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Israel Corporation Ltd.

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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 - Approval of settlement agreement

Attached is an immediate report of Israel Chemicals Ltd.

The date when the event first became known to the corporation: February 1, 2017

Time: 13:15

Name of report authorized signatory and name of authorized signatory electronic signatory: Maya Alcheh-Kaplan

Position: Vice President, General Counsel and Company's Secretary

Signing Date: February 1, 2017

Name of Electronic Reporter: Maya Alcheh-Kaplan. Position: Vice President, General Counsel and Company's Secretary. Address: Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517 Fax: 03-6844587.

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February 1, 2017

Approval of Settlement Agreement respecting the Potash Prices for Farmers in Israel

Further to the Company's immediate report dated September 22, 2014 (reference no. 2014-01-162435), and to Note 23 of the Company's annual financial statements for 2015, the Company hereby reports that the Central District Court – Lod has approved the settlement agreement between in the motion for certification of a Class Action against the Company's subsidiary Dead Sea Works Ltd. ("DSW"), respecting the potash prices in Israel. DSW entered into the settlement agreement with the plaintiff, a farmer that purchased and still purchases potash in Israel from DSW, seeking to represent a group whose members include purchasers of potash, or products containing potash, from January 1, 2007 and until the approval date of the settlement agreement (the "Past Period").

The main principles of the settlement agreement are as follows:

1. The plaintiff group was defined as all direct consumers, indirect consumers, all farmers and all end-users who purchased potash or products containing potash, and excluding Haifa Chemicals Ltd., and those that purchased potash or products thereof from it and further downwards.
2. Compensation for the past – DSW shall pay the plaintiff group a total amount of NIS 21 million (about \$5.5 million) as compensation for the Past Period. The settlement amount shall be divided in a manner whereby direct and indirect consumers shall be jointly entitled to receive NIS 1.5 million (about \$0.3 million), farmers shall be entitled to receive NIS 15 million (about \$3.98 million), a fund in accordance with Section 27A of the Class Actions Law shall be paid unto NIS 4 million (about \$1.06 million), as compensation for end-users, and the Ezer Mizion charity organization shall be entitled to a donation of NIS 500,000 (about \$132,500).
3. Future arrangement – as of the date on which the judgment validating the settlement agreement shall become decisive, and until the lapse of 7 years thereafter, the price of DSW potash "Ex-Works", not including transportation and other expenses, shall not exceed the lowest of the following: (a) USD 400 per ton potash, or (b) the average of the three lowest prices at which DSW sold potash to its international clients in the quarter preceding the sale in Israel, adjusted to Ex-Works price (the "**Protected Price**"). The Protected Price shall apply to a quantity of 20,000 tons of potash per year, and beyond that DSW shall not be subject to any obligations relating to price. It was further agreed that for granulated potash DSW shall be entitled to charge up to USD 20 per ton potash in addition to the Protected



Price. With respect to packaged potash, DSW shall be entitled to charge the Protected Price plus the average price charged from DSW's clients abroad for packaging potash.

4. The settlement constitutes *res judicata* vis-à-vis all members of the represented group as relates to the claims and causes of actions noted in the claim, as defined in the application for certification and as provided in the judgment.
5. DSW shall pay the named plaintiff an award at the amount of NIS 100,000 (about \$26,500) and fees to the class counsel at the amount of NIS 4.9 million (about \$1.3 million) plus VAT, as specified in the judgment.

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

Position: Senior Vice President, General Counsel - Global and Corporate Secretary

Date of Signature: February 1, 2017

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