

Information Memorandum dated September 22, 2015



STATE OF ISRAEL
BOND ISSUANCE PROGRAMME

A16.3.1

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"**). A16.3.1

Pages i to 82 (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 83 to 106 (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.

Fixed rate Bonds

Mazel tov savings bonds (**"Mazel Tov Savings Bonds"**): Mazel Tov Savings Bonds are fixed rate Bonds and will 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 will be offered with maturities of 5 and 10 years, and Euro Mazel Tov Savings Bonds and Sterling Mazel Tov Savings Bonds will be offered with a maturity of 5 years.

Savings bonds (**"Savings Bonds"**): Savings Bonds are fixed rate Bonds, and will 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 will 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 will 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.

Maccabee fixed rate bonds ("**U.S. Dollar Maccabee Fixed Rate Bonds**"): U.S. Dollar Maccabee Fixed Rate Bonds are fixed rate Bonds, and will 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.

Sabra savings bonds ("**U.S. Dollar Sabra Savings Bonds**"): U.S. Dollar Sabra Savings Bonds are fixed rate Bonds, and will 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 will 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 will 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 62 to 79 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 63) 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) 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.bondsrael.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 viii 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.

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.

A5.1.1(A)
A5.1.2(A)
A16.1.1
A16.1.2

Applicable Conditions

The Conditions set out herein apply to Bonds issued under the Programme on or after October 1, 2015 *provided, however, that* the terms and conditions set out in the information memorandum relating to the Programme dated September 25, 2014 will apply to any Bonds which were the subject of a Public Offer made before October 1, 2015 (notwithstanding that such Bonds may be issued on or after [October 1]).

The terms and conditions set out in the Offering Memorandum apply to Exempt Bonds issued under the Programme on or after October 1, 2015 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 25, 2014 will apply to any Exempt Bonds which were offered for sale before October 1, 2015 (notwithstanding that such Exempt Bonds may be issued on or after October 1, 2015).

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 offering literature or advertisement in whatever form has been or shall be employed in the offering of the Bonds referred to in this Information Memorandum except for this Information Memorandum and any supplements hereto, the Final Terms, the Rate Sheets (as defined herein), any literature setting out the basic features of the Bonds prepared by the Promoter and the information relating to the Bonds made available on the Promoter's website (www.bondsisrael.com).

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 or such other information as is in the public domain 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.), 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. A5.7.5(A)

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, 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.

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

	Page
ABOUT THIS DOCUMENT.....	i
IMPORTANT NOTICES	v
HOW DO I USE THIS INFORMATION MEMORANDUM?.....	viii
SECTION 1. SUMMARY OF THE PROGRAMME AND THE BONDS	1
SECTION 2. RISK FACTORS	14
SECTION 3. INFORMATION ABOUT THE PROGRAMME AND THE BONDS	20
SECTION 4. HOW THE RETURN ON YOUR INVESTMENT IS CALCULATED	32
SECTION 5. INFORMATION INCORPORATED BY REFERENCE	36
SECTION 6. SUBSCRIPTION AND SALE	38
SECTION 7. TAXATION	41
SECTION 8. IMPORTANT INFORMATION RELATING TO PUBLIC OFFERS OF BONDS	44
SECTION 9. USE OF PROCEEDS	47
SECTION 10. FORM OF FINAL TERMS.....	49
SECTION 11. ADDITIONAL INFORMATION.....	57
APPENDIX A. DEFINED TERMS	59
APPENDIX B. CONDITIONS OF THE BONDS	62
APPENDIX C. THE PROMOTER	80
OFFERING MEMORANDUM FOR EXEMPT BONDS	83

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	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.1
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 [Belgium, France, Germany 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</p>	A2 A30.1.1 A30.1.2

		<p>(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>
--	--	---

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 2.8% in 2014, a lower rate relative to 2013 in which the annual gross domestic product ("GDP") growth rate stood at 3.2%, and a lower rate of growth compared to 2011 and 2012 (in which the growth rate stood at 4.2% and 3.0%, respectively). The growth rate began to moderate in the second half of 2011 and continued into 2012 and 2013. During 2014, GDP grew by 2.8%, 1.6%, 0.8% (primarily due to Operation Protective Edge in July and August) and 6.5% at annual rate in the first, second, third and fourth quarters, respectively. The slowdown in growth rates that began in the second half of 2011 and continued throughout 2012 through 2014 is attributable to the weakening of global demand, which caused a slowdown in exports, and completion of large domestic infrastructure projects.</p> <p>During the first quarter of 2015, GDP grew at an annual rate of 2.1%, a decrease compared to the fourth quarter of 2014. Business sector product (calculated as GDP less some general government services, services of private non-profit institutions and housing services) in 2014 did not change significantly from 2013, as business sector output grew by 2.7%. In the third quarter of 2014, business sector output was unchanged as Operation Protective Edge, which took place in July and August 2014, weighed on the economy. In the fourth quarter of 2014, the Israeli economy recovered from the previous quarter's slowdown and represented a growth rate of 7.5%. Growth in private consumption increased in 2014 as compared to 2013, with total private consumption reaching 572.8 in 2014, 550.2 in 2013 and 532.5 in 2012 (in billions of NIS at constant 2010 prices). In 2014, gross fixed capital formation decreased by 2.5%, following increases of 1.1% in 2013 and 3.2% in 2012.</p>
B.48	Public finance and trade.	<p><i>Balance of Payments and Foreign Trade</i></p> <p>Israel had a current account surplus of 3.7% of GDP in 2014, an increase relative to the surplus (2.8% of GDP) recorded in 2013. This surplus follows eleven years of a positive surplus in the current account. The improvement in the surplus is attributed to the continuation of increases in services exports and the decline in fuel</p>

B.17

B.47

A16.3.2

A16.3.4

A16.3.1

B.48

A16.4

		<p>imports due to the beginning of extraction of natural gas extraction from the Tamar reservoir and the decline in fuel prices.</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. During 2014, exports of goods and services increased in current dollar terms, while imports increased by a slightly higher rate. In 2014, imports of consumer goods increased in current dollar terms, whereas imports of raw materials decreased and import of investment goods only slightly increased. Israel recorded a net-export (goods and services) surplus of U.S.\$5.0 billion in 2014, compared to a surplus of U.S.\$5.2 billion in 2013, a surplus of U.S.\$3.3 billion in 2012, a surplus of U.S. \$1.7 billion in 2011 and following a high surplus during 2009 and 2010. Compared to 2013, exports in real NIS terms grew moderately by 1.3% in 2014, and imports decreased by 0.4%. Exports of goods in current dollars increased in the third quarter of 2014 by 0.5% but returned to their downward trend in the fourth quarter of 2014 and the first quarter of 2015, declining by 1.7% and 2.0%, respectively (compared with the previous quarter). The growth in exports of goods during 2014 (1.4% in current dollar terms, excluding diamonds) was reflected in an increase of exports to the United States (4.1%) and to the EU (1.3%), while exports to Asia decreased by 0.4%. Exports to other destinations (excluding Asia) grew by 0.6% in 2014. Accordingly, the share of exports to the United States increased by 0.7 percentage points (from 21.3% in 2013 to 22.0% in 2014), while the share of exports to Asia decreased by 0.6 percentage points (from 20.8% in 2013 to 20.2% in 2014). The share of exports to the EU increased by 0.2 percentage points (from 31.6% in 2013 to 31.8% in 2014).</p> <p><i>Fiscal Policy</i></p> <p>The budget deficit amounted to 2.8% of GDP in 2014, below the budget deficit target of 3% of GDP for the same year. In recent years, the budget deficit has been on a declining path, amounting to 4.8% of GDP in 2009 due to a decrease in tax revenues resulting from the global financial crisis (the 2009 budget deficit target was set at 6%), 3.5% of GDP in 2010 (the 2010 budget deficit target was set at 5.5%) and 3.1% in 2011 (the 2011 budget deficit target was set at 3%). In 2012, a significant deviation was recorded, as the deficit amounted to 3.9%, while the deficit target stood at 2.0%. This deviation was primarily due to lower than expected revenues. As a result, the Israeli Government took strong measures in order to lower the deficit and restore confidence in the Israeli fiscal stance. Pursuant to recent legislation, the budget deficit target was set at 3% of GDP in 2014. In accordance with the Government's long-term fiscal policy, Government expenditure is not to exceed the limit set forth in the Deficit Reduction and Budgetary Expenditure Limitation Law enacted by the Knesset in May 2010 and updated in March 2014. The current law states that the real growth of government expenditures will not exceed the average population growth rate in the last three years plus the ratio of the medium-term debt target (50%) and current debt-to-GDP ratio. The increase in expenditure resulting from the new rule allows a consistent increase in expenditure per capita.</p> <p>As a result of the Government's fiscal discipline, Israel's 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 67.1% in 2014, 67.6% in 2013, 68.5% in 2012, 69.9% in 2011 and</p>
--	--	--

