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Israel Corporation Ltd.

Registrar Number: 520028010

Securities of the Corporation are listed in the Tel Aviv Stock Exchange

Sort name: Israel Corporation

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Form 125

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To: The Securities Authority www.isa.gov.il

To: The Tel Aviv Stock Exchange www.tase.co.il

Immediate Report regarding rating of debentures or corporation

On December 30, 2010, Standard & Poor's Maalot published a rating report regarding debentures of the Company:

Name and type of Securities	Securities No. in Stock Exchange	Rating Agency	Current Rating	Notes
Debenture (Series 6)	*5760152*	*Maalot*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 7)	*5760160*	*Maalot*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 8)	*5760178*	*Maalot*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 9)	*5760202*	*Maalot*	*Maalot A+/Stable*	*Rating Confirmation*

Rating History:

Name and type of Securities	Securities No. in Stock Exchange	Rating Date	Rating	Notes
Debenture (Series 6)	*5760152*	*March 6, 2007*	*Maalot AA/Stable*	*Initial Rating*
Debenture (Series 7)	*5760160*	*March 6, 2007*	*Maalot AA/Stable*	*Initial Rating*
Debenture (Series 6)	*5760152*	*June 7, 2007*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 7)	*5760160*	*June 7, 2007*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 6)	*5760152*	*December 3, 2007*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 7)	*5760160*	*December 3, 2007*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 8)	*5760178*	*December 3, 2007*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 6)	*5760152*	*January 13, 2008*	*Maalot AA/Stable*	*Rating Confirmation*
Debenture (Series 7)	*5760160*	*January 13, 2008*	*Maalot AA/Stable*	*Rating Confirmation*

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Debenture (Series 8)	*5760178*	*January 13, 2008*	*Maalot AA/Stable*	*Initial Rating*
Debenture (Series 6)	*5760152*	*February 12, 2009*	*Maalot AA-/Negative*	*Rating reduction*
Debenture (Series 7)	*5760160*	*February 12, 2009*	*Maalot AA-/Negative*	*Rating reduction*
Debenture (Series 8)	*5760178*	*February 12, 2009*	*Maalot AA-/Negative*	*Rating reduction*
Debenture (Series 6)	*5760152*	*September 21, 2009*	*Maalot A+/Stable*	*Rating reduction*
Debenture (Series 7)	*5760160*	*September 21, 2009*	*Maalot A+/Stable*	*Rating reduction*
Debenture (Series 8)	*5760178*	*September 21, 2009*	*Maalot A+/Stable*	*Rating reduction*
Debenture (Series 6)	*5760152*	*July 1, 2010*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 7)	*5760160*	*July 1, 2010*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 8)	*5760178*	*July 1, 2010*	*Maalot A+/Stable*	*Rating Confirmation*
Debenture (Series 9)	*5760202*	*July 1, 2010*	*Maalot A+/Stable*	*Initial Rating*

Attached is Maalot Report.

The Rating for the debentures of the Company which are traded in the Tel Aviv Stock Exchange is valid also to the debentures of the Company which were issued to institutional investors.

Reference of former documents in this regard (referring does not constitute incorporation by reference):

Former name of reporting entity:
The Israel Corporation Ltd.

Form structure updated 30/12/2010

Name of Electronic Reporter: Maya Alcheh Kaplan. Adv. Position: General Counsel (In House) and Company's Secretary. Aranha 23, Millennium Tower, Tel Aviv 61204. Phone – 03-6844517, Fax: 03-6844587, e-mail – mayaak@israelcorp.com

STANDARD & POOR'S Maalot

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January 3, 2011

Israel Corporation

'ilA+' Rating Affirmed; Outlook Stable On Expectations Of Leverage Remaining At Level Commensurate With Rating

Primary Credit Analyst: Yuval Torbati yuval_torbati@standardandpoors.com
Secondary Credit Analyst: Itzik Maissi Itzik_maissi@standardandpoors.com

Overview

- There is no significant change in Israel Corp.'s portfolio composition and the company continues to maintain low leverage.
- Major subsidiary, Israel Chemicals (ICL), continues to report good performance and to distribute dividends in line with expectations. Subsidiary Zim Integrated Shipping Services, which last year reached a restructuring agreement with its creditors, more recently reported two quarters of marked improvement in operating performance and liquidity.
- The company's rating continues to be constrained by the dominance of, and high dependence of the group on, ICL, which accounts for 82% of its asset portfolio and more than 90% of its dividend income.
- We are affirming the 'ilA+' rating for operating holding company, Israel Corporation Ltd.
- The stable outlook reflects our expectations that the company will manage to maintain LTV of no more than 35% while implementing its investment program and distributing relatively modest dividends.

