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**SHESHINSKI COMMITTEE II FINAL REPORT IMPOSES
ON ICL THE HIGHEST TAXES IN THE WORLD**

- Unavoidable result is a blow to ICL operations in Israel, to thousands of families in the Negev that earn their livelihood from ICL's production facilities, and to the Negev as a whole

- ICL forced to cancel investments in the Negev totaling NIS 2.5 billion, and is again forced to weigh cancelling an additional NIS 3.5 billion in investments, for a total of NIS 6 billion -

Tel Aviv, Israel, October 20, 2014 – ICL (NYSE and TASE: ICL), a global manufacturer of products based on specialty minerals that fulfill essential needs of the world's growing population in the agriculture, processed food and engineered materials markets, today announced that Israel's Finance Minister has received a report of great significance with far-reaching implications. This report has resulted in controversy even among the members of Sheshinski Committee II who have neither evaluated nor dealt with the implications of its conclusions on unemployment and the ability to maintain a strong presence in the Negev. The Minister of Finance must take these factors into account and understand that the adoption of the Sheshinski report's conclusions will make him responsible for the resulting serious consequences of unemployment as well as social and human upheaval in the Negev, and the severe blow to industry in the Negev and to the economy that will result from it. It requires courage and responsibility to the public to stand up against a wave of populism, and to stand in front of workers and to promise them that the Committee's conclusions will be reviewed from the perspective of unemployment and investment in the South. ICL hopes that sensitivity to the welfare of society and common sense will be the glasses through which the Committee's conclusions will be evaluated prior to their being adopted 'blindly' amid the applause of those who see in ICL's collapse a solution for all the ills of the economy.

ICL has just received the final report of the Committee, and it will study it in depth. However, to our deep regret, our initial reading of the Committee's final recommendations reveals that it has not been



altered in a substantive manner that would allow ICL to implement the investment plans in Israel that it intended to execute prior to the establishment of Sheshinski Committee II.

The results of the Committee's conclusions impose on ICL's operations in Israel the highest tax burden in the world, substantially more than any other country on the globe that engages in the production of potash, phosphate and bromine natural resources. The unavoidable result of this is not only a hard and unjustified blow to ICL, but also a hard blow to Israel's economy, in general, and that of the Negev's, in particular - all the more so in light of the recession and the slowdown in industry. In the end, even the Government Take that the State is meant to collect from ICL's activities will be harmed as a result of decreased revenues resulting from the reduced activities of the Company and the reduction in the number of its direct and indirect employees who earn their livelihoods from the Company.

ICL's management has done everything in its power to convince the honorable Committee that there is no reasonable justification to impose the worst investment conditions in the world specifically on ICL which acts as the **business and social backbone of the Negev**, and, as a result, to harm its contribution to the Negev and to Israel's economy, especially during these days of recession, slowdown and economic uncertainty. There is no doubt in our minds that if the recommendations are implemented to the letter, its damage will be immediate, however, over time, it will only intensify.

Now that the final recommendations have been published, it is clear to all that the Committee on taxing natural resources was, in fact, a committee to tax ICL because no other company in Israel will be affected by the Committee's recommendations.

ICL believes that the recommendations must be shelved in order to prevent the damage that is anticipated from their implementation.

ICL hopes that prior to when the government will be requested to relate to the Committee's recommendations and to the question of whether and how to do so, the government ministries will evaluate the recommendations in depth as well as additional factors that have been provided to them. A duty to the public demands this.

In a competitive world in which there is excess production capacity, and sharply reduced prices across all sectors and regions, making natural resources more expensive for end customers through taxes and royalties, etc., will lead to the loss of competitiveness of Israeli resources.

For many years, even before the Committee's final recommendations have been accepted, ICL has been transferring over a billion shekels a year to the State - more than any other company in Israel - and more than the average rate of its competitors worldwide.

ICL is the largest employer in the Negev and has invested, on average, **more than NIS 1.5 billion there, on average, annually** - more than any other company. These investments were made in the belief in Israel as a predictable and industry friendly economy.

As a final step in destroying this belief, the Sheshinski Committee II's recommendations, as the Committee itself says, impose on ICL a business environment and tax burden that is the highest and the most extreme in the world. As a result of this damaging process on ICL the Company has been forced to adjust its business strategy in Israel in accordance with the difficult business environment and instability that has been imposed on it.

Within the framework of this revised strategy, ICL's directors have been forced to take certain decisions that are unavoidable that result from a lack of economic viability and a lack of business certainty. These include:

- **cancelling planned investments in the amount of NIS 2.5 billion**
- **re-evaluating planned investments totaling NIS 3.5 billion**
- **diverting investment to other parts of the world**
- **closing the Magnesium plant and accelerating the implementation of efficiency plans at the Company's plants in the Negev**
- **focusing on cost reduction as the main element in creating business value in Israel**

The minority opinion was written by the Ministry of Economy, the Ministry of Energy and Water and the Ministry of Development of the Negev and the Galilee, which is responsible for the overall economic picture and the development of the Negev, and it has taken a more balanced approach. The minority opinion, which is certainly not unusual for reports of this kind, also demonstrates that the amount of the total tax burden recommended by the Committee is extreme and has the potential to result in substantial economic damage. There is no doubt that decision makers in government and the Knesset must give credence to the minority opinion which, under the circumstances, carries considerable weight. ICL reserves the right to consider legal avenues in Israel or abroad in order to protect its rights and investments in Israel.



About ICL

ICL is a global manufacturer of products based on specialty minerals that fulfil humanity's essential needs primarily in three markets: agriculture, food and engineered materials.

The agricultural products that ICL produces help to feed the world's growing population. The potash and phosphates that it mines and manufactures are used as ingredients in fertilizers and serve as an essential component in the pharmaceutical and food additives industries. The food additives that ICL produces enable people to have greater access to more varied and higher quality food. ICL's water treatment products supply clean water to millions of people, as well as to industry around the world. Other substances, based on bromine and phosphates help to create energy that is more efficient and environmentally friendly, prevent the spread of forest fires and allow the safe and widespread use of a variety of products and materials.

ICL benefits from a broad presence throughout the world and proximity to large markets, including in emerging regions. ICL operates within a strategic framework of sustainability that includes a commitment to the environment, support of communities in which ICL's manufacturing operations are located and where its employees live, and a commitment to all its employees, customers, suppliers and other stakeholders.

ICL is a public company whose shares are traded on the New York Stock Exchange and the Tel Aviv Stock Exchange (NYSE and TASE: ICL). 45% of ICL's Shares are held by Israel Corporation Ltd, 13.9% by PotashCorp and the remainder by the public. The company employs approximately 12,000 people worldwide, and its sales in 2013 totaled US\$6.3 billion. For more information, visit the company's website at www.icl-group.com

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.