

Updated description of the Corporation's businesses

Further to the Company's periodic report for 2008 which was published on March 30, 2009 (ref. no. 2009-010071403) (the "Periodic Report"), further to the Company's quarterly report for the quarter ended March 31, 2009 which was published on May 20, 2009 (ref. no. 200901115038) (the "Quarterly Report"), and further to the Company's Immediate Report concerning the submission of a draft prospectus which was published on June 11, 2009 (ref. no. 200901139824), attached herewith is a supplementary report which contains clarifications and additions to the Periodic Report and the Quarterly Report. Unless otherwise stated, the following updates appear in the order of the sections and their numbers in the Periodic Report, and the following terms shall have the meaning assigned to them in the Periodic Report.

1. General

- 1.1 Wherever external sources have been quoted in the Quarterly Report, the Company clarifies that these sources are professional and accepted in the chemicals sector and the Company believes them to be reliable. However the information quoted in these sources was not prepared by the Company and it is therefore unable to guarantee its correctness.
- 1.2 All the assessments of the subsidiaries which appear in the Periodic Report have been adopted by the Company.
- 1.3 In the matter of the regulation which applies to the Company's operations, the Company clarifies that at the report date, the Company has all the material licenses required for its operations, except for what is detailed in section 4.1.15 of the Periodic Report and in section 22 of this report.
- 1.4 The Company has no patent whose expiration or infringement by any party is expected to have a material effect on the Company's operations and financial results.

2. Chapter 1 – General

The following definitions have been added to the definitions section.

DAP – Diammonium phosphate, a fertilizer containing approximately 18% nitrogen and 46% phosphorus oxide.

MAP - Monoammonium phosphate, a fertilizer containing approximately 10% nitrogen and 52% phosphorus oxide.

TSP – Triple superphosphate, a fertilizer containing approximately 46% phosphorus oxide.

Soluble NPK – a soluble fertilizer containing the three principal elements necessary for plant development (nitrogen, phosphorus and potash).

FOB – (Free On Board) – road transportation expenses, loading costs and other costs up to and including the port of origin. A FOB transaction is a transaction in which the seller pays the FOB expenses and the additional costs from this point onward are paid by the purchaser of the goods.

CIF – (Cost, Insurance and Freight) – a transaction in which the price of the goods for the customer includes, in addition to the FOB expenses, insurance expenses, maritime transportation expenses and any other expenses after the goods have been taken out from the gate of the seller's factory.

3. Section 2.1.2C.1 – The Company's competitive advantages – production costs relatively lower in Sdom

The caption of the chart attached at the end of section 2.1.2C1 "Comparison of the Company's potash production costs compared with the competition" should be deleted and replaced by the following caption.

"Following is a comparison of the Company's potash production costs compared with other competing producers at the port of origin.

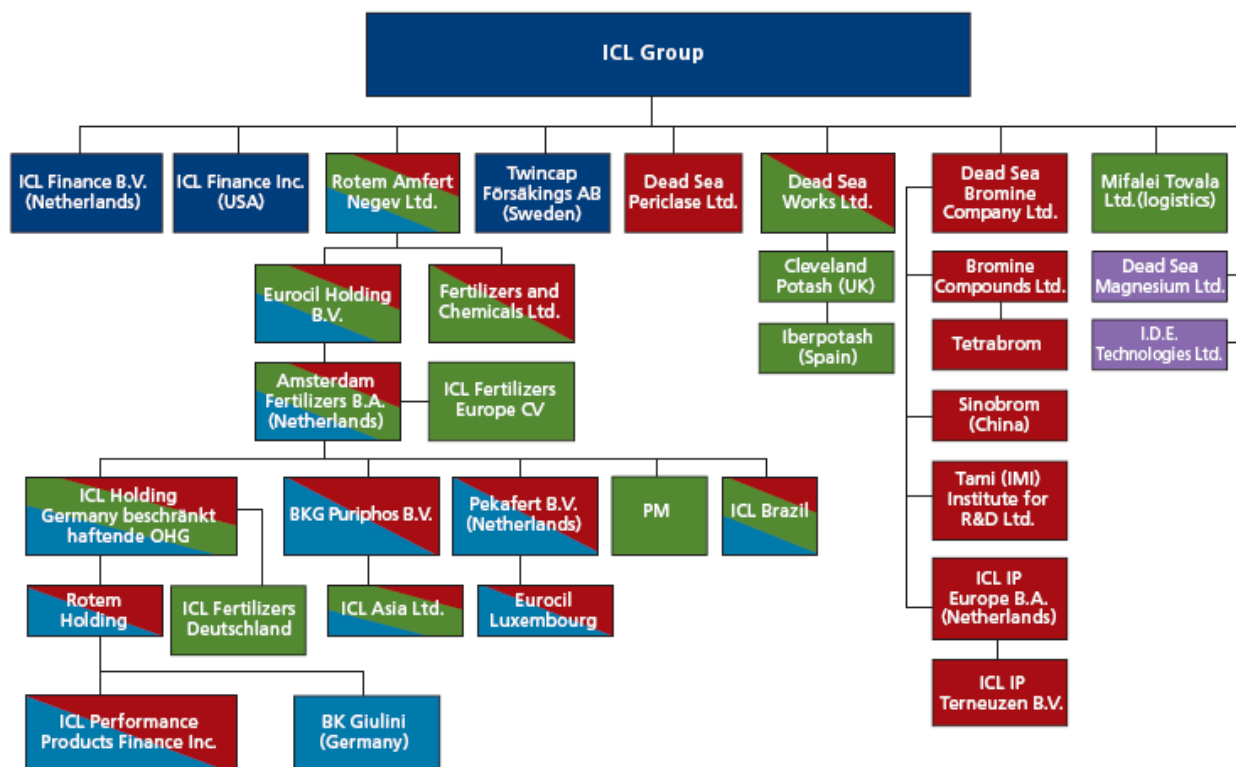
The following footnote should be added to the chart:

The costs listed in the chart are costs at the port of origin and include costs at the factory gate and FOB costs which reflect the additional cost of bringing the product to the port of

origin (mainly land transportation cost). Owing to the Company's relative proximity to the port of origin, ICL's FOB costs are lower than those of most of its competitors.

4. Section 2.1.3 – Company structure

At the end of the section and after the chart "ICL's management segments at the report date" the following chart should be added with the caption: "ICL's legal holding structure (material companies):"



The following footnote should be added after the chart:

IDE – a jointly controlled company, 50% of which is held by ICL and 50% is held by Delek Infrastructures Ltd.

Dead Sea Magnesium Ltd. – until July 1, 2009 67% of its voting rights and 65% of its capital was held by ICL. Since July 1, 2009 it is fully owned by ICL.

Tetrabrom – a jointly controlled company, 50% of which is held by ICL and 50% is held by Chemtura.

Sinobrom – held by Dead Sea Bromine Ltd. 75% of which is held by ICL and 25% is held by Shandong Haihua Shareholding Co.

The remaining companies listed in the chart are fully owned by the ICL Group.

5. Section 2.2 - Areas of operation

After the pie chart "Total sales in 2008 – USD 6.9 billion) and before the sentence, "Following is a description of the sectors" the following sentences should be added:

For a description of the breakdown of the Company's income in 2007 by segment, see section 3 of the Company's Board of Directors' report for 2008 which was published on March 30, 2008 (ref. no. 200901071403).

For a description of the breakdown of the Company's income for the period between January and March 2009 by segments, see section 3 of the Company's Board of Directors' report for the quarter ended March 31, 2009 which was published on May 20, 2009 (ref. no. 200901115038).

