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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

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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 – Final arbitrator's Award ending dispute with Haifa Chemicals

Attached is an immediate report of Israel Chemicals Ltd.

The date when the event first became known to the corporation: October 26, 2016

Time: 13:45

The name of the authorized signatory to the report and the name of the authorized electronic signatory: Maya Alchek-Kaplan

Position: Vice President, General Counsel and Company Secretary

Date of signing: October 26, 2016



October 26, 2016

Final arbitrator's Award ending dispute with Haifa Chemicals

Further to Note 23 of the Company's financial statements for 2015 and to Note 8 of the Company's financial statements for the second quarter of 2016, regarding the dispute between the subsidiary Dead Sea Works Ltd. ("**DSW**") and Haifa Chemicals Ltd. ("**Haifa Chemicals**"), the Company hereby reports that the final award ending the arbitration was rendered yesterday with the consent of both parties (the "**Arbitration Award**").

All past disputes and legal claims currently pending between the parties relating to the Principal Arbitration Award rendered in 2014 and referring to potash sales for the years 2009 to 2016, inclusive, will be dismissed in a manner not impacting DSW by way of further payments or receivables. The execution of the Arbitration Award will be deemed as the full and complete execution of all the obligations stipulated by the 2014 Principal Arbitration Award.

The main principles of the Arbitration Award are as follows:

1. The Arbitration Award will be effective for thirteen years, commencing on January 1, 2017, and lapsing on December 31, 2029 (the "**Arbitration Award Period**").
2. During the Arbitration Award Period, DSW will be obligated to sell an annual amount of 330,000 tonnes of potash to Haifa Chemicals (the "**Committed Quantities**"). Haifa Chemicals will bear no obligation to purchase the complete Committed Quantities nor shall Haifa Chemicals be restricted from purchasing additional quantities of potash from DSW, however the binding prices, as set forth in section 3 below, shall not apply to the additional quantities.
3. The selling prices of potash in relation to the Committed Quantities will apply as determined by the arbitrator, while distinguishing between the price per the base quantity of approximately 270,000 tonnes of potash and the price for a quantity of approximately 60,000 tonnes of potash. In addition, it was determined that commencing in January 2022, DSW will be entitled to request an adjustment to the formula of the selling price as stipulated per the base quantity.

Based on the above mentioned, the impact on the Company's financial statements is not expected to be material.

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

Position: SVP, Global General Counsel and Company Secretary

Signature Date: October 26, 2016

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