

This is an English convenience translation from the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

**Israel Corporation Ltd.**

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**ISRAEL CORPORATION**

**Adv. Noga Yatziv**

Company Secretary and Assistant to the President

November 8, 2009

To:  
The Securities Authority  
via MAGNA

To:  
The Tel Aviv Stock Exchange Ltd.  
via MAGNA

Dear Sir/Madam,

**Re: Immediate Report - V-Cars Lawsuit**

Further to the Second Quarter Report of the Company dated August 27, 2009, regarding the dismissal of the Company and Quantum (2007) LLC, a fully owned subsidiary of the Company (hereinafter: "**Quantum**"), from a lawsuit that was filed against them and against Chery Automobile Co., Ltd. (hereinafter: "**Chery**") and executives of Chery, and against Chery Quantum Auto Co. Ltd., a joint venture for the manufacturing of automobiles in the PRC, owned by Chery (55%) and by Quantum (45%) by a US company named V-Cars LLC (hereinafter: "**V-Cars**") which held negotiations with Chery for the establishment of a joint venture for the manufacturing of automobiles in the PRC and for their distribution in the United States, all due to the lack of jurisdiction of the court of the state of Michigan, the Company hereby notifies that it has come to its knowledge that V-Cars has filed a similar lawsuit solely against the Company in the Federal Court of New-York state (According to the court resolution regarding the dismissal, V-Cars is entitled to file the said lawsuit in another jurisdiction). Similarly to the previous lawsuit, in the framework of the lawsuit (same as the lawsuit before) the plaintiff argues for damages allegedly caused to it, which include losses of a total of approx. USD26 million and in addition, the plaintiff argues for the loss of future profits from its expected share in the venture, of a total of USD1.1 billion. Considering the fact that the lawsuit was not yet delivered to the Company, the Company shall have the possibility to address the lawsuit in further detail after the lawsuit will be delivered to it and transferred for review by its legal counsels in the United States.

Sincerely,

Noga Yatziv