ASHRA THE ISRAEL EXPORT INSURANCE CORPORATION LTD

Discount of Notes Policy

Policy No. _____

Issued on _____

To Bank _____

This Discount of Notes Policy was issued on the ___ day of the month of _____, by the ASHRA Israel Export Insurance Corp. Ltd., of 65 Menachem Begin Road Tel-Aviv (hereafter: "***the company"*).**

Party of the first part

To Bank -_____
Whose registered office is at: _____
(hereafter: ***"the insured and/or the bank"***)

Party of the second part

Whereas The insured wishes, from time to time, to discount notes within the definition thereof hereafter, at the request of exporters.

And whereas In connection with the note/s that the insured wishes to discount, the insured will desire to be insured by the company.

And whereas The company, subject to its principles currently in effect for approval by the company, will be prepared to insure such notes as are deemed appropriate, all as set forth in the company's approval.

Definitions

In this policy, the following terms shall have the meaning appearing alongside each:

A. **Percentage of cover in respect of non-payment** – to be determined in the company's approval.

B. **Percentage of cover in respect of commercial risk** – to be determined in the company's approval.

C. **Percentage of cover in respect of political risk** - to be determined in the company's approval.

D. **The company's approval** - the approval of the company for an application in the wording annexed to this policy and marked with the letter "B".

E. **Confirmation of receipt** – the insured's confirmation that it has received the company's approval and consents to the conditions thereof in the wording attached to this policy and marked with the letter "D", constituting an integral part hereof.

F. **Non-payment** – including partial non-payment

G. **Application** - the application filed by the insured to insure the note/s pursuant to this policy in the wording annexed hereto and marked with the letter "A".

H. **Insurance premiums** – the rate or amount of premiums specified in the company's approval.

I. **Notice of cancellation of cover** – a notice sent by the company for cancellation of the cover pursuant to this policy and which shall be deemed received by the insured 7 business days after being mailed to it at the address set forth in the recitals to this policy.

J. **Exporter's warranty** – a warranty to be given by the exporter to the bank and to the company in connection with the insurance of a note/s in the wording annexed hereto and marked "C" and "C1".

K. **Legal opinion** - a legal opinion addressed to the insured and/or the exporter, prepared by the legal adviser of the issuer of the note or of the guarantor or other legal concern previously deemed acceptable by the company, in the wording annexed to this policy and marked with the letter "E" - in relation to the issuer of the note, and in the wording marked with the letter "F" - in relation to the guarantor, or in any other wording previously approved by the company.

L. **Debtor** – the issuer of the note or, if a guarantee exists – the issuer of the note and/or the guarantor.

M. **Exporter –** the payee per the note/s or any other concern approved by the company.

N. **Agreed due dates -** the due payment dates specified in the note/s.

O. **Issuer of the note –** a public buyer or a corporation not being a public buyer, having subscribed the note/s, or having made an acceptance thereon, and that is named in the application.

P. **Guarantor -** Whoever has subscribed as a guarantor in a bon pour aval guarantee to the note/s or whoever has signed a personal bond in favour of the exporter, and his guarantee and the terms thereof have secured the prior approval of the company, and who is named in the application.

Q. **Public buyer -** a debtor being a host country or possessing the powers of a host country and/or a corporation of whose share capital the host country or whoever possesses the powers of a host country owns at least 51%, and/or that is entitled to appoint most of its directors, including whoever was a public buyer on date of issuance

of the note/s and thereafter ceased to be a public buyer, provided that the insured shall have discounted the note/s before the debtor ceased to be a public buyer.

R. **Note/s -** a promissory note or notes issued by the debtor to order of the exporter or a note or notes drawn by the exporter on the debtor, and on which the debtor has made an acceptance, in the amounts and at the due dates specified in the application, the wording of which is or shall be annexed to the application.

S. **Utilisation term -** the period during which the insured shall be entitled to discount the note/s as set forth in the application, and subject to the company's approval.