6. Section 2.4.1 – Distribution of dividends –distribution of dividends in the past two years.

After section 2.4.1I the following sentence should be added:

On May 19, 2009 ICL's board of directors decided to distribute a cash dividend of USD 100 million which was distributed on June 17, 2009.

The Company's Board determined before each such distribution that the distribution complies with the profit criterion and the payment ability criterion stipulated in section 302 of the Companies Law.

7. Section 3.1 – Financial information concerning the corporation's areas of operations

After the table on P. 23 the following tables will appear:

Breakdown of income by segments:

	<u>2008</u>	<u>2007</u>	<u>1-3/09</u>	<u>1-3/08</u>
Potash	40%	33%	27%	38%
Phosphate	24%	20%	16%	25%
Set-offs	(2%)	(1%)	(2%)	(1%)
Total ICL Fertilizers	<u>62%</u>	<u>52%</u>	<u>41%</u>	<u>62%</u>
ICL Industrial Products	18%	23%	23%	19%
ICL Performance Products	22%	27%	34%	21%
Other	5%	4%	10%	4%
Set-offs	<u>(7%)</u>	<u>(6%)</u>	<u>(8%)</u>	<u>(6%)</u>
Total	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>	<u><u>100%</u></u>

Breakdown of operating profit by segments:

	<u>2008</u>	<u>2007</u>	<u>1-3/09</u>	<u>1-3/08</u>
Potash	68%	54%	61%	60%
Phosphate	20%	17%	8%	28%
Set-offs	(1%)	0%	(2%)	(1%)
Total ICL Fertilizers	87%	71%	67%	87%
ICL Industrial Products	4%	19%	2%	6%
ICL Performance Products	11%	12%	25%	8%
Other	(2%)	(2%)	0	(1%)
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

8. Section 3.2.4 – General environment and how external factors affect ICL

After the chart whose caption is “Estimate of global biofuel production capacity (billions of gallons) the following paragraph should be added:

In the years 2004 – 2008 there emerged a discernible trend of sharp growth in global biofuel production capacity. The trend for increased use of biofuels, together with other factors, has in the past few years resulted in price rises for agricultural produce, increased sowing of grain around the world and increased yield per agricultural area unit, mainly caused by increased fertilization.

After the chart whose caption is “Prices of principal grains” the following paragraph should be added:

Notwithstanding the decline in the prices of the principal grains which began in the second half of 2008, the average price of grains is high in historical terms. The trend in the prices of the principal grains is liable to create short-term pressure on the volume of global grain sowing. The Company believes that the volume of grain sowing in the long term is affected mainly by grain stock levels in relation to annual consumption.

9. Section 3.2.5 – General environment and how external factors affect ICL

The fifth, sixth and seventh paragraphs beginning with the words “The potash market” and ending with the words “the second quarter of 2009” should be deleted and replaced by the following paragraphs:

In the potash market, sales of ICL Fertilizers in the first quarter of 2009 were lower than sales in the fourth quarter of 2008 by some 40% and were focused primarily on the Indian market with which ICL’s supply agreement expired in April 2009. On July 10, 2009 a key customer announced that it had signed an agreement with Silvinit, a Russian potash producer, to purchase potash at a price of \$460 per ton. On July 20, 2009 ICL Fertilizers signed an agreement with the same key customer in India to sell potash for a nine-month period whereby it would supply 575 thousand tons of potash with an option for the customer to purchase an additional 175 thousand tons (totaling 750 thousand tons) at a price of \$460 per ton. This agreement replaces the previous agreement which expired in April 2009 and which contained an agreement to sell 800 thousand tons of potash with an option for the

customer to purchase an additional 50 thousand tons of potash (totaling 850 thousand tons) for a one-year period at a price of \$625 per ton. At the date of this report, ICL Fertilizers has signed agreements with other customers in India for a nine-month period at a price of \$460 per ton. All the agreements which have been signed with Indian customers at the date of this report amount to approximately 805 thousand tons, and have options for the customers to purchase an additional 280 thousand tons of potash (totaling 1,085 thousand tons of potash). Last year agreements signed with all its customers in India were for a one-year period for a quantity of 1,000 thousand tons and had options for the customers to purchase an additional 100 thousand tons of potash (totaling 1,100 thousand tons of potash). The extent to which the customers in India will exercise these options depends upon the situation in the markets at the time of exercise of the options. The extent of exercise of the options in the past does not predict the extent of future exercise. As at the date of this report, based on announcements of producers and customers in India, ICL's competitors have also signed agreements to sell potash to India for the same period and at the same price as ICL. The annual agreement to supply potash to China which was for a twelve-month period and a quantity of 300 thousand tons, expired at the end of 2008. At the date of this report, the Company has not signed a new agreement with China and it still does not know when and if a new agreement will be signed. Consequently, since the date on which the agreement expired at the end of 2008 and until the end of the second quarter of 2009 ICL Fertilizers has not sold potash to China. The agreements signed with the customers in India are expected to affect the demand for potash and its price,¹ but at this stage, despite the fall in prices in the Indian market, it is impossible to estimate its effect of the potash sale agreements in India of ICL and other potash producers, on the volume of potash sales and/or on the price of potash in other markets (for more details on how potash prices are determined in the various markets, see section 17 of this report). For further details of global potash consumption in 2008 see section [15.3] of this report. As a result of the fall in demand most of the producers have announced halts in production, partial or full, in order to adapt production quantity to demand. The potash market with the most significant activity is Brazil. Since March 2009 it has begun to import potash and this is expected to increase in the second half of 2009. According to Fertecon of July 2009, the volume of fertilizer consumption in 2009 in the Brazilian market is likely to be similar to consumption in 2008.

In the area of phosphate fertilizers ICL Fertilizers' sales at the beginning of 2009 are lower by approximately 28% than in the fourth quarter of 2008, where most of the sales are of rock phosphate and phosphoric acid to India, which have increased quantitatively and partially offset the decline in phosphate fertilizer prices. The decline in fertilizer prices was partially offset by declines in the prices of the principal inputs – sulfur, energy and maritime transportation prices as well as the positive effect of the devaluation in the exchange rate of the shekel against the dollar. For details of the trend in phosphate fertilizer prices, see section 15.3 of this report.

Toward the end of the first quarter of 2009 there was a certain positive change in the market in the demand for phosphate fertilizers. Demand arose in India, Brazil and other markets. This trend also continued in the second quarter of 2009. Despite the renewed demand, the pressure on the price of phosphate fertilizers continued in the first quarter of 2009 and only toward the middle of the second quarter did price levels stabilize.

10. Section 3.2.6 – General environment and how external factors affect ICL

Section 3.2.6 of the Periodic Report will be replaced by the following section:

In recent years a few potash producers have announced that they are planning to expand their production capacity for the coming years.

Furthermore, a Saudi company announced the establishment of the Ma'aden project which is being constructed in Saudi Arabia and is based on a new phosphate mine and plants for the production of sulfuric acid and phosphoric acid intended to produce 3 million tons of DAP (one of the key products in phosphate fertilizers). This project, as a single project, is the

¹ The estimated demand for potash and its price which appear in this section are forward-looking information and there is no certainty whether, when and to what extent they will be realized. The estimates are liable to change as a result of fluctuations in the global markets, particularly in the target markets of ICL's products, including, inter alia, changes in the levels of supply and demand and in the prices of goods and grains and they could also be affected by measures taken by governments, producers and consumers. The situation in the money markets, including changes in the exchange rates, in the credit situation and in interest costs could also have an effect.

largest of its type in the world and completion is scheduled for the next decade. The global sales volume of DAP in 2007 and 2008 amounted to 21 million tons and global trade in DAP in these years amounted to between 10 million and 11 million tons, respectively. At this stage it is difficult to estimate the effect this project will have on the global balance of DAP supply and demand. ICL does not produce DAP, but this fertilizer is used as a key product in phosphate-containing fertilizers and the price of DAP is an indication of the prices of other phosphate fertilizers.

