

**Information Memorandum dated September 6, 2018**



**STATE OF ISRAEL**  
**BOND ISSUANCE PROGRAMME**

*Promoter*

**Development Company for Israel (International) Limited**

**AN INVESTMENT IN BONDS ISSUED UNDER THE PROGRAMME  
INVOLVES CERTAIN RISKS.**

**YOU SHOULD HAVE REGARD TO THE RISK FACTORS DESCRIBED IN  
SECTION 2 (*RISK FACTORS*) OF THIS INFORMATION MEMORANDUM.**

## ABOUT THIS DOCUMENT

### *What is this document?*

This document has been prepared for the purpose of giving information with regard to the issue of bonds ("**Bonds**") under the Bond Issuance Programme (the "**Programme**") of State of Israel (the "**Issuer**", "**Israel**" or the "**State of Israel**").

Pages i to 93 (inclusive) of this document comprise an information memorandum (the "**Information Memorandum**"), which has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**" or "**UK Listing Authority**"), the United Kingdom competent authority for the purposes of the Prospectus Directive (as defined herein) and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

This Information Memorandum contains information describing the Issuer, as well as certain material risks faced by the Issuer, and is intended to provide investors with the information necessary to enable them to make an informed investment decision before purchasing any Bonds.

This Information Memorandum is valid for one year from the date hereof and may be supplemented from time to time to reflect any significant new factor, material mistake or inaccuracy relating to the information included in it.

This Information Memorandum relates only to Bonds which are not Exempt Bonds. References in this Information Memorandum to "**Bonds**" are to Bonds other than Exempt Bonds.

### *Offering Memorandum for Exempt Bonds*

Pages 94 to 120 (inclusive) of this document comprise an offering memorandum (the "**Offering Memorandum**"). The Offering Memorandum has been prepared by the Issuer in connection with the issuance of bonds under the Programme for which no prospectus is required to be published under the Prospectus Directive (the "**Exempt Bonds**").

The Offering Memorandum has not been reviewed or approved by the UK Listing Authority and does not constitute a prospectus for the purpose of the Prospectus Directive.

### *What types of Bonds does this Information Memorandum relate to?*

This Information Memorandum relates to the issuance of two different types of Bonds: fixed rate Bonds, on which the Issuer will pay interest at a fixed rate, and floating rate Bonds, on which the Issuer will pay interest at a floating rate.

The State of Israel reserves the right to terminate the arrangements set out in this Information Memorandum and cease or suspend issuing Bonds of any particular type or maturity, or to cease or suspend issuing Bonds in their entirety, in the future. Any such termination shall be notified to the Promoter in writing.

#### *Fixed rate Bonds*

Mazel tov savings bonds ("**Mazel Tov Savings Bonds**"): Mazel Tov Savings Bonds are fixed rate Bonds and may be offered in Euro ("**Euro Mazel Tov Savings Bonds**"), British Pound Sterling ("**Sterling Mazel Tov Savings Bonds**") or United States Dollars ("**U.S. Dollar Mazel Tov Savings Bonds**"), with interest payable upon maturity. U.S. Dollar Mazel Tov Savings Bonds may be offered with maturities of 5 and 10 years, and Euro Mazel Tov Savings Bonds and Sterling Mazel Tov Savings Bonds may be offered with a maturity of 5 years.

Savings bonds ("**Savings Bonds**"): Savings Bonds are fixed rate Bonds, and may be offered in Euro ("**Euro Savings Bonds**"), British Pound Sterling ("**Sterling Savings Bonds**") or United States Dollars ("**U.S. Dollar Savings Bonds**") with maturities of 1, 2, 3, 5 and 10 years, with interest payable upon maturity.

Jubilee bonds ("**Sterling Jubilee Bonds**"): Sterling Jubilee Bonds are fixed rate Bonds, and may be offered in British Pound Sterling and offered with maturities of 1, 2, 3, 5 and 10 years, with interest payable semi-annually and upon maturity.

Jubilee fixed rate bonds ("**U.S. Dollar Jubilee Fixed Rate Bonds**"): U.S. Dollar Jubilee Fixed Rate Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of 1, 2, 3, 5, 10 and 15 years, with interest payable semi-annually and upon maturity.

Maccabee fixed rate bonds ("**U.S. Dollar Maccabee Fixed Rate Bonds**"): U.S. Dollar Maccabee Fixed Rate Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of 1, 2, 3, 5, 10 and 15 years, with interest payable semi-annually and upon maturity.

Sabra savings bonds ("**U.S. Dollar Sabra Savings Bonds**"): U.S. Dollar Sabra Savings Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of 1, 2, 3, 5 and 10 years, with interest payable upon maturity.

#### *Floating rate Bonds*

Floating rate bonds ("**Euro Floating Rate Bonds**"): Euro Floating Rate Bonds are floating rate Bonds, and may be offered in Euro with maturities of 1, 2, 3, 5 and 10 years, with interest payable semi-annually and upon maturity.

Floating rate LIBOR bonds ("**U.S. Dollar Floating Rate LIBOR Bonds**"): U.S. Dollar Floating Rate LIBOR Bonds are floating rate Bonds, and may be offered in United States Dollars and with maturities of 1, 2, 3, 5 and 10 years, with interest payable semi-annually and upon maturity.

#### *How does this Information Memorandum work?*

The contractual terms of any particular issuance of Bonds will be comprised of the terms and conditions set out in Appendix B (*Conditions of the Bonds*) at pages 72 to 90 of this Information Memorandum (the "**Conditions**"), as completed by a separate final terms document, which is specific to that issuance of Bonds (the "**Final Terms**").

The Conditions are comprised of numbered provisions (1-15) including generic provisions that are applicable to Bonds generally and certain optional provisions that will only apply to certain types of Bonds.

The following provisions within the Conditions (together with the introductory wording appearing before Condition 1 on page 73) apply to Bonds generally:

- Condition 1 (*Defined Terms*);
- Condition 2 (*Type of Bonds*);
- Condition 3 (*Status of the Bonds*);
- Condition 4 (*Early Redemption*);
- Condition 5 (*Event of Default*);
- Condition 6 (*Additional Provisions relating to the Calculation of Interest*);
- Condition 7 (*Interest and Principal Payment*);
- Condition 8 (*Taxation*);
- Condition 9 (*Transferability*);
- Condition 10 (*Purchase of Bonds*);
- Condition 11 (*Bond Certificates*);

- Condition 12 (*Prescription*);
- Condition 13 (*Fiscal Agent*);
- Condition 14 (*Governing Law*); and
- Condition 15 (*Jurisdiction; Waiver of Immunity; Consent to Service and Enforceability*).

The following Conditions contain certain optional provisions that will only apply to certain issuances of Bonds:

- Condition 2.1.1 (*The Euro Floating Rate Bonds*) relates to Euro Floating Rate Bonds only;
- Condition 2.1.2 (*The Euro Mazel Tov Savings Bonds*) relates to Euro Mazel Tov Savings Bonds only;
- Condition 2.1.3 (*The Euro Savings Bonds*) relates to Euro Savings Bonds only;
- Condition 2.2.1 (*The Sterling Jubilee Bonds*) relates to Sterling Jubilee Bonds only;
- Condition 2.2.2 (*The Sterling Mazel Tov Savings Bonds*) relates to Sterling Mazel Tov Savings Bonds only;
- Condition 2.2.3 (*The Sterling Savings Bonds*) relates to Sterling Savings Bonds only;
- Condition 2.3.1 (*The U.S. Dollar Floating Rate LIBOR Bonds*) relates to U.S. Dollar Floating Rate LIBOR Bonds only;
- Condition 2.3.2 (*The U.S. Dollar Jubilee Fixed Rate Bonds*) relates to U.S. Dollar Jubilee Fixed Rate Bonds only;
- Condition 2.3.3 (*The U.S. Dollar Maccabee Fixed Rate Bonds*) relates to U.S. Dollar Maccabee Fixed Rate Bonds only;
- Condition 2.3.4 (*The U.S. Dollar Mazel Tov Savings Bonds*) relates to U.S. Dollar Mazel Tov Savings Bonds only;
- Condition 2.3.5 (*The U.S. Dollar Sabra Savings Bonds*) relates to U.S. Dollar Sabra Savings Bonds only; and
- Condition 2.3.6 (*The U.S. Dollar Savings Bonds*) relates to U.S. Dollar Savings Bonds only.

The applicable Final Terms will complete the above Conditions in respect of any particular issuance of Bonds.

***What other documents should I read?***

This Information Memorandum contains all information which is necessary to enable investors to make an informed decision regarding the financial position and prospects of the Issuer and the rights attaching to the Bonds. Some of this information (such as the latest Exhibit D to the Issuer's Annual Report on Form 18-K, a form used by non-US sovereign governments to file annual reports with the United States Securities and Exchange Commission, and Exhibit D-1 to Amendment No. 1 to the Issuer's Annual Report on Form 18-K/A) is incorporated by reference into this Information Memorandum (see Section 5 (*Information Incorporated by Reference*)) and some of this information (such as the interest rate, issue date, maturity date, and other details specific to a particular series of Bonds) is completed in the Final Terms.

Before making any investment decision in respect of any Bonds, you should read this Information Memorandum, including Appendix A (*Defined Terms*), Appendix B (*Conditions of the Bonds*) and Appendix C (*The Promoter*), together with the documents incorporated by reference, as well as the Final Terms relating to such Bonds.

Electronic copies of this Information Memorandum, any documents incorporated herein and the Final Terms relating to any Bonds will be made available on the website of Development Company for Israel (International) Limited (the "**Promoter**") at [www.israelbondsintl.com](http://www.israelbondsintl.com) and physical copies may also be inspected at the Promoter's offices at the address specified on the last page of this Information Memorandum.

***What information is included in the Final Terms?***

While this Information Memorandum includes general information about all Bonds, the Final Terms is the document that sets out certain relevant economic terms of each particular issuance of Bonds under the Programme which is not already included in the Conditions. The Final Terms will contain, for example:

- the Offer Period of the Bonds being issued;
- the Public Offer Jurisdiction(s) of the Bonds being issued;
- the currency of the Bonds being issued;
- the applicable interest rate(s) of the Bonds being issued;
- the maturity date(s) of the Bonds being issued; and
- any other information needed to complete the Conditions (identified in the Conditions by the words "as specified in the applicable Final Terms" or other equivalent wording).

***Is any part of this Information Memorandum relevant to particular types of Bond only?***

This Information Memorandum includes information that is relevant to all types of Bonds that may be issued under the Programme; however, as described above, certain provisions of the Conditions of this Information Memorandum are relevant to particular types of Bonds only.

***What if I have further queries relating to this Information Memorandum and the Bonds?***

Please refer to the section below starting on page ix entitled "*How do I use this Information Memorandum?*". If you have any questions regarding the content of this Information Memorandum, any Final Terms, any Bonds or the actions you should take, it is recommended that you seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.

***Information in respect of the Benchmarks Regulation***

Amounts payable on Floating Rate Bonds will be calculated by reference to LIBOR or EURIBOR as specified in the relevant Final Terms. As at the date of this Information Memorandum, the administrator of LIBOR, ICE Benchmark Administration Limited, is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**"); the administrator of EURIBOR is not included in ESMA's register of administrators. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that European Money Markets Institute (as administrator of EURIBOR) is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## IMPORTANT NOTICES

### ***Responsibility for this Information Memorandum***

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

### ***Applicable Conditions***

The Conditions set out herein apply to Bonds issued under the Programme on or after September 6, 2018 *provided, however, that* the terms and conditions set out in the information memorandum relating to the Programme dated September 22, 2017 will apply to any Bonds which were the subject of a Public Offer made before September 6, 2018 (notwithstanding that such Bonds may be issued on or after September 6, 2018).

The terms and conditions set out in the Offering Memorandum apply to Exempt Bonds issued under the Programme on or after September 6, 2018 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 22, 2017 will apply to any Exempt Bonds which were offered for sale before September 6, 2018 (notwithstanding that such Exempt Bonds may be issued on or after September 6, 2018).

### ***Other relevant information***

This Information Memorandum must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Bonds, must be read and construed together with the relevant Final Terms.

### ***Unauthorised information***

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any information supplied by the Issuer or the Promoter and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Promoter.

Neither the delivery of this Information Memorandum or any Final Terms nor the offering, sale or delivery of any Bond shall, in any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### ***Restrictions on distribution***

The distribution of this Information Memorandum and any Final Terms and the offering, sale and delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Final Terms comes are required by the Issuer and the Promoter to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of this Information Memorandum or any Final Terms and other offering material relating to the Bonds, see Section 6 (*Subscription and Sale*). In particular, Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Bonds and should not be considered as a recommendation by the Issuer or the Promoter that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Bonds.

***The Bonds may not be a suitable investment for all investors***

No advice, recommendation or inducement to apply for a Bond is made or given by or on behalf of the State of Israel or the Promoter and in considering the purchase of a Bond you must rely wholly upon your own judgement and the advice of your professional adviser. Each recipient of this Information Memorandum or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

You must determine the suitability of investment in the Bonds in light of your own circumstances. In particular, you should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds and the merits and risks of investing in the Bonds;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in the Bonds and the impact the Bonds will have on your overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from your currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks; and
- (vi) understand that the Bonds are only transferable or assignable in limited circumstances and, as a result, Bond holders will very likely need to hold their Bonds to maturity.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. You should consult your legal advisers to determine whether and to what extent (1) the Bonds are lawful investments for you to make and (2) other restrictions apply to your purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

***Supplements***

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Information Memorandum which is capable of affecting the assessment of any Bonds, prepare a supplement to this Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent issue of Bonds. The Issuer undertakes that it will comply with section 87G of the Financial Services and Markets Act 2000.

***State of Israel debt instruments***

The State of Israel issues debt instruments whose names, series, maturities, denominations, issue dates, interest commencement dates, maturity dates and/or other integral terms may be similar to those of the Bonds issued under this Programme. Such debt instruments may, on any given day, provide a greater yield to maturity than the Bonds being issued under this Information Memorandum.

The Bonds issued under this Programme are considered a separate and distinct class of securities, for all purposes, from any other State of Israel debt instruments.

Bonds denominated in United States Dollars issued under this Programme have the designation "International Dollar Series".

***Use of defined terms***

Certain terms or phrases in this Information Memorandum are defined in double quotation marks and subsequent references to that term or phrase are designated with initial capital letters. The locations in this Information Memorandum where these terms are first defined are set out in Appendix A (*Defined Terms*) of this Information Memorandum.

***Ratings***

As of the date of this Information Memorandum, the long-term foreign currency sovereign credit ratings of the Issuer are: A1 (Moody's Investors Service, Inc.), AA- (Standard & Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). The Programme and the Bonds to be issued have not been rated.

Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd are both established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Moody's Investors Service, Inc. is not established in the EEA and is not certified under the CRA Regulation; however ratings issued by it are endorsed by Moody's Investors Service Ltd., which is established in the EEA and registered under the CRA Regulation.

The European Securities and Markets Authority is obliged to maintain on its website, [www.esma.europa.eu](http://www.esma.europa.eu), a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated European Securities and Markets Authority list.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

***The Bonds are not protected by the Financial Services Compensation Scheme***

The Bonds to be issued under the Programme are not protected by the Financial Services Compensation Scheme (the "**FSCS**"). As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer to make any payments in respect of the Bonds. If the Issuer is unable to make any such payments, you may lose all or part of your investment in any Bonds.

***No incorporation of websites***

In this Information Memorandum, reference to websites or uniform resource locators (URLs) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Information Memorandum.

***Public offers***

As at the date of this Information Memorandum, the following issues of Bonds are being offered to the public in the Member States specified below:

Description of the Bonds:	Final Terms published on the following website(s):	Public Offer Jurisdiction(s):
Issue of Euro Savings Bonds (12th Euro Series) Euro Floating Rate Bonds (13th Euro Series) Sterling Savings Bonds (8th Sterling Series) Sterling Jubilee Bonds (8th Sterling Series) U.S. Dollar Floating Rate LIBOR Bonds (6th International Dollar Series)	<a href="http://www.israelbondsintl.com">www.israelbondsintl.com</a>	Belgium, France, Germany and the United Kingdom

<p>U.S. Dollar Jubilee Fixed Rate Bonds (6th International Dollar Series)</p> <p>U.S. Dollar Maccabee Fixed Rate Bonds (6th International Dollar Series)</p> <p>U.S. Dollar Sabra Savings Bonds (6th International Dollar Series)</p> <p>U.S. Dollar Savings Bonds (6th International Dollar Series)</p> <p>Euro Mazel Tov Savings Bonds (8th Euro Series)</p> <p>Sterling Mazel Tov Savings Bonds (8th Sterling Series)</p> <p>U.S. Dollar Mazel Tov Savings Bonds (6th International Dollar Series)</p> <p>Pursuant to Final Terms for the Offer Period 1st September, 2018 to 14th September, 2018</p>		
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In accordance with Article 16.2 of the Prospectus Directive, investors who have already agreed to purchase or subscribe for Bonds before this Information Memorandum is published have the right, exercisable within two working days after the publication of this Information Memorandum, to withdraw their acceptances. Investors should be aware, however, that the law of the jurisdiction in which they have accepted an offer of Bonds may provide for a longer time limit.

## HOW DO I USE THIS INFORMATION MEMORANDUM?

You should read and understand fully the contents of this Information Memorandum, including any documents incorporated by reference, and the relevant Final Terms before making any investment decision in respect of any Bonds. This Information Memorandum contains important information about the Issuer; as well as describing certain risks relating to the Issuer and also other risks relating to an investment in the Bonds generally.

An overview of the various sections comprising this Information Memorandum is set out below.

Section 1 (*Summary of the Programme and the Bonds*) sets out in tabular format standard information which is arranged under standard headings and which the Issuer is required, for legal and regulatory reasons, to include in a prospectus summary for a base prospectus of this type. This section also provides the form of the "issue specific summary" information, which will be completed and attached to the Final Terms relating to any Bonds which are to be offered under the Programme.

Section 2 (*Risk Factors*) describes the principal risks and uncertainties which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

Section 3 (*Information about the Programme and the Bonds*) provides an overview of the Programme and the Bonds.

Section 4 (*How the Return on your Investment is Calculated*) sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect the Bonds.

Section 5 (*Information Incorporated by Reference*) sets out the information that is deemed to be incorporated by reference into this Information Memorandum. This Information Memorandum should be read together with all information which is deemed to be incorporated into this Information Memorandum by reference.

Section 6 (*Subscription and Sale*) contains certain selling restrictions applicable to making offers of the Bonds under the Programme.

Section 7 (*Taxation*) provides a brief outline of certain taxation implications regarding Bonds that may be issued under the Programme, as well as certain other taxation considerations which may be relevant to the Bonds.

Section 8 (*Important Information Relating to Public Offers of Bonds*) contains important information regarding the basis on which this Information Memorandum may be used for the purpose of making Public Offers of Bonds.

Section 9 (*Use of Proceeds*) describes the manner in which the Issuer intends to use the proceeds from issues of Bonds under the Programme.

Section 10 (*Form of Final Terms*) sets out the template for the Final Terms that the Issuer will prepare and publish when offering any Bonds under the Programme. Any such completed Final Terms will detail the relevant information applicable to each respective offer, amended to be relevant only to the specific types of Bonds being offered.

Section 11 (*Additional Information*) sets out further information on the Issuer and the Programme which the Issuer is required to include under applicable rules. This includes the availability for inspection of certain documents relating to the Programme and certain confirmations from the Issuer.

The section "Appendix A (*Defined Terms*)" provides an index of defined terms identifying the locations in this Information Memorandum where terms are defined.

The section "Appendix B (*Conditions of the Bonds*)" sets out the terms and conditions which apply to any Bonds that may be issued under the Programme. The relevant Final Terms relating to any offer of Bonds will complete the terms and conditions of those Bonds and should be read in conjunction with this section.

The section "Appendix C (*The Promoter*)" provides information about Development Company for Israel

(International) Limited, the company which has been appointed by State of Israel to promote and arrange the sale of the various Bonds to which this Information Memorandum relates.

A "*Table of Contents*" identifying each section of this Information Memorandum with corresponding page references is included at the beginning of this Information Memorandum.

# CONTENTS

	<b>Page</b>
ABOUT THIS DOCUMENT .....	i
IMPORTANT NOTICES .....	v
HOW DO I USE THIS INFORMATION MEMORANDUM? .....	ix
SECTION 1. SUMMARY OF THE PROGRAMME AND THE BONDS .....	1
SECTION 2. RISK FACTORS .....	15
SECTION 3. INFORMATION ABOUT THE PROGRAMME AND THE BONDS .....	22
SECTION 4. HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED .....	35
SECTION 5. INFORMATION INCORPORATED BY REFERENCE .....	39
SECTION 6. SUBSCRIPTION AND SALE .....	42
SECTION 7. TAXATION.....	45
SECTION 8. IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF BONDS .....	47
SECTION 9. USE OF PROCEEDS .....	50
SECTION 10. FORM OF FINAL TERMS .....	52
SECTION 11. ADDITIONAL INFORMATION.....	67
APPENDIX A. DEFINED TERMS .....	69
APPENDIX B. CONDITIONS OF THE BONDS .....	72
APPENDIX C. THE PROMOTER .....	91
OFFERING MEMORANDUM FOR EXEMPT BONDS .....	94

## **SECTION 1. SUMMARY OF THE PROGRAMME AND THE BONDS**

The following is a summary of information relating to the Issuer, the Programme and the Bonds.

## SUMMARY OF THE PROGRAMME AND THE BONDS

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	<b>Introduction and Warnings.</b>	<p>This summary must be read as an introduction to this information memorandum (the "<b>Information Memorandum</b>") and any decision to invest in the bonds (the "<b>Bonds</b>") under the Bond Issuance Programme (the "<b>Programme</b>") of State of Israel (the "<b>Issuer</b>" or the "<b>State of Israel</b>") should be based on a consideration of the Information Memorandum as a whole, including any information incorporated by reference.</p> <p>Following the implementation of Directive 2003/71/EC as amended (the "<b>Prospectus Directive</b>") in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Information Memorandum, including any information incorporated by reference or it does not provide, when read together with the other parts of this Information Memorandum, key information in order to aid Investors when considering whether to invest in the Bonds.</p> <p>Where a claim relating to the information contained in this Information Memorandum is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member States, be required to bear the costs of translating the Information Memorandum before the legal proceedings are initiated.</p>
A.2	<b>Consent to use of this Information Memorandum.</b>	<p>Tranches of Bonds may, subject as provided below, be offered in any Member State which has implemented the Prospectus Directive in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Information Memorandum as a "<b>Public Offer</b>".</p> <p>The Issuer consents to the use of this Information Memorandum in connection with Public Offers of the Bonds by Development Company for Israel (International) Limited (the "<b>Promoter</b>") in [Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and the United Kingdom] (the "<b>Public Offer Jurisdictions</b>"), <i>provided that</i> such consent:</p>

		<p>(a) is only valid in respect of the relevant Tranche of Bonds;</p> <p>(b) is only valid from the 1st of the month through the 14th of the month to the issue date (the "<b>Issue Date</b>") in the case of Bonds issued on the 15th of the month or from the 15th of the month preceding the Issue Date through the last day of that month in the case of Bonds issued on the 1st of the month or (in the case of the Mazel Tov Savings Bonds only) from the 1st of the month preceding the Issue Date through the last day of that month; and</p> <p>(c) only extends to the use of this Information Memorandum to make Public Offers of the relevant Tranche of Bonds in the Public Offer Jurisdictions.</p> <p><b>The Promoter will provide information to investors on the terms and conditions of the Public Offer of the relevant Bonds at the time such Public Offer is made by the Promoter to the investor.</b></p>
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<b>SECTION B – THE ISSUER</b>		
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<b>B.17</b>	<b>Credit ratings.</b>	The long-term foreign currency sovereign credit ratings of the Issuer as at the date of this Information Memorandum are: A1 (Moody's Investors Service, Inc.), A+ (Standard & Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). The Programme and the Bonds to be issued have not been rated.
<b>B.47</b>	<b>Description of the Issuer, including its economy.</b>	<p>State of Israel is a sovereign issuer, located in the State of Israel.</p> <p>The Israeli economy grew at a pace of 3.3% in 2017, as compared to growth rates of 4.0% in 2016, 2.6% in 2015 and 3.5% in 2014. In 2017, gross domestic product ("<b>GDP</b>") increased by 0.7%, 2.9%, 4.3% and 4.6% in the first, second, third and fourth quarters, respectively, in each case compared to the previous quarter, using seasonally adjusted data at an annualised rate; the low growth rate in the first quarter of 2017 was due, among other things, to a drop in vehicle purchases, following a peak in the fourth quarter of 2016. In the first quarter of 2018, the growth rate stood at 4.7%.</p> <p>In 2014, business sector product (calculated as GDP less certain general government services, services of private non-profit institutions and housing services) decreased compared to the 2013 growth rate, as business sector output grew by 3.5% in 2014. This slowdown was partly due to the negative effects of Operation Protective Edge (a defensive military operation in response to Hamas firing rockets from Gaza into Israel in the summer of 2014), which took place in July and August of 2014. In 2015, the business sector output grew by 2.7%, lower than the 2014 figure. In the fourth quarter of 2015, the growth rate accelerated, and the relatively high growth rates continued in 2016, as the business sector GDP grew by 4.2%. In 2017, the business sector GDP grew at 3.4%, a similar pace to the total economy.</p> <p>Growth of private consumption increased in 2017 as compared to 2016, with total private consumption reaching 697 in 2017, 675 in 2016, 636 in 2015 and 612 in 2014 (in billions of NIS at constant 2015 prices). Annual growth in private consumption, which was 4.6% during 2013-2016, was at the same level in 2017 as the annual GDP growth rate and stood at 3.3%. During 2013 to 2016, growth in fixed capital formation was volatile and, after stagnation in 2014-2015, it</p>

		<p>rose to 11.9% in 2016, mainly due to a sharp increase in the number of purchases of passenger cars.</p>
<b>B.48</b>	<b>Public finance and trade.</b>	<p><b><i>Balance of Payments and Foreign Trade</i></b></p> <p>Israel had a current account surplus of 3.1% of GDP in 2017, a decrease relative to the surplus (3.9% of GDP) recorded in 2016. This surplus follows fifteen years of a positive surplus in the current account.</p> <p>Israel is a party to free trade agreements with its major trading partners and it is one of the few nations that has signed free trade agreements with both the United States and the European Union (the “EU”).</p> <p>Israeli net exports decreased from a peak surplus of U.S.\$9.6 billion in 2015 to a surplus of U.S.\$5.9 billion in 2016, and then slightly increased to U.S.\$6.7 billion in 2017. In the first quarter of 2018, both imports and exports (seasonally adjusted) grew significantly, with higher import growth – such that imports were slightly higher than exports (by U.S.\$153.7 million) for the first time since the first quarter of 2012.</p> <p>Focusing on trade in goods, in 2017, 34.2% of Israel’s goods exports (excluding aircraft, ships and diamonds, and using seasonally adjusted data) were to the EU (up from 29.2% in 2016), 24.3% were to the United States (down from 26.1% in 2016), 18.4% were to Asia (down from 22.0% in 2016), and 23.1% were to other markets (up from 22.7% in 2016). Of Israel’s goods imports (excluding aircraft, ships and diamonds) in 2017, 42.9% came from the EU (down from 43.5% in 2016), 25.7% came from Asia (similar to 2016), 11.1% came from the United States (down from 12.1% in 2016), and 20.3% came from other countries (up from 18.6% in 2016).</p> <p><b><i>Fiscal Policy</i></b></p> <p>The budget and economic plan proposal for the 2017 and 2018 fiscal years was approved by the Knesset on 22 December 2016 and for the fiscal year 2019 was approved by the Knesset on 15 March 2018. In the approved budget for fiscal years 2017 and 2018 and in the approved budget for the fiscal year 2019 the deficit target was set to 2.9% of GDP.</p> <p>The deficit for 2017 stood at 2.0%. Since 1995, the deficit has exceeded 4% only in 2003 and 2009, and in the last four years (2014-2017) the deficit has been below 3%.</p> <p>In 2017, the Government continued its debt-reduction policy, reducing government debt as a percent of GDP by 1.5% compared to 2016, to a level of 59.2% for 2017. Public debt (including local authorities’ debt) as a percent of GDP also continued its declining path, falling to a level of 60.9% at the end of 2017, a decline of 1.4% relative to 2016.</p> <p>As a result of the Government's fiscal discipline, Israel's total gross public debt as a percentage of GDP has been on a declining path in the last decade. Israel's gross public debt as a percentage of GDP stood at 60.9% in 2017, 62.3% in 2016, 64.0% in 2015, 66.1% in 2014 and 67.1% in 2013.</p> <p><b><i>Inflation and Monetary Policy</i></b></p>

