

SECOND AMENDED AND RESTATED FISCAL AGENCY AGREEMENT

by and between

THE ISRAEL ELECTRIC CORPORATION LIMITED

and

HERMETIC TRUST (1975) LTD.,
as Fiscal Agent

Dated as of February 1, 2018

GLOBAL MEDIUM-TERM NOTE PROGRAM

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This SECOND AMENDED AND RESTATED FISCAL AGENCY AGREEMENT is made as of February 1, 2018 (this “**Agreement**”), by and between THE ISRAEL ELECTRIC CORPORATION LIMITED, a company organized under the laws of the State of Israel (the “**Company**”), and HERMETIC TRUST (1975) LTD. (“**Hermetic**”), in its capacity as fiscal agent (together with any successor to or substitute for Hermetic in such capacity, the “**Fiscal Agent**”).

WHEREAS, the Company has established a program (the “**Program**”) for the continuous issuance of Global Medium-Term Notes (the “**Notes**”), in an aggregate principal amount outstanding at any one time of up to U.S.\$7,500,000,000 (or the equivalent thereof, as at the Business Day (as defined herein) preceding the respective dates of issue, in other currencies or composite currencies), subject to the right of the Company to increase such amount upon satisfaction of certain conditions, in connection with which it has entered into a Program Agreement dated as of April 23, 2008 (the “**Original Program Agreement**”), by and among the Company and the dealers party thereto, as amended by the First Amendment to the Program Agreement, dated as of February 1, 2012 (the “**First Program Agreement Amendment**”), by and among the Company and the dealers party thereto, the Second Amendment to the Program Agreement, dated as of June 10, 2013 (the “**Second Program Agreement Amendment**”), by and among the Company and the dealers party thereto, the Third Amendment to the Program Agreement, dated as of October 29, 2014 (the “**Third Program Agreement Amendment**”), by and among the Company and the dealers party thereto and the Fourth Amendment to the Program Agreement, dated as of February 1, 2018 (the “**Fourth Program Agreement Amendment**,” and together with the Original Program Agreement, the First Program Agreement Amendment, the Second Program Agreement Amendment and the Third Program Agreement Amendment, as amended or supplemented from time to time, the “**Program Agreement**”);

WHEREAS, the Company entered into a Fiscal Agency Agreement, dated as of April 23, 2008, by and among the Company, The Bank of New York Mellon (previously The Bank of New York), London branch, in its capacity as fiscal agent, calculation agent, paying agent and transfer agent, and The Bank of New York Mellon (previously The Bank of New York), New York branch, as registrar and transfer agent, (the “**Original Fiscal Agency Agreement**”), as amended by the First Amendment to the Original Fiscal Agency Agreement, dated as of February 1, 2012, the Second Amendment to the Original Fiscal Agency Agreement, dated as of June 10, 2013, and as amended and restated by the Amended and Restated Fiscal Agency Agreement, dated as of October 29, 2014 (the “**First Amended and Restated Fiscal Agency Agreement**”), by and between the Company and Hermetic, as fiscal agent in respect of Notes issued thereunder, and now wishes to amend and restate the First Amended and Restated Fiscal Agency Agreement as provided herein; and

WHEREAS, the Company has applied to the Tel Aviv Stock Exchange and may apply to such other stock exchange or stock exchanges as may be indicated in the applicable Pricing Supplement for the Notes of a Series issued under the Program to be listed on such exchange, and, in connection with such application, the Company prepared an offering circular.

THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

SECTION 1 DEFINITIONS

1.1 Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the Terms and Conditions (as defined herein). In this Agreement, the following terms shall have the meanings set forth below, except as otherwise expressly provided or unless the context otherwise requires.

“**Administrative Procedures Memorandum**” means the memorandum setting forth the administrative procedures with respect to the Notes, substantially in the form of Exhibit D attached hereto.

“**Applicable Procedures**” means (i) the bylaws of the TASE and the regulations promulgated thereunder that apply to securities listed for trading on the TACT Institutional, including the relevant provisions of the bylaws of the TASECH and (ii) any instructions received by the Company from the TASE with respect to the Notes.

“**Applicable Tax Law**” shall have the meaning set forth in Section 14.3 hereof.

“**Authorized Representative**” shall have the meaning set forth in Section 3.7 hereof.

“**Book-Entry Interest**” means a beneficial interest in a Global Registered Note held through a Participant.

“**Business Day**” means (unless otherwise stated in the applicable Pricing Supplement) a day which is both:

(a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in New York or Tel Aviv, it being understood that commercial banks and foreign exchange markets in Tel Aviv generally settle payments on those Fridays that are not holidays; and

(b) either (1) in relation to amounts payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial center of the country of the relevant Specified Currency (if other than New York or Tel Aviv) or (2) in relation to amounts payable in euro, a TARGET Business Day on which commercial banks and foreign exchange markets are open for business in the place of presentation and are open for business and carrying out transactions in euro in the jurisdiction in which the euro account specified by the payee is located; *provided, however*, that an offering of Notes of any Series listed on the TACT Institutional and denominated in a Specified Currency other than U.S. Dollars or Shekels is subject to the approval of the TASE.

“**Clearstream**” means Clearstream Banking, S.A.

“**Company**” means The Israel Electric Corporation Limited.

“**Dealer**” means each of J.P. Morgan Securities plc, Barclays Capital Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and any other entity which the Company may appoint as a Dealer under the Program Agreement in accordance with the terms thereof and notice of whose appointment is given to the Fiscal Agent, and “**Dealers**” shall be construed accordingly and references to the “**relevant Dealer or Dealers**” shall be to the Dealers appointed to act as such in respect of a particular Series of Notes.

“**Definitive Registered Note**” means a Note in definitive registered form issued to and registered in the name of the registered Holder thereof, substantially in the form of Exhibit C attached hereto, as such Exhibit may be amended from time to time.

“**Depository**” means Israel Discount Bank Registration Company Ltd. or another depository located outside the United States for the TASECH or a depository for any other clearance systems agreed upon by the Company and the relevant purchasers which is capable of complying with the certification requirements set out herein.

“**euro**” means the currency introduced at the start of the third stage of European and Economic Union pursuant to the Treaty establishing the European Union (as amended from time to time).

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended, and any statute of similar import of the United States of America.

“**Global Registered Note**” means a permanent global Note in fully registered form, substantially in the form of Exhibit B attached hereto, as such Exhibit may be amended from time to time, deposited with or on behalf of and registered in the name of the Depository and exchangeable for Definitive Registered Notes only in the limited circumstances described herein.

“**Holder**” or “**Noteholder**” means any person in whose name a Note is registered on the Note Register.

“**Interest Commencement Date**” shall have the meaning specified in the Terms and Conditions.

“**Issue Date**” means, in respect of any Note, the date of the issue of such Note pursuant to and in accordance with the Program Agreement (as specified in the applicable Pricing Supplement).

“**Issue Price**” shall have the meaning specified in the Terms and Conditions.

“**Market Exchange Rate**” shall have the meaning specified in Section 3.1 hereof.

“**Maturity Date**” means, in respect of any Note, the date (as specified in the applicable Pricing Supplement) on which the principal of such Note is due and payable.

“**Note**” means any Note authenticated and delivered under this Agreement and includes, without limitation, any Global Registered Note and any Definitive Registered Note.

“**Note Register**” means the register in which the name of the registered Holders of Registered Notes is maintained as described in Section 12.7 hereof.

“**Offering Circular**” means at any time the then most recent offering circular relating to the Notes issued by the Company, as supplemented or amended, and any documents incorporated by reference therein.

“**Outstanding**,” when used with reference to Notes of any Series, shall have the meaning specified in Section 17.11 hereof.

“**Participant**” means, with respect to the Depositary, a member of the TASE.

“**Payment Currency**” means, with respect to the Notes of any Series, the currency in which all payments in respect of such Notes shall be made, subject to Section 7.8 hereof.

“**Pricing Supplement**” means a supplement substantially in the form of Annex D to the Administrative Procedures Memorandum giving details of the Notes to be issued.

“**Program**” means the Global Medium-Term Note Program established by the Program Agreement.

“**Program Agreement**” shall have the meaning specified in the preamble.

“**QIB**” shall have the meaning specified in Section 3.1 hereof.

“**Qualifying Investor**” shall have the meaning specified in Section 3.1 hereof.

“**Record Date**” means for Registered Notes the 12th calendar day (whether or not a Business Day) next preceding the date that the payment of interest on a Note is due, unless otherwise specified in the applicable Pricing Supplement.

“**Registered Note**” means a Global Registered Note or a Definitive Registered Note.

“**Regulation S**” means Regulation S under the Securities Act.

“**Restricted Period**” means the 40 day period after completion of the distribution of all Notes of a Tranche as determined by the Company (based on information provided by the relevant Dealer or Dealers) and notified by the Company to the Fiscal Agent and the TASECH.

“**Rule 144A**” means Rule 144A under the Securities Act.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended, and any successor statute of similar import of the United States of America.

“**Series**” means each original issue of Notes together with any further issues expressed to form a single Series with the original issue issued by the Company and which are denominated in the same Specified Currency, have the same Maturity Date, bear interest (if any) on the same basis and at the same rate and the terms of which, other than the Issue Date, the Interest Commencement Date and/or the Issue Price, are otherwise identical (including whether or not the Notes are listed).

“**Shekels**,” “**Israeli Shekels**” or “**NIS**” are the lawful currency of Israel.

“**Specified Currency**” shall have the meaning set forth in Section 3.1 hereof.

“**Stock Exchange**” means the TASE or such other stock exchange as may be indicated in any Pricing Supplement relating to any Series of Notes on which such Series of Notes is to be listed.

“**TARGET System**” means the Trans-European Real Time Gross Settlement Express Transfer System.

“**TACT Institutional**” means the system for trading securities by institutional investors of the TASE.

“**TASE**” means the Tel Aviv Stock Exchange Ltd.

“**TASECH**” means the Tel Aviv Stock Exchange Clearing House Ltd.

“**Terms and Conditions**” means, in respect of any Series of Notes, the terms and conditions set forth in Exhibit A attached hereto, as the same may be supplemented, amended or modified from time to time by the Pricing Supplement relating to such Series of Notes.

“**Terms/Syndication Agreement**” shall have the meaning set forth in the Program Agreement.

“**Tranche**” means all Notes of the same Series with the same Issue Date, Issue Price and Interest Commencement Date.

“**United States**” means the United States of America, including the States and the District of Columbia, its possessions and all other areas subject to its jurisdiction.

“**U.S. Dollars**” or “**U.S.\$**” means the lawful currency of the United States of America.

SECTION 2 APPOINTMENT

2.1 Hermetic Trust (1975) Ltd. is hereby appointed as agent of the Company, to act as Fiscal Agent for the purposes specified in this Agreement and all matters incidental thereto, upon the terms and subject to the conditions specified herein and in the Terms and Conditions. The Company will maintain one or more offices or agencies (each, a “**Paying Agent**”) where the Notes may be presented for payment in Israel for so long as the Notes are outstanding. The initial Paying Agent in Israel for the Notes will be the Company; *provided*, that the Company will not serve as Paying Agent for Notes of any Series that are denominated in currencies other than U.S. Dollars or Shekels.

2.2 The Company will maintain one or more registrars (each, a “**Registrar**”) with offices in Israel, for so long as the Notes are listed for trading on the TACT Institutional, and one or more transfer agents for the Notes (each, a “**Transfer Agent**”). The Company will act as the initial Registrar and the initial Transfer Agent for the purposes specified in this Agreement and all matters incidental thereto, including, *inter alia*, completing, authenticating and issuing Registered Notes, upon the terms and subject to the conditions specified herein and in the Terms and Conditions. The Company may change the Paying Agent, the Transfer Agent or the Registrar with prior written notice to the Fiscal Agent. For so long as the Notes are listed for trading on the TACT Institutional, the Company will publish a notice of any change of Paying Agent, Transfer Agent or Registrar through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency, and, to the extent and in the manner permitted by the Applicable Procedures, post such notice on the official website of the TASE (<http://maya.tase.co.il> or any successor website thereto) in accordance with Section 16.2 hereof.

2.3 The Company will maintain one or more calculation agents (each, a “**Calculation Agent**”) for Notes of any Series that are not listed for trading on the TACT Institutional. The Company will act as the initial Calculation Agent for the purposes specified in this Agreement and all matters incidental thereto, upon the terms and subject to the conditions specified herein and in the Terms and Conditions.

2.4 The Company may, at its discretion, appoint one or more additional Paying Agents for the purposes of paying sums due on Notes and all matters incidental thereto, upon the terms and subject to the conditions specified herein and in the Terms and Conditions.

2.5 The Company may, at its discretion, appoint one or more additional Transfer Agents for the purposes of effecting transfers of Notes and all matters incidental thereto, upon the terms and subject to the conditions specified herein and in the Terms and Conditions.

2.6 The Company may, at its discretion, appoint one or more additional Calculation Agents for the purposes of calculating and establishing the rate of interest for and the amount of interest due on any Series of Notes, upon the terms and subject to the conditions specified herein and in the Terms and Conditions.

2.7 Hermetic Trust (1975) Ltd. accepts its appointment as Fiscal Agent in relation to the Notes and shall comply with the provisions of this Agreement and, in connection

therewith, shall be authorized to take all such action as may be incidental thereto, in each case upon the terms and subject to the conditions specified herein and in the Terms and Conditions.

2.8 The Fiscal Agent, each Paying Agent, each Transfer Agent, each Registrar and each Calculation Agent shall have the powers and authority granted to and conferred upon them, specifically, in the Notes and hereunder to act on behalf of the Company and such further powers and authority to act on behalf of the Company as may be mutually agreed upon.

2.9 The First Amended and Restated Fiscal Agency Agreement shall be amended and restated as set forth in this Agreement. Any Notes sold on or after the date of this Agreement shall be governed by this Agreement. Any Notes sold prior to the date of this Agreement shall be governed, as applicable, by the Original Fiscal Agency Agreement and any applicable amendment thereto or the First Amended and Restated Fiscal Agency Agreement.

SECTION 3 ISSUANCE OF NOTES

3.1 **Series and Aggregate Amount.** In accordance with the terms and conditions hereof and of the Program Agreement, the Company may issue and sell its Notes in separate Series from time to time, with such terms and conditions as are determined by the Company and the relevant Dealer or Dealers at the time of issuance and set out in the applicable Pricing Supplement. Subject to the provisions set forth in the applicable Pricing Supplement, Notes may only be offered or sold (A) to “qualified institutional buyers” (as defined in Rule 144A) (“**QIBs**”) in the United States in reliance on Rule 144A, or (B) outside the United States to non-U.S. persons, in reliance on Regulation S.

Notwithstanding anything in this Agreement to the contrary, the Israeli Securities Law, 1968 (the “**Israeli Securities Law**”) exempts the offer, sale, disposition or other transfer of the Notes conducted on the TACT Institutional by and between QIBs and Qualifying Investors from the general requirement to publish a prospectus. Thus, notwithstanding the fact that the Notes may be transferable pursuant to an applicable exemption from the Securities Act, all transactions involving the Notes conducted on the TACT Institutional or placed by a broker acting in its capacity as a Participant must be by and between QIBs and Qualifying Investors. In addition, prior to the date on which the Company notifies the Noteholders that the Notes are freely transferable pursuant to Rule 144 under the Securities Act (“**Rule 144**”) and the applicable interpretations thereof by the staff of the United States Securities and Exchange Commission (the “**Resale Restriction Termination Date**”), offers, sales, dispositions or other transfers of the Notes between two different brokers each of which is acting in its capacity as a Participant may only be conducted on the TACT Institutional. “**Qualifying Investor**” means a non-U.S. person (within the meaning of Regulation S) who is purchasing the Notes in an offshore transaction (within the meaning of Regulation S) who is either: (A) an “institutional investor,” as set forth in Section 15A(b)(1) of the Israeli Securities Law and who has provided the requisite certification under the First Addendum of the Israeli Securities Law, or an investor who was approved by the Israeli Securities Authority as an “institutional investor,” as set forth in Section 15(A)(b)(2) of the Israeli Securities Law (a “**Qualified Israeli Investor**”) or (B) a person described in subparagraph (1) of Section I of Annex II to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (“**MIFID II**”) who is authorized or regulated by a member state (“**Member State**”) of the European Economic Area (a “**Qualified European Investor**”);

provided, that (A) in relation to offers of Notes in any Member State, “Qualifying Investor” shall only include Qualified European Investors and such offers will be subject to any relevant implementing measure in each Member State of Article 2(1)(e) of the Prospectus Directive and (B) in relation to offers of Notes to natural persons resident in the State of Israel or entities organized or formed in the State of Israel, “Qualifying Investor” shall only include Qualified Israeli Investors.

The Notes of each Series shall be denominated in such currency or composite currency (a “**Specified Currency**”), subject to any laws or regulations applicable to such currency or composite currency, as may be agreed upon by the Company and the relevant Dealer or Dealers, as specified on the face of the Notes of such Series and in the applicable Pricing Supplement.

Subject to the provisions set forth herein and in the applicable Pricing Supplement and the restrictions imposed by any applicable law or regulation relating to any currency or composite currency, Notes of a Series denominated in U.S. Dollars shall have such denomination as may be agreed between the Company and the relevant Dealer or Dealers as specified in the applicable Pricing Supplement. Notes initially sold in the United States to QIBs shall be in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (or the equivalent thereof in the applicable Specified Currency). Unless otherwise set forth in the applicable Pricing Supplement, Notes having a maturity of less than one year shall, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Notes of each Series shall have such maturities as may be agreed between the Company and the relevant Dealer or Dealers and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Company or the Specified Currency. Unless otherwise set forth in the applicable Pricing Supplement, Notes sold upon original issuance in the United States to QIBs shall have a minimum maturity of nine months and Notes sold upon original issuance in an “offshore transaction” (as defined in Regulation S) in reliance on Regulation S shall have a minimum maturity of one month.

The aggregate principal amount of Notes at any time outstanding shall not exceed U.S.\$7,500,000,000 (or the equivalent thereof in any other Specified Currency for such Notes as determined on the Business Day preceding the respective Issue Dates thereof), including Notes issued pursuant to the Original Fiscal Agency Agreement, and any applicable amendment thereto, and the First Amended and Restated Fiscal Agency Agreement. For the purpose of the foregoing limitation, the U.S. Dollar equivalent of any Notes denominated in a Specified Currency other than U.S. Dollars shall be determined as of the Business Day prior to the day such Notes are issued on the basis of (i) the noon buying rate in New York City for cable transfers in such currency as certified for customs purposes by the Federal Reserve Bank of New York, (ii) in the event the Federal Reserve Bank of New York does not certify a noon buying rate for such currency, on the basis of the rate quoted or published by the relevant central bank as the rate for buying such currency in U.S. Dollars or (iii) if no such rate is quoted or published, the rate determined by the applicable Calculation Agent based on a quotation or an average of quotations given to the

applicable Calculation Agent by commercial banks that conduct foreign exchange operations or based on such other method as the applicable Calculation Agent may reasonably determine to calculate a market exchange rate, unless otherwise specified in the applicable Pricing Supplement (the rate determined in accordance with clause (i), (ii) or (iii) above being the “**Market Exchange Rate**” for such currency) on the Business Day prior to the day such Notes are issued (or, if such Market Exchange Rate is not then available, the Market Exchange Rate most recently available prior thereto). Pursuant to the Program Agreement, and upon satisfaction of the conditions set forth in Section 12 of the Program Agreement, the Company may increase such aggregate principal amount by appropriate corporate action, and the Company agrees to notify the Fiscal Agent reasonably in advance of any such increase. The U.S. Dollar equivalent of Dual Currency Notes, Indexed Notes and Partly-Paid Notes (each as defined in Condition 4 to the Terms and Conditions) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes (in the case of Partly-Paid Notes, regardless of the subscription price paid or the amount paid up on such Notes). The nominal amount of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Company for the relevant issue.

The Company may increase the aggregate principal amount of Notes at any time outstanding with respect to a particular Series of Notes; *provided, however*, that with respect to any Series of Notes listed on the TACT Institutional, such increase in the aggregate principal amount of Notes outstanding shall only be effected with the prior approval of the TASE.

3.2 Each Series of Notes shall be established pursuant to a Pricing Supplement prepared by or on behalf of the Company and attached or annexed to the Notes of such Series, in the case of Global Registered Notes, or endorsed thereon, in the case of Definitive Notes. Each Pricing Supplement shall supplement the terms and conditions attached to, endorsed on or incorporated by reference into the related Series of Notes (as set out in Exhibit A attached hereto), and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the terms and conditions for the purposes of such specific Series of Notes only, replace or modify such terms and conditions. The applicable Pricing Supplement relating to any Series of Notes shall contain the specific terms and conditions of such Series and shall be duly executed by an Authorized Representative of the Company, and a copy of each such applicable Pricing Supplement shall be available at the specified offices of the Fiscal Agent, the applicable Paying Agent, the applicable Transfer Agent and the applicable Registrar and, in the case of a Series in relation to which application has been made for admission to listing on a Stock Exchange, such applicable Pricing Supplement shall be submitted to such Stock Exchange. The Company shall procure that the applicable Pricing Supplement for each series of Notes is copied to the Fiscal Agent, the applicable Paying Agent, the applicable Transfer Agent and the applicable Registrar to the extent that they are appointed in respect of such Notes, not later than two Business Days prior to the Issue Date of such Notes.

3.3 (a) Notes of any Series shall be issued as Registered Notes, within or outside the United States, which shall initially be issued in either:

(i) the form of one or more Global Registered Notes in an aggregate principal amount equal to the principal amount of the Notes of such Series, which

may only be exchangeable as described in Section 5.2 hereof for Definitive Registered Notes; and/or

(ii) the form of Definitive Registered Notes (subject to such modifications as may be agreed by the Company and the Fiscal Agent).

(b) Each Note of a Series shall incorporate by reference the Terms and Conditions applicable thereto and shall, unless otherwise specified herein, have annexed thereto the applicable Pricing Supplement for such Series, and terms defined herein in respect of Notes shall be construed accordingly.

(c) Notwithstanding the foregoing, Notes of any Series may be issued in such other form or forms as shall be established by the Company and permitted by applicable law and enforceable thereunder. Notes of any Series may also have such additional provisions, omissions, variations or substitutions as are not inconsistent with the provisions of this Agreement or of the applicable Pricing Supplement for such Series or applicable law and as are enforceable under such law, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as shall be required by the forms thereof attached hereto and as may be required to comply with any applicable law or rules thereunder or to comply with the rules of any securities exchange or governmental agency or as may, in accordance herewith, be determined by the Authorized Representative of the Company, as conclusively evidenced by the execution of such Notes. All Notes of any particular Series shall be otherwise substantially identical except as to denomination and except as provided herein or in the applicable Pricing Supplement for such Series.

3.4 Only such Notes as shall bear thereon a certificate of authentication, executed by or on behalf of the Fiscal Agent by manual signature of one of its authorized signatories, shall be entitled to the benefits of this Agreement or be valid or obligatory for any purpose. Such certificate by the Fiscal Agent upon any Note executed by the Company shall be conclusive evidence that such Note has been duly authenticated and delivered hereunder and that the Holder thereof is entitled to the benefits of this Agreement.

3.5 Upon the conclusion of any agreement between the Company and a Dealer, or between the Company and a syndicate of Dealers pursuant to a Terms/Syndication Agreement, for the sale by the Company to or through such Dealer or such syndicate of Dealers, as the case may be, of Notes of any Series, subject to the approval of the TASE if such Notes will be listed for trading on the TACT Institutional, the Company shall, unless otherwise agreed with such Dealer or Dealers, as soon as practicable but in any event not later than 10:00 a.m. (Tel Aviv time) five Business Days prior to the proposed Issue Date of such Series (which Issue Date shall be a day on which the TASECH is operating), confirm in writing by letter physically delivered, by facsimile, e-mail or by authenticated SWIFT Message the terms of such agreement to the Fiscal Agent.

One Business Day prior to the Issue Date in relation to each Series and upon confirmation to the Fiscal Agent (which may be given in writing, by e-mail, fax or letter) by the Company and the relevant Dealer or, in the case of a sale pursuant to a Terms/Syndication Agreement, the Lead Manager (as defined therein), that the conditions specified in Section 6,

Section 7 and, if applicable, Section 3 of the Program Agreement and, in the case of a sale pursuant to a Terms/Syndication Agreement, the conditions specified in the fifth paragraph thereof, have been satisfied or waived in relation to such Series, the Fiscal Agent shall notify the listing agent or appropriate Stock Exchange authority, if any, of the issuance of such Notes (if such Notes are to be listed other than issuances of Notes to be listed on the TACT Institutional to which such notice will be given by the Company with a copy provided to the Fiscal Agent), and the Fiscal Agent shall complete, authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company the relevant Note. The Fiscal Agent may conclusively rely on any such confirmation and shall not be required to conduct any inquiry of any nature related to the statements contained therein. Each of the parties hereto further agrees to comply with and perform the procedures set forth in the Administrative Procedures Memorandum.

3.6 The Company shall from time to time deliver or cause to be delivered to the Fiscal Agent a supply of Global Registered Notes and Definitive Registered Notes in proper form for the purpose of issue hereunder. Each Note shall have been executed by the manual or facsimile signature of an Authorized Representative of the Company. Each Definitive Note shall be security printed and each Note shall have a unique serial number printed thereon. The Fiscal Agent shall hold according to customary practice all unauthenticated Global Registered Notes and Definitive Registered Notes delivered to it in accordance with this Section 3 and shall ensure that the same are authenticated and delivered only in accordance with the terms hereof and of the Program Agreement.

3.7 From time to time the Company shall furnish the Fiscal Agent with a certificate of the General Counsel or Senior Counsel of the Company certifying the incumbency and specimen signatures of officers authorized to provide the Fiscal Agent with instructions for completing and issuing Notes in accordance with this Agreement and the Administrative Procedures Memorandum and, in the case of individuals specifically identified as having the requisite authority in such certificate, to execute Notes on behalf of the Company, by manual or facsimile signature (in each case, an “**Authorized Representative**”). Until the Fiscal Agent receives a subsequent certificate of the Company, the Fiscal Agent shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Company’s Authorized Representatives. The Company agrees for the benefit of the Fiscal Agent and each Holder of a Note that any Note authenticated by the Fiscal Agent or any duly appointed agent and bearing the signature of an Authorized Representative specifically identified in such certificate as having the requisite authority to execute Notes on behalf of the Company shall be binding upon the Company, notwithstanding that such officer shall cease to hold such office or position prior to the date of such Note or the date of its authentication. The Fiscal Agent shall not have any responsibility to the Company or to any Holder to determine by whom or by what means a facsimile signature may have been affixed on the Notes or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signatures filed with the Fiscal Agent.

3.8 The administrative procedures which the Company and the Fiscal Agent intend to apply are set out in the Administrative Procedures Memorandum as may be revised from time to time, with respect to any Tranche of Notes, by consent of the Company and the Fiscal Agent.

SECTION 4 COMPLETION, AUTHENTICATION AND DELIVERY OF NOTES

4.1 The Fiscal Agent is authorized, upon receipt of written instructions from an Authorized Representative of the Company, (i) to complete and authenticate or cause to be completed and authenticated such Notes in an aggregate principal amount not in excess of the aggregate principal amount specified in the applicable Pricing Supplement for such Series, (ii) to attach the applicable Pricing Supplement delivered to it by the Company thereto, and (iii) thereafter to complete, authenticate and deliver the Notes back to the Company or cause to be completed, authenticated and delivered back to the Company such Notes in accordance with provisions therein or herein set forth.

4.2

(a) **[Reserved.]**

(b) **Global Registered Notes.**

(i) Notes of a Series that are initially offered and sold (i) in the United States in reliance on Rule 144A as provided in the Program Agreement or (ii) in offshore transactions in reliance on Regulation S as provided in the Program Agreement, shall be represented by a Global Registered Note, which shall be deposited, on or prior to the Issue Date of such Notes, on behalf of the subscribers for the Notes represented thereby, with or on behalf of and registered in the name of the Depository, duly executed and authenticated as provided herein for credit on the Issue Date to the accounts of the relevant Dealer or Dealers (or to such other accounts as they may direct) at the TASECH.

(ii) Each Global Registered Note shall bear a legend substantially to the following effect:

“TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO ISRAEL DISCOUNT BANK REGISTRATION COMPANY LTD. AS DEPOSITARY FOR THE TEL AVIV STOCK EXCHANGE CLEARING HOUSE LTD. OR TO A SUCCESSOR THEREOF, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 12.2 OF THE FISCAL AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF.”

(c) **Definitive Registered Notes.**

Definitive Registered Notes may be issued (i) if the applicable Pricing Supplement so provides, upon initial issuance outside the United States in reliance on Regulation S or within the United States in reliance on Rule 144A or (ii) in the circumstances set forth in Section 5.2 hereof. Unless otherwise set forth in the applicable Pricing Supplement, such

Definitive Registered Notes shall be issued only in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (or the equivalent thereof in the applicable Specified Currency).

In the case of an initial issuance of Notes outside the United States in reliance on Regulation S or within the United States in reliance on Rule 144A, the Fiscal Agent or its duly authorized agent shall deliver each Definitive Registered Note, executed and authenticated as provided herein, to the Company, which will then deliver such Definitive Registered Note to the applicable Dealer or its designee, or, in the case of a sale pursuant to an agreement with a syndicate of Dealers, to the lead manager thereof or its designee, for the benefit of the purchaser of such Note against delivery by such Dealer of a receipt therefor or, if so instructed and, upon confirmation from the Company that proper payment by the purchaser has been made, deliver the Notes directly to the Company or its designee for the benefit of the purchaser of such Notes against delivery of a receipt therefor. Notwithstanding the foregoing, if the Fiscal Agent is so instructed otherwise by the Company, delivery of the Notes may be made before actual receipt of payment in accordance with the custom prevailing in the market. Upon the issuance of any Definitive Registered Note, the applicable Registrar shall record the person who is designated by the Dealer, the lead manager or the Company, as the case may be, as the registered Holder of such Definitive Registered Note.

If at any time the Depository notifies the Company that it is unwilling or unable to continue to act as Depository for the Global Registered Notes, and the Company shall not have appointed a successor Depository within 90 days after the Company receives notice or becomes aware of such ineligibility, the Company shall issue Definitive Registered Notes in exchange for the Global Registered Notes. Upon the occurrence of any of the events set forth in the preceding sentence, the Company shall execute, and, upon receipt of instructions from an Authorized Representative of the Company, the Fiscal Agent shall complete and authenticate or cause to be completed and authenticated, Definitive Registered Notes, in authorized denominations, in an aggregate principal amount equal to the principal amount of the Global Registered Notes in exchange for such Global Registered Notes.

SECTION 5 CERTIFICATION AND EXCHANGE

5.1 **[Reserved.]**

5.2 **Global Registered Notes.**

(a) **[Reserved.]**

(b) Interests in a Global Registered Note deposited with the Depository pursuant to Section 4.2(b) hereof shall be exchanged for Definitive Registered Notes only if such exchange (x) is effected in accordance with the Applicable Procedures and complies with Sections 12.2 and 12.3 hereof, and (i) the TASECH is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or the TASECH announces intentions to cease business permanently or does in fact do so or

(ii) an Event of Default or Acceleration Event has occurred and is continuing with respect to the Notes represented by such Global Registered Note, or (y) is effected in accordance with Section 4.2(c) hereof.

