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1 January 2012

**Re: Immediate Report of a Permanent Solution and Royalties**

Further to clause 9.11 of the Directors' Report for the third quarter of 2011 and the Companies' reports dated July 3, 2011 (Reference No. 2011-01-199626), September 11, 2011 (Reference No. 2011-01-269844), November 17, 2011 (Reference No. 2011-01-330438), December 28, 2011 (Reference No. 2011-01-377307), and December 29, 2011 (Reference No. 2011-01-378960), the Company hereby wishes to report that the Government of Israel today approved the proposal made by the Ministry of Finance regarding a permanent solution for the level of the Dead Sea and the royalties, which was approved by the Company's Board of Directors on December 28, 2011.

A detailed contract will be signed by the Company and that the Government of Israel.

**Sincerely,**

**Israel Chemicals Ltd.**