



*Important Notice*  
The Depository Trust Company

<b>B #:</b>	-14
<b>Date:</b>	) 2014
<b>To:</b>	All Participants
<b>Category:</b>	Dividends
<b>From:</b>	International Services
<b>Attention:</b>	Operations, Reorg & Dividend Managers, Partners & Cashiers
<b>Subject:</b>	<p><b>Tax Relief</b> – Country: Israel  <b>Israel Electric Corporation Limited</b>  <b>CUSIPs</b>  5.625% Notes due 2018   144A Notes: 46507MAD4   RegS Notes: 46507NAD2  6.875% Notes due 2023   144A Notes: 46507MAE2   RegS Notes: 46507NAE0  <b>Record Date:</b> /06/2014 <b>Payable Date:</b> /21/ 01  <b>EDS Cut-Off:</b> / /2014 8:00 P.M EST</p>

**\*\*\*Please read this Important Notice fully to ensure that Beneficial Owner Tax Residence Information is sent to the agent by the indicated deadlines\*\*\***

Participants can use DTC’s Elective Dividend System (EDS) function over the Participant Terminal System (PTS) or Tax Relief option on the Participant Browser System (PBS) web site to certify all or a portion of their position entitled to the applicable withholding tax rate. Participants are urged to consult the PTS or PBS function TAXI or TaxInfo<sup>SM</sup> respectively before certifying their elections over PTS or PBS.

Important: Prior to certifying tax withholding elections, participants are urged to read, understand and comply with the information in the Legal Conditions category found on TAXI or TaxInfo<sup>SM</sup> in PTS or PBS respectively.

Questions regarding this Important Notice may be directed to Acupay 212-422-1222.

**Important Legal Information:** *The Depository Trust Company (“DTC”) does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

*To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

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## THE ISRAEL ELECTRIC CORPORATION LIMITED

The Israel Electric Corporation Limited (as issuer), and Acupay System LLC (Acupay, as tax compliance agent) are distributing this notice with regard to the below described notes (the "Notes"). Interest and related income on the notes are generally subject to Israeli withholding tax, except for:

- all beneficial owners which are tax resident of a country other than Israel;
- regulated Israeli financial institutions; and
- Israeli tax residents with an Israeli Certificate of 0% Withholding.

Exemption from withholding tax is subject to certification of exempt persons and entities through the Acupay System and use of the DTC EDS/TaxRelief facilities, as described in this notice.

<b>Issuer:</b>	<b>Israel Electric Corporation Limited</b>				
<b>Security Type:</b>	Corporate Notes				
<b>CUSIPs / ISINs:</b>	5.625% Notes due 2018	144A Notes: 46507MAD4 / US46507MAD48 RegS Notes: 46507NAD2 / US46507NAD21			
	6.875% Notes due 2023	144A Notes: 46507MAE2 / US46507MAE21 RegS Note: 46507NAE0 / US46507NAE04			
<b>Country Tax Regime:</b>	Israel Income Tax Ordinance (new version) – 5721-1961, certain regulations thereof and a tax ruling of the Israel Tax Authority dated June 10, 2013. The tax regime provides for exemption from Israel withholding tax for exempt investors identified by Qualified Custodians, as described herein.				
<b>Next Record Date:</b>	December 6, 2014 (Sat)				
<b>Next Interest Payment Date:</b>	December 21, 2014 (Sun) with funds disbursed on December 22, 2014 (Mon).				
<b>Interest Rates:</b>	2018 Notes:	5.625% per annum			
	2023 Notes:	6.875% per annum			
<b>Withholding Tax Rates:</b>	0% (exempt)	(i) non-Israeli tax residents, (ii) Israeli regulated financial institutions, and (iii) Israeli tax residents with an Israeli Certificate of 0% Withholding. In each case, exemption must be certified by a Qualified Custodian as described in this notice.			
	25%	Israeli tax resident individuals			
	26.5%	(i) Israeli tax resident corporations (other than financial institutions); and (ii) beneficial owners for which the procedures described in this notice have not been properly and timely followed.			
<b>Tax Relief Timetable:</b>	<b>TAX RELIEF AT SOURCE:</b> Submission of Beneficial Owner Tax Residence Information via the Acupay System by Qualified Custodians; and elections via the DTC Elective Dividend/Tax Relief ("EDS/TaxRelief") Service by DTC Participants.				
	<b>A.</b>	Acupay Opens:	December 8, 2014 9:00 a.m. EST	Acupay Cut-off:	December 19, 2014 8:00 p.m. EST
		EDS Opens:	December 8, 2014 9:00 a.m. EST	EDS Cut-off:	December 19, 2014 8:00 p.m. EST
	<b>B.</b>	<b>QUICK REFUND:</b>			
		Acupay Opens:	December 23, 2014 9:00 a.m. EST	Acupay Cut-off:	January 5, 2015 5:00 p.m. EST

