IMMEDIATE REPORT

Following the Immediate Report dated April 7, 2010, (reference number: 2010-01-441966), ICL hereby announces that following its Board of Directors approval dated December 7, 2010, on December 12, 2010, Dead Sea Works ("DSW"), its fully-owned subsidiary, entered into an agreement with East Mediterranean Gas S.A.E. ("the Supplier") to arrange for the supply of gas to ICL's manufacturing plants as detailed in this report (the "Agreement").

DSW and the Supplier have signed a conditional agreement for the supply of gas to a power plant that DSW may build in Sdom, on condition that DSW goes forward with the construction of such power plant. Subject to the hereinafter conditions, the Agreement will come into effect at the time that the power plant begins to operate , a milestone currently scheduled for the end of 2014, and will end on March 31, 2030. The Agreement calls for an annual supply of 0.2 BCM of gas.

The price of the gas will be linked to changes in the TAOZ tariff, a pricing system which enables the price of electricity to vary dynamically with changes in the supply and demand of electricity ("Gas Energy Price"), and includes guaranteed "floor" and "ceiling" prices.

The Agreement is contingent upon the approval of the power station building project by DSW's Investment Committee and its Board of Directors, and the receipt of required building permits before 30 June 2012.

In addition, DSW has received an option to acquire an additional 0.53 BCM of gas per year (the "Option"). The Option can be exercised until March 31, 2011. If the Option will be exercised, part of it will be utilized by the power plant, and will be acquired at the Gas Energy Price. The remaining portion will be used to operate ICL's industrial facilities, and will be purchased at a price determined through a formula based on the price of oil with a "floor" and "ceiling" price.

According to the Agreement, DSW has committed to pay for a minimal quantity of gas whether or not this quantity is used ("take or pay"). This minimal quantity was determined in accordance with a process agreed upon by the two parties.

The monetary value of the Agreement through 2030 based on current TAOZ tariffs is approximately 370$-$460 million (assuming that the Option will not be exercised). The actual value, which is still uncertain, will depend on a number of factors, including DSW's decision as to whether to establish a power plant, DSW's decision to exercise the Option, the price of oil, electricity price, the rate of gas consumption, and changes in the quantity of gas required to power ICL's plants.