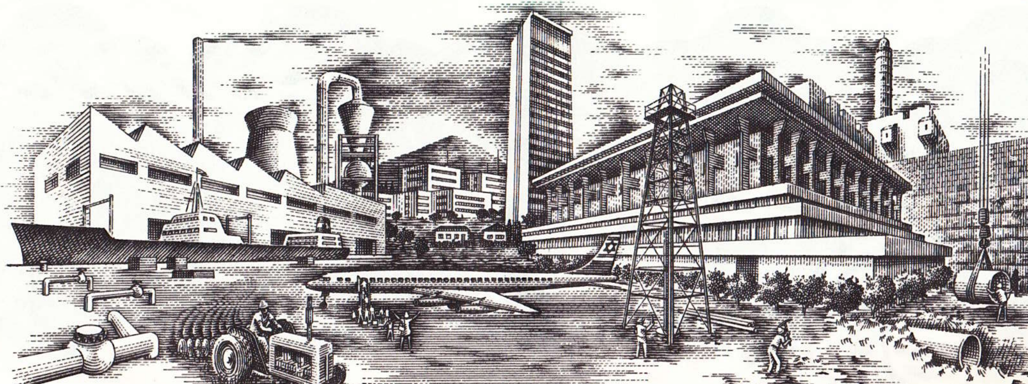
ISSUE AMOUNT

100

ISSUE AMOUNT

100



STATE OF ISRAEL

No.C 652626

No.C 652626

FIFTEEN YEAR DOLLAR SAVINGS BOND

FIFTH DEVELOPMENT ISSUE

DUE FIFTEEN YEARS FROM ISSUE DATE MATURITY VALUE $180

State of Israel (hereinafter called the "State"), for value received, hereby promises to pay to

as joint tenants with right of survivorship and not as tenants in common

--LIZBETH AVERY SASSOWER AND GEORGE SASSOWER-- *No.* 73-MIAMI-775-C

(hereinafter called the "owner"), fifteen years after the first day of OCTOBER 19 73 *(herein called the "issue date"), the sum of*

ONE HUNDRED AND EIGHTY DOLLARS

(herein sometimes called the "maturity value") in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts. The appreciated principal amount hereof, as determined from the Schedule of Appreciation set forth on the reverse hereof, whether payable at maturity or on redemption at the option of the State, shall be payable at the office or agency of the State in the cities of New York, New York, Chicago, Illinois, or Los Angeles or San Francisco, California (hereinafter called the "agencies of the State"), provided that, if any amounts due on appreciated principal, whether at maturity or on redemption at the option of the State, shall remain unclaimed at the end of six months after such monies shall have become due and payable in accordance with the terms and conditions of this Bond, then the State may make such amounts payable at the principal office of the Chief Fiscal Officer of the Ministry of Finance of the State of Israel for the Western Hemisphere, in New York, N. Y., in substitution of said agencies of the State.

The appreciated principal amount and the redemption price in respect of this Bond, or any income or gain obtained in transactions therein, shall be free of all taxes, whether ad valorem or otherwise and whether of specific or general applicability, now or at any time hereafter imposed by the State, or by any taxing authority thereof or therein, except when this Bond is beneficially owned by any person residing in or ordinarily a resident of the State.

This Bond is one of a duly authorized issue of Bonds of the State, known as its "Fifth Development Issue". The Bonds of such issue are issued in the form hereof (herein called "Savings Bonds"), bearing issue dates as of the first day of the month in which issued, between March 1971 and February 1975, inclusive, and each due fifteen years from its issue date, and are also issued in the form of Coupon Bonds bearing interest at the rate of four per cent (4%) per annum (herein called the "Coupon Bonds"). Coupon Bonds are issuable in four series, maturing serially from 1986 to 1989, to be designated respectively as follows according to the year of issue:

> 1971, Series A; 1972, Series B; 1973, Series C; 1974, Series D. Each Coupon Bond shall be dated as of March 1 in the year of issue and shall become due 15 years from its date. The "year of issue" shall mean the period of twelve months beginning March 1 and ending the following last day of February, in which the subscription for a Coupon Bond shall be accepted by a District Bank, between March 1, 1971 and February 28, 1975, inclusive.