As a result of the economic and financial crisis since the second half of 2008, a number of producers of both potash and phosphate have announced their intentions to postpone investments in production capacity expansion projects. The Russian company Uralkali announced at the end of 2008 the postponement of its plan to establish Mine 5, one of its planned new mines. In South America the mining giant Rio Tinto canceled its plan to enter the potash production sector and sold its rights to the Brazilian company Vale. The American company Mosaic announced in January 2009 its continuing commitment to potash expansion, but it announced that it was considering a slowdown in its expansion rate for cash flow reasons. The Company believes that the expected increase in the supply of potash from existing producers in the years to come will not outstrip the expected growth in demand for potash. This is based on estimates of the average increase in the long-term demand for potash.²

Based on published reports, many producers of potash and phosphate fertilizers have reduced production rates and some of them have halted production for varying periods. Most of the potash producers have announced production reductions in 2009 which at June 30, 2009 total 14 million tons of potash, and this is in addition to production reductions in the last quarter of 2008 amounting to 2.5 million tons of potash. So, for example PCS, the largest potash producer in the world, announced that it expected to reduce production by 4.7 million tons in 2009 and the German potash producer K+S announced it would reduce production by 4 million tons. The largest DAP producer in the world, Mosaic, reduced production of DAP fertilizers by 1 million tons at the end of 2008 and it is planning a further reduction of 1 million tons in 2009. The Moroccan fertilizer producer OCP halted production at its installations in Jorf Lasfar (Morocco) in mid-November and only in mid-February did it resume operations at its installations. Other halts in phosphate fertilizer production were reported in Tunisia, Jordan, Russian, North America and Europe.

11. Section 3.2.10 –General environment and how external factors affect ICL

The first paragraph of section 3.2.10 is replaced by the following paragraph:

Energy expenses constitute approximately 11% of ICL's production costs. Of the energy costs, the cost of oil and its products constitutes 4.8%, electricity costs constitute 3.5% and natural gas costs constitute 1.5%. In 2008 the costs of the oil and oils products, electricity and natural gas used by the Company amounted to USD 194 million, USD 134 million and USD 58 million respectively. It is expected that when natural gas starts to be used, energy costs will amount to a smaller percentage of the total production costs and there will be a change in this cost mix. Energy expenses are affected primarily by the prices of oil and oil products in Israel and in the world, electricity prices in Israel and in the world and the prices of natural gas and kerosene in the countries in which the Company's key production installations are located. In 2008 there was a significant rise in prices of oil and electricity, following a rise in prices in 2004 – 2007. This trend was reversed at the start of the fourth quarter of 2008.

Section 3.2.11 – General environment and how external factors affect ICL.

The following sentence should be added at the start of paragraph 3.2.11:

² Estimates of future trends in this section are forward-looking information and there is no certainty whether, when and at what rate they will be realized. The estimates are liable to change as a result of fluctuations in the global and local markets, particularly in ICL's production locations and the target markets of ICL's products, including, inter alia, changes in the levels of supply and demand and in the prices of products, goods and grains, in the prices of inputs, cost of transportation and energy and they could also be affected by measures taken by governments, producers and consumers. The situation in the money markets, including changes in the exchange rates, in the credit situation and in interest costs could also have an effect.

In ICL in 2008 and 2007 maritime transportation expenses constituted 12% and 11% respectively of ICL's total operating costs. The Company's maritime transportation costs for 2008 amounted to USD 290 million.

12. Section 3.2.12 – General environment and how external factors affect ICL

The following paragraph should be added at the end of section 3.2.12 before the graph:

In 2008 shekel costs amounted to USD 600 million and surplus revenues over expenses in euros amounted to USD 300 million.

13. Section 3.5 – Potential production capacity

The following words should be added at the end of section 3.5:

Following is a table illustrating the potential utilization of production capacity by the Company's plants divided into the Group's principal products for the years 2007 and 2008, for the quarter ended March 31, 2009 and the quarter ended June 30, 2009:

	4-6/09	1-3/09	2008	2007
ICL Fertilizers				
Potash	71%	66%	83%	85%
Rock phosphate	61%	55%	69%	68%
Phosphate fertilizers and complex fertilizers	40%	30%	81%	93%
ICL Industrial Products				
Elementary bromine	50%	45%	68%	66%
Bromine compounds	51%	40%	61%	68%
Chlorine-based biocides	82%	92%	88%	97%
Phosphorus compounds	53%	91%	72%	69%
ICL Performance Products				
Pure phosphoric acid (in phosphoric oxide terms)	37%	20%	40%	43%
Phosphate salts and food supplements	62%	51%	84%	91%
Other phosphate-based products	80%	42%	59%	76%
Other products of ICL Performance Products	43%	43%	34%	70%

The reduction in potash production in the first and second quarters of 2009 stems primarily from a deliberate decrease in Europe of production volumes and their adaptation to the volume of potash demand and storage capacity in Europe. Furthermore there was a

reduction in potash production in Israel caused by a decline in the availability of production equipment and the performance of maintenance work. The reduction in the production of rock phosphate stems from an adaptation of production quantity to demand.

In ICL Industrial Products production was reduced in response to falling demand.

The increase in the production of other phosphate-based products in ICL Performance Products stems from a rise in the production of fire-retardant products which are affected by seasonality. This product group is not material to ICL.

14. Section 4.1.1.1C - Potash

The following footnote should be added at the end of the first paragraph of subsection C.

For further details of brine percolation, see section 5.10.15 of the Periodic Report “ Natural Disasters”.

15. Section 4.1.1 subsection 3 – How ICL is affected by external factors

15.1 The following date should be added in the FertEcon source at the end of footnote 22 of the Periodic Report:

Date 2008/2009.

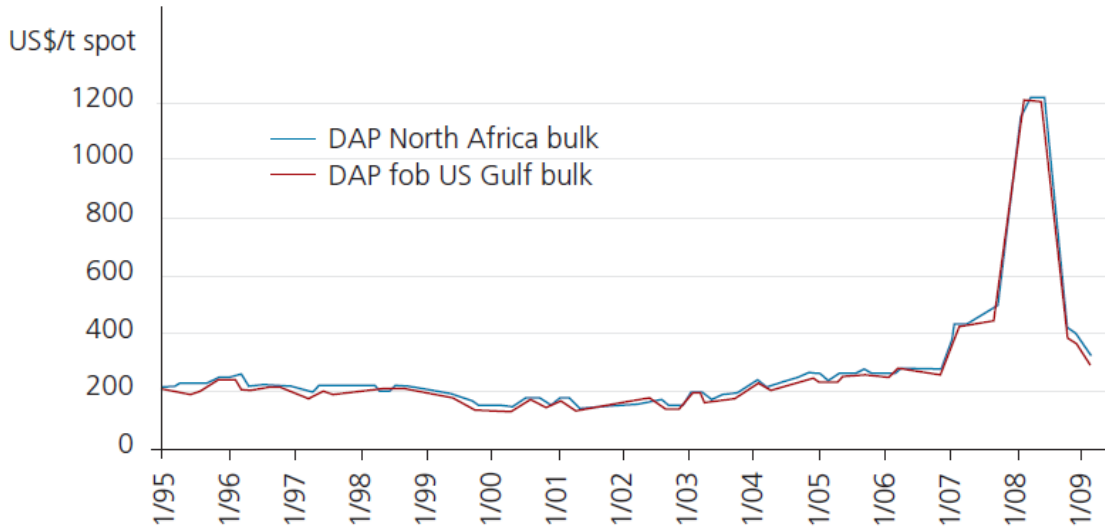
15.2 The second paragraph after the chart whose caption is “Expected growth in the world’s population and availability of agricultural growth areas”, will be replaced by the following paragraphs:

Demand for fertilizers, including potash and phosphate fertilizers, has led to steep price rises of these products in past years, which reached their peak in the third quarter of 2008. Since the beginning of the fourth quarter of 2008, as a result of the global economic crisis and falls in the prices of agricultural goods in particular, the prices of phosphate fertilizers have dropped from their record levels to where they are now. At the same time there have been falls in the prices of raw materials, primarily sulfur which is used in the production of phosphate fertilizers, and also in the prices of energy and maritime transportation.