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## SUMMARY

Pursuant to Israeli law, including the Income Tax Ordinance (new version) 5721-1961, certain regulations thereunder and binding tax rulings thereto, interest income derived from the Notes by a non-Israeli tax resident holder, or by regulated Israeli financial institutions, or by an Israeli resident entity or person with a Israeli Certificate of 0% Withholding, will not be subject to Israeli withholding tax, unless the beneficial owner or its Qualified Custodian (including its DTC participant) fails to comply with the tax compliance procedures summarized below and as described in the relevant Offering Circular and Pricing Supplement for the Notes.

Direct and indirect participants of DTC and other clearing systems 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 (as defined in the related Offering Circular) which request exemption from Israeli withholding tax via DTC’s Elective Dividend Service (“EDS/TaxRelief”) are required to provide information with respect to the tax residence of beneficial owners in support of their EDS/TaxRelief elections. The Issuer has arranged certain procedures with DTC and Acupay System to facilitate the collection from Qualified Custodians of such information concerning the tax residency of beneficial owners of the Notes. Failure to provide such information with respect to the tax residence of the beneficial owners via the Acupay System or to follow the required procedures (including the use of the EDS/TaxRelief) will result in 26.5% withholding from the interest payment.

Further information on Israeli withholding tax requirements can be found in the **Offering Circular and Pricing Supplement** for the Notes at [www.acupay.com/IsraelElectric](http://www.acupay.com/IsraelElectric)

### **IMPORTANT NOTE: Amendment to the Israeli default tax rate**

**The amendment to the Israeli Income Tax Ordinance (Amendment number 197), effective January 1, 2014, increased the withholding tax rate applicable to positions held by Israeli tax resident corporations. Due to this amendment, the withholding tax rate applicable to (i) Israeli tax resident corporations; and (ii) beneficial owners for which the procedures described in this notice have not been properly and timely followed, will increase from 25% to 26.5%.**

## PROCEDURE A: TAX RELIEF AT SOURCE PROCEDURE

### I. Submission of tax residence information.

Beginning on December 8, 2014 (the first New York Business Day after the Record Date) through and including 8:00 p.m. (EST) on December 19, 2014 (the New York Business Day prior to the 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 of the Notes (the “Beneficial Owner Tax Residence Information”):

- 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 or net payments on each relevant Interest Payment Date. The default condition is “net”.
- B. **Report to (www.acupaysystem.com) supporting information regarding the aggregate amount of securities held per each of the following beneficial owner types** listed below. Please read carefully the full description of these investor types in Annex B.

Investor Type No.	Investor Type	Tax treatment	Tax Rate
1.	Non-Israeli tax resident individuals	Favorable: paid gross when the tax procedures are properly followed	0%
2.	Non-Israeli tax resident legal entities	Favorable: paid gross when the tax procedures are properly followed	0%
3.	Israeli tax resident individuals	Unfavorable: paid net	25%
4.	Israeli tax resident corporations (other than financial institutions)	Unfavorable: paid net	26.5%
5.	Israeli tax resident financial institutions	Favorable: paid gross when the tax procedures are properly followed	0%
6.	Israeli tax residents with an Israeli Certificate of 0% Withholding	Favorable: paid gross when the tax procedures are properly followed	0%

Data submitted via the Acupay System for **beneficial owner tax types 1 and 2** (non-Israeli tax residents) should **include aggregate reports on the amount of Notes held by clients in each country of tax residence, without including the names or tax ID numbers of such non-Israeli beneficial owners.**

Data submitted via the Acupay System with respect to **beneficial owner tax types 3, 4, 5 and 6** should include, per beneficial owner:

- a. the amount held per beneficial owner,
- b. beneficial owner name,
- c. beneficial owner Tax ID Number,
- d. beneficial owner full address,
- e. beneficial owner tax type (from the list above), and
- f. only for beneficial owners included within Type 6, the Beneficial Owner Tax Residence Information must be supplemented by the transmission of 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.