Said Coupon Bonds and said Savings Bonds are collectively herein sometimes referred to as the "Bonds". The aggregate authorized amount of such Fifth Development Issue (being the aggregate issue amount of all Savings Bonds and the aggregate principal amount of all Coupon Bonds) is $750,000,000.

The State has entered into a Fiscal Agency Agreement, dated as of March 1, 1971, between the State and The Chase Manhattan Bank (National Association), as Fiscal Agent (said bank, or its successor, as such Fiscal Agent, being herein called the "Fiscal Agent"). A copy of the Fiscal Agency Agreement is on file and available for inspection at the principal trust office of the Fiscal Agent in New York, N. Y. Reference is hereby made to the Fiscal Agency Agreement for a description of the rights and limitations of the rights of the owners of the Bonds and of the coupons annexed to the Coupon Bonds, and of the responsibilities and limitations of the responsibilities of the Fiscal Agent, in respect of the Fiscal Agency Agreement and in respect of the Bonds, including but not limited to provisions of said Fiscal Agency Agreement to the effect that, in the case of certain cancellations, exchanges, payments or transfers of Bonds upon Directions of the State or the Development Corporation for Israel (or any successor thereto), where such Bonds are surrendered by the State or said Development Corporation for Israel or such Direction states, among other things, that the owner of the Bonds is deceased and resided outside the continental limits of the United States at the time of his death, the Fiscal Agent in acting in accordance with such Directions shall in no event incur any liability or responsibility to any owner of a Bond or any other person.

This Bond is a direct, unconditional, general obligation of the State, and the State pledges its full faith and credit for the due and punctual payment hereof and of the redemption price, as herein provided, and for the due and timely performance of all obligations of the State hereunder and under the Fiscal Agency Agreement.

The State hereby agrees to deposit (in a manner provided in the Fiscal Agency Agreement) with the Fiscal Agent (to be applied by the Fiscal Agent for the payment of the maturity value or redemption price, as the case may be, all in accordance with the terms of the Fiscal Agency Agreement): (a) at least five days prior to the respective maturity dates of the Savings Bonds, an amount which, together

exempt from income or similar tax under the Internal Revenue Code of the United States of America (or under the laws of the country in which said owner is located) which at the time of subscription to this Bond has certified in writing that this Bond was subscribed for with funds earmarked for building or construction purposes, and not later than 90 days after delivery of a written demand by the original owner hereof to the principal trust office of the Fiscal Agent in New York, N. Y., provided such original owner is a bank, insurance company, labor union or Employee Benefit Fund (as defined in the Fiscal Agency Agreement) which at the time of subscription to this Bond has certified in writing that the subscription was made with its own funds and for its own account, and upon the surrender of this Bond at such principal trust office of the Fiscal Agent together with acceptable instruments of transfer, and, in the case of a religious, charitable or educational organization, with a declaration by said owner that the purchase price is presently required for such building or construction purposes, it will purchase this Bond at a price equal to the then appreciated principal amount hereof (as defined in Section (f) hereof) payment to be made at such principal trust office to said owner in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts. For the purposes of this Section (b), only those organizations shall be deemed charitable organizations which are institutions deriving their financial support from the public, and the board of trustees, the board of managers, trustees or managers of which are independent and not subject to the control of any one person or family, and the terms "bank", "insurance company", "labor union" and "Employee Benefit Fund", shall have the meanings stated in the Fiscal Agency Agreement.

(c) This Bond may be transferred or assigned at any time to any fund, institution, charity or person, contributions to which are at the time of such transfer deductible for income or similar tax purposes under the Internal Revenue Code of the United States (or are accorded similar tax treatment under the laws of the country in which such transferee is located) and may be transferred or assigned to such other limited classes of transferees as are set forth in the Fiscal Agency Agreement.

