

Translation from Hebrew. The binding version is in the Hebrew.

Form 053 Public
July 2nd, 2009
Reference: 2009-01-160440

The Securities Authority
www.isa.gov.il

The Tel Aviv Stock Exchange Ltd.
www.tase.co.il

Immediate Report on an Event or Subject Outside of the Regular Course of Business
(Periodic and Immediate Reports), 5730 – 1970

Regulation 36(a) of Securities Regulations
(Periodic and Immediate Reports), 5730 – 1970
Subject of the Report: Report concerning a Subsidiary - DSM

1. Further to the Immediate Report published by the Company on 16 December, 2008, (reference: 2008-01-357021) regarding the notice of Volkswagen AG's ("VW") in respect to the transfer of its shares in Dead Sea Magnesium Ltd ("DSM") to ICL, we wish to report that on 1 July, 2009, a settlement agreement was signed between ICL Group and Volkswagen Group, which provides, in principle, the following:
 1. VW will inject US\$30M to DSM.
 2. ICL shall receive all of VW's shares in DSM for no consideration.
 3. All parties waive their claims against each other.
2. ICL will inject US\$55.71M to DSM simultaneously to VW's injection.
3. The date and time at which the Company became aware of the event or subject:
July 2nd, 2009 at 19:00.

Reference of former documents in this regard (referring does not constitute incorporation by reference): 2008-01-357021

Former name of reporting entity:

Form structure updated 04/06/2009

Name of Electronic Reporter: Lisa Haimovitz . Position: General Counsel and Company Secretary.

Aranha 23, Millennium Tower, Tel Aviv 61070. Phone – 03-6844412, Fax: 03-6844435, e mail – lisah@icl-group.com