

ARNOLD & PORTER

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NEW YORK
DENVER
LOS ANGELES
LONDON

December 9, 1998

Mr. Ohad Marani
Minister for Economic Affairs
3514 International Drive, NW
Washington, DC 20008

Mr. Yussi Strauss
Chief Fiscal Officer
Government of Israel
800 Second Avenue, 7th Floor
New York, NY 10117

Re: 1999 Retainer Agreement for Trade Advisory Services

Dear Ohad and Yussi:

We are very pleased that the Government of Israel, Economic Mission (the "GOI"), has engaged Arnold & Porter (the "Firm") to provide legal services and international trade advisory services to it and certain services to the Economic Mission in New York. The said services will be provided under the supervision of the Economic Office of the Israel Embassy in Washington. The purpose of this letter is to set forth our mutual understanding as to the terms of this Agreement and the basis on which our fees and related expenses will be charged with respect to the above-mentioned engagement.

1. Term

The terms of this Agreement shall be for a period of one year commencing as of January 1, 1999, and terminating on December 31, 1999. However, either party shall have the right to cancel this Agreement on 60 days prior written notice to the other.

2. Fee Calculation

The Firm will charge the GOI for our legal and trade advice services and expenses on the basis of a retainer in the amount of \$9,833.33 per month.

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3. Special or Separate Projects

Special or separate projects that are outside the scope of the retainer will be compensated for separately if advance approval is received in writing for us to conduct and be compensated for such project and a budget is provided. If any such project is undertaken, we would charge you at not more than our usual and customary hourly rates in effect at the time, less a ten-percent discount, exclusive of expenses in accordance with a pre-approved budget.

4. Reimbursement for Expenses

The retainer shall include normal expenses incurred by the Firm in performance of its services. It is understood that the Firm's international travel will have to be approved by the Economic Minister prior to their execution. Any such travel so approved will be reimbursed to us.

5. Statements for Fees and Expenses

On a regular basis, generally every month, the Firm will send you a statement covering our fee charges and expenses. All such statements are due and payable within 30 days following your receipt of them. Our retainer amount for fees and expenses should be paid at the beginning of each month.

* * *

If you have any questions about the terms of the engagement as described above, I hope you will feel free to raise them with me as soon as possible and, during the course of the engagement, I hope that you will feel equally free to raise promptly with me any questions you have about our statements. If the terms of the engagement are acceptable to you, I would appreciate it if you would sign and return to me the enclosed copy of this letter evidencing the agreement to these terms.

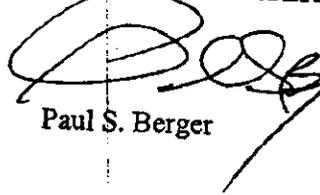
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Once again, let me say how pleased we are that you have engaged Arnold & Porter in this matter.

Sincerely yours,

ARNOLD & PORTER

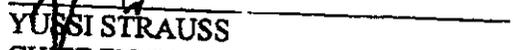


Paul S. Berger

ACCEPTED AND AGREED TO:
THE GOVERNMENT OF ISRAEL

By:


OHAD MARANI
MINISTER FOR ECONOMIC AFFAIRS


YUSSI STRAUSS
CHIEF FISCAL OFFICER

9/9/99
Date

8.13.99
Date