(d) The State agrees to purchase this Bond (subject to the following terms and conditions and the provisions of the Fiscal Agency Agreement) at any time at a purchase price to be paid in the coin or currency of the State of Israel for the purpose of applying the purchase price to the following uses:

- (i) Contributions to any fund, institution or charity in the State, contributions to which are deductible for income tax purposes in the State, provided this Bond bears an issue date not more recent than 24 months prior to the date of purchase, and upon compliance with the applicable Regulations of the Minister of Finance of the State of Israel;
- (ii) Bona fide tourist expenses, provided that the holder hereof may not present for purchase by the State for such purpose Bonds exceeding in the aggregate $2,500 in principal or appreciated principal amount in any one month;
- (iii) Investment in such projects or enterprises as may be approved from time to time by the State for the purpose of this Section (d), provided this Bond bears an issue date not more recent than 60 months prior to the date of purchase;
- (iv) Any other purpose, provided that the State may, from time to time, by a Direction or Directions delivered to the Fiscal Agent, direct that the surrender and purchase of this Bond hereunder for Israeli currency may be made only for the purposes specified in subsections (i), (ii) and (iii) of this Section (d), and such other purposes as may be specified by the said Direction or Directions.

Purchase of this Bond by the State from the owner hereof pursuant to the provisions of this Section (d) shall be made upon surrender hereof at an amount to be paid in coin or currency of the State (as at such time is legal tender for the payment therein of public and private debts) equivalent, at the then official rate of exchange of the coin or currency of the United States of America into said coin or currency, to the appreciated principal amount of this Bond (as defined in Section (f) hereof). In the event that there are then in effect more than one such rate of exchange, then that rate of exchange shall be applied, in the same manner and upon the same terms and conditions, as would be applicable if coin or currency of the United States of America in the appreciated principal amount of this Bond were presented by the holder hereof for conversion into the coin or currency of the State of Israel for the same uses and purposes as that for which the purchase price of this Bond paid by the State is to be used, to the end that, with respect to

1971, Series A; 1972, Series B; 1973, Series C; 1974, Series D. Each Coupon Bond shall be dated as of March 1 in the year of issue and shall become due 15 years from its date. The "year of issue" shall mean the period of twelve months beginning March 1 and ending the following last day of February, in which the subscription for a Coupon Bond shall be accepted by a District Bank, between March 1, 1971 and February 28, 1975, inclusive.

Said Coupon Bonds and said Savings Bonds are collectively herein sometimes referred to as the "Bonds". The aggregate authorized amount of such Fifth Development Issue (being the aggregate issue amount of all Savings Bonds and the aggregate principal amount of all Coupon Bonds) is $ 750,000,000.

The State has entered into a Fiscal Agency Agreement, dated as of March 1, 1971, between the State and The Chase Manhattan Bank (National Association), as Fiscal Agent (said bank, or its successor, as such Fiscal Agent, being herein called the "Fiscal Agent"). A copy of the Fiscal Agency Agreement is on file and available for inspection at the principal trust office of the Fiscal Agent in New York, N. Y. Reference is hereby made to the Fiscal Agency Agreement for a description of the rights and limitations of the rights of the owners of the Bonds and of the coupons annexed to the Coupon Bonds, and of the responsibilities and limitations of the responsibilities of the Fiscal Agent, in respect of the Fiscal Agency Agreement and in respect of the Bonds, including but not limited to provisions of said Fiscal Agency Agreement to the effect that, in the case of certain cancellations, exchanges, payments or transfers of Bonds upon Directions of the State or the Development Corporation for Israel (or any successor thereto), where such Bonds are surrendered by the State or said Development Corporation for Israel or such Direction states, among other things, that the owner of the Bonds is deceased and resided outside the continental limits of the United States at the time of his death, the Fiscal Agent in acting in accordance with such Directions shall in no event incur any liability or responsibility to any owner of a Bond or any other person.

This Bond is a direct, unconditional, general obligation of the State, and the State pledges its full faith and credit for the due and punctual payment hereof and of the redemption price, as herein provided, and for the due and timely performance of all obligations of the State hereunder and under the Fiscal Agency Agreement.

