



For Immediate Release

MAKHTESHIM AGAN GROUP AND ALBAUGH INC. SIGN LETTER OF INTENT

***Combination Envisions Expansion of Makhteshim Agan's Global Lead
in Off-Patent Crop Protection Solutions***

***Albaugh Complements, and Brings Substantial Growth Opportunities,
in North and South America***

***Nochi Dankner: "The Transaction is Consistent with IDB Group's Strategy to Expand Its
Investments Outside of Israel"***

Tel Aviv, Israel and Ankeny, Iowa, US (June 27, 2010) – The Makhteshim Agan Group (TASE:MAIN), the world leader in branded off-patent crop protection solutions, and **Albaugh Inc.** (“Albaugh”), a privately held, leading manufacturer of off-patent crop protection products operating in the Americas, announced today that they have signed a Letter of Intent (“LOI”) providing for the acquisition of Albaugh by Makhteshim (“MAI”).

Under the terms of the LOI, Albaugh will be acquired for consideration of US\$340 million payable in cash upon completion; US\$455 million in notes; 59 million common shares of MAI (equal to approximately 12% of market share); and the assumption of up to US\$280 million of Albaugh debt (the “Consideration”).

The boards of directors of both companies unanimously approved signing the Letter of Intent. The acquisition is conditional upon the successful completion of due diligence, the signing of a binding Sales and Purchase Agreement (“SPA”) and approval of both companies’ boards, and is subject to regulatory clearances in the U.S., Europe and other relevant jurisdictions, as well as other customary conditions. MAI expects the transaction to close in the 4th Quarter of 2010 and to become EPS accretive, on a non-GAAP basis, one year after completion of the acquisition.

The acquisition of Albaugh reinforces MAI’s position as the global leader in the off-patent crop protection industry by significantly expanding its operations in the Americas. Founded in 1979, by Dennis Albaugh, the company is the leading off-patent player in the Americas, particularly in the U.S., Mexico, Argentina and Brazil.

In the U.S., Albaugh, headquartered in Ankeny, Iowa, features a state-of-the-art Glyphosate synthesis plant and best-in-class supply chain management system with a diversified formulation site at an optimal location in the heart of the U.S. grain belt. The facility has nine high-speed packing lines, six million gallons of storage capacity and a large scale, advanced supply chain and logistics system (including its own truck fleet plus tank trailers and rail link access).

In Latin America, Albaugh is a leading producer in the growing Mercosur market for 2,4-D and Glyphosate and other products with a unique cost position. Its sales are driven by major herbicides for use with genetically modified organisms (“GMOs”), and sugar. Albaugh is known for building strong relationships with main distributors and possesses an expert management team with an average of 18 years of individual industry experience. In Argentina, Albaugh’s subsidiary, Atanor, and MAI’s existing businesses are highly complementary and, combined, should provide significant opportunities for growth and development.



As the global leader in the off-patent crop protection industry, the combined company will be well positioned to benefit from major agricultural growth trends, such as increases in the world population, crop demand for bio-fuel use, as well as increasing meat consumption in developing countries. It will operate in areas with significant growth potential and with a portfolio of products that can leverage the most important growth trends. The combined company is also poised to profit from economies of scale, with potential operating synergies of US\$50 million to US\$60 million. Customers of both companies stand to benefit from access to a broader range of crop protection solutions and the efficiencies of the combined companies' supply chain.

Mr. Dennis Albaugh, current sole owner of Albaugh, will become Chairman of North America and, upon completion of the transaction, he will be a major shareholder in MAI. His U.S. management team will include Spencer Vance, currently the President of Albaugh, who will become CEO, and Rob Williams, currently CEO of Makhteshim Agan North America (MANA), who will become Deputy CEO. In Argentina, Miguel Gonzalez will continue to serve as President and CEO of Albaugh's subsidiary, Atanor. The entire Americas management team will report to Shaul Friedland, MAI's President and CEO of the Americas.