		<p>Measured at year end, the consumer price index ("<b>CPI</b>") increased by 0.4% in 2017 and by 0.8% between December 2017 and May 2018, as compared to a decrease by 0.2% in 2016, 1.0% in 2015 and by 0.2% in 2014. The changes in the CPI reflect a rise in the prices of commodities, housing and agricultural products. In order to support further growth, the Bank of Israel has lowered its interest rate, most recently to 0.10% in March 2015; since then, the key interest rate has remained at that level.</p> <p>Over the past five years (measured from 31 May 2013 to 31 May 2018), the NIS/USD exchange rate has averaged 3.689, fluctuating between a high of 4.053 (recorded on March 20, 2015) and a low of 3.388 (recorded on January 26, 2018). The current exchange rate (3.566 as of May 31, 2018) is thus slightly below the five-year average but reflects a depreciation of the NIS since the beginning of 2018.</p>
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<b>SECTION C – THE BONDS</b>		
<b>C.1</b>	<b>Type and class of the Bonds.</b>	<p>Bonds may be issued as floating rate bonds ("<b>Euro Floating Rate Bonds</b>"). Euro Floating Rate Bonds are floating rate Bonds, and may be offered in Euro with maturities of [1, 2, 3, 5 and 10] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as mazel tov savings bonds ("<b>Mazel Tov Savings Bonds</b>"). Mazel Tov Savings Bonds are fixed rate Bonds and may be offered in Euro ("<b>Euro Mazel Tov Savings Bonds</b>"), British Pound Sterling ("<b>Sterling Mazel Tov Savings Bonds</b>") or United States Dollars ("<b>U.S. Dollar Mazel Tov Savings Bonds</b>"), with interest payable upon maturity. U.S. Dollar Mazel Tov Savings Bonds may be offered with maturities of [5 and 10] years, and Euro Mazel Tov Savings Bonds and Sterling Mazel Tov Savings Bonds may be offered with a maturity of 5 years.</p> <p>Bonds may be issued as savings bonds ("<b>Savings Bonds</b>"). Savings Bonds are fixed rate Bonds, and may be offered in Euro ("<b>Euro Savings Bonds</b>"), British Pound Sterling ("<b>Sterling Savings Bonds</b>") or United States Dollars ("<b>U.S. Dollar Savings Bonds</b>") with maturities of [1, 2, 3, 5 and 10] year[s], with interest payable upon maturity.</p> <p>Bonds may be issued as jubilee bonds ("<b>Sterling Jubilee Bonds</b>"). Sterling Jubilee Bonds are fixed rate Bonds, and may be offered in British Pound Sterling and offered with maturities of [1, 2, 3, 5 and 10] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as floating rate LIBOR bonds ("<b>U.S. Dollar Floating Rate LIBOR Bonds</b>"). U.S. Dollar Floating Rate LIBOR Bonds are floating rate Bonds, and may be offered in United States Dollars and with maturities of [1, 2, 3, 5 and 10] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as jubilee fixed rate bonds ("<b>U.S. Dollar Jubilee Fixed Rate Bonds</b>"). U.S. Dollar Jubilee Fixed Rate Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of [1, 2, 3, 5, 10 and 15] year[s], with interest payable semi-</p>

		<p>annually and upon maturity.</p> <p>Bonds may be issued as maccabee fixed rate bonds ("<b>U.S. Dollar Maccabee Fixed Rate Bonds</b>"). U.S. Dollar Maccabee Fixed Rate Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of [1, 2, 3, 5, 10 and 15] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as sabra savings bonds ("<b>U.S. Dollar Sabra Savings Bonds</b>"). U.S. Dollar Sabra Savings Bonds are fixed rate Bonds, and may be offered in United States Dollars and with maturities of [1, 2, 3, 5 and 10] year[s], with interest payable upon maturity.</p> <p>Bonds will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Bonds of each Series will all be subject to identical terms, except for the issue dates, interest commencement dates and/or maturity dates of the respective Tranches. Tranches of the same Series may have different maturity dates and bear different interest rates. As used herein, "<b>Tranche</b>" means Bonds which are identical in all respects including, without limitation, issue date, interest commencement date and maturity date, and "<b>Series</b>" means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are identical in all respects except for their respective issue dates, interest commencement dates and/or maturity dates.</p> <p>The Bonds are issued in book-entry form, which means that ownership of the Bonds will be recorded electronically by Computershare Trust Company of Canada, the institution appointed by the Issuer to act as its fiscal agent. Certificates will be issued only to Registered Owners who are government agencies, pension funds, financial institutions and employee benefit schemes that so request at the time of purchase, or upon written consent of the State of Israel.</p> <p>Each Tranche of Bonds may be allocated an International Securities Identification Number (ISIN) and may be allocated a Classification of Financial Instrument (CFI) code and Financial Instrument Short Name (FISN) code.</p>
C.2	<b>Currencies.</b>	<p><b>Currency:</b> Bonds will be issued in Euro ("€" or "<b>Euro</b>"), British Pounds Sterling ("£" or "<b>Sterling</b>") or United States Dollars ("<b>U.S.\$</b>" or "<b>U.S. Dollars</b>").</p> <p><b>Denominations:</b> The minimum purchase amount of the Euro Floating Rate Bonds is €5,000. The minimum purchase amount of the Mazel Tov Savings Bonds is €100 (and integral multiples of €10 in excess of €100), £100 (and integral multiples of £10 in excess of £100) and U.S.\$100 (and integral multiples of U.S.\$10 in excess of U.S.\$100). The minimum purchase amount of the 2-Year, 3-Year, 5-Year and 10-Year Savings Bonds is €5,000, £1,000 and U.S.\$2,500 (and integral multiples of U.S.\$500 in excess of U.S.\$2,500). The minimum purchase amount of the 1-Year Savings Bonds is €25,000 (and integral multiples of €1,000 in excess of €25,000), £25,000 (and integral multiples of £1,000 in excess of £25,000) and U.S.\$25,000 (and integral multiples of U.S.\$1,000 in excess of U.S.\$25,000). The minimum purchase amount of the Sterling Jubilee Bonds is £1,000. The minimum purchase amount of the U.S. Dollar Floating Rate LIBOR Bonds is U.S.\$5,000 (and integral multiples of U.S.\$500 in excess of U.S.\$5,000). The minimum purchase amount of the U.S.</p>

		<p>Dollar Jubilee Fixed Rate Bonds is U.S.\$25,000 (and integral multiples of U.S.\$5,000 in excess of U.S.\$25,000). The minimum purchase amount of the U.S. Dollar Maccabee Fixed Rate Bonds is U.S.\$5,000 (and integral multiples of U.S.\$500 in excess of U.S.\$5,000). The minimum purchase amount of the 2-Year, 3-Year, 5-Year and 10-Year U.S. Dollar Sabra Savings Bonds is U.S.\$1,000 (and integral multiples of U.S.\$100 in excess of U.S.\$1,000). The minimum purchase amount of the 1-Year U.S. Dollar Sabra Savings Bonds is U.S.\$25,000 (and integral multiples of U.S.\$1,000 in excess of U.S.\$25,000). Unless particular integral multiples are specified above, Bonds may be purchased in any amounts equal to or higher than the minimum purchase amount for the relevant type of Bond.</p> <p>The maximum amount of 1-Year Savings Bonds that may be purchased by any person to be issued on any Issue Date is €500,000, £500,000 or U.S.\$500,000. The maximum amount of Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date (which, in the case of Mazel Tov Savings Bonds, is the 1st of each month), and registered in the name of any one holder, is €2,500, £2,500 or U.S.\$2,500. The maximum amount of 1-Year U.S. Dollar Sabra Savings Bonds that may be purchased by any person to be issued on any Issue Date is U.S.\$500,000.</p>
C.5	<b>Restrictions on free transferability of the Bonds.</b>	The Promoter has agreed that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it arranges the sale of Bonds or possesses or distributes this Information Memorandum.
C.8	<b>Ranking of the Bonds, rights of the Bonds and any limitations to those rights.</b>	<p><b>Status of the Bonds:</b> The Bonds will constitute direct, general, unconditional and unsubordinated External Indebtedness of the Issuer for which the full faith and credit of the Issuer is pledged. The Bonds of each series will rank without any preference among themselves and equally with all other unsubordinated External Indebtedness of the Issuer. "<b>External Indebtedness</b>" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "<b>Indebtedness</b>" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.</p> <p><b>Taxation:</b> Interest and principal sums due under the Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Bond or the receipt of income therefrom). Under Israeli law as presently in effect, payments made under the Bonds to Bond holders who are not residents of the State of Israel will be exempt from Israeli taxation, and there are no transfer, stamp or similar taxes under the laws of the State of Israel payable in connection with the issue or redemption of the Bonds.</p> <p>Bond holders who may be liable to taxation in jurisdictions other than the State of Israel in respect of their acquisition, holding or disposal of the Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the preceding comments relate only to certain aspects of taxation in the State of Israel. In particular, Bond holders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or</p>

		<p>deduction for or on account of taxation under the laws of the State of Israel.</p> <p><i>The above is intended as general information only and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to present any comprehensive or complete description of all aspects of any applicable tax law which could be of relevance to a Bond holder. The tax consequences for each investor in the Bonds can be different and therefore Bond holders who are in any doubt as to their tax position should consult their professional advisers.</i></p> <p><b>Governing law:</b> The Bonds will be governed by and construed in accordance with the laws of the State of New York.</p> <p><b>Limitations on the rights attaching to the Bonds:</b> This part of the Element is not applicable, as there are no such limitations on rights attaching to the Bonds.</p>
C.9	Interest, redemption, yield and representative of the Bond holders.	<p><b>Issue Price:</b> The issue price of the Bonds is 100% of their aggregate principal amount.</p> <p><b>Interest:</b> The Bonds are interest bearing. Interest will accrue at either a fixed rate or (in the case of the Euro Floating Rate Bonds and the U.S. Dollar Floating Rate LIBOR Bonds) a floating rate.</p> <p>Interest shall accrue from (and including) the Issue Date of the Bond up to (but not including) the maturity date on the basis of a 365-day year and the number of days elapsed. The Bonds will not accrue interest after the maturity.</p> <p>Interest Payment Dates are (in the case of the Savings Bonds, Mazel Tov Savings Bonds and U.S. Dollar Sabra Savings Bonds) the Maturity Date only, (in the case of the Euro Floating Rate Bonds and the U.S. Dollar Floating Rate LIBOR Bonds) June 1st and December 1st in each year and upon maturity, except that for Bonds issued on May 15th and November 15th in each year, the initial interest payment will be made on the second Interest Payment Date following the Issue Date or (in the case of the Sterling Jubilee Bonds, U.S. Dollar Jubilee Fixed Rate Bonds and U.S. Dollar Maccabee Fixed Rate Bonds) May 1st and November 1st in each year and upon maturity, except that for Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.</p> <p><i>Applicable interest rate – fixed rate Bonds:</i></p> <p>The applicable interest rate is a fixed percentage per annum.</p> <p><i>Applicable interest rate – Euro Floating Rate Bonds:</i></p> <p>The initial interest rate of each Euro Floating Rate Bond is equal to the six month EURIBOR in effect three Rate-Setting Days prior to the first day of the sales period of such Bond, as it appears on Bloomberg or such other recognised quotation system as may be designated by the State of Israel from time to time, rounded upwards to the next one-sixteenth (1/16) of one percent, if the quoted interest rate is not equivalent to one-sixteenth (1/16) of one percent (the "<b>Applicable</b></p>

**EURIBOR Rate**"), plus or minus a fixed number of basis points determined by the State of Israel (the "**Spread**"). "**EURIBOR**" is the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published in accordance with the requirements from time to time of the European Banking Federation.

The Spread of each Euro Floating Rate Bond shall remain fixed until maturity. After the initial interest period, the interest rate will be adjusted semi-annually in accordance with the Applicable EURIBOR Rate in effect on subsequent interest determination dates, which will be three Rate-Setting Days prior to June 1st and December 1st of each year. In no event will the interest rate payable on the Euro Floating Rate Bonds be less than 0% per year. "**Rate-Setting Day**" shall mean any day other than a Saturday, Sunday or other day on which banks are authorised or required by law to be closed in New York, London or Toronto.

*Applicable interest rate – U.S. Dollar Floating Rate LIBOR Bonds:*

The initial interest rate of each U.S. Dollar Floating Rate LIBOR Bond is equal to the six month LIBOR (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent to be appointed by the Issuer) in effect three Rate-Setting Days prior to the first day of the sales period of such Bond, as it appears on Bloomberg or such other recognised quotation system as may be designated by the State of Israel from time to time, rounded upwards to the next one-sixteenth (1/16) of one percent, if the quoted interest rate is not equivalent to one-sixteenth (1/16) of one percent (the "**Applicable LIBOR Rate**"), plus or minus a Spread. "**LIBOR**" is the interest rate benchmark known as the London interbank offered rate.

The Spread of each U.S. Dollar Floating Rate LIBOR Bond shall remain fixed until maturity. After the initial interest period, the interest rate will be adjusted semi-annually in accordance with the Applicable LIBOR Rate in effect on subsequent interest determination dates, which will be three Rate-Setting Days prior to June 1st and December 1st of each year. In no event will the interest rate payable on the U.S. Dollar Floating Rate LIBOR Bonds be less than 0% per year.

**Maturity:** Euro Floating Rate Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-Year]. Mazel Tov Savings Bonds: [5-Year and (U.S. Dollar Mazel Tov Savings Bonds only) 10-Year]. Savings Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-Year]. Sterling Jubilee Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-Year]. U.S. Dollar Floating Rate LIBOR Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-Year]. U.S. Dollar Jubilee Fixed Rate Bonds: [1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year]. U.S. Dollar Maccabee Fixed Rate Bonds: [1-Year, 2-Year, 3-Year, 5-Year, 10-Year and 15-Year]. U.S. Dollar Sabra Savings Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-Year]. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed on the first calendar day of the month during which the first, second, third, fifth, tenth or fifteenth, as the case may be, anniversary of the Issue Date occurs. No Bonds with a maturity of less than 1 year will be issued.

**Redemption:** Subject to any purchase and cancellation or early redemption, Bonds will be redeemed on their Maturity Date at par.

**Early Redemption:** The State of Israel is entitled to redeem or repurchase any issued Bonds in whole or in part at any time.

		<p>Redemption at the request of a Bond holder is not possible, except in the limited circumstances described in the Conditions of the Bonds.</p> <p><b>Yield:</b> Calculated on the basis of the formula set out below, the annual yield of each fixed rate Bond will be the same as the applicable annual interest rate of such Bond.</p> $\text{Yield} = \frac{\text{Coupon}}{\text{Issue Price (i.e., 100%)}}$ <p>The yield in respect of a particular Bond will not be an indication of future yield.</p> <p><b>Representative of the Bond holders:</b> This part of the Element is not applicable, as there is no trustee appointed to act on behalf of the Bond holders.</p>
<b>C.10</b>	<b>Derivative components in interest payment.</b>	Not Applicable. There is no derivative component in the interest payments made in respect of any Bond issued under the Programme.
<b>C.11</b>	<b>Listing and admission to trading of the Bonds.</b>	No application has been or will be made for the Bonds to be admitted to trading on any exchange, market or other trading platform.

<b>SECTION D – RISKS</b>		
<b>D.2</b>	<b>Key risks specific to the Issuer.</b>	<p>Escalation of political volatility in the Middle East and North Africa region and worsening of global economic conditions may have an adverse effect, if these risks materialise, on Israel's economy and its financial condition and credit. By investing in the Bonds, an investor is exposed to the risk that some or all of these factors could negatively affect the Issuer, and could adversely affect Israel's cost of funds in the international capital markets and the demands for Israel's debt securities.</p>
<b>D.3</b>	<b>Key risks specific to the Bonds.</b>	<p>Investing in Bonds issued under the Programme involves risks. In particular:</p> <ul style="list-style-type: none"> <li>• The Bonds are unlisted, transferability of the Bonds is limited and there is no secondary trading market for the Bonds.</li> <li>• A Public Offer of any Bonds may be cancelled or terminated early, meaning an applicant investor may not be issued any Bonds or may be issued a number of Bonds which is less than the amount for which such applicant investor applied. In such cases, there may be a time lag in the release of any such amounts to the applicant investor.</li> <li>• The Bonds constitute unsecured obligations of the State of Israel and Bond holders therefore have no recourse to any security.</li> <li>• The State of Israel may redeem the Bonds prior to their scheduled maturity dates and, upon such redemption, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the</li> </ul>

		<p>Bonds being redeemed.</p> <ul style="list-style-type: none"> <li>• The conditions of the Bonds are based on the laws of the State of New York in effect as of the date of this Information Memorandum and no assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice.</li> <li>• The investment of investors whose financial activities are denominated in a currency other than the Specified Currency of the relevant Bonds may be adversely affected by changes in exchange rates or currency appreciation, or by the imposition of exchange controls.</li> <li>• Potential purchasers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are purchased or transferred or other jurisdictions.</li> <li>• The Bonds are not protected by the Financial Services Compensation Scheme and no-one will pay compensation on the failure of the Issuer to make any payments in respect of the Bonds.</li> <li>• Regulation and Reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks".</li> </ul>
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<b>SECTION E – OFFER</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds.</b>	The net proceeds from the issue of the Bonds are intended to be used for the general financing purposes of the Issuer.
<b>E.3</b>	<b>Terms and conditions of the offer.</b>	<p>Any investor intending to acquire or acquiring any Bonds via the Promoter will do so, and offers and sales of the Bonds to an investor made via the Promoter will be made, in accordance with any terms and other arrangements in place between the Promoter and such investor including as to price, allocation and settlement arrangements.</p> <p><b><i>Terms of the Public Offer of the Bonds:</i></b></p> <p><i>Promoter:</i> Development Company for Israel (International) Limited.</p> <p><i>Offer Price:</i> 100% of the aggregate principal amount of the Bonds.</p> <p><i>Public Offer Jurisdiction(s):</i> [Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and the United Kingdom.]</p> <p><i>Offer Period(s):</i> From the 1st of the month through the 14th of the month of the Issue Date in the case of Bonds issued on the 15th of the month or from the 15th of the month preceding the Issue Date through the last day of that month in the case of Bonds issued on the 1st of the month or (in the case of the Mazel Tov Savings Bonds only) from the 1st of the month preceding the Issue Date through the last day of that month.</p>

	<p><i>Conditions to which the Public Offer is subject:</i> The Issuer reserves the right to cancel or terminate early the Public Offer prior to its end date without giving notification of any such cancellation or early termination. For the avoidance of doubt, if any application to subscribe for the Bonds has been made by a potential investor and the Issuer exercises such right, each such potential investor shall not be entitled to subscribe or otherwise acquire the Bonds and any applications will be automatically cancelled and any purchase monies will be refunded to the applicant.</p> <p>The final amount of Bonds to be issued will be determined at the end of the Offer Period and will depend, among other things, on the total amount of received subscriptions in respect of the Bonds.</p> <p><i>Description of the application process:</i> Investors may subscribe for the Bonds through the Promoter prior to the end of the Offer Period. Application for Bonds should be made by completing an investment form. Investors will also be required to sign the Promoter's Terms of Business, complete a Client Information Form and provide satisfactory evidence of their identity for the Promoter's anti-money laundering checks and provide any additional information required by local law in the jurisdiction of subscription. These forms are available on the Promoter's website or by contacting the Promoter directly. The State of Israel is not obliged to accept an investment form.</p> <p><i>Details of the possibility of reducing subscriptions and manner for refunding excess amount paid by applicants:</i> Prospective investors in the Bonds should contact the Promoter for details regarding the possibility of reducing subscriptions during the Offer Period and the manner for refunding any excess amount paid.</p> <p><i>Details of the minimum and/or maximum amount of application:</i> The minimum amounts of application are: Euro Floating Rate Bonds - €5,000; Mazel Tov Savings Bonds - €100, £100 or U.S.\$100; 2-Year, 3-Year, 5-Year and 10-Year Savings Bonds - €5,000, £1,000 or U.S.\$2,500; 1-Year Savings Bonds - €25,000, £25,000 or U.S.\$25,000; Sterling Jubilee Bonds - £1,000; U.S. Dollar Floating Rate LIBOR Bonds - U.S.\$5,000; U.S. Dollar Jubilee Fixed Rate Bonds - U.S.\$25,000; U.S. Dollar Maccabee Fixed Rate Bonds - U.S.\$5,000; 2-Year, 3-Year, 5-Year and 10-Year U.S. Dollar Sabra Savings Bonds - U.S.\$1,000 and 1-Year U.S. Dollar Sabra Savings Bonds - U.S.\$25,000. The maximum amounts of application are: 1-Year Savings Bonds - €500,000, £500,000 or U.S.\$500,000, Mazel Tov Savings Bonds - €2,500, £2,500 or U.S.\$2,500 on any Issue Date and registered in the name of any one holder and 1-Year U.S. Dollar Sabra Savings Bonds - U.S.\$500,000 on any Issue Date.</p> <p><i>Details of the method and time limits for paying up and delivering the Bonds:</i> In order to purchase a Bond on a specific Issue Date, a purchaser's subscription documents must be accepted by or on behalf of the State of Israel and cleared funds in respect of the full purchase price of such Bond must be received and accepted in the account of Computershare Trust Company of Canada (the "<b>Fiscal Agent</b>") before such Issue Date (or before such other date announced by the State of Israel). The Bonds will be issued on the relevant Issue Date. If subscription documents are accepted by or on behalf of the State of Israel and/or clear funds are accepted or received in the account of the Fiscal Agent on or after an Issue Date (or such other date), the relevant Bond will be issued on a subsequent Issue Date. When a Bond is issued on a subsequent Issue Date, the interest rate applicable to the</p>
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		<p>Bond will be the interest rate applicable to such Issue Date.</p> <p><i>Manner in and date on which results of the Public Offer are to be made public:</i> The Promoter, on behalf of the State of Israel, will announce the results of each Public Offer on its website as soon as practicable following the completion or termination of the Public Offer.</p> <p><i>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:</i> Not Applicable.</p> <p><i>Categories of potential investors to which the Bonds are offered:</i> Any person in the Public Offer Jurisdiction(s). The Bonds may have a special appeal to persons with an interest in the State of Israel.</p> <p><i>Whether Tranche(s) have been reserved for certain countries:</i> No Tranche(s) have been reserved for certain countries.</p> <p><i>Process for notification to applicants of the amount allotted:</i> Unless an application to purchase Bonds is not accepted by the State of Israel or a Public Offer is cancelled or terminated early, a prospective Bond holder will be allotted 100% of the Bonds applied for. The Fiscal Agent will post a confirmation of the allotment of Bonds to the prospective Bond holder within 7 Business Days (being days other than a Saturday, Sunday or other day on which the Fiscal Agent is authorised or required by law to be closed in Toronto, Ontario, Canada or in London) of the day on which the purchase is completed.</p> <p><i>Amount of any expenses and taxes specifically charged to the subscriber or purchaser:</i> Subscribers for Bonds will not be charged any fees in relation to the issue, transfer or assignment of a Bond by the Promoter, the Fiscal Agent or the State of Israel. Bond holders will be charged a fee (for Bonds of U.S.\$25,000 and under: U.S.\$25, £18 or €18; for Bonds greater than U.S. \$25,000: U.S.\$100, £72 or €72) to replace a Bond certificate by the Fiscal Agent.</p> <p><i>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:</i></p> <p><b>The Promoter:</b></p> <p>Development Company for Israel (International) Limited  ORT House  126 Albert Street  London NW1 7NE  United Kingdom</p> <p>Telephone: +44 (0)20 7446 8670  Email: infoEN@israelbondsintl.com  Website: www.israelbondsintl.com</p> <p><u>The Promoter's Paris office:</u></p> <p>7 Place Vendôme  75001 Paris  France</p> <p>Telephone: +33 14 28 58550  Email: infoFR@israelbondsintl.com</p>
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		<p><u>The Promoter's Frankfurt office:</u></p> <p>Hebelstrasse 6, 2nd Floor 60318 Frankfurt/Main Germany</p> <p>Telephone: +49 69 490470 Email: infoDE@israelbondsintl.com</p> <p><i>Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:</i> Not Applicable.</p>
<b>E.4</b>	<b>Any interest(s) material to the issue/offer.</b>	The Issuer is not aware of any interest(s) material to issues of Bonds under the Programme, other than any fees payable to Promoter for promoting and arranging subscriptions for the Bonds.
<b>E.7</b>	<b>Expenses charged to the Investor.</b>	<p>Subscribers for Bonds will not be charged any fees in relation to the issue, transfer or assignment of a Bond by the Promoter, the Fiscal Agent or the State of Israel.</p> <p>Bond holders will be charged a fee (for Bonds of U.S.\$25,000 and under: U.S.\$25, £18 or €18; for Bonds greater than U.S. \$25,000: U.S.\$100, £72 or €72) to replace a Bond certificate by the Fiscal Agent.</p>

## **SECTION 2. RISK FACTORS**

Before applying for any Bonds, you should consider whether the Bonds are a suitable investment for you.

The following is a description of the principal risks and uncertainties which may affect the ability of the Issuer to fulfil its obligations under the Bonds.

## **RISK FACTORS**

*Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, you should carefully consider risk factors associated with any investment in the Bonds and the Issuer together with all other information contained in this Information Memorandum, including, in particular the risk factors described below. Words and expressions defined in the Conditions or elsewhere in this Information Memorandum have the same meanings in this section.*

*You should note that the risks relating to the Issuer and the Bonds summarised in Section 1 (Summary of the Programme and the Bonds) of this Information Memorandum are the key risks to an assessment by a prospective investor of whether to consider an investment in the Bonds. While the risks that the Issuer considers to be material are described below, the risks that the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, so you should consider not only the information on the key risks summarised in Section 1 (Summary of the Programme and the Bonds) but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. The inability of the State of Israel to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons and the State of Israel does not represent that the statements below regarding the risks of holding Bonds are exhaustive. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Issuer and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or part of their investment.*

*You should consider carefully whether an investment in the Bonds is suitable for you in light of the information in this Information Memorandum and your personal circumstances. You should make your own inquiries as you deem necessary without relying on the State of Israel and should consult with your financial, tax, legal, accounting and other advisers, prior to deciding whether to make an investment in the Bonds.*

### **Organisation of the Risk Factors:**

- **Risks related to the State of Israel and the geopolitical and economic environment**
- **Risks related to the Bonds**

### **Risks related to the State of Israel and the geopolitical and economic environment**

*Israel's access to credit is affected by external factors such as regional and international political and economic conditions.*

Israel's access to credit in the international capital markets is affected by regional and international political and economic conditions, including interest rates in financial markets outside Israel, the impact of changes in the credit rating of Israel, the security situation, the economic growth and stability of Israel's major trading partners, and the global high-tech market. As a result, political, economic or market factors, which may be outside Israel's control, may impact the debt dynamics of Israel and could adversely affect Israel's cost of funds in the international capital markets and the demand for Israel's debt securities.

*Israel's political and military environment may continue to be volatile.*

Israel has from time to time experienced political situations and has been subject to on-going security concerns. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbours. Political instability in the Middle East has increased after the terrorist attacks of September 11, 2001, the U.S. intervention in Iraq and news of Iran's reported nuclear programme. Since 2005, when Israel withdrew from the Gaza strip, terrorist violence has increased. If the level of instability and violence increases in the future, Israel's capital markets, the level of tourism in Israel and foreign investment in Israel, among other things, may suffer. The conflicts with

Hamas in the Gaza strip and with Hezbollah in Lebanon may worsen and potentially affect Israel's economic condition. In addition, political volatility may affect the stability of the Israeli economy.

Since January 2011, there has been political instability and civil unrest in numerous Middle East and North African countries, including Bahrain, Egypt, Iran, Libya, Syria, Tunisia and Yemen. This unrest has resulted in the removal of long-standing leadership in several of the aforementioned countries and created turbulent political situations in others. As Israel is situated in of this region, it closely monitors these events, aiming to protect its economic, political and security interests. The delicate relations between Israel and its neighbours could become even more fragile with the domestic turmoil and change in regimes. Instability in the Middle East and North Africa region have not so far materially affected Israel's financial or political situation, and countries that have signed peace agreements with Israel have remained committed to them, regardless of internal political developments. Nevertheless, there can be no assurance that such instability in the region will not escalate in the future, such instability will not spread to additional countries in the region, current or new governments in the region will be successful in maintaining domestic order and stability, or Israel's economic or political situation will not thereby be affected. This uncertainty is highlighted by continued fighting in Syria and Iraq, where the Islamist militia group known as ISIS (Islamist State in Iraq and Syria) has challenged the territorial boundaries of both states. Recently, military efforts have significantly decreased the presence of ISIS in Syria and Iraq, but there is growing concern regarding Shiite militias taking control over the relinquished territory and the creation of a land corridor from Tehran to the Mediterranean under Iranian influence .

