

IBM files a Counterclaim against ICL following ICL's Lawsuit due to the Failure of ICL's IT Project

Further to the Company's immediate report dated December 3, 2018 (Ref. No. 2019-02-117660) and to the Company's 2018 Annual Report on form 20-F, regarding ICL's lawsuit against IBM Israel for compensation of the damages incurred by the Company due to IBM's failure to meet its undertakings within ICL's IT (Harmonization) project which led to the failure of the Project, the Company reports that today IBM filed its statement of defense, together with a counterclaim against the Company.

According to the counterclaim, IBM claims that ICL refrained from making certain payments, conducted negotiations in bad faith, and terminated the project unilaterally, in a way that harmed IBM's reputation and goodwill and therefore claims an amount of about NIS 186 million (about \$51 million), including VAT and interest.

The Company rejects the contents of the counterclaim in their entirety and stands behind its claims against IBM.

Name of the authorized signatory on the report and name of authorized electronic reporter:
Aya Landman, Adv.

Position: Global Company Secretary

Signature Date: March 4, 2019

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