

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

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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Date of Transmission: 15/03/2011

Reference: 2011-01-080214

To:
The Securities Authority
via MAGNA

To:
The Tel-Aviv Stock Exchange Ltd.
via MAGNA

Dear Sir/Madam,

RE: Immediate Report - Israel Chemicals Ltd.

Attached herewith is an Immediate Report of the Company's subsidiary, Israel Chemicals Ltd. ("ICL"), as published by ICL, in connection with the statement of claim for a payment of royalties.

[ICL's report attached]

The date when the event first became known to the corporation: 14/03/2011, time: 16:30.

Reference of former documents in this regard (referring does not constitute incorporation by reference):

Former name of reporting entity:

The Israel Corporation Ltd.

Form structure updated 13/03/2011

Name of Electronic Reporter: Maya Alcheh Kaplan. Adv. Position: General Counsel (In House) and Company's Secretary. Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – mayaak@israelcorp.com



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Further to the Company's reports, including the Directors' Report as at September 30, 2010, regarding the dispute with the state over payment of royalties and consensual transfer of the dispute to arbitration, the Company reports that today, March 14, 2011, the state filed a statement of claim against a subsidiary (DSW) as part of the arbitration according to the Dead Sea Concession Law, 5721-1961. In the statement of claim, the state is claiming \$265 million for a shortfall in royalties from 2000 to 2009, bearing interest and linkage differences; \$26 million for raising royalties, as from 2010, proportionately to the annual quantity of potash sales exceeding three millions tons; and a change in the formula for calculating royalties for sales of metallic magnesium.

Initial review of the state's claims for past years shows that there are no new significant claims that were unknown to DSW and for which DSW believes, based on the legal opinion it received, that the royalties that it paid and the formula for their calculation comply with the provisions of the concession. This calculation formula has been applied consistently ever since DSW was a government company and the government was aware of and excepted the formula. Based, among others, on the legal opinion that DSW received, a provision has not been included in the financial statements for the shortfall claimed by the state.

DSW is reviewing the statement of claim and is considering its measures, including filing of a counterclaim.