		<p>71.3% in 2010.</p> <p>The budget and economic plan proposal for the fiscal year of 2015 was not approved by the Knesset due to early elections in March 2015. Since the beginning of 2015, expenditures are managed by the Accountant General in the Ministry of Finance according to the last approved budget (2014). The expenditure limit for each month is one-twelfth of the 2014 budget linked to the consumer price index ("CPI") rate. An updated estimate for government expenditures for the year 2015 is lower than the unapproved budget proposal for 2015, and accordingly the deficit is expected to be lower. The approval of the 2015 and 2016 budgets by the Knesset is planned for later in 2015.</p> <p><i>Inflation and Monetary Policy</i></p> <p>Measured at year end, the CPI decreased by 0.2% in 2014, as compared to 1.8% in 2013. Since June 2014, the inflation rate has been below the lower band of the Government's target range, and since September 2014 the inflation rate has been negative. The CPI decreased by 0.4% during the twelve-month period ending May 31, 2015. Inflation in 2014 was -0.2% at year-end. In order to support further growth, the Bank of Israel has lowered its interest rate, most recently to 0.10% in March 2015.</p> <p>The NIS/USD exchange rate saw an appreciation of the NIS between the second half of 2012 to the end of July 2014, averaging NIS 3.61/U.S.\$1 for 2013 and NIS 3.48/U.S.\$1 for the first half of 2014 (compared to NIS 3.86/U.S.\$1 in 2012). The average exchange rate for 2014 was NIS 3.578/U.S.\$1. The NIS/USD exchange rate as of August 31, 2015 was NIS 3.930/U.S.\$1.</p>
--	--	--

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 will 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 will 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 will be offered with maturities of [5 and 10] years, and Euro Mazel Tov Savings Bonds and Sterling Mazel Tov Savings Bonds will 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 will 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 will be offered in British Pound Sterling and offered with maturities of [1, 2, 3, 5 and 10]</p>

C.1

		<p>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 will 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 ("U.S. Dollar Jubilee Fixed Rate Bonds"). U.S. Dollar Jubilee Fixed Rate Bonds are fixed rate Bonds, and will 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 maccabee fixed rate bonds ("U.S. Dollar Maccabee Fixed Rate Bonds"). U.S. Dollar Maccabee Fixed Rate Bonds are fixed rate Bonds, and will 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 sabra savings bonds ("U.S. Dollar Sabra Savings Bonds"). U.S. Dollar Sabra Savings Bonds are fixed rate Bonds, and will 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>Bonds will not be allocated any security identification numbers.</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 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 Sterling Jubilee</p>

C.2

		<p>Bonds is £20,000. The minimum purchase amount of the U.S. Dollar Floating Rate LIBOR Bonds 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 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). 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 on any purchase date, registered in the name of any one Registered Owner is €5,000 or £5,000. The maximum amount of Mazel Tov Savings Bonds that may be purchased by any person on any purchase date, registered in the name of any one Registered Owner, is €2,500, £2,500 or U.S.\$2,500.</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.5
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.</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).</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>	C.8
C.9	Interest, redemption, yield and representative of the Bond holders.	<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. The applicable interest rate is (in the case of the fixed Rate Bonds) a fixed percentage per annum, (in the case of the Euro Floating Rate Bonds) the Applicable EURIBOR Rate plus or minus a fixed number of basis points or (in the case of the U.S. Dollar Floating Rate LIBOR Bonds) the Applicable LIBOR Rate plus or minus a fixed number of basis points.</p>	C.9

		<p>The "Applicable EURIBOR Rate" is the applicable six month EURIBOR (as ascertained by the State of Israel from the Banking Federation of the European Union for the relevant period, as it appears on Bloomberg or such other recognised quotation system as may be determined by the State of Israel from time to time, rounded upwards to the second decimal place (e.g., six month EURIBOR of 5.4668% will be rounded upwards to 5.47%)) in effect on the relevant interest determination date. "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.</p> <p>The "Applicable LIBOR Rate" is the applicable six month LIBOR in effect on the relevant interest determination date as it appears on Bloomberg or such other recognised quotation system as may be determined 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. "LIBOR" is the interest rate benchmark known as the London interbank offered rate which is calculated and published in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that 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 subsequent Interest Payment Date following their Issue Date.</p> <p>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 and 10-Year]. U.S. Dollar Maccabee Fixed Rate Bonds: [1-Year, 2-Year, 3-Year, 5-Year and 10-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, second, third, fifth or tenth, as the case may be, anniversary of the Issue Date. No Bonds with a maturity of less than 1 year will be issued.</p>
		<p>Redemption: Subject to any purchase and cancellation or early</p>

		<p>redemption, Bonds will be redeemed on their Maturity Date at par.</p> <p>Early Redemption: The State of Israel is entitled to redeem 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> $\text{Yield} = \frac{\text{Coupon}}{\text{Issue Price}} \quad (\text{i.e., } 100\%)$ <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.10
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.	C.11

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 in turn, negatively impact the value of the Bonds.	D.2 A16.2
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. • The State of Israel may redeem the Bonds prior to their scheduled maturity dates and, upon such redemption, an 	D.3 A16.2

		<p>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.</p> <ul style="list-style-type: none"> • 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.
--	--	--

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>Terms of the Public Offer of the Bonds:</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> [United Kingdom, Belgium, France and Germany].</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</p>

E.2b

E.3
A5.5.1.4(C)
A30.1.3

		<p>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. 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; Savings Bonds - €5,000, £1,000 or U.S.\$2,500; Sterling Jubilee Bonds - £20,000; 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; and U.S. Dollar Sabra Savings Bonds - U.S.\$1,000. The maximum amounts of application are: 1-Year Savings Bonds - €5,000 or £5,000 and Mazel Tov Savings Bonds - €2,500, £2,500 or U.S.\$2,500 on any purchase 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 "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.</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></p>
--	--	---

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 Banking Days (being days, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in the United Kingdom, Canada and the United State of America) 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 7446 8670
Email: info-uk@bondsIsrael.com
Website: www.bondsIsrael.com

The Promoter's Paris office:

43 rue Le Peletier
75009 Paris
France

Telephone: +33 14 28 58550
Email: info-france@bondsIsrael.com

The Promoter's Frankfurt office:

Hebelstrasse 6, 2nd Floor
60318 Frankfurt/Main
Germany

Telephone: +49 69 490470
Email: info-germany@bondsIsrael.com

Name and address of the entities which have a firm commitment to act

		<i>as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment:</i> Not Applicable.	
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.4
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. 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>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. United Kingdom resident Bond holders will normally be liable to United Kingdom income tax on the interest. Repayment of principal is not a taxable event in the United Kingdom.</p> <p>The tax consequences for each investor in the Bonds can be different and therefore investors are advised to consult with their tax advisers as to their specific consequences.</p>	E.7

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.