T. **Waiting period -** a period of six months from agreed due date of payment to date of occurrence of the insured contingency.

Accordingly, the provisions of this policy shall apply to such note/s as the insured may wish to insure, and that the company agrees to insure, in accordance with the following conditions:

1. General:

1.1 The insured shall from time to time submit to the company an application for the insurance of a note or notes. Annexed to such applications shall be the exporter's warranty and the wording of the promissory notes or an undertaking to produce a promissory notes wording at a later date.

1.2 The insured shall be entitled to request, in its application, coverage of a commercial risk and/or coverage of a political risk or coverage of a risk of non-payment by a public buyer.

1.3 The company shall issue to the insured an approval in connection with such application. In this approval, the company shall specify whether or not it accedes to the application, and on what conditions.

1.4 The insured shall issue to the company, at an agreed time, with the company's approval, a confirmation of receipt. This confirmation of receipt constitutes a condition for insurance pursuant to this policy.

2. The insured risks:

2.1 Non-payment risk

Non-payment of the notes, where the issuer of the notes or their guarantor is a public buyer at the agreed due date of the notes and until the end of the waiting period, for any reason whatsoever, including non-payment for reasons deriving from political risk and/or commercial risk.

2.2 Commercial risk

Non-payment by the debtor, provided that the debtor is a corporation and is not a public buyer, for one or more of the following reasons:

1. If the debtor is in process of liquidation or receivership or has entered into a composition of creditors recognised by the laws of the country issuing the note/s, or if the issuer of the note/s is in a legal position resembling such positions, in accordance with the laws of the country issuing the note/s, provided that the non-payment persists until the end of the waiting period.

2. Non-payment of the amounts of the note/s at the due dates specified therein, provided that the non-payment persists until the end of the waiting period.

2.3 Political risk

Non-payment by the debtor – provided that the debtor is a corporation and is not a public buyer – for any of the following reasons:

1. Moratorium or payments arrangement declared by the government of the debtor's country, being such as to prevent payment of the note/s, in whole or in part.

2. An act or resolution on the part of the government of the debtor's country, exempting the debtor, in whole or in part, from the duty of paying the note/s.

3. Nationalisation of the debtor, seizure or confiscation of the debtor's assets or action against its business, by the government of its country, being such as to prevent, in whole or in part, the payment of the notes.

4. Failure to transfer an amount deposited by the debtor in a bank or with a body competent to accept deposits in the debtor's country, provided that the debtor shall have irrevocably deposited, for transfer to the insured, an amount in the currency of the debtor's country being equivalent to the foreign currency amount owed by the debtor in whole or in part, according to the note/s and that such amount shall remain on deposit, as aforesaid, until the occurrence of the insured contingency.

5. The bringing into force of a legally valid law, ordinance, order or regulation being such as to prevent the deposit described in sub-paragraph 4 aforesaid from being made.

6. Foreign currency for the payment of the note/s is unable to be legally acquired, or foreign currency for the purposes of transferring the amount of the note/s to Israel cannot be acquired and provided that the company shall be liable in respect of this cause only if, under the law prevailing in the debtor's country, or under the effective method of acquiring foreign currency in the debtor's country, the consideration cannot be deposited in a bank in local currency for the purpose of the transfer as per sub-paragraph 4 aforesaid.

7. Severance or restriction of diplomatic relations or commercial ties between the government of the debtor's country and the State of Israel, being such as to prevent payment of the note/s, in whole or in part.

8. War, civil war, hostilities, rebellion, revolution or riots, in the debtor's country, being such as to prevent the effectuation of the payment of the note/s, in whole or in part.

9. Rescission of the debtor's license to directly and/or indirectly transfer the amount of the note/s, provided that such rescission does not result from any act or omission on the part of the insured in connection with the note/s.

2.4 Determination of the type of risk

If the company has given approval for coverage of a political risk and a commercial risk, where a difference exists between the percentage cover in respect of the commercial risk and the percentage cover in respect of the political risk, then the company shall determine whether the insured contingency arises from a commercial or a political risk.