Each DTC Participant and Qualified Custodian must ensure the continuing accuracy of the above listed Beneficial Owner Tax Residence Information including the related EDS/TaxRelief election, irrespective of any changes in, or in the beneficial ownership of, such DTC Participant's position in the Notes through 8:00 p.m. EST time on December 19, 2014 (the New York Business Day immediately preceding the Interest Payment Date) by making adjustments through the Acupay System and EDS/TaxRelief. 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.

- C. After entry of Beneficial Owner Tax Residence Information into the Acupay System by the DTC Participant or Qualified Custodian, the Acupay System will **produce a completed KYC Tax Compliance Form** which shall summarize the Beneficial Owner Tax Residence Information introduced and maintained by such entity in the Acupay System.
- D. **Beneficial Owner Tax Compliance Information must be confirmed by Qualified Custodians to the Acupay System via one of the following two means:**

**Email a PDF scan or a faxed copy of a bar-coded KYC Tax Compliance Form** produced by the Acupay System printed, reviewed and (if accurate) duly signed by the Qualified Custodian. The signed KYC Form must be emailed (by the participant or downstream correspondent, as relevant) to [certify@acupay.com](mailto:certify@acupay.com) or faxed to Acupay at +1-646-383-9489 or +44-207-067-8453.

**NOTE:** Certifying parties MUST use the KYC Tax Compliance Forms that are generated by the Acupay System (showing the official Acupay bar codes) as no other form of KYC Tax Compliance Form will be accepted. Acupay submissions will not be processed until Acupay has received (via email or fax) signed KYC Tax Compliance Forms. Please Note: There is no need to send paper versions of the KYC forms via post or courier.

**Or**

- 1. Transmit electronic messages compliant with either ISO 20022 or ISO 15022, such as a SWIFT MT565, submitted through and in accord with established practices of the relevant (I)CSD, further validated and securely transmitted to Acupay by the relevant (I)CSD via a SWIFT MT565 or similar electronic means.**

Each such electronic message shall contain all of the relevant Beneficial Owner Tax Residence Information, and shall also reference affirmation of the written statements contained within the form of KYC Tax Compliance Form included as Exhibit I to Annex C to the Offering Circular for the Notes. In addition, electronic messages submitted on the behalf of beneficial owners in tax category number 6, must be supplemented with the prompt electronic delivery to Acupay of a valid Israeli Certificate of 0% Withholding.

## **II. Use of the Acupay System: available to all direct and indirect participants of DTC**

- A. Currently registered financial intermediaries.** Most DTC participants and many participants of other Qualified Clearing Systems are already registered to employ the Acupay System. If the participants, including members of their respective teams, are currently registered to use the Acupay System (for the Notes or any other securities issue) there is no need to register again – since the existing login details can be used.
- B. Financial intermediaries not currently registered to employ the Acupay System.** DTC participants which are not currently registered to employ the Acupay System must visit the Acupay System website at [www.acupaysystem.com](http://www.acupaysystem.com) and register their institution and one or more authorized employees who will be responsible for making tax certifications on the behalf of the DTC participant.
- C. DTC participants that provide omnibus clearing or sub-custodial services for other financial intermediaries should:**
- 1. Assure that their downstream correspondents are registered to employ the Acupay System.** If the downstream correspondents are already registered to use the Acupay System (for the Notes or for any other securities issue), there is no need for them to register again – their existing login details can be used. However, if the downstream correspondents were not previously registered to use the Acupay System, the DTC participant can arrange an instant registration either by:
    - a. entering the details of such downstream correspondents directly into the “Manage My Account” section of the Acupay System by clicking on “Omnibus Accounts” and then on “Add New Omnibus Account”, or by
    - b. permitting such downstream correspondents to register themselves by providing them with an Acupay Registration Code. Registration codes can be obtained within the “Manage My Account” section of the Acupay System by clicking on “Omnibus Accounts”.
  - 2. Confirm via the Acupay System the downstream correspondents’ omnibus positions.** These confirmations are made ONLY with regard to the aggregate omnibus amount held by the downstream correspondents, NOT with regard to the tax residency type or identity of the end-investor clients of the downstream correspondents. Aggregate position confirmations should be kept updated through 9:45 a.m. on the date of disbursement of the interest payment (December 22, 2014) just like all other information entered in the Acupay System.
  - 3. Make the related EDS/Tax Relief elections** which conform (as to their “net” or “gross” character, only) to the relevant amount of Acupay certifications made by the downstream correspondents.
- D. Non-Qualified Custodians.** DTC participants or their downstream correspondents which are located in countries that are neither members of the Organization for Economic Co-operation and Development (“OECD Countries”) nor countries with which Israel has entered into a Treaty for the Avoidance of Double Taxation (“Tax Treaty Countries”) are “**non-Qualified Custodians**” and as such will be allowed to register in the Acupay System but will not be eligible to participate in the “Tax Relief-at-Source Procedures”. Such entities may, however, follow the “Quick Refund Procedures for non-Qualified Custodians”, as described in Procedure B. Section II, below. Please refer to Annex A for a list of OECD Countries and Israeli Tax Treaty Countries.