A5.2.1(A)
A16.2

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 military environment may continue to be volatile.

Israel has from time to time been subject to ongoing 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 since the terrorist attacks of September 11, 2001 and news of Iran's reported nuclear programme. Since 2005, when Israel withdrew from the Gaza strip, terrorist violence in Israel has increased. If the level of 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.

As of the date of this Information Memorandum, Israel is committed to maintaining quiet on its borders with the Gaza strip. A military operation (Operation Protective Edge) occurred in July and August 2014 following intensified rocket attacks by Hamas, which has ruled over this area since 2007, aimed at removing various threats posed by this terrorist organisation. The impact of this operation upon the daily routine of the majority of Israelis residing outside the Gaza Envelope, the region of Israel surrounding the Gaza strip, has been minimal and Israel's missile defence system, "Iron Dome", has provided effective protection against rockets fired by Hamas from the Gaza strip, allowing commerce and industry in Israel to continue largely uninterrupted. There can be no assurance, however, that such ceasefires will not be breached by Hamas or other terror groups and that Israel's economic and political situation will not thereby be affected. The conflicts with Hamas in the Gaza strip and with the 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 disobedience, termed the Arab Spring, in numerous Middle East and North African countries, including Bahrain, Libya, Egypt, Iran, Tunisia, Yemen and Syria. The Arab Spring has ousted long-standing leadership in several of the aforementioned countries and created turbulent political situations in others. As Israel is situated in the centre of this region, it closely monitors these events, aiming to protect its economic, political and security interests. While Israel is hopeful that these developments will lead to increased freedom and opportunity for the citizens of its neighbouring countries, it remains concerned regarding the stability of the region.

While such instances of instability in the Middle East and North Africa region have not so far materially affected Israel's financial or political situation as of the date of this Information Memorandum, there can be no assurance that such instability in the region will not escalate in the future, that such instability will not spread to additional countries in the Middle East and North Africa region, that current or new governments in the Middle East and North Africa region will be successful in maintaining domestic order and stability, or that Israel's economic or political situation will not thereby be affected.

Fundamentalist regimes, such as Iran's, present a deep concern for the international community and especially for states in the region. Throughout 2011 and into 2012, the prospect of a nuclear Iran has been at the centre of both domestic and international geopolitical discourse. The implementation of strict international sanctions against Iran, combined with widespread international denouncement of Iranian nuclear ambitions, serve as evidence that the United States, the European Union and other world powers share Israel's concerns, notwithstanding the Joint Comprehensive Plan of Action agreed between Iran and a six-nation negotiating group comprised of the United States, the United Kingdom, France, Germany, Russia and China in Vienna in July 2015.

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 under the United States Foreign Sovereign Immunities Act of 1976, as amended (the "**Foreign Sovereign Immunities Act**") and save to the extent that it is precluded by applicable laws to agree as aforesaid, 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 under the Foreign Sovereign Immunities Act, it will not be possible to obtain a United States judgment against Israel based on United States federal or state securities laws unless a United States court were to determine that the State of Israel is not entitled under the Foreign Sovereign Immunities Act to sovereign immunity with respect 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 waiver contained in the Conditions therefore does 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 Israel as a sovereign power.

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

Israel's economy is affected by current global economic conditions, including regional and international rates of economic growth. Recent downturns in the global economy, have led to increased market volatility, decreased consumer confidence and a widespread reduction of business activity generally. The potential impact of such global economic pressure on Israel is uncertain. Although Israel's economy has shown moderate rates of growth throughout and since the global financial crisis, there can be no assurance that Israel's economy will continue to grow in a prolonged negative global economic climate.

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 in recent years. If such price volatility resumes, it could lead to a decline in the recoverability and value of the market price of Israel's debt securities, including the bonds. Europe continues to face uncertainty, with many Eurozone countries experiencing moderate growth. The continued sluggish growth or a decline in economic growth of the European Union, which is one of Israel's major trading partners, could have a material adverse impact on Israel's balance of trade and adversely affect Israel's financial condition.

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.

Risks relating to execution of 2015/2016 budget

On August 5, 2015, the Cabinet approved the biannual state budget and economic plan for Israel for 2015 and 2016. The 2015/2016 budget was submitted to the Knesset on August 31, 2015, as a proposed law to adopt the government's decision. In accordance with the current basic law, the Knesset has until 19 November 2015, at the latest, to approve the budget. Failure to approve the budget by such date will automatically result in the dissolution of the Knesset, following which elections would need to be held to elect a new parliament. However, in general, the law provides that if a new budget is not approved, the government is authorised to continue to spend 1/12 of the prior year's budget per month until a new budget is approved. As of the date of this Information Memorandum, this is currently the case pending the approval of the 2015 budget and, in the case that the 2016 budget should be delayed, this would continue into 2016.

Failure to achieve the political consensus necessary to support and implement the 2015/2016 budget and any resulting instability or disruptions in government operations, or uncertainty regarding Israel's economic plans, may have a negative effect on the Israeli economy. This may in turn have an adverse effect on the Issuer's ability to repay principal and make payments of interest on the Bonds.

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 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 any Bond.

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 in part, at any time or from time to time, prior to their scheduled maturity dates. The State of Israel may redeem 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:

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

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, which could follow from, amongst others, the EU Savings Directive. 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.

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

		Refer to:	
What is the Programme?	<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>)	A5.5.1.2(C)
How are Bonds issued under the Programme?	<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:

	<p>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.</p>	
<p>What types of Bonds may be issued under the Programme?</p>	<p>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.</p> <p>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 (<i>How the Return on Your Investment is Calculated</i>) 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.</p> <p>Floating rate Bonds are Bonds where the interest rate is calculated by reference to a fluctuating benchmark rate.</p> <p>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.</p> <p>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. This means that a floating rate Bond will have a succession of different interest rates 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 (<i>How the Return on Your Investment is Calculated</i>) for a worked example showing how the return on an issue of floating rate Bonds is calculated.</p> <p>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.</p>	<p>Appendix B (<i>Conditions of the Bonds</i>)</p> <p>Section 10 (<i>Form of Final Terms</i>)</p>
<p>How will the price of the Bonds be</p>	<p>The issue price of the Bonds is 100% of their aggregate principal amount.</p>	<p>A5.5.3.1(i)(C) A5.5.3.1(ii)(B)</p>

		Refer to:
determined?	<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>	A.5.5.1.7(C)
What is the yield on fixed rate Bonds?	<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> $\text{Yield} = \frac{\text{Coupon}}{\text{Issue Price}} \quad (\text{i.e., } 100\%)$ <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
Will the Bonds issued under the Programme have a credit rating?	Issues of Bonds issued under the Programme will not be rated.	N/A
Are the Bonds secured?	No, the obligations of the Issuer to pay interest and principal on the Bonds will not be secured.	N/A
Do the Bonds have voting rights?	No.	N/A
Can the Conditions of the Bonds be amended?	No.	N/A
Will I be able to trade the Bonds issued under the Programme?	<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>
What will Bond holders receive if the Issuer is unable to make payments in respect of the Bonds?	<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 Bonds set out in Appendix B (<i>Conditions of the Bonds</i>) to indicate that these are bonds issued by, and backed by the credit of, a government (in this case, the State of Israel);</p>	Condition 3 (<i>Status of the Bonds</i>) of Appendix B (<i>Conditions of the Bonds</i>)

Refer to:

