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

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

Public

Sort name: Israel Corporation

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The Securities Authority The Tel Aviv Stock Exchange

www.isa.gov.il www.tase.co.il

Immediate Report

The Event: <u>ICL - Resolution of the Ministerial Committee for Legislative Affairs</u>

<u>respecting the Sheshinski Committee Conclusions</u>

See the attached report of Israel Chemicals Ltd.

The date when the event first became known to the corporation: August 20, 2015

Time: 23:30

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: August 23, 2015





August 20, 2015

Resolution of the Ministerial Committee for Legislative Affairs respecting the Sheshinski Committee Conclusions

Pursuant to the statements in the Company's annual financial statement for 2014 and its quarterly report as of June 30, 2015, published on August 12, 2015, the Company wishes to report that it was informed that the Ministerial Committee for Legislative Affairs (hereinafter: the "Ministerial Committee") has yesterday approved the Chapter respecting taxation of natural resource revenues within the draft Economic Plan for 2015-2106 Bill (hereinafter: the "Bill"), including the modifications concerning the recommendations of the Sheshinski Committee agreed upon by the Ministry of Finance and the Ministry of Economy, whose principles are as follows:

- The transfer prices of elementary bromine to related parties in Israel and outside Israel shall not be determined according to the market price but rather according to the highest of either the actual sale price to such related parties or the normative price. The transfer prices of phosphate to related parties shall be the highest of either the price determined within the framework of the transaction, or the normative price, or the production and operational costs attributed to a phosphate unit. The said normative price shall allow operational profit for the downstream products of elementary bromine and phosphates at a rate of 12%.
- 2. As for the benefits produced by the magnesium plant for the potash plant in the production of sylvanite - a mechanism has been provided for the determination of the expense at the potash plant for the savings deriving from the production of sylvanite by the magnesium plant, and respectively the income to be acknowledged for the magnesium plant. This mechanism ensures that the contribution of the magnesium plant to the potash industry shall maintain its scope despite the imposition of an excess profits tax on the production of potash.
- 3. For purposes of calculating the excess profits tax, fixed assets of Dead Sea Works Ltd. which are also used by other companies in the ICL Group, shall be allocated pro-rata between the companies, in accordance with a determined formula (excluding fixed assets used for the production or sale of magnesium).

In addition, the Ministerial Committee has instructed the Prime Minister, the Minister of Finance, the Minister of Economy and the Minister of Justice to appoint a team which will examine, among other things, the following issues, and submit its recommendations to the aforementioned Ministers:

Future investments in the field of natural resources in the Negev, focusing on employment and growth in the region. For this purpose, the team will examine, among other things, the issue of





phosphate reserves in consideration of the remaining reserves in the Rotem region, and the issue of future investments in the Dead Sea region.

b. The team will examine whether the legislative amendments provided in the Bill do not undermine the activity of the magnesium plant and the downstream activity in phosphates.

The Resolution of the Ministerial Committee provides that the Bill, to be referred to a first vote of the Knesset, shall not be brought before the Knesset for a second and third vote except in a version unanimously approved by the said Ministers or, in the absence of such approval, with the approval of the Government plenum.

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

Position: VP, General Counsel and Company Secretary

Signature Date: 20 August 2015

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