(c) If interests in any Global Registered Note are to be exchanged for Notes in the form of Definitive Registered Notes pursuant to this Section 5.2, such Global Registered Note shall be surrendered by the Depository to the Fiscal Agent to be so exchanged, without charge, and the Fiscal Agent shall authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company, upon such exchange of interests in such Global Registered Note, an equal aggregate principal amount of Definitive Registered Notes. The Definitive Registered Notes exchanged pursuant to this Section 5.2 shall be registered by the applicable Registrar in such names as the TASECH shall direct in writing in accordance with its records. The Definitive Registered Notes transferred pursuant to this Section 5.2 shall be executed, authenticated and delivered only in the denominations specified in Section 3.1 hereof or in the applicable Pricing Supplement. Any Definitive Registered Note delivered in exchange for any interest in any Global Registered Note shall, except as provided by Section 12.5 hereof, bear the legend regarding transfer restrictions set forth in the form of Definitive Registered Note attached as Exhibit C attached hereto.

(d) Until exchanged in full, a Global Registered Note of a Series shall in all respects be entitled to the same benefits under this Agreement as Definitive Registered Notes of such Series authenticated and delivered hereunder. If, after any presentation thereof to the Fiscal Agent, the principal amount of Notes represented by any Global Registered Note of a Series is reduced to zero, such Global Registered Note shall be immediately canceled and returned by the Depository to the Fiscal Agent, to be disposed of by the Fiscal Agent in accordance with Section 6 hereof.

SECTION 6 REPLACEMENT OF NOTES; CANCELLATION

6.1 The Fiscal Agent shall, upon and in accordance with the written instructions of an Authorized Representative (which instructions may, without limitation, include terms as to the payment of expenses and as to evidence, security and indemnity) of the Company but not otherwise, subject to all applicable laws and the requirements of any stock exchange, authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company (i) Notes of a Series in exchange for or in lieu of Notes of such Series of like tenor and of like form which become mutilated, destroyed, defaced, stolen or lost upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Company and the Fiscal Agent, as the case may be, may reasonably require, and mutilated or defaced Notes must be surrendered before replacements shall be issued; (ii) Notes of a Series in any authorized denominations and of equal aggregate principal amount of Notes of such Series, subject to the requirements as to minimum denomination; and (iii) if specifically so provided by the applicable Pricing Supplements Notes of a Series in exchange for Notes of another Series.

6.2 Each replacement Global Registered Note and Definitive Registered Note delivered hereunder shall bear a unique serial number (which will include any equivalent thereto issued by the TASE).

6.3 The Fiscal Agent shall cancel each mutilated or defaced Note surrendered to it and in respect of which a replacement has been delivered. In the case of a lost, stolen or destroyed Note an indemnity satisfactory to the Fiscal Agent and the Company may be required of the Holder of such Note before a replacement Note shall be issued. All expenses associated with obtaining such indemnity and in issuing a new Note shall be borne by the Holder of the lost, stolen, destroyed, mutilated or defaced Note.

6.4 The Fiscal Agent shall notify the Company, the applicable Paying Agent and the applicable Transfer Agent of the delivery by it in accordance herewith of any replacement Note specifying the serial number thereof and the serial number (if any and if known) of the Note that it replaces and confirming (if such be the case) that the Note that it replaces has been canceled or destroyed.

6.5 The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Fiscal Agent for cancellation. Notes purchased by the Company will be delivered to the Fiscal Agent for cancellation. The Company will cause any Notes so purchased and cancelled to be withdrawn from the Depository. The Fiscal Agent shall destroy cancelled Notes delivered to it in accordance with its standard disposal policy as in effect at the time such cancelled Notes are delivered. The Company shall promptly inform the TASE (as long as the Notes are admitted to trading on the TACT Institutional) upon any such cancellation.

SECTION 7 PAYMENTS TO BE MADE BY THE PAYING AGENT

7.1 (a) With respect to any Global Registered Note, the Company, solely in its capacity as the initial Paying Agent, shall, prior to 10:00 a.m. (Tel Aviv time), two Business Days prior to when principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes (as defined in Condition 4 to the Terms and Conditions), the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series (represented by such Global Registered Note) as the same shall become due and payable (or if any such day is not a Business Day, on the next succeeding Business Day), make, or cause to have made, payments by wire transfer of immediately available funds to the Depository for further payments on the Global Registered Note through the TASECH in accordance with the Applicable Procedures and the provisions of this Agreement.

(b) With respect to any Definitive Registered Notes, the Company, solely in its capacity as the initial Paying Agent shall, prior to 10:00 a.m. (Tel Aviv time), two Business Days prior to when principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes (as defined in Condition 4 to the Terms and Conditions), the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series (represented by such Definitive Registered Notes) as the same shall become due and payable (or if any such day is not a Business Day, on the next succeeding Business Day), make, or cause to have made, payments to Holders of such Definitive Registered Notes by (i) wire transfer of immediately available funds to the accounts of such Holders in whose name such Definitive Registered Notes are registered in the relevant Note Register on the relevant Record Date or such accounts that such Holders may from time to time designate in writing to the Paying Agent and Registrar not later than 15 Business Days prior to such payment date or

(ii) check mailed to the registered addresses of such Holders in whose name such Definitive Registered Notes are registered in the relevant Note Register on the relevant Record Date. The Company shall be entitled to rely on information previously supplied to it by the Holder, unless and until such Holder provides the Company with written updated information. The Paying Agent shall promptly notify the Fiscal Agent in writing of its action or failure so to act.

(c) In order to provide for the payment of principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes (as defined in Condition 4 to the Terms and Conditions), the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series as the same shall become due and payable, in the event that the Company no longer serves as Paying Agent, the Company shall pay the Paying Agent on or before the due date for payment an amount equal to the amount of principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, then becoming due in respect of such Notes, and the Company hereby authorizes the Paying Agent to make or cause to be made from the funds so provided payment of the principal (including premium or redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, as the case may be, due in respect of such Notes. The Paying Agent shall arrange for the payment from funds so provided of such amounts due on such Notes.

7.2 Except as provided below, each amount payable by the Company under Section 7.1(c) hereof shall be paid irrevocably by credit transfer in the applicable Payment Currency and in immediately available, freely transferable funds not later than 10:00 a.m. (Tel Aviv time) on the relevant day to such account with such bank as the Paying Agent may by at least four days' notice to the Company have specified for the purpose. The Company shall procure that the bank that is effecting payment on its behalf to the Paying Agent provides to the Paying Agent, before 10:00 a.m. (Tel Aviv time) two Business Days before the due date of each payment by it under Section 7.1(c) hereof an authenticated SWIFT Message confirming its irrevocable payment instructions (providing for payment on or before the date any amount of principal or interest as aforesaid in respect of the Notes becomes due and payable).

7.3 If any deduction or withholding with respect to any payment on any Notes shall be required on any interest payment date, Maturity Date or any date fixed for redemption of such Notes, then, at least ten Business Days prior to the date of any such payment, the Company shall effect such deduction or withholding or, in the event that the Company no longer serves as Paying Agent, furnish each Paying Agent, the Fiscal Agent and each Registrar, if applicable, with a certificate which specifies the amount, if any, required to be withheld on or deducted from such payment to Holders of such Notes and the additional amounts, if any, due to the Holders of such Notes pursuant to the Terms and Conditions, and the Company shall on such interest payment date, Maturity Date or redemption date, as applicable, pay or cause to be paid to the Paying Agent additional amounts, if any, required by the terms of the Notes of such Series to be paid. The Company agrees to indemnify the Fiscal Agent, each Registrar and each Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence

or bad faith on their part arising out of or in connection with actions taken or omitted by them in reliance on any declaration or certificate furnished pursuant to this Section 7.3.

7.4 The Paying Agent shall be entitled to deal with each amount paid to it in accordance with Section 7.1 hereof in the same manner as other amounts paid to it as a banker by its customers; *provided*, that:

(a) except as provided in Section 13.2 hereof, it shall not exercise against the Company any lien, right of set-off or similar claim in respect thereof; and

(b) subject to any agreement between the Company and the Paying Agent to the contrary, the Paying Agent shall not be liable to any person for any interest or other amounts thereon.

7.5 The Paying Agent shall apply each amount paid to it in accordance with Section 7.1 hereof. Until used or applied in accordance with Section 7.1 hereof, all funds received by the Paying Agent hereunder shall be held in trust for the purposes for which they were received and for the benefit of the persons entitled thereto. Any funds held by any Paying Agent in trust for the purpose of paying principal (including premium and redemption amount, if any, and, in the case of an Original Issue Discount Note, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series shall be returned to the Company upon its written request upon the earlier of (i) the obligation to make the relevant payment in respect of such Notes becoming void or ceasing in accordance with the Terms and Conditions and (ii) the expiration of two years following the date on which the relevant payment in respect of such Notes shall have become due and payable. Upon the return of such funds by any Paying Agent, all obligations of the Fiscal Agent, any Registrar, any Paying Agent and any Transfer Agent with respect to such Notes shall terminate and all liability of such Paying Agent in respect of such funds shall cease. Any such payment shall be made by credit transfer to such account with such bank as the Company may by written notice to the applicable Paying Agent have specified for the purpose.

7.6 If the Paying Agent has not, by 12:00 noon (Tel Aviv time) two Business Days before the due date of any payment to it under Section 7.1 hereof, received notification of the relevant irrevocable payment instructions referred to in Section 7.2 hereof, it shall forthwith notify the applicable Registrar, the applicable Transfer Agent, the Fiscal Agent and the Company thereof. If the Paying Agent subsequently receives notification of such payment instructions or payment of the amount due, it shall forthwith notify the applicable Registrar, the applicable Transfer Agent, the Fiscal Agent and the Company thereof.

7.7 All references in this Agreement to “principal” or “principal amount” (including premium, if any, and any redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof), and interest, in respect to any Series of Notes, shall, unless the context otherwise requires, be deemed to mean and include all Additional Amounts, if any, payable in respect of Notes as set forth in the Terms and Conditions or set forth in the applicable Pricing Supplement.

7.8 Unless otherwise set forth in the applicable Pricing Supplement in the case of Notes in respect of which principal or interest or both is or may be payable in one or more Specified Currencies other than the Specified Currency in which they are denominated (“**Dual Currency Notes**”), the Payment Currency for the Notes of any Series shall be the same as the Specified Currency for such Notes. The manner in which amounts due in respect of any Dual Currency Notes shall be translated from the Specified Currency for such Notes into the applicable Payment Currency shall be set forth in such Notes and in the applicable Pricing Supplement.

SECTION 8 [RESERVED.]

SECTION 9 PAYMENTS TO HOLDERS OF REGISTERED NOTES

9.1 The Paying Agent shall make payments of principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of Registered Notes in accordance with the Terms and Conditions applicable thereto; *provided, however,* that, in the event that the Company no longer serves as Paying Agent, the Paying Agent shall not be obliged (but shall be entitled) to make such payments:

(a) if the Paying Agent has been notified in accordance with Section 7.6 hereof that the relevant irrevocable payment instructions have not been received, unless it is subsequently notified that such irrevocable payment instructions or payment of the amount due have been received; or

(b) if the Paying Agent is not able to establish that it has received (whether or not at the due time) the full amount of the relevant payment due to it under Section 7.1 hereof.

9.2 The Paying Agent shall not exercise any lien, right of set-off or similar claim against any person to whom it makes any payment under Section 9.1 hereof in respect thereof, nor shall any commission or expense be charged by it to any such person in respect thereof.

9.3 Any interest (other than interest payable at maturity or upon redemption) on Registered Notes of a Series shall be payable to the Holders in whose name such Registered Notes are registered in the relevant Note Register at the close of business on the Record Date, and principal (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, payable at maturity or upon redemption of Registered Notes of a Series shall be payable, upon surrender of such Notes at the designated office or agency of the Fiscal Agent to the registered Holders, in each case by the relevant Paying Agent.

SECTION 10 REDEMPTION

10.1 In the event that the provisions of the Notes of any Series permit the Company to redeem Notes of such Series prior to maturity at its option, the Company shall, unless otherwise provided in the Notes of such Series or the applicable Pricing Supplement, give written notice to the Fiscal Agent of the principal amount of Notes of such Series to be so redeemed not more than 60 nor less than 30 days (or such shorter period as may be agreed by the Fiscal Agent)

prior to the date on which notice of such redemption is to be given to the relevant Holders by the Fiscal Agent. Notwithstanding the aforesaid, as long as the Notes are listed with the TASECH, such notice will be given by the Company to the TASECH with a copy provided to the Fiscal Agent. All notices of redemption of the Notes of any Series shall be made in the name and at the expense of the Company and shall be given in accordance with the provisions of the Notes of such Series and the applicable Pricing Supplement. If the Notes are at such time listed for trading on the TACT Institutional, the Company shall inform the TASE of the principal amount of the Notes that have not been redeemed in connection with any optional redemption. In the event that the Notes of any Series permit the Company to redeem Notes of such Series only upon the occurrence of an event or satisfaction of a condition or conditions precedent thereto prior to the giving of notice of redemption of the Notes of such Series, the Company shall deliver to the Fiscal Agent an officer's certificate signed by the Chief Executive Officer, Chief Financial Officer, any Senior Vice President or other senior executive officer of the Company stating that all conditions have been duly and timely fulfilled and that the Company is entitled to effect such redemption and the form of such notice, which shall include a statement that the Company is entitled to effect such redemption and shall set forth in reasonable detail a statement of facts showing that such event has occurred or condition or conditions precedent have been satisfied. The Fiscal Agent may conclusively rely on such officer's certificate and shall not be required to conduct any inquiry of any nature related to the statements contained therein. In the event that the Notes of any Series permit the Holders thereof, at their option, to cause the Company to redeem such Notes, the Company shall, as contemplated by the provisions hereof relating to payment, arrange with each Paying Agent for such purpose, if applicable, for the provision of funds sufficient to make payments to such Holders in respect of such redemptions, and the Paying Agent shall provide to the Company (if the Paying Agent is other than the Company) and the Fiscal Agent from time to time reasonably detailed information as to such redemptions.

10.2 Except as otherwise provided in the applicable Pricing Supplement and in accordance with the Applicable Procedures, whenever less than all the Notes of any Series at any time outstanding are to be redeemed at the option of the Company, the particular Notes of such Series to be redeemed shall, as soon as practicable after receipt of notice from the Company of its intention to redeem such Notes, be selected by the Fiscal Agent from the Outstanding Notes of such Series not previously called for redemption individually by lot not more than 30 days prior to the date fixed for redemption. Upon any partial redemption of Notes of such Series the Fiscal Agent shall (a) in the case of Notes represented by a Global Registered Note, authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company a new Global Registered Note reflecting the principal amount of the Notes of such Series outstanding after such redemption, as further described in Section 11.7 hereof, and (b) in the case of Definitive Registered Notes, to the extent required, authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company in exchange therefor one or more Notes of such Series in the name of the Holder thereof, of any authorized denomination as requested by the Holder thereof, in an aggregate principal amount equal to the unredeemed portion of the principal of such partially redeemed Note. The Fiscal Agent shall not be liable for any selections made by it in accordance with this Section 10.2.

SECTION 11 CERTAIN DUTIES OF THE AGENTS

11.1 The Registrar shall, *inter alia*:

(a) maintain a record of all Notes delivered hereunder and of their redemption, payment, cancellation, and in the case of mutilated, defaced, lost, stolen or destroyed Notes, whether such Notes have been replaced and Notes issued in replacement thereof; and

(b) make such records available for inspection at all reasonable times by the Company, the applicable Paying Agent, the applicable Transfer Agent and the Fiscal Agent.

11.2 In relation to any Series of Notes for which the Specified Currency is not U.S. Dollars but in respect of which payment is to be made in U.S. Dollars, the applicable Calculation Agent shall calculate the U.S. Dollar equivalent based on the Market Exchange Rate or on such other basis as is set forth in the applicable Pricing Supplement relating to such Notes, and take all action reasonably incident thereto.

11.3 Each Paying Agent shall make available to the Fiscal Agent such information as may reasonably be required for the maintenance of the records referred to in Section 11.1 hereof.

11.4 Each Calculation Agent shall (i) calculate and establish the rate of interest on the Notes in respect of which it has been appointed at the time and in the manner set forth in such Notes, (ii) calculate and establish the amount of interest due on such Notes in the manner set forth in such Notes, (iii) provide the rate and/or amount of interest and/or exchange rate, as the case may be, to the applicable Paying Agent in the manner set forth in such Notes, and (iv) provide the rate and/or amount of interest and/or exchange rate, as the case may be, to the Company promptly upon receiving a request therefor in writing and to the Holders of such Notes in accordance with the Terms and Conditions applicable thereto. The rate of interest or amount of interest as calculated and established by the applicable Calculation Agent shall be binding upon the Company, the applicable Paying Agent and the Holders of Notes absent willful misconduct, bad faith or manifest error.

11.5 The Company may from time to time deliver, or cause to be delivered, to the Fiscal Agent a Global Registered Note with written instructions from an Authorized Representative of the Company to increase or decrease the aggregate principal amount of Notes represented thereby (which instructions shall be accompanied by evidence satisfactory to the Fiscal Agent, at its reasonable discretion, that the Company is entitled to give such instructions). In the event of an increase or decrease in the aggregate principal amount of Notes represented by a Global Registered Note, the Global Registered Note will be replaced, in accordance with the Applicable Procedures, with a new Global Registered Note to reflect a cancellation, exchange or redemption of such Global Registered Notes pursuant to the terms of this Agreement. Each new Global Registered Note shall be deposited with the Depositary and shall reflect the amount of outstanding Notes represented thereby.

11.6 The Fiscal Agent shall, pursuant to the provisions of this Agreement, the Notes and any applicable Pricing Supplement and at the expense of the Company, arrange for the publication or delivery of any notice which is to be given to the Holders of any Notes in the manner set forth in the Terms and Conditions (including any notices delivered to the Fiscal Agent by the Charge Agent) and shall supply a copy thereof to each Paying Agent (other than the Company),

and shall arrange on behalf of the Company for notices to be communicated to the relevant Stock Exchanges as set forth in the Terms and Conditions and herein.

11.7 The Fiscal Agent shall, pursuant to the provisions of this Agreement, the Notes and any applicable Pricing Supplement:

(a) [Reserved.]

(b) on behalf of the Company and on the basis of the information and documentation in its possession, upon receipt of a written request from the Company and after the payment of any further remuneration agreed between the Company and the Fiscal Agent, use all reasonable efforts to submit such reports or information as may be agreed between the Fiscal Agent and the Company, as required from time to time by applicable law, regulations or guidelines promulgated by any relevant governmental authority in respect of the issue and purchase of Notes denominated in the applicable currency of such governmental regulatory authority.

11.8 The Fiscal Agent shall make available for inspection during office hours at its corporate trust office copies of the Offering Circular (including Pricing Supplements for Series of Notes which are listed), this Agreement, the Charge Documents and the Program Agreement. For this purpose, the Company shall furnish the Fiscal Agent with sufficient copies of such documents.

11.9 The Fiscal Agent shall notify the Charge Agent of any request, demand, authorization, direction, notice, consent, waiver or other action given or taken by the Noteholders in respect of the Charge Documents which is delivered or notified to the Fiscal Agent or of which the Fiscal Agent is otherwise made aware (solely in its capacity as Fiscal Agent) and shall provide the Charge Agent with such information, documents or certificates as the Charge Agent shall request in connection therewith.

11.10 The Fiscal Agent shall make available to Noteholders during the Put Period specified in Condition 5(d) of the Terms and Conditions a form of Put Notice which the Company shall provide to the Fiscal Agent within 30 days from the date of issuance of the Notes. The form of Put Notice shall be available to Noteholders, upon request during usual business hours at the specified office of the Fiscal Agent, and such form of Put Notice will require a Noteholder to provide its bank account information. Upon receipt by the Fiscal Agent of a duly completed Put Notice signed on behalf of the Noteholder and, in the case of a Put Notice relating to Definitive Registered Notes, such Definitive Registered Notes endorsed in blank or with an executed certificate of transfer in accordance with Condition 5(d) of the Terms and Conditions, together in each case with a Put Event Confirmation, the Fiscal Agent shall notify the Company thereof, indicating the principal amount of the Notes in respect of which the Put Option is exercised. The Fiscal Agent with which a Definitive Registered Note is deposited shall hold such Definitive Registered Note on behalf of the depositing Noteholder (but shall not, save as provided below or in the Terms and Conditions, release it) until the date falling seven Business Days following the expiry of the put period which ends 45 days after a Put Event Confirmation is given (the “**Put Date**”), when it shall present the Definitive Registered Notes to be redeemed to the Paying Agent for payment of the redemption moneys therefor and interest (if any) accrued to such date in

accordance with Condition 8 of the Terms and Conditions and the Paying Agent shall pay such amounts in accordance with the directions of the Noteholder contained in the Put Notice; *provided, however,* that if, prior to such Put Date, such Definitive Registered Notes become immediately due and payable or upon due presentation of such Definitive Registered Notes payment of such redemption moneys is improperly withheld or refused, the Fiscal Agent shall, without prejudice to the exercise of the Put Option, return such Definitive Registered Notes to the Noteholder by mailing such Definitive Registered Notes by uninsured post to, and at the risk of, the Noteholder at such address as may have been given by such Noteholder in the relevant Put Notice. The Fiscal Agent shall not be responsible for ascertaining, monitoring or notifying the Noteholders whether or not a Put Event has occurred or whether a Put Event Confirmation was provided. If the Fiscal Agent receives a Put Notice in respect of Notes represented by the Global Registered Note, together with a copy of the Put Event Confirmation and either (x) a bank statement evidencing that the entity providing the Put Notice is the beneficial owner of the principal amount of Notes specified in the Put Notice or (y) a confirmation from a Participant that such person is the beneficial owner of the principal amount of Notes specified in the Put Notice, the Paying Agent shall make payment of the relevant redemption moneys and interest accrued to the Put Date in accordance with the Terms and Conditions and the terms of the Global Registered Note. The Fiscal Agent shall not be responsible for the information contained in any bank statement or Participant confirmation provided in accordance with this Section 11.10 and may conclusively rely on such statement or confirmation.

SECTION 12 TRANSFER AND EXCHANGE OF NOTES; CERTAIN DUTIES OF REGISTRAR

12.1 The transfer and exchange of Notes and Book-Entry Interests under this Section 12 shall be effected in accordance with the Applicable Procedures. The Fiscal Agent shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Agreement or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants or beneficial owners of interests in any Global Registered Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Agreement and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Each Holder of a Note, by its acceptance thereof, (i) agrees to offer, sell or otherwise transfer such Note, prior to the Resale Restriction Termination Date, only (A) for so long as such Note is eligible for resale pursuant to Rule 144A, to a QIB or a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (B) pursuant to an offer and sale to a non-U.S. person (within the meaning of Regulation S) that occurs outside the United States pursuant to Regulation S; (C) pursuant to a registration statement which has been declared effective under the Securities Act; or (D) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to (1) all applicable requirements under this Agreement and (2) any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws; and (ii) agrees that, notwithstanding the fact that such Note may be freely transferable pursuant to the securities laws

of the United States (including, following the Resale Restriction Termination Date, pursuant to Rule 144), (A) all offers, sales, dispositions or other transfers of Notes conducted on the TACT Institutional or placed by a broker acting in its capacity as a Participant may only be made by and among QIBs and Qualifying Investors, and (B) prior to the Resale Restriction Termination Date, offers, sales, dispositions or other transfers of the Notes between two different brokers each of which is acting in its capacity as a Participant may only be conducted on the TACT Institutional.

12.2 (a) Subject to Section 12.2(b) hereof and such reasonable and customary regulations as the Company may from time to time prescribe and the requirements of minimum denomination set forth herein or in any applicable Pricing Supplement, transfers of any Definitive Registered Notes in whole or in part pursuant to this Section must be made at the office of the applicable Registrar or its duly authorized agent or at the office of any Transfer Agent by delivery of such Definitive Registered Note with the form of transfer thereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to, the Company and the applicable Registrar or its duly authorized agent or such Transfer Agent, as the case may be, duly executed by the registered Holder thereof or such registered Holder's attorney-in-fact duly authorized in writing. In exchange for any Definitive Registered Note properly presented for transfer, the Fiscal Agent shall promptly authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company, which will then deliver to the office of the applicable Registrar or its duly authorized agent or at the office of such Transfer Agent, as the case may be, to the transferee or send by mail (at the risk of the transferee) to such address as the transferee may request, a Definitive Registered Note or Notes registered in the name of such transferee, for the same aggregate principal amount as was transferred. Subject to the requirements of minimum denomination set forth herein and in any applicable Pricing Supplement, in the case of the transfer of any Definitive Registered Note in part, the Fiscal Agent shall also promptly authenticate or cause to be authenticated and deliver or cause to be delivered back to the Company, which will then deliver to the office of the applicable Registrar or its duly authorized agent or at the office of any Transfer Agent, as the case may be, to the transferor or send by mail (at the risk of the transferor) to such address as the transferor may request, a Definitive Registered Note or Notes registered in the name of the transferor, for the aggregate principal amount that was not transferred. Definitive Registered Notes may also be exchanged for other Definitive Registered Notes of the same Series in any authorized denominations and of equal aggregate principal amount of Notes of such Series, subject to the requirements of minimum denomination set forth herein and in any applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, a person who acquires a Definitive Registered Note in a transaction exempt from registration under the Securities Act in reliance on Rule 144A or Regulation S may take delivery thereof in the form of an interest in a Global Registered Note representing Notes of the same Series. In exchange for any such Definitive Registered Note properly presented for transfer, the applicable Registrar or its duly authorized agent or any Transfer Agent, as the case may be, shall record such transfer on its records and instruct the Company to deliver, or cause to be delivered, to the Fiscal Agent for authentication and delivery back to the Company a new Global Registered Note to reflect the increase in the aggregate principal amount of Notes represented by the applicable Global Registered Note equal to the aggregate

principal amount of the Definitive Registered Note so transferred. Each new Global Registered Note shall be deposited by the Company with the Depository, (for the avoidance of doubt) shall not bear a Restrictive Legend and shall reflect the amount of outstanding Notes represented thereby. Except as specified in this paragraph, Definitive Registered Notes shall not be exchangeable for interests in a Global Registered Note.

(b) Except as otherwise provided in the applicable Pricing Supplement, in the case of any Definitive Registered Note issued upon transfer or exchange of any such Note (other than in accordance with clause (ii) of this Section 12.2(b)), or issued upon exchange of a Global Registered Note pursuant to Section 5.2 hereof or that is otherwise a “**restricted security**” (as defined in Rule 144), prior to the date which is one year after the Issue Date of any such Note (or of such Global Registered Note, as the case may be), the applicable Registrar shall not register the transfer or exchange of such Note unless such Note is being transferred:

- (i) to a QIB in a transaction that meets the requirements of Rule 144A under the Securities Act and an appropriate notation is made next to box (a) on the transfer notice set forth on such Notes; or
- (ii) to a Qualifying Investor in a transaction that meets the requirements of Regulation S under the Securities Act and an appropriate notation is made next to box (b) on the transfer notice set forth on such Notes; or
- (iii) in a transaction that meets the requirements of Rule 144 and an appropriate notation is made next to box (c) on the transfer notice set forth on such Notes; or
- (iv) to a Dealer and an appropriate notation is made next to box (d) on the transfer notice set forth on such Notes.

(c) The applicable Registrar shall not register the transfer of or exchange of a Definitive Registered Note for a period of 15 days preceding the due date for any payment of interest on the Note, or during the period of 30 days preceding the due date for any payment of principal on the Note, or register the transfer of or exchange any Notes previously called for redemption.

12.3 Global Registered Notes — Book-Entry Provisions. (a) So long as the Depository is the registered Holder of a Global Registered Note, the Depository shall be considered the sole owner or Holder of the Notes represented by such Global Registered Note for all purposes under this Agreement and such Notes. The Applicable Procedures shall be applicable to the recordation, transfers and exchanges of Book-Entry Interests in the Global Registered Notes held through Participants. The rules and procedures of Euroclear and/or Clearstream shall be applicable to any transfer or exchange of Book-Entry Interests in the Global Registered Notes held through Euroclear and/or Clearstream; *provided*, that neither the Company nor the Fiscal Agent will have any obligation to monitor the application of such rules and procedures. Account holders or participants in Euroclear and Clearstream shall have no rights under this Agreement with respect

to such Global Registered Note, and the Depositary may be treated by the Company, any agent hereunder and any agent of the Company as the absolute owner of such Global Registered Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, any agent hereunder, or any agent of the Company from giving effect to any written certification, proxy or other authorization furnished by the TASECH or impair, as between the TASECH and its respective agent members, the operation of customary practices governing the exercise of the rights of a Holder of any Notes.

(b) **Transfers of Global Registered Notes in Whole.** Subject to the provisions of Section 12.4 hereof, transfers of a Global Registered Note shall be limited to transfers of such Global Registered Note in whole, but not in part, to the Depositary or to a successor of the Depositary.

12.4 Each Note surrendered for exchange shall be dated the date of its original issuance. Each Note executed, authenticated and delivered upon any transfer or exchange for or in lieu of the whole or any part of any Note shall carry all rights, if any, to the principal amount (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and to interest, if any, accrued and unpaid and to accrue which were carried by the whole or such part of such Note. No such exchanges, however, shall be made by the applicable Registrar or Transfer Agent, and no Holder of any Note may require such an exchange, during the period of 30 days preceding the due date for any payment of principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) on such Note.

12.5 If Registered Notes are issued upon the transfer, exchange or replacement of other Registered Notes not bearing the restrictive legends required by the respective applicable forms of Note attached hereto (collectively, a “**Restrictive Legend**”), the Notes so issued shall not bear a Restrictive Legend. If Registered Notes are issued upon the transfer, exchange or replacement of other Registered Notes bearing a Restrictive Legend, or if a request is made to remove a Restrictive Legend of a Registered Note, the Registered Notes so issued shall bear a Restrictive Legend as set forth on the applicable form of Note attached hereto, or the Restrictive Legend shall not be removed, as the case may be, unless:

(a) in the case of Definitive Registered Notes issued pursuant to Section 12.2(b), the provisions of clause (ii) thereof shall have been satisfied; or

(b) in any other case there is delivered to the Company and the applicable Registrar such satisfactory evidence, which may include an opinion of counsel, as may be reasonably required by the Company (at the Holder’s expense) that neither the Restrictive Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply, as the case may be, with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Notes are not “restricted securities” within the meaning of Rule 144.

Upon satisfaction of either clause (a) or (b), the applicable Registrar, at the direction of the Company, shall authenticate or cause to be authenticated and deliver or cause to be delivered a

Note that does not bear the Restrictive Legend. If the Restrictive Legend is removed from the face of a Definitive Registered Note and such Note is subsequently held by the Company or an affiliate (as defined in Rule 144) of the Company and the applicable Registrar obtains actual knowledge that such Note is so held, or if such Note is transferred to a QIB pursuant to Rule 144A, the Restrictive Legend shall be reinstated.

12.6 Prior to satisfaction of the applicable requirements in this Section 12 for registration of transfer, the Company, the Fiscal Agent, the applicable Registrar, the applicable Paying Agent and the applicable Transfer Agent may deem and treat the registered Holder as appears in the Note Register of any Registered Note as the absolute owner of such Note, in each case for the purpose of receiving payment of the principal (including premium and redemption amount, if any, and in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of such Note and for all other purposes whatsoever, regardless of any notice of ownership, theft or loss or of any writing thereon.

