

This is an English convenience translation of the original Hebrew report. In case of any discrepancy, the binding version is the Hebrew original.



Israel Corp. Ltd

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Advocate Maya Alcheh-Kaplan
Vice President
General Counsel and Company Secretary

November 26th, 2012

TO:

The Israeli Securities Authority
Via the magna system

The Tel Aviv Stock Exchange Ltd.
Via The Magna System

Dear Madam, Sirs,

Re: Immediate Report

The Company reports that on November 25th, 2012, its subsidiary, O.P.C Rotem Ltd. (in which the Company holds 80% of the shares (hereinafter: "O.P.C")), engaged in agreement with Noble Energy Mediterranean Ltd., Delek Drilling Limited Partnership, Isramco Negev 2 Limited Partnership, Avner Oil Exploration Limited Partnership and Dor Gas Exploration Limited Partnership (hereinafter: "**Tamar Partnership**") regarding gas supplying for a power station with generation capacity of an approx. 440MW, which O.P.C establishes in Rotem plateau, for a period of 16 years, commencing from the start of gas flowing to the power station or the date on which O.P.C will consume the total contractual quantity, whichever earlier. In addition, each party has the right to extend the period of the agreement for a period of up to two additional years under certain conditions or until the date of consuming the total contract quantity by O.P.C, whichever earlier (hereinafter: the "**Agreement**").

The price of the gas will be linked to changes in the "Production Cost" Tariff, which is part of the "Time of Use" Tariff, and will be partially linked to the USD representative exchange rate, and includes "a floor price".

According to the Agreement, O.P.C will purchase from Tamar Partnership natural gas, and the total contractual quantity of the Agreement is 10.6 BCM (billions of cubic meters).

OPC undertook to take or pay to Tamar Partnership for a minimum annual quantity of gas in a scope and in accordance with the mechanism set forth in the Agreement with Tamar Partnership.

In the Agreement OPC is given an option to reduce the minimal annual quantity, so it will not exceed 50% of the average annual quantity that it actually consumes in the three years prior to the notice of exercising the option, subject to adjustments as set forth in the Agreement. To the extent that the minimal annual quantity is reduced, the other contractual quantities set forth in the Agreement, will be reduced accordingly. OPC will be entitled to exercise the above option during the period commencing at the beginning of the fifth year from the date of the start of the transmission of gas according to the Agreement or on January 1st, 2018 (whichever later) and until the end of the seventh year from the date of start of the transmission of the gas according to the Agreement or on December 31st, 2020 (whichever later). Should OPC announce that it exercises the abovementioned option the quantity mentioned above will be reduced at the end of a year from the date of issuing the notice and until the Agreement period ends.

During the interim period, which commences when the conditions set forth in the Agreement fulfill (the "**Interim Period**"), the supply of Gas to O.P.C shall be subject to the gas quantities available at that time, after supplying the gas to other customers of Yam-Tethys project, and other customers of Tamar Partnership with which agreements have been signed prior to the Agreement with O.P.C. The Interim Period will be brought to an end, upon completion (if completed) of the project for the expansion of the supply capacity for the transmission system from Tamar reservoir by Tamar Partnership.

Tamar Partnership estimates that the financial scope of the Agreement is estimated at approx.. 2.5 billion US dollars (excluding the option to reduce of the quantities, as mentioned above).

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The Agreement is subject to the receipt of the approval of the Antitrust Authority.

The Company might be asked to provide for the benefit of Tamar Partnership a guarantee in an amount set forth in the Agreement, subject to the fulfillment of conditions detailed in the Agreement.

The above total financial scope is forward looking information, which will be influenced by various factors, primarily the increase rate of the "Time of Use" Tariff and the operating routine of the power station, hence there is no certainty that the actual financial scope of the Agreement, will be as mentioned above. Moreover, the Company's estimations regarding the date on which the gas supply will commence, the completion of the expansion project, and the conclusion of the Interim Period, are forward looking information which there is no certainty that it will be realized, fully or partly, due to various factors which relate to the execution of the operations in Tamar gas reservoir and in the expansion project.

Israel Chemicals Ltd., a Company's subsidiary, engaged separately with Tamar Partnership in natural gas purchase agreement, for details see attached report.

Oil Refineries Ltd., a related company of the Company, engaged separately with Tamar Partnership in natural gas purchase agreement, for details see Oil Refineries Ltd.'s report.

Respectfully,

The Israel Corporation Ltd.

**The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alcheh-Kaplan
Position: Vice President, General Counsel and Company Secretary
Date of signing: November 26, 2012.**



November 26 , 2012

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Re: Immediate Report Regarding to agreement with the partners of Yam Tethys Reservoir and short-term supply agreement with the partners in the Tamar Reservoir

Further to that stated in section 9.6 of the Board of Directors' Report dated September 30, 2012, we wish to report that on November 25, 2012, the subsidiary, Dead Sea Works Ltd. (hereinafter: "**DSW**") engaged in a settlement agreement with the partners in they Yam Tethys Reservoir (hereinafter: the "**Tethys Partners**"), which was intended to settle the disputes that have arisen between the parties following the notice of the Yam Tethys Partners dated January 26, 2012, regarding the significant reduction of the quantities of gas provided by them to the Company, due to a *force majeure* event, in accordance with the provisions of the gas purchase contract between them dated March 25, 2008 (hereinafter: the "**Settlement Agreement**" and the "**Yam Tethys Agreement**", respectively).

According to the Settlement Agreement, the Yam Tethys Partners agreed to extend the Yam Tethys Agreement to September 30, 2017.

In addition, concurrently with the Settlement Agreement, DSW engaged in an short-term supply agreement with the partners in the "Tamar" Reservoir (hereinafter: the "**Tamar Partners**"), for the purchase of additional quantities of gas which, together with the quantities of gas that will be purchased pursuant to the Yam Tethys Agreement, are due to provide the Company with its full gas requirements during that period, including the quantities required by it for the purpose of operating the power station which it intends to set up in Sodom (hereinafter: the "**Tamar Agreement**"). The period of the Tamar Agreement shall commence on the date of the operation of the power station in Sodom, which is expected to take place in the second quarter of 2015, and which will come to an end on September 30, 2017.

The price of the gas which was determined in the Tamar Agreement is linked to the electricity production tariff, as shall be determined from time to time by the Public Utilities Authority – Electricity, and it includes a "floor" price.

During the interim period, which shall commence upon the satisfaction of the terms and conditions set forth in the Tamar Agreement (hereinafter: the "**Interim Period**"), the supply of the gas to DSW shall be subject to the available quantities of natural gas at that time, after the supply of gas to other customers of the Yam Tethys Partners and of the Tamar Partners, with whom agreements had been signed prior to the signing of the Tamar Agreement. The Interim Period will come to an end upon the expansion of the supply capacity of the gas conducting system from the Tamar Reservoir.

The Tamar Agreement is contingent upon receipt of approval from the Israel Antitrust Authority, insofar as this approval shall be required.

The Company expects that the scope of the annual consumption of the gas, after the operation of the power station, as is expected to be received pursuant to the Yam Tethys Agreement and the Tamar Agreement, will be approximately 0.76 BCM.



The actual savings due to the purchase of the gas pursuant to the said agreements will be affected by the entirety of all the conditions, and most of all, the date of the commencement of the supply of the gas from the Tamar Reservoir, the price of the fuel oil, the price of the electricity, and the scope and rate of the consumption of the gas.

Sincerely,

Israel Chemicals Ltd.