***Israel is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it.***

Israel is a sovereign state. Although the State of Israel has waived its sovereign immunity in respect of the Bonds, except for its sovereign immunity in connection with any actions arising out of or based on United States federal or state securities laws, enforcement in the event of a default may nevertheless be impracticable by virtue of legal, commercial, political or other considerations.

Because the State of Israel has not waived its sovereign immunity in connection with any action arising out of or based on United States federal or state securities laws, it will not be possible to obtain a United States judgment against Israel based on such laws unless a court were to determine that the State of Israel is not entitled under the United States Foreign Sovereign Immunities Act of 1976, as amended, to sovereign immunity with respect to such actions.

***The current global economic climate and continued economic disruption in Europe may have an adverse effect on Israel's economy.***

Israel's economy continues to be affected by current global economic conditions and the slow-growth climate in the global environment, particularly in Europe. Europe continues to face uncertainty as some "eurozone" countries face moderate to low growth and low inflation. The continued sluggish growth in the European Union, which is one of Israel's major trade partners, could have a material adverse impact on Israel's balance of trade and thereby adversely affect Israel's financial condition. Since late 2009, several "eurozone" governments, including Greece, Spain, Italy, Ireland, Portugal, France and Cyprus, have experienced rising national debt levels coupled with the downgrade of the credit ratings of their government debt. As a result of the sovereign debt crisis in Europe, there was significant price volatility in the secondary market for sovereign debt of European and other nations at the beginning of this decade. Additionally, speculation regarding the inability of Greece and other "eurozone" governments to pay their national debts remains uncertain, although these concerns have eased in recent years. Another global economic condition that has had a negative impact on the Israeli economy is the slowdown in key emerging economies, including China and Brazil, which has contributed to the slowdown in Israeli exports. The beginning of the retreat of the Board of Governors of the U.S. Federal Reserve System from its past accommodative monetary policy may also influence the Israeli economy.

Although Israel's economy has sustained moderate rates of growth in recent years, there can be no assurance that Israel's economy will continue to grow in a prolonged negative global economic climate.

***The successful development of Israel's natural gas reserves involves certain risks that may make expected natural gas production levels unobtainable.***

There are numerous uncertainties associated with estimating quantities of natural gas reserves and

projecting future rates of production and the level of revenue Israel will recover from its natural gas fields. These items are, in part, dependent on the reliability of seismic measurement technologies, the future international market for natural gas and other energy substitutes, as well as future development and operating costs, all of which may in fact vary considerably from Israel's current assumptions concerning royalties and tax revenues. Moreover, certain of Israel's neighbouring countries have asserted mineral rights with respect to certain natural gas reserves to which Israel currently lays claim. Any failure to meet expected natural gas production targets on the forecasted timelines, or at all, could have a negative impact on Israel's progress towards energy independence or the revenues that will be received by the State of Israel.

***There can be no assurance that the State of Israel's credit ratings will not change.***

As at the date of this Information Memorandum, the long-term foreign currency sovereign credit ratings of the State of Israel are: A1 (Moody's Investors Service, Inc.), A+ (Standard & Poor's Credit Market Services Europe Limited) and A+ (Fitch Ratings Ltd). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

No credit ratings will be assigned to the Programme or the Bonds. This means no independent assessment has been made about the risk of investors losing all or part of an investment in the Bonds and this is a risk each potential investor should consider when deciding if such an investment is appropriate for its needs in light of its own circumstances. The State of Israel's credit ratings may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Bonds.

#### **Risks related to the Bonds**

***The Bonds are unlisted, transferability of the Bonds is limited and there is no secondary trading market for the Bonds.***

The Bonds are unlisted and will not be traded on any exchange, market or other trading platform. Additionally, Bonds may only be sold, transferred or assigned in limited circumstances. As a result, no secondary market can develop for the Bonds meaning that investors may not be able to sell or transfer their Bonds and will instead very likely, unless their circumstances satisfy one of the limited circumstances previously mentioned, need to hold such Bonds to maturity. Therefore, in establishing their investment strategy, investors should expect to hold Bonds to maturity and ensure that the term of their Bonds is in line with their future liquidity requirements.

***Certain considerations applying in relation to Public Offers of Bonds.***

Bonds may be distributed by means of a Public Offer made during the Offer Period specified in the applicable Final Terms. During such Offer Period, the Promoter, on behalf of the Issuer, reserves the right to cancel or terminate early the Public Offer of any Tranche or Series of Bonds, or all Public Offers of Bonds being offered at a particular time, prior to its end date. In such circumstances, an applicant investor may not be issued any Bonds or may be issued a number of Bonds which is less than the amount for which such applicant investor applied. Any amounts segregated as intended payments of the Offer Price by an investor will be released back to the relevant investor by the Fiscal Agent without accrued interest. There may be a time lag in the release of any such amounts and no amount will be payable as compensation and the applicant investor may be subject to reinvestment risk.

***Risks relating to floating rate Bonds.***

Investment in Bonds which bear interest at a floating rate comprise (i) a benchmark interest rate (referred to in the Conditions and the Final Terms as the "Reference Rate") which will be LIBOR (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent) or EURIBOR depending on the type of Bonds issued and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Bonds but there will be a periodic adjustment of the reference rate (e.g., every six months) which itself will change in accordance with general market conditions. As the reference rate is contingent on extraneous factors, adjustment could result in the interest payable by the Issuer being reduced or extinguished, which could affect an investor's return on investment in the Bonds.

***The Bonds are unsecured.***

The Bonds constitute unsecured obligations of the State of Israel. This means that Bond holders will not have recourse to any security or other assets of the State of Israel should the State of Israel default on its payment obligations in respect of the Bonds.

***The Bonds are subject to optional redemption or repurchase by the State of Israel.***

The State of Israel may redeem or repurchase the Bonds in whole or in part, at any time or from time to time, prior to their scheduled maturity dates. For example, the State of Israel may choose to redeem or repurchase the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. Upon such redemption or repurchase, an investor might not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and might only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***There can be no assurance that the laws of the State of New York in effect as of the date of this Information Memorandum will not be modified.***

The conditions of the Bonds are based on the laws of the State of New York in effect as of the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to New York law or administrative practice after the date of this Information Memorandum.

***Yield.***

Potential investors should note that any indication of yield (i.e., income return on the Bonds) stated in the Final Terms of the Bonds applies only to investments made at the issue price and issue date of the relevant fixed rate Bonds, and not to investments made above or below the issue price of those Bonds or on any other date. This is because the stated yield is calculated as a "current yield", which is determined as at the issue price and issue date of the Bonds using the following formula:

$$\text{current yield} = \frac{\text{annual interest rate}}{\text{issue price (i.e., 100\%)}}$$

If an investor purchases Bonds at a price above or below the issue price of those Bonds or on a different date, the yield on that investment will be different from any indication of the yield set out in the relevant Final Terms. No indication of yield will be included in the relevant Final Terms in respect of any floating rate Bonds.

***Principal and interest payments will be subject to exchange rate risks and exchange controls.***

The State of Israel will pay principal and interest on the Bonds in the currency of each series of Bonds specified in the Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor subscribes for Bonds in a currency (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Bonds and (2) the Investor's Currency-equivalent value of the principal payable on the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Tax consequences of holding the Bonds.***

Potential purchasers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are purchased or transferred or other jurisdictions. Any potential investor should consult its own independent tax adviser for more information about the tax consequences of acquiring, owning and disposing of Bonds in its particular circumstances. See Section 7 (*Taxation*).

***The Bonds are not protected by the Financial Services Compensation Scheme.***

Unlike a bank deposit, the Bonds are not protected by the FSCS. As a result, neither the FSCS nor anyone else will pay compensation to you upon the failure of the Issuer to make payments in respect of the Bonds. If the Issuer is unable to make payments in respect of the Bonds, you may lose all or part of your investment in any Bonds.

***Regulation and Reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks".***

LIBOR, EURIBOR and other rates and indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Bonds linked to such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmark Regulation**") was published in the official journal on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on any Bonds linked to LIBOR, EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. The Conditions provide that should the relevant benchmark be unavailable, the successor or replacement benchmark to be used will be determined by the Issuer in its absolute discretion.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Bonds linked to a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Bonds linked to or referencing a "benchmark".

***Future discontinuance of LIBOR may adversely affect the value of Floating Rate Bonds which reference LIBOR***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The

announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on floating rate bonds which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Bonds. This may result in the Calculation Agent (which may be the Issuer or a third party) applying a substitute or successor interest rate that it has determined in its sole discretion is most comparable to the LIBOR interest rate and making consequential amendments to the terms and conditions of the Bonds. In any such case, no consent of the Bondholders shall be required in connection with effecting any relevant substitute or successor interest rate (as applicable) or any other related adjustments and/or amendments. Any of the foregoing could have an adverse effect on the value of, and return on, any Floating Rate Bonds which reference LIBOR.

### **SECTION 3. INFORMATION ABOUT THE PROGRAMME AND THE BONDS**

The following is an overview of the Programme and the key terms of the Bonds. The full text of the Conditions of the Bonds is contained in Appendix B. It is important that you read the entirety of this Information Memorandum before you invest in any Bonds. It is also recommended that you consult your financial adviser or any other professional adviser before you decide to invest in any Bonds.

The following overviews do not purport to be complete and are not summaries for the purposes of the Prospectus Directive (for such a summary, please refer to Section 1 (Summary of the Programme and the Bonds)). The following overviews are qualified in their entirety by the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Bonds, the applicable Final Terms.

These overviews constitute a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

Words and expressions defined in Appendix B (Conditions of the Bonds) shall have the same meanings in these overviews.

## INFORMATION ABOUT THE PROGRAMME

		<b>Refer to:</b>
<b>What is the Programme?</b>	<p>The Programme is a debt issuance programme of State of Israel under which State of Israel, as issuer, issues debt instruments. In this Information Memorandum, these debt instruments are referred to as Bonds. Bonds are also commonly referred to as notes.</p> <p>The standard terms and conditions that can be used by the Issuer to undertake each issue of Bonds are contained in a set of provisions referred to as the Conditions, as set out in this Information Memorandum in Appendix B (<i>Conditions of the Bonds</i>).</p> <p>The Programme is unlimited. This means that the Issuer may issue any maximum amount of Bonds. The amount of Bonds to be issued under the Programme and interest rate(s) applicable to such Bonds will be determined by the Issuer and the Promoter at the time of issue of the relevant Bond in accordance with prevailing market conditions.</p>	Appendix B ( <i>Conditions of the Bonds</i> )
<b>How are Bonds issued under the Programme?</b>	<p>Bonds are issued under the Programme on a continuous basis. For each Offer Period, a Final Terms which completes the Conditions is prepared, indicating which types of Bonds are being offered and setting out the terms of the Bonds to be issued.</p> <p>The key documents of which you will need to be aware when deciding whether to invest in Bonds issued under the Programme over the 12 month period from the date of this Information Memorandum are: (a) any supplement to this Information Memorandum published after the date of this Information Memorandum and (b) the applicable Final Terms for such Bonds.</p> <p>The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Information Memorandum which is capable of affecting the assessment of any Bonds, prepare a supplement to this Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent issue of Bonds.</p> <p>The Conditions of the Bonds cater for all the types of Bonds that the Issuer envisages issuing under the Programme, with the Final Terms for each Offer Period setting out the specific commercial terms applicable to the issue. Each Final Terms is</p>	Appendix B ( <i>Conditions of the Bonds</i> )  Section 10 ( <i>Form of Final Terms</i> )

**Refer to:**

intended to be read alongside the Conditions of the Bonds, and the two together provide the specific terms relevant to any specific issue of Bonds.

**What types of Bonds may be issued under the Programme?**

Two types of Bonds may be issued under this Information Memorandum: fixed rate Bonds, on which the Issuer will pay interest at a fixed rate, and floating rate Bonds, on which the Issuer will pay interest at a floating rate.

Appendix B  
(*Conditions of the Bonds*)

Section 10 (*Form of Final Terms*)

Fixed rate Bonds are Bonds where the interest rate payable by the Issuer is determined prior to issue, and remains fixed throughout the life of the Bonds. See Section 4 (*How the Return on your Investment is Calculated*) for a worked example showing how the return on an issue of fixed rate Bonds is calculated. Fixed rate Bonds may be issued as Mazel Tov Savings Bonds (Euro Mazel Tov Savings Bonds, Sterling Mazel Tov Savings Bonds or U.S. Dollar Mazel Tov Savings Bonds), Savings Bonds (Euro Savings Bonds, Sterling Savings Bonds or U.S. Dollar Savings Bonds), Sterling Jubilee Bonds, U.S. Dollar Maccabee Fixed Rate Bonds, U.S. Dollar Jubilee Fixed Rate Bonds or U.S. Dollar Sabra Savings Bonds, all as described herein.

Floating rate Bonds are Bonds where the interest rate is calculated by reference to a fluctuating benchmark rate.

Floating rate Bonds may be issued as Euro Floating Rate Bonds or U.S. Dollar Floating Rate LIBOR Bonds, all as described herein. The applicable benchmark rate for the Euro Floating Rate Bonds is EURIBOR, the Eurozone interbank offered rate, which is a reference rate based on the averaged interest rates at which a panel of Eurozone banks offer to lend unsecured funds in Euro to other banks within the Eurozone. The applicable benchmark rate for the U.S. Dollar Floating Rate LIBOR Bonds is LIBOR, the London interbank offered rate, which is a reference rate based on the averaged interest rates at which a panel of London banks offer to lend unsecured funds in different currencies to other banks in London (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent as further described in Section 2 (*Types of Bonds*)).

The floating interest rate is recalculated prior to the start of each interest period and applies for the length of that interest period. This means that a floating rate Bond will have a succession of different interest rates after the initial interest period rather than one interest rate applying for the life of the Bond. Although the floating interest rate will be based on the benchmark rate, it may also include a fixed percentage margin which is added to or subtracted from the benchmark rate. See Section 4 (*How the Return on your Investment is Calculated*) for a worked example showing how the return on an issue of floating rate Bonds is calculated.

The specific details of each Bond issued will be specified in the applicable Final Terms, which should be read alongside the Conditions of the Bonds.

**Refer to:**

<b>How will the price of the Bonds be determined?</b>	<p>The issue price of the Bonds is 100% of their aggregate principal amount.</p> <p>The final amount of Bonds to be issued on any issue date will be determined at the end of the relevant Offer Period and will depend, among other things, on the total amount of received subscriptions in respect of the Bonds.</p> <p>The Promoter, on behalf of the State of Israel, will announce the results of each Public Offer on its website as soon as practicable following the completion or termination of the Public Offer.</p>	
<b>What is the yield on fixed rate Bonds?</b>	<p>Calculated on the basis of the formula set out below, the annual yield of each fixed rate Bond will be the same as the applicable annual interest rate of such Bond.</p> $\text{Yield} = \frac{\text{Coupon}}{\text{Issue Price (i.e., 100%)}}$ <p>The yield in respect of a particular Bond will not be an indication of future yield. The Final Terms in respect of any floating rate Bonds will not include any indication of yield.</p>	N/A
<b>Will the Bonds issued under the Programme have a credit rating?</b>	Issues of Bonds issued under the Programme will not be rated.	N/A
<b>Are the Bonds secured?</b>	No, the obligations of the Issuer to pay interest and principal on the Bonds will not be secured.	N/A
<b>Do the Bonds have voting rights?</b>	No.	N/A
<b>Can the Conditions of the Bonds be amended?</b>	No.	N/A
<b>Will I be able to trade the Bonds issued under the Programme?</b>	<p>The Bonds are only transferable or assignable in limited circumstances and, as a result, Bond holders may not be able to sell or transfer their Bonds and will very likely, unless their circumstances satisfy one of these limited circumstances, need to hold their Bonds to maturity.</p> <p>No application has been or will be made for the Bonds to be admitted to trading on any exchange, market or other trading platform.</p>	<p>Condition 9 (<i>Transferability</i>) of Appendix B (<i>Conditions of the Bonds</i>)</p> <p>N/A</p>
<b>What will Bond holders receive if the Issuer is unable to make payments in respect of the Bonds?</b>	<p>The Issuer is a sovereign state and, unlike a corporate entity, there is no insolvency framework for sovereign states. The Issuer may, nevertheless, be unable to meet its obligations to pay interest and repay principal on the Bonds, thereby resulting in potential losses to Bond holders.</p> <p>The Bonds will constitute direct, general, unconditional and unsubordinated External Indebtedness of the Issuer for which the full faith and credit of the Issuer is pledged. "Direct" and "general" are used in Condition 3 (<i>Status of the Bonds</i>) of the</p>	<p>Condition 3 (<i>Status of the Bonds</i>) of Appendix B (<i>Conditions of the Bonds</i>)</p>

**Refer to:**

Bonds set out in Appendix B (*Conditions of the Bonds*) to indicate that these are bonds issued by, and backed by the credit of, a government (in this case, the State of Israel); "unconditional" means that rights and obligations created under the Bonds are not dependent on any other documents or actions; and "unsubordinated" means that no other unsecured creditors of the Issuer will rank senior to these Bonds. "External Indebtedness" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "Indebtedness" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

The Bonds will rank behind any obligations that have the benefit of security granted by the Issuer. As the Bonds are not secured, Bond holders will not have recourse to any security or other assets of the State of Israel should the Issuer default on its payment obligations in respect of any Bond.

The Bonds of each series will have the same legal ranking (without any preference among themselves) as all other unsubordinated External Indebtedness of the Issuer. This means that, in the case of the Issuer's default or non-payment in respect of its debt obligations, the Bonds would have the same priority of payment as the other debt obligations of the Issuer for which no security has been granted by the Issuer (including the unsecured obligations of the Issuer in relation to banking facilities and other financing).

Condition 3 (*Status of the Bonds*) of the Bonds provides, "It is understood that this provision shall not be construed so as to require the State of Israel to make payments under the Bonds ratably with payments being made under any other External Indebtedness." This means that Condition 3 does not require the Issuer to pay amounts due under the Bonds at the same time, or in proportion to, amounts due under the other debts of the Issuer.

**What will the proceeds be used for?**

The net proceeds from the issue of the Bonds are intended to be used for the general financing purposes of the Issuer.

Section 9 (*Use of Proceeds*)

**What if I have further questions?**

If you are unclear in relation to any matter, or uncertain if any Bonds offered under the Programme are a suitable investment, you should seek professional advice from your broker, solicitor, accountant or other independent financial adviser before deciding whether or not to invest.

N/A

## INFORMATION ABOUT THE BONDS

**Types:** The Bonds are debt instruments issued by the Issuer. Bonds may be Euro Floating Rate Bonds, Mazel Tov Savings Bonds (Euro Mazel Tov Savings Bonds, Sterling Mazel Tov Savings Bonds or U.S. Dollar Mazel Tov Savings Bonds), Savings Bonds (Euro Savings Bonds, Sterling Savings Bonds or U.S. Dollar Savings Bonds), Sterling Jubilee Bonds, U.S. Dollar Floating Rate LIBOR Bonds, U.S. Dollar Jubilee Fixed Rate Bonds, U.S. Dollar Maccabee Fixed Rate Bonds or U.S. Dollar Sabra Savings Bonds.

See the chart on pages 30 to 34 below for further details regarding the features of these types of Bonds.

**Currencies:** British Pounds Sterling, Euro and United States Dollars.

When purchasing a Bond, investors may tender funds in Euro, British Pounds Sterling or United States Dollars. See Appendix B (*Conditions of the Bonds — Purchase of Bonds*).

**Issue Date:** 15th of the month (for Bonds offered from the 1st of the month through the 14th of the month) or 1st of the month (for Bonds offered from the 15th of the month preceding the Issue Date through the last day of that month) or (in the case of the Mazel Tov Savings Bonds only) the 1st of the month.

**Maturity Dates:** Bonds will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of the relevant Bond occurs. No Bonds with a maturity of less than 1 year will be issued.

**Interest:** The Bonds will accrue interest from (and including) the Issue Date until (but not including) the maturity date.

Interest may be paid on an annual or semi-annual basis, or may be only paid on the maturity date of the relevant Bond, as the case may be.

Details of historic EURIBOR and LIBOR rates can be obtained from <http://www.emmi-benchmarks.eu/euribor-org/euribor-rates.html> and from <https://www.theice.com/marketdata/reports/170> respectively.

**Form of Bonds:** The Bonds are issued in book-entry form, which means that ownership of the Bonds will be recorded electronically by Computershare Trust Company of Canada, the institution appointed by the Issuer to act as its fiscal agent. Certificates will be issued only to government agencies, pension funds, financial institutions and employee benefit plans that so request at the time of purchase.

**Transfer of Bonds:** Bonds may be assigned or transferred in the instances specified in Condition 9 of the Bonds. See Appendix B (*Conditions of the Bonds — Transferability*).

**Redemption:** Subject to any purchase and cancellation or early redemption, Bonds will be redeemed on their Maturity Date at par.

**Early Redemption:** The State of Israel is entitled to redeem or repurchase any issued Bonds in whole or in part at any time. See Appendix B (*Conditions of the Bonds — Early Redemption — At the Option of the State of Israel*).

Redemption at the request of a Bond holder is not possible, except upon (i) the death of any natural person who owned a Bond (or the last survivor of joint original owners), (ii) the death of any natural person (or the dissolution of a testamentary trust following the death of such person) who owned a Bond through an individual personal pension plan or (iii) the termination of any

employee benefit plan which is the owner of a Bond scheme in accordance with the Conditions. See Appendix B (*Conditions of the Bonds — Early Redemption — At the Request of a Bond holder*).

The State of Israel has reserved the right to repurchase the Bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State of Israel. See Appendix B (*Conditions of the Bonds — Early Redemption — Repurchase by the State of Israel Under Other Terms and Conditions*).

**Interests of natural and legal persons involved in the issue/offer:**

The Issuer is not aware of any interest(s) material to the issue of the Bonds, other than any fees payable to Promoter for promoting and arranging subscriptions for the Bonds.

**Listing:**

No application has been or will be made for the Bonds to be admitted to trading on any exchange, market or other trading platform.

**Taxation:**

Interest and principal sums due under the Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Bond or the receipt of income therefrom).

For a discussion of tax consequences associated with the Bonds, see Section 7 (*Taxation*). Investors should consult their own tax advisers in determining the tax consequences to them of the purchase, ownership and disposition of the Bonds.

**Governing Law:**

The Bonds will be governed by the laws of the State of New York.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, the Netherlands and Japan see Section 6 (*Subscription and Sale*).

**Application for Bonds:**

Bonds may be offered to any person in Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and/or the United Kingdom (the "**Public Offer Jurisdiction(s)**"). No Tranche(s) of Bonds have been reserved for certain countries. The Bonds may have a special appeal to persons with an interest in the State of Israel.

In order to purchase a Bond on a specific Issue Date, your subscription documents must be accepted by or on behalf of the State of Israel and cleared funds in respect of the full purchase price of such Bond must be received and accepted in the account of the Fiscal Agent before such Issue Date (or before such other date announced by the State of Israel). Investors will also be required to sign the Promoter's Terms of Business, complete a Client Information Form and provide satisfactory evidence of their identity for the Promoter's anti-money laundering checks and provide any additional information required by local law in the jurisdiction of subscription. These forms are available on the Promoter's website or by contacting the Promoter directly. The State of Israel is not obliged to accept your subscription documents. See Appendix B (*Conditions of the Bonds — Purchase of Bonds*).

The Bonds will be issued on the relevant Issue Date. If subscription documents are accepted by or on behalf of the State of Israel and/or clear funds are accepted or received in the account of the Fiscal Agent on or after an Issue Date (or such other date), the relevant Bond will be issued on a subsequent Issue Date. When a Bond is issued on a subsequent Issue Date, the interest rate applicable to the Bond will be the interest rate applicable to such Issue

Date.

If the State of Israel does not accept your application to purchase Bonds, any payment made by you in connection with such purchase will be refunded within 21 Business Days (as defined in Appendix B (*Conditions of the Bonds — Purchase of Bonds*)) after the date of rejection of the subscription application and you shall not be entitled to any interest or other compensation in respect of such refunded payment.

Unless an application to purchase Bonds is not accepted by the State of Israel or a Public Offer is cancelled or terminated early, a prospective Bond holder will be allotted 100% of the Bonds for which it has applied. The Fiscal Agent will post a confirmation of the allotment of Bonds to the prospective Bond holder within 7 Business Days of the day on which the purchase is completed.

<b>Type of Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
Euro Floating Rate Bonds	Euro	1-Year 2-Year 3-Year 5-Year 10-Year	€5,000	Variable floating rate equal to the Applicable EURIBOR Rate for the each interest period plus the applicable Spread.	June 1st and December 1st in each year and upon maturity, except that for Bonds issued on May 15th and November 15th in each year, the initial interest payment will be made on the second Interest Payment Date following the Issue Date.	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.
Mazel Tov Savings Bonds <sup>(1)</sup>	British Pounds Sterling	5-Year	£100 (and integral multiples of £10 in excess of £100)	Fixed percentage per annum.	Interest will only be paid at maturity.	One sales period per month: from the 1st of the month preceding the Issue Date through the last day of that month.
	Euro	5-Year	€100 (and integral multiples of €10 in excess of €100)			
	United States Dollars	5-Year 10-Year	U.S.\$100 (and integral multiples of U.S.\$10 in excess of U.S.\$100)			
Savings Bonds <sup>(2)</sup>	British Pounds Sterling	1-Year 2-Year 3-Year 5-Year 10-Year	1 Year – £25,000 (and integral multiples of £1,000 in excess of £25,000)  2-Year, 3-Year, 5-Year	Fixed percentage per annum.	Interest will only be paid at maturity.	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month

<b>Type of Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
			and 10-Year - £1,000			through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.
	Euro	1-Year 2-Year 3-Year 5-Year 10-Year	1 Year – €25,000 (and integral multiples of €1,000 in excess of €25,000)  2-Year, 3-Year, 5-Year and 10-Year - €5,000			
	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year	1 Year – U.S.\$25,000 (and integral multiples of U.S.\$1,000 in excess of U.S.\$25,000)  2-Year, 3-Year, 5-Year and 10-Year - U.S.\$2,500 (and integral multiples of U.S.\$500 in excess of U.S.\$2,500)			
Sterling Jubilee Bonds	British Pounds Sterling	1-Year 2-Year 3-Year 5-Year 10-Year	£1,000	Fixed percentage per annum.	May 1st and November 1st in each year and upon maturity, except that for Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered

<u>Type of Bond:</u>	<u>Currency:</u>	<u>Maturity:</u>	<u>Minimum purchase amount:</u>	<u>Interest:</u>	<u>Interest Payment Date(s):</u>	<u>Sales Period(s):</u>
					Payment Date following their Issue Date.	from the 15th of the month preceding the Issue Date through the last day of that month.
U.S. Dollar Floating Rate LIBOR Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year	U.S.\$5,000 (and integral multiples of U.S.\$500 in excess of U.S.\$5,000)	Variable floating rate equal to the Applicable LIBOR Rate for the each interest period plus the applicable Spread.	June 1st and December 1st in each year and upon maturity, except that for Bonds issued on May 15th and November 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.
U.S. Dollar Jubilee Fixed Rate Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year 15-Year	U.S.\$25,000 (and integral multiples of U.S.\$5,000 in excess of U.S.\$25,000)	Fixed percentage per annum.	May 1st and November 1st in each year and upon maturity, except that for Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the

<b>Type of Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
U.S. Dollar Maccabee Fixed Rate Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year 15-Year	U.S.\$5,000 (and integral multiples of U.S.\$500 in excess of U.S.\$5,000)	Fixed percentage per annum.	May 1st and November 1st in each year and upon maturity, except that for Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.	last day of that month.  Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.
U.S. Dollar Sabra Savings Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year	1 Year – U.S.\$25,000 (and integral multiples of U.S.\$1,000 in excess of U.S.\$ 25,000)  2-Year, 3-Year, 5-Year and 10-Year - U.S.\$1,000 (and integral multiples of U.S.\$100 in excess of U.S.\$1,000)	Fixed percentage per annum.	Interest will only be paid at maturity.	Two sales periods per month: Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

*Bonds:*

<sup>(1)</sup> The maximum amount of Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date, registered in the name of any one holder, is €2,500, £2,500 or U.S.\$2,500.

<sup>(2)</sup> The maximum amount of 1-Year Savings Bonds that may be purchased by any person to be issued on any Issue Date, is €500,000, £500,000 or U.S.\$500,000.

(3) The maximum amount of 1-Year U.S. Dollar Sabra Savings Bonds that may be purchased by any person to be issued on any Issue Date is U.S.\$500,000.