3. **Legal opinion:**

3.1 The insured shall be entitled to join a legal opinion to the application and, in such case, the exception provided in sub-paragraphs 6.1, 6.10 and 6.11 of this policy shall not apply. To dispel any doubt, if no legal opinion is attached, or if the wording of such legal opinion is not identical to the working annexed to this policy, then the exception provided in sub-paragraphs 6.1, 6.10 and 6.11 of this policy shall apply, unless the company shall have confirmed, beforehand, its consent to a different wording of the legal opinion.

3.2 If the company requires the insured to submit a legal opinion relating to the law governing the note – such opinion shall be annexed as an additional appendix to the application.

3.3 If the company has exempted the insured from the duty of submitting a legal opinion, then the exceptions per sub-paragraphs 6.1, 6.10 and 6.11 shall not apply.

4. <u>Insurance premiums</u>:

4.1 If the note/s subject of the insured's application were a note/s covered in the insurance provided directly by the company to the exporter, then the insurance premiums shall be as determined by the company in the insurance provided to the exporter, subject to their being prepaid as a condition for coverage under this policy. The insurance premiums aforesaid shall be insurance premiums also for the insurance of the note/s pursuant to this policy and the company shall issue the exporter with a cancellation of the policy it issued in that regard.

4.2 If the note/s was/were not insured by the company in a policy issued by the company direct to the exporter, then the insurance pursuant to this policy is contingent on prepayment of the insurance premiums at the rate or in the amount detailed in the company's approval, until the insured carries out the discount.

5. **<u>The company's overall liability</u>**

The company's overall liability in respect of any approval given by the company pursuant to this policy shall not exceed the sum total of the note/s discounted by the insured in the utilisation period or shall not exceed the amount specified in the company's approval, whichever is the lower amount, multiplied by the percentage cover in respect of non-payment by a public buyer or multiplied by the percentage cover in respect of a political risk, or by the percentage cover in respect of a commercial risk, and all as specified in the company's approval.

6. **<u>Exceptions to coverage under this policy</u>**

The coverage pursuant to this policy shall not apply in any of the following instances:

6.1 Wherever, under an enactment by the note issuer's country, being valid on date of issuance of the note, the issuer of the note is obliged to obtain a licence in order to issue the note/s and/or is required to resort to a legal procedure for securing the guarantor's guarantee, if the note/s was/were guaranteed by the guarantor, or if a license or a legal procedure are required in order for payment to be made of the amount of the note/s in the currency designated in the note/s, then the company shall not be liable for any loss deriving from failure by the issuer of the note and/or by the guarantor to obtain a valid licence as aforesaid, or from the legal procedure not taking place.

6.2 Non-payment deriving from any breach of a legal obligation being applicable to the insured as holder of the note/s, or under the law governing the note/s and/or the guarantee.

6.3 Wherever the insured has agreed to a compromise settlement with the issuer of the note and/or the guarantor, or to a deferment of the agreed due date of the note/s and/or the guarantee, or any other modification of the note/s and/or the guarantee, unless it shall have obtained the company's prior, written consent thereto.

6.4 The discounting of the note/s takes place after expiry of the utilisation period.

6.5 The discounting of the note/s takes place after the company has served notice of the cancellation of the coverage as provided in Clause 12 hereafter.

6.6 The discounting of the notes takes place without the exporter having warranted to the insured, by each of the dates on which the discount was made, that it obtained all the approvals required pursuant to the commercial agreement for the purpose of endorsing the notes to a third party and having also warranted that it has complied with all the other provisions of the commercial agreement and that it has no dispute with the issuer of the note as a buyer being such as to render the notes non-tradable or non-discountable, in the wording set forth in Appendix "C1".

6.7 Non-payment of the note/s deriving from any act or omission on the part of a bank outside of the debtor's country to which the payments according to the note/s are to be transferred, or from its insolvency, after the insured's account, held with it, was irrevocably credited.