12.7 The applicable Registrar or its duly appointed agent shall maintain in relation to Global Registered Notes and Definitive Registered Notes of each Series a note register (the “**Note Register**”), in which shall be recorded the names and addresses of all registered Holders of Registered Notes, the aggregate principal amount held by each of them, the Note numbers, and the other details with respect to the issuance, transfer and exchange of such Notes. The applicable Registrar shall make each Note Register and all such records available for inspection at all reasonable times by the Company and the Fiscal Agent, and shall perform its obligations hereunder in accordance with such regulations and procedures as may be agreed from time to time with the Company and the applicable Registrar.

12.8 Transfer, registration and exchange of any Note or Notes shall be permitted and effected as provided in this Section 12 without any charge to the Holder of any such Note or Notes, other than any taxes or governmental charges payable in connection therewith or any expenses of delivery (other than delivery by regular mail) including, without limitation, insurance, postage and transportation.

SECTION 13 FEES AND EXPENSES

13.1 The Company undertakes to pay on demand to each Paying Agent, each Transfer Agent, each Registrar and each Calculation Agent such fees as may from time to time have been agreed in writing between such Paying Agent, Transfer Agent, Registrar and Calculation Agent on the one hand, and the Company, on the other hand, in respect of the services of such Paying Agent, Transfer Agent, Registrar and Calculation Agent hereunder (plus any applicable tax relating only to the payment of such fees and excluding any income or franchise tax).

13.2 The Company shall pay the compensation of the Fiscal Agent at such rates as shall be agreed upon from time to time in writing (plus any applicable tax relating only to the payment of such fees and excluding any income or franchise tax) and shall on demand reimburse the Fiscal Agent for its reasonable out-of-pocket expenses (including, without limitation, reasonable legal fees and expenses), disbursements and advances incurred or made in accordance with its execution and administration of this Agreement (plus any applicable tax relating only to

the payment of such amounts with respect to the Fiscal Agent's execution and administration of this Agreement and excluding any income or franchise tax), except for any expense, disbursement or advance incurred or made as a result of the gross negligence, bad faith or willful misconduct of the Fiscal Agent. The obligations of the Company to the Fiscal Agent pursuant to this Section 13 and under Section 14 hereof shall survive the resignation or removal of the Fiscal Agent and the satisfaction or termination of this Agreement. The Fiscal Agent shall have a lien over all property and funds held by it in any capacity hereunder for any amount owing it or any predecessor Fiscal Agent pursuant to this Section 13 or Section 14 hereof, except with respect to property and funds held by the Fiscal Agent for payment to the Holders of a particular Series of Notes.

13.3 The Company shall on demand reimburse each Paying Agent, Transfer Agent, Registrar and Calculation Agent for all reasonable out-of-pocket expenses (including, without limitation, reasonable legal fees and expenses), disbursements and advances incurred or made in connection with its services hereunder (plus any applicable tax relating only to the payment of such amounts with respect to the Paying Agent, Transfer Agent, Registrar and Calculation Agent's services under this Agreement and excluding any income or franchise tax) except for any expense, disbursement or advance incurred or made as a result of the negligence, bad faith or willful misconduct of such Paying Agent, Transfer Agent, Registrar and Calculation Agent.

13.4 The Company undertakes to pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) imposed by the State of Israel or the United States, if applicable, which may be payable upon or in connection with the execution and delivery of this Agreement, and shall indemnify the Fiscal Agent, each Paying Agent, each Transfer Agent, each Registrar and each Calculation Agent against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, reasonable legal fees and expenses and any applicable tax) which it may incur as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

SECTION 14 CONDITIONS OF OBLIGATIONS OF THE FISCAL AGENT, REGISTRAR, PAYING AGENTS, TRANSFER AGENTS AND ANY CALCULATION AGENT

14.1 The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent each accepts its obligations herein set forth, which obligations shall be several and not joint, upon the terms and conditions hereof, including the following, to all of which the Company agrees and to all of which the rights of Holders from time to time of Notes are subject:

(a) In acting under this Agreement and in connection with the Notes, the Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent are each acting solely as an agent of the Company and do not assume any responsibility for the correctness of the recitals in the Notes (except for the correctness of the statement of the Fiscal Agent in its respective certificate of authentication thereon) or any fiduciary obligation or relationship of agency, for or with any of the owners or Holders of the Notes.

(b) The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent may consult with their respective counsel or other counsel satisfactory to them at the expense of the Company, and the opinion or advice of such counsel shall be full and complete authorization and protection from liability in respect of any action taken or suffered by them hereunder in good faith and without gross negligence and in reliance upon such opinion.

(c) The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent each shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement, opinion, report or other paper or document to the extent that such communication conforms to the provisions set forth herein, believed by it, in good faith and without gross negligence, to be genuine and to have been passed or signed by the proper parties.

(d) No provision of this Agreement will require the Fiscal Agent, any Paying Agent, any Calculation Agent, any Transfer Agent or any Registrar to expend or risk its own funds in performing its obligations hereunder.

(e) The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent shall (except as ordered by a court of competent jurisdiction or as required by any applicable law), notwithstanding any notice to the contrary, be entitled to treat the Holder of any Note as the owner thereof as set forth in Section 12.7 hereof, shall not be liable for so doing and shall be indemnified and held harmless by the Holder against any loss, liability, claim, demand or expense arising from or based upon it so doing.

(f) The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent and their respective officers, directors and employees may become the owners of, or acquire any interest in, any Notes with the same rights that they would have if they were not such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent or such person, and may engage or be interested in any financial or other transaction with the Company, and may act on, or as trustee or agent for, any committee or body of Holders of Notes or other obligations of the Company as freely as if they were not such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent.

(g) In no event shall the Fiscal Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by acts of war or terrorism involving the United States, the United Kingdom, the State of Israel or any member state of the European Monetary Union or any other national or international calamity or emergency (including natural disasters or acts of God), it being understood that the Fiscal Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(h) The Fiscal Agent, each Registrar, each Paying Agent and each Transfer Agent shall not be under any liability for interest on moneys at any time received by it pursuant to any of the provisions of this Agreement or of the Notes.

(i) The Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent shall not be responsible for the validity of this Agreement or any Note or for any act done or omitted in connection herewith or therewith, except in the case of its gross negligence or willful misconduct.

(j) Whenever in the administration of this Agreement the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence on its part, rely upon a certificate signed by an Authorized Representative and delivered to the Fiscal Agent.

(k) The duties and obligations of the Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent shall each be determined solely by the express provisions of this Agreement, the Notes, and any applicable Pricing Supplement, and the Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, the Notes and any applicable Pricing Supplement, and no implied covenants or obligations shall be read into this Agreement, the Notes or any applicable Pricing Supplement against the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent. Notwithstanding the foregoing, no Pricing Supplement may impose additional duties and obligations on the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent without their prior written consent or agreement.

(l) Delivery of reports, information and documents to the Fiscal Agent is for informational purposes only and the Fiscal Agent's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein.

(m) In no event shall the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatever (including, but not limited to, loss or profit) irrespective of whether such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

(n) The Fiscal Agent will not be liable for any error of judgment made by it in good faith, unless it is proved that the Fiscal Agent was grossly negligent in ascertaining the pertinent facts.

(o) The Fiscal Agent will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Sections 11.10 and 17 hereof or any provision set forth in the Terms and Conditions,

including, but not limited to, Condition 7, or for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Agreement.

(p) The Fiscal Agent will be under no obligation to exercise any of its rights and powers under this Agreement at the request of any Holder, unless such Holder has offered to the Fiscal Agent security and indemnity satisfactory to it against any loss, liability or expense.

(q) The Fiscal Agent may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Fiscal Agent need not investigate any fact or matter stated in the document.

(r) The rights, privileges, protections, immunities and benefits given to the Fiscal Agent, including its right to be indemnified and/or secured to its satisfaction, are extended to, and shall be enforceable by, the Fiscal Agent in any other capacity hereunder and by each agent and other person employed by it to act hereunder.

14.2 The Company shall indemnify the Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent and each Calculation Agent against any and all loss, liability, cost, claim, action, demand or expense (including reasonable fees and expenses of legal counsel) as incurred arising out of or in connection with their respective appointments, or the exercise of their respective powers and performance of their respective duties hereunder, under the Notes or under any applicable Pricing Supplement, or performance of any other duties pursuant to the terms and conditions hereof, except such as may result from the willful misconduct or gross negligence of such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent. Notwithstanding anything contained in this Agreement to the contrary, the indemnity agreement set forth in this paragraph shall survive the termination of this Agreement and the resignation or removal of such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent.

14.3 In order to comply with applicable tax laws (inclusive of rules, regulations and interpretations promulgated by competent authorities) related to this Agreement in effect from time to time (“**Applicable Tax Law**”) that a foreign financial institution, issuer, fiscal agent, paying agent or other party is or has agreed to be subject to, the Company agrees, notwithstanding anything in this Agreement to the contrary, (i) to provide to the Fiscal Agent or the Paying Agent, as applicable, to the extent permitted by law (including privacy laws) sufficient information in its possession about the parties and/or transactions (including any modification to the terms of such transactions) so the Fiscal Agent or Paying Agent, as applicable, can determine whether it has tax related obligations under Applicable Tax Law, and (ii) that the Fiscal Agent and the Paying Agent shall be entitled to make any withholding or deduction from payments to the extent necessary to comply with Applicable Tax Law for which the Fiscal Agent and the Paying Agent shall not have any liability.

14.4 To the extent any provision of any Note or any exhibit, annex or schedule to this Agreement conflicts with the express provisions of this Agreement, the provisions of this Agreement shall govern and be controlling.

SECTION 15 RESIGNATION AND APPOINTMENT OF SUCCESSOR

15.1 The Company agrees, for the benefit of the Holders from time to time of the Notes of a Series, that there shall at all times be a Fiscal Agent, a Registrar and a Calculation Agent hereunder and for so long as any Notes are listed for trading on the TACT Institutional and the Applicable Procedures so require, a Paying Agent and a Transfer Agent for payment of principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of such Notes, until all the Notes of such Series have been delivered to the Fiscal Agent for cancellation, or moneys sufficient to pay the principal (including premium and redemption amount, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of such Series shall have been made available for payment and either paid or returned to the Company.

15.2 The Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent may at any time resign by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; *provided, however*, that such date shall not be less than 60 days from the date on which such notice is given, unless the Company agrees to accept shorter notice. The Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed on behalf of the Company and specifying such removal and the date when it shall become effective. Notwithstanding the foregoing, the dates of effectiveness of resignation or removal referred to above shall take effect only upon the appointment by the Company, as hereinafter provided, of a successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, and the acceptance of such appointment by such successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent. Upon its resignation or removal, the Fiscal Agent shall be entitled to payment by the Company pursuant to Section 13 hereof of compensation for services rendered and to reimbursement of out-of-pocket expenses incurred hereunder in each case prior to such resignation or removal.

15.3 In case at any time the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent in respect of the Notes of a Series (if such Paying Agent or such Transfer Agent is the only Paying Agent or Transfer Agent, as the case may be, located in a place where, by the terms of the Notes of such Series or this Agreement, a Paying Agent or a Transfer Agent is required to be maintained) shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors or consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay or meet its debts as they severally mature, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered approving any petition filed by or against it under the provision of bankruptcy or similar legislation or if a receiver of it or its property shall be appointed, or if any public officer shall take charge or control of it or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, subject as aforesaid, shall be appointed by the Company by an instrument in writing, filed with the successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent as the case

may be, and the predecessor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be. Upon the appointment as aforesaid of a successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, and acceptance by such successor of such appointment, the Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, so succeeded shall cease to be Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, hereunder. If no successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, shall have been so appointed and shall have accepted appointment as hereinafter provided within 30 days of the relevant event, and if such Paying Agent or Transfer Agent is the only Paying Agent or Transfer Agent located in a place where by the terms of the Notes of a Series or this Agreement a Paying Agent or a Transfer Agent is required to be maintained, then any Holder of a Note who has been a *bona fide* Holder of a Note for at least six months (which Note, in the case of such Paying Agent or Transfer Agent, is of the Series referred to in this sentence), on behalf of himself and all others similarly situated, or the Fiscal Agent may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor agent. The Company shall give prompt written notice to the Fiscal Agent, each Registrar, each Paying Agent, each Transfer Agent, each Calculation Agent and the Noteholders of the appointment of any successor agent.

15.4 Any successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and the Company an instrument accepting such appointment hereunder, and thereupon such successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, immunities, duties and obligations of such predecessor with like effect as if originally named as Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent hereunder, and such predecessor, upon payment of its compensation and reimbursement of its disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, shall be entitled to receive, all moneys, securities, books, records or other property on deposit with or held by such predecessor as Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, hereunder.

15.5 Subject to the provisions of Section 14 hereof, any entity into which the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent, as the case may be, hereunder may be merged, or any entity resulting from any merger or consolidation to which the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent, as the case may be, shall be a party, or any entity to which the Fiscal Agent, any Registrar, any Paying Agent, any Transfer Agent or any Calculation Agent, as the case may be, shall sell or otherwise transfer all or substantially all the assets and business of such Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, shall be the successor Fiscal Agent, Registrar, Paying Agent, Transfer Agent or Calculation Agent, as the case may be, under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

SECTION 16 NOTICES

16.1 All notices and communications hereunder shall be in writing and be deemed to have been given when sent by facsimile or first-class mail, addressed to any party hereto as follows:

- (a) if to the Company (including to the Company in its capacity as Paying Agent, Registrar, Transfer Agent and Calculation Agent), at:
The Israel Electric Corporation Limited 1
Netiv Ha'or Street,
P.O. Box 10 Haifa 31000
Israel
Facsimile: +972-4-818-6232
Attention: Finance Division
- (b) if to the Fiscal Agent, at:
Hermetic Trust (1975) Ltd.
113 Hayarkon Street
Tel Aviv 63573
Israel
Facsimile: +972-3-527-1451
Attention: Mrs. Merav Offer

(c) if to a Calculation Agent, Paying Agent, Transfer Agent or Registrar not originally a party hereto, specified by notice to the other parties hereto at or about the time of its appointment as the agent of the Company in relation to the Notes for the attention of the person or department therein specified,

or, in any case, to such other address, telex number or fax number or for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose.

16.2 Unless otherwise specifically provided in this Agreement or in the Terms and Conditions, in providing any notice or other communication to Holders pursuant to this Agreement, the Company shall (i) for so long as any Notes are represented by Global Registered Notes, deliver any such notice and all other communications to Holders to the Depositary, for the purpose of delivery to the relevant clearing system for further communication to their entitled account holders; (ii) for so long as any Notes are listed for trading on the TACT Institutional, publish such notice and all other communications to Holders through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency; and (iii) for so long as any Notes are listed for trading on the TACT Institutional and to the extent and in the manner permitted by the Applicable Procedures, post such notice and all other communications to Holders on the official website of the TASE (<http://maya.tase.co.il> or any successor website thereto). Notwithstanding (i) – (iii) above, so long as the Company is obligated to file annual, quarterly, and periodic reports with an Israeli or other exchange on which any of its securities are listed for trading or securities regulatory authority in Israel or elsewhere with authority with respect to the Company, and complies with such obligations by filing such reports in English or provides an English translation thereof, the Company shall not be required to deliver the Reports and Notifications, as defined in Condition 3(f) to the Terms and Conditions, following the procedures set forth in this clause 16.2. If publication as provided above is not practicable, notice will be given in such other manner and shall be deemed to have been given on such date, in writing and sent first class postage pre-paid, and shall be addressed to such Holders at their respective addresses appearing in the Note

Register maintained pursuant to this Agreement. In the case of Definitive Registered Notes, notices will be mailed to Holders at their respective addresses as they appear on the records of the applicable Registrar. The Fiscal Agent shall furnish notices to Holders pursuant to Sections 11.10 and 17 hereof and Condition 7 to the Terms and Conditions by publishing such notices on the TACT Institutional System; *provided*, that if such publication is not practicable, notices will be mailed to the Holders at their respective addresses as they appear on the records of the applicable Registrar.

SECTION 17 ACTS OF HOLDERS, MODIFICATIONS AND AMENDMENTS

17.1 Consents of Holders of Notes of one or more Series may be solicited at any time and from time to time by the Company to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or the Notes of such Series to be made, given or taken by Holders of Notes of such Series or to modify, amend or supplement the Terms and Conditions of the Notes of such Series, the Charge Documents or the Fiscal Agency Agreement as hereinafter provided. The Company may at any time solicit the consents of Holders of Notes of one or more Series for any such purpose. In case at any time the Holders of at least 10 percent in aggregate principal amount of the Notes then Outstanding of a Series shall have requested the Company to solicit the consents of the Holders of Notes of such Series to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or the Notes of such Series, by written request setting forth in reasonable detail the action proposed to be taken in such solicitation of consents, the Company shall solicit such consents of Holders.

17.2 To be entitled to consent, a person must be a Holder of Outstanding Notes of such Series or a person appointed by an instrument in writing as proxy for a Holder or Holders of Outstanding Notes of such Series by such Holder or Holders, which proxy need not be a Holder of Notes.

17.3 The Company shall fix a record date for the purpose of determining the Holders entitled to consent to any modification, amendment, supplement or waiver. Those persons who were Holders at such record date (or their duly designated proxies), and only such persons, shall be entitled to consent to such modification, amendment, supplement, waiver or other action or to revoke any consent previously given, whether or not such persons continue to be Holders after such record date. Each consent in respect of any proposed modification, amendment, supplement, waiver or other action shall expire 120 days after such record date unless such modification, amendment, supplement, waiver or other action has taken effect.

17.4 Except as otherwise provided in this Section 17, any modification, amendment, supplement or waiver to the Fiscal Agency Agreement or the Terms and Conditions of the Notes of a Series shall require the written consent or approval of the Company, the Fiscal Agent and the consents of Holders of a majority of the aggregate principal amount of the Notes then Outstanding of such Series (a “**Requisite Majority**”); *provided, however*, that for any such modification, amendment, supplement or waiver that affects the Notes then Outstanding of more than one Series (as determined by the Company) shall require the consent of Holders of a majority in aggregate principal amount of the Outstanding Notes affected thereby. Any modifications, amendments, supplements or waivers to the Charge Documents shall require the consent of the

Company, the Charge Agent and the Requisite Majority of each Series of Notes secured thereby voting separately. Except as otherwise provided in this Section 17, any such modification, amendment, supplement or waiver with respect to any Series of Notes pursuant to this Section 17 shall be conclusive and binding on all Holders of Notes of such Series, whether or not they have given such consent and whether or not notation of such modification, amendment, supplement or waiver is made upon the Notes of such Series, and on all future Holders of Notes of such Series. Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment, supplement or waiver shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note.

17.5 Notwithstanding anything herein to the contrary, the consent for any release of the Note Floating Charge with respect to a Series of Notes or any modification, amendment, supplement or waiver to such Series or to the Charge Documents with respect to such Series, in each case in connection with such consent, requires the consent of the Requisite Majority of such Series of Notes voting separately. In addition, any instructions provided by the Holders secured by the Note Floating Charge with respect to the Note Floating Charge or the Collateral Trust Agreement require the approval of the Holders of the majority in aggregate principal amount of the Notes then Outstanding and so secured voting together.

17.6 Notwithstanding anything herein to the contrary, no modification, amendment, supplement or waiver to any Series of Notes, this Agreement or the Charge Documents may (i) change the maturity of the principal (including premium or redemption amounts, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) or interest, if any, in respect of any Notes of such Series, or reduce the principal amount (including premium or redemption amounts, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts payable in respect thereof) thereof, or reduce the rate or extend the time of payment of any installment of interest thereon; (ii) change the place of payment of principal of, or interest on, any Notes of such Series; (iii) change the currency of payment of principal of, or interest on, any Notes of such Series; (iv) change the Company's obligation to pay Additional Amounts; (v) impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date therefor (or in the case of redemption, on or after the redemption date); (vi) permit the creation of any Fixed Charge or Floating Charge (other than Permitted Security Interests) or release the Note Floating Charge (other than as provided in the preceding paragraph) or deprive the Holders of the Notes of the security afforded by the Note Floating Charge (other than as provided in the preceding paragraph); (vii) waive an Event of Default in the payment of principal of, or interest on, the Notes of such Series; or (viii) reduce the proportion of the principal amount of Notes of such Series the consent of the Holders of which is necessary to modify or amend this Agreement, the Terms and Conditions of the Notes of such Series or the Charge Documents or to make, take or give consent, waiver or other action provided hereby or thereby to be made, taken or given, in each case, unless each such proposed action or modification, amendment or supplement is approved by an extraordinary resolution (an "**Extraordinary Resolution**") which may only be passed with the consent of each Holder affected by such modification, amendment, supplement or waiver; *provided, however*, that the currency of payment of principal of, or interest on, any Notes of a Series listed for trading on the TACT Institutional may not be changed in any circumstances so long as such Notes are listed thereon.

17.7 It shall not be necessary for the consent of the Holders of Notes to approve the particular form of any proposed modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action, and it shall be sufficient if such consent shall approve the substance thereof. Any instrument given by or on behalf of any Holder of a Note of a Series in connection with any consent to any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note or any Note issued directly or indirectly in exchange or substitution therefor or in lieu thereof; *provided*, that any Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Company receives written notice of revocation before the date on which such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action becomes effective. A modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action shall become effective upon the Fiscal Agent being furnished with the required consents of Holders, subject to the terms of this Agreement. A consent to any modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action by any Holder given in connection with a tender of such Holder's Notes shall not be rendered invalid by such tender. Notice of any modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action with respect to the Notes of a Series or the Fiscal Agency Agreement (other than for purposes of curing any ambiguity or of curing, correcting or supplementing any defective provision hereof or thereof) shall be given, in all cases, as provided in the Notes of such Series. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action.

17.8 The Company and the Fiscal Agent may agree, without the consent of any Holder of Notes, to any modifications, amendments, supplements or waivers to the Fiscal Agency Agreement or the Terms and Conditions of the Notes and the Company and the Charge Agent may agree, without the consent of any Holder of Notes to any modifications, amendments, supplements or waivers to the Charge Documents, in each case subject to Section 17.4 and Section 17.5 hereof, as applicable, and solely for the purposes of (i) adding to the covenants of the Company for the benefit of the Holders of Notes; (ii) surrendering any right or power conferred upon the Company; (iii) correcting or supplementing any defective provision, ambiguity, inconsistency or manifest error contained in this Agreement, the Notes or (solely with the consent of the Company and the Charge Agent) correcting or supplementing any defective provision, ambiguity, inconsistency or manifest error contained in the Charge Documents, each in a manner which does not adversely affect the interests of any Holders of the Notes in any respect; (iv) amending the certification requirements set forth in this Agreement in order to allow the Company to comply with the certification requirements with respect to nationality or status as required by Applicable Law; (v) making technical and other amendments that do not adversely affect the interest of any Holder of Notes in order to allow or facilitate the listing or acceptance for listing for trading or quoting of the Notes on the TACT Institutional or another exchange or platform; (vi) the acceptance and appointment of a successor Fiscal Agent pursuant to the requirements of the Agreement; (vii) making any amendment to the provisions of this Agreement relating to the transfer and legending of Notes as permitted hereunder, including to facilitate the issuance and administration of Notes; provided, however, that (a) compliance with this Agreement as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and

(b) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect; or (viii) otherwise making any modification, or granting any waiver or authorization of any breach or proposed breach of, any of the Terms and Conditions of the Notes or any other provisions of this Agreement or the Charge Documents in any manner which the Company and the Fiscal Agent or the Charge Agent, as the case may be, may determine provided that such modification, waiver or authorization does not adversely affect the interests of any Holders of Notes in any material respect.

17.9 Notes of a Series authenticated and delivered after the effectiveness of any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may bear a notation in the form approved by the Fiscal Agent and the Company as to any matter provided for in such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action. New Notes of such Series modified to conform to any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may be prepared by the Company, authenticated by the Fiscal Agent and delivered in exchange for the Outstanding Notes of such Series.

17.10 Prior to executing any amendment to this Agreement, the Fiscal Agent, each Paying Agent (other than the Company), each Calculation Agent (other than the Company), each Transfer Agent and each Registrar shall be entitled to receive an opinion of counsel, at the Company's expense, stating that such amendment is permitted by the terms of this Agreement and that all conditions precedent thereto have been met.

17.11 For purposes of the provisions of this Agreement and the Terms and Conditions of the Notes, any Note authenticated and delivered pursuant to this Agreement shall, as of any date of determination, be deemed to be "**Outstanding**," *except*:

(a) Notes theretofore canceled by the Fiscal Agent or delivered to or to the order of the Fiscal Agent for cancellation;

(b) Notes which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which moneys sufficient to pay the principal thereof (including premium and redemption, if any, and in the case of Original Issue Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) and interest, if any, in respect thereof shall have been made available to the Paying Agent; or

(c) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to this Agreement;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Notes of a Series have consented to any amendment, modification, supplement, request, demand, authorization, direction, notice, consent, waiver or other action hereunder (including as a result of the occurrence of an Event of Default), Notes of such Series (or beneficial interests therein) owned directly or indirectly by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that for the purposes of determining

whether the Fiscal Agent will be protected in relying on any such amendment, modification, supplement, request, demand, authorization, direction, notice, consent, waiver or other action, only Notes that the Fiscal Agent knows are so owned will be so disregarded. As used herein, the term “**Affiliate**” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such person. For the purposes of this definition, (i) “**control**” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing; and (ii) “**person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

17.12 For purposes of this Section 17, the Holder of a Note may consent for each currency unit in principal amount of the Notes held by such Holder in which such Notes are denominated. Notwithstanding the foregoing, a consenting Holder of a Note which does not specify regular payments of interest, including, without limitation, Original Issue Discount Notes, shall be entitled to consent for each such currency unit of the redemption value of such Note calculated as of such date as the Company shall designate for such purpose. Where Notes are denominated in one or more currencies other than U.S. Dollars, the U.S. Dollar equivalent of such Notes shall be calculated at the respective Market Exchange Rates on such date as the Company shall designate for such purpose and each Holder of such a Note shall be permitted to consent for every U.S. Dollar of Notes (converted as aforesaid) which it holds.

SECTION 18 GOVERNING LAW; SUBMISSION TO JURISDICTION

18.1 This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

18.2 Each party hereto hereby irrevocably submits to the jurisdiction of any United States Federal or New York State court sitting in New York City, the Borough of Manhattan and further agrees to submit to the jurisdiction of any competent court in the place of its corporate domicile, for the purposes of any suit, action or proceeding arising out of or related to this Agreement (“**Proceedings**”). Each party hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such Proceedings brought in such a court and any claim that any such Proceedings have been brought in an inconvenient forum. Each party hereto agrees that final judgment in any Proceedings brought in such a court shall be conclusive and binding upon it and may be enforced in any court to the jurisdiction of which it is subject by a suit upon such judgment; *provided*, that, in the case of the Company, service of process is effected on it in accordance with Section 18.5 hereof or as otherwise permitted by law. Each party hereby agrees to the non-exclusive jurisdiction of the courts of the State of New York, or the federal courts sitting in the County of New York, in connection with any action brought by it against another party hereto. EACH OF THE PARTIES HERETO (AND HOLDERS BY THEIR ACQUISITION OF A NOTE) HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

18.3 As long as any Note remains outstanding, the Company shall at all times have an authorized agent in New York City, the Borough of Manhattan upon whom process may be served in connection with any Proceedings. Service of process upon such agent and written notice of such service delivered to the Company shall, to the fullest extent permitted by applicable law, be deemed in every respect effective service of process upon the Company in any Proceedings. The Company hereby appoints Corporation Service Company, whose office address at the date hereof is 1180 Avenue of the Americas, Suite 210, New York, NY 10036, as its agent for such purposes, and covenants and agrees that (i) service of process in any Proceedings may be made upon it at such offices of such agent (or such other address in New York City, the Borough of Manhattan and at the offices of such other authorized agents as the Company may designate by written notice to the Fiscal Agent) and (ii) prior to any termination of such agency for any reason, the Company shall appoint a successor thereto as agent.

18.4 The Company consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings. To the extent that the Company may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment, or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Company irrevocably agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction and agrees that the waivers set forth in this paragraph shall have the fullest extent permitted under the United States Foreign Sovereign Immunities Act of 1976 and are intended to be irrevocable for purposes of such act.

18.5 Service of process personally delivered upon the agent specified in Section 18.3 hereof and written notice of such service delivered to the Company shall be deemed in every respect effective service of process upon the Company; *provided, however*, that no notice by mail on the Company or any of its agents shall be deemed effective service of process.

18.6 Notwithstanding anything to the contrary above, the Note Floating Charge shall be governed by, and construed in accordance with the laws of the State of Israel and any Proceedings and matters related thereto shall be submitted to the exclusive jurisdiction of the District Court of Israel sitting in Haifa.

SECTION 19 JUDGMENT CURRENCY

Each party hereto agrees that, if a judgment or order given or made by any court for the payment of any amount due to any other party hereto is expressed in currency (the “**judgment currency**”) other than the currency (the “**denomination currency**”) in which such amount is payable, it shall indemnify such other party against any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment or order and the date of actual payment thereof. This indemnity shall constitute a separate and independent obligation from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective

of any indulgence granted from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of any amounts so due in respect hereof under any such judgment or order.

SECTION 20 SUCCESSORS AND ASSIGNS; BENEFIT OF AGREEMENT

All covenants and agreements of the parties hereto under this Agreement shall bind their respective successors and assigns, whether or not so expressed herein. Nothing contained in this Agreement or in the Notes, express or implied, shall give to any person, other than the parties hereto and their successors and assigns and the Holders from time to time of the Notes, any benefits or any legal or equitable right, remedy or claim under this Agreement.

SECTION 21 CANCELLATION OF UNISSUED NOTES

Upon the written request of the Company, the Fiscal Agent shall return all unissued Registered Notes to the Company.

SECTION 22 HEADINGS

The section headings herein are for convenience only and shall not affect the construction hereof.


SECTION 23 COUNTERPARTS

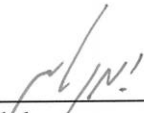
This Agreement may be executed in any number of separate counterparts, and by each party separately on a separate counterpart, and each such counterpart, when so executed and delivered, shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Such counterparts shall together constitute but one and the same instrument.

[The remainder of this page is left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE ISRAEL ELECTRIC CORPORATION
LIMITED

By: 
Name: Avraham Doitchman
Title: Chief Financial Officer
and Senior Vice President, Finance and
Economics

By: 
Name: Itzik Mandelman
Title: Head of Finance Division

HERMETIC TRUST (1975) LTD.,
as Fiscal Agent

By: _____
Name:
Title:

[Signature Page to the Second Amended and Restated Fiscal Agency Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

THE ISRAEL ELECTRIC CORPORATION
LIMITED

By: _____
Name: Avraham Doitchman
Title: Chief Financial Officer
and Senior Vice-President, Finance and
Economics

By: _____
Name: Itzik Mandelman
Title: Head of the Finance Division

HERMETIC TRUST (1975) LTD.,
as Fiscal Agent


By: 
Name: Merav Offer
Title: Joint CEO

EXHIBIT A**TERMS AND CONDITIONS OF THE NOTES**

The following are the Terms and Conditions of the Notes which (subject to completion and amendment) will be attached to, endorsed upon or incorporated by reference into each Global Note and each Definitive Note; provided, that the relevant Pricing Supplement in relation to any Notes may specify terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes.

