

ISRAEL BONDS LETTER of TRANSMITTAL FORM GENERAL INSTRUCTIONS FOR REINVESTMENT/REDEMPTION

Please read these instructions carefully before completing the Letter of Transmittal Form.

Reinvestment

Part I must be completed for ALL matured bonds submitted for either reinvestment or redemption

Part II must be completed for bond(s) submitted for reinvestment. The current bond holder's address must be entered. To update an old address, click where indicated and a Change of Address form will open. This must be completed and submitted with the other documents to update your account with the Bank of New York Mellon.

Part II A indicates the registration on the new bond(s). In addition to filling in the name of each person you wish to designate as the owner(s) of the new bond(s) and the amount(s), you must also complete an investment form. These forms may be obtained from your local office or our website <http://www.israelbonds.com/Forms.html>.

Signatures: EACH registered owner of the bond(s) must sign the in the space(s) provided. All signatures must be notarized if the new bond(s) is/are to be registered in a different name(s). If the new bond(s) is/are to be registered in the same name(s) notarization is NOT required.

Redemption

Part I must be completed for ALL matured bonds submitted for either reinvestment or redemption

Part II must be completed for bond(s) submitted for redemption. The current bond holder's address must be entered. To update an old address, click where indicated and a Change of Address form will open. This must be completed and submitted with the other documents to update your account with the Bank of New York Mellon.

Signatures: EACH registered owner of the bond(s) must sign the in the space(s) provided.

Substitute IRS Form W-9

The substitute IRS Form W-9 MUST be completed by the Registered Holder of the Bond.

Only one color of ink should be used when completing the substitute IRS Form W-9

Any cross-offs, white-outs, illegible information or multiple ink colors will require a new form to be completed.

For Joint Tenants, the first person listed on the registration of the bond should be completing the Substitute IRS Form W-9. The first person listed must complete his/her Social Security number and sign/date the form. The correct box to check would be "Individual/Sole Proprietor."

To be treated as valid, the Substitute IRS Form W-9 MUST contain a Name, Business Name (if applicable), address (including zip code), Social Security Number or Employer Identification Number, signature, and the date the form was signed.

Please refer to the W-9 FAQ's for additional information on completing the Form if you have the following type of account 1) Joint Tenant, 2) Custodian, 3) LLC or 4) Domestic Trust.

Failure to properly complete the substitute IRS Form W-9 will result in the rejection of all forms and it will delay processing of your reinvestment or redemption. It may also result in tax withholding at a rate of 28% for any scheduled interest and/or principal payments. TAX WITHHELD DUE TO MISSING OR INCOMPLETE TAX DOCUMENTATION CAN NOT BE REFUNDED.

Note: For more specific instructions on the IRS Form W-9, refer to <http://www.irs.gov/pub/irs-pdf/fw9.pdf>. For IRS Form W-8 instructions, refer to <http://www.irs.gov/pub/irs-pdf/iw8>.

LT Instruction sheet 03-03-09

This is not an offering which can be made only by prospectus. Read it carefully before investing to fully evaluate the risks associated with investing in State of Israel Bonds. Issues subject to availability.