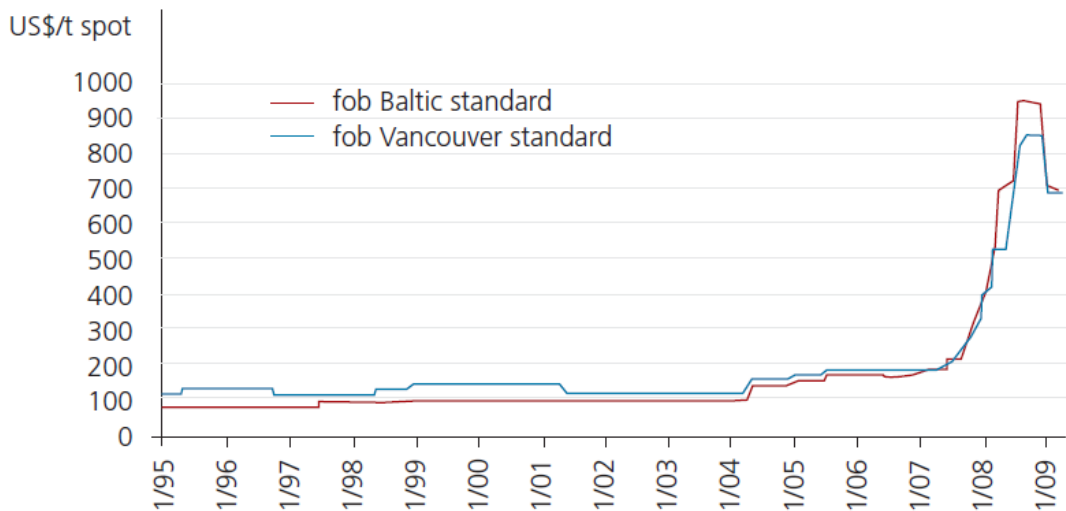
The potash markets have also been affected by the global trend. Demand levels in the key potash markets have fallen dramatically compared with demand levels at the beginning of 2008. Consequently an ICL agreement to supply potash to China expired at the end of 2008 and at the date of this report the Company has not signed a new agreement with China and still does not know when a new agreement will be signed. Between the end of the supply agreements with China and the end of the second quarter of 2009 ICL has not made any sales to China. On July 20, 2009 a new supply agreement was signed to sell potash to a key customer in India for a nine-month period under which ICL will supply 750 thousand tons of potash fertilizers (including optional quantities) at a price of USD 460 per ton. ICL started exporting potash to Brazil at the beginning of the second quarter of 2009. Demand levels for potash in two other key markets, the USA and Europe, remain low. ICL Fertilizers has signed agreements with other customers in India for a nine-month period at a price of USD 460 per ton. At the date of this report the agreements signed with Indian customers total 1,085 thousand tons of potash (including optional quantities).

15.3 The charts with captions “Standard potash prices (KCL) over time” will be replaced by the following charts:

Phosphate fertilizer prices over time



Standard potash prices (KCL) over time



Fertecon, July 2009

15.4 After the chart whose caption is “Import of potash in key countries” and after the sentence “Between 2002 and 2008 global potash consumption increased by 22%”, insert the following sentence (the remainder of the paragraph remains unchanged).

Global potash consumption in 2008 is estimated by Fertecon 2009 at about 48.3 million tons. Estimated potash consumption (including the consumption of local production) in China, the USA, Europe, Brazil and India as a proportion of global consumption in 2008 (FertEcon, 6/2009) amounts to 21.7%, 13.6%, 12.6%, 12.8% and 9.9%. Most of the consumption in the USA and Europe is from local production.

The key markets in which ICL is active at the date of this report are Europe, Brazil, India and China. At the date of this report Brazil, India and China are the key growing markets.

15.5 After the chart whose caption is “Import of phosphate fertilizers in key countries” should be added the following line:

Of the products in the table ICL does not produce MAP (except for technical and soluble MAP) and DAP.

16. Section 4.1.1 subsection 5 – Quantitative data on production and sales in thousands of tons

The table captioned “Details of potash production, sales and closing stock (thousands of tons)” will be replaced by the following table:

	1-6/2009	2008	2007
Production	2,069	4,968	5,078
Sales to external customers	646	4,483	5,191
Sales to domestic customers	53	253	264
Total sales (including domestic sales)	699	4,736	5,455
Closing stock	2,887	1,517	1,285

The table captioned “Details of production and sales of fertilizers and phosphates (thousands of tons)” will be replaced by the following table:

	1-6/2009	2008	2007
<u>Rock phosphate</u>			
Rock production	1,298	3,088	3,069
Total sales to customers (eliminating sales to Group companies)	333	588	288
Total rock phosphate used for internal purposes	903	2,608	2,786
<u>Fertilizers</u>			
Production	329	1,543	1,771
Total sales to customers (eliminating sales to Group companies)	426	1,423	1,784

17. Section 4.1.6 – marketing and distribution

The paragraph in this section should be deleted and replaced by the following paragraph:

The key markets of ICL Fertilizers are Brazil, India, China, Israel, France, Spain, the UK and Germany. ICL Fertilizers sells its fertilizer products primarily by means of its network of marketing offices and sales agents throughout the world, to which it pays commissions in accordance with industry standards. The commissions paid in 2008 by ICL Fertilizers amount to USD 11.2 million.

Most of ICL Fertilizers’ sales are not based on contracts or long-term orders but rather regular orders shortly before the supply date. Consequently, the term “order backlog” has no meaning for ICL Fertilizers. The company has in the past signed a one-year agreement with China and a one-year agreement with India but at the report date, the agreement with China

expired and has not been renewed. For details of the new agreement with India, see section 3.2.5 above.

The price of potash is determined by negotiations between producers and customers and is affected primarily by the ratio between the demand quantity in the various markets and the supply available at that time as well as the size of the customer and the period of the agreement. Prices of relatively long contracts do not necessarily resemble spot (casual sale transaction) prices. In the Indian and Chinese markets it is customary to engage in concentrated negotiations for potash agreements with commercial entities connected with the governments of these countries. In these agreements the price agreed is usually for one year. China is the most concentrated market where most of the potash import into China is by means of an annual contract with two importers connected to the Chinese government. The Company has commercial relations with one of the importers. In India most of the potash is also imported by means of a limited number of importers, the principal one of which is connected to the Indian government, and in India too it is customary to sign a supply agreement for one year. The Company has commercial relations with most of the large importers in India. In other markets potash is imported by a larger number of importers and the price is determined by suppliers and customers for shorter periods (one quarter, one month or even for each single shipment separately). In these markets the Company has commercial relations with most of the large importers.

ICL Fertilizers transports its products from Israel to its overseas customers on ships (mainly in bulk) which it leases in the market and loads in designated facilities at the Ashdod and Eilat ports.

ICL Fertilizers also has designated port facilities for bulk loading in Barcelona, Amsterdam, Ludwigshafen (Germany) and Teesside (England).