This Note is one of a series of Notes issued by The Israel Electric Corporation Limited (“**IEC**”) issued under the Global Medium-Term Note Program (the “**Program**”) pursuant to the Second Amended and Restated Fiscal Agency Agreement, dated as of February 1, 2018 (as may be amended or supplemented from time to time, the “**Fiscal Agency Agreement**”) and made by and between the Company and Hermetic Trust (1975) Ltd. (“**Hermetic**”), in its capacity as fiscal agent (together with any successor to or substitute for Hermetic in such capacity, the “**Fiscal Agent**”). The Company will serve as the initial calculation agent (together with any successor to or substitute for the Company in such capacity and any additional calculation agents appointed in accordance with the Fiscal Agency Agreement, a “**Calculation Agent**”) for any Notes that are not listed on the TACT Institutional. The Company will serve as the initial paying agent (together with any successor to or substitute for the Company in such capacity and any additional paying agents appointed in accordance with the Fiscal Agency Agreement, a “**Paying Agent**” for any Notes that are denominated in U.S. Dollars or Shekels). The Company will serve as the initial transfer agent (together with any successor to or substitute for the Company in such capacity and any additional transfer agents appointed in accordance with the Fiscal Agency Agreement, a “**Transfer Agent**,”) and as the initial registrar (together with any successor to or substitute for the Company in such capacity, and any additional registrars appointed in accordance with the Fiscal Agency Agreement, a “**Registrar**”). Reference herein to the “**Notes**” shall mean (i) definitive Notes, and (ii) any global Note. Unless otherwise specified on the Notes or in the applicable Pricing Supplement, the Company shall act as Calculation Agent in respect of the Notes. The Notes are issued with the benefit of the Note Floating Charge and the related Collateral Trust Agreement (each as defined in Condition 2) executed by the Company in favor of Hermetic Trust (1975) Ltd. as charge agent (the “**Charge Agent**”) for the benefit of the Holders (as defined below) of the Notes. Copies of the Fiscal Agency Agreement, the Note Floating Charge and the related Collateral Trust Agreement are available upon request at the specified offices of the Fiscal Agent, the Registrar and each Paying Agent (other than the Company). References herein to the “**Terms and Conditions**” of the Notes are to these terms and conditions as supplemented, replaced and/or modified by the Pricing Supplement applicable to this Note and references to a specific numbered “**Condition**” are to the paragraphs set out below. The holders of Notes (“**Holders**,” which expression shall, in relation to any Notes represented by a global Note, be construed as provided below) are deemed to have notice of, and are entitled to the benefit of and are bound by, all the provisions of the Fiscal Agency Agreement, the Pricing Supplement, the Note Floating Charge and the Collateral Trust Agreement, which are applicable to them. Capitalized terms used and not otherwise defined herein have the meanings set forth under “**Certain Definitions**.”

The aggregate principal amount of Notes at any time outstanding under the Program, including Notes issued pursuant to the Fiscal Agency Agreement, dated as of April 23, 2008, by and among the Company, The Bank of New York Mellon (previously The Bank of New York), London branch, in its capacity as fiscal agent, calculation agent, paying agent and transfer agent, and The Bank of New York Mellon (previously The Bank of New York), New York branch, as registrar and transfer agent, as amended by the First Amendment to the Fiscal Agency Agreement, dated as of February 1, 2012, the Second Amendment to the Fiscal Agency Agreement, dated as of June 10, 2013, and the First Amended and Restated Fiscal Agency Agreement, dated as of October 29, 2014, by and between the Company and Hermetic Trust (1975) Ltd., in its capacity as fiscal agent, shall not exceed U.S.\$7,500,000,000 (or the equivalent thereof, at the respective dates of issue, in other currencies or composite currencies), subject to the right of the Company to increase such amount upon the satisfaction of certain conditions set forth in the Program Agreement dated April 23, 2008 by and among the Company and the several Dealers (as defined below) named therein (as amended and together with any further amendments or supplements thereto, the “**Program Agreement**”).

The Notes shall be issued in one or more series (each, a “**Series**”), which, as used herein, means each original issue of Notes together with any further issues expressed to form a single Series with the original issue issued by the Company and which are denominated in the same Specified Currency (as defined below), have the same Maturity Date (as defined in Condition 4), bear interest (if any) on the same basis and at the same rate and the terms of which, other than the date on which such Notes are issued (the “**Issue Date**”), the date from which such Notes bear interest (the “**Interest Commencement Date**”) and/or the price (expressed as a percentage of the aggregate principal amount) at which such Notes are issued (the “**Issue Price**”), are otherwise identical, including whether or not the Notes are listed. As used herein, “**Tranche**” means all Notes of the same Series with the same Issue Date, Issue Price and Interest Commencement Date.

As set forth in Condition 8, the Notes of each Series shall be denominated in such currency or composite currency (a “**Specified Currency**”), subject to any laws or regulations applicable to such currency or composite currency, as may be agreed upon by the Company and the relevant Dealer or Dealers, as specified in the Pricing Supplement relating to the Notes, and payments in respect of each Note shall be made in the Specified Currency for such Note.

Notes of each Series shall have such maturities as may be agreed between the Company and the relevant Dealer or Dealers and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Company or the Specified Currency. The Notes shall bear interest, if at all, at a fixed rate (“**Fixed Rate Notes**”) or floating rate (“**Floating Rate Notes**”) or by reference to an index or formula, in each case as specified in the applicable Pricing Supplement.

The Pricing Supplement relating to this Note, attached hereto, endorsed hereon or incorporated by reference herein, may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these terms and conditions, supplement, replace or modify these terms and conditions for the purposes of this Note.

Words and expressions defined in the Fiscal Agency Agreement or used in the Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

1 FORM AND TITLE

The Notes will be represented initially by one or more global notes in registered form (the “**Global Registered Notes**”) as indicated in the applicable Pricing Supplement.

The Global Registered Notes will be deposited on the issue date with or on behalf of and registered in the name of Israel Discount Bank Registration Company Ltd. (the “**Depository**”) and ownership rights in the Notes will be represented by an electronic recordation of book entries in the records of the Tel Aviv Stock Exchange (“**TASE**”) member through which the beneficial interest (a “**Book-Entry Interest**”) in the applicable Global Registered Note is held. Citibank N.A., a member of the TASE, will act as custodian on behalf of investors holding Book-Entry Interests through Euroclear Bank S.A./N.V. (“**Euroclear**”). The Notes will not initially be eligible for clearance with Clearstream Banking, S.A. (“**Clearstream**”) and will not be eligible for clearance with The Depository Trust Company at any time.

Holders of Book-Entry Interests will be entitled to receive definitive notes in registered form (“**Definitive Registered Notes**”) in exchange for their holdings of Book-Entry Interests only in the limited circumstances set forth in the Fiscal Agency Agreement. Title to the Definitive Registered Notes will pass upon registration of transfer in accordance with the provisions of the Fiscal Agency Agreement. In no event will definitive notes in bearer form be issued.

This Note is a Fixed Rate Note, a Floating Rate Note, a Note issued on a non-interest bearing basis (a “**Zero Coupon Note**”) or a Note in respect of which principal or interest or both is or are calculated by reference to an index or formula or both (an “**Indexed Note**”) or any appropriate combination thereof, depending upon the “**Interest/Payment Basis**” specified in the applicable Pricing Supplement. It is also a Note in respect of which principal or interest or both is or may be payable in one or more Specified Currencies other than the Specified Currency in which it is denominated (a “**Dual Currency Note**”) if the applicable Pricing Supplement so indicates. Wherever Dual Currency Notes or Indexed Notes bear interest on a fixed or floating basis or do not bear interest, the provisions in these Terms and Conditions relating to Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, respectively, shall, where the context so admits, apply to such Dual Currency Notes or Indexed Notes. Where this Note is an Indexed Note, the appropriate provisions of these Terms and Conditions shall apply accordingly.

Notes in definitive form are serially numbered and in the Specified Currency and the denomination(s) (the “**Specified Denomination(s)**”) specified in the Pricing Supplement.

Each Person who is for the time being shown in the records of the TASECH as the owner of a particular nominal amount of Registered Notes represented by a Global Registered Note, (in which regard any certificate or other document issued by the TASECH, as to the nominal amount of Notes standing to the account of any Person shall be conclusive and binding for all purposes), shall be treated by the Company, the Fiscal Agent, the Charge Agent, any Registrar,

any Paying Agent or any Transfer Agent as a holder of such nominal amount of Registered Notes represented by a Global Registered Note, as the case may be, for all purposes other than with respect to the payment of principal (including premium redemption amount, if any, and, if a Note is an Zero Coupon Note, the Amortized Face Amount or other amounts payable in respect thereof) or interest, if any, and Additional Amounts, if any, and any other amounts payable on such Registered Notes represented by a Global Registered Note, as the case may be, the right to which shall be vested, as against the Company, the Fiscal Agent, the Charge Agent, any Registrar, any Paying Agent or any Transfer Agent, solely in the Depository as the registered Holder of the Global Registered Note, in accordance with and subject to its terms and the Fiscal Agency Agreement (and the term “Holder” shall be construed accordingly), in each case whether or not such Global Registered Note shall be overdue, and none of the Company, the Fiscal Agent, the Charge Agent, any Registrar, any Paying Agent or any Transfer Agent shall be affected by notice to the contrary.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Company.

2 STATUS OF THE NOTES

(a) The due and punctual payment of the principal of, and interest and premium, if any, and Additional Amounts (if any) on, the Notes when and as the same shall be due and payable, whether on an Interest Payment Date or a principal date, at maturity, upon acceleration, redemption or otherwise, and interest on the overdue principal of and (in each case to the extent permitted by law) interest and premium, if any, on the Notes and performance of all other obligations of IEC to the Holders of the Notes and the Charge Agent under the Notes, the Fiscal Agency Agreement, the Note Floating Charge and the Charge Documents according to the terms hereunder or thereunder, shall be secured by a valid and enforceable perfected Floating Charge (the “**Note Floating Charge**”) on the present and future assets of the Company that are charged under any other floating charge created by the Company, whether now existing or hereafter created (the “**Collateral**”), in favor of the Charge Agent for the benefit of the Holders of the Notes, as provided in the Charge Documents. Each Holder of a Note, by its acceptance thereof, consents and agrees to the terms of the Collateral Trust Agreement, dated as of May 15, 2016 between the Company and the Charge Agent (the “**Collateral Trust Agreement**”), the Note Floating Charge and each other document, agreement or instrument evidencing, perfecting or assuring the Note Floating Charge (collectively, the “**Charge Documents**”), appoints the Charge Agent to hold the security created by the Charge Documents on its behalf and authorizes and directs the Charge Agent to enter into the Charge Documents and perform its obligations and exercise its rights thereunder in accordance therewith. The Company shall deliver to the Charge Agent copies of all Charge Documents, and, subject to the provisions of the Charge Documents, shall do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Charge Documents, to assure and confirm to the Charge Agent the benefits of the Note Floating Charge and the Collateral Trust Agreement.

(b) The Company shall take any and all actions required to cause the Charge Documents to create and maintain the Note Floating Charge, as security for the obligations of The Company under the Notes, the Fiscal Agency Agreement and the Charge Documents.

(c) The Charge Agent may, in its sole discretion and without the consent of the Holders of the Notes, but subject to the terms of the Charge Documents, take all actions it deems necessary or appropriate in order to (i) enforce or effect the Charge Documents and (ii) collect and receive any and all amounts payable in respect of the obligations of the Company under the Notes to the extent realized pursuant to the Note Floating Charge, in each case in accordance with and to the extent provided in the Charge Documents. Subject to the provisions of the Charge Documents, the Charge Agent shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the assets of the Company by any acts which may be unlawful or in violation of the Charge Documents or the Terms and Conditions of the Notes, and to preserve or protect its interest and the interest of the Holders of the Notes in the assets of the Company. Notwithstanding the foregoing, the Charge Agent shall not be responsible for the existence, genuineness or value of any of the assets secured by the Charge Documents, for the validity or sufficiency of the Charge Documents, or for the validity, perfection, priority, continuation or enforceability of the liens on any of the assets secured by the Charge Documents and shall have no obligation to take any action to procure or maintain such validity, perfection, priority, continuation or enforceability.

(d) The Charge Agent is authorized to receive any funds distributed under the Charge Documents, and to pay over such funds according to the provisions of the Collateral Trust Agreement.

(e) The following terms have the meanings set forth below when used in these Terms and Conditions:

- (i) “**Fixed Charge**” means a charge created under Israeli law that attaches to the assets covered thereby when the Charge Documents are executed and filed with the appropriate authorities in the State of Israel (*Shiabud Kavua*).
- (ii) “**Floating Charge**” means a floating charge created under Israeli law that attaches to the assets covered thereby when the Charge Documents are executed and filed with the appropriate authorities in the State of Israel (*Shiabud Tzaf*).

3 COVENANTS

The Company hereby covenants and undertakes with each Holder of a Note as follows:

(a) **Negative Pledge**

The Company shall not incur or suffer to exist any Security Interest, other than Permitted Security Interests, upon any of its revenues, property or assets whether now owned or hereafter acquired as security for any Indebtedness, except that the Company may grant one or more Floating Charges, if at the same time or prior thereto provision is made to secure the Indebtedness due under the Notes equally and ratably with the Indebtedness secured by such Floating Charge for so long as such Indebtedness is so secured.

(b) Impairment of Floating Charge

The Company shall not take or omit to take any action which could adversely affect the validity or enforceability of, or the effectiveness or ranking of, the Note Floating Charge.

(c) Taxes

The Company shall pay prior to delinquency, all taxes, assessments and governmental levies, except as the same are being contested in good faith and by appropriate proceedings or where the failure to pay would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

(d) Conduct of Business

The Company shall (a) conduct its business in the ordinary course and (b) maintain its business in accordance with its constitutive documents and all Applicable Law, in each case, except to the extent that the failure to so conduct or maintain its business, including, for the avoidance of doubt, in accordance with any of its Licenses, would not have a Material Adverse Effect on the Company or its Subsidiaries.

For the avoidance of doubt, the sale, conveyance, transfer, or other disposition of assets by the Company, including material assets and including without limiting the generality of this paragraph, through the implementation of the Structural Change, are not restricted by the terms of the Fiscal Agency Agreement, Notes, or Floating Charge documents. The Company shall perform its obligations under and comply with the terms of the Program Documents to which it is a party.

(e) Public Rating

For so long as Notes with an aggregate principal amount of at least US\$25,000,000 remain outstanding, the Company shall procure, at its own cost and expense, that a public long-term corporate rating of the Company is obtained from each Rating Agency (as defined below) and shall take all action that may be required of it, at its own cost and expense, to maintain a rating.

(f) Reports and Notifications

The Company shall furnish within the periods specified below (and within seven Business Days thereafter in English, if the original information was provided in Hebrew) to the Holders, in accordance with Condition 14, with a copy to the Fiscal Agent and to the Paying Agent:

- (i) as soon as practicable and not later than five Business Days after so becoming aware, details of any event or circumstances that could, with the passage of time, giving of notice, the making of any determination or any combination thereof, give rise to a Put Event, Event of Default or an Acceleration Event;
- (ii) as soon as practicable and not later than five Business Days after so becoming aware, written notice of a material acquisition, disposition,

merger (including in respect of any material Electricity Assets), restructuring, senior management change at the Company or change in its auditors; and

- (iii) simultaneously with such reporting, any matter notified by or on behalf of the Company to an Israeli or other stock exchange or securities regulatory authority in the State of Israel or elsewhere.

The reports and notifications referred to in clauses (i) through (iii) of this Condition 3(f) are referred to herein as “**Reports and Notifications.**”

Notwithstanding the foregoing, so long as the Company is obligated to file annual, quarterly, and periodic reports with an Israeli or other exchange on which any of its securities are listed for trading or securities regulatory authority in Israel or elsewhere with authority with respect to the Company, and complies with such obligations by filing such reports in English or provides an English translation thereof, the Company shall not be required to deliver the Reports and Notifications. All notices referred to in this section shall be available for inspection at the respective offices of the Paying Agents. Any Holder may request that a copy of any such report be mailed to such Holder, at the expense of the Company, by written request to any Paying Agent.

At any time when the Company is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, upon request of a Holder, the Company shall promptly furnish or cause to be furnished Rule 144A Information to such Holder or to a prospective purchaser of such Note designated by such Holder, as the case may be, in order to permit compliance by such Holder with Rule 144A in connection with the resale of such Note by such Holder.

(g) **Asset Dispositions**

To the extent cash is received by the Company in the framework of Asset Dispositions, the Company shall apply within 365 days an amount equal to or greater than the cash received in the framework of such Asset Dispositions to: (x) fund capital expenditures of the Company or other investments in long-term assets of the Company and/or (y) to redeem or otherwise repay secured indebtedness or other indebtedness secured by the Floating Charges of the Company (the “**Permitted Payments**”). To the extent the Company does not invest an amount equal to or greater than the cash received in the framework of such Asset Dispositions within 365 days of the date of receipt of such cash, the Company shall be required to make an Excess Proceeds Offer in accordance with the time periods set forth in Condition 5.

Any net cash proceeds received from Asset Dispositions that are not invested or applied towards Permitted Payments within the time period set forth in Condition 5 will be deemed “Excess Proceeds.” When the aggregate amount of Excess Proceeds exceeds \$100.0 million, the Company shall make an offer (an “**Excess Proceeds Offer**”) to all Holders of the Notes or holders of other indebtedness with similar requirements to purchase the maximum amount of the Notes and such other indebtedness that may be purchased with Excess Proceeds at an offer price in cash in an amount equal to 100% the principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the date of such repurchase.

To the extent any Excess Proceeds remain following such Excess Proceeds Offer, the Company may use such remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes and such other indebtedness tendered exceeds the amount of Excess Proceeds, the Notes and such other indebtedness purchased shall be determined on a pro rata basis based on principal amount of Notes and such other indebtedness tendered or surrendered. Upon completion of an Excess Proceeds Offer, the amount of Excess Proceeds shall be reset to zero.

The Company shall deliver to the Fiscal Agent and Charge Agent an officer's certificate executed by an officer of the Company confirming that an amount equal to, or greater than, the cash proceeds from such Asset Dispositions shall be applied towards Permitted Payments within 365 days of receipt.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Excess Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with these Terms and Conditions, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in these Terms and Conditions by virtue thereof.

(h) **Certain Definitions**

Except to the extent modified, removed or supplemented in a Pricing Supplement or expressly defined otherwise in the context of a particular provision described in these Terms and Conditions, the following terms have the meanings set forth below:

“Acceleration Event” means any one of the circumstances in Condition 7(ii) hereof.

“Affiliate” of any specified Person means (i) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person, (ii) any other Person which beneficially owns or holds 10% or more of any class of the voting stock of such specified Person, (iii) any other Person of which 10% or more of the voting stock is beneficially owned or held by such specified Person or a Subsidiary of such specified Person or (iv) any other Person who is a director or officer (A) of such specified Person, (B) of any Subsidiary of such specified Person or (C) of any Person described in clause (i) above. For purposes of this definition, (x) **“control”** of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise and (y) **“voting stock”** means equity interests of a company entitled to vote in the election of directors of such company.

“Applicable Law” means all laws (including Environmental Law), rules and regulations applicable to the Company (including, without limitation, the Israeli Companies Law — 1999, the Electricity Sector Law — 1996, the Government Companies Law — 1975, Restrictive Trade Practices Law — 1988 and the Budget Foundations Law — 1985, the Licenses required for the Company's then-current businesses or activities, all regulations, binding resolutions of competent authorities and orders promulgated under any of the foregoing and any replacements to or amendments of any of the foregoing).

“Asset Dispositions” means every sale, conveyance, transfer or other disposition by the Company or its Subsidiaries of property or assets (including any sale-leaseback transactions) of the Company or its Subsidiaries, whether in a single transaction or a series of related transactions greater than \$100.0 million.

“Authorized Representative” means such officers authorized to provide the Fiscal Agent and the Registrar with instructions for completing and issuing Notes and having the requisite authority to execute Notes on behalf of the Company, as certified to the Fiscal Agent in accordance with the Fiscal Agency Agreement.

“Business Day” means (unless otherwise stated in the Pricing Supplement) a day which is both:

- (a) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in New York or Tel Aviv, it being understood that commercial banks and foreign exchange markets in Tel Aviv generally settle payments on those Fridays that are not holidays; and
- (b) either (1) in relation to amounts payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial center of the country of the relevant Specified Currency (if other than New York or Tel Aviv) or (2) in relation to amounts payable in Euro, a TARGET Business Day on which commercial banks and foreign exchange markets are open for business in the place of presentation and are open for business and carrying out transactions in Euro in the jurisdiction in which the Euro account specified by the payee is located.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock, including any preferred stock.

“Change of Control” means the Company ceases to be directly or indirectly Controlled by the government of the State of Israel.

“Charge Documents” means each document, agreement or instrument evidencing, perfecting or assuring the Note Floating Charge, including the Collateral Trust Agreement, as each may be amended or supplemented from time to time in accordance with the terms of the Collateral Trust Agreement.

“Company” means The Israel Electric Corporation Limited.

“Comparable Treasury Issue” means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be purchased that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturities to the remaining term of the Notes.

“Control” means the ability to direct a corporation’s activities, except for the ability that derives only from acting in the role of a director or an officer. A Person shall be deemed to control a

corporation if it holds half or more of the corporation's Means of Control. The terms "**Controlled**" and "**Controlling**" shall be construed accordingly.

"**Dealer**" means each of J.P. Morgan Securities plc, Barclays Capital Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, and any other entity which the Company may appoint as a Dealer under the Program Agreement in accordance with the terms thereof and notice of whose appointment is given to the Fiscal Agent, and "**Dealers**" will be construed accordingly and references to the "**relevant Dealer or Dealers**" will be to the Dealers appointed to act as such in respect of a particular Series of Notes.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"**Electricity Assets**" any assets relating to the generation, transmission, distribution, supply and trading of electricity and for system management in the State of Israel and for the carrying on of all other activities related to electricity in the State of Israel, and any and all Licenses with respect thereto.

"**Electricity Sector Law**" means the Electricity Sector Law – 1996 and all amendments thereto and replacements thereof and all regulations and/or orders promulgated thereunder.

"**Environmental Law**" means any applicable law, regulation, covenants, conditions, restrictions or agreements which directly or indirectly relates to:

- (a) the pollution, contamination or protection of the environment or the release or discharge of any toxic or hazardous substance;
- (b) harm to or the protection of human health;
- (c) the conditions of the workplace; or
- (d) any emission or substance capable of causing harm to any living organism or the environment.

"**Event of Default**" means any one of the circumstances described in Condition 7(i) hereof.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended.

"**Foregone Margin**" means the present value of the Spread calculated at the Put Date (as defined below) in respect of all remaining scheduled Interest Payment Dates up to and including the Final Interest Payment Date computed using a discount rate equal to the Treasury Rate plus 30 basis points as determined by the Calculation Agent.

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) moneys borrowed and debit balance at banks or other financial institutions;

- (b) amounts raised by acceptance under any acceptance credit facility;
- (c) amounts raised under any note purchase facility or the issue of bonds, notes, debentures, loan stock, certificates or any similar instrument;
- (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with Applicable Law and generally accepted accounting principles, be treated as finance or capital leases;
- (e) any counter indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or a financial institution;
- (f) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the final Interest Payment Date or are otherwise classified as borrowings under the accounting principles as applicable to the Company;
- (g) the amount of any undisputed liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 180 days;
- (h) amount raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing; and
- (i) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (h) above.

“Independent Investment Banker” means Citigroup Global Markets Inc. and J.P. Morgan Securities LLC or if such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company with notice of such appointment provided to the Fiscal Agent.

“Licenses” means any licenses issued by the Government or any entity thereof, including those held or required to be held by the Company, for the purposes of electricity businesses including, without limitation, licenses necessary for the generation, transmission, distribution, supply and trading of electricity and for administration of the electricity system in the State of Israel and for the carrying on of all other activities related to electricity in the State of Israel, in each case, in respect of the Company, to the extent the Company is then engaged in such business or activity.

“Material Adverse Effect” means a material adverse effect on:

- (a) the ability of the Company to perform its obligations under the Notes or the Program Documents; or
- (b) the validity or enforceability of, or the effectiveness or ranking of the Note Floating Charge or the rights or remedies of the Charge Agent or the Holders under any of the Program Documents; or
- (c) the Company in respect of any relevant change of Applicable Law that could affect the ability to perform its financial obligations under the Notes or the Program Documents.

“Means of Control” means, in respect of a corporation, each of: (i) voting rights in a general meeting of the shareholders or equivalent body; and (ii) the right to appoint directors or a general manager.

“Moody’s” means Moody’s Investors Service, Inc.

“Permitted Security Interests” means:

- (a) Security Interests created by the Charge Documents;
- (b) Security Interests in existence as of the Issue Date and set forth in Schedules 1 and 2 to the Collateral Trust Agreement (whether or not registered on such date);
- (c) Fixed Charges over bank accounts of the Company in the State of Israel created in the ordinary course of business or otherwise in accordance with Applicable Law and in an aggregate not exceeding U.S.\$25,000,000 (or its then equivalent in an applicable foreign currency) at any time;
- (d) deposits made in good faith in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which the Company is a party, or deposits to secure public or statutory obligations of the Company, or deposits of cash to secure surety or appeal bonds to which the Company is a party, or deposits as security for contested taxes or for the payment of rent;
- (e) survey exceptions, easements or reservations of, or rights of others for, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property, existing on the date hereof or arising in future in the ordinary course of business or otherwise in accordance with Applicable Law;
- (f) Security Interests imposed by law, such as carriers’, warehousemen’s and mechanics’ liens, or other Security Interests arising out of judgments or awards against the Company with respect to which the Company shall then be prosecuting an appeal or other proceeding for review;
- (g) Security Interests for taxes, assessments, or government charges or claims that are not yet delinquent or that are being contested in good faith and by appropriate proceedings; and
- (h) Security Interests securing Purchase Money Debt, provided such Security Interests cover only the assets acquired with such Purchase Money Debt.

“Person” means any individual, company, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Purchase Agreement” means any separate agreement between a Dealer and the Company whereby a Dealer may agree with the Company to purchase Notes as principal.

“Program Agreement” means the program agreement, dated as of April 23, 2008, by and among the Company and the several Dealers named therein (as amended by the first amendment to the program agreement, dated as of February 1, 2012, the second amendment to the program agreement, dated as of June 10, 2013, the third amendment to the program agreement, dated as of October 29, 2014, and the fourth amendment to the program agreement, dated as of February 1, 2018, as amended or supplemented from time to time.

“Program Documents” means the Program Agreement, the Fiscal Agency Agreement and the Charge Documents and any Terms/Syndication Agreement, each as amended or supplemented from time to time.

“Purchase Money Debt” of any Person means all obligations of such Person (a) consisting of the deferred purchase price of property, conditional sale obligations, obligations under any title retention agreement (but excluding trade accounts payable) and other purchase money obligations, in each case where the maturity of such obligation does not exceed the anticipated useful life of the asset being financed and (b) incurred to finance the acquisition of such asset.

“Rating Agency” means S&P or Moody’s and its successors or any rating agency substituted for either of them (or any permitted substitute of them) by the Company from time to time.

“Rule 144A Information” means such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors.

“Security Interest” means any mortgage, charge, pledge, lien or other security interest securing any obligation of any Person or any other agreement or arrangement having a similar effect.

“Structural Change” means any material reorganization, Asset Disposition, transfer of activities to affiliated or non-affiliated companies, merger, or consolidation by the Company pursuant to law, regulation, licenses, an agreement with the Israeli government or governmental bodies, an agreement with any third party, which is subject to government approval or other Israeli governmental regulatory decision or instruction.

“Subsidiary” means any corporation or other entity of which Capital Stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by the Company.

“Syndicated Offering” means an offering whereby the Company issues Notes on a syndicated basis to two or more Dealers and/or two or more other underwriters.

“Terms/Syndication Agreement” means the Principal Purchase Agreement for a Syndicated Offering.

“Treasury Rate” means the yield to maturity at the time of computation of United States Treasury securities with a weighted average life (calculated by taking the simple average of the yields to maturity for the applicable United States Treasury securities for each of the five

Business Days immediately preceding the second Business Day before the calculation date as reported on the most recent H.15 Daily Update page available through the website of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or publication or, if such Statistical Release is not so published or available, any publicly available source of similar market data selected by the Calculation Agent in good faith) most nearly equal to the weighted average life of the Notes for the period from the relevant date of payment to the final Interest Payment Date in each case as selected and determined by the Calculation Agent.

4 INTEREST

(a) Interest Rates, Calculation of Interest, Business Day

(i) The rate of interest (the “**Rate of Interest**”) on each Note shall be equal to:

(1) in the case of a Fixed Rate Note, the fixed rate specified in the applicable Pricing Supplement (which shall be zero in the case of Zero Coupon Notes); or

(2) in the case of a Floating Rate Note, the interest rate determined by reference to the Interest Rate Basis (as specified in the applicable Pricing Supplement), either (i) plus or minus the Spread, if any, or (ii) multiplied by the Spread Multiplier, if any. The “**Spread**” is the number of basis points (one one-hundredth of a percentage point) specified in the applicable Pricing Supplement to be added to or subtracted from the Interest Rate Basis of such Floating Rate Note, and the “**Spread Multiplier**” is the percentage specified in the applicable Pricing Supplement to be applied to the Interest Rate Basis for such Floating Rate Note. The “**Interest Rate Basis**” is the rate specified, or determined according to the formula specified, in the applicable Pricing Supplement.

(ii) *Fixed Rate Note*

(1) If a Note is a Fixed Rate Note (other than a Zero Coupon Note) interest (in the case of a U.S. dollar-denominated Note, computed on the basis of a 360-day year of twelve 30-day months (“**30/360**”), in the case of a Euro-denominated Note, computed on the basis of 30/360, Actual/Actual (ICMA) as defined below, or as otherwise specified, in each case, in the applicable Pricing Supplement) shall accrue from its Interest Commencement Date (or from the most recent date to which interest has been paid or made available for payment) on the unpaid principal amount (and, to the extent lawful, on overdue principal (including premium or redemption amount, if any, and, if a Note is an Original Issue Discount Note, the amortized face amount or other amounts, payable in respect thereof) and interest, if any) at the Rate of Interest per annum specified in the applicable Pricing Supplement, and shall be payable in arrears on such dates in each year as are specified in the applicable Pricing Supplement (each an “**Interest Payment Date**”), commencing, unless otherwise specified in the applicable Pricing Supplement, with the first such Interest Payment Date falling at least 15 days after the Issue Date of such Note specified on the face of such Note and at the date (as specified in the Pricing Supplement) on which the principal of such Note is due and payable (the “**Maturity Date**”) or any redemption or repayment date, until the principal thereof shall be paid or made available

for payment. Unless otherwise specified in the applicable Pricing Supplement, the interest payable on any Interest Payment Date shall be the unpaid interest accrued from and including the Issue Date for the Notes or from and including the most recent date in respect of which interest has been paid or made available for payment to, but excluding, such Interest Payment Date and interest payable on the Maturity Date or upon redemption or repayment shall include accrued interest from the Issue Date for the Notes or from and including the most recent date in respect of which interest has been paid or made available for payment to, but excluding, the Maturity Date or redemption or repayment date (in each case, an “**Interest Period**”).