The State hereby agrees to deposit (in a manner provided in the Fiscal Agency Agreement) with the Fiscal Agent (to be applied by the Fiscal Agent for the payment of the maturity value or redemption price, as the case may be, all in accordance with the terms of the Fiscal Agency Agreement): (a) at least five days prior to the respective maturity dates of the Savings Bonds, an amount which, together with any amounts then held by the Fiscal Agent and available for the payment thereof, shall be equal to the aggregate maturity value of all the Savings Bonds then outstanding and maturing on such respective dates; and (b) if the State shall have elected to redeem any Savings Bonds, at least five days prior to the redemption date thereof, an amount which, together with any amounts then held by the Fiscal Agent and available for the payment thereof, shall be equal to the redemption price of all the Savings Bonds to be redeemed. Under the Fiscal Agency Agreement a deposit for the purposes of this paragraph may be made entirely in cash, or partially in cash accompanied by a bank-guaranteed undertaking of the State to deposit the balance upon notice from the Fiscal Agent, all in accordance with the Fiscal Agency Agreement.

The State shall deliver to the Fiscal Agent for retirement and cancellation, Coupon Bonds (valued at the principal amount thereof) and/or Savings Bonds (valued at the then appreciated principal amount thereof) in each year commencing with the year beginning March 1, 1975 (during which any of the Bonds are outstanding), Bonds having a value of not less than 2% of the original principal amount of Bonds. Delivery for any particular year may be made in whole at any time or in part from time to time prior to such year at the discretion of the State. For purposes of this paragraph the term "year" shall mean a twelve-month period beginning March 1, and the term "original principal amount of Bonds" shall mean the total of the aggregate principal amount of all Coupon Bonds and the aggregate issue amount of all Savings Bonds issued between March 1, 1971 and February 28, 1975.

Subject to the terms and conditions of, and in any manner permitted by, the Fiscal Agency Agreement, the Savings Bonds may be redeemed at the option of the State, as a whole, or from time to time in part, at a redemption price equal to the appreciated principal amount thereof at the date of redemption, upon not more than 90 nor less than 30 days prior notice published at least once in each of four newspapers of general circulation printed in the English language and respectively published in each of the four cities in which agencies of the State are maintained, payment of such redemption price to be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts.

Until March 1, 1975, this Bond is non-transferable and non-assignable, except that, subject to the terms and conditions of the Fiscal Agency Agreement:

(a) The State agrees that, upon the death of the owner (or the death of certain other persons as provided in the Fiscal Agency Agreement) and upon the surrender, within two years after such death, of this Bond at the principal trust office of the Fiscal Agent in New York, N. Y., it will purchase this Bond at a purchase price equal to the appreciated principal amount hereof (as defined in Section (f) hereof) at the date of surrender, payment to be made at such principal trust office to the executor, administrator or legal representative of the owner (or to such other person as may be permitted by the terms and conditions of the Fiscal Agency Agreement) in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts; provided that the State may suspend or terminate such obligation to purchase Bonds on death if a material number of the holders of Bonds shall have died as a result of war, epidemic, catastrophe of nature or other disaster; and provided further that the obligation of the State to purchase upon death as herein provided shall cease and terminate and shall not apply when this Bond is owned by any transferee or assignee.

(b) The State agrees that not later than 90 days after delivery of a written demand by the owner of this Bond to the principal trust office of the Fiscal Agent in New York, N. Y., provided that said owner is a religious, charitable or educational organization

or assigned to such other limited classes of transferees as are set forth in the Fiscal Agency Agreement.

