

APPENDIX H1

TERMS FOR THE ASSUMPTION OF HEDGING AGREEMENTS

ISDA SCHEDULE

SCHEDULE

to the

Master Agreement

dated as of

between

and

THE GOVERNMENT OF ISRAEL on
behalf of THE STATE OF ISRAEL

("Party A")

("Party B")

Part 1. Termination Provisions.

(a) "**Specified Entity**" means in relation to Party A for the purpose of:-

Section 5(a)(v), not applicable

Section 5(a)(vi), not applicable

Section 5(a)(vii), not applicable

Section 5(b)(iv), not applicable

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

- (b) "**Specified Transaction**" will have the meaning specified in Section 14.
- (c) The "**Cross Default**" provisions of Section 5(a)(vi) will apply to Party A and will not apply to Party B.

If such provisions apply:-

"**Specified Indebtedness**" will have the meaning specified in Section 14.

"**Threshold Amount**" means, in the case of Party A, USD 10,000,000 (United States Dollars ten million) or its equivalent in any other currency or currencies.

- (d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will apply to Party A and will not apply to Party B.
- (e) The "**Automatic Early Termination**" provision of Section 6(a) will not apply to Party A and will not apply to Party B
- (f) "**Payments on Early Termination**. For the purposes of Section 6(e) of this Agreement:-
 - (i) Loss will apply.
 - (ii) The Second Method will apply.
- (g) "**Termination Currency**" means U.S. Dollars.

Part 2. **Tax Representations**

- (a) "**Payer Representations**. For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make no representations.

Part 3. Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:-

- (a) Tax forms, documents or certificates to be delivered are:-

Party required to deliver document	Form/Document/ Certificate	Date by which to be delivered
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None

- (b) Other documents to be delivered are:-

Party required to deliver Document	Form/Document/ Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
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Party A and Party B	Appropriate evidence of its signatory's authority	On signing of this Agreement	Yes
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Party A	Credit Support Document(s) listed in Part 4(f) of this Schedule	On signing of this Agreement	Yes
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Party A	Audited Financial Accounts	Promptly following request by Party B	Yes
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Part 4. Miscellaneous

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:-

Notices or communications to Party A with respect to each Transaction shall be sent to the address of the relevant Office set forth below or as specified in the Appendix H1 (*Terms for The Assumption of Hedging Agreements ISDA Schedule*)

relevant Confirmation or as otherwise notified by Party A to Party B. In addition, copies of each notice or communication given to **Party A** pursuant to Section 5 or 6 of this Agreement shall be sent to

With a copy to

Address for notices or communications to Party B:-

Address: Ministry of Finance
Accountant General's Office
1 Kaplan Street
Hakaria / Hakiria
POB 13185
Jerusalem 91131
Israel

Attention: Ministry of Finance, Accountant General's office

Facsimile No: 00 972 2 569 5371 Telephone No.: 00 972 2 5317
536/555

(b) **Process Agent.** For this purpose of Section 13(c) of this Agreement:-

Party A appoints as its Process Agent:

Party B appoints as its Process Agent

(with a copy to the Ministry of Finance, Accountant General's Office, 1 Kaplan Street, Hakiria, POB 13185, Jerusalem 91131, Israel).

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:-
Party A is not a Multibranch Party.
Party B is not a Multibranch Party.
- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.
- (f) **Credit Support Document.** Details of any Credit Support Document:- none
- (g) **Credit Support Provider.** Credit Support Provider means in relation to Party A, not applicable.
Credit Support Provider means in relation to Party B, not applicable.
- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with English law.
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply to Transactions entered into under this Agreement unless otherwise specified in a Confirmation.
- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement in respect of Party A, but Party B shall be deemed to have no Affiliates.

Part 5. Other Provisions

- (a) **Set-off Clause**
- (i) In addition to any rights of set-off a party may have as a matter of law or otherwise, upon the occurrence of an Event of Default with respect of a party ("X") or an Illegality or Credit Event upon Merger where X is the sole Affected Party, the other party ("Y") will have the right (but will not be obliged) without prior notice to X or any other person to set off any obligation of X owing to Y (whether or not arising under this Agreement, whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y owing to X (whether or not arising under this Agreement, whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation).
- (ii) For the purpose of cross-currency set-off, Y may convert any obligation to another currency at a market rate determined by Y.
- (iii) If an obligation is unascertained, Y may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant

party accounting to the other when the obligation is ascertained.

- (iv) Nothing in this provision will be deemed to create a charge or other security interest.