(2) “Actual/Actual (ICMA)” means

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Interest Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Interest Period and (2) the number of Interest Payment Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Interest Period during which the Accrual Period ends, the sum of:

- (1) the number of days in such Accrual Period falling in the Interest Period in which the Accrual Period begins divided by the product of (x) the number of days in such Interest Period and (y) the number of Interest Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
- (2) the number of days in such Accrual Period falling in the next Interest Period divided by the product of (x) the number of days in such Interest Period and (y) the number of Interest Determination Dates that would occur in one calendar year.

(iii) ***Floating Rate Note***

(1) If a Note is a Floating Rate Note, interest shall accrue on such Note from the Interest Commencement Date specified in the applicable Pricing Supplement (or from the most recent date to which interest has been paid or made available for payment) on the unpaid principal amount (and, to the extent lawful, on overdue principal (including premium or redemption amount, if any, and, if a Note is an Original Issue Discount Note, the Amortized Face Amount or other amounts payable in respect thereof)) and interest, if any at a rate per annum equal to the Rate of Interest specified in the applicable Pricing Supplement until the first Reset Date specified in the applicable Pricing Supplement, or if none is specified, until the first Interest Payment Date following the Issue Date and thereafter at a rate determined in accordance with the applicable provisions set forth below

or in the applicable Pricing Supplement, as specified in the applicable Pricing Supplement, and shall be payable by the Company monthly, quarterly, semi-annually, annually or at such other intervals specified in the applicable Pricing Supplement under “Interest Periods” and on the dates specified in the applicable Pricing Supplement under “Interest Payment Dates” and at maturity or upon earlier redemption or repayment, until the entire principal amount thereof is paid or made available for payment.

(A) *Rate of Interest*

Any Floating Rate Note may provide that the Notes bear interest at a fixed rate for certain Interest Periods and a floating rate for certain Interest Periods and may also have either or both of the following, each as may be set forth in the applicable Pricing Supplement: (i) a maximum interest rate limitation, or ceiling, on the rate at which interest may accrue during any Interest Period (“**Maximum Interest Rate**”) and/or (ii) a minimum interest rate limitation, or floor, on the rate at which interest may accrue during any Interest Period (“**Minimum Interest Rate**”). In addition, the applicable Pricing Supplement shall define or particularize for each Floating Rate Note the following terms, if applicable: the period to maturity of the instrument or obligation on which the interest rate formula is based (the “**Index Maturity**”), the Rate of Interest, the Interest Commencement Date, the Interest Payment Date or Dates and the Reset Dates with respect to such Note.

(B) *Interest Payment Dates*

Unless otherwise specified in the applicable Pricing Supplement, the interest payable on a Floating Rate Note on any Interest Payment Date shall be the unpaid interest accrued from and including its Issue Date or from and including the most recent date in respect of which interest has been paid or made available for payment to, but excluding, such Interest Payment Date and interest payable on the Maturity Date or upon redemption or repayment shall include accrued interest from the Issue Date or from and including the most recent date in respect of which interest has been paid or made available for payment to, but excluding, the Maturity Date or redemption or repayment date. Unless otherwise specified in the applicable Pricing Supplement, accrued interest shall be calculated by multiplying the principal amount of the Note by an accrued interest factor. Such accrued interest factor shall be computed, unless otherwise specified in the applicable Pricing Supplement, by adding the interest factor calculated for each day from the Issue Date or from the most recent date to which interest has been paid or made available for payment, as the case may be, to the date for which accrued interest is being calculated. Unless otherwise specified in the applicable Pricing Supplement, the interest factor for each such day (expressed as a decimal rounded, if necessary, as described below) shall be computed by dividing the interest rate (expressed as a decimal rounded, if necessary, as described below) applicable to such day by 360 or, in the case

of Treasury Rate Notes and Notes denominated or payable in Sterling or Canadian Dollars, by the actual number of days in the year. All percentages resulting from any calculation with respect to such Note shall be rounded, unless otherwise specified in the applicable Pricing Supplement, to the nearest one-hundred thousandth of a percentage point, with five or more one-millionths of a percentage point being rounded upwards to the next higher one-hundred thousandth of a percentage point (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655)), and all currency or composite currency amounts used in or resulting from such calculations shall be rounded to the nearest one-hundredth of a unit of the relevant currency (with .005% of a unit being rounded upwards).

(C) *Interest Rate Bases*

Unless otherwise specified in the applicable Pricing Supplement, the rate of interest on a Floating Rate Note shall be calculated with reference to the Interest Rate Basis specified in the applicable Pricing Supplement and reset daily, weekly, monthly, quarterly, semi-annually or annually, or at such other intervals (each an “**Interest Reset Period**”), in each case as specified in the applicable Pricing Supplement, and such interest rate shall be reset on the Reset Dates specified in the applicable Pricing Supplement (each date upon which interest is so reset, a “**Reset Date**”); *provided, however*, that (i) the interest rate in effect for the period ending on the first Reset Date, or if none is specified, on the first Interest Payment Date, shall be the Rate of Interest specified in the applicable Pricing Supplement, (ii) the interest rate in effect for the ten calendar days immediately prior to the Maturity Date shall be that in effect on the tenth calendar day preceding such Maturity Date and (iii) if a Floating Rate Note is designated as a Fixed Rate/Floating Rate Note in the applicable Pricing Supplement, the interest rate commencing on and including the fixed rate commencement date through to the fixed rate termination date, the maturity date, redemption date or optional redemption date, as the case may be, shall be the fixed interest rate specified therein. Notwithstanding the foregoing, the interest rate on a Floating Rate Note shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, and in no event shall be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Except as provided in the next succeeding sentence or in the applicable Pricing Supplement, the Reset Date with respect to each Floating Rate Note shall be: if the Interest Reset Period specified in such Note is daily, each Business Day; if the Interest Reset Period specified in such Note is weekly (unless the Interest Rate Basis specified in such Note is the Treasury Rate), the Wednesday of each week; if the Interest Reset Period specified in such Note is weekly and the Interest Rate Basis specified in such Note is the Treasury Rate, the Tuesday of each week; if the Interest Reset Period is monthly, the third Wednesday of each month; if the Interest Reset Period is quarterly, the third Wednesday of each March, June, September and December; if the

Interest Reset Period is semi-annually, the third Wednesday of two months in each year specified in the applicable Pricing Supplement; and if the Interest Reset Period is annually, the third Wednesday of the one month in each year specified in the applicable Pricing Supplement. If, pursuant to the preceding sentence, any Reset Date would otherwise be a day that is not a Market Day with respect to such Note, the Reset Date shall be the next succeeding day that is a Market Day with respect to such Note, except that if the Interest Rate Basis is LIBOR and the next succeeding such Market Day falls in the next succeeding calendar month, such Reset Date shall be the immediately preceding Market Day. Subject to applicable provisions of law and except as may be provided in the applicable Pricing Supplement for a Floating Rate Note, on each Reset Date the rate of interest on such Note shall be the rate determined in accordance with the provisions of the applicable heading below.

“**Market Day**” means, unless otherwise specified in the applicable Pricing Supplement, with respect to any Note other than a LIBOR or EURIBOR Note, any Business Day, with respect to a LIBOR Note, any Business Day which is also a London Business Day and with respect to a EURIBOR Note, any TARGET Business Day (as defined in Condition 4(a)(iii)(C)(5)).

“**London Business Day**” means any day on which dealings in deposits in the Specified Currency are transacted in the London interbank market.

Subject to applicable provisions of law and except as provided herein and in the applicable Pricing Supplement, on each Reset Date the Rate of Interest on each Note shall be the rate determined in accordance with the provisions of the applicable Pricing Supplement and as set out below, as applicable.

The interest rate in effect on each day shall be (a) if such day is a Reset Date, the interest rate with respect to the date on which the Rate of Interest is to be determined (an “**Interest Determination Date**”) specified under the applicable heading below, or as otherwise specified in the Pricing Supplement pertaining to such Reset Date, or (b) if such day is not a Reset Date, the interest rate with respect to the Interest Determination Date pertaining to the immediately preceding Reset Date, subject in either case to any Maximum or Minimum Interest Rate referred to above, to any adjustment by a Spread or a Spread Multiplier referred to above and to the provisions of the applicable Pricing Supplement.

(1) Determination of CMS Rate

If the Interest Rate Basis of a Note provides for payment of interest at a rate to be determined by reference to the CMS Rate, the interest rate with respect to such Note for any Reset Date shall equal (a) the rate on the second Market Day with respect

to such Note immediately preceding such Reset Date (the “**CMS Rate Determination Date**”) for U.S. Dollar swaps having the Index Maturity designated in the applicable Pricing Supplement as displayed on Reuters Screen ICESWAP1 Page as of approximately 11:00 a.m., New York City time, or (b) if such rate is not so displayed, the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards), as calculated by the Calculation Agent on such calculation date, of at least three mid-market Semi-Annual Swap Rate quotations provided by five leading swap dealers in the New York City interbank market at approximately 11:00 a.m., New York City time, on the CMS Rate Determination Date, and in calculating this arithmetic mean the Calculation Agent shall eliminate the highest and lowest quotations or, in the event of equality, one of the highest and one of the lowest quotations, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any, specified in the applicable Pricing Supplement; *provided, however*, that if fewer than three quotations are provided, the Calculation Agent shall determine the CMS Rate in its sole discretion.

For purposes of this Condition 4(a)(iii)(C)(1), “**Reuters Screen ICESWAP1 Page**” means the display on the Reuters 3000 Xtra service, or any successor or replacement service, ICESWAP1 page, or any successor or replacement page or pages on that service for the purpose of displaying the CMS Rate.

For purposes of this Condition 4(a)(iii)(C)(1), “**Semi-Annual Swap Rate**” means the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating U.S. Dollar interest rate swap transaction with a term equal to the specified Index Maturity, commencing on the Reset Date, with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to LIBOR with a designated maturity of three months, as such rate may be determined in accordance with the provisions set forth in Condition 4(a)(iii)(C)(7). The Calculation Agent shall select the five swap dealers in its sole discretion and shall request the principal New York City office of each of those dealers to provide a quotation of its rate.

(2) Determination of CMT Rate

If the Interest Rate Basis of a Note provides for payment of interest at a rate to be determined by reference to the CMT Rate, the interest rate with respect to such Note for any Reset

Date shall equal (a) the rate on the second Market Day with respect to such Note immediately preceding such Reset Date (the “**CMT Rate Determination Date**”) displayed on the Designated CMT Reuters Page by 3:30 p.m., New York City time, under the heading “Constant Maturity Treasury,” under the column for the Index Maturity designated in the applicable Pricing Supplement, or (b) if such rate is not so displayed by 3:30 p.m., New York City time, on such calculation date, the treasury constant maturity rate for the Index Maturity, as published in H.15 Daily Update by 3:30 p.m., New York City time, on the calculation date, or (c) if such rate is not so published, the treasury constant maturity rate (or other United States Treasury rate) for the Index Maturity for the CMT Rate Determination Date as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines, in its sole discretion, to be comparable to the rate formerly displayed on the Designated CMT Reuters Page and published in H.15 Daily Update, or (d) if such information is not provided, a yield to maturity based on the arithmetic average of the secondary market offered rates as of approximately 3:30 p.m., New York City time, on the CMT Rate Determination Date reported, according to their written records, by three leading primary United States government securities dealers in New York City (each, a “**reference dealer**”) selected by the Calculation Agent, which will select (i) five reference dealers and will eliminate the highest quotation (or, in the event of equality, one of the highest quotations) and the lowest quotation (or, in the event of equality, one of the lowest quotations) for Treasury Notes or (ii) if fewer than five but more than two such prices are provided as requested, all of the provided prices without eliminating the highest or the lowest of such quotations or (iii) if fewer than three such prices are provided as requested, the secondary market offered rates of three reference dealers selected by the Calculation Agent (using the same method described above) as of approximately 3:30 p.m., New York City time, on the CMT Rate Determination Date, with an original maturity of the number of years that is the next highest to the Index Maturity and a remaining term to maturity closest to the Index Maturity and in an amount of at least U.S.\$100 million or (iv) if two Treasury Notes with an original maturity of the number of years that is the next highest to the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the Calculation Agent will obtain from three reference dealers, selected as discussed above, quotations for the Treasury Note with the shorter remaining term to maturity, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any,

specified in the applicable Pricing Supplement; *provided, however*, that if fewer than three reference dealers selected by the Calculation Agent are quoting as described above, the CMT Rate will remain the CMT Rate for the immediately preceding Interest Reset Period, or, if there was no Interest Reset Period, the Rate of Interest payable will be the initial interest rate.

For the purposes of this Condition 4(a)(iii)(C)(2), “**Designated CMT Reuters Page**” means the display on the Reuters (or any successor service) page specified in the applicable Pricing Supplement, or any other page that replaces that page on that service for the purpose of displaying treasury constant maturities as reported in H.15 Daily Update. If such page is FRBCMT, the CMT Rate will equal the rate displayed for the CMT Rate Determination Date. If such page is FEDCMT, the CMT Rate will equal the average for that week or the month, as specified in the applicable Pricing Supplement, ended immediately preceding the week or month in which the CMT Rate Determination Date occurs. If no page is specified in the applicable Pricing Supplement, the CMT Rate will equal the rate displayed on page FEDCMT for the most recent week.

“**H.15 Daily Update**” means the statistical release available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/> or any successor site or publication.

For the purposes of this Condition 4(a)(iii)(C)(2), “**Treasury Notes**” means the most recently issued direct non-callable fixed rate obligations of the United States with an original maturity of approximately the Index Maturity and a remaining term to maturity of not less than the Index Maturity minus one year.

(3) Determination of Commercial Paper Rate

If the Interest Rate Basis of a Note provides for the payment of interest at a rate to be determined by reference to the Commercial Paper Rate, the interest rate with respect to such Note for any Reset Date shall equal (a) the Money Market Yield (calculated as described below) on such date of the rate on the second Market Day with respect to such Note immediately preceding such Reset Date (the “**Commercial Paper Rate Determination Date**”) for commercial paper having the Index Maturity designated in the applicable Pricing Supplement (i) as published in H.15 Daily Update, or any other recognized electronic source used for displaying that rate, under the heading “Commercial Paper/Nonfinancial,” or (b) if such yield is not published in H.15

Daily Update or any other recognized electronic source used for displaying that rate by 3:00 p.m., New York City time, on such calculation date, the Money Market Yield of the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards), as calculated by the Calculation Agent on such calculation date, of the offered per annum rates (quoted on a bank discount basis), as of approximately 11:00 a.m., New York City time, on such Commercial Paper Rate Determination Date, of three leading dealers in commercial paper in The City of New York, selected by the Calculation Agent, for commercial paper having the Index Maturity designated in the applicable Pricing Supplement placed for an industrial issuer whose bond rating is “AA,” or the equivalent, from a nationally recognized statistical rating agency, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any, specified in the applicable Pricing Supplement; *provided, however*, that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Commercial Paper Rate Determination Date shall remain the Commercial Paper Rate then in effect on such Commercial Paper Rate Determination Date.

“**Money Market Yield**” means a yield (expressed as a percentage rounded to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where “**D**” refers to the per annum rate for commercial paper, quoted on a bank discount basis and expressed as a decimal; and “**M**” refers to the actual number of days in the period for which interest is being calculated.

“**H.15 Daily Update**” means the statistical release available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/> or any successor site or publication.

(4) Determination of EURIBOR

If the Interest Rate Basis of a Note provides for payment of interest at a rate to be determined by reference to the Euro-zone (as defined below) interbank offered rate (“**EURIBOR**”), the Interest Determination Date pertaining to a Reset Date for such Note (the “**EURIBOR Determination Date**”) will be the second TARGET Business Day (as defined below) preceding such Reset Date, and such Note shall bear interest in accordance with the following provisions:

(a) With respect to any EURIBOR Determination Date, EURIBOR will be the rate for deposits in Euro having the Index Maturity designated in the Note and/or the applicable Pricing Supplement, commencing on the second TARGET Business Day immediately following such EURIBOR Determination Date which appears on the Designated EURIBOR Page (as defined below) specified in the Note and/or the applicable Pricing Supplement as of 11:00 a.m., Brussels time, on that EURIBOR Determination Date. Notwithstanding the foregoing, if no rate appears, EURIBOR in respect of the related EURIBOR Determination Date will be determined as if the parties had specified the rate described in clause (b) below; and

(b) With respect to any EURIBOR Determination Date on which no rate appears on the Designated EURIBOR Page as specified above, the Calculation Agent will request the principal Brussels office of each of four major reference banks in the Euro-zone interbank market, selected by the Calculation Agent, to provide the Calculation Agent with its offered rate quotation for deposits in Euro having the Index Maturity designated in the Note and/or the applicable Pricing Supplement, commencing on the second TARGET Business Day immediately following such EURIBOR Determination Date to prime banks in the Euro-zone interbank market as of approximately 11:00 a.m., Brussels time, on such EURIBOR Determination Date and in a principal amount that is representative for a single transaction in Euro in such market at such time. If at least two such quotations are provided, EURIBOR determined on such EURIBOR Determination Date will be the arithmetic mean (rounded, if necessary, to the nearest 0.01 Euro, with halves being rounded upwards) of such quotations. If fewer than two quotations are provided, EURIBOR determined on such EURIBOR Determination Date will be the arithmetic mean (rounded, if necessary, to the nearest 0.01 Euro, with halves being rounded upwards) of the rates quoted as of approximately 11:00 a.m. (or such other time specified in the applicable Pricing Supplement) Brussels for Euro on such EURIBOR Determination Date by leading banks in Brussels, selected by the Calculation Agent, for loans in Euro to leading

European banks, having the Index Maturity designated in the Note and/or the applicable Pricing Supplement and in a principal amount that is representative for a single transaction in Euro in such market at such time; *provided, however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, EURIBOR determined on such EURIBOR Determination Date will remain EURIBOR then in effect on such EURIBOR Determination Date.

For the purposes of this Condition 4(a)(iii)(C)(4), “**Designated EURIBOR Page**” means the display on the Reuters 3000 Xtra service, or any successor or replacement service, EURIBOR01 page, or any successor or replacement page or pages on that service for the purpose of displaying the Euro-zone interbank rates of major banks for Euro.

For the purposes of this Condition 4(a)(iii)(C)(4), “**Euro-zone**” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

For the purposes of this Condition 4(a)(iii)(C)(4), “**TARGET**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System.

For the purposes of this Condition 4(a)(iii)(C)(4), “**TARGET Business Day**” means a day on which TARGET is operating.

(5) Determination of Federal Funds Rate

If the Interest Rate Basis of a Note provides for the payment of interest at a rate to be determined by reference to the Federal Funds Rate, the interest rate with respect to such Note for any Reset Date shall equal (a) the rate on the second Market Day with respect to such Note immediately preceding such Reset Date (the “**Federal Funds Rate Determination Date**”) for Federal Funds (i) as published in H.15 Daily Update under the heading “Federal Funds (Effective)” as that rate is displayed on the Reuters Screen FEDFUNDS1 Page for that day, or any other recognized electronic source used for displaying that rate, under the heading “Federal Funds (Effective)” or (b) if such rate is not published by 3:00 p.m., New York City time, on the calculation date pertaining to such Federal Funds Rate Determination Date, the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards), as calculated by the Calculation Agent on

such calculation date, of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York, selected by the Calculation Agent, as of 9:00 a.m., New York City time, on such Federal Funds Rate Determination Date, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any, specified in the applicable Pricing Supplement; *provided, however*, that if fewer than three brokers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate with respect to such Federal Funds Rate Determination Date will remain the Federal Funds Rate then in effect on such Federal Funds Rate Determination Date.

For purposes of this Condition 4(a)(iii)(C)(6), “**Reuters Screen FEDFUNDS1 Page**” means the display on the means the display on the Reuters 3000 Xtra service, or any successor or replacement service, FEDFUNDS1 page 1 under the heading “EFFECT,” or any other page that replaces that page on that service for the purpose of displaying the Federal funds (effective) rate as reported in H.15 Daily Update.

“**H.15 Daily Update**” means the statistical release available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/> or any successor site or publication.

(6) Determination of LIBOR

If the Interest Rate Basis of a Note provides for payment of interest at a rate to be determined by reference to LIBOR, the Interest Determination Date pertaining to a Reset Date for such Note (the “**LIBOR Determination Date**”) shall be the second London Business Day (except in the case of Notes denominated in Sterling, for which the LIBOR Determination Date will be the first day of the relevant Interest Reset Period) preceding such Reset Date, and such Note will bear interest in accordance with the following provisions:

With respect to any LIBOR Determination Date:

(a) LIBOR will be “LIBOR Reuters,” the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the

Specified Currency having the Index Maturity designated in the Note and/or the applicable Pricing Supplement, commencing on the second London Business Day immediately following the LIBOR Determination Date (or, in the case of Notes denominated in Sterling, on such LIBOR Determination Date), which appear on the Designated LIBOR Page specified in the Note and/or the applicable Pricing Supplement as of 11:00 a.m., London time, on that LIBOR Determination Date, if at least two such offered rates appear (unless, as aforesaid, only a single rate is required) on such Designated LIBOR Page. Notwithstanding the foregoing, if no rate appears, LIBOR in respect of the related LIBOR Determination Date shall be determined as if the parties had specified the rate described in clause (b) below; and

(ii) With respect to any LIBOR Determination Date on which fewer than two offered rates appear, or if no rate appears, as the case may be, on the Designated LIBOR Page as specified above, the Calculation Agent will request the principal London office of each of four major reference banks in the London interbank market, selected by the Calculation Agent, to provide the Calculation Agent with its offered rate quotation for deposits in the Specified Currency having the Index Maturity designated in the Note and/or the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Determination Date (or, in the case of Notes denominated in Sterling, on such LIBOR Determination Date), to prime banks in the London interbank market as of approximately 11:00 a.m., London time, on such LIBOR Determination Date and in a principal amount that is representative for a single transaction in such Specified Currency in such market at such time. If at least two such quotations are provided, LIBOR determined on such LIBOR Determination Date shall be the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of such quotations. If fewer than two quotations are provided, LIBOR determined on such LIBOR Determination Date will be the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the rates quoted as of approximately 11:00 a.m. (or such other time specified in the applicable Pricing Supplement) in the applicable Principal Financial Center (as defined below) for the Specified Currency on such LIBOR Determination Date by three major banks in such Principal Financial Center, selected by the Calculation Agent, for loans in the Specified Currency to leading European banks, having the Index

Maturity designated in the Note and/or the applicable Pricing Supplement and in a principal amount that is representative for a single transaction in such Specified Currency in such market at such time; *provided, however*, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined on such LIBOR Determination Date shall remain LIBOR then in effect on such LIBOR Determination Date.

For purposes of this Condition 4(a)(iii)(C)(6), “**Designated LIBOR Page**” means the display on the Reuters 3000 Xtra service, or any successor or replacement service, LIBOR01 page or LIBOR02 page, as specified in the applicable Pricing Supplement, or any replacement page or pages on which London interbank rates of major banks for the applicable Specified Currency are displayed.

For purposes of this Condition 4(a)(iii)(C)(6), “**Principal Financial Center**” means, as with respect to any LIBOR Note, unless otherwise specified in the Note and the applicable Pricing Supplement, the capital city of the country that issues as its legal tender the Specified Currency of such Note, except that with respect to U.S. dollars, the Principal Financial Center will be The City of New York and, with respect to Euro, the Principal Financial Center will be Brussels.

(7) Determination of Prime Rate

If the Interest Rate Basis of a Note provides for the payment of interest at a rate to be determined by reference to the Prime Rate, the interest rate with respect to such Note for any Reset Date shall equal (a) the rate on the second Market Day with respect to such Note immediately preceding such Reset Date (the “**Prime Rate Determination Date**”) as published in H.15 Daily Update under the heading “Bank Prime Loan,” or (b) if such rate is not published in H.15 Daily Update or any other recognized electronic source used for displaying that rate by 9:00 a.m., New York City time, on the calculation date pertaining to such Prime Rate Determination Date, the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the rates of interest publicly announced by each bank named on the Reuters Screen USPRIME1 Page as such bank’s prime rate or base lending rate as in effect on such Prime Rate Determination Date, or (d) if fewer than four such rates appear on the Reuters Screen USPRIME1 Page for such Prime Rate Determination Date, the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the prime rates or base

lending rates (quoted on the basis of the actual number of days in the year divided by 360) as of the close of business on such Prime Rate Determination Date publicly announced by three major banks in The City of New York, selected by the Calculation Agent, as each of their prime rates or base lending rates, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any, specified in the applicable Pricing Supplement; *provided, however*, that if the Prime Rate is not published in H.15 Daily Update or fewer than three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Prime Rate with respect to such Prime Rate Determination Date shall remain the Prime Rate then in effect on such Prime Rate Determination Date.

For the purposes of this Condition 4(a)(iii)(C)(7), “**Reuters Screen USPRIME1 Page**” means the display on the Reuters Monitor Money Rates Service, or any successor or replacement service, page USPRIME1, or any replacement page or pages for the purpose of displaying prime rates or base lending rates of major United States banks.

“**H.15 Daily Update**” means the statistical release available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/> or any successor site or publication.

(8) Determination of Treasury Rate

If the Interest Rate Basis of a Note provides for the payment of interest at a rate to be determined by reference to the Treasury Rate, the interest rate with respect to such Note for any Reset Date shall equal (a) the rate for the auction on the relevant Treasury Rate Determination Date of direct obligations of the United States (“**Treasury Bills**”) having the Index Maturity specified on the Note and in the applicable Pricing Supplement as such rate is published on the Reuters Screen USAUCTION10 Page or USAUCTION11 Page under the heading “INVEST RATE” or (b) if such rate is not so published by 3:00 p.m., New York City time, on the calculation date pertaining to such Treasury Rate Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) as otherwise announced by the United States Department of the Treasury or (c) in the event that the results of the auction of Treasury Bills having the specified Index Maturity are not published or reported as provided in (a) or (b) above, by 3:00

p.m., New York City time, on such calculation date, or if no such auction is held during such week, then the rate as published in H.15 Daily Update under the heading “U.S. Government Securities/Treasury Bills/Secondary Market” or in any other recognized electronic source used for the purpose of displaying that rate on the Treasury Rate Determination Date for the Index Maturity specified on the Note and in the applicable Pricing Supplement or (d) in the event no such rate is published as provided in (c) above, by 3:00 p.m., New York City time, on such calculation date, the yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards) of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Determination Date, of three leading primary United States government securities dealers in The City of New York, selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the applicable Index Maturity, in each of the above cases adjusted by the addition or subtraction of the Spread, if any, specified in the applicable Pricing Supplement or by multiplication by the Spread Multiplier, if any, specified in the applicable Pricing Supplement; *provided, however,* that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Rate Determination Date shall remain the Treasury Rate then in effect on such Treasury Rate Determination Date.

For purposes of this Condition 4(a)(iii)(C)(8), “**Reuters Screen USAUCTION 10 Page**” and “**Reuters Screen USAUCTION11 Page**” mean the display on the Reuters 3000 Xtra service, or any successor or replacement service, page USAUCTION10 or USAUCTION11, respectively, or any other page that replaces the applicable page on that service for the purpose of displaying the rate for the auction.

For purposes of this Condition 4(a)(iii)(C)(8), the “**Treasury Rate Determination Date**” pertaining to a Reset Date shall be the day of the week in which such Reset Date falls on which Treasury Bills would normally be auctioned. Treasury Bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as a result of a legal holiday, an auction is so held on the preceding Friday, such Friday shall be the Treasury Rate Determination Date pertaining to the Reset Date occurring in the next succeeding week. If an auction date shall fall on any Reset

Date, then such Reset Date shall instead be the first Market Day immediately following such auction date.

“**H.15 Daily Update**” means the statistical release available through the website of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/releases/h15/> or any successor site or publication.

(D) *Calculation Agent*

Unless otherwise specified in the applicable Pricing Supplement, the Company or other duly authorized Calculation Agent shall act as the initial Calculation Agent for all purposes under the Notes, and, by way of amplification but not limitation, for each CMS Rate Determination Date, CMT Rate Determination Date, Commercial Paper Rate Determination Date, EURIBOR Determination Date, Federal Funds Rate Determination Date, LIBOR Determination Date, Prime Rate Determination Date or Treasury Rate Determination Date, as the case may be, in the case of Floating Rate Notes, or Interest Payment Date in the case of Fixed Rate Notes, shall determine the interest rate as described above or in the applicable Pricing Supplement, and if applicable shall determine the redemption amount if provided for in the applicable Pricing Supplement, and shall notify Holders in accordance with the provisions hereof. The Calculation Agent’s determination, or the determination of any other calculation agent or redemption calculation agent specified in the applicable Pricing Supplement, of any interest rate or redemption or other amounts shall be, in the absence of manifest error, conclusive for all purposes and binding on all Holders of Notes.

(E) *Notification of Rate of Interest and Interest Amount*

The Calculation Agent shall cause the Rate of Interest and the amount of interest payable (the “**Interest Amount**”) for each Interest Period and the relevant Interest Payment Date to be notified to the Company (if the Company no longer acts as Calculation Agent), and the Fiscal Agent, the Paying Agents (excluding the Company, if applicable), the Registrars (excluding the Company, if applicable) and any stock exchange on which the relevant Floating Rate Notes are for the time being listed, and to be notified in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment shall be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed. For the purposes of this subparagraph 5(a)(iii), the expression “**London Business Day**” means a day (other than Saturday or Sunday) on which banks and foreign exchange markets are open for business in London.

(F) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this paragraph 5(a) by the Calculation Agent shall (in the absence of negligence, willful misconduct, bad faith or manifest error) be binding on the Company (if the Company no longer acts as the Calculation Agent), the Fiscal Agent, the Paying Agents and all Holders of Notes and (in the absence as aforesaid) no liability to the Company or the Holders of Notes shall attach to such agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

(G) *Business Day*

If any Interest Payment Date (or other date) which is specified in the applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day convention would otherwise fall on a day which is not a Business Day, then, if the Business Day convention specified is:

(1) the “**Floating Rate Convention**,” such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day and (b) after the foregoing (a) shall have applied, each subsequent Interest Payment Date (or other date) shall be the last Business Day of the last month of each subsequent Interest Period; or

(2) the “**Following Business Day Convention**,” such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(3) the “**Modified Following Business Day Convention**,” such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(4) the “**Preceding Business Day Convention**,” such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

(b) **Zero Coupon Notes and Original Issue Discount Notes**

If the Rate of Interest specified in the applicable Pricing Supplement is “zero,” such Note is a Zero Coupon Note and shall not bear interest; *provided*, that from the Maturity Date or any other due date for repayment of such Note, any overdue amount payable on such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Accrual Yield specified

in the applicable Pricing Supplement (computed on the basis of a 360-day year of twelve 30-day months, unless otherwise specified in the applicable Pricing Supplement) until all amounts due in respect of such Note have been paid.