#### **SECTION 4. HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED**

The following section sets out worked examples of how the interest amounts are calculated under a variety of scenarios and how the redemption provisions will affect the Bonds.

## HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED

THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER THE BONDS ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE CONDITIONS OF YOUR BONDS AS SET OUT IN APPENDIX B (*CONDITIONS OF THE BONDS*) AND THE FINAL TERMS RELATING TO THE BONDS.

### **General**

A bond is essentially an IOU; it is a promise by a borrower (the issuer) to repay money to an investor (the bondholder), usually with interest on the amount of money that it borrows. Payments to investors in bonds usually comprise two elements: repayment of the principal amount invested by the investor upon maturity of the relevant bond and payment of any interest which accrues on such principal amount throughout the life of the bond. This Section 4 describes how interest will be calculated on Bonds issued under the Programme and the amounts that an investor will receive upon redemption of the Bonds that it purchases.

### **Interest**

Two types of Bonds may be issued under this Information Memorandum: fixed rate Bonds, on which the Issuer will pay interest at a fixed rate, and floating rate Bonds, on which the Issuer will pay interest at a floating rate.

Fixed rate Bonds may be issued as Mazel Tov Savings Bonds (Euro Mazel Tov Savings Bonds, Sterling Mazel Tov Savings Bonds or U.S. Dollar Mazel Tov Savings Bonds), Savings Bonds (Euro Savings Bonds, Sterling Savings Bonds or U.S. Dollar Savings Bonds), Sterling Jubilee Bonds, U.S. Dollar Maccabee Fixed Rate Bonds, U.S. Dollar Jubilee Fixed Rate Bonds or U.S. Dollar Sabra Savings Bonds, all as described herein. Floating rate Bonds may be issued as Euro Floating Rate Bonds or U.S. Dollar Floating Rate LIBOR Bonds, all as described herein.

The examples below are intended to demonstrate how the return on your investment will be calculated depending on the interest type.

### ***Fixed Rate Bonds***

Fixed rate Bonds pay a periodic and predetermined fixed rate of interest over the life of the Bond. This means that the interest rate of a Bond is fixed as a set percentage at the time of issue.

Factors affecting the level of fixed rate interest include the length of maturity of the Bond (generally, the longer the maturity, the higher the interest rate, since investors must wait longer for a return on their investment).

Unless your Bonds are redeemed early, in respect of each Bond and on each interest payment date you will receive an amount calculated by applying the relevant fixed rate to the principal amount. Interest accrues from (and including) the issue date of the relevant Bond up to (but not including) the maturity date on the basis of a 365-day year and the number of days elapsed.

#### **WORKED EXAMPLE: FIXED RATE BONDS**

**Assuming, for the purpose of this worked example only, that:**

- **an investor purchases £1,000 of Sterling Jubilee Bonds;**
- **the issue price of such Bonds is 100%;**
- **the fixed interest rate of such Bonds is 3.00% per annum; and**
- **interest accrues on the basis of a 365-day year and the number of days elapsed and the actual number of calendar days in the interest period is 183,**

**then the interest amount payable on the interest payment date will be £15.04 (rounded to two decimal places). This figure is calculated as fixed interest of 3.00%, or  $0.03 \times £1,000 \times 183/365$ .**

Interest on fixed rate Bonds may be paid twice in each year and upon maturity or upon the maturity date of the relevant Bonds only, depending on the type of Bonds. See Section 1 *Summary of the Programme and the Bonds* — C.9 *Interest, redemption, yield and representative of the Bond holders*) and Appendix B (*Conditions of the Bonds*).

#### ***Floating Rate Bonds***

Floating rate Bonds pay interest that is calculated by reference to a fluctuating interest rate benchmark, which will be the London inter-bank offered rate (LIBOR) (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent as further described herein) for U.S. Dollar Floating Rate LIBOR Bonds or the Eurozone inter-bank offered rate (EURIBOR) for Euro Floating Rate Bonds.

It is common for an investor to receive a margin, known as the spread, which is added to or subtracted from the floating interest rate. The margin (or spread) is usually a fixed number of basis points. Each basis point is one hundredth (1/100th) of one percentage point or 0.01% (which is 0.0001 in decimal form). The applicable margin (or spread) of each Bond shall remain fixed until maturity.

After the initial interest period, the floating interest rate is recalculated on or around the start of each new interest period and applies for the length of that interest period. The Conditions specify when the benchmark rate will be determined for each interest period. If the screen rate is not published on Bloomberg, or such other recognised quotation system as may be designated by State of Israel from time to time, on a particular day for whatever reason, so that it is not possible to determine the relevant benchmark rate, the Conditions contain "fallback" provisions to cover this event.

Unless your Bonds are redeemed early, in respect of each Bond and on each interest payment date, you will receive an amount calculated by applying the rate of interest for that interest period to the principal amount. The rate of interest for any interest period will be determined by adding the relevant margin to the level of the interest rate benchmark for such interest period (or subtracting the relevant margin, if the margin is a negative number). Interest accrues from (and including) the issue date of the relevant Bond up to (but not including) the maturity date on the basis of a 365-day year and the number of days elapsed. In no event will the interest rate payable on the floating rate Bonds be less than 0% per year.

#### **WORKED EXAMPLE: FLOATING RATE BONDS**

Assuming, for the purpose of this worked example only, that:

- an investor purchases €1,000 of Euro Floating Rate Bonds;
- the issue price of such Bonds is 100%;
- the Reference Rate is 6 month EURIBOR;
- the margin is +200 basis points (or 2.00%); and
- interest accrues on the basis of a 365-day year and the number of days elapsed and the actual number of calendar days in the interest period is 181,

then if the reference rate on the relevant interest determination date is shown on the Relevant Screen Page as 2.10%, the interest amount payable on the corresponding interest payment date will be equal to €20.33 (rounded to two decimal places). This figure is calculated as €1,000 × rate of interest of 4.10% (or 0.041) x 181/365. The rate of interest (4.10%) is calculated as the Reference Rate of 2.10% (or 0.021) plus 2.00% (or 200 basis points) margin.

#### **Redemption**

##### ***Redemption at maturity***

The Bonds to be issued under the Programme will be redeemed at their principal amount on maturity. Unless your Bonds are redeemed early (as described below) or are purchased and cancelled, if you purchased £1,000 in principal amount of the Bonds, you will receive £1,000 from the Issuer on the maturity date of the Bonds. This is known as redemption at par.

##### ***Early redemption***

The State of Israel is entitled to redeem or repurchase any issued Bonds in whole or in part at any time and has reserved the right to repurchase the Bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State of Israel. Redemption at the request of a Bond holder is not possible, except upon the death of the last surviving natural person who owned the Bond or upon the termination of an employee benefit scheme in accordance with the Conditions. See Appendix B (*Conditions of the Bonds — Early Redemption*).

If the Bonds are redeemed prior to their maturity date, you will be paid a purchase price equal to the principal amount of the Bond together with interest accrued to the redemption or repurchase date.

## **SECTION 5. INFORMATION INCORPORATED BY REFERENCE**

This section contains a description of the information that is deemed to be incorporated by reference into this Information Memorandum.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Information Memorandum save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is subsequently incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), *provided that* such modifying or superseding statement is made by way of a supplement to this Information Memorandum pursuant to Article 16 of the Prospectus Directive:

1. Exhibit D to the Issuer's Annual Report on Form 18-K to the United States Securities and Exchange Commission for the fiscal year ended December 31, 2017 dated as of June 29, 2018 submitted to and filed with the UK Listing Authority on August 30, 2018:

Map of Israel	Page D-1
Currency Protocol	Page D-2
Fiscal Year	Page D-2
Forward-Looking Statements	Page D-3
Summary Information and Recent Developments	Pages D-4 to D-11 (inclusive)
State of Israel	Pages D-12 to D-23 (inclusive)
The Economy	Pages D-24 to D-53 (inclusive)
Balance of Payments and Foreign Trade	Pages D-54 to D-66 (inclusive)
The Financial System	Pages D-67 to D-79 (inclusive)
Public Finance	Pages D-83 to D-89 (inclusive)
Public Debt	Pages D-90 to D-98 (inclusive)
Debt Record	Pages D-99 to D-106 (inclusive)

2. The section headed "*Conditions of the Bonds*" set out on pages 67 to 85 (inclusive) of the information memorandum relating to the Programme dated September 22, 2017.
3. The section headed "*Form of Final Terms*" set out on pages 51 to 60 (inclusive) of the information memorandum relating to the Programme dated September 22, 2017.

For the period of 12 months following the date of this Information Memorandum, electronic copies of any documents incorporated by reference herein and in any supplements hereto will be available on the Promoter's website at [www.israelbondsintl.com](http://www.israelbondsintl.com) and physical copies may also be inspected at its offices at the address specified on the last page of this Information Memorandum.

Where a document incorporated by reference in turn incorporates information by reference, such information does not form part of the Information Memorandum for the purposes of the Prospectus Directive.

Those parts of the document incorporated by reference which are not incorporated by reference into this Information Memorandum are either not relevant for prospective investors in the Bonds or the relevant information is included elsewhere in this Information Memorandum.

If the terms of the Programme are modified or amended in a manner which would make this Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum will be prepared to the extent required by law.

## **SECTION 6. SUBSCRIPTION AND SALE**

This section contains a description of certain selling restrictions applicable to making offers of the Bonds under the Programme.

## SUBSCRIPTION AND SALE

By arranging offers of Bonds to any Investor, the Promoter is hereby deemed to acknowledge, undertake, represent and warrant and agree (as the case may be), in each case for the benefit of the Issuer, as follows:

### United States of America

The Bonds have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons. The Promoter represents and agrees that it will not offer, sell or deliver any Bonds within the United States or to U.S. persons except as permitted by the above-mentioned exceptions.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Relevant Member State, the Promoter represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Information Memorandum as completed by the Final Terms in relation thereto to the public in that Relevant Member State, and *provided that* the Issuer has consented in writing to the use of this Information Memorandum for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (a) if the Final Terms specify that a Public Offer of those Bonds may be made, following the date of publication of a prospectus in relation to such Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, *provided that* any such prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Promoter for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided that* no such offer of Bonds referred to in (b) to (d) above shall require the Issuer or the Promoter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## **United Kingdom**

The Promoter represents and agrees that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

## **Japan**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, the Promoter undertakes that it will not offer or sell any Bonds directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for reoffering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **Belgium**

The Promoter represents and agrees that an offering of Bonds may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Bonds, directly or indirectly, to any Belgian Consumer.

## **General**

The Promoter agrees that it will (i) comply with all applicable securities laws and regulations in force in any jurisdiction in which it promotes or arranges any purchases, offers, sales or deliveries of Bonds or in which it possesses or distributes this Information Memorandum and (ii) obtain any consent, approval or permission required for the purchase, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it promotes or arranges such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Promoter represents that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The issue of the Bonds will not be underwritten and there is no minimum subscription on which the issue of the Bonds is conditional.

## **SECTION 7. TAXATION**

If you are considering purchasing Bonds, it is important that you understand the taxation consequences of investing in the Bonds. It is recommended that you read this section and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser before deciding whether to invest in the Bonds.

## TAXATION

*The following is intended as general information only and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to present any comprehensive or complete description of all aspects of any applicable tax law which could be of relevance to a Bond holder. Bond holders who are in any doubt as to their tax position should consult their professional advisers.*

### **Payments by the State of Israel**

Interest and principal sums due under the Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Bond or the receipt of income therefrom). The Promoter's understanding as of the date of this Information Memorandum is that in all circumstances payments of interest may be made by State of Israel without deduction of any withholding tax.

### **Payments to non-residents of the State of Israel**

Under Israeli law as presently in effect, payments made under the Bonds to Bond holders who are not residents of the State of Israel will be exempt from Israeli taxation, and there are no transfer, stamp or similar taxes under the laws of the State of Israel payable in connection with the issue or redemption of the Bonds.

### **Other tax consequences for Bond holders**

Bond holders who may be liable to taxation in jurisdictions other than the State of Israel in respect of their acquisition, holding or disposal of the Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the preceding comments relate only to certain aspects of taxation in the State of Israel. In particular, Bond holders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the State of Israel.

### **Proposed Financial Transactions Tax ("FTT")**

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the "**participating Member States**") and Estonia. Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of Bonds are advised to seek their own professional advice in relation to the FTT.

## **SECTION 8. IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF BONDS**

The following section contains important information regarding the basis on which this Information Memorandum may be used for the purpose of making public offers of Bonds.

## IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF BONDS

Application will be made for a certificate of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FCA to the competent authorities in Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden and the Netherlands together with translations of the Information Memorandum summary in French, German, Hungarian, Polish, Spanish and Swedish for the purposes of making Public Offers of the Bonds (other than Exempt Bonds) in such jurisdictions during the period of twelve months after the date hereof.

Public Offers of Bonds may only be made by the Promoter in the context of a Public Offer if the offer is made in the United Kingdom, Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden and the Netherlands as specified in the relevant Final Terms and within the time period referred to in the Final Terms as the "Offer Period". Other than as set out above, the Issuer has not authorised the making of any Public Offer of Bonds in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.<sup>1</sup>

Please see below for certain important legal information relating to Public Offers.

### *Public Offers of Bonds in the European Economic Area*

Tranches of Bonds (other than Exempt Bonds) may, subject as provided below, be offered in any Relevant Member State (as defined herein) in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Information Memorandum as a "Public Offer".

This Information Memorandum has been prepared on a basis that permits Public Offers of Bonds in Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and the United Kingdom (each, a "Public Offer Jurisdiction"). Any person making or intending to make a Public Offer of Bonds in a Public Offer Jurisdiction on the basis of this Information Memorandum must do so only with the consent of the Issuer – see "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" below.

If, after the date of this Information Memorandum, the Issuer intends to add one or more Relevant Member States to the list of Public Offer Jurisdictions for any purpose, it will prepare a supplement to this Information Memorandum specifying such Relevant Member State(s) and any relevant additional information required by the Prospectus Directive. Such supplement will also set out provisions relating to the consent of the Issuer to the use of this Information Memorandum in connection with any Public Offer in any such additional Public Offer Jurisdiction(s).

Save as provided above, the Issuer and the Promoter have not authorised, nor do they authorise, the making of any Public Offer of Bonds in circumstances in which an obligation arises for the Issuer or the Promoter to publish or supplement a prospectus for such offer.

### *Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*

As described more fully in the following paragraphs, express consent is given by the Issuer, as the person responsible for drawing up this Information Memorandum, to the use of this Information Memorandum by the Promoter and the Issuer accepts responsibility for the content of this Information Memorandum also with respect to sales of Bonds arranged by the Promoter.

In the context of any Public Offer of Bonds in a Public Offer Jurisdiction, the Issuer accepts responsibility in that Public Offer Jurisdiction for the content of this Information Memorandum in relation to any person (an "Investor") in that Public Offer Jurisdiction to whom an offer of any Bonds is made via the Promoter provided that the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under "*Consent*". The Issuer has no responsibility for any of the actions of the Promoter, including compliance by the Promoter with any applicable conduct of business rules or other local regulatory or securities law requirements in that Public Offer Jurisdiction in

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<sup>1</sup> SoI team to confirm

relation to such Public Offer.

**Save as provided below, none of the Issuer and the Promoter has authorised the making of any Public Offer and the Issuer has not consented to the use of this Information Memorandum by any other person in connection with any Public Offer of Bonds. Any Public Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor the Promoter accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.**

**If, in the context of a Public Offer, an Investor is offered Bonds via a person which is not the Promoter, the Investor should check with such person whether anyone is responsible for this Information Memorandum for the purposes of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Information Memorandum and/or who is responsible for its contents it should take legal advice.**

#### ***Consent***

The Issuer consents to the use of this Information Memorandum in connection with a Public Offer of Bonds in any Public Offer Jurisdiction by the Promoter, *provided that* such consent:

- (a) is only valid in respect of the relevant Tranche of Bonds;
- (b) is only valid during the Offer Period specified in the applicable Final Terms; and
- (c) only extends to the use of this Information Memorandum to make Public Offers of the relevant Tranche of Bonds in such of the Public Offer Jurisdictions as are specified in the applicable Final Terms.

The consent referred to above relates to Public Offers occurring within twelve months from the date of this Information Memorandum.

**The Promoter will state on its website for so long as it uses this Information Memorandum in connection with Public Offers of Bonds in any Public Offer Jurisdiction that it uses this Information Memorandum in accordance with the consent and the conditions attached thereto contained herein.**

#### ***ARRANGEMENTS BETWEEN INVESTORS AND THE PROMOTER***

**IN THE EVENT OF AN OFFER OF BONDS BEING MADE BY THE PROMOTER, THE PROMOTER WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.**

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY BONDS IN A PUBLIC OFFER VIA THE PROMOTER WILL DO SO, AND OFFERS AND SALES OF SUCH BONDS TO AN INVESTOR VIA THE PROMOTER WILL BE MADE, IN ACCORDANCE WITH, ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN THE PROMOTER AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS (OTHER THAN WITH THE PROMOTER) IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE BONDS CONCERNED AND, ACCORDINGLY, THIS INFORMATION MEMORANDUM AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE PROMOTER AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE PROMOTER WILL BE RESPONSIBLE FOR SUCH INFORMATION. THE ISSUER DOES NOT HAVE ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Any new information with respect to the Promoter which is, in its view, relevant to Investors in Bonds issued under this Programme and which is unknown at the time of the approval of this Information Memorandum or the filing of any Final Terms, as the case may be, will be published on the Promoter's website [www.israelbondsintl.com](http://www.israelbondsintl.com).

## **SECTION 9. USE OF PROCEEDS**

The following section describes the manner in which the Issuer intends to use the proceeds from issues of Bonds under the Programme.

## **USE OF PROCEEDS**

The net proceeds from the issue of the Bonds are intended to be used for the general financing purposes of the Issuer.

## **SECTION 10. FORM OF FINAL TERMS**

This section contains the forms of Final Terms that the Issuer will complete when offering any Bonds under the Programme.

## FORM OF FINAL TERMS

[The Information Memorandum expires on September 6, 2019 and the Issuer intends that an updated information memorandum will be approved and published in accordance with the Prospectus Directive during the Offer Period. The updated information memorandum will be available on the Promoter's website ([www.israelbondsintl.com](http://www.israelbondsintl.com)) as indicated below.]<sup>2</sup>

Final Terms for the Offer Period [ ], 20[18/19] to [ ], 20[18/19]

### STATE OF ISRAEL

**Legal entity identifier ("LEI"): 213800T8ZHTFZIBYPE21**

Issue of  
**Euro Savings Bonds (13th Euro Series)**  
**Euro Floating Rate Bonds (14th Euro Series)**  
**Sterling Savings Bonds (9th Sterling Series)**  
**Sterling Jubilee Bonds (9th Sterling Series)**  
**U.S. Dollar Floating Rate LIBOR Bonds (7th International Dollar Series)**  
**U.S. Dollar Jubilee Fixed Rate Bonds (7th International Dollar Series)**  
**U.S. Dollar Maccabee Fixed Rate Bonds (7th International Dollar Series)**  
**U.S. Dollar Sabra Savings Bonds (7th International Dollar Series)**  
**U.S. Dollar Savings Bonds (7th International Dollar Series)**  
**Euro Mazel Tov Savings Bonds (9th Euro Series)**  
**Sterling Mazel Tov Savings Bonds (9th Sterling Series)**  
**U.S. Dollar Mazel Tov Savings Bonds (7th International Dollar Series)**  
(together, the "**Bonds**")

**under the Bond Issuance Programme (the "Programme")**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the information memorandum dated September 6, 2018 [and the supplement(s) to it dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Information Memorandum**").

This document constitutes the final terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms, the relevant Rate Sheet(s) (if any) and the Information Memorandum. However, a summary of the issue of the Bonds is annexed to these Final Terms. Copies of the Information Memorandum and relevant Rate Sheet(s) may be obtained from the Promoter's website at [www.israelbondsintl.com](http://www.israelbondsintl.com) or from its offices at ORT House, 126 Albert Street, London NW1 7NE, United Kingdom.]

*(The following alternative language applies in respect of issues of securities where the public offer spans an update to Information Memorandum)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the information memorandum dated September 6, 2018 and any supplement(s) thereto approved and published on or before the date of these Final Terms (copies of which are available as described below) (the "**2018 Information Memorandum**"), notwithstanding the approval of an updated information memorandum which will replace the 2018 Information Memorandum (the "**Updated Information Memorandum**"). This document constitutes the Final Terms relating to the issue of Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and (i) prior to the publication of the Updated Information Memorandum, must be read in conjunction with the 2018 Information Memorandum as so supplemented and (ii) after the publication of the Updated Information

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<sup>2</sup> Include in respect of a Tranche of Notes for which the Offer Period spans an update of the Information Memorandum

Memorandum, must be read in conjunction with the Updated Information Memorandum save in respect of the Conditions (which are extracted from the 2018 Information Memorandum as so supplemented and which will be incorporated by reference into the Updated Information Memorandum). The 2018 Information Memorandum as so supplemented constitutes, and the Updated Information Memorandum will constitute, a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of Notes described herein is only available on the basis of a combination of these Final Terms and (i) prior to the publication of the Updated Information Memorandum, the 2018 Information Memorandum as so supplemented and (ii) after the publication of the Updated Information Memorandum, the Updated Information Memorandum, save in respect of the Conditions (which are extracted from the 2018 Information Memorandum as so supplemented and which will be incorporated by reference into the Updated Information Memorandum). Copies of the 2018 Information Memorandum, relevant Rate Sheet(s) and, following its publication, the Updated Information Memorandum, may be obtained from the Promoter's website at [www.israelbondsintl.com](http://www.israelbondsintl.com) or from its offices at ORT House, 126 Albert Street, London NW1 7NE, United Kingdom.]

[Investors should note that if a supplement to or an updated version of the Information Memorandum referred to above is published at any time during the Offer Period (as described above), such supplement or updated information memorandum as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the offer of Bonds to which this Final Terms relates prior to the date of publication of such supplement or updated version of the Information Memorandum, as the case may be (the "**Publication Date**"), have the right within two working days of the Publication Date to withdraw their acceptances.]<sup>3</sup>

#### **Euro Savings Bonds (13th Euro Series)**

Specified Currency:	Euro	
Interest Rate:	[1-Year Euro Savings Bond:	[ ]% per annum]
	[2-Year Euro Savings Bond:	[ ]% per annum]
	[3-Year Euro Savings Bond:	[ ]% per annum]
	[5-Year Euro Savings Bond:	[ ]% per annum]
	[10-Year Euro Savings Bond:	[ ]% per annum]
Issue Date:	[ ]	
Maturity Date:	[1-Year Euro Savings Bond:	[ ]]
	[2-Year Euro Savings Bond:	[ ]]
	[3-Year Euro Savings Bond:	[ ]]
	[5-Year Euro Savings Bond:	[ ]]
	[10-Year Euro Savings Bond:	[ ]]
ISIN Code:	[1-Year Euro Savings Bond:	[ ]]
	[2-Year Euro Savings Bond:	[ ]]
	[3-Year Euro Savings Bond:	[ ]]
	[5-Year Euro Savings Bond:	[ ]]

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<sup>3</sup> Include in respect of issues of Notes for which the Offer Period spans a supplement to the Information Memorandum or an update to the Information Memorandum.

	[10-Year Euro Savings Bond:	[ ]
CFI:	[1-Year Euro Savings Bond:	[ ] /Not Applicable]
	[2-Year Euro Savings Bond:	[ ] /Not Applicable]
	[3-Year Euro Savings Bond:	[ ] /Not Applicable]
	[5-Year Euro Savings Bond:	[ ] /Not Applicable]
	[10-Year Euro Savings Bond:	[ ] /Not Applicable]
FISN:	[1-Year Euro Savings Bond:	[ ] /Not Applicable]
	[2-Year Euro Savings Bond:	[ ] /Not Applicable]
	[3-Year Euro Savings Bond:	[ ] /Not Applicable]
	[5-Year Euro Savings Bond:	[ ] /Not Applicable]
	[10-Year Euro Savings Bond:	[ ] /Not Applicable]

#### **Euro Floating Rate Bonds (14th Euro Series)**

Specified Currency:	Euro	
Reference Rate:	The Applicable EURIBOR Rate is [ ]	
Spread:	[1-Year Euro Floating Rate Bond:	+/- [ ] basis points]
	[2-Year Euro Floating Rate Bond:	+/- [ ] basis points]
	[3-Year Euro Floating Rate Bond:	+/- [ ] basis points]
	[5-Year Euro Floating Rate Bond:	+/- [ ] basis points]
	[10-Year Euro Floating Rate Bond:	+/- [ ] basis points]
Issue Date:	[ ]	
Maturity Date:	[1-Year Euro Floating Rate Bond:	[ ]
	[2-Year Euro Floating Rate Bond:	[ ]
	[3-Year Euro Floating Rate Bond:	[ ]
	[5-Year Euro Floating Rate Bond:	[ ]
	[10-Year Euro Floating Rate Bond:	[ ]
ISIN Code:	[1-Year Euro Floating Rate Bond:	[ ]

	[2-Year Euro Floating Rate Bond:	[ ]
	[3-Year Euro Floating Rate Bond:	[ ]
	[5-Year Euro Floating Rate Bond:	[ ]
	[10-Year Euro Floating Rate Bond:	[ ]
CFI:	[1-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[2-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[3-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[5-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[10-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
FISN:	[1-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[2-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[3-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[5-Year Euro Floating Rate Bond:	[ ] /Not Applicable]
	[10-Year Euro Floating Rate Bond:	[ ] /Not Applicable]

**Sterling Savings Bonds (9th Sterling Series)**

Specified Currency:	Sterling	
Interest Rate:	[1-Year Sterling Savings Bond:	[ ] % per annum]
	[2-Year Sterling Savings Bond:	[ ] % per annum]
	[3-Year Sterling Savings Bond:	[ ] % per annum]
	[5-Year Sterling Savings Bond:	[ ] % per annum]
	[10-Year Sterling Savings Bond:	[ ] % per annum]
Issue Date:	[ ]	
Maturity Date:	[1-Year Sterling Savings Bond:	[ ]
	[2-Year Sterling Savings Bond:	[ ]

	[3-Year Sterling Savings Bond:	[	]
	[5-Year Sterling Savings Bond:	[	]
	[10-Year Sterling Savings Bond:	[	]
ISIN Code:	[1-Year Sterling Savings Bond:	[	]
	[2-Year Sterling Savings Bond:	[	]
	[3-Year Sterling Savings Bond:	[	]
	[5-Year Sterling Savings Bond:	[	]
	[10-Year Sterling Savings Bond:	[	]
CFI:	[1-Year Sterling Savings Bond:	[	]/Not Applicable]
	[2-Year Sterling Savings Bond:	[	]/Not Applicable]
	[3-Year Sterling Savings Bond:	[	]/Not Applicable]
	[5-Year Sterling Savings Bond:	[	]/Not Applicable]
	[10-Year Sterling Savings Bond:	[	]/Not Applicable]
FISN:	[1-Year Sterling Savings Bond:	[	]/Not Applicable]
	[2-Year Sterling Savings Bond:	[	]/Not Applicable]
	[3-Year Sterling Savings Bond:	[	]/Not Applicable]
	[5-Year Sterling Savings Bond:	[	]/Not Applicable]
	[10-Year Sterling Savings Bond:	[	]/Not Applicable]

**Sterling Jubilee Bonds (9th Sterling Series)**

Specified Currency:	Sterling		
Interest Rate:	[1-Year Sterling Jubilee Bond:	[	]% per annum]
	[2-Year Sterling Jubilee Bond:	[	]% per annum]
	[3-Year Sterling Jubilee Bond:	[	]% per annum]
	[5-Year Sterling Jubilee Bond:	[	]% per annum]
	[10-Year Sterling Jubilee Bond:	[	]% per annum]
Issue Date:	[     ]		
Maturity Date:	[1-Year Sterling Jubilee Bond:	[	]
	[2-Year Sterling Jubilee Bond:	[	]
	[3-Year Sterling Jubilee Bond:	[	]
	[5-Year Sterling Jubilee Bond:	[	]
	[10-Year Sterling Jubilee Bond:	[	]
ISIN Code:	[1-Year Sterling Jubilee Bond:	[	]

	[2-Year Sterling Jubilee Bond:	[ ]
	[3-Year Sterling Jubilee Bond:	[ ]
	[5-Year Sterling Jubilee Bond:	[ ]
	[10-Year Sterling Jubilee Bond:	[ ]
CFI:	[1-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[2-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[3-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[5-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[10-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
FISN:	[1-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[2-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[3-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[5-Year Sterling Jubilee Bond:	[ ] /Not Applicable]
	[10-Year Sterling Jubilee Bond:	[ ] /Not Applicable]

**U.S. Dollar Floating Rate LIBOR Bonds (7th International Dollar Series)**

Specified Currency:	United States Dollars	
Reference Rate:	The Applicable LIBOR Rate is [ ]	
Spread:	[1-Year U.S. Dollar Floating Rate LIBOR Bond:	+/- [ ] basis points]
	[2-Year U.S. Dollar Floating Rate LIBOR Bond:	+/- [ ] basis points]
	[3-Year U.S. Dollar Floating Rate LIBOR Bond:	+/- [ ] basis points]
	[5-Year U.S. Dollar Floating Rate LIBOR Bond:	+/- [ ] basis points]
	[10-Year U.S. Dollar Floating Rate LIBOR Bond:	+/- [ ] basis points]
Issue Date:	[ ]	
Maturity Date:	[1-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[2-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[3-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[5-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]

	[10-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
ISIN Code:	[1-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[2-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[3-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[5-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
	[10-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ]
CFI:	[1-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[2-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[3-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[5-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[10-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
FISN:	[1-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[2-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[3-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[5-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]
	[10-Year U.S. Dollar Floating Rate LIBOR Bond:	[ ] /Not Applicable]

**U.S. Dollar Jubilee Fixed Rate Bonds (7th International Dollar Series)**

Specified Currency:	United States Dollars	
Interest Rate:	[1-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] % per annum]
	[2-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] % per annum]
	[3-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] % per annum]
	[5-Year U.S. Dollar Jubilee	[ ] % per annum]

	Fixed Rate Bond:		
	[10-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] % per annum]
	[15-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] % per annum]
Issue Date:	[ ]		
Maturity Date:	[1-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[2-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[3-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[5-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[10-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[15-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
ISIN Code:	[1-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[2-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[3-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[5-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[10-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
	[15-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	
CFI:	[1-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] /Not Applicable]
	[2-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] /Not Applicable]
	[3-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] /Not Applicable]
	[5-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] /Not Applicable]
	[10-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ]	] /Not Applicable]
	[15-Year U.S. Dollar Jubilee	[ ]	] /Not Applicable]

	Fixed Rate Bond:	
FISN:	[1-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]
	[2-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]
	[3-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]
	[5-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]
	[10-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]
	[15-Year U.S. Dollar Jubilee Fixed Rate Bond:	[ ] /Not Applicable]

**U.S. Dollar Maccabee Fixed Rate Bonds (7th International Dollar Series)**

Specified Currency:	United States Dollars	
Interest Rate:	[1-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
	[2-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
	[3-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
	[5-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
	[10-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
	[15-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ] % per annum]
Issue Date:	[ ]	
Maturity Date:	[1-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]
	[2-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]
	[3-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]
	[5-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]
	[10-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]
ISIN Code:	[1-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]]

	[2-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	]
	[3-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	]
	[5-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	]
	[10-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	]
	[15-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	]
CFI:	[1-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[2-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[3-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[5-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[10-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[15-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
FISN:	[1-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[2-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[3-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[5-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[10-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]
	[15-Year U.S. Dollar Maccabee Fixed Rate Bond:	[ ]	/Not Applicable]

**U.S. Dollar Sabra Savings Bonds (7th International Dollar Series)**

Specified Currency:	United States Dollars		
Interest Rate:	[1-Year U.S. Dollar Sabra Savings Bond:	[ ]	% per annum]
	[2-Year U.S. Dollar Sabra Savings Bond:	[ ]	% per annum]
	[3-Year U.S. Dollar Sabra	[ ]	% per annum]

	Savings Bond:		
	[5-Year U.S. Dollar Sabra Savings Bond:	[ ]	] % per annum]
	[10-Year U.S. Dollar Sabra Savings Bond:	[ ]	] % per annum]
Issue Date:	[ ]		
Maturity Date:	[1-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[2-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[3-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[5-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[10-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
ISIN Code:	[1-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[2-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[3-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[5-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
	[10-Year U.S. Dollar Sabra Savings Bond:	[ ]	]
CFI:	[1-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[2-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[3-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[5-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[10-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
FISN:	[1-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[2-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]
	[3-Year U.S. Dollar Sabra Savings Bond:	[ ]	] /Not Applicable]

Savings Bond: [ ] /Not Applicable]  
 [5-Year U.S. Dollar Sabra Savings Bond:  
 [10-Year U.S. Dollar Sabra Savings Bond: [ ] /Not Applicable]

**U.S. Dollar Savings Bonds (7th International Dollar Series)**

Specified Currency: United States Dollars

Interest Rate: [1-Year U.S. Dollar Savings Bond: [ ] % per annum]  
 [2-Year U.S. Dollar Savings Bond: [ ] % per annum]  
 [3-Year U.S. Dollar Savings Bond: [ ] % per annum]  
 [5-Year U.S. Dollar Savings Bond: [ ] % per annum]  
 [10-Year U.S. Dollar Savings Bond: [ ] % per annum]

Issue Date: [ ]

Maturity Date: [1-Year U.S. Dollar Savings Bond: [ ]]  
 [2-Year U.S. Dollar Savings Bond: [ ]]  
 [3-Year U.S. Dollar Savings Bond: [ ]]  
 [5-Year U.S. Dollar Savings Bond: [ ]]  
 [10-Year U.S. Dollar Savings Bond: [ ]]

ISIN Code: [1-Year U.S. Dollar Savings Bond: [ ]]  
 [2-Year U.S. Dollar Savings Bond: [ ]]  
 [3-Year U.S. Dollar Savings Bond: [ ]]  
 [5-Year U.S. Dollar Savings Bond: [ ]]  
 [10-Year U.S. Dollar Savings Bond: [ ]]

CFI: [1-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]  
 [2-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

Bond:

[3-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[5-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[10-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

FISN: [1-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[2-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[3-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[5-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

[10-Year U.S. Dollar Savings Bond: [ ] /Not Applicable]

**Euro Mazel Tov Savings Bonds (9th Euro Series)**

Specified Currency: Euro

Interest Rate: [ ]% per annum

Issue Date: [ ]

Maturity Date: [ ]

ISIN Code: [ ]

**Sterling Mazel Tov Savings Bonds (9th Sterling Series)**

Specified Currency: Sterling

Interest Rate: [ ]% per annum

Issue Date: [ ]

Maturity Date: [ ]

ISIN Code: [ ]

**U.S. Dollar Mazel Tov Savings Bonds (7th International Dollar Series)**

Specified Currency: United States Dollars

Interest Rate: [5-Year U.S. Dollar Mazel Tov Savings Bond: [ ]% per annum]

[10-Year U.S. Dollar Mazel Tov Savings Bond: [ ]% per annum]

Issue Date: [ ]

Maturity Date:	[5-Year U.S. Dollar Mazel Tov Savings Bond: [ ]]
	[10-Year U.S. Dollar Mazel Tov Savings Bond: [ ]]
ISIN Code:	[5-Year U.S. Dollar Mazel Tov Savings Bond: [ ]]
	[10-Year U.S. Dollar Mazel Tov Savings Bond: [ ]]
CFI:	[5-Year U.S. Dollar Mazel Tov Savings Bond: [ ] /Not Applicable]
	[10-Year U.S. Dollar Mazel Tov Savings Bond: [ ] /Not Applicable]
FISN:	[5-Year U.S. Dollar Mazel Tov Savings Bond: [ ] /Not Applicable]
	[10-Year U.S. Dollar Mazel Tov Savings Bond: [ ] /Not Applicable]

**Terms and Conditions of the Public Offer of the Bonds**

Public Offer Jurisdiction(s):	[Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and the United Kingdom]
Offer Period:	[ ], 20[18/19] to [ ], 20[18/19] [ <i>provided, however, that the Offer Period in Austria will not commence until the day after the filing of the issue terms with the Registration Office (Meldestelle) has been duly made as required by the Austrian Capital Markets Act</i> ]

**SUMMARY OF THE ISSUE**

*[Insert completed summary by amending and completing the summary of the Information Memorandum as appropriate to the terms of the specific issue]*

## **SECTION 11. ADDITIONAL INFORMATION**

You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Information Memorandum.

## ADDITIONAL INFORMATION

### 1. **No Significant Change**

There has been no significant change in relation to public finance and trade, the tax and budgetary systems, the gross public debt, the foreign trade and balance of payment figures, the foreign exchange reserves, the financial position and resources and the income and expenditure figures of the Issuer since the fiscal year ended December 31, 2017.

### 2. **Governmental, Legal and Arbitration Proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Information Memorandum which may have, or have had in the recent past, significant effects on the financial position of the Issuer.

### 3. **Documents Available**

For the period of 12 months following the date of this Information Memorandum, electronic copies of the following documents will be available on the Promoter's website at [www.israelbondsintl.com](http://www.israelbondsintl.com) and physical copies may also be inspected at its offices at the address specified on the last page of this Information Memorandum:

- (i) this Information Memorandum and any supplements hereto, any future offering memoranda and any documents incorporated by reference herein or therein;
- (ii) any Final Terms;
- (iii) the State of Israel's budget for the last two fiscal years and for the current fiscal year; and
- (iv) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Information Memorandum.

### 4. **Pricing**

The amount of Bonds to be issued under the Programme and interest rate(s) applicable to such Bonds will be determined by the Issuer and the Promoter at the time of issue of the relevant Bond in accordance with prevailing market conditions.

### 5. **Yield**

Calculated on the basis of the formula set out below, the annual yield of each fixed rate Bond will be the same as the applicable annual interest rate of such Bond.

$$\text{Yield} = \frac{\text{Coupon}}{\text{Issue Price (i.e., 100%)}}$$

The yield in respect of a particular Bond will not be an indication of future yield.

### 6. **Termination**

The State of Israel reserves the right to terminate the arrangements set out in this Information Memorandum and cease or suspend issuing Bonds of any particular type or maturity, or to cease or suspend issuing Bonds in their entirety, in the future. Any such termination shall be notified to the Promoter in writing.

## **APPENDIX A. DEFINED TERMS**

This section contains an index of defined terms used in this Information Memorandum.

## DEFINED TERMS

\$.....	71	Offering Memorandum .....	i
£.....	6, 71, 75	Process Agent .....	90
€.....	6, 71, 73	Programme.....	i, 2, 53, 73
Applicable EURIBOR Rate.....	8, 76	Promoter.....	iv, 2, 73
Applicable LIBOR Rate .....	9, 80	Prospectus Directive .....	2, 43, 71, 74
Bonds.....	i, 53, 73	Public Offer.....	2, 48, 74
British Pounds Sterling.....	71, 75	Public Offer Jurisdiction .....	48
Business Day .....	73	Public Offer Jurisdictions.....	2
Commission's Proposal.....	46	purchase date.....	74
Computershare.....	73	Rate Sheet .....	74
Conditions .....	ii, 73	Rate-Setting Day .....	9, 74
CRA Regulation .....	vii	Reference Bank.....	74
EEA .....	71	Reference Rate .....	18
EUR.....	71, 73	Registered Owner.....	74
EURIBOR .....	8, 73	Relevant Date.....	74
euro.....	71	Relevant Implementation Date.....	43
Euro .....	6, 73	Relevant Member State.....	71, 74
Euro Floating Rate Bonds .....	ii, 5, 73	Relevant Quotation System.....	74
Euro Mazel Tov Savings Bonds .....	i, 5, 73	Savings Bonds.....	i, 5, 74
Euro Savings Bonds .....	i, 5, 73	Securities Act .....	v
Exempt Bonds .....	i	Series.....	6, 73
External Indebtedness.....	7, 83	shekels.....	71
FCA .....	i	Specified Currency.....	19, 75
Final Terms .....	ii, 73	Spread .....	8, 76
Fiscal Agency Agreement .....	73	State of Israel .....	i, 2, 73
Fiscal Agent.....	12, 73	Sterling.....	6, 71, 75
FSCS .....	vii	Sterling Jubilee Bonds .....	ii, 5, 75
FTT.....	46	Sterling Mazel Tov Savings Bonds.....	i, 5, 75
Indebtedness .....	7, 84	Sterling Savings Bonds .....	i, 5, 75
Information Memorandum .....	i, 2, 53	Tranche .....	6, 73
Interest Payment Date .....	73	U.S. Dollar Floating Rate LIBOR Bonds.....	ii, 5, 75
Investment Form.....	74	U.S. Dollar Jubilee Fixed Rate Bonds .....	ii, 5, 75
Investor.....	48	U.S. Dollar Maccabee Fixed Rate Bonds.....	ii, 5, 75
Investor's Currency.....	19	U.S. Dollar Mazel Tov Savings Bonds .....	i, 5, 75
Israel .....	i	U.S. Dollar Sabra Savings Bonds .....	ii, 6, 75
Issue Date .....	3, 74	U.S. Dollar Savings Bonds .....	i, 5, 75
Issuer .....	i, 2, 73	U.S. dollars .....	71, 75
Japanese Person .....	44	U.S. Dollars.....	6, 71, 75
LIBOR.....	9, 74	U.S.\$ .....	6, 71, 75
Mazel Tov Savings Bonds.....	i, 5, 74	UK Listing Authority .....	i
Member State .....	71	UK Registered Pension Scheme .....	75
New Israeli Shekels .....	71	United States Dollars .....	71, 75
NIS .....	71	USD .....	71
offer of Bonds to the public.....	43		

Unless otherwise specified, all references in this Information Memorandum to:

- "**United States Dollars**", "**U.S. Dollars**", "**U.S. dollars**", "**U.S.\$**", "**USD**" and "**\$**" refer to the currency of the United States of America;
- "**New Israeli Shekels**", "**shekels**" and "**NIS**" refer to the currency of the State of Israel;
- "**Sterling**", "**British Pounds Sterling**" and "**£**" refer to the currency of the United Kingdom;
- "**euro**", "**EUR**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the euro, as amended;
- "**Prospectus Directive**" refer to Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) *provided, however, that*, in relation to any Member State, references to the "Prospectus Directive" refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and include any relevant implementing measure in the relevant Member State;
- "**EEA**" refer to the European Economic Area;
- "**Member State**" refer to a member state of the EEA; and
- "**Relevant Member State**" refer to a Member State which has implemented the Prospectus Directive.

## **APPENDIX B. CONDITIONS OF THE BONDS**

This section sets out the text of the terms and conditions of the Bonds.

## CONDITIONS OF THE BONDS

The following are the terms and conditions (the "**Conditions**") of the bonds described under Condition 2 below (the "**Bonds**") issued by State of Israel (the "**Issuer**" or the "**State of Israel**") under its Bond Issuance Programme (the "**Programme**").

These Conditions apply to Bonds issued under the Programme on or after September 6, 2018 *provided, however, that* the terms and conditions set out in the information memorandum relating to the Programme dated September 22, 2017 will apply to any Bonds which were the subject of a Public Offer made before September 6, 2018 (notwithstanding that such Bonds may be issued on or after September 6, 2018).

Each Tranche of Bonds will be issued on the terms set out in these Conditions, as completed by a document called a final terms (the "**Final Terms**").

As used herein, "**Tranche**" means Bonds which are identical in all respects and "**Series**" means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are identical in all respects except for their respective Issue Dates, Interest Commencement Dates and/or Maturity Dates.

Copies of the applicable Final Terms are available for viewing at and copies may be obtained from the website of Development Company for Israel (International) Limited (the "**Promoter**") at [www.israelbondsintl.com](http://www.israelbondsintl.com) or from its offices at ORT House, 126 Albert Street, London NW1 7NE, United Kingdom. Bond holders are deemed to have notice of the applicable Final Terms.

### 1. **Defined Terms**

The following terms are used in these Conditions:

" <b>Business Day</b> "	a day other than a Saturday, Sunday or other day on which the Fiscal Agent is authorised or required by law to be closed in Toronto, Ontario, Canada or in London.
" <b>Calculation Agent</b> "	the agent appointed by the State of Israel to act in such capacity.
" <b>Computershare</b> " or the " <b>Fiscal Agent</b> "	Computershare Trust Company of Canada.
" <b>EURIBOR</b> "	the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published in accordance with the requirements from time to time of the European Banking Federation.
" <b>Euro</b> ", " <b>EUR</b> " and " <b>€</b> "	the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.
" <b>Euro Floating Rate Bonds</b> "	Bonds which have a floating interest rate calculated on the basis of EURIBOR (as specified in the relevant Final Terms).
" <b>Euro Mazel Tov Savings Bonds</b> "	Mazel Tov Savings Bonds which are denominated in Euro.
" <b>Euro Savings Bonds</b> "	Savings Bonds which are denominated in Euro.
" <b>Fiscal Agency Agreement</b> "	the amended and restated fiscal agency agreement between the Issuer and the Fiscal Agent dated December 24, 2013 (as supplemented, amended, otherwise modified or replaced from time to time).
" <b>Interest Payment Date</b> "	in relation to a given Bond, the date (or dates or series of dates) on which the State of Israel will pay interest under the terms of

	that Bond to the Registered Owner (as specified in the relevant Final Terms).
<b>"Investment Form"</b>	the form published by the Promoter for provision of relevant subscription and other information by persons seeking to purchase Bonds.
<b>"Issue Date"</b>	in relation to a given Bond, the date on which it is issued by the State of Israel (as specified in the relevant Final Terms).
<b>"LIBOR"</b>	the interest rate benchmark known as the London interbank offered rate.
<b>"Mazel Tov Savings Bonds"</b>	Bonds which are mazel tov savings Bonds (as specified in the relevant Final Terms).
<b>"Prospectus Directive"</b>	Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.
<b>"purchase date"</b>	the date on which an investor applies to purchase Bonds.
<b>"Public Offer"</b>	an offer of Bonds in any Relevant Member State in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus.
<b>"Rate Sheet"</b>	the rate sheet for a given Bond (if any), as made available from time to time by the Promoter, in which details of the rate(s) of interest for that Bond (among other details) are stated.
<b>"Rate-Setting Day"</b>	any day other than a Saturday, Sunday or other day on which banks are authorised or required by law to be closed in New York, London or Toronto.
<b>"Reference Bank"</b>	a major bank operating in the Eurozone interbank market (in the case of EURIBOR) or, as the case may be, London interbank market (in the case of LIBOR).
<b>"Relevant Date"</b>	the date on which a payment of principal and/or interest first becomes due, except that, if the full amount of the monies payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of the relevant monies having been so received (or, if such date is not a Business Day, the next day which is a Business Day), such payment is made to the Bond holders.
<b>"Relevant Member State"</b>	a member state of the European Economic Area that has implemented the Prospectus Directive.
<b>"Relevant Quotation System"</b>	Bloomberg or such other recognised quotation system as may be determined by the State of Israel from time to time.
<b>"Registered Owner"</b>	the person (or group of persons jointly) whom the Fiscal Agent is asked by the purchaser of a Bond to register as the person(s) legally entitled to that Bond.
<b>"Savings Bonds"</b>	Bonds which are savings Bonds (as specified in the relevant Final Terms).

<b>"Specified Currency"</b>	in relation to a given Bond, the currency of that Bond (as specified in the relevant Final Terms).
<b>"Sterling", "British Pounds Sterling" and "£"</b>	the currency of the United Kingdom.
<b>"Sterling Jubilee Bonds"</b>	Bonds which are jubilee Bonds (as specified in the relevant Final Terms).
<b>"Sterling Mazel Tov Savings Bonds"</b>	Mazel Tov Savings Bonds which are denominated in Sterling.
<b>"Sterling Savings Bonds"</b>	Savings Bonds which are denominated in Sterling.
<b>"UK Registered Pension Scheme"</b>	has the definition given in section 150(2) of the Finance Act 2004.
<b>"U.S. Dollars", "United States Dollars", "U.S. dollars" or "U.S.\$"</b>	the currency of the United States of America.
<b>"U.S. Dollar Floating Rate LIBOR Bonds"</b>	Bonds which have a floating interest rate calculated on the basis of LIBOR (as specified in the relevant Final Terms).
<b>"U.S. Dollar Jubilee Fixed Rate Bonds"</b>	Bonds which are jubilee fixed rate Bonds (as specified in the relevant Final Terms).
<b>"U.S. Dollar Maccabee Fixed Rate Bonds"</b>	Bonds which are maccabee fixed rate Bonds (as specified in the relevant Final Terms).
<b>"U.S. Dollar Mazel Tov Savings Bonds"</b>	Mazel Tov Savings Bonds which are denominated in U.S. Dollars.
<b>"U.S. Dollar Savings Bonds"</b>	Savings Bonds which are denominated in U.S. Dollars.
<b>"U.S. Dollar Sabra Savings Bonds"</b>	Bonds which are U.S. Dollar Sabra Savings Bonds (as specified in the relevant Final Terms).

## 2. **Type of Bonds**

Bonds issued under the Programme may be Euro Floating Rate Bonds, Mazel Tov Savings Bonds (Euro Mazel Tov Savings Bonds, Sterling Mazel Tov Savings Bonds or U.S. Dollar Mazel Tov Savings Bonds), Savings Bonds (Euro Savings Bonds, Sterling Savings Bonds or U.S. Dollar Savings Bonds), Sterling Jubilee Bonds, U.S. Dollar Floating Rate LIBOR Bonds, U.S. Dollar Jubilee Fixed Rate Bonds, U.S. Dollar Maccabee Fixed Rate Bonds or U.S. Dollar Sabra Savings Bonds.

### 2.1 ***Bonds denominated in Euros***

#### 2.1.1 *The Euro Floating Rate Bonds*

The minimum purchase amount of the Euro Floating Rate Bonds is €5,000. Euro Floating Rate Bonds may be purchased in any amount equal to or higher than such minimum purchase amount.

Each State of Israel 1-Year Euro Floating Rate Bond, 2-Year Euro Floating Rate Bond, 3-Year Euro Floating Rate Bond, 5-Year Euro Floating Rate Bond and 10-Year Euro Floating Rate Bond will mature on the first calendar day of the month during which the

first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for Euro Floating Rate Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Euro Floating Rate Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date up to (but not including) the maturity date of the Euro Floating Rate Bond.

Interest Payment Dates for the Euro Floating Rate Bonds, on which interest will be paid semi-annually in arrear, are June 1st and December 1st in each year and upon maturity, except that for Euro Floating Rate Bonds issued on May 15th and November 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The initial interest rate of each Euro Floating Rate Bond is equal to the six month EURIBOR in effect three Rate-Setting Days prior to the first day of the sales period of such Bond, as it appears on the Relevant Quotation System, rounded upwards to the next one-sixteenth (1/16) of one percent, if the quoted interest rate is not equivalent to one-sixteenth (1/16) of one percent (the "**Applicable EURIBOR Rate**"), plus or minus a fixed number of basis points determined by the State of Israel (the "**Spread**") prior to the issue of the Euro Floating Rate Bond and published in the relevant Rate Sheet and on the Promoter's website.

The Spread of each Euro Floating Rate Bond shall remain fixed until maturity. After the initial interest period, the interest rate will be adjusted semi-annually in accordance with the Applicable EURIBOR Rate in effect on subsequent interest determination dates, which will be three Rate-Setting Days prior to June 1st and December 1st of each year.

In no event will the interest rate payable on the Euro Floating Rate Bonds be less than 0% per year. If EURIBOR changes during an interest period, this will not affect the rate of interest for that period. The rate of interest may vary (both upwards and downwards) from interest period to interest period as EURIBOR changes.

The Spread and the initial interest rate applicable to each Euro Floating Rate Bond will be determined by the State of Israel and specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website not less than one Business Day prior to the first day of the sales period of such Bond. Subsequent interest rates applicable to each Euro Floating Rate Bond will be announced by the State of Israel one Business Day prior to June 1st or December 1st in each year.

#### 2.1.2 *The Euro Mazel Tov Savings Bonds*

The minimum purchase amount of the Euro Mazel Tov Savings Bonds is €100. Euro Mazel Tov Savings Bonds may be purchased in integral multiples of €10 in excess of €100 *provided, however, that* the maximum amount of Euro Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date and registered in the name of any one holder, is €2,500.

Each State of Israel 5-Year Euro Mazel Tov Savings Bond will mature on the first calendar day of the month during which the fifth (5th) anniversary of the Issue Date of the relevant Bond shall fall. Euro Mazel Tov Savings Bonds will be issued on the 1st of the month. These Bonds will be sold in one sales period per month: from the 1st of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the Euro Mazel Tov Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the Euro Mazel Tov Savings Bond.

The interest rate applicable to each Euro Mazel Tov Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

### 2.1.3 *The Euro Savings Bonds*

The minimum purchase amount of the 2-Year, 3-Year, 5-Year and 10-Year Euro Savings Bonds is €5,000. The minimum purchase amount of the 1-Year Euro Savings Bond is €25,000. 1-Year Euro Savings Bonds may be purchased in integral multiples of €1,000 in excess of €25,000. Euro Savings Bonds may be purchased in any amount equal to or higher than such minimum purchase amount.

Each State of Israel 1-Year Euro Savings Bond, 2-Year Euro Savings Bond, 3-Year Euro Savings Bond, 5-Year Euro Savings Bond and 10-Year Euro Savings Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall. The maximum amount of 1-Year Euro Savings Bonds that may be purchased by any person to be issued on any Issue Date is €500,000.

Issue Dates for Euro Savings Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Euro Savings Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the Euro Savings Bond up to (but not including) the maturity date but shall only be payable at maturity of the Euro Savings Bond.

The interest rate applicable to each Euro Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

## 2.2 ***Bonds denominated in British Pounds Sterling***

### 2.2.1 *The Sterling Jubilee Bonds*

The minimum purchase amount of the Sterling Jubilee Bonds is £1,000. Sterling Jubilee Bonds may be purchased in any amount equal to or higher than such minimum purchase amount.

Each State of Israel 1-Year Sterling Jubilee Bond, 2-Year Sterling Jubilee Bond, 3-Year Sterling Jubilee Bond, 5-Year Sterling Jubilee Bond and 10-Year Sterling Jubilee Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for Sterling Jubilee Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Sterling Jubilee Bond will mature two weeks

earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the Sterling Jubilee Bond up to (but not including) the maturity date. Except in the cases described in this Memorandum, interest will be paid every May 1st, November 1st and on maturity of the Sterling Jubilee Bond.

Interest Payment Dates for the Sterling Jubilee Bonds, on which interest will be paid semi-annually in arrear, are May 1st and November 1st in each year and upon maturity, except that for Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The interest rate applicable to each Sterling Jubilee Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

#### 2.2.2 *The Sterling Mazel Tov Savings Bonds*

The minimum purchase amount of the Sterling Mazel Tov Savings Bonds is £100. Sterling Mazel Tov Savings Bonds may be purchased in integral multiples of £10 in excess of £100 *provided, however, that* the maximum amount of Sterling Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date and registered in the name of any one holder, is £2,500.

Each State of Israel 5-Year Sterling Mazel Tov Savings Bond will mature on the first calendar day of the month during which the fifth (5th) anniversary of the Issue Date of the relevant Bond shall fall. Sterling Mazel Tov Savings Bonds will be issued on the 1st of the month. These Bonds will be sold in one sales period per month: from the 1st of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the Sterling Mazel Tov Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the Sterling Mazel Tov Savings Bond.

The interest rate applicable to each Sterling Mazel Tov Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

#### 2.2.3 *The Sterling Savings Bonds*

The minimum purchase amount of the 2-Year, 3-Year, 5-Year and 10-Year Sterling Savings Bonds is £1,000. The minimum purchase amount of the 1-Year Sterling Savings Bond is £25,000. 1-Year Sterling Savings Bonds may be purchased in integral multiples of £1,000 in excess of £25,000. Sterling Savings Bonds may be purchased in any amount equal to or higher than such minimum purchase amount *provided, however, that* the maximum amount of 1-Year Sterling Savings Bonds that may be purchased by any person to be issued on any Issue Date is £500,000.

Each State of Israel 1-Year Sterling Savings Bond, 2-Year Sterling Savings Bond, 3-Year Sterling Savings Bond, 5-Year Sterling Savings Bond and 10-Year Sterling

Savings Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for Sterling Savings Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Sterling Savings Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the Sterling Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the Sterling Savings Bond.

The interest rate applicable to each Sterling Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

## 2.3 ***Bonds denominated in United States Dollars***

### 2.3.1 *The U.S. Dollar Floating Rate LIBOR Bonds*

The minimum purchase amount of the U.S. Dollar Floating Rate LIBOR Bonds is U.S.\$5,000. U.S. Dollar Floating Rate LIBOR Bonds may be purchased in integral multiples of U.S.\$500 in excess of U.S.\$5,000.

In addition, if you have purchased a minimum of U.S.\$5,000 of 2-Year U.S. Dollar Floating Rate LIBOR Bonds, 3-Year U.S. Dollar Floating Rate LIBOR Bonds, 5-Year U.S. Dollar Floating Rate LIBOR Bonds, or 10-Year U.S. Dollar Floating Rate LIBOR Bonds in a single purchase during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional U.S. Dollar Floating Rate LIBOR Bonds of the same maturity period in denominations of U.S.\$500 and integral multiples of U.S.\$500. Additional Bonds must be registered in the same name as the Bonds satisfying the minimum purchase requirement.

Each State of Israel 1-Year U.S. Dollar Floating Rate LIBOR Bond, 2-Year U.S. Dollar Floating Rate LIBOR Bond, 3-Year U.S. Dollar Floating Rate LIBOR Bond, 5-Year U.S. Dollar Floating Rate LIBOR Bond and 10-Year U.S. Dollar Floating Rate LIBOR Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Floating Rate LIBOR Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Floating Rate LIBOR Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date up to (but not including) the maturity date of the Floating Rate LIBOR Bond.

Interest Payment Dates for the U.S. Dollar Floating Rate LIBOR Bonds, on which interest will be paid semi-annually in arrear, are June 1st and December 1st in each year and upon maturity, except that for U.S. Dollar Floating Rate LIBOR Bonds issued on May 15th and November 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The initial interest rate of each U.S. Dollar Floating Rate LIBOR Bond is equal to the six month LIBOR (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent as further described below) in effect three Rate-Setting Days prior to the first day of the sales period of such Bond, as it appears on the Relevant Quotation System, rounded upwards to the next one-sixteenth (1/16) of one percent, if the quoted interest rate is not equivalent to one-sixteenth (1/16) of one percent (the "**Applicable LIBOR Rate**"), plus or minus a Spread.

The Spread of each U.S. Dollar Floating Rate LIBOR Bond shall remain fixed until maturity. After the initial interest period, the interest rate will be adjusted semi-annually in accordance with the Applicable LIBOR Rate in effect on subsequent interest determination dates, which will be three Rate-Setting Days prior to June 1st and December 1st of each year.

In no event will the interest rate payable on the U.S. Dollar Floating Rate LIBOR Bonds be less than 0% per year. If LIBOR changes during an interest period, this will not affect the rate of interest for that period. The rate of interest may vary (both upwards and downwards) from interest period to interest period as LIBOR changes. If LIBOR is discontinued, the Calculation Agent may select another interest rate, as further described below.

The Spread and the initial interest rate applicable to each U.S. Dollar Floating Rate LIBOR Bond will be determined by the State of Israel and specified in the applicable Final Terms and published in the relevant Rate Sheet and on the Promoter's website not less than one Business Day prior to the first day of the sales period of such Bond. Subsequent interest rates applicable to each U.S. Dollar Floating Rate LIBOR Bond will be announced by the State of Israel one Business Day prior to June 1st or December 1st in each year.

### 2.3.2 *The U.S. Dollar Jubilee Fixed Rate Bonds*

The minimum purchase amount of the U.S. Dollar Jubilee Fixed Rate Bonds is U.S.\$25,000. U.S. Dollar Jubilee Fixed Rate Bonds may be purchased in integral multiples of U.S.\$5,000 in excess of U.S.\$25,000.

In addition, if you have purchased a minimum of U.S.\$25,000 of U.S. Dollar Jubilee Fixed Rate Bonds of a certain maturity period in a single purchase during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional U.S. Dollar Jubilee Fixed Rate Bonds of the same maturity period in denominations of U.S.\$5,000 or integral multiples of U.S.\$5,000. Additional Bonds must be registered in the same name as the Bonds satisfying the minimum purchase requirement.

Each State of Israel 1-Year U.S. Dollar Jubilee Fixed Rate Bond, 2-Year U.S. Dollar Jubilee Fixed Rate Bond, 3-Year U.S. Dollar Jubilee Fixed Rate Bond, 5-Year U.S. Dollar Jubilee Fixed Rate Bond, 10-Year U.S. Dollar Jubilee Fixed Rate Bond and 15-Year U.S. Dollar Jubilee Fixed Rate Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Jubilee Fixed Rate Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Jubilee Fixed Rate Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Jubilee Fixed Rate Bond up to (but not including) the maturity date. Except in the cases described in this Memorandum, interest will be paid every May 1st, November 1st and on maturity of the U.S. Dollar Jubilee Fixed Rate Bond.

Interest Payment Dates for the U.S. Dollar Jubilee Fixed Rate Bonds, on which interest will be paid semi-annually in arrear, are May 1st and November 1st in each year and upon maturity, except that for U.S. Dollar Jubilee Fixed Rate Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The interest rate applicable to each U.S. Dollar Jubilee Fixed Rate Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

### 2.3.3 *The U.S. Dollar Maccabee Fixed Rate Bonds*

The minimum purchase amount of the U.S. Dollar Maccabee Fixed Rate Bonds is U.S.\$5,000. U.S. Dollar Maccabee Fixed Rate Bonds may be purchased in integral multiples of U.S.\$500 in excess of U.S.\$5,000.

In addition, if you have purchased a minimum of U.S.\$5,000 of U.S. Dollar Maccabee Fixed Rate Bonds of a certain maturity period in a single purchase during the twelve (12) month period immediately preceding the additional purchase, you may purchase such additional U.S. Dollar Maccabee Fixed Rate Bonds of the same maturity period in denominations of U.S.\$500 or integral multiples of U.S.\$500. Additional Bonds must be registered in the same name as the Bonds satisfying the minimum purchase requirement.

Each State of Israel 1-Year U.S. Dollar Maccabee Fixed Rate Bond, 2-Year U.S. Dollar Maccabee Fixed Rate Bond, 3-Year U.S. Dollar Maccabee Fixed Rate Bond, 5-Year U.S. Dollar Maccabee Fixed Rate Bond, 10-Year U.S. Dollar Maccabee Fixed Rate Bond and 15-Year U.S. Dollar Maccabee Fixed Rate Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Maccabee Fixed Rate Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your Maccabee Fixed Rate Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Maccabee Fixed Rate Bond up to (but not including) the maturity date. Except in the cases described in this Memorandum, interest will be paid every May 1st, November 1st and upon maturity of the U.S. Dollar Maccabee Fixed Rate Bond.

Interest Payment Dates for the U.S. Dollar Maccabee Fixed Rate Bonds, on which interest will be paid semi-annually in arrear, are May 1st and November 1st in each year and upon maturity, except that for U.S. Dollar Maccabee Fixed Rate Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The interest rate applicable to each U.S. Dollar Maccabee Fixed Rate Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

#### 2.3.4 *The U.S. Dollar Mazel Tov Savings Bonds*

The minimum purchase amount of the U.S. Dollar Mazel Tov Savings Bonds is U.S.\$100. U.S. Dollar Mazel Tov Savings Bonds may be purchased in integral multiples of U.S.\$10 in excess of U.S.\$100 *provided, however, that* the maximum amount of U.S. Dollar Mazel Tov Savings Bonds that may be purchased by any person to be issued on any Issue Date and registered in the name of any one holder, is U.S.\$2,500.

Each State of Israel 5-Year U.S. Dollar Mazel Tov Savings Bond and 10-Year U.S. Dollar Mazel Tov Savings Bond will mature on the first calendar day of the month during which the fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall. U.S. Dollar Mazel Tov Savings Bonds will be issued on the 1st of the month. These Bonds will be sold in one sales period per month: from the 1st of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Mazel Tov Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the U.S. Dollar Mazel Tov Savings Bond.

The interest rate applicable to each U.S. Dollar Mazel Tov Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

#### 2.3.5 *The U.S. Dollar Sabra Savings Bonds*

The minimum purchase amount of the 1-Year U.S. Dollar Sabra Savings Bonds is U.S.\$25,000. 1-Year U.S. Dollar Sabra Savings Bonds may be purchased in integral multiples of U.S.\$1,000 in excess of U.S.\$25,000. The maximum amount of 1-Year U.S. Dollar Sabra Savings Bonds that may be purchased by any person to be issued on any Issue Date is U.S.\$500,000.

The minimum purchase amount of the 2-Year U.S. Dollar Sabra Savings Bond, 3-Year U.S. Dollar Sabra Savings Bond, 5-Year U.S. Dollar Sabra Savings Bond and 10-Year U.S. Dollar Sabra Savings Bond is U.S.\$1,000. These U.S. Dollar Sabra Savings Bonds may be purchased in integral multiples of U.S.\$100 in excess of U.S.\$1,000.

Each State of Israel 1-Year U.S. Dollar Sabra Savings Bond, 2-Year U.S. Dollar Sabra Savings Bond, 3-Year U.S. Dollar Sabra Savings Bond, 5-Year U.S. Dollar Sabra Savings Bond and 10-Year U.S. Dollar Sabra Savings Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Sabra Savings Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Sabra Savings Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Sabra Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the U.S. Dollar Sabra Savings Bond.

The interest rate applicable to each U.S. Dollar Sabra Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

### 2.3.6 *The U.S. Dollar Savings Bonds*

The minimum purchase amount of the 2-Year, 3-Year, 5-Year and 10-Year U.S. Dollar Savings Bonds is U.S.\$2,500. These U.S. Dollar Savings Bonds may be purchased in integral multiples of U.S.\$500 in excess of U.S.\$2,500. The minimum purchase amount of the 1-Year U.S. Dollar Savings Bonds is U.S.\$25,000 (and integral multiples of U.S.\$1000 in excess of U.S.\$25,000). The maximum amount of 1-Year U.S. Dollar Savings Bonds that may be purchased by any person to be issued on any Issue Date is U.S.\$500,000.

Each State of Israel 1-Year U.S. Dollar Savings Bond, 2-Year U.S. Dollar Savings Bond, 3-Year U.S. Dollar Savings Bond, 5-Year U.S. Dollar Savings Bond and 10-Year U.S. Dollar Savings Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Savings Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Savings Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the U.S. Dollar Savings Bond.

The interest rate applicable to each U.S. Dollar Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Final Terms, the applicable Rate Sheet and on the Promoter's website.

## 3. **Status of the Bonds**

The Bonds constitute and will constitute direct, general, unconditional and unsubordinated External Indebtedness of the State of Israel for which the full faith and credit of the State of Israel is pledged. The Bonds of each series rank and will rank without any preference among themselves and equally with all other unsubordinated External Indebtedness of the State of Israel. It is understood that this provision shall not be construed so as to require the State of Israel to make payments under the Bonds ratably with payments being made under any other External Indebtedness. For the purposes of this Condition 3, "**External Indebtedness**" means any

Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

#### 4. **Early Redemption**

The Bonds are subject to early redemption and repurchase by the State of Israel as described in this Condition. Whether the Bonds are redeemed at the option of the State of Israel, or repurchased by the State of Israel at the request of the Bond holder or on such other terms and conditions as the State of Israel may determine, the State of Israel will redeem or repurchase Bonds for a purchase price equal to the principal amount of the Bond together with interest accrued to the redemption or repurchase date. If the redemption or repurchase price is not paid upon the surrender of any Bond, then such Bonds will continue to accrue interest at the rate prescribed for such Bonds through the maturity of the Bond.

The State of Israel will not be required to issue or register the transfer or exchange of any Bond during the period beginning with the fifteenth (15th) Business Day prior to the date of the posting of a notice of redemption through the end of the date of the posting. The State of Israel will also not be required to register the transfer or exchange of any Bond selected for redemption in whole or in part, except for the unredeemed portion of the Bond being redeemed in part.

##### 4.1 ***At the Request of a Bond holder***

A Bond may be repurchased by the State of Israel prior to its maturity, but only on the first Business Day of a given month, within sixty (60) days following the State of Israel's receipt of a Bond holder's written request accompanied by an instrument of transfer in a form approved by the Fiscal Agent, under the following circumstances:

- Upon the death of any natural person who was the original Registered Owner (or the last survivor of joint original Registered Owners); provided that such obligation of the State of Israel to redeem upon death shall cease and terminate and shall not apply when the Bond is owned by a transferee or assignee.
- Upon the death of any natural person (or the dissolution of a testamentary trust following the death of such person) who owned such Bond through an individual personal pension plan.
- Upon the termination of any employee benefit plan which is the Registered Owner. In such circumstances, evidence must be provided to the State of Israel that such employee benefit plan has been terminated and that the assets are to be liquidated to meet the plan's commitments.

The three scenarios described above are subject to the caveat that the State of Israel may suspend or terminate its obligation to purchase such Bond if, in the opinion of the State of Israel, a material number of the affected original Registered Owners have died as a result of war, epidemic, catastrophe of nature or other disaster.

Early redemption at the behest of Registered Owners is impossible in any other circumstances.

##### 4.2 ***At the Option of the State of Israel***

The Bonds are subject to redemption at any time by the State of Israel. Any holding of Bonds is redeemable as a whole or in part. If the Bonds are redeemed in part, selection of the Bonds to be redeemed will be at the State of Israel's discretion; however, the Bonds will be redeemed in groups, such that each group of Bonds will consist of all Bonds of the same Tranche bearing the same Issue Date. Partial redemption can be made only on an Interest Payment Date. In addition, no Bonds of any Series can be redeemed at the option of the State of Israel unless the Bonds of such Series having a prior Issue Date are or have been called for redemption. For purposes of such redemption, the Bonds will be called in accordance with the provisions of the Fiscal Agency Agreement, and there will be no aggregation of different series or other debt instruments of the State of Israel. (For the avoidance of doubt, there will be no aggregation irrespective of any similarity in name, maturity, currency, denomination, integral terms and/or issue date between

the Bonds offered hereby and any different series or other debt instruments of the State of Israel.) A notice of redemption will be posted to all affected Bond owners by the Fiscal Agent between thirty (30) and sixty (60) days prior to the intended redemption date. The notice will state:

- the redemption date;
- whether all Bonds or a group of Bonds are to be redeemed;
- in the case of a redemption of a group of Bonds, a description of the group of Bonds that are to be redeemed;
- the redemption price;
- that on the redemption date no owner of Bonds called for redemption is entitled to more than the redemption price, and that the redemption price is due and payable on the redemption date; and
- the place where the Bonds are to be redeemed.

4.3 ***Repurchase by the State of Israel Under Other Terms and Conditions***

In addition to a redemption or repurchase of the Bonds described under Conditions 4.1 and 4.2 above, the State of Israel reserves the right to repurchase the Bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State of Israel. Bonds so repurchased shall be purchased from Bond holders willing to sell such Bonds on the terms and conditions determined by the State of Israel in respect of such repurchase. Repurchased Bonds may be held or resold by the State of Israel or surrendered to the Fiscal Agent for cancellation in accordance with the Fiscal Agency Agreement.

5. **Event of Default**

If the State of Israel shall default in a payment of interest or of the principal sum of a Bond or of a portion thereof then any amount not so paid will bear interest at the rate applicable to the relevant Bond(s) plus or minus (as indicated in the applicable Final Terms) the relevant Spread. Interest shall be paid from and including the date of default until but not including the date of actual payment. If the default shall continue for a period of ninety (90) days then the Registered Owner will be entitled to give a written demand to the State of Israel requiring payment of the principal sum which will then become due and payable (together with unpaid accrued interest) on the date such written demand is actually received by the State of Israel unless the default shall have been cured by the State of Israel prior to such date.

6. **Additional Provisions relating to the Calculation of Interest**

6.1 ***General***

Interest calculations in relation to the Bonds shall be performed by the Fiscal Agent, with the resulting figures rounded to the nearest unit of the specified currency of the relevant Bonds (with halves being rounded up) where required, and approved by the Issuer prior to any payments of interest.

6.2 ***Fallback Provisions for the Calculation of Floating Rate Interest***

- (a) If the Relevant Quotation System is not available, the Fiscal Agent shall use the most recently published offered quotation for deposits in the Specified Currency on such Relevant Quotation System to determine the rate of interest in respect of any floating rate Bonds for the applicable interest period, plus or minus (as indicated in the applicable Final Terms) the relevant Spread.
- (b) In the case of U.S. Dollar Floating Rate LIBOR Bonds, if the Calculation Agent determines on the relevant interest determination date that LIBOR has been discontinued, then the Calculation Agent will use a substitute or successor rate that it has determined in its sole discretion is most comparable to LIBOR, provided that if the Calculation

Agent determines there is an industry-accepted successor rate, then the Calculation Agent shall use such successor rate. If the Calculation Agent has determined a substitute or successor rate in accordance with the foregoing, the Calculation Agent in its sole discretion may determine what business day convention to use, the definition of business day, the interest determination date and any other relevant methodology for calculating interest in a manner that is consistent with industry-accepted practices for such substitute or successor rate.

Unless the Calculation Agent determines to use a substitute or successor rate as so provided, and if no offered LIBOR appears on the Relevant Quotation System on the relevant interest determination date, then the Calculation Agent, after consultation with the State of Israel, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which six-month deposits in U.S. dollars in amounts of at least \$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, then six-month LIBOR for the relevant interest period will be the arithmetic average (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the quotations provided. Otherwise, the Calculation Agent will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it on the interest determination date for loans in U.S. dollars to leading European banks having an index maturity of six months for the applicable interest determination date in an amount of at least \$1,000,000 that is representative of single transactions at that time. If three quotations are provided, then six-month LIBOR for the relevant interest determination date will be the arithmetic average (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the quotations provided. Otherwise, the Calculation Agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate six-month LIBOR or any of the foregoing lending rates, shall determine six-month LIBOR for the relevant interest determination date in its sole discretion. The Calculation Agent will instruct the Fiscal Agent as to the interest rate to apply, and the Fiscal Agent shall be entitled to rely on such instruction.

Absent manifest error, the Calculation Agent's determination of the interest rate for an interest determination date for the Bonds will be binding and conclusive on the Bondholder, the Fiscal Agent and the State of Israel. In making the above determination, the Calculation Agent shall act in good faith and in a commercially reasonable manner.

The Calculation Agent has not yet been appointed; State of Israel may appoint itself or designate a third party as calculation agent. Where a Calculation Agent has been appointed following the discontinuation of LIBOR, the Fiscal Agent, on behalf of the State of Israel, shall notify the Bondholders in writing of (i) such appointment; (ii) the substitute or successor interest rate that the Calculation Agent determines will be applicable in accordance with the above; and (iii) any consequential amendments to these Conditions required in connection with the same.

## **7. Interest and Principal Payment**

Interest shall accrue from (and including) the Issue Date of the Bond up to (but not including) the maturity date on the basis of a 365-day year and the number of days elapsed. The Bonds will not accrue interest after the maturity.

All payments of principal and interest will be made in the Specified Currency.

To the extent applicable, all interest payments shall be paid by cheque posted to the Registered Owner's address of record with the Fiscal Agent or credited to a bank account held by the Registered Owner, the details of which the Registered Owner has provided to the Promoter for such purposes. Interest payments made by bank transfer to a bank account in the United Kingdom or any European Economic Area Member State (being a member state of the European Union which adopts or has adopted the Euro as its lawful currency in accordance with legislation

of the European Union relating to Economic and Monetary Union) will be made by the Fiscal Agent, through a bank in the United Kingdom or that European Economic Area Member State.

On maturity of a book-entry Bond, the Fiscal Agent will pay the principal amount and accrued interest on the relevant Bond to the Registered Owner by posting a cheque to the last address of the Registered Owner or by a bank transfer into a bank account held by the Registered Owner.

On maturity of a Bond that, in the exceptional circumstances detailed in these Conditions, is represented by a Bond certificate, the Fiscal Agent will pay the principal amount and accrued interest on the relevant Bond by posting a cheque to the last address of the Registered Owner notified to the Fiscal Agent or by a bank transfer in the same manner as for a book-entry Bond, but only against delivery of the Bond certificate to the Fiscal Agent for cancellation.

If the due date for any payment of interest or principal is not a Business Day, then the relevant payment shall be made on the next day which is a Business Day but no additional interest will be payable as a result of such extension.

## 8. **Taxation**

Interest and principal sums due under the Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Bond or the receipt of income therefrom).

## 9. **Transferability**

### 9.1 **General**

Any person becoming entitled to a Bond as a result of a transfer, assignment or transmission pursuant to this Condition 9 may apply to be registered as the holder of such Bond, upon: (1) notifying the Fiscal Agent of a request to transfer or assign the Bond pursuant to Condition 9.2 below or producing such evidence as reasonably requested by the Fiscal Agent to demonstrate entitlement by transmission pursuant to Condition 9.3 below and (2) notifying the Fiscal Agent in writing of the request to re-register the Bond along with appropriate transfer documents (and the Bond certificate if one was issued).

Any Bond holder wishing to transfer or assign a Bond to "anyone designated by the State of Israel as a permitted transferee" pursuant to Condition 9.2.5 below should notify the Fiscal Agent in advance of making a request to re-register the Bond, provide such information on the contemplated transfer or assignment as may be required by the Fiscal Agent and/or the Issuer (including the amount of the Bond(s) to be transferred and the identity of the proposed transferee) and seek the Issuer's confirmation that it will consider such transferee as a permitted transferee. Once such confirmation has been given, a request to re-register the Bond may then be made in accordance with the procedures set out at (1) and (2) in the above paragraph.

A Bond holder should not contact the State of Israel directly in connection with any application to transfer or assign a Bond, or to designate a person as a permitted transferee of a Bond; all such applications and requests should be sent to the Fiscal Agent. The State of Israel's confirmation of the designation of a transferee as a permitted transferee pursuant to Condition 9.2.5 will be given by the Fiscal Agent on the Issuer's behalf, following consultation with the Issuer, and the Issuer's consent to a transfer or assignment of a Bond pursuant to Condition 9.2 is deemed to be given upon registration of such Bond in the name of the new Bond holder(s) (absent error by the Fiscal Agent).

### 9.2 **Transfer or assignment of Bonds**

The Issuer will consent to a transfer or assignment of a Bond only to the following permitted transferees:

- 9.2.1 the State of Israel. If you donate your Bond to the State of Israel, the Bond (and any Bond payments to which you might be entitled) will be cancelled and the debt represented by the Bond and/or cheque will be deemed forgiven;

- 9.2.2 any religious, charitable, literary, scientific or educational organisation, contributions to which are, at the time of the transfer, deductible for income and similar tax purposes under the United States Internal Revenue Code of 1986, as heretofore or hereafter amended (or are accorded similar treatment under the laws of the country in which the transferee is located), *provided however that* each such transfer is made by gift or bequest only, without any compensation to the transferor;
- 9.2.3 the Registered Owner's spouse, children, grandchildren, siblings, parents or grandparents;
- 9.2.4 a UK Registered Pension Scheme whose only members are the Registered Owner and (as applicable) the Registered Owner's spouse, children, grandchildren, siblings, parents and/or grandparents; or
- 9.2.5 anyone designated by the State of Israel as a permitted transferee.

9.3 ***Transfer upon death of a registered holder of Bonds or of any other event giving rise to the transmission of Bonds by operation of law***

In the case of death of a registered holder of Bonds or of any other event giving rise to the transmission of Bonds by operation of law, the only persons recognised by the State of Israel as having any right to such Bonds upon transmission are:

- 9.3.1 the personal representatives of a deceased registered holder's estate; or
- 9.3.2 the trustee in bankruptcy of a bankrupt registered holder; or
- 9.3.3 the trustee or administrator or other officially entitled person in relation to the estate of a registered holder who has been declared mentally incompetent by a court of competent jurisdiction; or
- 9.3.4 any person who can demonstrate that he or it has been appointed by a court of competent jurisdiction to represent the estate of a registered holder in any other applicable circumstances (including but not limited to cases where the Bonds are considered to be *bona vacantia* (i.e., property not disposed of by the deceased's will and to which no relative is entitled upon intestacy)).

10. **Purchase of Bonds**

10.1 ***General***

Application for Bonds should be made by completing an Investment Form. Investors will also be required to sign the Promoter's Terms of Business, complete a Client Information Form and provide satisfactory evidence of their identity for the Promoter's anti-money laundering checks and provide any additional information required by local law in the jurisdiction of subscription. The Terms of Business and Client Identification Form are available on the Promoter's website or copies may be obtained by contacting the Promoter directly. The State of Israel is not obliged to accept your subscription documents.

In order to purchase a Bond on a specific Issue Date, your subscription documents must be accepted by or on behalf of the State of Israel and cleared funds in respect of the full purchase price of such Bond must be received and accepted in the account of the Fiscal Agent before such Issue Date (or before such other date announced by the State of Israel). Your application to purchase a Bond will be accepted only when (1) your properly completed subscription documents are received by the Promoter and (2) the full purchase price of such Bond is actually received by the Fiscal Agent prior to the Issue Date.

If your subscription documents are accepted by or on behalf of the State of Israel and/or clear funds are accepted or received in the account of the Fiscal Agent on or after an Issue Date (or such other date), your Bond will be issued on a subsequent Issue Date. When a Bond is issued on a subsequent Issue Date, the interest rate applicable to the Bond will be the interest rate

applicable to such Issue Date, in accordance with the applicable Final Terms and then prevailing Rate Sheet.

If the State of Israel does not accept your application to purchase Bonds, any payment made by you in connection with such purchase will be refunded within 21 Business Days after the date of rejection of the subscription application and you shall not be entitled to any interest or other compensation in respect of such refunded payment.

#### 10.2 ***Currencies / Conversion of Funds***

When purchasing a Bond, investors may tender funds in Euro, British Pounds Sterling or United States Dollars. Where investors tender a currency which is different to the Specified Currency of the relevant Bond, rather than the Specified Currency, the Fiscal Agent will convert the currency received from the investor into the Specified Currency at an exchange rate that it determines in its sole discretion acting in good faith and in a commercially reasonable manner. Funds which are not in the Specified Currency must, upon conversion, equal or exceed the minimum purchase amount of the relevant Bond in the Specified Currency.

#### 10.3 ***Reinvesting a matured State of Israel bond***

If you are reinvesting a matured State of Israel bond in Bonds, in order for your new Bond to be issued on the maturity date of your reinvested bond, your subscription must be accepted by or on behalf of the State of Israel within five (5) calendar days after the maturity date of your reinvested bond (or, if such date falls on a non-Banking Day, the first Banking Day after such date). Unless sales of a certain Bond are suspended, a subscription will be accepted by or on behalf of the State of Israel if it is in a form acceptable to the State of Israel before the designated date as set forth above.

#### 10.4 ***Reinvesting payments in purchases of new Bonds***

If a Bond holder intends to reinvest payments of principal or interest in purchases of new Bonds then, upon request by the Bond holder, the Fiscal Agent may convert such payments into the Specified Currency of the new Bonds (being Euro, British Pounds Sterling or United States Dollars) at an exchange rate determined by it in its sole discretion acting in good faith and in a commercially reasonable manner.

### 11. **Bond Certificates**

All Bonds are issued in book-entry form. Bond certificates will not normally be issued (except in the limited circumstances described below in this paragraph). Instead, the Fiscal Agent will post to each person registered as the purchaser of a Bond a confirmation that he or it (or the relevant third party whom he may have designated) has been entered in the Bond register as the Registered Owner along with other pertinent information. Certificates will be issued only in the cases of Registered Owners who are government agencies, pension funds, financial institutions and employee benefit plans that so request at the time of purchase, or upon written consent of the State of Israel. The Fiscal Agent, on behalf of the State of Israel, will forward all notices relating to the Bonds to the Registered Owner(s).

Upon maturity or redemption of a book-entry Bond, the Fiscal Agent will automatically pay the principal amount and accrued interest on the book-entry Bond to the Registered Owner by posting a cheque to the last address of the Registered Owner as listed in the Bond register or, if written instructions are given by the Registered Owner, by direct credit to the bank account specified by the Registered Owner.

Bond certificate holders must present the physical certificate to the Fiscal Agent to receive payment. The Registered Owner will bear all expenses in connection with the replacement and delivery of a new Bond certificate, should one be required for any reason. However, the State of Israel will (except in cases where it has proof of delivery of the Bond certificate) issue a new Bond certificate to the Registered Owner for no cost where the Registered Owner has notified the State of Israel and the Fiscal Agent in writing that the Bond certificate was never delivered, no later than six months following the original Issue Date of the Bond.

12. **Prescription**

Claims for principal shall become void unless made within ten years of the appropriate Relevant Date. Claims for interest shall become void unless made within five years of the appropriate Relevant Date.

13. **Fiscal Agent**

Computershare will act as the Fiscal Agent for the Bonds. The address for Computershare is 100 University Avenue, 8th floor, Toronto, Ontario M5J 2Y1, Canada. Attention: State of Israel Bonds. The telephone number is +1 (416) 263 9200.

14. **Governing Law**

The Bonds will be governed by and construed in accordance with the laws of the State of New York.

15. **Jurisdiction; Waiver of Immunity; Consent to Service and Enforceability**

The State of Israel is a sovereign state. However, the State of Israel, in respect of the Bonds, agrees to irrevocably submit to the non-exclusive jurisdiction of the federal court in the Southern District of New York or any state court in the City of New York or any competent court in Israel and irrevocably agrees not to claim immunity from any proceedings or from the execution of any judgement in connection with the terms of the Bonds (save as provided below or to the extent that the State of Israel is precluded by applicable laws to agree as aforesaid).