18. Section 4.1.12B – Stock retention policy for finished products

The following paragraph should be added at the end of section 4.1.2B of the Periodic Report:

Average stock days for 2008 and 2007 are 87.2 and 100.2 respectively. Stock days are calculated on the basis of the average stock quantity during the year (on a quarterly basis) divided by the quantity sold during the year. The average stock quantity in 2007 was relatively high and affected the stock levels because of the delay in signing the potash purchase agreement with China in 2006.

19. Section 4.1.2C – Credit policy

The following paragraph should be added at the end of section 4.1.2C of the Periodic Report:

The reason for the decline in supplier days stems from the increased cost of inputs, primarily energy, sulfur and transportation where the credit days are lower than those of the other suppliers. The rise in the relative share of these suppliers changed the supplier mix and led to a decline in supplier days and does not indicate deterioration in supplier credit terms. Customer days for 2008 remained stable compared with customer days in the corresponding period of the previous year.

20. Section 4.1.3C – Expected material environmental costs and investments

The last sentence in section 4.1.13B – “At the report date the new conditions have not been received from the Tamar regional council” will be replaced by the following sentence:

On July 2, 2009 the new conditions for a business license for Dead Sea Works in Sdom were received from the Ministry for the Protection of the Environment via the Tamar regional council. They are strict compared with the conditions which existed until the beginning of the year. At the date of this report Dead Sea Works has a valid business license and it is in compliance with the terms of its license in all material aspects.

21. Section 4.1.15A.2 – Phosphate mining concessions

In the third paragraph the word “April” should be deleted and replaced by the word “August”.

22. Section 4.1.15B – Business licenses and poison permits

The companies in the segment have all the licenses required by law and the companies are in compliance with the terms of the licenses, as required by law.

23. Section 4.1.15C – Footnote 43 – Outline plans and building permits

Footnote 43 should be deleted and replaced by the following footnote:

In relation to the water wells at Ein Ofirim, the leasing periods from the Israel Lands Administration ended in February and March 2009. ICL Fertilizers is engaged in proceedings with the manager of the Israel Lands Administration to extend the leasing periods. The Company believes that the leasing periods will be extended by the Israel Lands Administration. If the leasing periods are not extended, this will not have a material effect on the Company's operations.

24. Section 4.1.15C – Footnote 45 Outline plan and building permits

The following paragraph should be added at the end of the footnote:

At the reporting date, the Company is not mining the Barir field. However, the Company estimates that at the date of this report it has sufficient phosphate reserves for the next few years.

25. Section 4.1.15J – Clean Air Law

The following paragraphs should be added at the end of section 4.1.15J:

The Clean Air Law covers, inter alia, fixed sources (which also include the Company's plants) and it is intended to serve as a platform for application of the Integrated Pollution Prevention and Control directive (the "Directive") which was adopted by the European Union in 1996.³

The law distinguishes between plants defined in the Directive as having a significant effect on the environment ("IPPC Plants") which include all the Company's plants in Israel, and other plants. Pursuant to the law, the operations of IPPC Plants are conditional upon the obtaining of a valid emissions license. This emissions license is supposed to include individual provisions based on the best available technology. The Company believes that the costs entailed by application of the Directive are not material.

As stated above, the law will take effect on January 1, 2011. However, the obligations of the permit will gradually become applicable to the various sectors of the IPPC Plants by 2015. The Company's plants will have to submit applications for permits by March 1, 2014. Since the Ministry for the Protection of the Environment has declared that it intends to apply the law in accordance with the principles of the Directive in all matters pertaining to the content of the emissions permits, which requires, inter alia, that a public hearing be held, there is uncertainty regarding the content of the emissions permit which will be granted at the end of the process, and for this reason, at the report date, the Company is unable to estimate the costs which will result from the holding of the hearing. It is also unable to estimate the effects of the Clean Air Law on its operations.

26. Section 4.1.16B – Ground and ground water pollution

The following paragraph should be added at the end of section 4.1.16B:

The Company believes, based on the opinion of its legal advisers, that the exposure of the consolidated company is not material.

27. Section 4.1.17A – Goals and business strategy

Section A of section 4.1.17 which begins with the words "The strategy of ICL Fertilizers" and ends with the words "which will be set forth hereunder" will be replaced by the following paragraph:

A. The principal growth engines of ICL Fertilizers are connected primarily to a continuing increase in demand for grains which generates increasing demand for fertilizers. ICL

³ It should be noted that in actual fact the Ministry for the Protection of the Environment already started implementing the directive policy about three years ago in Ramat Hovav (using additional terms in the business licenses), see also section 4.14.2B of the Periodic Report.

has no influence on the demand for grains but as stated in section 3.2.4 and in section 4.1.1 subsection 3 of the Periodic Report there is a long-term trend for global grain consumption to rise. The Company is therefore acting to increase its potash and phosphate production capacity as set forth hereunder:

28. Section 4.1.17B.3 – Principal projects planned or implemented by the Corporation

Section 4.1.17B.3 should be deleted and replaced by the following section:

In July 2007 ICL Fertilizers signed an agreement with an Indian partner to establish a joint venture to be held by the partners in equal parts, for the production and distribution of special fertilizers in India on the basis of the agronomic technology and know-how of ICL Fertilizers. Up until the establishment of the joint venture, the special fertilizers were supplied from the plant in Israel and the Nu3 partnership in Belgium.⁴ The new plant in India is expect to start production in the first half of 2010 and in a full year of operations it is expected to produce 12,000 tons of mixtures of soluble fertilizers.

29. Section 4.1.18A – Petition of the Hotels Association

29.1 At the end of the first paragraph of section 4.1.18A the following sentence should be added:

From time to time ICL raises the height of the dikes demarcating Pond 150. In accordance with the current height of the dikes the next increase in height is scheduled for completion in 2012.

29.2 The fourth paragraph in section 4.1.18A should be deleted and replaced by the following paragraph:

Current defenses: these defenses are characterized by establishing a dike near the relevant hotel together with a system for lowering the ground water in some places. As part of the treatment of these defenses which have been carried out for several years a number of temporary defenses have been set up along the western shore of the pond. At present additional defense alternatives are also being examined for Pond 5, including the establishment of a system for a one-time harvest and the construction of wave-breakers.

30. Section 4.2.6 – Marketing and distribution

The following sentence should be added to the first paragraph after the sentence: “ICL Performance Products sells its products mainly by means of a network of its own marketing offices, distributors and sales agents throughout the world”:

The commissions paid to agents are customary in the industry. In 2008 commissions paid by ICL Performance Products totaled USD 7.8 million.

31. Section 4.2.13B Maintaining stock of finished products

The following paragraph should be added at the end of section 4.2.13B:

Average stock days for 2007 and 2008 are as follows:

	<u>2007</u>	<u>2008</u>
Elementary bromine	17	14
Bromine compounds	215	220
Chlorine-based biocides	170	131
Phosphorus compounds	60	35

⁴ ICL indirectly holds 25% of Nu3. The other partners are other fertilizer producers.

Stock days are calculated on the basis of the average stock quantity during the year (on a quarterly basis) divided by the quantity sold during the year. The average stock days in bromine compounds are higher because of the slump in sales of calcium bromide, which is a by-product product in the production of other bromine compounds. The drop in average stock days in the remaining product groups complies with the Company's policy for reducing stock days.

32. Section 4.2.13C – Credit policy

The following paragraph should be added at the end of section 4.2.13C of the Periodic Report:

The decline in customer days stems from a change in the sales mix and an increase in the sales rate where credit days are lower, and also from the first-time full consolidation of Supresta which had a positive effect on customer credit days because the credit days customary in Supresta were lower than the average credit days in the sector. The decline in supplier days stems from the first-time consolidation of the results of Supresta where the credit days were lower than the average in the sector and from a change in the supplier mix.

