

ANNEX C

TAX COMPLIANCE PROCEDURES

A. TAX RELIEF AT SOURCE PROCEDURE FOR NOTES HELD THROUGH AN ACCOUNT AT THE DEPOSITORY TRUST COMPANY (DTC)

1. Communication to Market Participants

At least five New York business days before each Record Date, Acupay will distribute notices describing the tax compliance procedures for the securities to DTC and each other clearing system identified as holding the securities for its participants at DTC via a chain of custody, and located in OECD member countries or in countries which have a bi-lateral tax treaty with Israel (such clearing systems (“Qualified Clearing Systems”).

Financial institutions which are located in OECD countries, or in countries with which Israel maintains a bi-lateral tax treaty (such financial institutions, “Qualified Custodians”), and which hold the securities directly or indirectly with a Qualified Clearing System, will be contacted by means of the procedural notice distributed by each relevant Qualified Clearing System, or Acupay.

2. Submission of Beneficial Owner Tax Residence Information

Beginning on the first New York Business Day following each Record Date through and including 8:00 p.m. (New York City time) on the New York Business Day prior to each related Interest Payment Date, DTC participants that are Qualified Custodians must take the following steps to submit information with respect to the tax residence of Beneficial Owners (“Beneficial Owner Tax Residence Information”) of the Notes:

- a. Make an election via the DTC Elective Dividend/Tax Relief (“TaxRelief”) Service to certify the aggregate amount of the Notes it holds for which it is entitled to receive gross and net payments on each relevant Interest Payment Date.
- b. Report to the system established and maintained for that purpose by Acupay System LLC (the “Acupay System”) the aggregate amount of securities held per each of the following beneficial owner types listed below (each a “Beneficial Owner Tax Category”) and further described in Exhibit II:
 1. Non-Israeli tax resident individuals
 2. Non-Israeli tax resident legal entities
 3. Israeli tax resident individuals
 4. Israeli tax resident corporations (other than financial institutions)
 5. Israeli tax resident financial institutions
 6. Israeli tax residents with an Israeli certificate of 0% withholding

For data submitted under Beneficial Owner Tax Categories 3, 4, 5 and 6, Acupay System submissions should include, per beneficial owner, (i) the amount held, (ii) beneficial owner name, (iii) beneficial owner Tax ID Number and (iv) Beneficial Owner Tax Category. In addition, Acupay System submissions for beneficial owners under Beneficial Owner Tax Category 6 must be accompanied by an electronic copy of a valid certificate of 0% withholding issued by the Israeli tax authority, certifying that the final beneficial owner is recognized as tax-exempt and is not subject to Israeli withholding tax. Submissions of data for categories of non-Israeli tax residents should include breakdowns by country of tax residence.

Qualified Clearing Systems, Qualified Custodians and Beneficial Owners with questions about the definitions of the Beneficial Owner Tax Categories should refer to Exhibit II and to www.acupay.com/Israel.

Each DTC Participant must ensure the continuing accuracy of the Beneficial Owner Tax Residence Information including its DTC TaxRelief election, irrespective of any changes in, or in beneficial ownership of, such DTC Participant’s position in the Notes through 8:00 p.m. New York City time on the New York Business Day immediately preceding each Interest Payment Date by making adjustments through the Acupay System and DTC’s TaxRelief Service. All changes must be reflected, including those changes (via the Acupay System) which do not impact the DTC Participant’s overall position at DTC or the portion of that position at DTC as to which no Israeli withholding tax is being assessed.

After entry of Beneficial Owner Tax Residence Information into the Acupay System by a DTC Participant, the Acupay System will produce a completed KYC Tax Compliance Form (See Exhibit I), which shall summarize the Beneficial Owner Tax Residence Information introduced and maintained by such DTC Participant in the Acupay System. All KYC Tax Compliance Forms will be dated as of the relevant Interest Payment Date.

Beneficial Owner Tax Compliance Information must be transmitted by Qualified Custodians to the Acupay System via one of the following two means:

1. Email copy of a PDF scan or a faxed copy of a bar-coded KYC Tax Compliance Form produced by the Acupay System (www.acupaysystem.com) and duly executed by the Qualified Custodian; or
2. ISO 20022 compliant electronic messages containing the data and affirming the statements embraced within bar-coded KYC Tax Compliance Forms produced via the Acupay System.

3. Acupay Verification Procedures

Acupay will validate on a real-time basis the tax compliance information transmitted to it by Qualified Custodians by completing the following verification activities:

- a. Reconcile the tax compliance information submitted to Acupay against the DTC TaxRelief elections for each DTC Participant, and liaise with each Qualified Custodian to cure any discrepancies.
- b. Reconcile the aggregate amount of Notes reported held and income due to be paid against corresponding reports and confirmations received from each relevant Qualified Clearing System.
- c. Reconcile the identities of beneficial owners reported as Israeli tax resident financial institutions against appropriate Israel government communications.
- d. Reconcile the identities of the beneficial owners against the then applicable U.S. Treasury OFAC List and the corresponding EU list of institutions engaged in money laundering or the financing of terrorism.
- e. On a best effort basis, ensure that beneficial owner identities and Qualified Custodian details submitted by Qualified Custodians are internally consistent.
- f. Report to each Qualified Custodian the results of the reconciliations and validations of the tax compliance information transmitted by such Qualified Custodian, including any discrepancies if identified. In the event that any discrepancies are identified with respect to tax compliance information transmitted by a Qualified Custodian, assist such Qualified Custodian in replacing the respective tax information reports.

4. Reporting of Beneficial Owner Tax Compliance Information to the Paying Agent and the Company

- a. DTC Participants will be required to ensure that Beneficial Owner Tax Residence Information entered into the Acupay System, and DTC TaxRelief elections, are updated to reflect any changes in beneficial ownership or in such DTC Participants' positions in the Notes occurring between the Record Date and 8:00 p.m. New York City time on the New York Business Day immediately preceding the Interest Payment Date. For this purpose, the DTC TaxRelief system will remain accessible to DTC Participants until 8:00 p.m. New York City time on the New York Business Day immediately preceding the Interest Payment Date. In addition, Acupay will accept new or amended Beneficial Owner Tax Residence Information prior to 9:45 a.m. New York City time and DTC will accept requests for changes to EDS/TaxRelief elections at the request of DTC Participants until 9:45 a.m. New York City time on each Interest Payment Date.
- b. Beginning at 7:45 a.m. New York City time on the Interest Payment Date, Acupay will through the Acupay Verification Procedures (as defined above) perform the final review of each DTC Participant's Beneficial Owner Tax Residence Information, DTC TaxRelief elections and changes in DTC position since the Record Date. Based on these Acupay Verification Procedures, Acupay will (i) seek to notify any affected DTC Participant until 9:45 a.m. New York City time on such Interest Payment Date of any inconsistencies among these data, or erroneous or incomplete information provided by such DTC Participant and (ii) use its best efforts to obtain revised Beneficial Owner Tax Residence Information, KYC Tax Compliance Forms (as defined above) and/or DTC TaxRelief elections from any such DTC Participant as necessary to correct any inconsistencies or erroneous or incomplete information. The failure to correct any such inconsistencies (including the failure to fax or send PDF copies of new or amended KYC Tax Compliance Forms) by 9:45 a.m. New York City time on the Interest Payment Date (or if Acupay, despite its best efforts to do so, does not confirm receipt of such

correction by 9:45 a.m. New York City time on the Interest Payment Date) will result in the payments in respect of the entirety of such DTC Participant's position being made net of Israeli withholding tax. Upon receipt of a report of DTC TaxRelief elections as of 9:45 a.m. New York City time on the Interest Payment Date from DTC, Acupay will then notify DTC of the final determination of which portion of each DTC Participant's position in the Notes should be paid gross of Israeli withholding tax and which portion of such position should be paid net of such tax. Based on such Acupay determination, DTC will make adjustments to DTC TaxRelief system in order to reduce to zero the DTC TaxRelief elections received by DTC from DTC Participants as of 9:45 a.m. New York City time on the relevant Interest Payment Date, where as a result of any inconsistencies between such DTC Participant's Beneficial Owner Tax Residence Information, DTC TaxRelief election and DTC position, the entirety of such DTC Participant position will be paid net of Israeli withholding taxes.

The adjustments described in the preceding paragraph will be made by DTC exclusively for the purposes of making payments, when applicable, net of Israeli withholding taxes and will have no impact on the DTC TaxRelief election made by the relevant DTC Participants as of 9:45 a.m. New York City time on the relevant Interest Payment Date.