The applicable Pricing Supplement shall specify whether a Note is an Original Issue Discount Note. An Original Issue Discount Note is a Note (including any Zero Coupon Note) that is treated as having been issued with Original Issue Discount for United States federal income tax purposes (an “**Original Issue Discount Note**”) and, in the event of acceleration of maturity of such Note, the amount payable thereon in lieu of the principal amount due at the Maturity Date thereof, shall be the amount (the “**Amortized Face Amount**”) equal to (a) the Issue Price plus (b) that portion of the difference between the Issue Price and the principal amount that has accrued at the Accrual Yield (calculated in accordance with the method set forth in the applicable Pricing Supplement) at the date as of which the Amortized Face Amount is calculated, but in no event shall the Amortized Face Amount exceed the principal amount of such Note due at the Maturity Date hereof. As used herein, (x) “**Issue Price**” means (a) the principal amount of such Note less (b) the Original Issue Discount hereof, (y) “**Accrual Yield**” means the yield-to-maturity stated in the applicable Pricing Supplement for the period from the Issue Date stated in the Pricing Supplement to the Maturity Date on the basis of the Issue Price and principal amount and (z) “**Original Issue Discount**” means the Original Issue Discount stated in the Pricing Supplement multiplied by a fraction, the numerator of which is the principal amount of such Note and the denominator of which is the initial principal amount stated in the applicable Pricing Supplement.

(c) **Indexed Notes**

If the amount of principal, premium and interest, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts, payable on the Notes of a Series of which this Note is a part is to be determined by reference to (a) a currency exchange rate or rates, (b) a securities or commodities exchange index, (c) the value of a particular security or commodity, (d) any other index or indices or (e) a formula or formulae, then this Note is an Indexed Note and the Pricing Supplement relating to the Tranche of which this Note is a part shall specify the method by and terms on which the amount of principal (whether at or prior to the Maturity Date), premium and interest, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts payable in respect of this Note shall be determined and other information relating to the Tranche of which this Note is a part.

(d) **Dual Currency Notes**

If this Note is one of a Series as to which the Company has a one-time option, exercisable on any one of the dates specified in the applicable Pricing Supplement, of thereafter making all payments of principal, premium, if any, and interest (which payments would otherwise be made in the Specified Currency) in the optional currency specified in the applicable Pricing Supplement, then this Note is a Dual Currency Note. The applicable Pricing Supplement relating to this Note shall specify, among other things, the Specified Currency, the optional payment currency, the designated exchange rate, the option election dates and the Interest Payment Dates for the Notes of the Series of which this Note is a part. The amounts payable and the method for calculating such amounts (whether in respect of principal, premium or interest, if any, and whether at maturity or otherwise) in respect of the Notes of the Series of which this Note is a part and any

additional terms and conditions of such Series of Notes shall be specified in the applicable Pricing Supplement.

(e) **Amortizing Notes**

If this Note is one of a Series as to which the Company pays a level amount in respect of both interest and principal amortized over the life of such Notes, then this Note is an “**Amortizing Note.**” The Notes of the Series of which this Note is a part shall be redeemable in installments in the installment amounts (each an “**Installment Amount**”) and on the installment dates (each an “**Installment Date**”) specified in the applicable Pricing Supplement. Payments with respect to the Notes of the Series of which such Amortizing Note is part shall be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Additional terms and conditions of the Notes of the Series of which this Note is a part and a table or formula setting forth repayment information shall be included in the applicable Pricing Supplement.

(f) **Accrual of Interest, Interest on Overdue Amounts; Limitation on Interest Rate**

Each Note (or in the case of the redemption of only part of a Note, that part only) shall cease to bear interest (if any) from the due date or date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. If all or a portion of the principal amount of any Note (other than a Zero Coupon Note) is not paid when due, upon redemption or acceleration or otherwise, such overdue principal amount shall continue to bear interest at the Rate of Interest specified in the applicable Pricing Supplement until payment thereof has been made or duly provided for in full. In the case of Zero Coupon Notes, any overdue amount payable on such Notes shall bear interest as set forth in Condition 4(b).

5 REDEMPTION AND REPURCHASE

Notes of a Series shall not be subject to redemption prior to maturity at the option of the Company or at the option of the Holder of any Notes of such Series except as set forth in the applicable Pricing Supplement and as set forth below. Notice of redemption shall be provided in accordance with Condition 14.

(a) **At Maturity**

Unless otherwise set forth in the applicable Pricing Supplement and unless previously redeemed, or purchased and canceled, each Note shall be redeemed by the Company at its Final Redemption Amount, as set forth in the applicable Pricing Supplement in the relevant Payment Currency on the Maturity Date, as set forth in the applicable Pricing Supplement.

(b) **Early Redemption for Taxation Reasons**

Subject to the conditions described below, the Notes of any Series may be redeemed, as a whole but not in part, at the option of the Company, at any time, upon not more than 60 days’ nor less than 30 days’ prior notice (given in accordance with Condition 14) to the Holders thereof at a redemption price equal to the applicable Early Redemption Amount, together with interest accrued (but unpaid), if any, to but excluding the date fixed for redemption (which

date, in the case of Floating Rate Notes, must be an Interest Payment Date), if the Company determines that on the next succeeding Interest Payment Date, as a result of any change in or amendment to the laws or treaties, or any regulations or rulings promulgated thereunder, of the State of Israel, or any political subdivision thereof or any taxing authority therein, or any proposed change in such laws, treaties, regulations or rulings, or any change in the official application, enforcement or interpretation of such laws, treaties, regulations or rulings (including a holding by a court of competent jurisdiction in the State of Israel), which change or amendment becomes effective or is proposed on or after the Issue Date of the first Tranche of Notes of such Series in the case of Israeli taxes, the Company has or shall become obligated to pay Additional Amounts (or, if Additional Amounts are payable by the Company as of the Issue Date, the Company has or shall become obligated to pay Additional Amounts in excess of any Additional Amounts which are payable by the Company as of the Issue Date) on any Note and such obligation cannot be avoided by the Company by the taking of measures which (in the good faith opinion of the Company) are reasonable under the circumstances. Prior to the distribution of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Fiscal Agent an officer's certificate by the Chief Executive Officer, Chief Financial Officer, any Senior Vice President or other senior executive officer of the Company stating that all the conditions have been duly and timely fulfilled and that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred, and an opinion of an independent tax counsel to the effect that there has been such change, expiration, amendment or treaty which would entitle the Company to redeem the Notes.

Notwithstanding the foregoing, the Company shall have no right to redeem the Notes unless and until it has used its best efforts to obtain an exemption from any deduction or withholding obligation and its request has been denied by the relevant authorities.

(c) Redemption at the Option of the Company

If so set forth in the applicable Pricing Supplement, the Company may, having given not more than 60 days' nor less than 30 days' prior notice to the Holders of Notes of the Series (given in accordance with Condition 14), redeem all or any part of the Notes of such Series then outstanding on the dates and at the amounts specified or determined in the manner set forth in the applicable Pricing Supplement together with interest accrued, premium, if any, to but excluding the date fixed for redemption (which date, in the case of Floating Rate Notes, must be an Interest Payment Date). In the event of a partial redemption of Series of Notes, such redemption must be of a principal amount equal to or higher than the minimum principal amount of the Notes of such Series permitted to be so redeemed (if any) (the "**Minimum Redemption Amount**") and less than or equal to the maximum principal amount of the Notes of such Series permitted to be so redeemed (if any) (the "**Maximum Redemption Amount**"), both as set forth in the applicable Pricing Supplement. In the case of a partial redemption of Definitive Registered Notes such Notes shall be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption shall be notified in accordance with Condition 14 not less than 30 days prior to such date. In the case of a partial redemption of Global Registered Notes, such Notes shall be selected in accordance with the rules of the relevant clearing system or systems, as the case may be.

(d) Redemption at the Option of the Holders

Subject to the prior delivery of a Put Event Confirmation (as defined below) by the Company in accordance with provisions set forth below, each Holder shall have the option upon the giving of a Put Notice (as defined below) (the “**Put Option**”) to require the Company to redeem or, at the option of the Company, purchase (or procure the purchase of) each Note of which it is the Holder on the Put Date at the principal amount outstanding of such Note plus (in the case of a Put Event described in clause (B) below) Foregone Margin in respect of such Note, together in any case with accrued interest and premium, if any, to the Put Date if:

- (A) at any time during the term of such Note, such Note is downgraded by S&P, for any reason, to a rating level two notches below the Company’s international long-term corporate credit and senior debt ratings level assigned by S&P (the “**S&P Rating**”), and is downgraded by Moody’s, for any reason, to a rating level two notches below the Company’s international long-term corporate credit and senior debt rating level assigned by Moody’s (the “**Moody’s rating**”), and the rating level of such Note is not restored by either S&P or Moody’s to the level of the S&P Rating or the Moody’s Rating, as applicable, within the three month period beginning on (i) the date of the downgrade (if S&P and Moody’s downgrade such Note on the same date) or (ii) the date of the later downgrade (if S&P and Moody’s downgrade such Note on different dates); *provided*, that the new rating level of such Note assigned by S&P is a level lower than BB+ and assigned by Moody’s is a level lower than Ba1;
- (B) a Change of Control occurs; or
- (C) an event or circumstance occurs which could reasonably be expected to have a Material Adverse Effect,

(each such event, a “**Put Event**”).

Promptly upon the Company or Holders representing at least 10% of the aggregate principal amount of the relevant Series of Notes becoming aware that an event has occurred or is subsisting which could, subject to determination of the Holders of the relevant Series of Notes, constitute a Put Event, the Company shall, or any such Holders may give to the Company which then shall, give notice (a “**Put Event Notice**”) to the Holders of the relevant Series in respect of all of the Notes (with a copy to the Fiscal Agent). If the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes determine and give notice that there has been a Put Event, the Company shall give notice (a “**Put Event Confirmation**”) to the Holders of such relevant Series of Notes (with a copy to the Fiscal Agent) in accordance with the Fiscal Agency Agreement specifying the nature of the Put Event and the procedure set forth below for exercising the option contained in this Condition in accordance with the terms of the Collateral Trust Agreement.

The Fiscal Agent shall not be responsible for ascertaining, monitoring or notifying the Noteholders whether or not a Put Event has occurred or whether a Put Event Confirmation was provided.

To exercise the option of redemption of a Note above, the Holder must deliver a duly signed and completed notice of exercise in the form obtainable from the specified office of the Fiscal Agent upon request during usual business hours (a “**Put Notice**”), which form the Company shall provide to the Fiscal Agent within 30 days from the date of issuance of the Notes, in which the Holder shall, among other information, provide such Holder’s bank account information to which payment is to be made (together with (i) in the case of Definitive Registered Notes, such Definitive Registered Notes endorsed in blank or with an executed certificate of transfer and a Put Event Confirmation and (ii) in the case of Global Registered Notes, a Put Event Confirmation and either (A) a bank statement evidencing that the entity providing the Put Notice is the beneficial owner of the principal amount of Notes specified in the Put Notice or (B) a confirmation from a TASE Member that such person is the beneficial owner of the principal amount of Notes specified in the Put Notice) to the specified office of the Fiscal Agent on any Business Day falling within the period (the “**Put Period**”) of 45 days after a Put Event Confirmation is given. Payment in respect of the Notes to be redeemed shall be made by the Paying Agent to the duly specified bank account in the Put Notice on the date falling seven Business Days following the expiry of the Put Period (the “**Put Date**”) by transfer of redemption moneys therefor and interest (if any) accrued to such date. A Put Notice, once given, will be irrevocable. The Company shall redeem the relevant Notes on the Put Date unless previously redeemed or purchased.

In addition, if so set forth in the applicable Pricing Supplement, the Company shall, at the option of the Holder of any Note who has given to the Company not more than 60 days’ nor less than 30 days’ notice in accordance with Condition 14 (unless otherwise specified in the applicable Pricing Supplement), which notice shall be irrevocable, redeem such Note, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement on the date or dates set forth in the applicable Pricing Supplement and at the amount set forth or determined in the manner specified in the applicable Pricing Supplement, together with interest accrued and premium, if any, to but excluding the date fixed for redemption (which date, in the case of Floating Rate Notes, must be an Interest Payment Date).

Notwithstanding any other provision of the Fiscal Agency Agreement, each Holder of a relevant Series of Notes shall independently exercise its right to deliver a Put Notice whereby such Holder exercises the option to redeem its Notes pursuant to Condition 5(d).

(e) **Presentation of Notes**

If notice of redemption has been given in accordance with Condition 14, the Notes so to be redeemed shall become due and payable on the date fixed for redemption specified in such notice and upon presentation and surrender of the Notes at the place or places specified in such notice maturing subsequent to the redemption date, the Notes shall be paid and redeemed by the Company, at the places and in the manner and currency therein specified and at the redemption price therein specified together with accrued interest and premium, if any, to the redemption date.

If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Issue Date, unless there is a different Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which

bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

From and after the redemption date, if moneys for the redemption of Notes called for redemption shall have been made available at the office of the Paying Agent for redemption on the redemption date, the Notes called for redemption shall cease to bear interest (and in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts payable in respect thereof shall cease to increase), and the only right of the Holders of such Notes shall be to receive payment of the redemption price together with accrued interest, if any, to the redemption date as aforesaid. If moneys for the redemption of the Notes are not made available for payment until after the redemption date, the Notes called for redemption shall not cease to bear interest (and in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts payable in respect thereof shall not cease to increase) until such moneys have been so made available.

(f) **Early Redemption Amounts**

For the purposes of paragraph (b) above and Condition 7, Notes which are redeemed prior to their Maturity Date shall be redeemed at a redemption price (each an “**Early Redemption Amount**”) computed as follows, unless otherwise set forth in the applicable Pricing Supplement:

(i) in the case of Notes (other than Indexed Notes or Partly Paid Notes) issued at an Issue Price of 100% of their principal amount, at their principal amount in the relevant Specified Currency, together with, in the case of Fixed Rate Notes, interest accrued to the date fixed for redemption;

(ii) in the case of Notes (other than Original Issue Discount Notes, Indexed Notes or Partly Paid Notes) issued with an Issue Price greater or less than 100% of their principal amount, at the amount set forth in the applicable Pricing Supplement;

(iii) in the case of Original Issue Discount Notes (other than Indexed Notes or Partly Paid Notes), at an amount (the “**Amortized Face Amount**”) equal to:

(A) the sum of (x) the Reference Price set forth in the applicable Pricing Supplement and (y) the product of the Accrual Yield set forth in the applicable Pricing Supplement (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption pursuant to the provisions described under paragraph (b) above or (as the case may be) the date upon which such Note becomes due and repayable as provided under Condition 7; or

(B) if the amount payable in respect of any Original Issue Discount Note upon redemption of such Note pursuant to the provisions described under paragraph (b) above or upon its becoming due and repayable as provided under Condition 7 is not paid when due, the amount due and repayable in respect of such Note shall be the Amortized Face Amount of such Note computed as provided above, except that sub-paragraph (A) shall have effect as though the references in sub-paragraph (A) to the date fixed for redemption or the date upon which the Original Issue Discount Note becomes due and

repayable were replaced by references to the date (the “**Relevant Date**”) that is the earlier of:

(1) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the Holder of such Note; and

(2) the date on which the full amount of the moneys repayable has been received by the Paying Agent and notice to that effect has been given in accordance with Condition 14.

The computation of the Amortized Face Amount in accordance with sub-paragraph (B) shall continue to be made, to the extent permitted by applicable law after as well as before judgment, until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the principal amount of such Note together with interest at a rate per annum equal to the Accrual Yield and computed as set forth under Condition 4(b);

(iv) in the case of Indexed Notes the Early Redemption Amount shall be determined in accordance with the index and/or the formula set forth in the applicable Pricing Supplement, and each such Indexed Note shall be redeemed at the Early Redemption Amount; or

(v) in the case of Partly Paid Notes, the Early Redemption Amount shall be as set forth in the applicable Pricing Supplement.

(g) Amortizing Notes

If the Notes are Amortizing Notes, they shall be redeemed in the Installment Amounts and on the Installment Dates specified in the applicable Pricing Supplement.

(h) Partly Paid Notes

If the Notes are Partly Paid Notes, they shall be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of these Terms and Conditions as amended by the applicable Pricing Supplement.

(i) [Reserved.]

(j) Repurchase

The Company may at any time purchase Notes in any manner and at any price. Notes purchased by the Company may be held or surrendered to the Fiscal Agent for cancellation.

Any purchase by tender shall be made available to the Holders of all Notes of a Series alike. The Notes so purchased while held by or on behalf of the Company, shall not entitle the Holder to provide consents with respect to any Series of Notes, the Fiscal Agency Agreement and the Charge Documents and shall not be deemed to be outstanding for the purposes of calculating whether sufficient consents have been obtained in respect of any modification,

amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action.

6 PAYMENT OF ADDITIONAL AMOUNTS

All payments of principal of, and interest and premium, if any, on, the Notes by the Company shall be made without deduction or withholding for or on account of (i) any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the State of Israel or by or within any political subdivision thereof or any authority therein having power to tax, (ii) changes to the Ruling or (iii) the involuntary delisting of the Notes from the TACT Institutional (such taxes, collectively “**Israeli Taxes**”), unless deduction or withholding of such Israeli Taxes is required by law. In the event the Company is required to deduct or withhold such tax, the Company will pay such additional amounts (“**Additional Amounts**”) as specified in the applicable Pricing Supplement, except that no such Additional Amounts shall be payable in respect of any Note:

(a) to or on behalf of a Holder who is subject to such Israeli Taxes, by reason of his being or having been connected with the State of Israel, otherwise than merely by holding such Note or receiving principal or interest in respect thereof, or

(b) to or on behalf of a Holder who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim (if it is legally entitled to do so), such Holder fails to do so; or

(c) with respect to any tax, assessment, or other governmental charge that is imposed or withheld by reason of the application of Section 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any successor provisions), any regulation, pronouncement, or agreement thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, whether currently in effect or as published and amended from time to time.

The obligation to pay Additional Amounts in respect of Israeli Taxes shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal or interest on the Notes; *provided*, that, except as otherwise set forth in the Notes, the Company shall pay all stamp and other duties, if any, which may be imposed by the State of Israel, the United States or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Fiscal Agency Agreement or the Charge Documents or as a consequence of the issuance of the Notes.

Any reference herein to principal and/or interest in respect of Notes of a Series shall also be deemed to refer to any Additional Amounts which may be payable hereunder.

7 EVENTS OF DEFAULT AND ACCELERATION EVENTS

(i) Events of Default

Each of the following constitutes an “Event of Default” with respect to the Notes:

(a) *Non-Payment of Interest:* The Company defaults in any payment of interest on the Notes when the same becomes due and payable, and such default continues for a period of three Business Days;

(b) *Non-Payment of Principal:* The Company defaults in the payment of the principal of the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, and such default with respect to any principal payment other than the final payment continues for a period of three Business Days;

(c) *Insolvency or Bankruptcy:* (i) The Company is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under Applicable Law, suspends or threatens to suspend making payments on any of its debts, or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness; or (ii) a moratorium is declared in respect of any indebtedness of the Company provided that the ending of the moratorium shall not remedy any Event of Default caused by that moratorium; or (iii) the Company (A) adopts a resolution for winding-up, entry into receivership or administration, or (B) an order of liquidation is issued in respect of the Company; or the Company enters into receivership.

(d) *Insolvency Proceedings:* Any corporate action, legal proceeding or other procedure or step is taken in relation to: (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution (whether temporary or permanent), administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company; (ii) a composition, compromise, assignment or arrangement with any creditor of the Company, other than any such arrangement entered into for the purpose of a solvent restructure or merger which (A) does not require the consent of any creditor or (B) if the consent of a creditor is required, where such consent has been given by the relevant creditor including, in each case, a solvent restructure or merger pursuant to Section 350 and/or Section 351 of the Israeli Companies Law – 1999; (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, custodian, trustee or other similar officer (each such appointment, whether temporary or permanent) in respect of the Company; (iv) crystallization or enforcement of any security over a substantial part of the assets of the Company which is not discharged, stayed or dismissed within 14 days of commencement provided that the aggregate amount secured by any such Security Interests so enforced exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); or (v) any analogous procedure or step is taken in any jurisdiction (each, an “Insolvency Proceeding”). Notwithstanding the foregoing, the following will not be Insolvency Proceedings: (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement or, if earlier, the date on which it is advertised, and (ii) any request submitted by the Company to enter into a scheme of arrangement with its creditors, or a merger, pursuant to either Section 350 of the Israeli Companies Law – 1999 or the applicable laws of another jurisdiction; provided, that, in each case, such request is not

submitted in the context of insolvency proceedings or a restructuring of the Company's obligations.

If any Event of Default occurs, then the Fiscal Agent (subject to being indemnified and/or secured to its satisfaction) upon the request of Holders of at least 25% in aggregate principal amount of the relevant Series of Notes shall, or the Holders of at least 25% in aggregate principal amount of the relevant Series of Notes may, give notice to the Company declaring the relevant Series of Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount outstanding together with accrued interest without further action or formality. No delay by the Fiscal Agent or Holders to give or cause to be given a notice to the Company declaring the relevant Series of Notes to be immediately due and payable upon any occurrence of an event that actually or potentially constitutes an Event of Default shall constitute a waiver by the Holders of such Series of Notes of their rights under the Fiscal Agency Agreement or the Notes or in any other way prejudice their ability to enforce their rights and remedies under the Notes, Program Documents and the Charge Documents.

(ii) **Acceleration Events**

Each of the following constitutes an “**Acceleration Event**” with respect to the Notes:

(a) *Breach of Covenants*: The Company does not comply with Conditions 3(a), 3(f), 5(d) and 6 hereof, and (other than in the case of Condition 5(d)), such event or circumstance (i) is, in the opinion of the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes, incapable of remedy or (ii) is an event or circumstance which is, in the opinion of the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes, capable of remedy, but remains unremedied for five days after the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes have given notice of such event or circumstances (as described below).

(b) *Breach of Other Obligations*: The Company does not comply with any provisions (other than those referred to in Condition 7(ii)(a) or agreements in the Notes or the Charge Documents and (unless otherwise giving rise to a Put Event or an Event of Default), such event or circumstance (i) is, in the opinion of the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes, incapable of remedy or (ii) is an event or circumstance which is, in the opinion of the Holders of more than 25% in aggregate principal amount of the relevant series of Notes, capable of remedy, but remains unremedied for 30 days after the Holders of more than 25% in aggregate principal amount of the relevant Series of Notes have given notice of such event or circumstance.

(c) *Unlawfulness and Invalidity*: (i) It is or becomes unlawful for the Company to perform any of its obligations (A) under the Program Documents which is material in the context of the Notes or (B) under the Note Floating Charge; or (ii) any obligation or obligations of the Company under the Program Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Holders; or the Note Floating Charge ceases to be

legal, valid, binding, enforceable or effective or is alleged by the Company to be ineffective.

(d) *Cross-Default:* (i) Any Indebtedness of the Company is not paid within 15 days after the expiration of any applicable grace period or within 30 days after final maturity; or (ii) any Indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default or an acceleration event (however described); *provided*, that no Acceleration Event shall occur under this Condition 7(ii)(d) if (A) the aggregate amount of Indebtedness or commitment for Indebtedness falling within sub-paragraphs (i) to (ii) above is less than U.S.\$50,000,000 (or its equivalent in any other currency or currencies) or (B) the Indebtedness is owed to a supplier or vendor (excluding, for the avoidance of doubt, banks or other financial institutions).

(e) *Creditors' Process:* Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Company provided that the aggregate amount of the affected asset or assets exceeds U.S.\$100,000,000 (or its equivalent in any other currency or currencies).

If any Acceleration Event occurs then the Fiscal Agent (subject to being indemnified and/or secured to its satisfaction) upon the request of Holders of at least 25% in aggregate principal amount of the relevant Series of Notes shall, or the Holders of at least 25% in aggregate principal amount of the relevant Series of Notes may, give notice to the Company declaring the relevant Series of Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount outstanding together with accrued interest without further action or formality. No delay by the Fiscal Agent or Holders to give or cause to be given a notice to the Company declaring the relevant Series of Notes to be immediately due and payable upon any occurrence of an event that actually or potentially constitutes an Acceleration Event shall constitute a waiver by the Holders of such Series of Notes of their rights under the Fiscal Agency Agreement or the Notes or in any other way prejudice their ability to enforce their rights and remedies under the Notes, Program Documents and Charge Documents.

8 PAYMENTS

(a) **[Reserved.]**

(b) **Registered Notes**

If this Note is a Registered Note, any interest (other than interest payable at maturity or upon redemption) and any Additional Amounts on such Registered Note shall be payable to the Holders in whose name the Note is registered in the relevant Note Register maintained pursuant to the Fiscal Agency Agreement at the close of business on the 12th calendar day (whether or not a Business Day) next preceding the date such interest is due, unless otherwise specified in the applicable Pricing Supplement (the "**Record Date**"), and principal (including premium and redemption amounts, if any, and, if this Note is an Original Issue Discount Note, the Amortized Face Amount or other amounts payable in respect hereof) and interest, if any, and any Additional Amounts, if any, in respect hereof payable at maturity or upon redemption of this Note shall be

payable, upon surrender of this Note at the designated office or agency of the Fiscal Agent, to the registered Holder of such Note.

With respect to any Global Registered Note, the Company, solely in its capacity as the initial Paying Agent, shall, prior to 10:00 a.m. (Tel Aviv time), two Business Days prior to when principal (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series (represented by such Global Registered Note) as the same shall become due and payable (or if any such day is not a Business Day, on the next succeeding Business Day), make, or cause to have made, payments by wire transfer of immediately available funds to the Depository for further payments on the Global Registered Note through the TASECH in accordance with the Applicable Procedures and the provisions of the Fiscal Agency Agreement.

With respect to any Definitive Registered Notes, the Company, solely in its capacity as the initial Paying Agent shall, prior to 10:00 a.m. (Tel Aviv time), two Business Days prior to when principal (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the amortized face amount or other amount payable in respect thereof) and interest, if any, in respect of the Notes of a Series (represented by such Definitive Registered Notes) as the same shall become due and payable (or if any such day is not a Business Day, on the next succeeding Business Day), make, or cause to have made, payments to Holders of such Definitive Registered Notes by (i) wire transfer of immediately available funds to the accounts of such Holders in whose name such Definitive Registered Notes are registered in the relevant Note Register on the relevant Record Date or such accounts that such Holders may from time to time designate in writing to the Paying Agent and Registrar not later than 15 Business Days prior to such payment date or (ii) check mailed to the registered addresses of such Holders in whose name such Definitive Registered Notes are registered in the relevant Note Register on the relevant Record Date.

Any payment made to the Depository in accordance with the Applicable Procedures shall discharge the relevant payment obligation of the Company, the Fiscal Agent and any Paying Agent. None of the Company, the Fiscal Agent or any Paying Agent shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(c) Payment Business Day

If the date for payment of any amount in respect of any Note is not a Payment Business Day, the Holder thereof shall not be entitled to payment of the amount due until the next following Payment Business Day in the relevant place and shall not be entitled to any interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the Pricing Supplement, “**Payment Business Day**” means any day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation; and

(ii) a Business Day.

9 PAYMENTS IN EURO

References to euro are to the currency which was introduced at the start of the third stage of European Economic and Monetary Union (the “Euro”) pursuant to Article 109(4) of the Treaty establishing the European Communities as amended by the Treaty on European Union (the “Treaty”). Notes denominated in a currency of a country that is a member of the European Economic and Monetary Union may be redenominated into Euro following the giving of notice by the Company to the Holders, the Fiscal Agent, any Paying Agent, any Transfer Agent, any Registrar and the TASECH. Such Notes may also be subject to renominialization, reconventioning and/or consolidation with other Notes then denominated in Euro. The provisions applicable to any such redenomination, renominialization, reconventioning or consolidation shall be specified in the relevant Pricing Supplement.

10 PRESCRIPTION

Claims against the Company (if any) for payment in respect of the Notes shall be prescribed and become void unless made within five years (in the case of principal or interest) from the appropriate Relevant Date (as defined in Condition 5) in respect thereof.

All moneys held by the Fiscal Agent or any Paying Agent in respect of Notes of a Series which remain unclaimed shall be returned to the Company upon request on the earlier of (a) the obligation to make the principal payment in respect of such Notes becoming void or ceasing in accordance with these Terms and Conditions, and (b) the expiration of two years following the date on which the relevant payment in respect of such Notes shall have become due and payable. Upon the return of such funds, a Holder of Notes of such Series thereafter may look only to the Company for payment.

11 THE AGENTS

Unless otherwise specified in the applicable Pricing Supplement, the Company will serve as the initial Paying Agent, Calculation Agent, Transfer Agent and Registrar for the Notes. The Company reserves the right at any time to appoint additional or other Paying Agents, Calculation Agents, Transfer Agents or Registrars and to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, any Calculation Agent, any Transfer Agent or any Registrar; *provided*, that until each Note has been delivered to the Fiscal Agent for cancellation, or moneys sufficient to pay the principal (including premium and redemption amounts, if any, and, if a Note is an Original Issue Discount Note, the Amortized Face Amount or other amounts payable in respect thereof) and, interest, if any, on such Note have been made available for payment and either paid or returned to the Company as provided herein, the Company covenants that it shall at all times maintain a Paying Agent and Transfer Agent with a specified office in such places as the rules of the TACT Institutional require.

12 REPLACEMENT OF NOTES

The Fiscal Agent or its duly authorized agents are authorized from time to time in accordance with the provisions of the Fiscal Agency Agreement to authenticate or cause to be

authenticated and deliver or cause to be delivered back to the Company (i) Notes of a Series in exchange for or in lieu of Notes of such Series of like tenor and of like form which become mutilated, destroyed, defaced, stolen or lost upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Company may reasonably require, and mutilated or defaced Notes must be surrendered before replacements shall be issued; (ii) Notes of a Series in any authorized denominations and of equal aggregate principal amount of Notes of such Series, subject to the requirements as to minimum denomination; and (iii) if specifically so provided by the applicable Pricing Supplement, Notes of such Series in exchange for Notes of another Series.

Unless otherwise provided in the applicable Pricing Supplement, each Note surrendered for exchange shall be dated the date of its original issuance. Each Note executed, authenticated and delivered upon any transfer or exchange for or in lieu of the whole or any part of any Note shall carry all rights, if any, to the principal amount (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Note, the Amortized Face Amount or other amounts payable in respect thereof) and to interest, if any, accrued and unpaid and to accrue which were carried by the whole or such part of such Note. No such exchanges, however, will be made by the applicable Registrar or Transfer Agent, and no Holder of any Note may require such an exchange, during the period of 30 days preceding the due date for any payment of principal (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) on such Note.

13 ACTS OF HOLDERS; AMENDMENTS AND MODIFICATIONS

(a) Acts of Holders

The Fiscal Agency Agreement contains provisions, which are binding on the Company and the Holders of Notes setting forth procedures for Holders of Notes of any Series to consent to matters affecting their interests, including to modify, amend or supplement the Terms and Conditions of the Notes of such Series, the Fiscal Agency Agreement or the Charge Documents or to waive future compliance with, or past default under, such Notes.

Consents of Holders of Notes of one or more Series may be solicited at any time and from time to time by the Company to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or the Notes of such Series to be made, given or taken by Holders of Notes of such Series or to modify, amend or supplement the Terms and Conditions of the Notes of such Series, the Charge Documents or the Fiscal Agency Agreement as hereinafter provided. The Company may at any time solicit the consents of Holders of Notes of one or more Series for any such purpose. In case at any time the Holders of at least 10 percent in aggregate principal amount of the Notes then Outstanding of a Series shall have requested the Company to solicit the consents of the Holders of Notes of such Series to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Agreement or the Notes of such Series, by written request setting forth in reasonable detail the action proposed to be taken in such solicitation of consents, the Company shall solicit such consents of Holders.

