

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	Introduction and Warnings.	<p>This summary must be read as an introduction to this information memorandum (the "Information Memorandum") and any decision to invest in the bonds (the "Bonds") under the Bond Issuance Programme (the "Programme") of State of Israel (the "Issuer" or the "State of Israel") 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 "Prospectus Directive") 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	Consent to use of this Information Memorandum.	<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 "Public Offer".</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 "Promoter") in [Austria, Belgium, France, Germany, Hungary, Poland, Spain, Sweden, the Netherlands and the United Kingdom] (the "Public Offer Jurisdictions"), <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 "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; 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>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.</p>
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SECTION B – THE ISSUER		
B.17	Credit ratings.	<p>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.</p>
B.47	Description of the Issuer, including its economy.	<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 ("GDP") 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</p>

		<p>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 rose to 11.9% in 2016, mainly due to a sharp increase in the number of purchases of passenger cars.</p>
<p>B.48</p>	<p>Public finance and trade.</p>	<p><i>Balance of Payments and Foreign Trade</i></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><i>Fiscal Policy</i></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</p>

		<p>2016, 64.0% in 2015, 66.1% in 2014 and 67.1% in 2013.</p> <p><i>Inflation and Monetary Policy</i></p> <p>Measured at year end, the consumer price index ("CPI") 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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SECTION C – THE BONDS		
C.1	Type and class of the Bonds.	<p>Bonds may be issued as 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] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as 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.</p> <p>Bonds may be issued as 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] year[s], with interest payable upon maturity.</p> <p>Bonds may be issued as 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] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as 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,</p>

		<p>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 ("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] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as 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] year[s], with interest payable semi-annually and upon maturity.</p> <p>Bonds may be issued as 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] 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, "Tranche" means Bonds which are identical in all respects including, without limitation, issue date, interest commencement date and maturity date, 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.</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	Currencies.	<p>Currency: Bonds will be issued in Euro ("€" or "Euro"), British Pounds Sterling ("£" or "Sterling") or United States Dollars ("U.S.\$" or "U.S. Dollars").</p> <p>Denominations: 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</p>

		<p>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. 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	Restrictions on free transferability of the Bonds.	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	Ranking of the Bonds, rights of the Bonds and any limitations to those rights.	<p>Status of the Bonds: 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. "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.</p> <p>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). 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</p>

		<p>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.</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>Governing law: The Bonds will be governed by and construed in accordance with the laws of the State of New York.</p> <p>Limitations on the rights attaching to the Bonds: This part of the Element is not applicable, as there are no such limitations on rights attaching to the Bonds.</p>
<p>C.9</p>	<p>Interest, redemption, yield and representative of the Bond holders.</p>	<p>Issue Price: The issue price of the Bonds is 100% of their aggregate principal amount.</p> <p>Interest: 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</p>

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 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

		<p>with a maturity of less than 1 year will be issued.</p> <p>Redemption: Subject to any purchase and cancellation or early redemption, Bonds will be redeemed on their Maturity Date at par.</p> <p>Early Redemption: The State of Israel is entitled to redeem or repurchase any issued Bonds in whole or in part at any time. 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>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.</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>Representative of the Bond holders: This part of the Element is not applicable, as there is no trustee appointed to act on behalf of the Bond holders.</p>
C.10	Derivative components in interest payment.	Not Applicable. There is no derivative component in the interest payments made in respect of any Bond issued under the Programme.
C.11	Listing and admission to trading of the Bonds.	No application has been or will be made for the Bonds to be admitted to trading on any exchange, market or other trading platform.

SECTION D – RISKS		
D.2	Key risks specific to the Issuer.	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.
D.3	Key risks specific to the Bonds.	<p>Investing in Bonds issued under the Programme involves risks. In particular:</p> <ul style="list-style-type: none"> • The Bonds are unlisted, transferability of the Bonds is limited and there is no secondary trading market for the Bonds. • 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. • The Bonds constitute unsecured obligations of the State of Israel and Bond holders therefore have no recourse to any security.

		<ul style="list-style-type: none"> • 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 Bonds being redeemed. • 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. • 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. • 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. • 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. • Regulation and Reform of LIBOR, EURIBOR or other "benchmarks" could adversely affect any Notes linked to such "benchmarks".
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SECTION E – OFFER		
E.2b	Reasons for the offer and 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.
E.3	Terms and conditions of the offer.	<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><i>Terms of the Public Offer of the Bonds:</i></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</p>

the last day of that month.

Conditions to which the Public Offer is subject: 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.

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.

Description of the application process: 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.

Details of the possibility of reducing subscriptions and manner for refunding excess amount paid by applicants: 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.

Details of the minimum and/or maximum amount of application: 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.

Details of the method and time limits for paying up and delivering the Bonds: 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 "**Fiscal Agent**") 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 Bond will be the interest rate applicable to such Issue Date.

Manner in and date on which results of the Public Offer are to be made public: 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.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: Not Applicable.

Categories of potential investors to which the Bonds are offered: 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.

Whether Tranche(s) have been reserved for certain countries: No Tranche(s) have been reserved for certain countries.

Process for notification to applicants of the amount allotted: 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.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: 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.

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:

The 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

The Promoter's Paris office:

		<p>7 Place Vendôme 75001 Paris France</p> <p>Telephone: +33 14 28 58550 Email: infoFR@israelbondsintl.com</p> <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: Not Applicable.</i></p>
E.4	Any interest(s) material to the issue/offer.	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.
E.7	Expenses charged to the Investor.	<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>