

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

March 24, 2009

To:  
The Securities Authority  
via MAGNA

To:  
The Tel Aviv Stock Exchange Ltd.  
via MAGNA

Dear Sir/Madam,

**Immediate Report: V-Cars Lawsuit – Motion to Dismiss**

Further to the Immediate Report of the Company dated July 23, 2008, the Company hereby reports that on March 18, 2009 the court of Michigan, United States, granted the Company and Quantum (2007) LLC, a subsidiary of the Company ("**Quantum**"), their motion to dismiss them from the lawsuit that was filed by a US company named V-Cars LLC against them and against others, including Chery Automobile Co. Ltd. ("**Chery**") and the Joint Venture for the manufacturing of automobiles in the PRC owned by Chery and by Quantum. The decision of the court was based on the lack of jurisdiction of the court of Michigan. The lawsuit shall remain open as to the other defendants. It is noted that in the framework of the Joint Venture contract between Quantum and Chery mutual indemnity provisions were set between the parties with respect to damages occurred as a result of proceedings taken by the Plaintiff. It is further noted that the decision to dismiss the Company and Quantum from the lawsuit did not refer to the substance of the lawsuit. In addition, the Plaintiff is entitled to appeal the decision until April 20, 2009.

Sincerely,

Israel Corporation Ltd.