Rating Action

On December 30, 2010, Standard & Poor's Maalot affirmed its 'ilA+' long-term corporate credit rating on operating holding company, Israel Corporation Ltd. The outlook remained stable.

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Rationale

In examining Israel Corp.'s business risk, we consider the creditworthiness of its holdings, the asset and sector diversification of its investment portfolio, and the level of asset liquidity in the portfolio. In assessing the financial risk, we focus on the financial leverage of the holding company as expressed in LTV, the ratio between total net (stand-alone) debt and portfolio value, and on coverage ratios, as expressed in the ratio between dividends and management fees received, and finance expenses, G&A expenses and dividends paid to the shareholders. The combined business and financial risk profiles testify to the level of the company's financial flexibility and its ability to refinance debt or sell assets quickly in order to pay debts. Our affirmation of Israel Corp.'s rating reflects our assessment that there were no significant changes in business or financial risk, although one should note the improvement in the credit rating of Zim which accounts for only 3.4% of the investment portfolio, and the drop in LTV to 15% from 20% at the time of the last rating surveillance report. Most of the drop in leverage stemmed from a rise of almost 20% in the value of ICL shares during 2010.

Israel Corp. is heavily dependent on the performance of ICL (ilAA+/Stable), which accounts for 82% of the investment portfolio and is responsible for more than 90% of dividends received. ICL enjoys one of the highest business and financial profiles of any company rated by S&P Maalot. Israel Corp. in effect relies on ICL, *inter alia*, for capital injections into its budding companies such as INKIA, OPC, Chery Quantum and Better Place. ICL reported good operating performance in 2010 and continues to benefit from a positive trend in potash prices, potash demand, commodity prices (grain) and the consolidation of major manufacturers in the sector. We believe that the long-term trends in the potash market will remain positive and that ICL's financial results will be favorable in the near future.

Regarding Zim (ilBB+/Positive), the company has already injected about $700 million over the past two years, and we believe that the recent positive developments in this subsidiary grant it a positive value in the company's portfolio. However, Zim remains highly leveraged and its business environment continues to be volatile.

The company's leverage is relatively low and allows for good financial flexibility, mitigated by the fact that the company holds the controlling stake in ICL, which reduces its willingness to sell shares which would presumably lower its stake to below 50% (in other words it enjoys a control premium). The company carries (gross) stand-alone debt of $2.5 billion and a portfolio value of $13.5 billion. Excluding cash, the company has an LTV of about 15%. We believe that given the company's rating, this relatively low leverage gives the company a buffer to take on additional debt or to withstand a drop in portfolio value all the while maintaining its current rating. Given our current assessment of the business parameters, we believe the current rating is commensurate with an LTV of up to 35%.

Liquidity

We view Israel Corp.'s liquidity as "strong". As of November 2010, the company had cash of $645 million and maturities of $670 million up to and including 2012. Given its liquid balances, its expected dividends from ICL, its proven ability to refinance in the banking system and its current needs (G&A and finance expenses), we consider the company's liquidity level as strong and supportive of the current

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rating. About 32% of the company's debt is bank debt, and in this framework, the company must meet two major financial covenants, under which the company maintains significant headroom. The company has also pledged about 37% of its holdings in ICL as collateral for bank debt, though we understand that there are no margin calls as part of this financing agreement.

In our opinion, the company's interest cover ratio (dividends received to interest and G&A expenses) in 2011 is expected to be greater than 3.0x while the total cover ratio (dividends received to interest, G&A and dividends paid) is expected to reach 2.2x. We believe that these ratios are strong and offer a safety net for unexpected developments in the level of dividends received from ICL.

Outlook

The stable outlook reflects our assessment that Israel Corp. will maintain LTV of no more than 35%, while balancing the level of its new investments with the return to its shareholders. We would consider a negative rating action should there be a significant deterioration in ICL's ability to generate cash flow thus jeopardizing its ability to distribute the dividends essential to Israel Corp. for servicing its debt and its investment obligations in its other holdings. Given the high asset concentration in its portfolio and the company's long-term investment horizon (effectively limiting its financial flexibility), we believe that a positive rating action would require an improvement in the diversification of the investment portfolio and overt communication of a clear financial policy.

Related Criteria And Research

Methodology - Rating Methodology for European Investment Holding and Operating Holding Companies, May 28, 2004

This article can be found on http://www.standardandpoors.com

Ratings List

	To
Israel Corp.	ilA+/Stable
Series 3	ilA+
Series 4	ilA+
Series 5	ilA+
Series 6	ilA+
Series 7	ilA+
Series 8	ilA+
Series 9	ilA+
Institutional 2002	ilA+

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