33. Section 4.2.14B – Material consequences stemming from the environmental quality provisions

The following sentence should be added at the end of the section:

At the reporting date, the Bromine plants have valid business licenses.

34. Section 4.2.16 A.2 – USA and Canada

After the words "In the states of maine and Washington there are restrictions of the use of DECA in certain products", the following sentence should be added:

At this time, the producers of DECA and the authorities are studying the possibility of gradual phasing out of the use of DECA in the USA over a number of years.

35. Section 4.2.17D – Criminal indictment

At the end of section 4.2.17D it should be clarified that DCM is methylene chloride and the following paragraph should be added at the end of section 4.2.17D.

ICL Industrial Products' conviction of these offenses will lead to the imposition of financial sanctions on ICL Industrial Products in amounts which are not material.

36. Section 4.3.6 – Marketing and distribution

The following paragraph should be added in the first paragraph after the sentence, "The marketing setup of ICL Performance Products is based primarily on a broad internal marketing setup, and to a lesser extent – on external distributors and sales agents.":

The commissions paid to agents are customary in the industry. In 2008 commissions paid by ICL Performance Products totaled USD 7.9 million.

37. Section 4.3.12 – Raw materials and suppliers

The second paragraph in section 4.3.12 should be amended as follows:

ICL Performance Products has long-term agreements with suppliers of P4 and phosphoric acid which ensure that it has a regular supply of these raw materials. The P4 supply agreement ends in May 2010. At the reporting date the Company does not anticipate any difficulties in the future consumption of these raw materials.

38. Section 4.3.13B – Stock retention policy for finished products

The following paragraph should be added at the end of section 4.3.13B of the Periodic Report:

The average stock days for 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Pure phosphoric acid	78	43
Food additives	84	59
Phosphate salts	73	62
Other	71	63

Stock days are calculated on the basis of average stock quantity during the year (on a quarterly basis) divided by the quantity sold during the year. The increase in average stock days in 2008 compared with 2007 is a result of a rise in stock balances in the fourth quarter of the year caused by the global economic slowdown.

39. Section 4.3.18 – footnote 70 – Targets and business strategy

Footnote 70 should be added as follows:

The intentions and strategy of ICL Performance Products, as described in this section, reflect its policy on the date of preparation of this report. They are based on its assessments on that date and are in part forward-looking information. It is emphasized that if any change occurs in the Company's assessments or in its policy in connection with the area of operation of the segment or in connection with legislation and standardization or requirements of the authorities, these intentions and assessments are also likely to change, in whole or in part, from time to time, and so there is no certainty that this strategy will be implemented or successful.

40. Section 5.1 Property plant and equipment and installations

The first paragraph should be deleted and replaced by the following paragraph:

ICL's significant production installations include its plants in Israel at Sdom, Mishor Rotem, Oron and Zin sites which belong to ICL Fertilizers and production and transporting facilities at Ramat Hovav which belong to ICL Industrial Products. ICL has long-term leasing agreements for these production installations. In addition ICL has warehouses and loading and unloading sites at Ashdod and Eilat ports. The leasing agreements at these ports are likely to end between 2014 and 2016. ICL estimates that these leasing agreements will either be extended or an alternative solution will be found for the loading and unloading operation.

ICL has additional production facilities overseas of which the most significant are:

- A) Germany – production facilities at Ludwigshafen and Ladenburg which belong to ICL Performance Products. Most of the facilities at these sites are owned by the ICL Group.
- B) Netherlands – production facilities of ICL Industrial Products at Terneuzen which are owned and a facility of ICL Fertilizers in Amsterdam on a long-term lease.
- C) Spain – potash and salt production facilities and warehouses of ICL Fertilizers in Catalonia leased by the ICL Group.
- D) UK – potash and salt production facilities and warehouses of ICL Fertilizers in Cleveland leased by the ICL Group.
- E) USA – production facilities of ICL Industrial Products in West Virginia, mainly owned by the ICL Group and production facilities of ICL Performance Products in Lawrence, Kansas and St Louis owned by the ICL Group.

Following are additional details of the production and transporting facilities and the main ports used by ICL for its operations:

In the table in this section the description of the Company's facilities in Spain and the UK will be replaced by the following description:

Spain	Catalonia	Potash and salt production facilities and warehouses	Owned by the Company	4,505
	Catalonia (Barcelona)	Warehouses and port facilities for loading and unloading	The warehouses and equipment are owned by the Company. The land and equipment for the land belong to the port.	13
UK	Cleveland	Potash and salt production facilities and warehouses.	Owned by the company	1,580
	Teesside	Warehouses and port facilities for loading and unloading	Leased until 2014	87.6
	London Acton	Food additive production plant	Leased until 2010 with an option for another 20 years..	1.5

41. Section 5.2 – Human resources

The following line should be added at the end of subsection B:

As at the date of this report, there have been no material changes in the data listed in section 5.2 of the Periodic Report.

42. Section 5.3.3 – Sale of debts to customers in a securitization transaction

The following paragraph should be added after the words “USD 70 million:

The securitization agreement was extended by another two months at the market conditions prevailing on the extension date. The Company is working to extend it by another year.

43. Section 5.3.4 – Credit restrictions imposed on the Corporation

The word “part” in the first sentence should be deleted and replaced by the word “most”.

44. Section 5.3.5 - Credit restrictions imposed on the Corporation

At the end of section 5.3.5 the following paragraph should be added:

Furthermore in 2005 the Company raised USD 125 million in debentures from institutional investors abroad for an average period of 8 years at fixed interest. The repayment dates of the debentures and the interest rate are as follows:

Amount in \$ millions	Repayment dates	Interest rate
38	03/03/2010	4.96
20	03/03/2012	5.3
67	03/03/2015	5.72

To cover the loans and credit obtained by ICL from overseas banking corporations, ICL assumed various obligations, inter alia, it made an undertaking to the lenders to restrict the guarantees and indemnities it would give to third parties (except for guarantees to subsidiaries) up to USD 550 million.

45. Section 5.4 - Taxation

The following information should appear at the end of section 5.4:

Most of the Group's taxable income and expenses in 2008 originate from Group companies operating in Israel.

5.4.1 Corporate tax in Israel

In Israel the tax base is territorial and personal which means that it applies to companies defined as Israel-resident pursuant to the provisions of the Income Tax Ordinance (New Version), 5721 – 1961 (the "Ordinance" or the "Income Tax Ordinance") and the Income Tax Law (Adjustments for Inflation), 5745 – 1985 (the "Adjustments Law"). Pursuant to the provisions of the Adjustments Law the results are measured for tax purposes when they are adjusted to the changes in the CPI.

Pursuant to the provisions of section 1 of the Income Tax Ordinance, a company will be considered resident in Israel for income tax purposes if it has been incorporated in Israel or if it is controlled and managed in Israel. The words "controlled and managed" are not defined in the Income Tax Ordinance. As far as the Company knows, the control and management of the active overseas companies which it holds are implemented outside Israel and therefore, as far as the Company knows, they are not considered Israel-resident for income tax purposes. It should be noted that the tax authorities in Israel and/or the tax authorities in the overseas countries may well not accept the tax results as they are described in general terms above and below.

On February 26, 2008 the Knesset enacted the Income Tax Law (Adjustments for Inflation) (Amendment No. 20) (Restriction of Commencement Period) 5768 – 2008 (the "Amendment"). In accordance with the Amendment the effective period of the Adjustments Law will cease at the end of 2007, and as of 2008 the provisions of the Law shall no longer apply, except for the transitional provisions designed to prevent distortions in the tax calculation.