(d) The State agrees to purchase this Bond (subject to the following terms and conditions and the provisions of the Fiscal Agency Agreement) at any time at a purchase price to be paid in the coin or currency of the State of Israel for the purpose of applying the purchase price to the following uses:

(i) Contributions to any fund, institution or charity in the State, contributions to which are deductible for income tax purposes in the State, provided this Bond bears an issue date not more recent than 24 months prior to the date of purchase, and upon compliance with the applicable Regulations of the Minister of Finance of the State of Israel;

(ii) Bona fide tourist expenses, provided that the holder hereof may not present for purchase by the State for such purpose Bonds exceeding in the aggregate $2,500 in principal or appreciated principal amount in any one month;

(iii) Investment in such projects or enterprises as may be approved from time to time by the State for the purpose of this Section (d), provided this Bond bears an issue date not more recent than 60 months prior to the date of purchase;

(iv) Any other purpose, provided that the State may, from time to time, by a Direction or Directions delivered to the Fiscal Agent, direct that the surrender and purchase of this Bond hereunder for Israeli currency may be made only for the purposes specified in subsections (i), (ii) and (iii) of this Section (d), and such other purposes as may be specified by the said Direction or Directions.

Purchase of this Bond by the State from the owner hereof pursuant to the provisions of this Section (d) shall be made upon surrender hereof at an amount to be paid in coin or currency of the State (as at such time is legal tender for the payment therein of public and private debts) equivalent, at the then official rate of exchange of the coin or currency of the United States of America into said coin or currency, to the appreciated principal amount of this Bond (as defined in Section (f) hereof). In the event that there are then in effect more than one such rate of exchange, then that rate of exchange shall be applied, in the same manner and upon the same terms and conditions, as would be applicable if coin or currency of the United States of America in the appreciated principal amount of this Bond were presented by the holder hereof for conversion into the coin or currency of the State of Israel for the same uses and purposes as that for which the purchase price of this Bond paid by the State is to be used, to the end that, with respect to such purchase, this Bond shall be treated as the full equivalent of coin or currency of the United States of America in the appreciated principal amount of the Bond on the date of surrender. Payment pursuant to the provisions of this Section (d) shall be made upon surrender of this Bond (which need not be made in person unless the purchase price is to be used for tourist expenses), at the principal office of the Bank of Israel within the State, or at such other place or places, within or without the State, as the State may from time to time designate by a Direction or Directions of the State delivered to the Fiscal Agent, together with a written instrument of transfer (in form approved by the State) executed by the owner of this Bond.

Notwithstanding the foregoing, the State may limit, restrict or prohibit the surrender of this Bond or any utilization of its purchase price by citizens of the State or by persons residing in or ordinarily residents of the State.

Appropriate directions or instructions for the administration of the foregoing provisions of this Section (d) may be issued from time to time by the Minister of Finance. Such directions or instructions may include a requirement to the effect that the surrender of this Bond shall be accompanied by a written instrument signed by the owner hereof requesting the transmission of the coin or currency of the State to the fund, institution or charity to which such coin or currency is to be contributed or to the project or enterprise in which such coin or currency is to be invested.

(e) On and after March 1, 1975, this Bond shall be transferable and assignable.

(f) The terms "appreciated principal amount hereof" and "appreciated principal amount of this Bond" shall mean the appreciated principal amount at the time as set forth in the Schedule of Appreciation on the reverse hereof, and with interim accruals thereon to the last day of the month preceding the month in which this Bond is purchased or redeemed by the State.

The State and the Fiscal Agent may deem and treat the person whose name appears hereon as owner hereof as the absolute owner of this Bond for the purpose of receiving payment hereof or on account hereof, and for all other purposes, whether or not this Bond shall be overdue, and neither the State nor the Fiscal Agent shall be affected by any notice to the contrary.

Reference is hereby made to the Fiscal Agency Agreement with respect to the rights and limitations of rights of co-owners, if this Bond is held in the names of more than one person.

The State hereby certifies and declares that all acts, conditions and things required to be done and performed and to have happened, before the creation and issuance of the Bonds (and the interest coupons annexed to the Coupon Bonds), to constitute the same valid, legal and binding obligations of the State in accordance with their terms, have been done and performed and have happened in due and strict compliance with the law of the State of Israel.

This Bond shall not become valid or obligatory for any purpose unless and until this Bond has been countersigned for authentication by the Fiscal Agent. No representation shall be implied from such countersignature other than the representation that the Fiscal Agent has not countersigned Bonds in excess of the aggregate amount of $750,000,000 (such aggregate amount being the total of the principal amount of all Coupon Bonds and the issue amount of all Savings Bonds) and Bonds delivered in substitution therefor or in replacement thereof as provided in the Fiscal Agency Agreement.