"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:	<p>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.</p> <p>See the chart on pages 28 to 31 below for further details regarding the features of these types of Bonds.</p>	A5.4.1(i)(B)
Currencies:	<p>British Pounds Sterling, Euro and United States Dollars.</p> <p>When purchasing a Bond, investors may tender funds in Euro, British Pounds Sterling or United States Dollars. See Appendix B (<i>Conditions of the Bonds — Purchase of Bonds</i>).</p>	
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.	A5.4.12(C)
Maturity Dates:	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) 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:	<p>The 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 Bond, as the case may be.</p> <p>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.</p>	<p>A5.4.7(ii)(B) A5.4.7(iii)(C)</p> <p>A5.4.7(iv)(C)</p> <p>A5.4.7(ix)(C)</p>
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.	A5.4.3(i)(A)
Transfer of Bonds:	Bonds may be assigned or transferred in the instances specified in Condition 9 of the Bonds. See Appendix B (<i>Conditions of the Bonds — Transferability</i>).	A5.4.13(A)
Redemption:	Subject to any purchase and cancellation or early redemption, Bonds will be redeemed on their Maturity Date at par.	
Early Redemption:	<p>The State of Israel is entitled to redeem or repurchase any issued Bonds in whole or in part at any time. See Appendix B (<i>Conditions of the Bonds — Early Redemption — At the Option of the State of Israel</i>).</p> <p>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 or 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 (ii) the termination of any</p>	

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.	A5.3.1(C)
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.	A5.6.1(i)(B)
Taxation:	<p>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).</p> <p>For a discussion of tax consequences associated with the Bonds, see Section 7 (<i>Taxation</i>). Investors should consult their own tax advisers in determining the tax consequences to them of the purchase, ownership and disposition of the Bonds.</p>	A5.4.14(A)
Governing Law:	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by the laws of the State of New York	A5.4.2(A)
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 (<i>Subscription and Sale</i>).	A5.4.13(A)
Application for Bonds:	<p>Bonds may be offered to any person in the United Kingdom, Belgium, France and/or Germany (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.</p> <p>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. 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 (<i>Conditions of the Bonds — Purchase of Bonds</i>).</p> <p>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</p>	<p>A5.5.1.6(C) A5.5.2.1(i)(A) A5.5.2.1(ii)(C) A5.5.2.2(C)</p>

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 Banking 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.

A5.5.1.4(C)

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 Banking Days (being days, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in the United Kingdom, Canada and the United State of America) of the day on which the purchase is completed.

Type of Bond:	Currency:	Maturity:	Minimum purchase amount:	Interest:	Interest Payment Date(s):	Sales Period(s):	
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.	A5.5.1.3(C) A5.5.1.5(C)
Mazel Tov Savings Bonds ⁽¹⁾	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 ⁽²⁾	British Pounds Sterling	1-Year 2-Year 3-Year 5-Year 10-Year	£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	

<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>	
	Euro	1-Year 2-Year 3-Year 5-Year 10-Year	€5,000			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.	A5.5.1.3(C) A5.5.1.5(C)
	United States Dollars	1-Year 2-Year 3-Year 5-Year 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	£20,000	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 subsequent 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 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	June 1st and December 1st in each year and upon maturity, except that for Bonds issued on May 15th and November 15th in each	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	

<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>	
				Spread.	year, the first interest payment will be on the subsequent Interest Payment Date following their Issue Date.	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.	A5.5.1.3(C) A5.5.1.5(C)
U.S. Dollar Jubilee Fixed Rate Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 10-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 subsequent 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 Maccabee Fixed Rate 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)	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 subsequent Interest Payment 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	

<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>	
					following their Issue Date.	month preceding the Issue Date through the last day of that month.	A5.5.1.3(C) A5.5.1.5(C)
U.S. Dollar Sabra Savings Bonds	United States Dollars	1-Year 2-Year 3-Year 5-Year 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:

⁽¹⁾ The maximum amount of Mazel Tov Savings Bonds that may be purchased by any person on any purchase date, registered in the name of any one Registered Owner, is €2,500, £2,500 or U.S.\$2,500.

⁽²⁾ The maximum amount of 1-Year Savings Bonds that may be purchased by any person on any purchase date, registered in the name of any one Registered Owner, is €5,000 or £5,000.

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 Bondholders*) 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) 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 is usually a fixed number of basis points known as the Spread. 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 and which screen pages will be used. If the screen rate is not published 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) × 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, 2014 dated as of June 30, 2015 submitted to and filed with the UK Listing Authority on July 22, 2015: A16.4

Map of Israel	Page D-1	A16.3.4
Currency Protocol	Page D-2	A16.3.5
Fiscal Year	Page D-2	
Forward-Looking Statements	Page D-3	
Summary Information and Recent Developments	Pages D-4 to D-12 (inclusive)	
State of Israel	Pages D-13 to D-21 (inclusive)	
The Economy	Pages D-22 to D-47 (inclusive)	
Balance of Payments and Foreign Trade	Pages D-48 to D-59 (inclusive)	
The Financial System	Pages D-60 to D-73 (inclusive)	
Public Finance	Pages D-73 to D-80 (inclusive)	
Public Debt	Pages D-81 to D-91 (inclusive)	
Debt Record	Pages D-92 to D-99 (inclusive)	
2. The section headed "*Conditions of the Bonds*" set out on pages 33 to 54 (inclusive) of the information memorandum relating to the Programme dated September 25, 2014.

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.bondsisrael.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: A5.4.13(A)

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.

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. You should consult your professional adviser regarding the taxation implications of any purchase or ownership of a Bond. A5.4.14(A)

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 residents of the United Kingdom

United Kingdom resident Bond holders will normally be liable to United Kingdom income tax on the interest. Repayment of principal is not a taxable event in the United Kingdom.

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.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on March 24, 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until January 1, 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or secured for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

However, the European Commission has proposed the repeal of the EU Savings Tax Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of

information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

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 the participating Member States i.e. Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.

The Commission's Proposal has very broad scope. If introduced, it could apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, 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.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by January 1, 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Bonds.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU 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 Belgium, France and Germany, together with translations of the Information Memorandum summary in French and German, 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, Belgium, France, and Germany, 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.

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 the United Kingdom, Belgium, France and Germany (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.

A30.1.4

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.

A30.1.1

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 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: A30.1.3
A30.1.5
A30.2A.1

- (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. A30.1.2

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. A30.2B

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. A30.1.6

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.bondsIsrael.com. A30.2A.2

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. A5.3.2(C)

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

Final Terms for the Offer Period October 1, 2015 to October 14, 2015

A30.1.3

STATE OF ISRAEL

Issue of
Euro Savings Bonds (10th Euro Series)
Euro Floating Rate Bonds (11th Euro Series)
Sterling Savings Bonds (6th Sterling Series)
Sterling Jubilee Bonds (6th Sterling Series)
U.S. Dollar Floating Rate LIBOR Bonds (4th International Dollar Series)
U.S. Dollar Jubilee Fixed Rate Bonds (4th International Dollar Series)
U.S. Dollar Maccabee Fixed Rate Bonds (4th International Dollar Series)
U.S. Dollar Sabra Savings Bonds (4th International Dollar Series)
U.S. Dollar Savings Bonds (4th International Dollar Series)
Euro Mazel Tov Savings Bonds (6th Euro Series)
Sterling Mazel Tov Savings Bonds (6th Sterling Series)
U.S. Dollar Mazel Tov Savings Bonds (4th 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 22, 2015 which constitutes 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.bondsIsrael.com or from its offices at ORT House, 126 Albert Street, London NW1 7NE, United Kingdom.