To be entitled to consent, a Person must be a Holder of Outstanding Notes of such Series or a Person appointed by an instrument in writing as proxy for a Holder or Holders of Outstanding Notes of such Series by such Holder or Holders, which proxy need not be a Holder of Notes.

The Company shall fix a record date for the purpose of determining the Holders entitled to consent to any modification, amendment, supplement or waiver. Those persons who were Holders at such record date (or their duly designated proxies), and only such persons, shall be entitled to consent to such modification, amendment, supplement, waiver or other action or to revoke any consent previously given, whether or not such persons continue to be Holders after such record date. Each consent in respect of any proposed modification, amendment, supplement, waiver or other action shall expire 120 days after such record date unless such modification, amendment, supplement, waiver or other action has taken effect.

(b) **Amendments and Modifications**

Except as otherwise provided in this Condition 13, any modification, amendment, supplement or waiver to the Fiscal Agency Agreement or the Terms and Conditions of the Notes of a Series shall require the written consent or approval of the Company, the Fiscal Agent and the consents of Holders of a majority of the aggregate principal amount of the Notes then Outstanding of such Series (a “**Requisite Majority**”); *provided, however*, that for any such modification, amendment, supplement or waiver that affects the Notes then Outstanding of more than one Series (as determined by the Company) shall require the consent of Holders of a majority in aggregate principal amount of the Outstanding Notes affected thereby. Any modifications, amendments, supplements or waivers to the Charge Documents shall require the consent of the Company, the Charge Agent and the Requisite Majority of each Series of Notes secured thereby voting separately.

Except as otherwise provided in this Condition 13, any such modification, amendment, supplement or waiver with respect to any Series of Notes shall be conclusive and binding on all Holders of Notes of such Series, whether or not they have given such consent and whether or not notation of such modification, amendment, supplement or waiver is made upon the Notes of such Series, and on all future Holders of Notes of such Series. Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment, supplement or waiver shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note.

Notwithstanding anything herein to the contrary, the consent for any release of the Note Floating Charge with respect to a Series of Notes or any modification, amendment, supplement or waiver to such Series or to the Charge Documents with respect to such Series, in each case in connection with such consent, requires the consent of the Requisite Majority of such Series of Notes voting separately. In addition, any instructions provided by the Holders secured by the Note Floating Charge with respect to the Note Floating Charge or the Collateral Trust Agreement require the approval of the Holders of the majority in aggregate principal amount of the Notes then Outstanding so secured voting together.

Notwithstanding anything herein to the contrary, no modification, amendment, supplement or waiver to any Series of Notes, the Fiscal Agency Agreement or the Charge Documents may (i) change the maturity of the principal (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) or interest, if any, in respect of any Notes of such Series, or reduce the principal amount (including premium and redemption amounts, if any, and, in the case of Original Issue Discount Notes, the Amortized Face Amount or other amount payable in respect thereof) thereof, or reduce the rate or extend the time of payment of any installment of interest thereon; (ii) change the place of payment of principal of, or interest on, any Notes of such Series, (iii) change the currency of payment of principal of, or interest on, any Notes of such Series; (iv) change the Company's obligation to pay Additional Amounts; (v) impair or affect the right of any Holder to institute suit for the enforcement of any such payment on or after the due date therefor (or in the case of redemption, on or after the redemption date); (vi) permit the creation of any Fixed Charge or Floating Charge (other than Permitted Security Interests) or release the Note Floating Charge (other than as provided in the preceding paragraph) or deprive the Holders of the Notes of the security afforded by the Note Floating Charge (other than as provided in the preceding paragraph); (vii) waive an Event of Default in the payment of principal of, or interest on, the Notes of such Series; or (viii) reduce the proportion of the principal amount of Notes of such Series the consent of the Holders of which is necessary to modify or amend the Fiscal Agency Agreement, the Terms and Conditions of the Notes of such Series or the Charge Documents or to make, take or give consent, waiver or other action provided hereby or thereby to be made, taken or given, in each case, unless each such proposed action or modification, amendment or supplement is approved by an extraordinary resolution (an "**Extraordinary Resolution**") which may only be passed with the consent of each Holder affected by such modification, amendment, supplement or waiver; *provided, however*, that the currency of payment of principal of, or interest on, any Notes of a Series listed for trading on the TACT Institutional may not be changed in any circumstances so long as such Notes are listed thereon.

It shall not be necessary for the consent of the Holders of Notes to approve the particular form of any proposed modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action, and it shall be sufficient if such consent shall approve the substance thereof. Any instrument given by or on behalf of any Holder of a Note of a Series in connection with any consent to any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note or any Note issued directly or indirectly in exchange or substitution therefor or in lieu thereof; *provided*, that any Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Company receives written notice of revocation before the date on which such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action becomes effective. A modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action shall become effective upon the Fiscal Agent being furnished with the required consents of Holders, subject to terms of the Fiscal Agency Agreement. A consent to any modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action by any Holder given in connection with a tender of such Holder's Notes shall not be rendered invalid by such tender. Notice of any modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action with respect to the Notes of a Series or the Fiscal Agency

Agreement (other than for purposes of curing any ambiguity or of curing, correcting or supplementing any defective provision hereof or thereof) shall be given, in all cases, as provided in the Notes of such Series. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action.

The Company and the Fiscal Agent may agree, without the consent of any Holder of Notes, to any modifications, amendments, supplements or waivers to the Fiscal Agency Agreement or the Terms and Conditions of the Notes and the Company and the Charge Agent may agree, without the consent of any Holder of Notes to any modifications, amendments, supplements or waivers to the Charge Documents, in each case subject to the preceding paragraphs and solely for the purposes of (i) adding to the covenants of the Company for the benefit of the Holders of Notes; (ii) surrendering any right or power conferred upon the Company; (iii) correcting or supplementing any defective provision, ambiguity, inconsistency or manifest error contained in the Fiscal Agency Agreement, the Notes or (solely with the consent of the Company and the Charge Agent) correcting or supplementing any defective provision, ambiguity, inconsistency or manifest error contained in the Charge Documents, each in a manner which does not adversely affect the interests of any Holders of the Notes in any respect; (iv) amending the certification requirements set out in the Fiscal Agency Agreement in order to allow the Company to comply with the certification requirements with respect to nationality or status as required by Applicable Law; (v) making technical and other amendments that do not adversely affect the interest of any Holder of Notes in order to allow or facilitate the listing or acceptance for listing for trading or quoting of the Notes on the TACT Institutional or another exchange or platform; (vi) the acceptance and appointment of a successor Fiscal Agent pursuant to the requirements of the Agreement; (vii) making any amendment to the provisions of the Fiscal Agency Agreement relating to the transfer and legending of Notes as permitted hereunder, including to facilitate the issuance and administration of Notes; *provided, however*, that (a) compliance with the Fiscal Agency Agreement as so amended would not result in Notes being transferred in violation of the Securities Act or any other applicable securities law and (b) such amendment does not adversely affect the rights of Holders to transfer Notes in any material respect; or (viii) otherwise making any modification, or granting any waiver or authorization of any breach or proposed breach of, any of the Terms and Conditions of the Notes or any other provisions of the Fiscal Agency Agreement or the Charge Documents in any manner which the Company and the Fiscal Agent or the Charge Agent, as the case may be, may determine provided that such modification, waiver or authorization does not adversely affect the interests of any Holders of Notes in any material respect.

Notes of a Series authenticated and delivered after the effectiveness of any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may bear a notation in the form approved by the Fiscal Agent and the Company as to any matter provided for in such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action. New Notes of such Series modified to conform to any such modification, amendment, supplement, request, demand, authorization, direction, notice, consent, waiver or other action may be prepared by the Company, authenticated by the Fiscal Agent and delivered in exchange for the Outstanding Notes of such Series.

Prior to executing any amendment to the Fiscal Agency Agreement, the Fiscal Agent, each Paying Agent (other than the Company), each Calculation Agent (other than the Company), each Transfer Agent and each Registrar shall be entitled to receive an opinion of counsel, at the Company's expense, stating that such amendment is permitted by the terms of the Fiscal Agency Agreement.

For purposes of the provisions of the Fiscal Agency Agreement and the Terms and Conditions of the Notes, any Note authenticated and delivered pursuant to the Fiscal Agency Agreement shall, as of any date of determination, be deemed to be "**Outstanding**," except:

(i) Notes theretofore canceled by the Fiscal Agent or delivered to or to the order of the Fiscal Agent for cancellation;

(ii) Notes which have been called for redemption in accordance with their terms or which have become due and payable at maturity or otherwise and with respect to which moneys sufficient to pay the principal thereof (including premium and redemption amounts, if any, and in the case of Original Issue Discount Notes, the Amortized Face Amount or other amounts payable in respect thereof) and interest, if any, in respect thereof shall have been made available to the Paying Agent; or

(iii) Notes in lieu of or in substitution for which other Notes shall have been authenticated and delivered pursuant to the Fiscal Agency Agreement;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Notes of a Series have consented to any amendment, modification, supplement, request, demand, authorization, direction, notice, consent, waiver or other action hereunder (including as a result of the occurrence of an Event of Default), Notes of such Series (or beneficial interests therein) owned directly or indirectly by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that for the purposes of determining whether the Fiscal Agent will be protected in relying on any such amendment, modification, supplement, request, demand, authorization, direction, notice, consent, waiver or other action, only Notes that the Fiscal Agent knows are so owned will be so disregarded.

For purposes of this Condition 13, the Holder of a Note may consent for each currency unit in principal amount of the Notes held by such Holder in which such Notes are denominated. Notwithstanding the foregoing, a consenting Holder of a Note which does not specify regular payments of interest, including, without limitation, Original Issue Discount Notes, shall be entitled to consent for each such currency unit of the redemption value of such Note calculated as of such date as the Company shall designate for such purpose. Where Notes are denominated in one or more currencies other than U.S. Dollars, the U.S. Dollar equivalent of such Notes shall be calculated at the respective Market Exchange Rates on such date as the Company shall designate for such purpose and each Holder of such a Note shall be permitted to consent for every U.S. Dollar of Notes (converted as aforesaid) which it holds.

14 NOTICES

(a) By the Company

- (i) **[Reserved.]**
- (ii) ***Registered Notes***

The Company will (i) for so long as any Notes are represented by Global Registered Notes, deliver any notice to redeem Registered Notes and all other communications to Holders of Registered Notes shall (except to the extent otherwise expressly provided in the applicable Pricing Supplement) to the Depository, for the purpose of delivery to the relevant clearing system for further communication to their entitled account holders; (ii) for so long as any Notes are listed for trading on the TACT Institutional, publish such notice and all other communications to Holders of Registered Notes through the newswire service of Bloomberg, or if Bloomberg does not then operate, any similar agency; and (iii) for so long as any Notes are listed for trading on the TACT Institutional and to the extent and in the manner permitted by the Applicable Procedures, post such notice and all other communications to Holders of Registered Notes on the official website of the TASE (<http://maya.tase.co.il> or any successor website thereto). Notwithstanding (i) – (iii) above, so long as the Company is obligated to file annual, quarterly, and periodic reports with an Israeli or other exchange on which any of its securities are listed for trading or securities regulatory authority in Israel or elsewhere with authority with respect to the Company, and complies with such obligations by filing such reports in English or provides an English translation thereof, the Company shall not be required to deliver the Reports and Notifications, as defined in Condition 3(f), following the procedures set forth in this Condition 14(a)(ii). If publication as provided above is not practicable, notice will be given in such other manner and shall be deemed to have been given on such date, in writing and sent first class postage pre-paid, and shall be addressed to such Holders at their respective addresses appearing in the Note Register maintained pursuant to the Fiscal Agency Agreement. In the case of Definitive Registered Notes, notices will be mailed to Holders at their respective addresses as they appear on the records of the applicable Registrar. The Fiscal Agent shall furnish notices to Holders pursuant to Condition 5(d) and Condition 13 by publishing such notices on the TACT Institutional System; *provided*, that if such publication is not practicable, notices will be mailed to the Holders at their respective addresses as they appear on the records of the applicable Registrar.

Neither the failure to give notice nor any defect in any notice given to any particular Holder of a Note shall affect the sufficiency of any notice with respect to other Notes.

(b) **By the Holders**

Notices to be given by any Holder of a Note shall be in writing and delivered to the Fiscal Agent, any Paying Agent, any Registrar or any Transfer Agent. So long as any of the Notes are represented by a Global Registered Note, such notice may be given by any Holder of a Note to the Fiscal Agent in such manner as the Fiscal Agent (if notices are given to the Fiscal Agent) and the TASECH may approve for this purpose.

15 JUDGMENT CURRENCY INDEMNITY

The Company agrees that, if a judgment or order given or made by any court for the payment of any amount in respect of any Note is expressed in a currency (the “**judgment currency**”) other than the currency (the “**denomination currency**”) in which such Note is denominated or in which such amount is payable, it shall indemnify the relevant Holder against any deficiency arising or resulting from any variation in rates of exchange between the date as of which the amount in the denomination currency is notionally converted into the amount in the judgment currency for the purposes of such judgment or order and the date of actual payment thereof. This indemnity shall constitute a separate and independent obligation from the other obligations contained in these Terms and Conditions, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due in respect of the relevant Note or under any such judgment or order.

16 LAW AND JURISDICTION

This Note, together with the Fiscal Agency Agreement and the Collateral Trust Agreement, are each governed by, and shall be construed in accordance with, the laws of the State of New York and the Note Floating Charge is governed by and construed in accordance with the laws of the State of Israel, in each case without regard to principles of conflicts of laws.

Each party to the Fiscal Agency Agreement and the Collateral Trust Agreement has irrevocably submitted to the non-exclusive jurisdiction of any United States Federal or New York State court sitting in New York City, the Borough of Manhattan, and further submits to the jurisdiction of any competent court in the place of its corporate domicile, for the purpose of any suit, action or proceeding arising out of or related to the Fiscal Agency Agreement, the Collateral Trust Agreement, any Note (“**Proceedings**”). The Collateral Trust Agreement also states that nothing contained in the Collateral Trust Agreement prevents the Charge Agent or any of the Holders from taking Proceedings in any other courts with jurisdiction and that, to the extent allowed by law, the Charge Agent or any of the Holders may take concurrent Proceedings in any number of jurisdictions, and in such event the Company may take counter proceedings in such jurisdictions. Each such party has irrevocably waived, to the fullest extent permitted by law, any objection which it may have to the laying of the venue of any such Proceedings brought in such a court and any claim that any such Proceedings have been brought in an inconvenient forum. Each such party has agreed that a final judgment in any Proceedings brought in such a court shall be conclusive and binding upon it and may be enforced in any court to the jurisdiction of which it is subject by a suit upon such judgment *provided* that, in the case of the Company, service of process is effected on it in accordance with the provisions set forth below or as otherwise permitted by law. With respect to the Note Floating Charge, the District Court of Israel sitting in Haifa shall have exclusive jurisdiction to which all parties shall submit.

EACH OF THE COMPANY AND THE FISCAL AGENT (AND HOLDERS BY THEIR ACQUISITION OF A NOTE) HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR

RELATED TO THE FISCAL AGENCY AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

As long as any Note remains outstanding, the Company shall at all times have an authorized agent in New York City, the Borough of Manhattan, upon whom process may be served in connection with any Proceedings. Service of process upon such agent and written notice of such service delivered to the Company shall, to the fullest extent permitted by Applicable Law, be deemed in every respect effective service of process upon the Company in any Proceedings. The Company has appointed Corporation Service Company, 1180 Avenue of the Americas, Suite 210, New York, NY 10036, as its agent for such purposes.

The Company has consented in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings. To the extent that the Company may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment, or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the Company irrevocably agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction and agrees that the waivers set forth in this paragraph shall have the fullest extent permitted under the United States Foreign Sovereign Immunities Act of 1976 and are intended to be irrevocable for purposes of such act.

Service of process personally delivered upon the agent specified above and written notice of such service delivered to the Company shall be deemed in every respect effective service of process upon the Company; *provided, however*, that no notice by mail on the Company or any of its agents shall be deemed effective service of process.

Notwithstanding anything to the contrary above, the Note Floating Charge shall be governed by, and construed in accordance with the laws of the State of Israel, and any Proceedings and matters related thereto shall be submitted to the exclusive jurisdiction of the District Court of Israel sitting in Haifa.

B

EXHIBIT B

FORM OF GLOBAL REGISTERED NOTE

Common Code No.: _____

ISIN No.: _____

THE ISRAEL ELECTRIC CORPORATION LIMITED

GLOBAL REGISTERED NOTE

**representing an issue of
[Currency] [Aggregate Principal Amount] aggregate principal amount of
[_____] NOTES DUE [Maturity Date]**

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO ISRAEL DISCOUNT BANK REGISTRATION COMPANY LTD. AS DEPOSITARY FOR THE TEL AVIV STOCK EXCHANGE CLEARING HOUSE LTD. OR TO A SUCCESSOR THEREOF, AND TRANSFERS OF PORTIONS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTION 12.2 OF THE FISCAL AGENCY AGREEMENT REFERRED TO ON THE REVERSE HEREOF.

[IF APPLICABLE, THE “TOTAL AMOUNT OF OID,” “ORIGINAL YIELD TO MATURITY” AND “INITIAL ACCRUAL PERIOD OID” (COMPUTED UNDER THE APPROXIMATE METHOD) SET FORTH IN THE PRICING SUPPLEMENT (AS DEFINED HEREIN) HAVE BEEN COMPLETED SOLELY FOR THE PURPOSE OF APPLYING THE U.S. FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT RULES]

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR U.S. FEDERAL INCOME TAX PURPOSES. THE FOLLOWING INFORMATION IS PROVIDED SOLELY FOR PURPOSES OF APPLYING THE FEDERAL INCOME TAX OID RULES TO THIS NOTE:

ISSUE PRICE: _____ PER U.S.\$1,000 OF PRINCIPAL AMOUNT.
ORIGINAL ISSUE DISCOUNT: _____ PER U.S.\$1,000 OF PRINCIPAL AMOUNT. YIELD TO MATURITY: _____.____%
ISSUE DATE: _____,_____]

THIS NOTE MAY NOT BE EXCHANGED FOR A NOTE IN BEARER FORM.

THE TERMS OF THE PRICING SUPPLEMENT ATTACHED HERETO (THE “PRICING SUPPLEMENT”) AND THE TERMS AND CONDITIONS (AS DEFINED BELOW) ARE INCORPORATED BY REFERENCE HEREIN IN THEIR ENTIRETY.

This Global Registered Note (“**Global Registered Note**”) is issued in accordance with the Fiscal Agency Agreement (as defined below) and is subject to the Terms and Conditions set forth in Exhibit A to the Fiscal Agency Agreement (the “**Terms and Conditions**”), as modified and supplemented by the terms and conditions set forth in the attached Pricing Supplement (the “**Pricing Supplement**”). Such provisions shall for all purposes have the same effect as if set forth in this Note. In the event of any conflict between the provisions stated herein or the provisions of the Terms and Conditions incorporated by reference herein and the terms and conditions set forth in the Pricing Supplement, the terms and conditions in the Pricing Supplement shall prevail. Terms used but not defined herein are used as defined in the Pricing Supplement or, if not defined therein, as defined in the Terms and Conditions or in the Fiscal Agency Agreement.

Copies of the Fiscal Agency Agreement and the Terms and Conditions are on file and available for inspection at the office of the Fiscal Agent (as defined below) at 113 Hayarkon Street, Tel Aviv 63573, Israel, and from the Company (as defined below) at 1 Netiv Ha’Or Street, P.O. Box 10, Haifa 31000, Israel. The Holder of this Note is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Terms and Conditions applicable to it.

This Global Registered Note is a global security representing an issue of duly authorized securities (the “**Notes**”) of The Israel Electric Corporation Limited, a corporation organized under the laws of the State of Israel (the “**Company**”), issued and to be issued in one or more series (each, a “**Series**”) pursuant to the Second Amended and Restated Fiscal Agency Agreement dated as of February 1, 2018 (the “**Fiscal Agency Agreement**”), by and between the Company and Hermetic Trust (1975) Ltd. (“**Hermetic**”), in its capacity as fiscal agent (together with any successor to or substitute for Hermetic in such capacity, the “**Fiscal Agent**”). This Global Registered Note has been issued on the Issue Date in the principal amount of [] ([amount in words]) (the “**Principal Amount**”) and with the Specified Currency, Issue Date, Maturity Date, redemption and other provisions specified in the Pricing Supplement, and bearing interest on said Principal Amount at the rate of interest specified in the Pricing Supplement.

The Company, for value received, hereby promises to pay Israel Discount Bank Registration Company Ltd., as depositary for the Tel Aviv Stock Exchange Clearing House Ltd., or its registered assigns, the Principal Amount, or the redemption amount in respect of this Global Registered Note if one is specified in the Pricing Supplement, in the Payment Currency on the Maturity Date specified in the Pricing Supplement unless earlier redeemed in accordance with the terms hereof, and, unless this Global Registered Note is a Zero Coupon Note, or unless otherwise specified in the Pricing Supplement, to pay interest from the Interest Commencement Date of this Global Registered Note specified in the Pricing Supplement (or from the most recent date to which interest has been paid or made available for payment) on the unpaid Principal Amount (and, to the extent lawful, on overdue principal (including premium and redemption amounts, if any, and, if this is an Original Issue Discount Note (as defined in the Terms and Conditions), the Amortized Face Amount, or other amounts)) and interest, if any, in respect hereof, at, (i) if this Note is a Fixed Rate Note, the Rate of Interest per annum specified in the Pricing Supplement on the Interest Payment Date or Dates specified in the Pricing Supplement in each year, commencing, unless otherwise specified in the Pricing Supplement, with the first such Interest Payment Date falling at least 15 days after the Issue Date of this Global Registered Note specified above, and at the Maturity Date or any redemption date, until the principal hereof shall be paid or made available

for payment, (ii) if this Note is a Floating Rate Note, a rate per annum equal to the Rate of Interest specified in the Pricing Supplement until the first Interest Determination Date so specified, or, if none is specified, until the first Interest Payment Date, following the Issue Date, and thereafter at a rate determined in accordance with the provisions in the Terms and Conditions and the Pricing Supplement or (iii) otherwise as determined by the method set forth in the Pricing Supplement, in each case until the principal hereof is paid or made available for payment. Such interest on a Floating Rate Note shall be payable by the Company monthly, quarterly, semi-annually or annually, or at such other intervals, in each case as specified in the Pricing Supplement under “**Interest Period**,” on the dates specified in the Pricing Supplement under “**Interest Payment Date(s)**,” and at the Maturity Date or any redemption date, commencing, unless otherwise specified in the Pricing Supplement, with the first such Interest Payment Date falling at least 15 days after the Issue Date hereof.

This Global Registered Note is one of the Series designated in the Pricing Supplement, which term shall mean each original issue of such Notes together with any further issues expressed to form a single Series with the original issue and which are denominated in the same Specified Currency, have the same Maturity Date, bear interest (if any) on the same basis and at the same rate (except in respect of the first payment of interest) and the terms of which, save for the Issue Date, the Interest Commencement Date and/or the Issue Price, are otherwise identical (including whether or not the Notes are listed) and shall be deemed to include any Global Registered Notes in respect of such Series issued pursuant to the Fiscal Agency Agreement. The aggregate principal amount of Notes issued under the Fiscal Agency Agreement at any time outstanding will not exceed U.S.\$7,500,000,000 or the equivalent thereof at the respective dates of issue in one or more Specified Currencies, including Notes issued pursuant to the original fiscal agency agreement, dated as of April 23, 2008, by and among the Company, The Bank of New York Mellon (previously The Bank of New York), London branch, in its capacity as fiscal agent, calculation agent, paying agent and transfer agent, and The Bank of New York Mellon (previously The Bank of New York), New York branch, as registrar and transfer agent (the “**Original Fiscal Agency Agreement**”), as amended by the First Amendment to the Original Fiscal Agency Agreement, dated as of February 1, 2012, the Second Amendment to the Original Fiscal Agency Agreement, dated as of June 10, 2013, the First Amended and Restated Fiscal Agency Agreement, dated as of October 29, 2014, by and between the Company and Hermetic Trust (1975) Ltd., in its capacity as fiscal agent and the Second Amended and Restated Fiscal Agency Agreement, dated as of February 1, 2018, by and between the Company and Hermetic Trust (1975) Ltd., in its capacity as fiscal agent; *provided*, that the Company may increase such amount upon satisfaction of certain conditions set forth in the Program Agreement and agrees to notify the Fiscal Agent reasonably in advance of any such increase. For purposes of the foregoing limitation, the U.S. Dollar equivalent of any Note denominated in a Specified Currency other than U.S. Dollars will be determined on the basis of the Market Exchange Rate as set forth in the Fiscal Agency Agreement.

Unless the certificate of authentication hereon has been executed by or on behalf of the Fiscal Agent by manual signature of one of its authorized officers or its duly authorized agent, this Global Registered Note shall not be entitled to any benefit under the Fiscal Agency Agreement or be valid or obligatory for any purpose.

This Global Registered Note is governed by, and shall be construed in accordance with, the laws of the State of New York without regard to that state's principles of conflicts of laws.

IN WITNESS WHEREOF, The Israel Electric Corporation Limited has caused this Global Registered Note to be duly executed.

THE ISRAEL ELECTRIC CORPORATION
LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

Authenticated by or on behalf of
HERMETIC TRUST (1975) LTD.,
as Fiscal Agent

This is one of the Notes referred to in
the within-mentioned Fiscal Agency Agreement.

By: _____
(authorized signatory)

[ATTACH APPLICABLE PRICING SUPPLEMENT]

EXHIBIT C

FORM OF DEFINITIVE REGISTERED NOTE

[Form of Face of Note]

[INCLUDE FOR EACH DEFINITIVE REGISTERED NOTE (UNLESS SUCH LEGEND MAY BE REMOVED PURSUANT TO SECTION 12.6 OF THE FISCAL AGENCY AGREEMENT): THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE, OR THE ISRAELI SECURITIES LAW — 1968 OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE ON WHICH THE COMPANY NOTIFIES THE HOLDER THAT THIS NOTE IS FREELY TRANSFERABLE PURSUANT TO RULE 144 UNDER THE SECURITIES ACT AND THE APPLICABLE INTERPRETATIONS THEREOF BY THE STAFF OF THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “NOTICE”), ONLY (A) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A “QUALIFIED INSTITUTIONAL BUYER” (“QIB”) AS DEFINED IN RULE 144A OR A PERSON IT REASONABLY BELIEVES IS A QIB THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (B) PURSUANT TO OFFERS AND SALES TO A NON-U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT (“REGULATION S”)) THAT OCCUR OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATIONS, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY’S AND THE FISCAL AGENT’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (B) OR (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE FISCAL AGENT AND

(III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE COMPANY HAS DELIVERED THE NOTICE TO THE HOLDER.

[IF APPLICABLE, THE “TOTAL AMOUNT OF OID,” “ORIGINAL YIELD TO MATURITY” AND “INITIAL ACCRUAL PERIOD OID” (COMPLETED UNDER THE APPROXIMATE METHOD) SET FORTH BELOW HAVING BEEN COMPLETED SOLELY FOR THE PURPOSE OF APPLYING THE FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT RULES]

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR U.S. FEDERAL INCOME TAX PURPOSES. THE FOLLOWING INFORMATION IS PROVIDED SOLELY FOR PURPOSES OF APPLYING THE FEDERAL INCOME TAX OID RULES TO THIS NOTE:

ISSUE PRICE: _____ PER U.S.\$1,000 OF PRINCIPAL AMOUNT.
ORIGINAL ISSUE DISCOUNT: _____ PER U.S.\$1,000 OF PRINCIPAL AMOUNT. YIELD TO MATURITY: ____%
ISSUE DATE: _____, _____]

THIS NOTE MAY NOT BE EXCHANGED FOR A NOTE IN BEARER FORM.

THE ISRAEL ELECTRIC CORPORATION LIMITED

THE TERMS OF THE PRICING SUPPLEMENT ATTACHED HERETO (THE “PRICING SUPPLEMENT”) AND THE TERMS AND CONDITIONS (AS DEFINED BELOW) ARE INCORPORATED BY REFERENCE HEREIN IN THEIR ENTIRETY.

This Note is issued in respect of [] ([amount in words]) in aggregate principal amount (the “**Principal Amount**”) of the [] Notes due [] (the “**Notes**”) issued by The Israel Electric Corporation Limited (the “**Company**”) in accordance with the Second Amended and Restated Fiscal Agency Agreement dated as of February 1, 2018 (the “**Fiscal Agency Agreement**”), by and between the Company and Hermetic Trust (1975) Ltd. (“**Hermetic**”), in its capacity as fiscal agent (together with any successor to or substitute for Hermetic in such capacity, the “**Fiscal Agent**”), and is subject to the Terms and Conditions set forth in Exhibit A to the Fiscal Agency Agreement (the “**Terms and Conditions**”), as modified and supplemented by the terms and conditions set forth in the attached Pricing Supplement (the “**Pricing Supplement**”). Such provisions shall for all purposes have the same effect as if set forth in this Note. Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth in this place. In the event of any conflict between the provisions stated herein and the terms and conditions set forth in the Pricing Supplement, the terms and conditions in the Pricing Supplement will prevail. Terms used but not defined on the face hereof are used as defined in the Pricing Supplement or, if not defined therein, as defined in the Terms and Conditions set forth on the reverse hereof or in the Fiscal Agency Agreement.

Copies of the Fiscal Agency Agreement and the Terms and Conditions are on file and available for inspection at the corporate trust office of the Fiscal Agent at 113 Hayarkon Street, Tel Aviv 63573, Israel, and from the Company at 1 Netiv Ha'Or Street, P.O. Box 10, Haifa 31000, Israel. The Holder of this Note is entitled to the benefit of, is bound by, and is deemed to have notice of, all the provisions of the Fiscal Agency Agreement and the Terms and Conditions applicable to it.

The Company, for value received, hereby promises to pay to _____ or its registered assigns the Principal Amount, or the redemption amounts in respect of this Note, if one is specified in the Pricing Supplement, in the Payment Currency on the Maturity Date specified in the Pricing Supplement, unless earlier redeemed in accordance with the terms hereof, and, unless this Note is a Zero Coupon Note (as defined below), or unless otherwise specified in the Pricing Supplement, to pay interest from the Interest Commencement Date of this Note specified in the Pricing Supplement (or from the most recent date to which interest has been paid or made available for payment) on the unpaid Principal Amount (and, to the extent lawful, on overdue principal (including premium and redemption amounts, if any, and, if this is an Original Issue Discount Note (as defined in the Terms and Conditions) the Amortized Face Amount or other amounts)) and interest, if any, in respect hereof, at, (i) if this Note is a Fixed Rate Note, the Rate of Interest per annum specified in the Pricing Supplement on the Interest Payment Date or Dates specified in each year, commencing, unless otherwise specified, with the first such Interest Payment Date falling at least 15 days after the Issue Date of this Note specified above, and at the Maturity Date or any redemption date, until the principal hereof shall be paid or made available for payment, (ii) if this Note is a Floating Rate Note, a rate per annum equal to the Rate of Interest specified in the Pricing Supplement until the first Interest Determination Date so specified, or, if none is specified, until the first Interest Payment Date, following the Issue Date, and thereafter at a rate determined in accordance with the provisions in the Terms and Conditions on the reverse hereof and the Pricing Supplement or (iii) otherwise as determined by the method set forth in the Pricing Supplement, in each case until the principal hereof is paid or made available for payment. Such interest on a Floating Rate Note shall be payable by the Company monthly, quarterly, semi-annually or annually, or at such other intervals, in each case as specified in the Pricing Supplement under “**Interest Period**,” on the dates specified in the Pricing Supplement under “**Interest Payment Date(s)**” and at the Maturity Date or any redemption date, commencing, unless otherwise specified, with the first such Interest Payment Date falling at least 15 days after the Issue Date hereof.