All rights and limitations of rights of the owner and of all other persons, with respect to this Bond and the Fiscal Agency Agreement shall be determined and governed by the law of the State of New York.

In Witness Whereof, the State of Israel has caused this Bond to be executed with the facsimile signatures of the Prime Minister and the Minister of Finance of the State said signatures being duly authorized and to bear the facsimile Emblem of the State of Israel, all in the City of New York, State of New York, United States of America, as of the issue date hereof.

COUNTERSIGNED FOR AUTHENTICATION

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION), AS FISCAL AGENT

BY

AUTHORIZED OFFICER

State of Israel

BY Golda Meir

PRIME MINISTER

BY P. Sapir

MINISTER OF FINANCE

ISRAEL GOVT PRINTER SECURITY DIV.

STATE OF ISRAEL

ISSUE AMOUNT

$100

MATURITY VALUE

$180

FIFTEEN YEAR
DOLLAR SAVINGS BOND
FIFTH DEVELOPMENT
ISSUE

DUE FIFTEEN YEARS
FROM ISSUE DATE

PRINCIPAL PAYABLE AT THE
OFFICE OR AGENCY OF THE STATE
IN NEW YORK, N. Y.
CHICAGO, ILLINOIS
LOS ANGELES OR SAN FRANCISCO,
CALIFORNIA

ISRAEL GOVT. PRINTER SECURITY DIV.

THIS BOND IS NON-TRANSFERABLE AND NON-ASSIGNABLE UNTIL ON AND AFTER MARCH 1, 1975, EXCEPT IN THE SPECIAL INSTANCES REFERRED TO IN THIS BOND AND SUBJECT TO THE TERMS AND CONDITIONS OF THIS BOND AND OF THE FISCAL AGENCY AGREEMENT.

ON AND AFTER MARCH 1, 1975, THIS BOND SHALL BE TRANSFERABLE AND ASSIGNABLE.

ISSUE AMOUNT - - $100.00

MATURITY AMOUNT - - $180.00

THE APPRECIATED PRINCIPAL AMOUNT OF THIS SAVINGS BOND DURING EACH HALF-YEAR PERIOD FROM AND AFTER THE ISSUE DATE IS AS FOLLOWS:

SCHEDULE OF APPRECIATION

NUMBER OF YEARS AFTER ISSUE DATE

LESS THAN ½ YEAR			$100.00
½	BUT LESS THAN	1	$102.00
1	" " "	1½	$104.00
1½	" " "	2	$106.00
2	" " "	2½	$108.00
2½	" " "	3	$110.00
3	" " "	3½	$112.00
3½	" " "	4	$114.00
4	" " "	4½	$116.00
4½	" " "	5	$118.00
5	" " "	5½	$120.00
5½	" " "	6	$122.50
6	" " "	6½	$125.00
6½	" " "	7	$127.50
7	" " "	7½	$130.00
7½	" " "	8	$133.00
8	BUT LESS THAN	8½	$136.00
8½	" " "	9	$139.00
9	" " "	9½	$142.00
9½	" " "	10	$145.00
10	" " "	10½	$148.00
10½	" " "	11	$151.00
11	" " "	11½	$154.00
11½	" " "	12	$157.00
12	" " "	12½	$160.00
12½	" " "	13	$163.00
13	" " "	13½	$166.00
13½	" " "	14	$169.00
14	" " "	14½	$172.50
14½	" " "	15	$176.00
MATURITY			$180.00

NOTICE: NO WRITING BELOW EXCEPT BY THE FISCAL AGENT

DATE NAME OF OWNER

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION), AS FISCAL AGENT, BY AUTHORIZED OFFICER

DATE NAME OF OWNER

THE CHASE MANHATTAN BANK
(NATIONAL ASSOCIATION), AS FISCAL AGENT, BY AUTHORIZED OFFICER