

Notice of Agreements Reached with the State of Israel Concerning the Royalties' Arbitration

Further to Note 6 of the Company's financial report for the third quarter of 2018, the Company hereby updates that, pursuant to the royalties' arbitration between the State of Israel and Dead Sea Works (DSW) and in accordance with the arbitrators' instructions, discussions were held between the State and DSW, which led to an agreement regarding a series of disputes that constitute the majority of disputes that have been heretofore unresolved. A joint notice regarding the said agreements was submitted to the arbitrators, and they have yet to render a decision in the matter. As part of the aforesaid agreements, DSW will pay the amounts specified in the agreements' document as well as the amounts deriving from the arbitrators' ruling dated October 10, 2018, by December 25, 2018. Accordingly, the Company will recognize an expense in its financial reports for the fourth quarter of 2018 at the amount of \$27 million, including interest and linkage, for the past periods (2000-2017).

Name of the authorized signatory on the report and name of authorized electronic reporter:

Lisa Haimovitz

Position: SVP, Global General Counsel

Signature Date: December 25, 2018

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