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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

Sort name: Israel Corporation

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To:  
The Tel Aviv Stock Exchange  
[www.tase.co.il](http://www.tase.co.il)

**Immediate Report**

The Event: Maalot rating.

Attached hereto: the August 6 report of Maalot.

The date when the event first became known to the corporation: August 6, 2013

Time: 10:00

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

Position: Vice President, General Counsel and Company Secretary

Date of signing: August 6, 2013

# Israel Corp. Ltd.

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August 6, 2013

## Bulletin

# No Change In Ratings Following Placement Of Israel Chemicals' Ratings On CreditWatch Negative

### Primary Credit Analyst:

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**Tel Aviv, August 6, 2013:** Standard & Poor's Maalot announced today that the 'iIA+/Stable' rating on Israel-based holding company, The Israel Corp. Ltd., remains unchanged following our announcement on August 4, 2013 to place the 'iIAA+' ratings of its subsidiary, Israel Chemicals Ltd. (ICL) on CreditWatch with negative implications.

On July 30, 2013, Russia-based Uralkali OJSC announced its intention to cease selling potash via the marketing company, Belarusian Potash Company (BPC). Instead, Uralkali intends to conduct sales through its direct marketing arm. This decision by the world's largest potash company could significantly change the structure of the global potash market and lead to price competition, and hence lower profitability for companies in the sector, including ICL.

Uralkali's announcement, together with the expected impact on ICL's operating results, led to a drop of about 20% in ICL's market value. Consequently, our estimation of Israel Corp.'s leverage (loan to value) increased to 27% from the 23% level prior to Uralkali's announcement. However, despite the increase in holding level leverage, Israel Corp.'s gearing remains lower than 35%, which we consider commensurate with its current rating, given our assessment of its investment portfolio's risk profile.

A potential negative impact on ICL's profitability could lead to lower dividends for Israel Corp, depending on the extent of such an impact. This could, in turn, impact Israel Corp.'s liquidity profile, which we may then reassess as "adequate", according to our methodology, rather than the current "strong" assessment. According to our methodology, we consider both an "adequate" and "strong" level of liquidity as being neutral for the rating.

In addition, though there is a possibility that we could lower ICL's rating in the short term, we are unlikely to change our assessment of Israel Corp.'s investment portfolio risk profile for as long as ICL retains an iIAA group rating. Accordingly,

The Israel Corp. Ltd.

and based on current information, despite the potential for deterioration in its investment portfolio's credit quality, we believe that Israel Corp.'s business risk profile is unlikely to be affected in the short term.

Due to the preliminary assessment detailed above, we therefore do not expect to take rating action on Israel Corp in the short term following ICL's rating being placed on CreditWatch with negative implications.

Please note that this translation was made for the company's use only and under no circumstances obligates Standard & Poor's Maalot. In the case of any discrepancy with the official Hebrew version published on August 6, 2013, the Hebrew version shall apply.

Standard & Poor's Maalot ratings are based on information received from the Company and from other sources that Standard & Poor's Maalot believes to be reliable. Standard & Poor's Maalot does not audit the information it receives nor does it verify the correctness or completeness of such information.

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