Euro Savings Bonds (10th Euro Series)

A21

Specified Currency:	Euro		A5.4.4(C)
Interest Rate:	1-Year Euro Savings Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year Euro Savings Bond:	1.21% per annum	
	3-Year Euro Savings Bond:	1.23% per annum	
	5-Year Euro Savings Bond:	Not being offered currently	
	10-Year Euro Savings Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year Euro Savings Bond:	N/A	A5.4.8(i)(C)
	[2-Year Euro Savings Bond:	15-October-17	
	[3-Year Euro Savings Bond:	15-October-18	
	[5-Year Euro Savings Bond:	N/A	
	[10-Year Euro Savings Bond:	N/A	

Euro Floating Rate Bonds (11th Euro Series)

Specified Currency:	Euro		A5.4.4(C)
Reference Rate:	The Applicable EURIBOR Rate is 0.03%		A5.4.7(i)(C) A5.4.7(vii)(C)
Spread:	[1-Year Euro Floating Rate Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	[2-Year Euro Floating Rate Bond:	+120 basis points	
	[3-Year Euro Floating Rate Bond:	+130 basis points	
	[5-Year Euro Floating Rate Bond:	Not being offered currently	
	[10-Year Euro Floating Rate Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	[1-Year Euro Floating Rate Bond:	N/A	A5.4.8(i)(C)
	[2-Year Euro Floating Rate Bond:	15-October-17	
	[3-Year Euro Floating Rate Bond:	15-October-18	
	[5-Year Euro Floating Rate Bond:	N/A	
	[10-Year Euro Floating Rate Bond:	N/A	

Sterling Savings Bonds (6th Sterling Series)

Specified Currency:	Sterling		A5.4.4(C)
Interest Rate:	1-Year Sterling Savings Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year Sterling Savings Bond:	1.84% per annum	
	3-Year Sterling Savings Bond:	Not being offered currently	
	5-Year Sterling Savings Bond:	Not being offered currently	
	10-Year Sterling Savings Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year Sterling Savings Bond:	N/A	A5.4.8(i)(C)
	2-Year Sterling Savings Bond:	15-October-17	
	3-Year Sterling Savings Bond:	N/A	
	5-Year Sterling Savings Bond:	N/A	

10-Year Sterling Savings Bond: N/A

Sterling Jubilee Bonds (6th Sterling Series)

Specified Currency:	Sterling		A5.4.4(C)
Interest Rate:	1-Year Sterling Jubilee Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year Sterling Jubilee Bond:	2.15% per annum	
	3-Year Sterling Jubilee Bond:	Not being offered currently	
	5-Year Sterling Jubilee Bond:	Not being offered currently	
	10-Year Sterling Jubilee Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year Sterling Jubilee Bond:	N/A	A5.4.8(i)(C)
	2-Year Sterling Jubilee Bond:	15-October-17	
	3-Year Sterling Jubilee Bond:	N/A	
	5-Year Sterling Jubilee Bond:	N/A	
	10-Year Sterling Jubilee Bond:	N/A	

U.S. Dollar Floating Rate LIBOR Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Reference Rate:	The Applicable LIBOR Rate is 0.5625%		A5.4.7(i)(C) A5.4.7(vii)(C)
Spread:	1-Year U.S. Dollar Floating Rate LIBOR Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year U.S. Dollar Floating Rate LIBOR Bond:	+40 basis points	
	3-Year U.S. Dollar Floating Rate LIBOR Bond:	+60 basis points	
	5-Year U.S. Dollar Floating Rate LIBOR Bond:	+90 basis points	
	10-Year U.S. Dollar Floating Rate LIBOR Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year U.S. Dollar Floating Rate LIBOR Bond:	N/A	A5.4.8(i)(C)
	2-Year U.S. Dollar Floating Rate LIBOR Bond:	15-October-17	
	3-Year U.S. Dollar Floating Rate LIBOR Bond:	15-October-18	
	5-Year U.S. Dollar Floating Rate LIBOR Bond:	15-October-20	

10-Year U.S. Dollar Floating N/A
Rate LIBOR Bond:

U.S. Dollar Jubilee Fixed Rate Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Interest Rate:	1-Year U.S. Dollar Jubilee Fixed Rate Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year U.S. Dollar Jubilee Fixed Rate Bond:	1.37% per annum	
	3-Year U.S. Dollar Jubilee Fixed Rate Bond:	1.76% per annum	
	5-Year U.S. Dollar Jubilee Fixed Rate Bond:	2.47% per annum	
	10-Year U.S. Dollar Jubilee Fixed Rate Bond:	3.65% per annum	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year U.S. Dollar Jubilee Fixed Rate Bond:	N/A	A5.4.8(i)(C)
	2-Year U.S. Dollar Jubilee Fixed Rate Bond:	15-October-17	
	3-Year U.S. Dollar Jubilee Fixed Rate Bond:	15-October-18	
	5-Year U.S. Dollar Jubilee Fixed Rate Bond:	15-October-20	
	10-Year U.S. Dollar Jubilee Fixed Rate Bond:	15-October-25	

U.S. Dollar Maccabee Fixed Rate Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Interest Rate:	1-Year U.S. Dollar Maccabee Fixed Rate Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year U.S. Dollar Maccabee Fixed Rate Bond:	1.37% per annum	
	3-Year U.S. Dollar Maccabee Fixed Rate Bond:	1.76% per annum	
	5-Year U.S. Dollar Maccabee Fixed Rate Bond:	2.42% per annum	
	10-Year U.S. Dollar Maccabee Fixed Rate Bond:	3.55% per annum	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year U.S. Dollar Maccabee Fixed Rate Bond:	N/A	A5.4.8(i)(C)

2-Year U.S. Dollar Maccabee Fixed Rate Bond:	15-October-17
3-Year U.S. Dollar Maccabee Fixed Rate Bond:	15-October-18
5-Year U.S. Dollar Maccabee Fixed Rate Bond:	15-October-20
10-Year U.S. Dollar Maccabee Fixed Rate Bond:	15-October-25

U.S. Dollar Sabra Savings Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Interest Rate:	1-Year U.S. Dollar Sabra Savings Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year U.S. Dollar Sabra Savings Bond:	Not being offered currently	
	3-Year U.S. Dollar Sabra Savings Bond:	1.78% per annum	
	5-Year U.S. Dollar Sabra Savings Bond:	Not being offered currently	
	10-Year U.S. Dollar Sabra Savings Bond:	Not being offered currently	
Issue Date:	15-October-15		A5.4.12(C)
Maturity Date:	1-Year U.S. Dollar Sabra Savings Bond:	N/A	A5.4.8(i)(C)
	2-Year U.S. Dollar Sabra Savings Bond:	N/A	
	3-Year U.S. Dollar Sabra Savings Bond:	15-October-18	
	5-Year U.S. Dollar Sabra Savings Bond:	N/A	
	10-Year U.S. Dollar Sabra Savings Bond:	N/A	

U.S. Dollar Savings Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Interest Rate:	1-Year U.S. Dollar Savings Bond:	Not being offered currently	A5.4.7(i)(C) A5.4.7(vii)(C)
	2-Year U.S. Dollar Savings Bond:	Not being offered currently	
	3-Year U.S. Dollar Savings Bond:	Not being offered currently	
	5-Year U.S. Dollar Savings	Not being offered currently	

	Bond:		
	10-Year U.S. Dollar Savings Bond:	Not being offered currently	
Issue Date:	N/A		A5.4.12(C)
Maturity Date:	1-Year U.S. Dollar Savings Bond:	N/A	A5.4.8(i)(C)
	2-Year U.S. Dollar Savings Bond:	N/A	
	3-Year U.S. Dollar Savings Bond:	N/A	
	5-Year U.S. Dollar Savings Bond:	N/A	
	10-Year U.S. Dollar Savings Bond:	N/A	

Euro Mazel Tov Savings Bonds (6th Euro Series)

Specified Currency:	Euro		A5.4.4(C)
Interest Rate:	1.68% per annum		A5.4.7(i)(C) A5.4.7(vii)(C)
Issue Date:	01-November-15		A5.4.12(C)
Maturity Date:	01-November-20		A5.4.8(i)(C)

Sterling Mazel Tov Savings Bonds (6th Sterling Series)

Specified Currency:	Sterling		A5.4.4(C)
Interest Rate:	2.80% per annum		A5.4.7(i)(C) A5.4.7(vii)(C)
Issue Date:	01-November-15		A5.4.12(C)
Maturity Date:	01-November-20		A5.4.8(i)(C)

U.S. Dollar Mazel Tov Savings Bonds (4th International Dollar Series)

Specified Currency:	United States Dollars		A5.4.4(C)
Interest Rate:	5-Year U.S. Dollar Mazel Tov Savings Bond:	2.85% per annum	A5.4.7(i)(C) A5.4.7(vii)(C)
	10-Year U.S. Dollar Mazel Tov Savings Bond:	Not being offered currently	
Issue Date:	01-November-15		A5.4.12(C)
Maturity Date:	[5-Year U.S. Dollar Mazel Tov Savings Bond:	01-November-20	A5.4.8(i)(C)
	[10-Year U.S. Dollar Mazel Tov Savings Bond:	N/A	

Terms and Conditions of the Public Offer of the Bonds

Public Offer Jurisdiction(s): United Kingdom, Belgium, France and Germany A21

Offer Period: October 1, 2015 to October 14, 2015 (for all Bonds other than the
Mazel Tov Bonds) and October 1, 2015 to October 31, 2015 (for the
Mazel Tov Bonds)

SUMMARY OF THE ISSUE

For a summary of the issue, please reference section 1.