(b) ***Payments in Escrow***

If by reason of the time difference between the cities in which payments are to be made, it is not possible for simultaneous payments to be made on any date on which both parties are required to make payments hereunder, either party may at its option and in its sole discretion notify the other party that payments on such date are to be made in escrow. In this case deposit of the payment due earlier on that date shall be made by 2.00 p.m. (local time at the place for the earlier payment) on that date with an escrow agent selected by the notifying party, accompanied by irrevocable payment instructions (i) to release the deposited payment to the intended recipient upon receipt by the escrow agent of the required deposit of the corresponding payment from the other party on the same date accompanied by irrevocable payment instructions to the same effect or (ii) if the required deposit of the corresponding payment is not made on that same date, to return the payment deposited to the party that paid into escrow. The notifying party shall pay the costs of the escrow arrangements and shall cause those arrangements to provide that the intended recipient of the payment due to be deposited first shall be entitled to interest on that deposited payment for each day in the period of its deposit at the rate offered by the escrow agent for that day for overnight deposits in the relevant currency in the office where it holds that deposited payment (at 11.00 a.m. local time on that day).

(c) ***Additional representation***

Section 3 is amended by the addition at the end thereof of the following additional representation:-

- "(g) ***No Agency***. It is entering into this Agreement and each Transaction as principal and not as agent of any person."

(d) ***Recording of conversations***

Each party to this Agreement acknowledges and agrees to the tape recording of conversations between the parties to this Agreement or their agents or advisers whether by or on behalf of one or other or both of the parties.

(e) ***Relationship between the parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

- "15. **Relationship between the parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):-

- (a) **Non Reliance.** It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and accepts the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) **Status of Parties.** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

(f) **Confidential Information**

Party A acknowledges that all information directly related to this Agreement and any Transaction hereunder (including the existence of this Agreement or any Transaction hereunder) and all information provided by Party B (or any agent of Party B) to Party A or any of its Affiliates in connection with this Agreement or any Transaction hereunder (together, "**Confidential Information**") is confidential and undertakes to respect its confidential nature and to take normal and reasonable precautions to maintain such confidentiality so that none of the Confidential Information will be divulged to any person or entity other than its credit officers, documentation professionals and derivatives traders having a need to know such information. This undertaking shall not apply to any information that (i) is now, or becomes, in the public domain other than as a result of a breach of this provision, or (ii) which was lawfully in Party A's possession or the possession of its Affiliates prior to signing the Agreement, or (iii) is required by law or by Party A's regulators to be disclosed. Party A will make the existence and nature of this undertaking known to anyone to whom Party A is required to make such disclosure and will advise Party B prior to making such disclosure.

(g) **Sovereign Provisions**

- (i) The "Status" provisions of Section 3(a)(i) shall not apply in respect of Party B.
- (ii) Section 5(a)(i) is amended by deleting the words "third Local Business Day" from the third line thereof and replacing them with the words "seventh Local Business Day".

- (iii) Section 5(a)(ii) is amended by deleting the words "thirtieth day" from the fifth line thereof and replacing them with the words "sixtieth day".
- (iv) The provisions of Section 5(a)(viii) (Merger without Assumption) and Section 5(b)(iii) (Tax Event Upon Merger) shall not apply in respect of Party B.
- (v) The "Bankruptcy" Event of Default set forth in Section 5(a)(vii) shall not apply to Party B and in place thereof, the following shall be an Event of Default for Party B for the purpose of Section 5(a):

"Party B declares a moratorium with respect to the payment of any amount under this Agreement."

- (vi) The provisions of Section 13(d) shall not apply to Party B, and in place thereof, the following shall apply:

"Party B irrevocably and unconditionally agrees not to claim with respect to this Agreement any right to sovereign or other immunity from jurisdiction or execution and any similar defense and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

Notwithstanding the foregoing, under the laws of the State of Israel, the funds, assets, rights and general property of Party B located in the State of Israel are immune from execution and attachment and any process in the nature thereof and the foregoing waiver shall not constitute a waiver of such immunity or of any immunity from execution or attachment or process in the nature thereof with respect to the premises of Party B's diplomatic missions in any jurisdiction outside the State of Israel or with respect to the assets of Party B necessary for the proper functioning of Party B as a sovereign power."

(h) ***Accuracy of Specified Information***

Section 3(d) is hereby amended after the word "respect" and before the period the words "or, in the case of audited or unaudited financial statements, prepared in accordance with generally accepted accounting principles in the jurisdiction in which they were prepared and a fair presentation of the financial position of the relevant party.

(i) ***Credit Spread***

The credit spread under any Transaction which is a transaction (an "Original Transaction") originally between Party A and _____, assumed by Party B pursuant to Section 27.5.1 b) of the Concession Agreement dated _____ between Party B and _____, shall be equal to the lesser of (i) 1 basis point less

than the credit spread under the Original Transaction and (ii) 5 basis points.

**SIGNATORY PAGE
SCHEDULE TO THE MASTER AGREEMENT**

**THE GOVERNMENT OF ISRAEL
on behalf of
THE STATE OF ISRAEL**

By:
Name:
Title:
Date:

By:
Name:
Title:
Date:

By:
Name:
Title:
Date:

By:
Name:
Title:
Date: