

Makhteshim Agan Industries Ltd
(“The Company”)

June 27, 2010

For the attention of:

The Securities Authority

www.magna.isa.gov.il

For the attention of:

The Tel-Aviv Stock Exchange Ltd

www.maya.tase.co.il

Re: Immediate Report – Approval of Material Memorandum of Understanding

The Company announces that on June 27, 2010 its Board of Directors approved the Company entering into a memorandum of understanding whereby, subject to a due diligence process, agreement and signature of a binding agreement between the parties and the fulfillment of the conditions precedent for consummation of the transaction as shall be determined as part of the binding agreement, the Company shall acquire the entire issued and paid up share capital of Albaugh Inc (the “Acquired Company”), a private company incorporated in the USA, from the shareholder holding the entire issued and paid up share capital of the Acquired Company (the “Seller”).

The Acquired Company is, to the best of the Company’s knowledge, the largest manufacturer of generic crop protection products in North and South America, marketing its products in about 50 countries around the world, and holding a significant market share.

In accordance with the terms of the Memorandum of Understanding, in consideration of the acquisition of the entire issued and paid up share capital of the Acquired Company together with all its assets and liabilities, with the Acquired Company’s net financial debt at the closing date of the transaction not exceeding USD 280 million, the Company shall pay the Seller USD 340 million in cash at the closing date of the transaction, and USD 455 million shall be paid by promissory notes in seven equal, annual, interest-bearing payments. In addition, about 59 million shares of the Company shall be allocated to the Seller, which shall represent about 12% of the Company’s issued and paid up share capital on a fully diluted basis (hereinafter together the “Acquisition Consideration”).

In the Company's opinion, subject to completion of the due diligence to the Company's satisfaction, the entering of the Parties into a binding agreement and fulfillment of the conditions precedent for closing of the transaction as shall be determined therein, closing of the transaction is likely to occur before the end of 2010. Additionally, it is clarified that at this stage the Company is unable to assess whether or not a binding agreement will be signed between the Parties or if this transaction will come about.

Sincerely,

Makhteshim Agan Industries Ltd

By: Adv. Michal Arlosoroff, Legal Counsel & Company Secretary