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** A16.5.1

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, 2014.
2. **Governmental, Legal and Arbitration Proceedings** A16.6.1

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** A16.8

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.bondsIsrael.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** A5.4.9(i)(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.

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

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 issuing Bonds 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

\$	61	Member State.....	61
£	6, 61, 65	New Israeli Shekels.....	61
€	6, 61, 63	NIS	61
2010 PD Amending Directive	61	offer of Bonds to the public	39
Amending Directive	42	Offering Memorandum.....	i
Applicable EURIBOR Rate	7, 66	Process Agent	79
Applicable LIBOR Rate.....	7, 70	Programme	i, 2, 50, 63
Banking Day	63	Promoter	iii, 2, 63
Bonds.....	i, 50, 63	Prospectus Directive.....	2, 39, 61, 64
British Pounds Sterling	61, 65	Public Offer	2, 45, 64
Commission's Proposal	43	Public Offer Jurisdiction.....	45
Computershare	63	Public Offer Jurisdictions	2
Conditions.....	ii, 63	purchase date	64
CPI	3	Rate Sheet.....	64
CRA Regulation	vii	Reference Bank.....	64
EEA.....	61	Reference Rate.....	18
EU Savings Tax Directive.....	42	Registered Owner.....	64
EUR.....	61, 63	Relevant Date	64
EURIBOR.....	7, 63	Relevant Implementation Date.....	39
euro.....	61	Relevant Member State	61, 64
Euro	6, 63	Relevant Quotation System	64
Euro Floating Rate Bonds	ii, 5, 63	Savings Bonds	i, 5, 64
Euro Mazel Tov Savings Bonds	i, 5, 63	Securities Act.....	v
Euro Savings Bonds	i, 5, 63	Series.....	5, 63
Exempt Bonds	i	shekels.....	61
External Indebtedness.....	73	Specified Currency.....	19, 65
FCA	i	Spread	66, 70
Final Terms.....	ii, 63	State of Israel.....	i, 2, 63
Fiscal Agency Agreement.....	63	Sterling.....	6, 61, 65
Fiscal Agent	11, 63	Sterling Jubilee Bonds.....	i, 5, 65
Foreign Sovereign Immunities Act.....	16	Sterling Mazel Tov Savings Bonds.....	i, 5, 65
FSCS.....	vii	Sterling Savings Bonds	i, 5, 65
FTT.....	43	Tranche.....	5, 63
GDP.....	3	U.S. Dollar Floating Rate LIBOR Bonds.....	ii, 5, 65
Indebtedness.....	73	U.S. Dollar Jubilee Fixed Rate Bonds.....	ii, 5, 65
Information Memorandum.....	i, 2, 50	U.S. Dollar Maccabee Fixed Rate Bonds.....	ii, 5, 65
Interest Determination Date	63	U.S. Dollar Mazel Tov Savings Bonds.....	i, 5, 65
Interest Payment Date.....	64	U.S. Dollar Sabra Savings Bonds.....	ii, 5, 65
Investment Form	64	U.S. Dollar Savings Bonds	i, 5, 65
Investor	45	U.S. dollars	61, 65
Investor's Currency.....	19	U.S. Dollars	6, 61, 65
Israel	i	U.S.\$	6, 61, 65
Issue Date	2, 64	UK Listing Authority	i
Issuer	i, 2, 63	UK Registered Pension Scheme.....	65
Japanese Person.....	40	United States Dollars.....	61, 65
LIBOR	7, 64	USD	61
Mazel Tov Savings Bonds	i, 5, 64		

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 (and amendments thereto, including the 2010 PD Amending Directive) *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;
- **"2010 PD Amending Directive"** refer to Directive 2010/73/EU;
- **"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**").

A5.4.6(B)

A5.5.1(C)

These Conditions apply to Bonds issued under the Programme on or after October 1, 2015 *provided, however, that* the terms and conditions set out in the information memorandum relating to the Programme dated September 25, 2014 will apply to any Bonds which were the subject of a Public Offer made before October 1, 2015 (notwithstanding that such Bonds may be issued on or after October 1, 2015).

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.bondsIsrael.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:

"Banking Day"	any day, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in the United Kingdom, Canada and the United State of America.
----------------------	---

"Computershare" or the "Fiscal Agent"	Computershare Trust Company of Canada.	A5.4.7(xii)(C)
--	--	----------------

"EURIBOR"	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.
------------------	---

"Euro", "EUR" and "€"	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.
------------------------------	--

"Euro Floating Rate Bonds"	Bonds which have a floating interest rate calculated on the basis of EURIBOR (as specified in the relevant Final Terms).
-----------------------------------	--

"Euro Mazel Tov Savings Bonds"	Mazel Tov Savings Bonds which are denominated in Euro.
---------------------------------------	--

"Euro Savings Bonds"	Savings Bonds which are denominated in Euro.
-----------------------------	--

"Fiscal Agency Agreement"	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).
----------------------------------	--

"Interest Determination Date"	in relation to a given Bond, the date (or dates or series of dates) on which the State of Israel will determine the interest rate applicable to that Bond.
--------------------------------------	--

"Interest Payment Date"	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).
"Investment Form"	the form published by the Promoter for provision of relevant subscription and other information by persons seeking to purchase Bonds.
"Issue Date"	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).
"LIBOR"	the interest rate benchmark known as the London interbank offered rate which is calculated and published in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).
"Mazel Tov Savings Bonds"	Bonds which are mazel tov rate Bonds (as specified in the relevant Final Terms).
"Prospectus Directive"	Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.
"purchase date"	the date on which an investor applies to purchase Bonds.
"Public Offer"	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.
"Rate Sheet"	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.
"Reference Bank"	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).
"Relevant Date"	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 Banking Day, the next day which is a Banking Day), such payment is made to the Bond holders.
"Relevant Member State"	a member state of the European Economic Area that has implemented the Prospectus Directive.
"Relevant Quotation System"	Bloomberg or such other recognised quotation system displaying EURIBOR and LIBOR rates as may be determined by the State of Israel from time to time.
"Registered Owner"	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.
"Savings Bonds"	Bonds which are savings Bonds (as specified in the relevant

Final Terms).