- c. By 10:30 a.m. New York City time on each Interest Payment Date, DTC, as the Registered Holder of the Notes, will transmit a "DTC Report to Paying Agent" to Acupay setting forth each DTC Participant's position in the Notes and the portion of each such DTC Participant's position in the Notes on which payments should be made net of Israeli withholding tax and the portion on which payments should be made without Israeli withholding tax being assessed, as applicable.
- d. Acupay shall immediately, but no later than 11:00 a.m. New York City time on each Interest Payment Date, release (through a secure data upload/download facility) PDF copies of the DTC Report to the Paying Agent and the Company.
- e. Acupay will transfer to the Company a tax compliance information report containing the entirety of the data collected through these tax compliance procedures. The data will be delivered via the Acupay real-time portal in "human-readable form" as well as in machine-readable electronic data files suitable for use in the preparation of the necessary tax filings regarding the amounts distributed gross and net of Israeli withholding tax.
- f. Acupay will maintain both in London and New York archival records of all tax compliance information and other related data collected through these tax compliance procedures. Such information will be retained for eight full calendar years following the calendar year of each related Payment Date to which such information applies. Acupay shall, during such period, make copies of the relevant portions of such records available to the Company, the Qualified Clearing Systems, the Qualified Custodians, and the beneficial owners, at all reasonable times upon request.

5. Interest Payments

On or prior to each Interest Payment Date, the Company will transmit to the Paying Agent an amount of funds sufficient to make payments on the outstanding principal amount of the Notes without Israeli withholding tax being assessed.

By 1:00 p.m. New York City time on each Interest Payment Date, the Paying Agent will pay, solely from funds provided by the Company, the relevant DTC Participants (through DTC) for the benefit of the relevant beneficial owners the payment gross or net of Israeli withholding tax, as set forth in the DTC Report to Paying Agent. The Company has authorized the Paying Agent to rely on the DTC Report to Paying Agent in order to make the specified payments on each Payment Date.

B. QUICK REFUND PROCEDURES FOR NOTES HELD THROUGH AN ACCOUNT AT DTC

1. Beneficial owners holding through a Qualified Custodian that is a DTC Participant

Beginning at 9:00 a.m. New York City time on the New York Business Day following each Interest Payment Date until 5:00 p.m. New York City time on the fifth calendar day of the month following the relevant Interest Payment Date (the "Quick Refund Deadline"), a Qualified Custodian which (i) holds Notes on behalf of beneficial owners entitled to an exemption from or not subject to Israeli withholding tax and (ii) was paid net of Israeli withholding taxes due to a failure to comply with the tax relief at source procedures set forth above, may submit through the Acupay System new or amended tax compliance information with respect to such beneficial owners' holdings.

Acupay will then conduct the Acupay Verification Procedures with respect to the tax compliance information submitted by the DTC Participants in the manner described above, and will compare such tax compliance information with the amount of Notes entitled to receipt of income on the Interest Payment Date as reported to Acupay by (i) the Paying Agent, (ii) DTC as having been held in such DTC Participant's account and (iii) as established by DTC TaxRelief elections.

Acupay will collect payment instructions along with any required U.S. tax compliance documents from DTC Participants or their designees and, no later than 8:00 p.m. New York City time on the third calendar day following the Quick Refund Deadline will forward a detailed report of the Beneficial Owner Tax Compliance Information to the Company and the payment instructions (with supporting back-up material) to the Company and the Paying Agent.

2. Beneficial owners holding through a DTC Participant that is not a Qualified Custodian

Beneficial owners entitled to receive payments in respect of any Notes gross of any Israeli withholding taxes but who have been paid net of Israeli withholding taxes as a result of holding interests in such Notes through direct or indirect DTC Participants who are not Qualified Custodians will be entitled to utilize the Quick Refund Procedures set forth below.

Such beneficial owners may request from the Company the reimbursement of the amount withheld by providing Acupay, as an agent of the Company, with (i) documentation to confirm their securities entitlement in respect of the Notes on the relevant Interest Payment Date (which documentation must include statements from (A) DTC and (B) the relevant DTC Participant setting forth such DTC Participant's aggregate DTC position on such Interest Payment Date as well as the portion of such position that was paid net and gross of Israeli withholding taxes, together with an accounting record of the amounts of such position and payments which were attributable to the beneficial owner) and (ii) a certificate of tax residency issued by the tax authorities of the country of residence of such beneficial owner or a valid certificate of 0% withholding issued by the Israeli tax authority in case the beneficial owner is an exempt Israeli tax resident as described under Beneficial Owner Tax Category Type 6 in Exhibit II (a "Government Tax Residency Certificate"). Such Government Tax Residency Certificate (which will be valid for a period of one year after its date of issuance) together with the information regarding the securities entitlement in respect of the Notes must be submitted to Acupay, acting on the behalf of the Company, no later than the Quick Refund Deadline. Acupay will collect payment instructions along with any required U.S. tax compliance documents from DTC Participants or their designees, as the case may be, and, no later than 8:00 p.m. New York City time on the third calendar day following the Quick Refund Deadline, will forward to the Company a detailed report of the tax compliance information and originals of the Government Tax Residency Certificates, and to the Company and the Paying Agent (x) the related payment instructions and (y) a reconciliation of such payment instructions to (1) the outstanding principal amount of Notes owned through each DTC Participant as of the relevant Interest Payment Date and (2) the outstanding principal amount of such Notes on which payment was made net of Israeli withholding tax on the relevant Interest Payment Date.