**NOTE:** The procedure for use by downstream correspondents has been designed consistent with the recommendations of the Committee of Fiscal Affairs of the OECD, which noted in its report of January 23, 2013:

*The financial institution that has information regarding the beneficial owner may be several layers away from the withholding agent. Therefore, passing client information through a chain of multiple layers of financial intermediaries is inefficient, and imposes substantial administrative burdens on the intermediaries. In addition to the administrative burdens involved in processing large amounts of paper (or even electronic communications), a more fundamental problem with any such requirement is that it is inconsistent with the intermediary's business goal of protecting its proprietary customer information. Businesses do not pass their customer lists to their competitors; much less let their competitors know the investment preferences of those customers.*

### **III. Synchronization of EDS/TaxRelief Elections and Related Acupay Data Submissions**

The aggregate amounts certified through the Acupay System and those elected through EDS/TaxRelief must be in sync. It is the responsibility of each DTC Participant to ensure that the principal amount of Notes which they and their downstream correspondents have certified via the Acupay System is equal to the principal amount of Notes for which they have made EDS/TaxRelief elections. Data introduced in both EDS/TaxRelief and Acupay may be modified (in either system) until 8 p.m. (EST) on December 19, 2014.

Acting on a best efforts basis, Acupay staff will warn participants of any misalignments between EDS/TaxRelief elections and Acupay certifications and will seek to assist in reconciling them until 9:45 a.m. (EST) on December 22, 2014.

#### **IMPORTANT**

IT IS THE RESPONSIBILITY OF DTC PARTICIPANTS AND THEIR DOWNSTREAM CORRESPONDENTS TO UPDATE BENEFICIAL OWNER INFORMATION ENTERED IN THE ACUPAY SYSTEM AS NECESSARY TO KEEP IT IN SYNC WITH CLIENTS' ACTUAL POSITIONS. UPDATING MUST CONTINUE UNTIL 9:45 A.M. EST ON DECEMBER 22, 2014.

DTC participants whose Acupay certifications and EDS/Tax Relief elections are out of alignment on the morning of December 22, 2014 (i.e., the day when the interest payment will be disbursed) may ask DTC to modify their EDS/Tax Relief elections to bring them into alignment by sending an email to [InternationalTax@DTCC.com](mailto:InternationalTax@DTCC.com) specifying (i) the DTC account, (ii) the total position in the CUSIP, (iii) the requested FAVORABLE election and (iv) the requested UNFAVORABLE election, NO LATER THAN 9:45 A.M. EST on December 22, 2014, with a copy to [Ateam@Acupay.com](mailto:Ateam@Acupay.com). The Acupay System will remain accessible to DTC participants (and their downstream correspondents) to make any necessary updates of Beneficial Owner Tax Residence Information or KYC Tax Compliance Forms through 9:45 a.m. EST on December 22, 2014, the interest payment date.

**DTC participants whose EDS/TaxRelief elections and Acupay certifications are not aligned by 9:45 a.m. (EST) on December 22, 2014 will receive the interest payment on their entire position net of 26.5% Israeli withholding tax. DTC participants which receive net treatment due to misalignment of their EDS/TaxRelief elections and Acupay certifications may request relief through the Quick Refund Procedures described in Procedure B below.**

## PROCEDURE B: QUICK REFUND PROCEDURES

There are two types of Quick Refund Procedures. One is for use by Qualified Custodians, the other is for use by non-Qualified Custodians.