6.8 The loss derives from a dispute between the issuer of the note and the insured. A dispute, for present purposes, is any allegation that the issuer of the note may advance against the insured in relation to its holding of the note/s. If the allegation of the issuer of the note against the insured is rejected, but the issuer of the note fails to pay the judgement awarded against it as aforesaid, despite the insured's demand for payment, then the company's liability pursuant to this policy shall apply in accordance with the risk approved by the company, with the company's approval.

6.9 The company shall not be liable if the insured, at the time of buying the note/s, was in breach of any of the laws of the State of Israel.

6.10 The note/s were not prepared by whoever the issuer of the note empowered to prepare them, and/or were not issued in accordance with the law applicable to the issuer of the note and/or with the law applicable to a note/s for 3rd party trading.

6.11 The insured is not deemed to be one holding the notes as a holder in due course, within the meaning of that term under Israeli law, all at the time of discounting the note/s.

7. **Restriction of interest obligation**

To dispel any doubt, no interest payment obligation shall apply to the company during the waiting period, including in respect of the payment of a note/s not paid on due date thereof during the waiting period.

8. **Occurrence of the insured contingency**

The insured contingencies pursuant to this policy are non-payment of the note/s due to commercial risk and/or political risk, or non-payment by a public buyer, all as determined in the company's approval. The insured contingency occurs at the end of the waiting period.

9. The loss amount

The loss amount is the amount of the note/s remaining unpaid on the agreed due date thereof and until the end of the waiting period, multiplied by the percentage cover in respect of a commercial risk or the percentage cover in respect of a political risk, or the percentage cover in respect of non-payment by a public buyer, all according to the type of risk and the percentage cover as determined by the company in the company's approval.
Non-payment of any one of the note/s shall be deemed a separate insured contingency pursuant to this policy.

10. Date of payment per the policy and the payment currency

10.1 Payment by the company in accordance with the conditions of this policy shall be made by the company in the currency designated in the note/s. The payment date shall be at the times provided in the "Insurance Contract Law 5741-1981" or within 14 days of the day on which the insured furnishes the company with proof, to its satisfaction, whereby the conditions conferring entitlement to payment pursuant to this policy have been fulfilled, whichever date is the earlier.

10.2 On fulfilment of the conditions mentioned in sub-paragraph 6.8 of the policy, the company shall pay the bank the loss amount less any amount received by the insured from the end of the waiting period and until the time on which the issuer of the note failed to make payment in accordance with a final judgment awarded against it, multiplied by the percentage of coverage. To the loss amount there shall be added interest at the interest rate obtainable by the company on the day the judgment was handed down as aforesaid, on its foreign currency deposits with the Accountant General, or at the interest rate provided in the judgment, if lower, computed from the end of the waiting period until 45 days from the rendering of the judgment, provided that the insured shall have issued the company with a final judgement against the issuer of the note and a letter of demand for payment of the judgment that was issued to the issuer of the note, and which the issuer of the note has failed to pay, even though seven days have elapsed from the date of such letter of demand.

11. **Beneficiary**

The beneficiary as provided by this policy is the insured only, and this provision is not modifiable.

12. **Cancellation of coverage**

The company shall be entitled to serve written notice on the insured as to the cancellation of coverage. If the company has served notice of cancellation of coverage, then the insurance in relation to the note/notes as yet not discounted by the insured shall expire.

13. **Attribution of moneys and indemnification collected**

Unless the company shall have otherwise consented in writing, amounts paid by the debtor shall be attributed as follows:

13.1 In the order of payment thereof, the first amount being used to pay the note of earliest date and subsequent amounts in chronological order of the notes.

13.2 Subject to Clause 14 hereafter, following occurrence of the insured contingency and payment by the company, any amount recovered by the insured from the issuer of the note or the guarantor or from any other concern in accordance with the notes, shall be shared between the company and the insured, all according, pro rata to the percentage of cover, to be calculated individually for each of the notes on its own account, on the basis of the risk determined by the company.

14. **Reduction of company's liability**

Amounts paid to the insured by the debtor on account of the note/s at the agreed due date or dates thereof, or until the occurrence of the insured contingency, shall reduce the amount payable by the company in the amount received as aforesaid multiplied by the percentage cover. To dispel any doubt, it is stated that amounts paid by the exporter on account of a note or notes, but in respect of an amount to which the company's liability does not apply - shall not reduce the company's liability in accordance with this clause. If an insured has collected payment out of collateral and/or securities made available by the exporter to the insured to cover that portion of the amount of the note that was not insured by the company, or in respect of waiting period interest, such collection shall not reduce the amount payable by the company in respect of this policy, and shall not modify our undertakings and/or the insured's undertakings pursuant to this policy.

15. **Decrease of loss**

15.1 The insured is obliged to decrease the loss, and, inter alia:

15.1.1 To transfer to the company, commencing from the agreed due date, if any payment was not made on the due date thereof and until payment is made, any instrument delivered to it by the debtor and/or the exporter.

15.1.2 If the agreed due date of any one of the notes has passed, and the insured contingency has not yet occurred, the insured shall take all actions required of the holder of a note under the law governing the note and, in addition, but without derogating from such actions, the insured, by prearrangement with the company, shall pursue ways and means for the prevention and/or decrease of loss, including by collecting the debt owed by the debtor. To dispel any doubt, the insured shall not be required, by reason of its aforesaid obligation, and without derogating from the aforesaid, to provide the debtor with new credit. The insured and the company shall coordinate the distribution of the expenses involved in such acts. These provisions shall apply in respect of each and every note.

15.1.3 As against payment pursuant to this policy, the company shall accept into its possession the note/s endorsed by the insured, being free of all lien and/or third party right.
Alternatively, following occurrence of the insured contingency, and after the company shall have made any payment pursuant to this policy, the insured shall act according the company unstraction, and shall take all steps the company may require from time to time in order to collect the amounts of the note/s, including by bringing legal actions if necessary, and the parties shall bear the expenses pro rata to the percentage cover, in accordance with the risk determined by the company.

16. **Paris Club**

The insured hereby empowers the company to act within the framework of all and any debt rescheduling and collection arrangements such as the "Paris Club" arrangements, and to consent on its behalf to any such arrangement and agreement as the company, at its sole discretion, may deem fit, except for the provision by the insured of new credit to the debtor. To dispel any doubt, Paris Club arrangements as aforesaid shall not prejudice and/or shall not derogate from the company's undertakings pursuant to this policy and subject to the provisions hereof. The company alone shall bear all Paris Club-related expenses.

17. **Reporting**

17.1 The insured shall notify the company within 7 days of discounting each and every note.

17.2 The insured shall notify the company within 7 days of crediting the exporter's account in Israel, of the credit date and also of the total amount of the note/s respecting which the credit was made and the actual amount of the credit.

17.3 The insured shall notify the company within 14 days of the due date specified on the note if the note has not been duly paid. In such notice, the insured shall set forth the reasons for the non-payment, insofar as they are known to it.

18. **Disclosure of facts**

Subject to the duty of confidentiality devolving on the insured under any law and/or generally accepted banking practise, and despite any provisions to the contrary in the Insurance Contract Law, the insured shall disclose to the company such facts and information as are known to it in relation to the notes discounting transaction.

19. **Non-fulfilment of conditions**

The non-fulfilment of any condition or undertaking pursuant to this policy by the insured shall not be deemed as a waiver or consent on the part of the company to such non-fulfilment, unless the company shall have expressly so confirmed in writing.

20. **Insurance application**

The application filed from time to time by the insured, the company's approval and the confirmation of receipt constitute an integral part of this policy and serve as a basis hereto.

21. Business days

A business day for the purposes of this policy is a day on which the insured and the company conduct their business.

22. Incidence of law

This policy shall be governed by the provisions of Israeli law, including the Insurance Contract Law 5741-1981; but wherever the provisions of this policy exclude the law and such exclusion is permitted – then the provisions of the policy shall prevail.

23. Jurisdiction

The courts in Tel-Aviv – Jaffa shall be competent to hear all disputes arising between the parties in connection with this policy

24. Notices

Any notice sent by registered mail by the company to the insured at the address specified in this policy or by the insured to the company at its registered address, shall be deemed delivered to and received by the addressee three business days after being sent, unless it is proven that such notice was actually received earlier.

Any notice sent by facsimile machine shall be deemed received on the business day after being sent.

ASHRA The Israel Export Insurance Corp. Ltd

APPENDIX "A"

Messrs.
ASHRA The Israel Export Insurance Corp. Ltd.
65 Menachem Begin Road
Tel-Aviv

Discount of notes insurance policy
No. _____ as of _____ ("the policy")

Application No. _____ as of _____

1. ☐ We wish to insure, subject to the conditions of the policy, the note/s whose amount, wording and due date are annexed hereto as Appendix "a".

   ☐ We wish to insure, subject to the conditions of the policy, the notes received by the exporter, whose amount and due date is annexed as Appendix "a". Forthwith on receipt of samples of the notes, we shall issue you with a copy thereof.

2. The issuer of the note/s is_____.

3*. The guarantor of the note/s is _____.

4. The exporter is _____ of _____.

5. The utilisation period shall be _____.

6. The exporter's warranty is annexed as Appendix "b" to this application

7. We apply for insurance:

   ☐ Against non-payment by a public buyer

   ☐ Against commercial risk

   ☐ Against political risk

8** The insurance premiums shall be paid by the exporter, in accordance with its warranty pursuant to your policy issued to exporter No. _____ as of _____.

9** Please notify us of the rate of premiums in respect of the notes insurance.

10. We await your advice as to whether the wording of the notes is acceptable to you and whether you require a legal opinion.

11** We shall annexe a legal opinion of the issuer of the note in wording "c" and of the guarantor in wording "d" at least 10 days prior to the discount date.

12** We do not annexe a legal opinion of the issuer of the note and of the guarantor and accordingly consent that all the exceptions in sub-paragraphs 6.1, 6.10 and 6.11 of this policy shall apply, without derogating from the other conditions of the policy.

13. All the terms set forth in this application shall have the meaning assigned to them in the policy.

14. The annexes to this application constitute an essential and integral part hereof.

_____

The insured

* If there is no guarantor, enter the words "no guarantor".
** Delete where inapplicable
☐ Mark with an X where appropriate

APPENDIX "B" – THE COMPANY'S APPROVAL

Messrs.

_____ Bank

Discount of Notes Insurance Policy
No. _____Dated_____ ("the policy")

Company's approval No. _____ as of _____

1. We hereby approve acceptance of your application No. _____ dated _____ (hereafter: "the application").

2. ☐ We hereby consent to insure the note/s a sample or a copy whereof is annexed to the application, subject to the conditions of the policy, and provided that the maximum amount of our liability shall not exceed _____.

   ☐ We hereby consent to insure the notes forthwith upon the wording thereof being presented to us and forthwith thereafter we shall notify you whether or not we insist on receiving a legal opinion; and, subject to the approval of the notes or the receipt of a legal opinion, the maximum amount of our liability shall be a sum of _____.

3* Subject to the conditions of the policy, we hereby consent to insure the notes against:

   ☐ Commercial risk

   ☐ Political risk

   ☐ Non-payment by a public buyer

4* The percentage of cover in respect of non-payment by a public buyer shall be _____% of the amount of each note.
The percentage of cover in respect of political risk shall be _____% of the amount of each note.
The percentage cover in respect of commercial risk shall be _____% of the amount of each note.

5** We confirm that the premium has been paid to us by the exporter in the full amount thereof pursuant to Policy No. _____ as of _____, issued by us.

6** The exporter owes us in respect of the premium pursuant to policy No. _____ as of _____, issued by us, a sum of _____, and payment of this amount constitutes a precondition for the insurance of the note/s pursuant to this policy.

7** The insurance premiums in respect of the insurance of the note/s are in a sum of _____ and/or _____% of each note, and the prepayment thereof to the company, prior to the discounting, constitutes a precondition for the insurance of any note.

8. The utilisation period shall be _____/

9** We have received the legal opinion/s of the issuer of the note/** and of the guarantor and we deem it /**them acceptable.

☐ We have received the wording of the legal opinion/s of the issuer of the note/**and of the guarantor, which differs from that appearing in the policy and we deem it acceptable.

☐ We note that you have elected not to annexe a legal opinion of the issuer of the note and the guarantor in relation to the notes annexed to your application, and accordingly, the exceptions provided in sub-paragraphs 6.1, 6.10 and 6.11 of the policy shall take effect, all without derogating from the other provisions hereof.

☐ We exempt you from obtaining a legal opinion in respect of the issuer of the note/the guarantor, excepting a lawyer's confirmation that the signatories of the note are entitled to subscribe it and are binding upon the issuer of the note.

10. We have received the exporter's warranty and find it acceptable.

11. We shall be entitled, at all times, to notify you of the cancellation of our approval, and such notice shall be a notice of cancellation of the cover within the meaning thereof in the policy.

12. All the terms appearing in this approval by the company, shall have the meaning assigned to them in the policy.

13. If you wish to confirm receipt of this our approval, you must send us the confirmation of receipt within 21 days of the date of this approval.

_____

ASHRA The Israel Export Insurance Corp. Ltd.

* Only the approved risks shall appear
** Delete where in applicable
Mark with an X where appropriate

APPENDIX "C"

Messrs.
ASHRA The Israel Export Insurance Corp. Ltd.
Of 65 Menachem Begin Road,
Tel-Aviv

Messrs.
_____Bank

Discount of Notes Insurance Policy
No._____ as of _____

Exporter's warranty

Date: _____

We _____, domiciled at _____, the undersigned, do hereby warrant and undertake as follows:

1. We have requested the _____ Bank (hereafter – the bank) to discount the note/s for us, and we are aware that the bank is about to ask you to insure non-payment of the notes pursuant to the Discount of Notes Policy as of _____ No. _____, which was issued by you to the bank as the insured (hereafter – the Discount of Notes Policy).

2. The note/s in the amounts and in the wording and bearing the due dates annexed hereto were received and/or shall be received by us in connection with an export agreement dated _____ in the amount of _____, signed between us and the issuer of the note (hereafter – the export agreement).

3*. We have received, in respect of the export agreement, an advance payment at _____% of the consideration specified in the export agreement.

4* We are about to receive an advance payment in an amount that shall be not less than 15% of the consideration per the export agreement. We are aware that receipt of the advance payment is a condition for making the discount pursuant to this policy, and that, on receipt thereof, the insured will be issued with a warranty in the wording set forth in Appendix C1.

5* The issuer of the note is _____.

6* The guarantor is _____.

7* The goods and/or the services subject of the export agreement, and in relation to which we received the note/s were supplied by us.

8*. No commercial dispute exists between us and the issuer of the note/s. A commercial dispute, in this context means – allegations relating to the date of supply, the quality of the goods and/or the export and any other allegations that the issuer of the note pursuant to the export agreement may advance.

9*. The goods and the services subject of the export agreement have yet to be supplied by us, inasmuch as the date provided for the supply thereof in the export agreement has not yet arrived. And accordingly, we shall deliver the warranty per Appendix C1 to the bank, on endorsement of the note/s.

10. The Israeli content of the goods and services supplied as aforesaid shall be at least 60%.

11. The goods and services consist of export from Israel.

12. The agent's fee in respect of the export agreement is ____% of the amount of the export agreement consideration.

13. The interval for the supply of the goods and services pursuant to the export agreement is from _____ to _____.

14. The note/s is/are free of any lien and third party right.

15. The _____ Bank (the insured), being insured under the referenced policy, has agreed with us the value to be assigned to us in respect of the discount of note/s transaction, to our satisfaction.