3. Payment Procedures

Upon receipt of the relevant tax compliance information and Government Tax Residency Certificates together with related documentation (if any) from Acupay pursuant to the procedures in the preceding sections, the Company will review Government Tax Residency Certificates together with related documentation and confirm the related payments no later than the 14th calendar day of the month following the relevant Interest Payment Date.

On the 15th calendar day of the month following the relevant Payment Date (or if such day is not a New York Business Day, the first New York Business Day immediately following such day), the Company will instruct the Paying Agent to make payments equal to the relevant portion of the amounts initially withheld from DTC Participants complying with the Quick Refund Procedure and the Paying Agent shall, within one New York Business Day of such date, transfer such payments to DTC Participants directly for the benefit of beneficial owners, subject to U.S. information reporting and back-up withholding requirements.

C. STANDARD REFUND PROCEDURES

1. Beneficial Owners that are Israeli tax residents or non-Israeli tax residents that have been subject to excess Israeli withholding tax can apply for a tax refund directly to the Israeli tax authorities by submitting an annual tax return in Israel for the relevant tax year in which the tax was withheld. Such annual tax return will require an Israeli tax resident to report all of its worldwide income and for a non-Israeli tax resident to report all of its Israeli sourced income.

KYC Tax Compliance Form

Record Date:	Interest Payment Date:
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Financial Intermediary and Authorized Representative

Financial Intermediary:	Indicative SWIFT Code:
Address:	
Authorized Representative:	Title:
Phone Number:	Email:
Office Location:	

Tax Residence of Beneficial Owners

A. Aggregate Amount of Israeli Source Income Received by all Non-Israeli Tax Residents

ISIN	Currency	Country of Tax Residence	Par Amount Held	Income Amount

B. List of Israeli Tax Resident Individuals and Legal Entities Receiving Israeli Source Income

ISIN	Beneficial Owner Name	BO ID No.	BO Type*	Cur	Par Amount	Income Amount

* Please see Beneficial Owner Tax Category codes referenced in the DTC Important Notice for the above referenced Interest Payment Date. Submissions under Beneficial Owner Tax Category Type 6 must always be accompanied by a valid certificate of 0% withholding issued by the Israeli tax authority, certifying that the final beneficial owner is recognized as tax-exempt and is not subject to Israeli withholding tax.

We, [•], hereby confirm to the Tax Compliance Agent, the Issuer, and to the Israel Tax Authority, with respect to the recipients of the above-referenced Israel source income distributed on the above mentioned payment date:

- the entities and persons whose holdings are aggregated in category A are NOT tax resident in Israel; are exempt from withholding tax and are the beneficial owners of the referenced Israel source income;
- the entities or persons listed in category B are tax resident in Israel and are the beneficial owners of the referenced Israel source income; and
- we communicate the information herein to Acupay System LLC (the "Tax Compliance Agent"), based on the understanding that it is true and will be kept confidential, and will be used solely for the purpose of tax compliance and may be shared with the relevant tax authorities as may be required under applicable law or regulation.

Further, we make the following affirmations and confirmations:

- We serve as a legally authorized nominee of, and representative for and on the behalf of the beneficial owners whose holdings in the relevant securities are included in the summary above pursuant to properly executed client agreements (hereinafter "Agreements"). Pursuant to such Agreements we are mandated to hold such beneficial owners' securities, collect and receive their income and other rights (including tax refunds), credit such income to their accounts and to report to the relevant statutory agencies the income received by such beneficial owners, in accord with all relevant laws, regulations and business practices so as to comply with such laws and to avert the imposition of government penalties or excessive withholding.
- If we are operating in the U.S. our client records are maintained in accord with the U.S. Patriot Act. In the case of non-natural person clients, we maintain copies of our clients' formative documents which we will make available upon authorized request.
- We hereby certify that the beneficial owners whose holdings in the relevant securities are included in the summary above held Israeli securities in custody directly or indirectly with DTC, receiving income on the referenced payment date, and that all the declarations contained in the present form are true, according to the best of our knowledge.
- We assume the responsibility to provide DTC, Acupay System LLC and the Israeli tax authorities, with all information as may be required to verify that the final beneficiaries of income paid with respect to the above referenced Israeli securities are the true owners of such securities, the true recipients of the referenced income, and tax resident in the above referenced state(s).

