) Hospital, and others.

Education

We promote education in the fields of science and sustainability and encourage the study of chemistry. In Israel, we collaborate with the Weizmann Institute and support vocational high schools. In addition, we sponsor a variety of scientific, academic and professional conferences.
Bedouin Communities

We actively support Bedouin communities in Israel’s Negev region in conjunction with several professional organizations. As part of our efforts, we provide financial support to diverse programs in the areas of higher education, welfare, employment, enrichment and environmental education.

Environment

We participate in numerous initiatives to promote a culture of environmental protection. In cooperation with Israel’s Nature and Parks Authority, we operate an educational program aimed at promoting the values of conservation, respect for the environment and cultural heritage through which thousands of students have learned about environmental issues. We also maintain roads within nature reserves and scenic areas in the Negev desert, establish feeding stations for birds of prey, assist hikers in areas near our plants and support regional cultural events.

Transparency

We take a proactive approach towards transparency by creating ongoing dialogues with the communities in which we operate, with the goal of understanding their concerns and finding ways to balance their interests with our own. Over the past few years, we have engaged in public discussions regarding our industrial operations at the Dead Sea, our efforts to prevent pollution, our mine conservation projects, our adoption of eco-friendly processes, and others. We conduct our dialogue with stakeholders through several channels, including ICL Community Advisory Panels (CAPs).
Financial Highlights

**Selected Financial Data**

<table>
<thead>
<tr>
<th>USD millions</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>5,405</td>
<td>6,111</td>
<td>6,272</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>765</td>
<td>758</td>
<td>1,101</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>509</td>
<td>464</td>
<td>819</td>
</tr>
<tr>
<td><strong>Adjusted Operating Income</strong></td>
<td>994</td>
<td>960</td>
<td>1,101</td>
</tr>
<tr>
<td><strong>Adjusted Net Income</strong></td>
<td>699</td>
<td>695</td>
<td>1,012</td>
</tr>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td>572</td>
<td>893</td>
<td>1,127</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>1,374</td>
<td>1,344</td>
<td>1,569</td>
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<tr>
<td><strong>Dividend Yield</strong></td>
<td>4.3%</td>
<td>3.8%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

1. After elimination of non-recurring effects (a US$248 million strike impact, a ~US$218 million capital gain from divestitures of non-core businesses and transaction expenses in connection with acquisition and divestitures of businesses, a US$90 million charge for impairment of assets, a ~US$19 million provision for early retirement of employees, ~US$20 million in retroactive electricity charges, a ~US$10 million provision in respect of prior periods resulting from an arbitration decision, a US$8 million provision for legal claims and US$7 million in income from consolidation of previous equity method investees)

2. To the Company’s equity holders

3. After elimination of non-recurring tax effects (~US$19 million in respect of a non-recurring tax expenses stemming from the write off of a tax asset in respect of carryforward tax losses in ICL Magnesium and the impact of the items detailed above on adjusted operating income and financing expenses, net of tax)

4. Net income plus net financing expenses, taxes, minority interests, depreciation and amortization, excluding extraordinary or one-time events

5. Calculated according to market capitalization based on average share price and actual cash dividend paid during the year.

**Forward-looking Statement**

This Corporate Profile contains 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 include, but are not limited to assessments and judgments regarding macro-economic conditions, including demands and prices and ICL’s markets, operations, production levels and financial results, as well as our savings expectations pursuant to ICL’s efficiency program; our growth targets; our operational excellence initiatives; our specialty business unit’s expected growth; our expectations to double ICL’s operating profit from 2015 to 2020 while improving its margins by 30%; our expectations for ICL Food Specialities to double revenues and margins by 2020, increase ICL’s phosphate platform by 50%, secure long-term phosphate resources and expand ICL’s phosphate end-to-end business model with a focus on China and other Asian markets; our expectations regarding the long-term continuation of ICL Baria’s potash mining activities in the Bagas region of Catalonia, Spain; the expected timetable to complete the reconstruction of the ICL Rotem SSP facility and our plans to expand globally the efficiency plan that it implemented in Israel; Forward-looking assessments and judgments are based on our management’s current beliefs and assumptions and on information currently available to our 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: loss or impairment of business licenses or mining permits or concessions; volatility of supply and demand and the impact of competition; the difference between actual reserves and our reserve estimates; natural disasters; failure to raise the water level in evaporation Pond 5 in the Dead Sea; construction of a new pumping station; disruptions at our seaport shipping facilities or regulatory restrictions affecting our ability to export our products overseas; general market, political or economic conditions in the countries in which we operate; price increases or shortages with respect to our principal raw materials; delays in the completion of major projects by third-party contractors; construction of a canal between the Red Sea and Dead Sea; labor disputes, slowdowns and strikes involving our employees; pension and health insurance liabilities; changes to governmental programs or tax benefits; création of new fiscal or tax related legislation; higher tax liabilities; failure to integrate or realize expected benefits from mergers and acquisitions, organizational restructuring and joint ventures; currency rate fluctuations; rising interest rates; government examinations or investigations; disruption of our information technology systems or breaches of our data security; failure to recruit or retain key personnel; inability to realize expected benefits from our cost reduction programs according to the expected timetable; inability to access capital markets on favorable terms; cyclicality of our businesses; changes in demand for our fertilizer products due to a decline in agricultural product prices, lack of available credit, weather conditions, government policies or other factors beyond our control; decreases in demand for bromine-based products as well as other industrial products; volatility or crises in the financial markets; cost of compliance with environmental legislative and licensing restrictions; hazards inherent to chemical manufacturing; litigation; arbitration and regulatory proceedings; insufficiency of insurance coverage; closing of transactions; mergers and acquisitions; war or acts of terror. We caution you that the above list of important factors is not comprehensive. We refer you to filings that we have made and will make with the TASE and the U.S. SEC, including under “Risk Factors” in our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on March 16, 2016. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update or revise them or any other information contained in this Corporate Profile, whether as a result of new information, future developments or otherwise.
To the Company’s equity holders, adjusted 2003-2006 figures are based on Israeli GAAP; 2007-2013 figures are based on IFRS.
Highlights, cont.

**ICL Fertilizers**

Sales

US$3.1 B*  
Adjusted Operating income

US$740 M**

* Including $241 million in internal sales  

**ICL Industrial Products**

Sales

US$1.1 B*  
Adjusted Operating income

US$145 M**

* Including US$17 million in internal sales  
** Adjusted operating income excludes the US$49 million impact of the employee strike, –US$56 million in impairment of assets, a US$42 million provision for early retirement, a –US$20 million provision for historical waste removal and a US$2 million provision for legal claims.

**ICL Performance Products**

Sales

US$1.5 B*  
Adjusted Operating income

US$139 M**

* Including US$84 million in internal sales  
** Adjusted operating income excludes a US$214 million capital gain from non-core divestitures and –US$34 million impairment of assets.
Segment Data

Sales (to external customers only)

- ICL Fertilizers Potash: 24%
- ICL Fertilizers Phosphates & Fertilizers: 28%
- ICL Industrial Products: 20%
- ICL Performance Products: 26%
- Other: 2%

Operating income (adjusted)

- ICL Fertilizers Potash: 56%
- ICL Fertilizers Phosphates & Fertilizers: 16%
- ICL Industrial Products: 14%
- ICL Performance Products: 14%