

Translation of Immediate Report

Bank Leumi le-Israel B.M.

Registration No. 520018078

Securities of the Corporation are listed on The Tel Aviv Stock Exchange

Abbreviated Name: Leumi

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24 August 2011

Reference Number 2011-01-250584

To: Israel Securities Authority (www.isa.gov.il)
The Tel Aviv Stock Exchange (www.tase.co.il)

Immediate Report

Nature of Event: Lehman Brothers

Pursuant to the Immediate Reports dated 18 September 2008 and 9 December 2008, in which the Bank announced that following the collapse of the Lehman Brothers investment bank group (“the Investment Bank”), an amount of some \$100 million had not been returned to the Bank, in respect of securities issued by a company within the Investment Bank’s group (“the Security”) – the Bank hereby announces that yesterday the Court’s ruling concluding the legal proceedings between the Bank and the Investment Bank (“the Court’s Final Ruling”) was received at the Bank's offices

The conclusion of the said legal proceedings was made possible following a series of arrangements which the Bank had reached with companies from the Investment Bank’s group. These arrangements include the following: The legal proceedings in Israel between the Bank and Lehman Brothers International (Europe) (“LBIE”) are concluded, pursuant to a settlement agreement reached by the Bank and the trustee for LBIE’s assets, and which has been approved by the Israeli Court. In accordance with this settlement, the Bank has exercised the liens placed on LBIE’s rights in Israel, and has sold the Security – all for a total amount of some NIS 210 million; The legal proceedings in the United States between the Bank and Lehman Brothers Inc. (“LBI”) were concluded, pursuant to a settlement agreement reached by the Bank and the trustee for LBI’s assets, and which has been approved by the United States Bankruptcy Court. The proceedings in the United States were initiated against the Bank in response to legal proceedings conducted by the Bank in Israel to exercise its legal rights for repayment of the funds owed to it. The Court’s Final Ruling cancelled the lien imposed by the Bank against LBI’s assets in Israel, in accordance with the provisions of the settlement agreement. Pursuant to the Court’s Final Ruling, the proceedings which the Bank

had initiated in Israel against Lehman Brothers Holdings (“LBHI”) and against Lehman Brothers Securities N.V. have also been struck off.

The Bank’s (pre-tax) profit due to the said arrangements will amount to some NIS 130 million

Date and time at which the corporation first became aware of the matter being the subject of the report: 23 August 2011 Time: 16:20.

Name of Electronic Reporter: Yael Rudnicki, Position: Group Secretary
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