Notwithstanding the foregoing, the State of Israel reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976, as amended, with respect to actions brought against it under United States federal securities laws or any state securities laws, and the State of Israel's appointment of the Process Agent (as defined below) will not extend to such actions. Additionally, under the laws of the State of Israel, the funds, assets, rights and general property of the Issuer located in the State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside the State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of the Issuer as a sovereign power.

The State of Israel has appointed the Chief Legal Officer and Head of Israel Economic Mission - Western Hemisphere of the Ministry of Finance of the Government of Israel in New York, New York, whose address is 800 Second Avenue, 17th Floor, New York, New York 10017, United States of America, as its authorised agent upon whom process may be served (the "**Process Agent**"). This appointment is limited to any action arising out of or based on the Bonds that the Registered Owner of any Bonds may institute in any federal court in the Southern District of New York or any state court in the City of New York. Such appointment will be irrevocable until the State of Israel pays all amounts due or to become due on or in respect of all the Bonds issuable under the Fiscal Agency agreement. If for any reason the Process Agent ceases to be able to act as the State of Israel's authorised agent or no longer has an address in New York, the State of Israel will appoint another person in New York as its authorised agent upon whom process may be served.

The Chief Legal Officer and Head of Israel Economic Mission for the Western Hemisphere, in its capacity as Process Agent, is not the agent for service for actions under the United States federal securities laws or state securities laws and the State of Israel's waiver of immunity does not extend to such actions.

## **APPENDIX C. THE PROMOTER**

This section sets out a description of the Promoter.

## **THE PROMOTER**

Development Company for Israel (International) Limited has been appointed as sole promoter of the various Bonds to which this Information Memorandum relates, in the United Kingdom and to any non-United Kingdom resident purchaser with whom any such transaction is lawful in accordance with the laws of the United Kingdom and of the jurisdiction of the purchaser's residence.

The Promoter was incorporated in England in 1979 for the sole purpose of acting as an intermediary between investors and the State of Israel by arranging investments in bonds issued from time to time by the State of Israel. The Promoter carries on no other business than the promotion and distribution of the Bonds, and is authorised and regulated by the FCA. The Promoter does not provide advice to any person on the merits of purchasing Bonds, and no part of this Information Memorandum should be construed as advice to any person on the merits of such a purchase. The Promoter contracts with each purchaser of Bonds through its Terms of Business, and classifies all such purchasers as its retail clients for the purposes of the FCA Rules.

The Promoter was previously known as Development Company for Israel (United Kingdom) Limited and changed its name to Development Company for Israel (International) Limited on September 16, 2015.

The Promoter has not separately verified the information contained in this Information Memorandum nor does it make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum. The Promoter does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Promoter.

The Promoter does not in any way underwrite or guarantee the Bonds which it distributes.

For the Promoter's services of promoting and arranging subscriptions for the Bonds, the Promoter (either directly or through a group company) receives a concession and/or consulting fee from the State of Israel at a rate to be determined from time to time by the State of Israel and the Promoter.

Any new information with respect to the Promoter which is, in its view, relevant to Investors in Bonds issued under this Programme and which is unknown at the time of the approval of this Information Memorandum or the filing of any Final Terms, as the case may be, will be published on the Promoter's website [www.israelbondsintl.com](http://www.israelbondsintl.com).

## **ISSUER**

**The State of Israel**  
Ministry of Finance  
800 Second Avenue, 17th Floor  
New York, New York 10017  
United States of America

Attention: Consul and Chief Legal Officer and Head of Israel Economic Mission - Western Hemisphere  
Telephone: +1 (646) 779-6811  
Fax: +1 212 499 5715

## **FISCAL AGENT**

**Computershare Trust Company of Canada**  
100 University Avenue, 8th floor  
Toronto  
Ontario M5J 2Y1  
Canada

Attention: State of Israel Bonds  
Telephone: +1 416 263 9200

## **PROMOTER**

**Development Company for Israel (International) Limited**  
ORT House  
126 Albert Street  
London NW1 7NE  
United Kingdom

Telephone: +44 (0)20 3936 2712  
Email: infoEN@israelbondsintl.com  
Website: www.israelbondsintl.com

### Paris office:

7 Place Vendôme  
75001 Paris  
France

### Frankfurt office:

Hebelstrasse 6, 2nd Floor  
60318 Frankfurt/Main  
Germany

## OFFERING MEMORANDUM FOR EXEMPT BONDS

Pages 94 to 120 (inclusive) of this document comprise an offering memorandum (the "**Offering Memorandum**"). The Offering Memorandum has been prepared by the Issuer in connection with the issuance of bonds under the Programme for which no prospectus is required to be published under the Prospectus Directive (the "**Exempt Bonds**").

The Offering Memorandum has not been reviewed or approved by the UK Listing Authority and does not constitute a prospectus for the purpose of the Prospectus Directive.

The Offering Memorandum is a financial promotion for the purposes of Section 21 of the Financial Services and Markets Act 2000. It has been issued by the State of Israel and its content has been approved by Development Company for Israel (International) Limited.

The Offering Memorandum is to be read in conjunction with the following sections of the Information Memorandum, which shall be deemed to be incorporated by reference herein:

- "*Important Notices*", apart from the sub-section "*Supplements*"
- Section 2 (*Risk Factors*)
- Section 3 (*Information about the Programme and the Bonds*)
- Section 4 (*How the Return on your Investment is Calculated*)
- Section 5 (*Information Incorporated by Reference*)
- Section 6 (*Subscription and Sale*)
- Section 7 (*Taxation*)
- Section 9 (*Use of Proceeds*)
- Section 11 (*Additional Information*)
- Appendix A (*Defined Terms*)
- Appendix C (*The Promoter*)

Terms defined in the Information Memorandum shall have the same meaning when used herein *provided that* the sections of the Information Memorandum incorporated by reference herein shall be amended as follows for the purposes of this Offering Memorandum:

1. All references to the "Information Memorandum" shall be deemed to be references to this Offering Memorandum.
2. All references to the "Bonds" shall be deemed to be references to the Exempt Bonds.
3. All references to the "Conditions" shall be deemed to be references to the "*Conditions of the Exempt Bonds*" set out herein.
4. All references to the "Final Terms" shall be deemed to be references to the Pricing Supplement (as defined herein) and each reference to information being specified or identified in the applicable Final Terms shall be deemed to be a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.
5. All references to Public Offers shall be disregarded, as no Public Offer of any Exempt Bond will be made.
6. For the purposes of the "*Information Incorporated by Reference*", the section headed "*Conditions of the Exempt Bonds*" set out on pages 97 to 108 (inclusive) of the offering memorandum relating to the Programme dated September 22, 2017 shall be incorporated in this Offering Memorandum,

rather than the section headed "*Conditions of the Bonds*" set out on pages 67 to 85 (inclusive) of the information memorandum relating to the Programme dated September 22, 2017.

All supplements to the Information Memorandum are incorporated by reference into this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The "*Conditions of the Exempt Bonds*" set out herein apply to Exempt Bonds issued under the Programme on or after September 6, 2018 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 22, 2017 will apply to any Exempt Bonds which were offered for sale before September 6, 2018 (notwithstanding that such Exempt Bonds may be issued on or after September 6, 2018).

## OVERVIEW OF THE PROGRAMME AND THE EXEMPT BONDS

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Offering Memorandum (including the information incorporated by reference herein) and, in relation to the terms and conditions of any particular Tranche of Exempt Bonds, the applicable Pricing Supplement.

Words and expressions defined in "Conditions of the Exempt Bonds" shall have the same meanings in this overview.

<b>Issuer:</b>	State of Israel.
<b>Issuer legal entity identifier ("LEI")</b>	213800T8ZHTFZIBYPE21
<b>Programme:</b>	Bond Issuance Programme.
<b>Programme Amount:</b>	Unlimited.
<b>Promoter:</b>	Development Company for Israel (International) Limited.
<b>Fiscal Agent:</b>	Computershare Trust Company of Canada.
<b>Exempt Bonds:</b>	<p>The Exempt Bonds are debt instruments issued by the Issuer. Exempt Bonds may be U.S. Dollar Floating Rate LIBOR Financing Bonds, U.S. Dollar Jubilee Fixed Rate Financing Bonds or U.S. Dollar Reinvestment Savings Bonds.</p> <p>See the chart on pages 99 to 101 below for further details regarding the features of these types of Exempt Bonds.</p>
<b>Currencies:</b>	<p>United States Dollars.</p> <p>When purchasing an Exempt Bond, investors may tender funds in Euro, British Pounds Sterling or United States Dollars. See "Conditions of the Exempt Bonds — Purchase of Bonds".</p>
<b>Issue Date:</b>	15th of the month (for Exempt Bonds offered from the 1st of the month through the 14th of the month) or 1st of the month (for Exempt Bonds offered from the 15th of the month preceding the Issue Date through the last day of that month).
<b>Maturity Dates:</b>	Exempt Bonds will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), or tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of the relevant Exempt Bond occurs. No Bonds with a maturity of less than 1 year will be issued.
<b>Interest:</b>	<p>The Exempt Bonds will accrue interest from (and including) the Issue Date until (but not including) the maturity date.</p> <p>Interest may be paid on an annual or semi-annual basis, or may be only paid on the maturity date of the relevant Exempt Bond, as the case may be.</p> <p>Details of historic LIBOR rates can be obtained from <a href="https://www.theice.com/iba/historical-data">https://www.theice.com/iba/historical-data</a>.</p>
<b>Risk Factors:</b>	There are certain risks relating to the Exempt Bonds, which investors should ensure they fully understand before purchasing any Exempt

Bond. See "*Risk Factors*" in the Information Memorandum.

- Form of Exempt Bonds:** The Exempt Bonds are issued in book-entry form, which means that ownership of the Exempt Bonds will be recorded electronically by Computershare Trust Company of Canada, the institution appointed by the Issuer to act as its fiscal agent. Certificates will be issued only to government agencies, pension funds, financial institutions and employee benefit plans that so request at the time of purchase.
- Transfer of Exempt Bonds:** Exempt Bonds may be assigned or transferred in the instances specified under "*Conditions of the Exempt Bonds — Transferability*".
- Redemption:** Subject to any purchase and cancellation or early redemption, Exempt Bonds will be redeemed on their Maturity Date at par.
- Early Redemption:** The State of Israel is entitled to redeem or repurchase any issued Exempt Bonds in whole or in part at any time. See "*Conditions of the Exempt Bonds — Early Redemption — At the Option of the State of Israel*".
- Redemption at the request of a Bond holder is not possible, except upon the death of the last surviving natural person who owned the Exempt Bond or upon the termination of an employee benefit scheme in accordance with the Conditions. See "*Conditions of the Exempt Bonds — Early Redemption — At the Request of a Bond holder*".
- The State of Israel has reserved the right to repurchase the Exempt Bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State of Israel. See "*Conditions of the Exempt Bonds — Early Redemption — Repurchase by the State of Israel Under Other Terms and Conditions*".
- Listing:** No application has been or will be made for the Exempt Bonds to be admitted to trading on any exchange, market or other trading platform.
- Taxation:** Interest and principal sums due under the Exempt Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Exempt Bond or the receipt of income therefrom).
- For a discussion of tax consequences associated with the Exempt Bonds, see "*Taxation*". Investors should consult their own tax advisers in determining the tax consequences to them of the purchase, ownership and disposition of the Exempt Bonds.
- Governing Law:** The Exempt Bonds will be governed by the laws of the State of New York.
- Selling Restrictions:** For a description of certain restrictions on offers, sales and deliveries of Exempt Bonds and on the distribution of offering material in the United States of America, the EEA, the United Kingdom, the Netherlands and Japan see "*Subscription and Sale*" in the Information Memorandum.
- Application for Exempt Bonds:** Application for Exempt Bonds should be made by completing an Investment Form. Investors will also be required to sign the Promoter's Terms of Business, complete a Client Information Form and provide satisfactory evidence of their identity for the Promoter's

anti-money laundering checks and provide any additional information required by local law in the jurisdiction of subscription. Copies of the Terms of Business and Client Identification Form are available on the Promoter's website or by contacting the Promoter directly. The State of Israel is not obliged to accept your subscription documents. See "*Conditions of the Exempt Bonds — Purchase of Bonds*".

If the State of Israel does not accept your application to purchase Exempt Bonds, any payment made by you in connection with such purchase will be refunded within 21 Business Days after the date of rejection of the subscription application and you shall not be entitled to any interest or other compensation in respect of such refunded payment.

Unless an application to purchase Exempt Bonds is not accepted by the State of Israel, a prospective Bond holder will be allotted 100% of the Exempt Bonds applied for. The Fiscal Agent will post a confirmation of the allotment of Exempt Bonds to the prospective Bond holder within 7 Business Days (being a day other than a Saturday, Sunday or other day on which the Fiscal Agent is authorised or required by law to be closed in Toronto, Ontario, Canada or in London) of the day on which the purchase is completed.

**Limitation on purchases of Exempt Bonds:**

U.S. Dollar Reinvestment Savings Bonds are only available to investors who are reinvesting the proceeds of other U.S. Dollar State of Israel bonds that have matured or will mature on or prior to the Issue Date of the U.S. Dollar Reinvestment Savings Bonds to be purchased (and the proceeds of which have not already been reinvested).

U.S. Dollar Jubilee Fixed Rate Financing Bonds and U.S. Dollar Floating Rate LIBOR Financing Bonds may only be purchased if financed by an Authorised Institutional Lender.

See "*Conditions of the Exempt Bonds — Purchase of Bonds*".

<b>Type of Exempt Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
U.S. Dollar Floating Rate LIBOR Financing Bonds	United States Dollars	2-Year 3-Year	U.S.\$100,000 (and integral multiples of U.S.\$25,000 in excess of U.S.\$100,000)	Variable floating rate equal to the Applicable LIBOR Rate for the each interest period plus the applicable Spread.	June 1st and December 1st in each year and upon maturity, except that for U.S. Dollar Floating Rate LIBOR Financing Bonds issued on May 15th and November 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.	Two sales periods per month: U.S. Dollar Floating Rate LIBOR Financing Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and U.S. Dollar Floating Rate LIBOR Financing Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.
U.S. Dollar Jubilee Fixed Rate Financing Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year 15-Year	U.S.\$100,000 (and integral multiples of U.S.\$25,000 in excess of U.S.\$100,000)	Fixed percentage per annum.	May 1st and November 1st in each year and upon maturity, except that for U.S. Dollar Jubilee Fixed Rate Financing Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue	Two sales periods per month: U.S. Dollar Jubilee Fixed Rate Financing Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and U.S. Dollar Jubilee Fixed Rate Financing Bonds issued on the 1st of the month will be offered

<b>Type of Exempt Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
					Date.	from the 15th of the month preceding the Issue Date through the last day of that month.
U.S. Dollar Reinvestment Savings Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-Year	No minimum purchase amount	Fixed percentage per annum.	Interest will only be paid at maturity.	<p>Two sales periods per month: U.S. Dollar Reinvestment Savings Bonds will be issued on the 1st and the 15th of the month. If the maturity date of the Matured Bonds being reinvested falls:</p> <ul style="list-style-type: none"> <li>• on the 1st of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will be the same day (the 1st of that month);</li> <li>• between the 2nd and 14th of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will</li> </ul>

<b>Type of Exempt Bond:</b>	<b>Currency:</b>	<b>Maturity:</b>	<b>Minimum purchase amount:</b>	<b>Interest:</b>	<b>Interest Payment Date(s):</b>	<b>Sales Period(s):</b>
						<p>be the 15th of that month; and</p> <ul style="list-style-type: none"> <li>• between the 15th and the end of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will be the 1st of the following month.</li> </ul>

## CONDITIONS OF THE EXEMPT BONDS

The following are the terms and conditions (the "**Conditions**") of the bonds described under Condition 2 below (the "**Bonds**") issued by State of Israel (the "**Issuer**" or the "**State of Israel**") under its Bond Issuance Programme (the "**Programme**").

These Conditions apply to Exempt Bonds issued under the Programme on or after September 6, 2018 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 22, 2017 will apply to any Bonds which were offered for sale before September 6, 2018 (notwithstanding that such Bonds may be issued on or after September 6, 2018).

Each Tranche of Bonds will be issued on the terms set out in these Conditions, as completed, modified and/or amended by a document called a pricing supplement (the "**Pricing Supplement**").

As used herein, "**Tranche**" means Bonds which are identical in all respects and "**Series**" means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are identical in all respects except for their respective Issue Dates, Interest Commencement Dates and/or Maturity Dates.

Copies of the applicable Pricing Supplement are available for viewing at and copies may be obtained from the website of Development Company for Israel (International) Limited (the "**Promoter**") at [www.israelbondsintl.com](http://www.israelbondsintl.com) or from its offices at ORT House, 126 Albert Street, London NW1 7NE, United Kingdom. Bond holders are deemed to have notice of the applicable Pricing Supplement.

### 1. **Defined Terms**

The following terms are used in these Conditions:

" <b>Authorised Institutional Lender</b> "	an entity primarily engaged in the business of making secured loans to institutional and non-institutional borrowers, authorised in writing by the State of Israel to accept bonds as collateral security
" <b>Business Day</b> "	a day other than a Saturday, Sunday or other day on which the Fiscal Agent is authorised or required by law to be closed in Toronto, Ontario, Canada or in London.
" <b>Calculation Agent</b> "	the agent appointed by the State of Israel to act in such capacity.
" <b>Computershare</b> " or the " <b>Fiscal Agent</b> "	Computershare Trust Company of Canada.
" <b>Fiscal Agency Agreement</b> "	the amended and restated fiscal agency agreement between the Issuer and the Fiscal Agent dated December 24, 2013 (as supplemented, amended, otherwise modified or replaced from time to time).
" <b>Interest Payment Date</b> "	in relation to a given Bond, the date (or dates or series of dates) on which the State of Israel will pay interest under the terms of that Bond to the Registered Owner (as specified in the relevant Pricing Supplement).
" <b>Investment Form</b> "	the form published by the Promoter for provision of relevant subscription and other information by persons seeking to purchase Bonds.
" <b>Issue Date</b> "	in relation to a given Bond, the date on which it is issued by the State of Israel (as specified in the relevant Pricing Supplement).

<b>"LIBOR"</b>	the interest rate benchmark known as the London interbank offered rate.
<b>"Matured Bonds"</b>	United States Dollar State of Israel bonds that have matured or will mature prior to the Issue Date of U.S. Dollar Reinvestment Savings Bonds purchased by an investor, the proceeds of which are to be reinvested in such purchase of U.S. Dollar Reinvestment Savings Bonds.
<b>"Rate Sheet"</b>	the rate sheet for a given Bond (if any), as made available from time to time by the Promoter, in which details of the rate(s) of interest for that Bond (among other details) are stated.
<b>"Rate-Setting Day"</b>	any day other than a Saturday, Sunday or other day on which banks are authorised or required by law to be closed in New York, London or Toronto.
<b>"Reference Bank"</b>	a major bank operating in the Eurozone interbank market (in the case of EURIBOR) or, as the case may be, London interbank market (in the case of LIBOR).
<b>"Relevant Date"</b>	the date on which a payment of principal and/or interest first becomes due, except that, if the full amount of the monies payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of the relevant monies having been so received (or, if such date is not a Business Day, the next day which is a Business Day), such payment is made to the Bond holders.
<b>"Relevant Quotation System"</b>	Bloomberg or any successor thereto, or such other recognised quotation system as may be designated by the State of Israel from time to time.
<b>"Registered Owner"</b>	the person (or group of persons jointly) whom the Fiscal Agent is asked by the purchaser of a Bond to register as the person(s) legally entitled to that Bond.
<b>"U.S. Dollar Floating Rate LIBOR Financing Bonds"</b>	financing Bonds which have a floating interest rate calculated on the basis of LIBOR (as specified in the relevant Pricing Supplement).
<b>"U.S. Dollar Jubilee Fixed Rate Financing Bonds"</b>	Bonds which are U.S. Dollar Jubilee Fixed Rate Financing Bonds (as specified in the relevant Pricing Supplement).
<b>"U.S. Dollar Reinvestment Savings Bonds"</b>	Bonds which are U.S. Dollar Reinvestment Savings Bonds (as specified in the relevant Pricing Supplement).
<b>"Specified Currency"</b>	in relation to a given Bond, the currency of that Bond (as specified in the relevant Pricing Supplement).
<b>"UK Registered Pension Scheme"</b>	has the definition given in section 150(2) of the Finance Act 2004.
<b>"U.S. Dollars", "United States Dollars", "U.S. dollars" or "U.S.\$"</b>	the currency of the United States of America.

2. **Type of Bonds**

Bonds issued under the Programme may be U.S. Dollar Floating Rate LIBOR Financing Bonds, U.S. Dollar Jubilee Fixed Rate Financing Bonds or U.S. Dollar Reinvestment Savings Bonds.

## 2.1 *The U.S. Dollar Floating Rate LIBOR Financing Bonds*

The minimum purchase amount of the U.S. Dollar Floating Rate LIBOR Financing Bonds is U.S.\$100,000. U.S. Dollar Floating Rate LIBOR Financing Bonds may be purchased in integral multiples of U.S.\$25,000 in excess of U.S.\$100,000.

Each State of Israel 2-Year U.S. Dollar Floating Rate LIBOR Financing Bond and 3-Year U.S. Dollar Floating Rate LIBOR Financing Bond will mature on the first calendar day of the month during which the second (2nd) or third (3rd) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Floating Rate LIBOR Financing Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Floating Rate LIBOR Financing Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date up to (but not including) the maturity date of the U.S. Dollar Floating Rate LIBOR Financing Bond.

Interest Payment Dates for the U.S. Dollar Floating Rate LIBOR Financing Bonds, on which interest will be paid semi-annually in arrear, are June 1st and December 1st in each year and upon maturity, except that for U.S. Dollar Floating Rate LIBOR Financing Bonds issued on May 15th and November 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The initial interest rate of each U.S. Dollar Floating Rate LIBOR Financing Bond is equal to the six month LIBOR (or, if LIBOR is discontinued, such other interest rate as may be selected by the Calculation Agent as further described below) in effect three Rate-Setting Days prior to the first day of the sales period of such Bond, as it appears on the Relevant Quotation System, rounded upwards to the next one-sixteenth (1/16) of one percent, if the quoted interest rate is not equivalent to one-sixteenth (1/16) of one percent (the "**Applicable LIBOR Rate**"), plus or minus a fixed number of basis points determined by the State of Israel (the "**Spread**").

The Spread of each U.S. Dollar Floating Rate LIBOR Financing Bond shall remain fixed until maturity. After the initial interest period, the interest rate will be adjusted semi-annually in accordance with the Applicable LIBOR Rate in effect on subsequent interest determination dates, which will be three Rate-Setting Days prior to June 1st and December 1st of each year.

In no event will the interest rate payable on the U.S. Dollar Floating Rate LIBOR Financing Bonds be less than 0% per year. If LIBOR changes during an interest period, this will not affect the rate of interest for that period. The rate of interest may vary (both upwards and downwards) from interest period to interest period as LIBOR changes. If LIBOR is discontinued, the Calculation Agent may select another interest rate, as further described below.

The Spread and the initial interest rate applicable to each U.S. Dollar Floating Rate LIBOR Financing Bond will be determined by the State of Israel and specified in the applicable Pricing Supplement and published in the relevant Rate Sheet and on the Promoter's website not less than one Business Day prior to the first day of the sales period of such Bond. Subsequent interest rates applicable to each U.S. Dollar Floating Rate LIBOR Financing Bond will be announced by the State of Israel one Business Day prior to June 1st or December 1st in each year.

See Condition 10.2 below for details of restrictions on investments in U.S. Dollar Floating Rate LIBOR Financing Bonds.

## 2.2 ***The U.S. Dollar Jubilee Fixed Rate Financing Bonds***

The minimum purchase amount of the U.S. Dollar Jubilee Fixed Rate Financing Bonds is U.S.\$100,000. U.S. Dollar Jubilee Fixed Rate Financing Bonds may be purchased in integral multiples of U.S.\$25,000 in excess of U.S.\$100,000.

Each State of Israel 1-Year U.S. Dollar Jubilee Fixed Rate Financing Bond, 2-Year U.S. Dollar Jubilee Fixed Rate Financing Bond, 3-Year U.S. Dollar Jubilee Fixed Rate Financing Bond, 5-Year U.S. Dollar Jubilee Fixed Rate Financing Bond, 10-Year U.S. Dollar Jubilee Fixed Rate Financing Bond and 15-Year U.S. Dollar Jubilee Fixed Rate Financing Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th), tenth (10th) or fifteenth (15th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

Issue Dates for U.S. Dollar Jubilee Fixed Rate Financing Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Jubilee Fixed Rate Financing Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Jubilee Fixed Rate Financing Bond up to (but not including) the maturity date. Except in the cases described in this Memorandum, interest will be paid every May 1st, November 1st and upon maturity of the U.S. Dollar Jubilee Fixed Rate Financing Bond.

Interest Payment Dates for the U.S. Dollar Jubilee Fixed Rate Financing Bonds, on which interest will be paid semi-annually in arrear, are May 1st and November 1st in each year and upon maturity, except that for U.S. Dollar Jubilee Fixed Rate Financing Bonds issued on April 15th and October 15th in each year, the first interest payment will be on the second Interest Payment Date following their Issue Date.

The interest rate applicable to each U.S. Dollar Jubilee Fixed Rate Financing Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the first day of the sales period for such Bond and will be specified in the applicable Pricing Supplement, the applicable Rate Sheet and on the Promoter's website.

See Condition 10.2 below for details of restrictions on investments in U.S. Dollar Jubilee Fixed Rate Financing Bonds.

## 2.3 ***The U.S. Dollar Reinvestment Savings Bonds***

The U.S. Dollar Reinvestment Savings Bonds have no minimum purchase amount.

Each State of Israel 1-Year U.S. Dollar Reinvestment Savings Bond, 2-Year U.S. Dollar Reinvestment Savings Bond, 3-Year U.S. Dollar Reinvestment Savings Bond, 5-Year U.S. Dollar Reinvestment Savings Bond and 10-Year U.S. Dollar Reinvestment Savings Bond will mature on the first calendar day of the month during which the first (1st), second (2nd), third (3rd), fifth (5th) or tenth (10th) anniversary, as the case may be, of the Issue Date of the relevant Bond shall fall.

U.S. Dollar Reinvestment Savings Bonds are available only to investors who are reinvesting the proceeds of Matured Bonds (and the proceeds of which have not already been reinvested). Only the proceeds of Matured Bonds may be reinvested in the U.S. Dollar Reinvestment Savings

Bonds, and investors may not add to such reinvested proceeds to purchase a greater amount of these Bonds. See Condition 10.4 below for further details about purchasing U.S. Dollar Reinvestment Savings Bonds.

Issue Dates for U.S. Dollar Reinvestment Savings Bonds will be the 1st and 15th of the month. If your Issue Date is the 15th of the month, your U.S. Dollar Reinvestment Savings Bond will mature two weeks earlier than the total number of years of the Bond. There will be two sales periods per month:

- Bonds issued on the 15th of the month will be offered from the 1st of the month through the 14th of the month; and
- Bonds issued on the 1st of the month will be offered from the 15th of the month preceding the Issue Date through the last day of that month.

If the maturity date of the Matured Bonds being reinvested falls:

- on the 1st of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will be the same day (the 1st of that month);
- between the 2nd and 14th of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will be the 15th of that month; and
- between the 15th and the end of the month, the Issue Date of the U.S. Dollar Reinvestment Savings Bonds will be the 1st of the following month.

Interest will accrue from (and including) the Issue Date of the U.S. Dollar Reinvestment Savings Bond up to (but not including) the maturity date, but shall only be payable at maturity of the U.S. Dollar Reinvestment Savings Bond.

The interest rate applicable to each U.S. Dollar Reinvestment Savings Bond shall be a fixed percentage per annum to be determined prior to the issue of the relevant Bond. The applicable interest rate will be announced one Business Day prior to the sales period for such Bond and will be specified in the applicable Pricing Supplement, the applicable Rate Sheet and on the Promoter's website.

### 3. **Status of the Bonds**

The Bonds constitute and will constitute direct, general, unconditional and unsubordinated External Indebtedness of the State of Israel for which the full faith and credit of the State of Israel is pledged. The Bonds of each series rank and will rank without any preference among themselves and equally with all other unsubordinated External Indebtedness of the State of Israel. It is understood that this provision shall not be construed so as to require the State of Israel to make payments under the Bonds ratably with payments being made under any other External Indebtedness. For the purposes of this Condition 3, "**External Indebtedness**" means any Indebtedness which is payable by its terms or at the option of its holder in any currency other than the currency of Israel and "**Indebtedness**" means all obligations of the Issuer in respect of borrowed money and guarantees given by the Issuer in respect of money borrowed by others.