Commenting on the acquisition, Nochi Dankner, Chairman of the IDB Group, MAI's largest shareholder, said, "We are very supportive of the transaction, which is consistent with IDB's strategy to expand our investments outside of Israel. This is an important development for Makhteshim Agan and for the IDB Group."

Avraham Bigger, Makhteshim Agan's Chairman of the Board, said, "This transaction strengthens our position as a world leading manufacturer and distributor of branded off-patent crop protection products. Albaugh is an excellent strategic and geographic fit, and the directors of MAI believe the acquisition represents compelling value. It complements MAI's current business with Albaugh's top-notch operations in the Americas, innovative delivery and distribution systems, and stellar customer relationships."

Erez Vigodman, President and CEO of Makhteshim Agan, said, "This is a transformational acquisition for MAI, consistent with our strategy of growing the business organically and through acquisition. It also addresses a number of key strategic challenges which we identified in the beginning of 2010. It extends our industry leadership to North and South America, giving us the opportunity to participate in fast-growing markets and significantly improving the global balance and diversity of our revenue sources. In combining the many strengths of MAI and Albaugh, we will create substantial value for our customers, our employees and our shareholders for years to come."

Dennis Albaugh, Chairman and CEO of Albaugh, said, "We are confident that this combination will bring significant benefits to our customer and employees alike. Together, our two companies will provide customers with a broader, more diverse product portfolio to serve their needs, and we will continue to operate through strong partnerships with our network of distributors. As part of a stronger, more competitive combined company, our employees will be given the tools and opportunities to compete more effectively in the global marketplace."

KEY BENEFITS OF THE TRANSACTION INCLUDE:

- Potential to be accretive to earnings within one year of completion on a non-GAAP basis;
- Significant penetration into the North American agriculture chemicals markets;
- Market-leading, low-cost operations in Latin America, with complementary sales capabilities and distribution relationships that positions the combined company to benefit also from projected growth of sugar/ethanol markets;



- Highly efficient global production network coupled with best-in-class supply chain;
- Attractive economies of scale in sourcing, manufacturing, development and registration to support international growth;
- Improved geographic balance across northern and southern Hemispheres promotes improved consistency in revenue flows and helps reduce exposure to currency translation risks;
- Strengthening of team by combining experienced and market-based managers of Albaugh with MAI capabilities;
- Significant product cross-selling opportunities expected across entire enlarged Company;
- Improved production capabilities in major and growing molecules, and
- Improved cost structure of active ingredients and products markets.

ABOUT MAKHTESHIM AGAN GROUP

Makhteshim Agan Industries, Ltd. (TASE: MAIN) is a world leading manufacturer and distributor of branded off-patent crop protection products. With sales of US\$2.2 billion in 2009, MAI ranks seventh in global agrochemical companies, fourth in Europe, with a global share of over 5%. The Company is characterized by its know-how, high-level technological-chemical abilities, expertise in product registration, observance of strict standards of environmental protection, stringent quality control and global marketing and distribution channels. The Company is well positioned to leverage its global scale in sourcing, manufacturing, development and registration to support attractive international growth drivers.

ABOUT ALBAUGH

Albaugh is a leading off-patent crop protection company operating in the Americas, producing major genetically modified organism (“GMO”) driven herbicides mainly for the Americas but also for the international market. Albaugh, which is independently owned, has advanced supply chain capabilities in North America’s Midwest and is a leading producer in the Mercosur of 2,4-D and glyphosate with a leading low cost production position.



CONTACTS

For MAI

Financial Public Relations

Kreab Gavin Anderson

London

Robert Speed

James Benjamin

+44 20 7074 1800

New York

Richard Wolff

William McBride

+1 212 515 1970

+917 239 6726

Ran Rahav Communications and Public Relations

Tel Aviv

Ran Rahav

+972 3 718 8555

FOR ALBAUGH

Stuart Feldstein

Vice-President

+1 515 965 5253