As used herein, the term “**Holder**” means the person in whose name a Note is registered in the Note Register (as defined in the Fiscal Agency Agreement).

This Note is one of the Series designated in the Pricing Supplement, which term shall mean each original issue of such Notes together with any further issues expressed to form a single Series with the original issue and which are denominated in the same Specified Currency, have the same Maturity Date, bear interest (if any) on the same basis and at the same rate (except in respect of the first payment of interest) and the terms of which, save for the Issue Date, Interest Commencement Date and/or the Issue Price, are otherwise identical (including whether or not the Notes are listed) and shall be deemed to include any Global Registered Notes in respect of such Series issued pursuant to the Fiscal Agency Agreement. The aggregate principal amount of Notes issued under the Fiscal Agency Agreement at any time outstanding will not exceed

U.S.\$7,500,000,000 or the equivalent thereof at the respective dates of issue in one or more Specified Currencies, including Notes issued pursuant to the original fiscal agency agreement, dated as of April 23, 2008, by and among the Company, The Bank of New York Mellon (previously The Bank of New York), London branch, in its capacity as fiscal agent, calculation agent, paying agent and transfer agent, and The Bank of New York Mellon (previously The Bank of New York), New York branch, as registrar and transfer agent (the “**Original Fiscal Agency Agreement**”), as amended by the First Amendment to the Original Fiscal Agency Agreement, dated as of February 1, 2012, the Second Amendment to the Original Fiscal Agency Agreement, dated as of June 10, 2013, the First Amended and Restated Fiscal Agency Agreement, dated as of October 29, 2014, by and between the Company and Hermetic Trust (1975) Ltd., in its capacity as fiscal agent and the Second Amended and Restated Fiscal Agency Agreement, dated as of February 1, 2018, by and between the Company and Hermetic Trust (1975) Ltd., in its capacity as fiscal agent; *provided*, that the Company may increase such amount upon satisfaction of certain conditions set forth in the Program Agreement and agrees to notify the Fiscal Agent reasonably in advance of any such increase. For purposes of the foregoing limitation, the U.S. Dollar equivalent of any Note denominated in a Specified Currency other than U.S. Dollars will be determined on the basis of the Market Exchange Rate as set forth in the Fiscal Agency Agreement.

Unless the certificate of authentication hereon has been executed by the Fiscal Agent by manual signature of one of its authorized officers or its duly authorized agent, this Note shall not be entitled to any benefits under the Fiscal Agency Agreement or be valid or obligatory for any purpose.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York without regard to that state’s principles of conflicts of laws.

IN WITNESS WHEREOF, The Israel Electric Corporation Limited has caused this Note to be duly executed.

THE ISRAEL ELECTRIC
CORPORATION LIMITED

By: _____

Name:

Title:

By: _____

Name:

Title:

Authenticated by or on behalf of

HERMETIC TRUST (1975) LTD.,
as Fiscal Agent

This is one of the Notes referred to in
the within-mentioned Fiscal Agency Agreement.

By: _____
(authorized signatory)

[Form of Reverse of Definitive Registered Note]

**[TERMS AND CONDITIONS IN THE FORM SET FORTH IN
EXHIBIT A TO BE ENDORSED HEREON]**

[ATTACH PRICING SUPPLEMENT]

FORM OF TRANSFER

[Include the following for Notes not bearing a Restrictive Legend]

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned Holder hereby sells, assigns and transfers unto

(Please print or typewrite name and address including postal code of assignee)

principal amount of the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer such amount of said Note on the books of the Company with full power of substitution in the premises.

Date: _____

Signed: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

FORM OF TRANSFER

[Include the following for Notes not bearing a Restrictive Legend]

TRANSFER NOTICE

FOR VALUE RECEIVED the undersigned Holder hereby sells, assigns and transfers unto

(Please print or typewrite name and address including postal code of assignee)

Insert Taxpayer Identification No.: _____

principal amount of the within Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer such amount of said Note on the books of the Company with full power of substitution in the premises.

In connection with any transfer of this Note occurring prior to the date that is one year after the Issue Date of this Note (*provided* that the Company or any affiliate of the Company has not acquired this Note during such one-year period), the undersigned confirms that without utilizing any general advertising or general solicitation:

(check one)

- (a) This Note is being transferred pursuant to the exemption from registration under the United States Securities Act of 1933, as amended (the “**Securities Act**”), provided by Rule 144A thereunder (“**Rule 144A**”) and, upon registration of such transfer, each beneficial owner of this Note will be a “qualified institutional buyer” (as defined in Rule 144A) and each such person has been advised that this Note is being sold or transferred to it in reliance upon Rule 144A and has received the information, if any, requested by it pursuant to Rule 144A; or
- (b) This Note is being transferred pursuant to the exemption from registration under the Securities Act provided by Regulation S under the Securities Act (“**Regulation S**”) and the beneficial owner of this Note will be a non-U.S. person (within the meaning of Regulation S); or
- (c) This Note is being transferred pursuant to an exemption to the Securities Act provided by Rule 144 under the Securities Act; or
- (d) This Note is being transferred to a Dealer.

If none of the foregoing boxes is checked, the Registrar shall not be obligated to register this Note in the name of any person other than the Holder hereof unless and until the conditions to any such registration of transfer set forth herein and in the Fiscal Agency Agreement shall have been satisfied.

Date: _____

Signed: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatever.

EXHIBIT D**FORM OF ADMINISTRATIVE PROCEDURES MEMORANDUM**

The aggregate principal amount of Notes at any time outstanding will not exceed U.S.\$7,500,000,000 (or the equivalent thereof in other currencies on the Business Day preceding the time of agreement to issue), subject to increase under the terms of the Program Agreement. The Program Agreement provides for the increase in the nominal amount of Notes that may be issued under the Program. In that event, this Administrative Procedures Memorandum shall apply to the Program as increased.

The documentation of the Program provides for the issue of Notes denominated in any currency or currencies as may be agreed between the Company and the relevant Dealer (subject to certain restrictions as to minimum and/or maximum maturities as set out in the Offering Circular describing the Program) and being any of:

- Fixed Rate Notes
- Floating Rate Notes
- Original Issue Discount Notes
- Dual Currency Notes
- Indexed Notes
- Amortizing Notes
- Partly-Paid Notes
- Other forms of Notes agreed between the relevant Dealer and the Company

All terms with initial capitals used herein without definition shall have the meanings given to them in, as applicable, the Offering Circular dated February 1, 2018 (as amended and supplemented from time to time, the “**Offering Circular**”), the Program Agreement dated April 23, 2008 (as amended and supplemented from time to time, the “**Program Agreement**”), by and among The Israel Electric Corporation Limited (the “**Company**”) and the dealers named therein, or the Second Amended and Restated Fiscal Agency Agreement dated as of February 1, 2018 (as further amended and supplemented from time to time, the “**Fiscal Agency Agreement**”), by and between the Company and Hermetic Trust (1975) Ltd. (“**Hermetic**”), in its capacity as fiscal agent (together with any successor to or substitute for Hermetic in such capacity, the “**Fiscal Agent**”), pursuant to which the Company may issue Global Medium-Term Notes (the “**Notes**”).

OPERATING PROCEDURES

Dealers must confirm all trades directly with the Company and the Fiscal Agent.

A RESPONSIBILITIES OF THE DEALER/LEAD MANAGER

- (i) Each Dealer/Lead Manager will be responsible for preparing and agreeing with the Company a Pricing Supplement (substantially in the form of Annex D) giving details of each Tranche of Notes to be issued.
- (ii) Except in the case of an issue not to be subscribed pursuant to a Terms/Syndication Agreement, each Dealer which agrees to subscribe for Notes from the Company will be responsible for notifying the Company upon completion of the distribution of the Notes of each Tranche subscribed for by the Dealer. In the case of an issue of Notes to be subscribed pursuant to a Terms/Syndication Agreement, the Lead Manager will be responsible for notifying the Company upon completion of the distribution of the Notes of such issue.

B SETTLEMENT

The settlement procedures set out in Annex A (the “**Settlement Procedures**”) shall apply to each issue of Notes (Part 1 in the case of issues not to be subscribed pursuant to a Terms/Syndication Agreement, Part 2 in the case of issues to be subscribed pursuant to a Terms/Syndication Agreement), unless otherwise agreed between the Company, the Fiscal Agent and the relevant Dealer or the Lead Manager, as the case may be. With issues of Notes to be listed on a stock exchange other than the TASE, more time may be required to comply with the relevant stock exchange’s listing requirements and with issues of Dual Currency or Indexed Notes more time may be required to settle documentation which is not specifically included in the Fiscal Agency Agreement.

A Trading Desk and Administrative Contact List is set out in Annex E hereto.

ANNEX A

PART 1

**SETTLEMENT PROCEDURES FOR ISSUES NOT TO BE SUBSCRIBED
PURSUANT TO A TERMS/SYNDICATION AGREEMENT**

Day	Latest Time	Action
No later than Issue Date minus 3	2:00 p.m.	<p>The Company may agree terms with one or more of the Dealers for the issue and subscription of Notes (whether pursuant to an unsolicited bid from a Dealer or pursuant to an inquiry by the Company). Once agreement is reached, the relevant Dealer faxes or telexes the Registrar to instruct it to obtain a Common Code and an ISIN (substantially in the form set out in Annex B).</p> <p>Each Common Code and ISIN is notified by the Registrar by telephone, telex or fax to the Company, the Fiscal Agent and each Dealer which has reached agreement with the Company.</p> <p>The relevant Dealer, if it has not already done so, forthwith sends to anyone (other than another Dealer) who purchases Notes from it in connection with the distribution of the Notes any notice(s) required referring to restrictions on offers and sales of Notes and, if it is acting as agent in respect of the offer, forthwith confirms the information in the applicable Pricing Supplement and delivery and payment instructions to the relevant purchaser.</p>
	3:00 p.m.	<p>If a Dealer has reached agreement with the Company by telephone, such Dealer confirms the terms of the agreement to the Company by fax (substantially in the form set out in Annex C) attaching a copy of the Pricing Supplement (substantially in the form set out in the Annex D).</p>
	5:00 p.m.	<p>The Company confirms its agreement to the terms on which the issue of Notes is to be made (including the form of the Pricing Supplement) by signing and returning a copy of the Pricing Supplement to the relevant Dealer. The Company also confirms its instructions to the Fiscal Agent and, if any of such Notes are to be Registered Notes, to the Registrar,</p>

Day	Latest Time	Action
		(including, in the case of Floating Rate Notes, for the purposes of rate fixing) to carry out the duties to be carried out by the Fiscal Agent or the Registrar, as the case may be, under these Settlement Procedures and the Fiscal Agency Agreement including authenticating and delivering back to the Company, in the case of an issue of Notes to be represented by Global Registered Note(s), the Global Registered Note(s) indicated in the applicable Pricing Supplement for the Tranche of Notes which is to be subscribed. The Company confirms such instructions and the terms of such Notes in writing by letter physically delivered, by fax or e-mail to the Fiscal Agent and/or the Registrar. The details set out in the signed Pricing Supplement shall be conclusive evidence of the agreement (save in the case of manifest error) and shall be binding on the parties accordingly.
No later than Issue Date minus 3		In the case of Notes which are to be listed on a stock exchange, the Company also notifies the relevant stock exchange by fax or by hand of the details of the Notes to be issued by sending the Pricing Supplement to the relevant stock exchange.
No later than Issue Date minus 2		In the case of Notes to be initially represented by a Global Registered Note, the relevant Dealer instructs the TASECH to debit its account and pay the purchase price, against delivery of the Notes, to the Company's account with the TASECH on the Issue Date and the Company receives details of such instructions through the records of the TASECH.
No later than Issue Date minus 2	3:00 p.m.	In the case of Notes bearing interest at other than a fixed rate, the Company notifies the TASECH, the relevant Dealer, the applicable Paying Agent and (if applicable) the relevant stock exchange by telex or fax of the interest rate for the first Interest Period (if already determined). Where the interest rate has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined and notified to the Company by the Calculation Agent.

Day	Latest Time	Action
No later than Issue Date minus 1		<p>In the case of Notes to be represented by a Global Registered Note, the Fiscal Agent (or its duly authorized agent) authenticates and delivers back to the Company a Global Registered Note for each Tranche of Notes which is to be purchased. The conditions precedent in the Program Agreement are satisfied and/or waived. The Global Registered Note is then delivered by the Company to the Depository against a receipt from the Depository that it is holding the Global Registered Note in safe custody for the account of the TASECH and instructions are given by the Company to the TASECH to credit the Notes represented by such Global Registered Note to the securities account of the relevant Dealer with the TASECH against payment to the account of the Company of the purchase price for the relevant Tranche of Notes for value on the Issue Date. The relevant Dealer gives corresponding instructions to the TASECH.</p> <p>The parties may agree to arrange for “free delivery” to be made through the relevant clearing system if specified in the applicable Pricing Supplement, in which case these Settlement Procedures will be amended accordingly.</p> <p>In the case of Registered Notes to be issued in definitive form, the Fiscal Agent (or its duly authorized agent) shall authenticate and deliver back to the Company one or more duly executed Definitive Registered Notes in such amounts and registered in such names as the relevant Dealer shall direct not later than two Business Days prior to the proposed Issue Date.</p>
Issue Date		<p>The TASECH debit and credit accounts in accordance with instructions received by them. [This will take place overnight on the day prior to the Issue Date.]</p> <p>The relevant Dealer pays to the Company for value on the Issue Date the aggregate purchase moneys to such account of the Company as shall have been notified to the relevant Dealer for the purpose in the confirmation referred to above.</p>

Day	Latest Time	Action
On or subsequent to the Issue Date		<p>In the case of Registered Notes, the Registrar causes an appropriate entry to be made in the Register and issues the certificates representing the Registered Notes in accordance with the Fiscal Agency Agreement upon receipt of confirmation of payment by the Dealer or other purchaser for such Registered Notes.</p>
		<p>The Registrar notifies the Company and the Fiscal Agent of the issue of Notes giving details of the Global Registered Note(s) and/or Definitive Registered Notes as applicable and the principal amount represented thereby.</p>
		<p>The relevant Dealer promptly notifies the Company when the distribution of the Notes subscribed by it has been completed. The Company promptly notifies the relevant Dealer and the TASECH of the date of the end of the restricted period with respect to the relevant Tranche of Notes.</p>
		<p>The Company procures the preparation of Definitive Notes (if any), as required.</p>

ANNEX A

PART 2

SETTLEMENT PROCEDURES FOR ISSUES SUBSCRIBED PURSUANT TO A TERMS/SYNDICATION AGREEMENT

Day	Latest Time	Action
No later than Issue Date minus 10 (or such other number of days agreed between the Company and the Lead Manager)		<p>The Company may, subject to the execution of the Terms/Syndication Agreement referred to below, agree terms with a Dealer (which expression in this Part 2 includes any entity to be appointed as a dealer under the Terms/Syndication Agreement referred to below) (the “Lead Manager”) for the issue and purchase of Notes to be subscribed pursuant to a Terms/Syndication Agreement (whether pursuant to an unsolicited bid by such Lead Manager or pursuant to an inquiry by the Company). The Lead Manager may invite other Dealers (new or additional) approved by the Company to join the underwriting syndicate either on the basis of an invitation telex agreed between the Company and the Lead Manager or on the terms of the Pricing Supplement referred to below and the Terms/Syndication Agreement. The Lead Manager and such Dealers are together referred to as the “Managers.”</p> <p>The Registrar obtains a Common Code and an ISIN.</p> <p>Each Common Code and ISIN is notified by the Registrar by telephone, telex or fax to the Company, the Fiscal Agent and the Lead Manager.</p> <p>The Company and the Lead Manager agree a form of Pricing Supplement prepared by or on behalf of the Lead Manager (in substantially the form of Annex D) which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Terms/Syndication Agreement (in substantially the form of Appendix E to the Program Agreement or such other form as may be agreed between the Company and the Lead Manager) is also prepared and agreed. The Terms/Syndication Agreement may, if so agreed, be called by another name. The Terms/Syndication Agreement is executed and a copy sent to the Fiscal Agent which shall act as</p>

Day	Latest Time	Action
		<p>the Fiscal Agent's authorization to carry out the duties to be carried out by it under these Settlement Procedures and the Fiscal Agency Agreement including authenticating and delivering back to the Company, in the case of an issue of Registered Notes, a Global Registered Note, for the Tranche of Notes which is to be purchased.</p> <p>If it has not already done so, forthwith sends to anyone (other than another Manager) who purchases Notes from it in connection with the distribution of the Notes any notice(s) required referring to restrictions on offers and sales of Notes and, if it is acting as agent in respect of the offer, forthwith confirms the information in the applicable Pricing Supplement and delivery and payment instructions to the relevant purchaser.</p>
<p>No later than Issue Date minus 3</p>		<p>In the case of Notes to be listed on a stock exchange, the Registrar notifies the relevant stock exchange by fax or by hand of the details of the Notes to be issued by sending the Pricing Supplement to the relevant stock exchange.</p>
<p>No later than Issue Date minus 2</p>		<p>In the case of Notes to be initially represented by a Global Registered Note, the Lead Manager instructs the TASECH to debit its account and pay the purchase price, against delivery of the Notes as instructed by the Lead Manager to the account specified by the Company.</p>
<p>No later than Issue Date minus 2</p>	<p>3:00 p.m.</p>	<p>In the case of Floating Rate Notes, the Calculation Agent notifies the TASECH, the Company, the applicable Paying Agent, (if applicable) the relevant stock exchange (if applicable) and the Lead Manager by telex or fax of the interest rate for the first Interest Period (if already determined). Where the interest rate has not yet been determined, this will be notified by the Calculation Agent in accordance with this paragraph as soon as it has been determined.</p>

Day	Latest Time	Action
Issue Date minus 1 (in the case of pre-closed Issues) or Issue Date (in any other case) (the “Payment Instruction Date”)	agreed time	<p>In the case of Notes to be represented by a Global Registered Note, the Fiscal Agent (or its duly authorized agent) authenticates and delivers back to the Company a Global Registered Note for each Tranche of Notes which is to be purchased and, where required as specified above, a Permanent Global Note in respect of the relevant Series. The conditions precedent in the Terms/Syndication Agreement and the Program Agreement are satisfied and/or waived. The Global Registered Note is then delivered by the Company to the Depository for the TASECH and instructions are given by the Company to the Depository to hold the Notes represented by such Global Registered Note.</p> <p>The Company instructs the Depository to credit such nominal amount of the relevant Tranche of Notes to the accounts of the persons entitled thereto with the TASECH against payment to the specified account of the Company of the purchase price for the relevant Tranche of Notes for value on the Issue Date.</p> <p>The Lead Manager instructs the TASECH to credit the Notes subscribed by each Manager to that Manager’s account with the TASECH against payment of its portion of the purchase price for value on the Issue Date.</p> <p>The parties may agree to arrange for “free delivery” to be made through the relevant clearing system if specified in the applicable Pricing Supplement, in which case these Settlement Procedures will be amended accordingly.</p> <p>In the case of Registered Notes to be issued in definitive form, the Registrar shall authenticate one or more duly executed Definitive Registered Notes in such amounts and registered in such names as the Lead Manager shall direct not later than two Business Days prior to the proposed Issue Date.</p>
Issue Date		<p>The TASECH debit and credit accounts in accordance with instructions received by them. [This will take place overnight on the day prior to the Issue Date.]</p>

Day	Latest Time	Action
On or subsequent to the Issue Date		<p>The Registrar notifies the Company and the Fiscal Agent of the issue of Notes giving details of the Global Registered Note(s) and/or Definitive Registered Notes, as applicable, and the principal amount represented thereby.</p> <p>Each Manager promptly notifies the Lead Manager when the distribution of the Notes purchased by it has been completed. The Lead Manager promptly notifies the Company upon completion of the distribution of the Notes of the relevant Tranche. The Company promptly notifies the Fiscal Agent, the Lead Manager and the TASECH of the date of the end of the restricted period with respect to the relevant Tranche of Notes.</p> <p>The Company procures the preparation of Definitive Notes (if any), as required.</p>

ANNEX B

**FORM OF DEALER'S CONFIRMATION TO FISCAL AGENT
FOR ISSUES WITH NO TERMS/SYNDICATION AGREEMENT**

[Date]

To: Hermetic Trust (1975) Ltd.
Attention: [_____]

c.c.: The Israel Electric Corporation Limited

The Israel Electric Corporation Limited

**[Title of relevant Series of Notes (specifying type of Notes)]
issued pursuant to its
U.S.\$7,500,000,000 Global Medium-Term Note Program**

We hereby confirm the following agreement for the issue to us of Notes under the above Program pursuant to the terms of issue set out below:

Nominal Amount: []

Issue Date: []

Maturity Date: []

Issue Price: []

Commission and Fees: []

Denominations: []

Redemption Amount: Fixed/Variable:

Put/Call Option: []

Listing: []

Settlement: [TASECH] Account No.: Against payment/Free of payment

This notification is for the purpose of setting up security codes only. A full draft of the Pricing Supplement purchase confirmation will follow shortly.

For and on behalf of [Name of Dealer]

By: _____
Authorized Signatory

ANNEX C

**FORM OF DEALER'S CONFIRMATION TO CORPORATION
FOR ISSUES WITH NO TERMS/SYNDICATION AGREEMENT**

[Date]

To: The Israel Electric Corporation Limited

c.c.: Hermetic Trust (1975) Ltd.
Attention: [_____]

The Israel Electric Corporation Limited

**[Title of relevant Series of Notes (specifying type of Notes)]
issued pursuant to its
U.S.\$7,500,000,000 Global Medium-Term Note Program**

We hereby confirm the agreement for the issue to us of Notes under the above Program pursuant to the terms of issue set out in the Pricing Supplement which we are faxing herewith.

[The selling commission in respect of the Notes will be []% of the nominal amount of the Notes and will be deductible from the net proceeds of the issue.]

Please confirm your agreement to the terms of issue by signing and faxing to us a copy of the following Pricing Supplement. Please also fax a copy of the Pricing Supplement signed by you to the Fiscal Agent.

For and on behalf of [Name of Dealer]

By: _____
Authorized Signatory

ANNEX D

FORM OF PRICING SUPPLEMENT

[Attached to, and part of, Terms/Syndication Agreement or Principal Purchase Letter, if any]

**Pricing Supplement
[and Supplemental Offering Circular]**

The Israel Electric Corporation Limited

[Title of Issue of Notes]

[Dealer Name(s)]

The date of this Pricing Supplement is [_____].

This document (the “**Pricing Supplement**”) is issued to give details of an issue by The Israel Electric Corporation Limited (the “**Company**”) under its Global Medium-Term Note Program [and to provide information supplemental to the Offering Circular referred to below].

This Pricing Supplement supplements the Description of the Notes in, and incorporates by reference, the Offering Circular dated [Date], and all documents incorporated by reference therein (the “**Offering Circular**”), and should be read in conjunction with the Offering Circular. Unless otherwise defined in this Pricing Supplement, terms used herein have the same meaning as in the Offering Circular.

[Notes offered and sold outside the United States have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Accordingly, subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.]

[Date]

The Israel Electric Corporation Limited

[Title of relevant Series of Notes (specifying type of Notes)]

issued pursuant to the U.S.\$7,500,000,000 Global Medium-Term Note Program

[Include whichever of the following apply or specify items as “not applicable.”]

Type of Notes

1	Interest/Payment Basis:	Fixed Rate Note/Floating Rate Note/ Zero Coupon Note/Original Issue Discount Note/Indexed Note/Dual Currency Note/Partly-Paid Note/Amortizing Note/Combination/ Other
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- 2 If Amortizing Note, insert Installment Amount(s)/Installment Date(s): []
- 3 If Partly-Paid Notes, insert amount of each installment (expressed as a percentage of the nominal amount of each Note)/due dates for any subsequent installments/consequences of failure to pay subsequent installments/rate of interest to accrue on first and any subsequent installments: [Insert details]
- 4 If Dual Currency Notes, insert the Rate of Exchange/calculation agent/fall back provisions/person at whose option Specified Currency is to be payable and notice period: [The Rate(s) of Exchange is the exchange rate(s) or basis of calculating the exchange(s) to be used in determining the amounts of principal and/or interest payable in the Specified Currencies]

Description of the Notes

- 5 Form of the Notes: [Registered Notes]
- 6 Exchange:
- (a) Notes to be represented on issue by: [Global Registered Notes – [insert principal amount]] [Definitive Registered Notes – [insert principal amount]]
- (d) Global Registered Note exchangeable for Definitive Registered Notes at the request of the Holder: [No] [Yes] [If yes, specify circumstances of exchange]
- 7 (a) [Reserved.]
- (b) [Reserved.]
- 8 [(a)] Series Number: []
- [(b)] Tranche Number: []

- (c) Details (including the date, if any, on which the Notes become fully fungible) if forming part of an existing Series: [Number and other details]]
- 9 (a) Principal amount of Notes to be issued: []
- (b) Aggregate principal amount of Series (if more than one issue for the Series): []
- (c) Specified Currency (or Currencies in the case of Dual Currency Notes): []
- (d) Specified Denomination(s):
- 10 Issue Price: []
- 11 Issue Date: []
- 12 Interest Commencement Date: [Issue Date/other]
- 13 Automatic/optional conversion from one Interest/Payment Basis to another: [Insert details]

Provisions Relating to Interest (if any) Payable

Fixed Rate Note

- 14 (a) Rate(s) of Interest: [] percent per annum/zero
- (b) Interest Payment Date(s) []
- (c) Initial Broken Amount per Specified Denomination [Specify amounts]
- (d) Final Broken Amount per Specified Denomination [Specify amounts]
- (e) Other terms relating to the method of calculating interest (e.g., day count fraction and Interest Determination Dates) []

Zero Coupon Notes

- 15 (a) Accrual Yield: [Insert details]
- (b) Reference Price: [Insert details]
- (c) Other formula or basis for determining Amortized Face Amount: [Insert details]

Floating Rate Notes

- 16 Calculation Agent (if not the Company) [] appointed pursuant to []
- 17 (a) Interest Period(s) or specified Interest Payment Date(s): [NB: specify *either* a period or periods *or* a specific date or dates]
- (b) Minimum Interest Rate (if any): []
- (c) Maximum Interest Rate (if any): []
- (d) Business Day Convention: [Floating Rate/Following Business Day/Modified Following Business Day/Preceding Business Day/other convention – insert details]
- (e) Additional Business Centers: []
- (f) Applicable definition of Business Day (if different from that set out in the Terms and Conditions): []
- (g) Principal Financial Center: []
- (h) Other terms relating to the method of calculating interest (e.g., day count fraction, rounding up provision and if different from Condition 5(a)(ii)(B) denominator for calculation of interest): [Condition 5(a)(ii)(B) applies/other – insert details]

- 18 (a) Interest Rate Basis: [CMS Rate/CMT Rate/ Commercial Paper Rate/EURIBOR/Federal Funds Rate/LIBOR/Prime Rate/Treasury Rate/ OTHER]
- (b) Spread: [Plus/minus] [] percent per annum
- (c) Spread Multiplier: [] percent
- (d) Interest Reset Period: [daily/weekly/monthly/quarterly/semi-annually/annually]
- (e) Reset Date(s): []
- (f) Index Maturity: []
- (h) If Rate of Interest to be calculated otherwise than by reference to LIBOR or EURIBOR insert details, including Rate of Interest / Spread / fall back provisions: []

Indexed Notes

- 19 Index/Formula: [Insert details of the index to which amounts payable in respect of interest are linked and/or the formula to be used in determining the rate of interest, together with details of the calculation agent and the fallback provisions]

Provisions Regarding Payments

- 20 Definition of “Payment Business Day” for the purpose of Conditions if different to that set out in Condition 8(c): [Insert details]

Provisions Regarding Redemption/Maturity

- 21 Maturity Date: []/The Interest Payment Date falling [on or nearest to]
- 22 Amortizing Notes: Installment Dates Installment Amounts

- 23 (a) Redemption at Company's option: [No/Yes]
 [If yes, insert optional redemption date(s)/optional redemption amounts:]
- (b) Redemption at Noteholder's option: [No/Yes]
 [If yes, insert optional redemption date(s)/optional redemption amounts:] []
- (c) Minimum Redemption Amount/ Higher Redemption Amount: []
- (d) Other terms applicable on redemption: []
- 24 Final Redemption Amount for each Note, including the method, if any, of calculating the same: [Insert amount *or* details including party responsible for calculation (NB – fall back provisions *must* be inserted)]
- 25 Early Redemption Amount for each Note payable on redemption for taxation reasons or on an Event of Default or Acceleration Event and/or the method, if any, of calculating the same: [Insert amount *or* details including party responsible for calculation]

General Provisions Applicable to this Issue of Notes

- 27 Other terms or special conditions: [Insert details]
- 28 Details of additional/alternative clearance system approved by the Company: [Insert details]
- 29 Additional or variations to selling restrictions: [Insert details]
- 30 Method of distribution: [Non-syndicated] [Syndicated – please insert management group details here]
- 31 Stabilizing Agent: [Insert details/None]

- 32 (a) Notes to be listed: [No/Yes]
- (b) Stock Exchange(s): [Tel Aviv Stock Exchange]
[Other – insert details]
- 33 ISIN: []
- 34 Common Code: []

Acceptance on behalf of the Company
of the terms of the Pricing Supplement

THE ISRAEL ELECTRIC CORPORATION
LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX E

TRADING DESK AND ADMINISTRATIVE INFORMATION

The Company

The Israel Electric Corporation Limited
1 Netiv Ha'or Street
P.O. Box 10
Haifa 31000
Israel

Telephone: +972-4-818-4520
Facsimile: +972-4-818-6232
Attention: Finance Division

The Dealers

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019
USA

Telephone: 1-212-526-9664
Facsimile: 1-646-834-8133
Attention: High Grade Syndicate/Medium Term
Note Desk

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
USA

Facsimile: 1-212-816-7912
Attention: General Counsel

Goldman Sachs & Co.
200 West Street
New York, New York 10282-2198
USA

Facsimile: 1-212-816-7912
Attention: General Counsel

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179
USA

Facsimile: (212) 834-6081
Attention: Investment Grade Syndicate Desk

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Facsimile: +44 20 3493 0682
Attention: Head of Debt Syndicate and Head of
EMEA Capital Markets Group Legal

The Fiscal Agent

Hermetic Trust (1975) Ltd.
113 Hayarkon Street
Tel Aviv 63573
Israel

Telephone: +972-3-554-4553
Facsimile: +972-3-527-1451
Attention: Mrs. Merav Offer