### 4. **Early Redemption**

The Bonds are subject to early redemption and repurchase by the State of Israel as described in this Condition. Whether the Bonds are redeemed at the option of the State of Israel, or repurchased by the State of Israel at the request of the Bond holder or on such other terms and conditions as the State of Israel may determine, the State of Israel will redeem or repurchase Bonds for a purchase price equal to the principal amount of the Bond together with interest accrued to the redemption or repurchase date. If the redemption or repurchase price is not paid upon the surrender of any Bond, then such Bonds will continue to accrue interest at the rate prescribed for such Bonds through the maturity of the Bond.

The State of Israel will not be required to issue or register the transfer or exchange of any Bond during the period beginning with the fifteenth (15th) Business Day prior to the date of the posting

of a notice of redemption through the end of the date of the posting. The State of Israel will also not be required to register the transfer or exchange of any Bond selected for redemption in whole or in part, except for the unredeemed portion of the Bond being redeemed in part.

#### 4.1 *At the Request of a Bond holder*

A Bond may be repurchased by the State of Israel prior to its maturity, but only on the first Business Day of a given month, within sixty (60) days following the State of Israel's receipt of a Bond holder's written request accompanied by an instrument of transfer in a form approved by the Fiscal Agent, under the following circumstances:

- Upon the death of any natural person who was the original Registered Owner (or the last survivor of joint original Registered Owners); provided that such obligation of the State of Israel to redeem upon death shall cease and terminate and shall not apply when the Bond is owned by a transferee or assignee.
- Upon the death of any natural person (or the dissolution of a testamentary trust following the death of such person) who owned such Bond through an individual personal pension plan.
- Upon the termination of any employee benefit plan which is the Registered Owner. In such circumstances, evidence must be provided to the State of Israel that such employee benefit plan has been terminated and that the assets are to be liquidated to meet the plan's commitments.

The three scenarios described above are subject to the caveat that the State of Israel may suspend or terminate its obligation to purchase such Bond if, in the opinion of the State of Israel, a material number of the affected original Registered Owners have died as a result of war, epidemic, catastrophe of nature or other disaster.

Early redemption at the behest of Registered Owners is impossible in any other circumstances.

#### 4.2 *At the Option of the State of Israel*

The Bonds are subject to redemption at any time by the State of Israel. Any holding of Bonds is redeemable as a whole or in part. If the Bonds are redeemed in part, selection of the Bonds to be redeemed will be at the State of Israel's discretion; however, the Bonds will be redeemed in groups, such that each group of Bonds will consist of all Bonds of the same Tranche bearing the same Issue Date. Partial redemption can be made only on an Interest Payment Date. In addition, no Bonds of any Series can be redeemed at the option of the State of Israel unless the Bonds of such Series having a prior Issue Date are or have been called for redemption. For purposes of such redemption, the Bonds will be called in accordance with the provisions of the Fiscal Agency Agreement, and there will be no aggregation of different series or other debt instruments of the State of Israel. (For the avoidance of doubt, there will be no aggregation irrespective of any similarity in name, maturity, currency, denomination, integral terms and/or issue date between the Bonds offered hereby and any different series or other debt instruments of the State of Israel.) A notice of redemption will be posted to all affected Bond owners by the Fiscal Agent between thirty (30) and sixty (60) days prior to the intended redemption date. The notice will state:

- the redemption date;
- whether all Bonds or a group of Bonds are to be redeemed;
- in the case of a redemption of a group of Bonds, a description of the group of Bonds that are to be redeemed;
- the redemption price;
- that on the redemption date no owner of Bonds called for redemption is entitled to more than the redemption price, and that the redemption price is due and payable on the redemption date; and

- the place where the Bonds are to be redeemed.

#### 4.3 ***Repurchase by the State of Israel Under Other Terms and Conditions***

In addition to a redemption or repurchase of the Bonds described under Conditions 4.1 and 4.2 above, the State of Israel reserves the right to repurchase the Bonds in whole or in part, at any time, at such terms and under such conditions as may be determined by the State of Israel. Bonds so repurchased shall be purchased from Bond holders willing to sell such Bonds on the terms and conditions determined by the State of Israel in respect of such repurchase. Repurchased Bonds may be held or resold by the State of Israel or surrendered to the Fiscal Agent for cancellation in accordance with the Fiscal Agency Agreement.

#### 5. **Event of Default**

If the State of Israel shall default in a payment of interest or of the principal sum of a Bond or of a portion thereof then any amount not so paid will bear interest at the rate applicable to the relevant Bond(s) plus or minus (as indicated in the applicable Pricing Supplement) the relevant Spread. Interest shall be paid from and including the date of default until but not including the date of actual payment. If the default shall continue for a period of ninety (90) days then the Registered Owner will be entitled to give a written demand to the State of Israel requiring payment of the principal sum which will then become due and payable (together with unpaid accrued interest) on the date such written demand is actually received by the State of Israel unless the default shall have been cured by the State of Israel prior to such date.

#### 6. **Additional Provisions relating to the Calculation of Interest**

##### 6.1 ***General***

Interest calculations in relation to the Bonds shall be performed by the Fiscal Agent, with the resulting figures rounded to the nearest unit of the specified currency of the relevant Bonds (with halves being rounded up) where required, and approved by the Issuer prior to any payments of interest.

##### 6.2 ***Fallback Provisions for the Calculation of Floating Rate Interest***

- (a) If the Relevant Quotation System is not available, the Fiscal Agent shall use the most recently published offered quotation for deposits in the Specified Currency on such Relevant Quotation System to determine the rate of interest in respect of any floating rate Bonds for the applicable interest period, plus or minus (as indicated in the applicable Pricing Supplement) the relevant Spread.
- (b) In the case of U.S. Dollar Floating Rate LIBOR Financing Bonds, if the Calculation Agent determines on the relevant interest determination date that the LIBOR base rate has been discontinued, then the Calculation Agent will use a substitute or successor interest rate that it has determined in its sole discretion is most comparable to the LIBOR interest rate, provided that if the Calculation Agent determines there is an industry-accepted successor interest rate, then the Calculation Agent shall use such successor interest rate. If the Calculation Agent has determined a substitute or successor interest rate in accordance with the foregoing, the Calculation Agent in its sole discretion may determine what business day convention to use, the definition of business day, the interest determination date and any other relevant methodology for calculating such substitute or successor base interest in a manner that is consistent with industry-accepted practices for such substitute or successor interest rate.

Unless the Calculation Agent determines to use a substitute or successor base rate as so provided, and if no offered LIBOR appears on Bloomberg (or such other recognised quotation system as may be designated by Israel from time to time) on the relevant interest determination date, then the Calculation Agent, after consultation with the State of Israel, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which six-month deposits in U.S. dollars in amounts of at least \$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is

representative of single transactions at that time. If at least two quotations are provided, then six-month LIBOR for the relevant interest period will be the arithmetic average (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the quotations provided. Otherwise, the Calculation Agent will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it on the interest determination date for loans in U.S. dollars to leading European banks having an index maturity of six months for the applicable interest determination date in an amount of at least \$1,000,000 that is representative of single transactions at that time. If three quotations are provided, then six-month LIBOR for the relevant interest determination date will be the arithmetic average (rounded upward if necessary to the nearest whole multiple of 0.00001%) of the quotations provided. Otherwise, the Calculation Agent, after consulting such sources as it deems comparable to any of the foregoing quotations or display page, or any such source as it deems reasonable from which to estimate six-month LIBOR or any of the foregoing lending rates, shall determine six-month LIBOR for the relevant interest determination date in its sole discretion. The Calculation Agent will instruct the Fiscal Agent as to the interest rate to apply, and the Fiscal Agent shall be entitled to rely on such instruction.

Absent manifest error, the Calculation Agent's determination of the interest rate for an interest determination date for the Bonds will be binding and conclusive on the Bondholder, the Fiscal Agent and the State of Israel. In making the above determination, the Calculation Agent shall act in good faith and in a commercially reasonable manner.

The Calculation Agent has not yet been appointed; State of Israel may appoint itself or designate a third party as calculation agent. Where a Calculation Agent has been appointed following the discontinuation of LIBOR, the Fiscal Agent, on behalf of the State of Israel, shall notify the Bondholders in writing of (i) such appointment; (ii) the substitute or successor interest rate that the Calculation Agent determines will be applicable in accordance with the above; and (iii) any consequential amendments to these Conditions required in connection with the same.

## **7. Interest and Principal Payment**

Interest shall accrue from (and including) the Issue Date of the Bond up to (but not including) the maturity date on the basis of a 365-day year and the number of days elapsed. The Bonds will not accrue interest after the maturity.

All payments of principal and interest will be made in the Specified Currency.

To the extent applicable, all interest payments shall be paid by cheque posted to the Registered Owner's address of record with the Fiscal Agent or credited to a bank account held by the Registered Owner, the details of which the Registered Owner has provided to the Promoter for such purposes. Interest payments made by bank transfer to a bank account in the United Kingdom or any European Economic Area Member State (being a member state of the European Union which adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union) will be made by the Fiscal Agent, through a bank in the United Kingdom or that European Economic Area Member State.

On maturity of a book-entry Bond, the Fiscal Agent will pay the principal amount and accrued interest on the relevant Bond to the Registered Owner by posting a cheque to the last address of the Registered Owner notified to the Fiscal Agent or by a bank transfer into a bank account held by the Registered Owner.

On maturity of a Bond that, in the exceptional circumstances detailed in these Conditions, is represented by a Bond certificate, the Fiscal Agent will pay the principal amount and accrued interest on the relevant Bond by posting a cheque by a bank transfer in the same manner as for a book-entry Bond, but only against delivery of the Bond certificate to the Fiscal Agent for cancellation.

If the due date for any payment of interest or principal is not a Business Day, then the relevant payment shall be made on the next day which is a Business Day but no additional interest will be payable as a result of such extension.

8. **Taxation**

Interest and principal sums due under the Bonds will be paid by the State of Israel without deduction for or on account of any present or future taxes or duties imposed or levied by or within the State of Israel (other than where the Bond holder is subject to such taxes or duties for a reason other than the holding or ownership of the Bond or the receipt of income therefrom).

9. **Transferability**

9.1 **General**

Any person becoming entitled to a Bond as a result of a transfer, assignment or transmission pursuant to this Condition 9 may apply to be registered as the holder of such Bond, upon: (1) notifying the Fiscal Agent of a request to transfer or assign the Bond pursuant to Condition 9.2 below or producing such evidence as reasonably requested by the Fiscal Agent to demonstrate entitlement by transmission pursuant to Condition 9.3 below and (2) notifying the Fiscal Agent in writing of the request to re-register the Bond along with appropriate transfer documents (and the Bond certificate if one was issued).

Any Bond holder wishing to transfer or assign a Bond to "anyone designated by the State of Israel as a permitted transferee" pursuant to Condition 9.2.6 below should notify the Fiscal Agent in advance of making a request to re-register the Bond, provide such information on the contemplated transfer or assignment as may be required by the Fiscal Agent and/or the Issuer (including the amount of the Bond(s) to be transferred and the identity of the proposed transferee) and seek the Issuer's confirmation that it will consider such transferee as a permitted transferee. Once such confirmation has been given, a request to re-register the Bond may then be made in accordance with the procedures set out at (1) and (2) in the above paragraph.

A Bond holder should not contact the State of Israel directly in connection with any application to transfer or assign a Bond, or to designate a person as a permitted transferee of a Bond; all such applications and requests should be sent to the Fiscal Agent. The State of Israel's confirmation of the designation of a transferee as a permitted transferee pursuant to Condition 9.2.6 will be given by the Fiscal Agent on the Issuer's behalf, following consultation with the Issuer, and the Issuer's consent to a transfer or assignment of a Bond pursuant to Condition 9.2 is deemed to be given upon registration of such Bond in the name of the new Bond holder(s) (absent error by the Fiscal Agent).

9.2 **Transfer or assignment of Bonds**

The Issuer will consent to a transfer or assignment of a Bond only to the following permitted transferees:

- 9.2.1 the State of Israel. If you donate your Bond to the State of Israel, the Bond (and any Bond payments to which you might be entitled) will be cancelled and the debt represented by the Bond and/or cheque will be deemed forgiven;
- 9.2.2 any religious, charitable, literary, scientific or educational organisation, contributions to which are, at the time of the transfer, deductible for income and similar tax purposes under the United States Internal Revenue Code of 1986, as heretofore or hereafter amended (or are accorded similar treatment under the laws of the country in which the transferee is located), *provided however that* each such transfer is made by gift or bequest only, without any compensation to the transferor;
- 9.2.3 the Registered Owner's spouse, children, grandchildren, siblings, parents or grandparents;

9.2.4 a UK Registered Pension Scheme whose only members are the Registered Owner and (as applicable) the Registered Owner's spouse, children, grandchildren, siblings, parents and/or grandparents;

9.2.5 provided the transfer is made by the Registered Owner of the Bond and only at the time of purchase of the Bond, as collateral security to an Authorised Institutional Lender; or

9.2.6 anyone designated by the State of Israel as a permitted transferee.

9.3 ***Transfer upon death of a registered holder of Bonds or of any other event giving rise to the transmission of Bonds by operation of law***

In the case of death of a registered holder of Bonds or of any other event giving rise to the transmission of Bonds by operation of law, the only persons recognised by the State of Israel as having any right to such Bonds upon transmission are:

9.3.1 the personal representatives of a deceased registered holder's estate; or

9.3.2 the trustee in bankruptcy of a bankrupt registered holder; or

9.3.3 the trustee or administrator or other officially entitled person in relation to the estate of a registered holder who has been declared mentally incompetent by a court of competent jurisdiction; or

9.3.4 any person who can demonstrate that he or it has been appointed by a court of competent jurisdiction to represent the estate of a registered holder in any other applicable circumstances (including but not limited to cases where the Bonds are considered to be *bona vacantia* (i.e., property not disposed of by the deceased's will and to which no relative is entitled upon intestacy)).

10. **Purchase of Bonds**

10.1 ***General***

Application for Bonds should be made by completing an Investment Form. Investors will also be required to sign the Promoter's Terms of Business, complete a Client Information Form and provide satisfactory evidence of their identity for the Promoter's anti-money laundering checks and provide any additional information required by local law in the jurisdiction of subscription. The Terms of Business and Client Identification Form are available on the Promoter's website or copies may be obtained by contacting the Promoter directly.

In order to purchase a Bond on a specific Issue Date, subject to Conditions 10.4 and 10.5 below, your subscription documents must be accepted by or on behalf of the State of Israel and cleared funds in respect of the full purchase price of such Bond must be received and accepted in the account of the Fiscal Agent before such Issue Date (or before such other date announced by the State of Israel). Your application to purchase a Bond will be accepted only when (1) your properly completed subscription documents are received by the Promoter and (2) the full purchase price of such Bond is actually received by the Fiscal Agent prior to the Issue Date.

If your subscription documents are accepted by or on behalf of the State of Israel and/or clear funds are accepted or received in the account of the Fiscal Agent on or after an Issue Date (or such other date), your Bond will be issued on a subsequent Issue Date. When a Bond is issued on a subsequent Issue Date, the interest rate applicable to the Bond will be the interest rate applicable to such Issue Date, in accordance with the applicable Pricing Supplement and then prevailing Rate Sheet.

If the State of Israel does not accept your application to purchase Bonds, any payment made by you in connection with such purchase will be refunded within 21 Business Days after the date of rejection of the subscription application and you shall not be entitled to any interest or other compensation in respect of such refunded payment.

10.2 ***Limitation on purchases of U.S. Dollar Jubilee Fixed Rate Financing Bonds and U.S. Dollar Floating Rate LIBOR Financing Bonds***

U.S. Dollar Jubilee Fixed Rate Financing Bonds and U.S. Dollar Floating Rate LIBOR Financing Bonds may only be purchased if financed by an Authorised Institutional Lender.

10.3 ***Currencies / Conversion of Funds***

When purchasing a Bond, investors may tender funds in Euro, British Pounds Sterling or United States Dollars. Where investors tender a currency which is different to the Specified Currency of the relevant Bond, rather than the Specified Currency, the Fiscal Agent will convert the currency received from the investor into the Specified Currency at an exchange rate that it determines in its sole discretion acting in good faith and in a commercially reasonable manner. Funds which are not in the Specified Currency must, upon conversion, equal or exceed the minimum purchase amount of the relevant Bond in the Specified Currency.

10.4 ***Reinvesting in U.S. Dollar Reinvestment Savings Bonds***

U.S. Dollar Reinvestment Savings Bonds are available only to investors who are reinvesting the proceeds of Matured Bonds (and the proceeds of which have not already been reinvested). Only the proceeds of Matured Bonds may be reinvested in the U.S. Dollar Reinvestment Savings Bonds, and investors may not add to such reinvested proceeds to purchase a greater amount of these Bonds.

In order to purchase a U.S. Dollar Reinvestment Savings Bond, your Investment Form must be received and accepted by or on behalf of the State of Israel no later than thirty (30) days following the maturity date of your Matured Bonds (or before such other date announced by the State of Israel).

If you have already received a cheque in respect of principal and/or interest payment(s) on your Matured Bonds, this must also be returned, together with the Investment Form, during such 30-day period. If the principal and interest payment(s) for your Matured Bonds are paid by bank transfer, you must notify the Fiscal Agent and the Promoter fifteen (15) days prior to the due date of such bank transfer about your request to cancel the bank transfer and reinvest the proceeds.

ONCE PRINCIPAL AND INTEREST PAYMENT(S) FOR YOUR MATURED BONDS ARE DEPOSITED IN YOUR BANK ACCOUNT BY BANK TRANSFER OR BY CHEQUE, YOU WILL NOT BE ABLE TO REINVEST THE PROCEEDS OF THE MATURED BONDS IN A U.S. DOLLAR REINVESTMENT SAVINGS BOND.

10.5 ***Reinvesting a matured State of Israel bond in Bonds other than U.S. Dollar Reinvestment Savings Bonds***

If you are reinvesting a matured State of Israel bond in Bonds other than U.S. Dollar Reinvestment Savings Bonds, in order for your new Bond to be issued on the maturity date of your reinvested bond, your subscription must be accepted by or on behalf of the State of Israel within five (5) calendar days after the maturity date of your reinvested bond (or, if such date falls on a non-Banking Day, the first Banking Day after such date). Unless sales of a certain Bond are suspended, a subscription will be accepted by or on behalf of the State of Israel if it is in a form acceptable to the State of Israel before the designated date as set forth above.

10.6 ***Reinvesting payments in purchases of new Bonds***

If a Bond holder intends to reinvest payments of principal or interest in purchases of new Bonds then, upon request by the Bond holder, the Fiscal Agent may convert such payments into the Specified Currency of the new Bonds (being Euro, British Pounds Sterling or United States Dollars) at an exchange rate determined by it in its sole discretion acting in good faith and in a commercially reasonable manner.

11. **Bond Certificates**

All Bonds are issued in book-entry form. Bond certificates will not normally be issued (except in the limited circumstances described below in this paragraph). Instead, the Fiscal Agent will post to each person registered as the purchaser of a Bond a confirmation that he or it (or the relevant third party whom he may have designated) has been entered in the Bond register as the Registered Owner along with other pertinent information. Certificates will be issued only in the cases of Registered Owners who are government agencies, pension funds, financial institutions and employee benefit plans that so request at the time of purchase, or upon written consent of the State of Israel. The Fiscal Agent, on behalf of the State of Israel, will forward all notices relating to the Bonds to the Registered Owner(s).

Upon maturity or redemption of a book-entry Bond, the Fiscal Agent will automatically pay the principal amount and accrued interest on the book-entry Bond to the Registered Owner by posting a cheque to the last address of the Registered Owner as listed in the Bond register or, if written instructions are given by the Registered Owner, by direct credit to the bank account specified by the Registered Owner.

Bond certificate holders must present the physical certificate to the Fiscal Agent to receive payment. The Registered Owner will bear all expenses in connection with the replacement and delivery of a new Bond certificate, should one be required for any reason. However, the State of Israel will (except in cases where it has proof of delivery of the Bond certificate) issue a new Bond certificate to the Registered Owner for no cost where the Registered Owner has notified the State of Israel and the Fiscal Agent in writing that the Bond certificate was never delivered, no later than six months following the original Issue Date of the Bond.

12. **Prescription**

Claims for principal shall become void unless made within ten years of the appropriate Relevant Date. Claims for interest shall become void unless made within five years of the appropriate Relevant Date.

13. **Fiscal Agent**

Computershare will act as the Fiscal Agent for the Bonds. The address for Computershare is 100 University Avenue, 8th floor, Toronto, Ontario M5J 2Y1, Canada. Attention: State of Israel Bonds. The telephone number is +1 (416) 263 9200.

14. **Governing Law**

The Bonds will be governed by and construed in accordance with the laws of the State of New York.

15. **Jurisdiction; Waiver of Immunity; Consent to Service and Enforceability**

The State of Israel is a sovereign state. However, the State of Israel, in respect of the Bonds, agrees to irrevocably submit to the non-exclusive jurisdiction of the federal court in the Southern District of New York or any state court in the City of New York or any competent court in Israel and irrevocably agrees not to claim immunity from any proceedings or from the execution of any judgement in connection with the terms of the Bonds (save as provided below or to the extent that the State of Israel is precluded by applicable laws to agree as aforesaid).

Notwithstanding the foregoing, the State of Israel reserves the right to plead sovereign immunity under the United States Foreign Sovereign Immunities Act of 1976, as amended, with respect to actions brought against it under United States federal securities laws or any state securities laws, and the State of Israel's appointment of the Process Agent (as defined below) will not extend to such actions. Additionally, under the laws of the State of Israel, the funds, assets, rights and general property of the Issuer located in the State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of the Issuer's diplomatic missions in any jurisdiction outside the State of Israel or with respect to the assets of the Issuer necessary for the proper functioning of the Issuer as a sovereign power.

The State of Israel has appointed the Chief Legal Officer and Head of Israel Economic Mission - Western Hemisphere of the Ministry of Finance of the Government of Israel in New York, New York, whose address is 800 Second Avenue, 17th Floor, New York, New York 10017, United States of America, as its authorised agent upon whom process may be served (the "**Process Agent**"). This appointment is limited to any action arising out of or based on the Bonds that the Registered Owner of any Bonds may institute in any federal court in the Southern District of New York or any state court in the City of New York. Such appointment will be irrevocable until the State of Israel pays all amounts due or to become due on or in respect of all the Bonds issuable under the Fiscal Agency agreement. If for any reason the Process Agent ceases to be able to act as the State of Israel's authorised agent or no longer has an address in New York, the State of Israel will appoint another person in New York as its authorised agent upon whom process may be served.

The Chief Legal Officer and Head of Israel Economic Mission, in its capacity as Process Agent, is not the agent for service for actions under the United States federal securities laws or state securities laws and the State of Israel's waiver of immunity does not extend to such actions.

## FORMS OF PRICING SUPPLEMENT FOR EXEMPT BONDS

Pricing Supplement for the sales period [ ] to [ ]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF BONDS AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

### STATE OF ISRAEL

**Legal entity identifier ("LEI"): 213800T8ZHTFZIBYPE21**

Issue of  
**U.S. Dollar Reinvestment Savings Bonds (6th International Dollar Series)**  
under the **Bond Issuance Programme**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and must be read in conjunction with the Offering Memorandum.]

*(The following alternative language applies in respect of issues of securities where the sales period spans an update to Offering Memorandum)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**2018 Offering Memorandum**"), notwithstanding the publication of an updated offering memorandum which will replace the 2018 Offering Memorandum (the "**Updated Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and (i) prior to the publication of the Updated Offering Memorandum, must be read in conjunction with the 2018 Offering Memorandum as so supplemented and (ii) after the publication of the Updated Offering Memorandum, must be read in conjunction with the Updated Offering Memorandum save in respect of the Conditions (which are extracted from the 2018 Offering Memorandum and which will be incorporated by reference into the Updated Offering Memorandum).]

Specified Currency:	United States Dollars
Interest Rate:	[1-Year U.S. Dollar Reinvestment Savings Bond: [ ]% per annum]
	[2-Year U.S. Dollar Reinvestment Savings Bond: [ ]% per annum]
	[3-Year U.S. Dollar Reinvestment Savings Bond: [ ]% per annum]
	[5-Year U.S. Dollar Reinvestment Savings Bond: [ ]% per annum]
	[10-Year U.S. Dollar Reinvestment Savings Bond: [ ]% per annum]
Issue Date:	[ ]
Maturity Date:	[ ]
ISIN Code:	[ ]
CFI:	[ ]

FISN:

[ ]

Pricing Supplement for the sales period [ ] to [ ]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF BONDS AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

**STATE OF ISRAEL**

**Legal Entity Identifier ("LEI"): 213800T8ZHTEFZIBYPE21**

Issue of  
**U.S. Dollar Jubilee Fixed Rate Financing Bonds (6th International Dollar Series)**  
under the **Bond Issuance Programme**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and must be read in conjunction with the Offering Memorandum.]

*(The following alternative language applies in respect of issues of securities where the sales period spans an update to Offering Memorandum)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**2018 Offering Memorandum**"), notwithstanding the publication of an updated offering memorandum which will replace the 2018 Offering Memorandum (the "**Updated Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and (i) prior to the publication of the Updated Offering Memorandum, must be read in conjunction with the 2018 Offering Memorandum as so supplemented and (ii) after the publication of the Updated Offering Memorandum, must be read in conjunction with the Updated Offering Memorandum save in respect of the Conditions (which are extracted from the 2018 Offering Memorandum and which will be incorporated by reference into the Updated Offering Memorandum).]

Specified Currency:	United States Dollars
Interest Rate:	[1-Year U.S. Dollar Jubilee Fixed Rate Financing Bond: [ ]% per annum]
	[2-Year U.S. Dollar Jubilee Fixed Rate Financing Bond: [ ]% per annum]
	[3-Year U.S. Dollar Jubilee Fixed Rate Financing Bond: [ ]% per annum]
	[5-Year U.S. Dollar Jubilee Fixed Rate Financing Bond: [ ]% per annum]
	[10-Year Jubilee Fixed Financing Rate Bond: [ ]% per annum]
	[15-Year Jubilee Fixed Financing Rate Bond: [ ]% per annum]
Issue Date:	[ ]
Maturity Date:	[ ]
ISIN Code:	[ ]
CFI:	[ ]

FISN:

[ ]

Pricing Supplement for the sales period [ ] to [ ]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC AS AMENDED FOR THIS ISSUE OF BONDS AND THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

**STATE OF ISRAEL**

**Legal entity identifier ("LEI"): 213800T8ZHTFZIBYPE21**

Issue of  
**U.S. Dollar Floating Rate LIBOR Financing Bonds (6th International Dollar Series)**  
under the **Bond Issuance Programme**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and must be read in conjunction with the Offering Memorandum.]

*(The following alternative language applies in respect of issues of securities where the sales period spans an update to Offering Memorandum)*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering memorandum dated September 6, 2018 (the "**2018 Offering Memorandum**"), notwithstanding the publication of an updated offering memorandum which will replace the 2018 Offering Memorandum (the "**Updated Offering Memorandum**"). This Pricing Supplement constitutes the final terms of the Bonds described herein and (i) prior to the publication of the Updated Offering Memorandum, must be read in conjunction with the 2018 Offering Memorandum as so supplemented and (ii) after the publication of the Updated Offering Memorandum, must be read in conjunction with the Updated Offering Memorandum save in respect of the Conditions (which are extracted from the 2018 Offering Memorandum and which will be incorporated by reference into the Updated Offering Memorandum).]

Specified Currency:	United States Dollars
Reference Rate:	The Applicable LIBOR Rate is [ ]
Spread:	[2-Year U.S. Dollar Floating Rate LIBOR Financing Bond: +/- [ ] basis points]
	[3-Year U.S. Dollar Floating Rate LIBOR Financing Bond: +/- [ ] basis points]
Issue Date:	[ ]
Maturity Date:	[ ]
ISIN Code:	[ ]
CFI:	[ ]
FISN:	[ ]

**ISSUER**

**The State of Israel**  
Ministry of Finance  
800 Second Avenue, 17th Floor  
New York, New York 10017  
United States of America

Attention: Consul and Chief Legal Officer and Head of Israel Economic Mission - Western Hemisphere  
Telephone: +1 (646) 779-6811  
Fax: +1 212 499 5715

**FISCAL AGENT**

**Computershare Trust Company of Canada**  
100 University Avenue, 8th floor  
Toronto  
Ontario M5J 2Y1  
Canada

Attention: State of Israel Bonds  
Telephone: +1 416 263 9200

**PROMOTER**

**Development Company for Israel (International) Limited**  
ORT House  
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