"Specified Currency"	in relation to a given Bond, the currency of that Bond (as specified in the relevant Final Terms).
"Sterling", "British Pounds Sterling" and "£"	the currency of the United Kingdom.
"Sterling Jubilee Bonds"	Bonds which are jubilee Bonds (as specified in the relevant Final Terms).
"Sterling Mazel Tov Savings Bonds"	Mazel Tov Savings Bonds which are denominated in Sterling.
"Sterling Savings Bonds"	Savings Bonds which are denominated in Sterling.
"UK Registered Pension Scheme"	has the definition given in section 150(2) of the Finance Act 2004.
"U.S. Dollars", "United States Dollars", "U.S. dollars" or "U.S.\$"	the currency of the United States of America.
"U.S. Dollar Floating Rate LIBOR Bonds"	Bonds which have a floating interest rate calculated on the basis of LIBOR (as specified in the relevant Final Terms).
"U.S. Dollar Jubilee Fixed Rate Bonds"	Bonds which are jubilee fixed rate Bonds (as specified in the relevant Final Terms).
"U.S. Dollar Maccabee Fixed Rate Bonds"	Bonds which are maccabee fixed rate Bonds (as specified in the relevant Final Terms).
"U.S. Dollar Mazel Tov Savings Bonds"	Mazel Tov Savings Bonds which are denominated in U.S. Dollars.
"U.S. Dollar Savings Bonds"	Savings Bonds which are denominated in U.S. Dollars.
"U.S. Dollar Sabra Savings Bonds"	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 less 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 on the Euro Floating Rate Bonds will be paid semi-annually in arrear. The initial interest period shall be from (and including) the Issue Date of the Euro Floating Rate Bond up to (but not including) the next following June 1st or December 1st (in the same calendar year as the Issue Date of the Euro Floating Rate Bond), 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. Thereafter the interest periods shall be the successive periods of six calendar months commencing on (and including) June 1st or December 1st in each year. The final interest period shall end on (but not include) the date of maturity of the Euro Floating Rate Bonds commencing on (and including) whichever of the June 1st or the December 1st (in the same calendar year as the maturity date) shall immediately precede the maturity date.

A5.4.7(ii)(B)

The initial rate of interest shall be equal to the applicable six month EURIBOR (as ascertained by the State of Israel from the Banking Federation of the European Union for the relevant period, displayed on the Relevant Quotation System, rounded upwards to the second decimal place (e.g., six month EURIBOR of 5.4668% will be rounded upwards to 5.47%)) (the "**Applicable EURIBOR Rate**") at 11.00 a.m. (Brussels time) on the first Interest Determination Date, which is three Banking Days before the Issue Date of the Euro Floating Rate Bonds, plus or minus a fixed number of basis points (the "**Spread**") to be determined 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 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 Banking Days prior to June 1st or December 1st in each year.

A5.4.7(vi)(B)
A5.4.7(viii)(B)

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 Banking 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 Banking 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* maximum amount of Euro Mazel Tov Savings Bonds that

may be purchased by any person on any purchase date, registered in the name of any one Registered Owner, 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. A5.4.7(ii)(B)

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 Banking 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 Euro Savings Bonds is €5,000. 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 on any purchase date, registered in the name of any one Registered Owner is €5,000.

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 less 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. A5.4.7(ii)(B)

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 Banking 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 £20,000. 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 less 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.

A5.4.7(ii)(B)

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 subsequent 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 Banking 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 on any purchase date, registered in the name of any one Registered Owner, 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.

A5.4.7(ii)(B)

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 Banking 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 Sterling Savings Bonds is £1,000. 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 on any purchase date, registered in the name of any one Registered Owner is £5,000.

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 less 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.

A5.4.7(ii)(B)

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 Banking 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 less 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 subsequent Interest Payment Date following their Issue Date. A5.4.7(ii)(B)

The initial interest rate is equal to the six month LIBOR in effect on the first Interest Determination Date, which is three Banking Days prior to the first day of the sales period of such Bond, as 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 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 Banking Days prior to June 1st and December 1st in each year. A5.4.7(vi)(B)
A5.4.7(viii)(B)

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.

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 Banking 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 Banking 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 Dollar U.S. Dollar Jubilee Fixed Rate Bond, 3-Year Dollar U.S. Dollar Jubilee Fixed Rate Bond, 5-Year Dollar U.S. Dollar Jubilee Fixed Rate Bond and 10-Year Dollar 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) 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 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 less 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. A5.4.7(ii)(B)

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 subsequent 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 Banking 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 and 10-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) 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 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 less 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 on maturity of the U.S. Dollar Maccabee Fixed Rate Bond. A5.4.7(ii)(B)

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 subsequent 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 Banking 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 on any purchase date, registered in the name of any one Registered Owner, 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. A5.4.7(ii)(B)

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 Banking 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 U.S. Dollar Sabra Savings Bonds is U.S.\$1,000. 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 less 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.

A5.4.7(ii)(B)

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 Banking 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 U.S. Dollar Savings Bonds is U.S.\$2,500. U.S. Dollar Savings Bonds may be purchased in integral multiples of U.S.\$500 in excess of U.S.\$2,500.

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 less 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. A5.4.7(ii)(B)

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 Banking 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. A5.4.5(A)

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 on 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) Banking 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 Banking 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: A5.4.8(ii)(B)

- 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***

A5.4.8(ii)(B)

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 one or more groups, where 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 the applicable Spread (if applicable). 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***

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 Spread (if any).

A5.4.7(x)(B)
A5.4.7(xi)(B)

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.

A5.4.7(iii)(C)

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. A5.4.7(iv)(C)

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. A5.4.7(iv)(C)

If the due date for any payment of interest or principal is not a Banking Day, then the relevant payment shall be made on the next day which is a Banking 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). A5.4.14(A)

9. **Transferability** A5.4.13(A)

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;

- 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. 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. A5.5.1.3(C)

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 Banking 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. 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.

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). 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). A5.4.3(i)(A)

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. A5.4.7(v)(B)

13. **Fiscal Agent** A5.4.7(xii)(C)
- 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** A5.4.2(A)
- The Bonds and any non-contractual obligations arising out of or in connection with 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** A16.6.2
- 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 Fiscal Officer for the 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 Fiscal Officer 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.bondsisrael.com. A30.A2.2

ISSUER

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

A16.3.1
A16.3.2

Attention: Consul and Chief Fiscal Officer for the Western Hemisphere
Telephone: +1 212 499 5710
Fax: +1 212 499 5715

FISCAL AGENT

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

A5.4.7(xii)(C)
A5.4.3(ii)(C)

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

PROMOTER

A30.2A.1
A5.5.4.1(C)

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

Telephone: +44 (0)20 7446 8670
Email: info-uk@bondsIsrael.com
Website: www.bondsIsrael.com

Paris office:

43 rue Le Peletier
75009 Paris
France

Frankfurt office:

Hebelstrasse 6, 2nd Floor
60318 Frankfurt/Main
Germany

OFFERING MEMORANDUM FOR EXEMPT BONDS

Pages 83 to 106 (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 81 to 95 (inclusive) of the offering memorandum relating to the Programme dated September 25, 2014 shall be incorporated in this Offering Memorandum,

rather than the section headed "*Conditions of the Bonds*" set out on pages 33 to 54 (inclusive) of the information memorandum relating to the Programme dated September 25, 2014.

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 October 1, 2015 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 25, 2014 will apply to any Exempt Bonds which were offered for sale before October 1, 2015 (notwithstanding that such Exempt Bonds may be issued on or after October 1, 2015).

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.