- I. **Beneficial owners holding through a DTC participant that is a Qualified Custodian.** Beneficial owners who received interest net of 26.5% Israeli withholding tax due to a failure of a Qualified Custodian to comply with the Relief-at-Source Procedure may qualify for a refund through the Quick Refund procedure. Participants which are Qualified Custodians may use the Acupay System to request relief through the Quick Refund Procedure on behalf of their clients beginning December 23, 2014 at 9:00 a.m. EST time until January 5, 2015 at 5:00 p.m. EST.
  
- II. **Beneficial owners holding through a DTC Participant or other financial intermediary that is not a Qualified Custodian.** The Quick Refund Procedure for use by non-qualified custodians requires the submission to Acupay (via electronic means) no later than January 5, 2015 (by 5:00 p.m. EST) of:
  - a. A DTC statement which confirms the holder's securities entitlement on the interest payment date. If the Notes are held with a downstream correspondent of a DTC participant, the DTC Participant must also provide a statement which confirms the correspondent's securities entitlement on the interest payment date;
  - b. A custodian statement which includes an accounting record of the amounts of such position and payments which were attributable to the relevant beneficial owner;
  - c. A certificate of tax residency issued by the tax authorities of the country of residence of each non-Israeli tax resident beneficial owner. Such certificate of tax residence should state that it is valid during the relevant calendar year, or should have been issued no more than 12 months prior to the interest payment date.
  - d. For Israeli tax residents qualified within tax category type 6, a valid Certificate of 0% Withholding issued by the Israeli Tax Authority.

**PLEASE NOTE:** The Quick Refund will be paid via wires from The Bank of New York, London Branch, as Paying Agent. For any Quick Refund requests submitted by DTC Participants, such DTC Participants must provide (or confirm if we already have them on file) wire instruction details for the account into which they would like to receive the Quick Refund amounts, together with an original W-8BEN or W-9 Form, as applicable.

### Direct Refund from Israeli Tax Authorities

If investor holdings have not been certified for any reason through the Relief-at-Source or Quick Refund procedures and have received unfavorable tax treatment, eligible investors may request a tax refund from the Israeli tax authorities by submitting an annual tax return in Israel for the relevant tax year. Acupay may assist in this process.



## Rules for use of the DTC EDS/TaxRelief Service

In accordance with the rules and operational procedures of DTC, by submitting EDS/TaxRelief elections, DTC participants agree that they will indemnify The Israel Electric Corporation Limited and its agents for any liability which they may incur as a result of reliance upon information provided by such participants on such EDS/TaxRelief elections and supporting Beneficial Owner Tax Compliance Information. Through their submission of EDS/TaxRelief elections, DTC participants also agree to return any funds erroneously received (including any interest, penalties and additions to tax thereon) arising from their EDS/TaxRelief elections and supporting data.

## Contacts

Questions regarding the EDS/TaxRelief process should be directed to DTC's International Services: [InternationalTax@DTCC.com](mailto:InternationalTax@DTCC.com) or at +1 (888) 382-2721.

Questions regarding the foregoing tax procedures and with respect to tax relief entitlements should be directed to:

### **Gisello Hertz, in New York**

#### **Acupay System LLC**

30 Broad Street - 46th Floor

New York, N.Y. USA 10004

Tel. +1 (212) 422-1222

Email: [ghertz@acupay.com](mailto:ghertz@acupay.com)

### **Arielle Einstein, in London**

#### **Acupay System LLC**

28 Throgmorton Street

London, UK EC2N 2AN

Tel. +44(0) 20 7382 0340

Email: [aeinstein@acupay.com](mailto:aeinstein@acupay.com)

## Annex A: List of OECD Member countries and countries that have a convention for the avoidance of double taxation with the State of Israel

(Identified by Acupay System LLC as of November 18, 2014)<sup>1</sup>

List of OECD Member countries		
Australia	Hungary	Norway
Austria	Iceland	Poland
Belgium	Ireland	Portugal
Canada	Israel	Slovak Republic
Chile	Italy	Slovenia
Czech Republic	Japan	Spain
Denmark	Korea	Sweden
Estonia	Luxembourg	Switzerland
Finland	Mexico	Turkey
France	Netherlands	United Kingdom
Germany	New Zealand	United States
Greece		