In accordance with the Amendment, as of 2008 depreciation amounts for plant property and equipment and losses transferred for tax purposes will no longer be linked to the CPI and the balances taken into account will be the linked balances at the end of 2007. The Company believes, based on the assumption that the rate of inflation is similar to 2008 that this will not have a material effect on the Company.

The income of the Company and the companies consolidated in Israel (except for income from approved plants and beneficiaries as set forth below) is taxable at the normal rate.

On July 25, 2005 the Knesset enacted the Law for the Amendment of the Income Tax Ordinance (no. 147), 5765 – 2005, which determined, inter alia, a gradual reduction in the corporate tax rate of down to 25% from the 2010 tax year. On July 14, 2009 the Knesset enacted the Economic Arrangements Law ((Legislative Adjustments to the Application of the Economic Plan for 2009 and 2010), 5769 – 2009, which determined inter alia, a further gradual reduction in the corporate tax rate of down to 18% as of the 2016 tax year. Pursuant to these amendments, the corporate tax rates applicable as of the 2009 tax year are as follows: 2009 tax year – 26%; 2010 tax year – 25%; 2011 tax year – 24%; 2012 tax year – 23%; 2013 tax year – 22%; 2014 tax year – 21%; 2015 tax year – 20% and as of 2016 the applicable corporate tax rate will be 18%. The consequence of the change in the above corporate tax rates will be described in the financial statements for the third quarter of 2009.

At this stage it is impossible to estimate the effect of the change on the Company's deferred tax balance at March 31, 2009.

Encouragement of Capital Investments Law – 5719 – 1959 (the "Law")

The legislator encourages the establishment and expansion of industrial enterprises and other projects by granting an enterprise the status of "approved enterprise" or "beneficiary enterprise" for investment plans. Until Amendment no. 60 to the Law the general criteria which guided the administration of the Investment Center to grant "Approved Enterprise" status were profitability for the Israeli economy, competitive ability in international markets, use of innovative technologies, creation of jobs, high added value and provision of appropriate solutions for the special requirements of the country's economy.

Amendment no. 60 added a number of conditions with which an enterprise must comply in order to be awarded the status of approved enterprise or beneficiary enterprise. The main conditions are as follows: 1. Most of its operations are in the field of biotechnology or nanotechnology, and confirmation of this is granted by the head of the Administration for Industrial Research and Development before approval of the program mentioned above in

this section; or 2. Its income, in the tax year, from its sales in a particular market does not exceed 75% of its total income from its sales in said tax year; or 3. 25% or more of its total income in the tax year from its sales is from sales in a particular market containing at least 12 million inhabitants.

The production installations of some of the consolidated companies in Israel (the "Companies") have obtained approved enterprise or beneficiary enterprise status pursuant to the Encouragement Law, including Amendment no. 60 to the Law which was published in April 2005.

The benefits enjoyed by the Company are primarily:

A) Reduced tax rates

In the benefit period – ten years from the first year in which an approved or beneficiary enterprise earned taxable income (provided that the restriction periods stipulated in law have not yet elapsed) – the companies' income from its approved and beneficiary enterprises is taxed at reduced rates or this income has tax exempt status, as follows:

- 1) Corporate tax for approved enterprises at 0%, 11.5% or 25% instead of tax at the normal rate (see section A(2) above).
- 2) Corporate tax for beneficiary enterprises at 0% in the normal track and 11.5% in the Ireland track instead of tax at the normal rate (see section A(2) above).

In the event of distribution of a cash dividend from income which is exempt as set forth above, the company will be liable for tax at a grossed up rate of 25% (as stated in A) above) for the amount distributed (see also Note 3Q). The temporary difference attributed to the dividend distributed from the exempt income at December 31, 2008 amounted to approximately USD 2,037 million.

The proportion of the taxable income entitled to tax benefits is based on the ratio between the turnover attributed to the approved enterprise or beneficiary enterprise and the company's total turnover; the turnover attributed to the approved enterprise is usually calculated on the basis of the increase in turnover in relation to the "basic" turnover, which is attributed to the year which preceded the activation of approved enterprise, or another basis as stipulated in the letter of approval. The turnover attributed to the beneficiary enterprise is usually calculated on the basis of the increase in turnover compared with a "basic" turnover which is attributed to the average turnover in the three years preceding the year in which the enterprise was elected as a beneficiary enterprise.

B) Accelerated depreciation

The company is entitled to a deduction of accelerated depreciation pursuant to the provisions of the law, for buildings, machines and equipment used by the approved enterprise, starting in the year in which each asset is operated.

C) Conditions for application of benefits

The above benefits are conditional upon compliance with the conditions stipulated in law, regulations enacted pursuant thereto and letters of approval on the basis of which investments were made in the approved enterprises. Noncompliance with the conditions is liable to lead to cancellation of the benefits, in whole or in part, and the reimbursement of the benefits plus late payment interest.

D) Start of beneficiary enterprise year

In the past the Encouragement of Capital Investments Law stipulated that the period between the start of the year of operation of an approved enterprise in the benefit track and the start of the beneficiary enterprise year (the "cooling-off period") is five years. On November 16, 2008 Amendment no. 65 to the Encouragement of Capital Investments Law 5768 – 2008, was passed whereby the cooling-off period was shortened from five years to three years with retroactive effect from April 1, 2005. The effect of this amendment to the law on tax expenses for 2008 resulted in tax income of USD 70 million.

Encouragement of Industry (Taxation) Law, 5729 - 1969

Some of the Company's consolidated companies in Israel are "industrial companies" as defined in the above law. By virtue of this status the companies are entitled to claim

depreciation at increased rates for equipment used in industrial activity, as determined in the regulations by virtue of the Adjustments Law.

The industrial enterprises owned by some of the consolidated companies in Israel have one common production line and consequently the companies file consolidated tax returns with the Company pursuant to section 23 of the Encouragement of Industry Law. This means that each of these companies is entitled to offset its tax losses against the taxable income of one of the other companies.

5.4.2 Tax rate applicable to capital gains in Israel and to dividend

The tax rate applicable in Israel to real capital gains made by the Company which are not negotiable securities, to assets purchased after January 1, 2003 (below in this section - the "Effective Date") is 25%.

In respect of assets purchased before the Effective Date, the applicable tax rate will be calculated on a linear basis so that the part of the capital gain created by the Effective Date will be taxed at the normal corporate tax rate, while the capital gain created after the Effective Date will be taxed at 25%.

A dividend received by the Company originating in income produced or created in Israel received directly or indirectly from another group of people liable for corporate tax does not attract a payment of corporate tax by the Company.

A dividend originating in income produced or created outside Israel, such as a dividend originating outside Israel, is liable for corporate tax at a rate of 25%. Alternatively, if the Company opts to receive an indirect credit (as explained hereunder) for this dividend, the grossed up dividend is taxable at the normal rate.

5.4.3 Overseas taxation

At the prospectus date, the Group is developing, acquiring, creating and marketing its products by means of many companies throughout the world. Approximately 94% of the Group's sales are made in international markets and so the Group operates by means of many subsidiaries which to the best of the Company's knowledge are incorporated, controlled and managed outside Israel and assessed in accordance with the tax laws in their country of residence. Some of the foreign subsidiaries were established by the Company and some of the foreign companies were acquired during the many years of operation of the companies during which time the Company became a multinational, the vast majority of whose commercial and marketing operations take place outside Israel.

5.4.4 Taxation in Israel on overseas income

Income deriving from dividends distributed by foreign companies overseas will be taxable in Israel and receive a credit for the tax paid abroad including by way of an indirect credit, subject to the requirements stipulated in the Income Tax Ordinances as set forth below.