X

[Name], [Title], [Financial Intermediary]

Date of Signature

Exhibit II

Explanatory List of Beneficial Owner Types for Israeli Tax Purposes

This explanatory list of Beneficial Owner Types is an indication only as to tax status of investor types as of the date of this Offering Circular. It should not be regarded as either conclusive or exhaustive, and is subject in all respects to the determinations of the Israel Ministry of Finance with respect to each investor. Investors should in any event consult their own tax advisors in connection with their tax status as may be applicable to the purchase or ownership of the Notes.

1. Non-Israeli tax resident individual

Definition:

A non-Israeli tax resident physical person for whom ALL of the following statements are true:

- *the State of Israel is not his or her permanent place of residence,*
- *the State of Israel is not the place of residence of his or her family (husband, wife or children),*
- *his or her ordinary or permanent place of activity is NOT in the State of Israel and he or she does NOT have a permanent establishment in the State of Israel,*
- *he or she does NOT engage in an occupation in the State of Israel,*
- *he or she does NOT own a business or part of a business in the State of Israel,*
- *he or she is NOT insured by the Israeli National Insurance Institution,*
- *he or she was NOT present (or planning to be present) in Israel for 183 days or more during this tax year and the preceding tax year,*
- *he or she was NOT present (nor planning to be present) in Israel for 30 days or more during this tax year, and the total period of his or her presence in Israel during this tax year and the two previous tax years is less than 425 days in total.*

2. Non-Israeli tax resident legal entities

Definition:

A non-Israeli tax resident legal entity for which ALL of the following statements are true:

- *the legal entity is NOT registered with the Registrar of Companies in Israel,*
- *the legal entity is NOT registered with the Registrar of "Amutot" (non-profit organizations) in Israel,*
- *the legal entity is NOT registered with the Registrar of Partnerships in Israel,*
- *the control of the legal entity is NOT located in Israel,*
- *the management of the legal entity is NOT located in Israel,*
- *the legal entity does NOT have a permanent establishment in Israel, and*
- *no Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25.0% or more of any "means of control" in the legal entity as specified below:*
 - *The right to participate in profits;*
 - *The right to appoint a director;*
 - *The right to vote;*
 - *The right to share in the assets of the legal entity at the time of its liquidation; and*
 - *The right to direct the manner of exercising one of the rights specified above.*

NOTE: If the beneficial owner is a trust or a partnership, it can only benefit from the 0% tax rate if ALL beneficiaries and the settlers of the trust or ALL the partners in the partnership are NOT Israeli residents.

3. Israeli tax resident individual

Definition:

An Israeli tax resident physical person for whom ALL of the following statements are true:

- he or she is NOT an employee of the Israel Electric Corporation Limited,
- he or she does NOT belong to type 1.

NOTE: If the beneficial owner is an Israeli resident for tax purposes who is an employee of the Israel Electric Corporation Limited, please contact Acupay at +1 212 422 1222 in New York or +44 207 382 0340 in London.

4. Israeli tax resident corporation

Definition:

A legal entity resident in Israel for tax purposes which does NOT belong to types 2, 5 or 6.

5. Israeli tax resident financial institution

Definition:

An entity that is resident in Israel for tax purposes that is a bank or a member of the Tel Aviv Stock Exchange.

An Israeli tax resident financial institution should be informed that taxes will not be withheld from the payments made to it and that it is the Israeli financial institution's responsibility to withhold Israeli taxes and it is subject to withholding tax obligations as required under the Israeli Income Tax Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax in respect to such payments in connection with the Notes.

6. Israeli Tax Residents with an Israeli Certificate of 0% Withholding

Definition:

A physical person or an entity resident in Israel for tax purposes that currently holds a valid Certificate of Withholding issued by the Israeli Income Tax Authority that grants a 0% withholding rate in respect of interest.

These may include:

- Israeli tax resident public benefit institutions in accordance with section 9(2) of the Income Tax Ordinance (New Version) of 1961 (analogue of non-for-profit organizations);
- Israeli insurance companies;
- Israeli provident funds (analogue of pension funds);
- Israeli mutual funds in accordance with section 88 of the Income Tax Ordinance (New Version) of 1961.

Note: if the beneficial owner is an Israeli resident for tax purposes that currently holds a valid Israeli Certificate of Withholding issued by the Israeli Tax Authority, which grants a withholding tax rate other than 0% to the beneficial owner, please contact Acupay at +1 212 422 1222 in New York or +44 207 382 0340 in London.