List of countries that have a convention for the avoidance of double taxation with the State of Israel		
Austria	India	Romania
Belarus	Ireland	Russia
Belgium	Italy	Singapore
Brazil	Jamaica	Slovakia
Bulgaria	Japan	Slovenia
Canada	Korea (R.O.K.)	South Africa
China	Latvia	Spain
Croatia	Lithuania	Sweden
Czech Republic	Luxembourg	Switzerland
Denmark	Malta	Taiwan
Estonia	Mexico	Thailand
Ethiopia	Moldova	Turkey
Finland	Netherlands	Ukraine
France	Norway	United Kingdom
Georgia	Panama	United States
Germany	Philippines	Uzbekistan
Greece	Poland	Vietnam
Hungary	Portugal	

<sup>1</sup> Sources:

- (i) OECD website  
[<http://www.oecd.org/general/listofocdmembercountries-ratificationoftheconventionontheoecd.htm>]
- (ii) Ministry of Finance of Israel:  
[<http://www.financeisrael.mof.gov.il/FinanceIsrael/Pages/en/EconomicData/InternationalAgreements.aspx>]

## Annex B: Explanatory List of Investor Types for Israeli Tax Purposes

No.	Investor Type	Explanation
1.	<b>Non-Israeli tax resident individual</b>	<p>A non-Israeli tax resident physical person for whom ALL of the following statements are true:</p> <ul style="list-style-type: none"> <li>• the State of Israel is not his or her permanent place of residence,</li> <li>• the State of Israel is not the place of residence of his or her family (husband, wife or children),</li> <li>• 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,</li> <li>• he or she does NOT engage in an occupation in the State of Israel,</li> <li>• he or she does NOT own a business or part of a business in the State of Israel,</li> <li>• he or she is NOT insured by the Israeli National Insurance Institution,</li> <li>• 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,</li> <li>• 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.</li> </ul>
2.	<b>Non-Israeli tax resident legal entities</b>	<p>A non-Israeli tax resident legal entity for which ALL of the following statements are true:</p> <ul style="list-style-type: none"> <li>• the legal entity is NOT registered with the Registrar of Companies in Israel,</li> <li>• the legal entity is NOT registered with the Registrar of "Amutot" (non-profit organizations) in Israel,</li> <li>• the legal entity is NOT registered with the Registrar of Partnerships in Israel,</li> <li>• the control of the legal entity is NOT located in Israel,</li> <li>• the management of the legal entity is NOT located in Israel,</li> <li>• the legal entity does NOT have a permanent establishment in Israel, and</li> <li>• 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: <ul style="list-style-type: none"> <li>○ The right to participate in profits;</li> <li>○ The right to appoint a director;</li> <li>○ The right to vote;</li> <li>○ The right to share in the assets of the legal entity at the time of its liquidation; and</li> <li>○ The right to direct the manner of exercising one of the rights specified above.</li> </ul> </li> </ul> <p><b>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.</b></p>
3.	<b>Israeli tax resident individual</b>	<p>An Israeli tax resident physical person for whom ALL of the following statements are true:</p> <ul style="list-style-type: none"> <li>• he or she is NOT an employee of the Israel Electric Corporation Limited,</li> <li>• he or she does NOT belong to type 1.</li> </ul> <p><b>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.</b></p>

4.	<b>Israeli tax resident corporation</b>	A legal entity resident in Israel for tax purposes which does NOT belong to types 2, 5 or 6.
5.	<b>Israeli tax resident financial institution</b>	<p>An entity that is resident in Israel for tax purposes that is a bank or a member of the Tel Aviv Stock Exchange.</p> <p>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.</p>
6.	<b>Israeli Tax Residents with an Israeli Certificate of 0% Withholding</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• Israeli tax resident public benefit institutions in accordance with section 9(2) of the Income Tax Ordinance (New Version) of 1961 (analogue of not-for-profit organizations);</li> <li>• Israeli insurance companies;</li> <li>• Israeli provident funds (analogue of pension funds);</li> <li>• Israeli mutual funds in accordance with section 88 of the Income Tax Ordinance (New Version) of 1961.</li> </ul> <p>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.</p>

**This explanatory list of Investor Types is an indication only as to tax status of investor types as of the date of this notice. 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.**