16*. The note/s are insured by The Israel Export Insurance Corp. Ltd. (ASHRA) under policy no. _____, dated _____ (hereafter: "exporter's policy").

17*. The note/s have not been insured by ASHRA, but we have received from ASHRA approval in principle for the insurance, dated _____, a copy whereof is annexed hereto, and we have paid the full amount of the obligation fee until _____.

18. We have not insured the notes with any other insurance company.

19. The promissory notes have not been insured by ASHRA, nor have we applied to ASHRA to insure them, and accordingly, ASHRA's consent to insure the notes is subject to approval in principle as aforesaid, and to the conditions set forth therein.

20*. We have paid ASHRA the full amount of the premium in respect of policy No. _____ as of _____ (hereafter: "the exporter's policy"). The balance of the premium payable by us pursuant to the exporter's policy is in the amount of _____ and we are aware that payment thereof constitutes a precondition for insurance of the notes detailed in this our warranty under the referenced policy.

21*. We are aware that ASHRA has yet to determine the insurance premiums in respect of the Discount of Notes Insurance Policy and that, according to the policy, the insurance premiums are payable by the insured, and the payment thereof constitutes a precondition for the insurance.

22. We undertake to indemnify ASHRA, at first demand, if and when the tenor of this our warranty is found to be incorrect, in the amount paid by the company to the bank pursuant to the referenced policy, in respect of the notes detailed in this our warranty.

23. All the notes we received from the issuer of the note pursuant to the export agreement, and whose due date has elapsed, were paid on due date thereof, including in respect of the interest specified in the notes.

24. If the insured has provided confirmation of receipt, then the exporter's policy shall be null and void as from the time the notes are discounted; and thereafter, we shall have no claims and/or complaints against ASHRA.

* Delete where inapplicable

_____

Exporter

APPENDIX "C1"

Discount of Notes Insurance Policy
No. _____ as of _____

Further to our warranty dated _____ we hereby confirm as follows:

1. We are entitled to endorse the following notes:

   Note No. _____ as of _____ in the amount of _____

2. We have obtained all the approvals required under the commercial agreement for endorsing the notes to a 3rd party, and have also complied with all the other provisions of the commercial agreement, and no commercial dispute exists between us and the issuer of the note as buyer, being such as to prevent the endorsement of the note/s.

3. We have received an advance payment amounting to 15% of the amount of the export agreement, in cash/in _____notes in the sum of _____, the due date of which is _____.
   We warrant that the aforesaid notes ** were paid to us by the debtor on the due date specified thereon, i.e.---------. ** We have discounted these notes or have insured them under insurance cover not being contradictory to the aforesaid policy, with no right of recourse to us.

IN WITNESS WHEREOF WE HAVE SET OUR HAND

_____
The exporter

** Delete where inapplicable

APPENDIX "D"

Date_____

Messrs.
The Israel Export Insurance Corp. Ltd.
65 Menachem Begin Road,
Tel-Aviv

Discount of Notes Insurance Policy

No. _____ as of _____ ("the policy")

Confirmation of receipt no. _____ dated _____

Application No. _____ as of _____

1. We confirm receipt of the company's approval No. ____ as of _____.

2. We consent to the tenor of the company's approval and to the conditions set forth in the company's approval.

3. Without derogating from the provisions of clause 2 aforesaid, we consent that the insurance premiums in respect of the note/s specified in our referenced application amount to _____, and that payment of the insurance premiums, at the time specified in the company's approval, constitutes a precondition for the coming into force of the cover pursuant to the policy.

_____
The insured

APPENDIX "E"

LEGAL OPINION (TO THE GUARANTOR)

Will be provided by ASHRA with respect to each policy.

APPENDIX "F"

LEGAL OPINION (THE ISSUER)/(THE ACCEPTOR)

Will be provided by ASHRA with respect to each policy.