Issuer:	State of Israel.
Programme:	Bond Issuance Programme.
Programme Amount:	Unlimited.
Promoter:	Development Company for Israel (International) Limited.
Fiscal Agent:	Computershare Trust Company of Canada.
Exempt Bonds:	<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 88 to 90 below for further details regarding the features of these types of Exempt Bonds.</p>
Currencies:	<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 "<i>Conditions of the Exempt Bonds — Purchase of Bonds</i>".</p>
Issue Date:	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).
Maturity Dates:	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) 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.
Interest:	<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 https://www.theice.com/iba/historical-data.</p>
Risk Factors:	There are certain risks relating to the Exempt Bonds, which investors should ensure they fully understand before purchasing any Exempt Bond. See " <i>Risk Factors</i> " 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 " <i>Conditions of the Exempt Bonds — Transferability</i> ".
Redemption:	Subject to any purchase and cancellation or early redemption, Exempt Bonds will be redeemed on their Maturity Date at par.
Early Redemption:	<p>The State of Israel is entitled to redeem or repurchase any issued Exempt Bonds in whole or in part at any time. See "<i>Conditions of the Exempt Bonds — Early Redemption — At the Option of the State of Israel</i>".</p> <p>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 "<i>Conditions of the Exempt Bonds — Early Redemption — At the Request of a Bond holder</i>".</p> <p>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 "<i>Conditions of the Exempt Bonds — Early Redemption — Repurchase by the State of Israel Under Other Terms and Conditions</i>".</p>
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:	<p>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).</p> <p>For a discussion of tax consequences associated with the Exempt Bonds, see "<i>Taxation</i>". Investors should consult their own tax advisers in determining the tax consequences to them of the purchase, ownership and disposition of the Exempt Bonds.</p>
Governing Law:	The Exempt Bonds and any non-contractual obligations arising out of or in connection with 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 " <i>Subscription and Sale</i> " 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. 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 Banking 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 Banking Days (being days, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in the United Kingdom, Canada and the United State of America) 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*".

Type of Exempt Bond:	Currency:	Maturity:	Minimum purchase amount:	Interest:	Interest Payment Date(s):	Sales Period(s):
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 subsequent 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	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 subsequent Interest Payment Date following their Issue Date.	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

Type of Exempt Bond:	Currency:	Maturity:	Minimum purchase amount:	Interest:	Interest Payment Date(s):	Sales Period(s):
					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"> • 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

Type of Exempt Bond:	Currency:	Maturity:	Minimum purchase amount:	Interest:	Interest Payment Date(s):	Sales Period(s):
						<p>be the 15th of that month; and</p> <ul style="list-style-type: none"> • 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.

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 October 1, 2015 *provided, however, that* the terms and conditions set out in the offering memorandum relating to the Programme dated September 25, 2014 will apply to any Bonds which were offered for sale before October 1, 2015 (notwithstanding that such Bonds may be issued on or after October 1, 2015).

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.bondsIsrael.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:

" Authorised Institutional Lender "	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
" Banking Day "	any day, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in the United Kingdom, Canada and the United State of America.
" Computershare " or the " Fiscal Agent "	Computershare Trust Company of Canada.
" Fiscal Agency Agreement "	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).
" Interest Determination Date "	in relation to a given Bond, the date (or dates or series of dates) on which the State of Israel will determine the interest rate applicable to that Bond.
" Interest Payment Date "	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).
" Investment Form "	the form published by the Promoter for provision of relevant subscription and other information by persons seeking to purchase Bonds.
" Issue Date "	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).
" U.S. Dollar Jubilee Fixed "	Bonds which are U.S. Dollar Jubilee Fixed Rate Financing

Rate Financing Bonds"	Bonds (as specified in the relevant Pricing Supplement).
"LIBOR"	the interest rate benchmark known as the London interbank offered rate which is calculated and published in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over administration of that rate).
"Matured Bonds"	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.
"Rate Sheet"	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.
"Reference Bank"	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).
"Relevant Date"	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 Banking Day, the next day which is a Banking Day), such payment is made to the Bond holders.
"Relevant Quotation System"	Bloomberg Screen LIBO page (in the case of LIBOR) or any successor thereto, or such other recognised quotation system as may be designated by the State of Israel from time to time.
"Registered Owner"	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.
"U.S. Dollar Floating Rate LIBOR Financing Bonds"	financing Bonds which have a floating interest rate calculated on the basis of LIBOR (as specified in the relevant Pricing Supplement).
"U.S. Dollar Reinvestment Savings Bonds"	Bonds which are U.S. Dollar Reinvestment Savings Bonds (as specified in the relevant Pricing Supplement).
"Specified Currency"	in relation to a given Bond, the currency of that Bond (as specified in the relevant Pricing Supplement).
"UK Registered Pension Scheme"	has the definition given in section 150(2) of the Finance Act 2004.
"U.S. Dollars", "United States Dollars", "U.S. dollars" or "U.S.\$"	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 less 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 subsequent Interest Payment Date following their Issue Date.

The initial interest rate is equal to the six month LIBOR in effect on the first Interest Determination Date, which is three Banking Days prior to the first day of the sales period of such Bond, as 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 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 Banking Days prior to June 1st and December 1st in 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.

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 Banking 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 Banking 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 Dollar U.S. Dollar Jubilee Fixed Rate Financing Bond, 3-Year Dollar U.S. Dollar Jubilee Fixed Rate Financing Bond, 5-Year Dollar U.S. Dollar Jubilee Fixed Rate Financing Bond and 10-Year Dollar 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) 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 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 less 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 on 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 subsequent 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 Banking 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 less 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 Banking 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 on 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) Banking 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 Banking 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 one or more groups, where 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 the applicable Spread (if applicable). 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***

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 Spread (if any).

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 Banking Day, then the relevant payment shall be made on the next day which is a Banking 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;
- 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***
 - 9.3.1 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:
 - 9.3.2 the personal representatives of a deceased registered holder's estate; or
 - 9.3.3 the trustee in bankruptcy of a bankrupt registered holder; or
 - 9.3.4 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
 - 9.3.5 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. 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 Banking 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. 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.

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). 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 and any non-contractual obligations arising out of or in connection with 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 Fiscal Officer for the 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 Fiscal Officer 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.

FORMS OF PRICING SUPPLEMENT FOR EXEMPT BONDS

Pricing Supplement for the sales period October 1st, 2015 to October 14th, 2015

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

Issue of
U.S. Dollar Reinvestment Savings Bonds (3rd 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 22, 2015 (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.

Specified Currency:	United States Dollars	
Interest Rate:	1-Year U.S. Dollar Reinvestment Savings Bond:	Not being offered currently
	2-Year U.S. Dollar Reinvestment Savings Bond:	Not being offered currently
	3-Year U.S. Dollar Reinvestment Savings Bond:	Not being offered currently
	5-Year U.S. Dollar Reinvestment Savings Bond:	Not being offered currently
	10-Year U.S. Dollar Reinvestment Savings Bond:	Not being offered currently
Issue Date:	N/A	
Maturity Date:	N/A	

Pricing Supplement for the sales period October 1st, 2015 to October 14th, 2015

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

Issue of U.S. Dollar Jubilee Fixed Rate Financing Bonds (3rd 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 22, 2015 (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.

Specified Currency:	United States Dollars	
Interest Rate:	[1-Year U.S. Dollar Jubilee Fixed Rate Financing Bond:	Not being offered currently
	[2-Year U.S. Dollar Jubilee Fixed Rate Financing Bond:	Not being offered currently
	[3-Year U.S. Dollar Jubilee Fixed Rate Financing Bond:	Not being offered currently
	[5-Year U.S. Dollar Jubilee Fixed Rate Financing Bond:	Not being offered currently
	[10-Year Jubilee Fixed Financing Rate Bond:	Not being offered currently
Issue Date:	N/A	
Maturity Date:	N/A	

Pricing Supplement for the sales period October 1st, 2015 to October 14th, 2015

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

Issue of U.S. Dollar Floating Rate LIBOR Financing Bonds (3rd 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 22, 2015 (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.

Specified Currency:	United States Dollars	
Reference Rate:	The Applicable LIBOR Rate is 0.5625%	
Spread:	[2-Year U.S. Dollar Floating Rate LIBOR Financing Bond:	Not being offered currently
	[3-Year U.S. Dollar Floating Rate LIBOR Financing Bond:	Not being offered currently
Issue Date:	N/A	
Maturity Date:	N/A	

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 Fiscal Officer for the Western Hemisphere
Telephone: +1 212 499 5710
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 7446 8670
Email: info-uk@bondsIsrael.com
Website: www.bondsIsrael.com

Paris office:

43 rue Le Peletier
75009 Paris
France

Frankfurt office:

Hebelstrasse 6, 2nd Floor
60318 Frankfurt/Main
Germany