Where income from interest from a foreign company to an Israeli company is liable for corporate tax in Israel, a credit will be received in the amount of the tax deducted at source by the foreign companies. The amount of the credit from foreign tax is limited to the amount of the tax for which the company in Israel is liable because of its assets from the same source. The surplus credit which may not be offset in the same tax year may be offset in the next five years against the same source.

"Indirect credit" in Israel: Instead of being liable for tax at the rate of 25%, an Israeli company is entitled to choose to be taxed at the rate of corporate tax in Israel (27% in 2008, this rate will gradually drop to 18% in 2016) on all the income from which the dividends were distributed provided that the Israeli company holds 25% or more of the means of control in the foreign subsidiary which is distributing the dividend. The Israeli company will be entitled to an "indirect credit" for corporate tax applicable to the foreign subsidiary or the foreign sub-subsidiary, if the Israeli company holds 25% or more of the means of control of the foreign subsidiary which directly holds the foreign sub-subsidiary which is producing the income from which the dividends were distributed, at a rate of 50% or more.

Foreign controlled company: If most of the income of the foreign companies held by the Company (directly or indirectly) is passive income and tax is paid at a rate lower than 20% on this income, these foreign companies may be considered as "foreign controlled companies". In this instance, pursuant to section 75B of the Ordinance, the company which holds control of the foreign company which is a "controlled foreign company" will be liable for

tax in a manner which regards it as though it had received its share in the undistributed profits of the foreign controlled company in the tax year in which they were accumulated. The provisions of the section relate to the profits originating in passive income of the foreign company (such as income from interest or from a dividend which does not amount to a transaction).

Transfer prices

On November 29, 2006 section 85A of the Ordinance took effect with the publication of the Income Tax Ordinances (Determination of Market Conditions) 5767 – 2006 on the same day ("Transfer Price Regulations). Pursuant to this section and the Transfer Price Regulations, an international transaction (where one of the parties is not an Israeli resident) in which there is a special relationship between the parties, as this term is defined in the Ordinance, will be reported in accordance with the market conditions and will be taxable accordingly. The Transfer Price Regulations apply to various international transactions, including in various stages of creation of a product until its sale, which were implemented on the publication date of the Transfer Price Regulations and subsequently. By virtue of these regulations rules have also been determined for regular reports, and the Tax Officer has been authorized to demand a market research study.

As set forth in section 85A of the Ordinance and Transfer Price Regulations the principle of a market price is being adopted with the stipulation that the appropriateness of the price and the conditions of the international transactions between parties who have a special relationship will be examined by comparing them with similar transactions between parties who do not have a special relationship. In other words, these transactions, the international transactions, will be examined by comparing them with transactions possessing characteristics identical to the examined transaction. If there is no transaction with identical characteristics, the international transaction will be compared with a transaction possessing characteristics identical or similar to the characteristics of the transaction implemented by the examined party.

Pursuant to regulation 2(A) of the Transfer Price Regulations, in order to determine whether an international transaction is being implemented under market conditions, a market condition study will be conducted in which the international transaction will be compared with similar transactions of the examined party, as defined in the Transfer Price Regulations. The comparison will be made in accordance with one of the methods described in regulation 2 of these regulations. The market study will be submitted to the Tax Officer within 60 days at his request, unless the Tax Officer has approved the transaction as a one-off transaction pursuant to Regulation 4 of the Transfer Price Regulations.

The international transaction will be considered as a transaction implemented under market conditions if the result of the study conducted as described above pursuant to the customary methods listed in the Transfer Price Regulations did not deviate from the interquartile range (the values between the 25th centesimal place and the 75th centesimal place) obtained from a comparison with similar transactions. In the comparison method which is a price comparison method, a transaction will be considered to be a transaction implemented under market conditions even if it appears in any range of values of similar transactions. [In] a transaction which cannot be regarded as a transaction under market conditions, as aforesaid, the transaction price will be reported in accordance with the value in the 50th centesimal place in the range of values as obtained from a comparison with similar transactions.

As stated above, the Group is developing, acquiring, producing and marketing its products by means of many companies located throughout the world. Each one of these companies which is assessed in various regions in the world, has a role in the overall setup of the Company's international business operations (sometimes for the same product) starting with the stages of production, possession and development of know-how as well as procurement, logistics, marketing and sale of the Company's various products. Consequently, some of the Group's companies serve as production companies, some as logistical centers and some as marketing companies.

Prices of products or services (in the various production stages) are determined on the basis of transfer price studies conducted in order to determine the relative contributions and risks of each relevant company throughout the world in the Group's operational setup, in order to reflect the market price which would have been determined for these services or products if they had been given to foreign parties which are not part of the Group.

Accordingly, the profit before tax is distributed between many companies in the world at various rates of tax. As at the prospectus date, the various double taxation prevention treaties have no effective consequences for the Company. A materially different classification or attribution of the contribution made by the value components of each one of the companies in the Group in the various countries, or the characteristics of these companies, might have an effect on the total profit accumulated and assessed in each one of the countries and this could have a material effect on the Group's tax aspects and results.

Effective tax rate

Most of the Group's tax expenses in 2008 derive from Group companies operating in Israel (at the above-mentioned rates), as well as in countries in Europe, with an emphasis on the Netherlands, Germany and in the USA. As far as the Company knows, the statutory corporate tax rates customary at December 31, 2008 were 25.5% in the Netherlands, 28% in Germany, 40% in the USA. In other countries where the Group operates the corporate tax rates vary between 16% and 40%.

The effective (consolidated) tax rate in 2008 was 10.5% and in 2007 it was 17.9%.

For an examination of the gaps between the Company's principal statutory tax rate and the actual tax rate in 2008 and 2007, see Note 21G2 of the financial statements at December 31, 2008.

Losses for tax purposes which are carried forward to the following year amount, at the balance sheet date, to an adjusted amount of USD 69 million. The Company has generated a tax asset for accumulated losses in the amount of USD 40 million based on the Company's assessment of a high level of certainty that these losses will be realized in the years to come.

Some of the Company's surpluses at the prospectus date derive from income from approved enterprises and beneficiary enterprises in Israel and from income from foreign subsidiaries overseas. A distribution of these surpluses may, under certain conditions, create a tax liability when they are distributed. The Company has a policy of not distributing dividends from past profits which would cause an additional tax liability and so the Company generally does not create deferred taxes for profits accumulated in the past. Because of temporary directives issued by the income tax authority which make it possible to bring in profits from overseas at a tax rate reduced by 5% until the end of 2009, the Company intends to bring to Israel a dividend from profits accumulated overseas. For this purpose the Company has recognized a deferred tax liability for this plan in the amount of USD 11 million in its financial statements at March 31, 2009. The temporary difference attributed to the distribution of a dividend from tax-exempt income of an approved enterprise and a beneficiary enterprise at March 31, 2009, amounts to USD 2,127 million.

For further details and explanations concerning the taxation directives applicable to the Company, see Note 21 to the financial statements at December 31, 2008.

46. Section 5.10 – Risk factors

Footnote 76 should be deleted.

47. Section 5.10.15 – Natural disasters

The fourth paragraph in section 5.10.15 of the Periodic Report should be deleted and replaced by the following paragraph:

In one of the dikes in an evaporation pond at the Dead Sea belonging to a subsidiary from the ICL Fertilizers segment, there is brine percolation from within the pond and cracks in the dike and it is feared that fissures could develop under the dike. If the dike bursts the Company could lose the solutions in the large evaporation pond and in the worst case scenario the Company could lose up to 1 million tons of potash produced over two years, which constitutes 20% of its potash production in 2008. For further details see section 4.1.1 above.