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Israel Corporation Ltd.

Registrar Number: 520028010

**Form 121
Public**

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Sort name: Israel Corporation

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To:

The Securities Authority

www.isa.gov.il

To:

The Tel Aviv Stock Exchange

www.tase.co.il

Immediate Report

The Event: ICL - Arbitration decision - royalties

Attached herewith is an immediate report of Israel Chemicals Ltd.

The date when the event first became known to the corporation: May 19, 2014

Time: 20:25

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: May 20, 2014

May 19, 2014

Immediate Report with Respect to the Partial Arbitration Award Regarding Royalties

Further to Note 23b(1) of the financial reports for 2013, the Company hereby wishes to report that the Partial Arbitration Award in the royalty's arbitration (the "**Arbitrators Award**") was received today. The main points of the Arbitrators Award are as follows:

1. The Dead Sea Works Ltd. ("**DSW**") has to pay royalties to the State of Israel on the sale of downstream products manufactured by subsidiaries which are controlled by ICL that have production plants both in and outside the Dead Sea area, including outside Israel.
2. The royalties shall be paid according to the value of the downstream products, which will be set according to the formula prescribed in section 15(a)(2) of the Concession Deed: the sale price of the downstream product to unrelated third parties minus the deductions set forth in sub-sections (I), (II) and (III) of that section.
3. With respect to metal magnesium, it was decided that the State of Israel and DSW should exhaust the discussion on the subject of the royalties to be paid by DSW on this material; if no agreement is reached, the subject will be returned to arbitration.

The Arbitrators Award was given with respect to fundamental determinations in respect to the liability to pay royalties on downstream products, and it does not include any reference on the financial calculations arising from the Arbitrators Award received today. The financial calculation shall be resolved within the next phase of the arbitration.

The Company, together with its financial and legal advisors, is reviewing the Arbitrators Award and its implications, including with respect to the need for adequate provisions in its financial statements.

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

Position: VP, General Counsel and Company Secretary.

Signature Date: May 19, 2014.