

Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant Kanlan Russin & Vecchi		2. Registration No. 4092
3. Name of foreign principal The Israel Electric Corporation, Ltd.	4. Principal address of foreign principal P.O. Box 8810 Haifa, Israel 31086	

5. Indicate whether your foreign principal is one of the following type:

- Foreign government
- Foreign political party
- Foreign or domestic organization: If either, check one of the following:
 - Partnership
 - Corporation
 - Association
 - Individual—State his nationality _____
 - Committee
 - Voluntary group
 - Other (specify) _____

6. If the foreign principal is a foreign government, state:

- a) Branch or agency represented by the registrant. **Not applicable**
- b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

- a) Principal address **Not applicable**
- b) Name and title of official with whom the registrant deals.
- c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

- a) State the nature of the business or activity of this foreign principal

Electric power generation and distribution

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SECTION
REGISTRATION DIVISION

b) Is this foreign principal

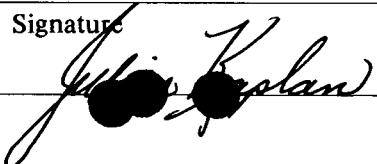
- Owned by a foreign government, foreign political party, or other foreign principal Yes No
- Directed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Controlled by a foreign government, foreign political party, or other foreign principal Yes No
- Financed by a foreign government, foreign political party, or other foreign principal Yes No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

The foreign principal is fully owned by the Government of Israel and its activities are either directly or indirectly directed and controlled by the Government of Israel, which, through a committee of the Knesset sets its rates.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Not applicable

Date of Exhibit A 10 Feb 1998	Name and Title Julius Kaplan Partner	Signature 
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INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant
Kaplan Russin & Vecchi

Name of Foreign Principal
The Israel Electric Corporation, Ltd.

Check Appropriate Boxes:

- 1. The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
- 2. There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- 3. The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

Registrant will bill foreign principal on a monthly basis.

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5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Communications, oral and written, with personnel of the Ex-Im Bank, and with others whose views could be of interest to personnel of the Ex-Im Bank.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

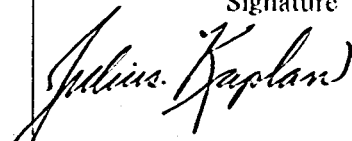
Encouraging the Ex-Im Bank, in connection with modification of the terms of outstanding credits, to maintain the original interest rates rather than substituting a higher rate, and other activities, as they might arise in negotiations, as are necessary and proper to maintain favorable terms with respect to the creditor.

Date of Exhibit B

10 Feb. 1988

Name and Title
Julius Kaplan
Partner

Signature



¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

MESSAGE # 1309
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Rec'd 1/26/88

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THIS IS A COMPUTER TELEX. -- PLEASE DO NOT INTERRUPT--
FROM: ISRAEL ELECTRIC CO. LTD.
WHEN REPLYING PLS REFER TO OUR REF:MEGED/JAN26-1

TO: MR. JULIUS KAPLAN
RE: YR ASSISTANCE IN AMENDMENT OF EXIM FINANCE TERMS.

1. WE HEREBY CERTIFY RECEIPT OF YOUR INVOICE FOR INITIAL ADVANCE RETAINER IN THE SUM OF US DOLLARS 5,000 AND WE ARE CURRENTLY MAKING THE NECESSARY ARRANGEMENTS TO TRANSFER THIS SUM TO YOU IMMEDIATELY.
2. PLS BE ADVISED OF THE FOLLOWING INFORMATION WHICH I RECEIVED YESTERDAY IN A LONG TELEPHONE CONVERSATION WITH MS EMMET OF EXIMBANK:
 - (A) EXIM'S EXECUTIVE PERSONNEL ARE GOING TO PROPOSE TO THEIR BOARD TO ACCEPT IEC'S REQUEST AS TO THE EXTENSION OF THE AVAILABILITY OF THE LOAN AND THE CORRESPONDING NEW REPAYMENT SCHEDULE RELATED TO THE NEW IN-SERVICE DATES OF THE PROJECT.
 - (B) THEY WILL ALSO PROPOSE THAT IEC BE EXEMPTED FROM THE ONE TIME FINANCING FEE OF SOME 2.4 0/0. THE REASONING IS THAT IT IS A CONTINUING+EXISTING BUSINESS. THEY HOPE THEY WILL MANAGE TO CONVINCe THE BOARD ON THIS MATTER.
 - (C) SO AS TO PREVENT THE CREATION OF PRECEDENT, THEY WILL RECOMMEND THAT IN RESPECT OF AMOUNTS TO BE DRAWN AFTER THE EXISTING VALIDITY DATE VIZ. 15 MAY, 1988, THE INTEREST SHD BE THAT IN EFFECT AS OF THIS DATE.
THIS MEANS THAT IEC WILL HAVE TO PAY THE NEW INTEREST RATE APPLICABLE AS OF 15 JAN 1988 - 10.4 0/0 ON THE OUTSTANDING LOAN OF MORE THAN DOLLARS 300 MILLION INSTEAD OF 8.75 0/0 PER ANNUM. (EXISTING RATE AS PER LOAN AGREEMENT).
 - (D) THE SUBJECT, INCLUDING THE EXIM EXECUTIVES RECOMMENDATIONS, WILL, IT SEEMS, BE BROUGHT BEFORE THE BOARD AT THE MEETING WHICH IS DUE TO TAKE PLACE 2 TO 3 WEEKS FROM NOW.

WE HOPE THAT YOU CAN BRING INFLUENCE TO BEAR IN ASSISTING US IN OBTAINING A MORE FAVOURABLE INTEREST RATE THAN THAT RECOMMENDED IN PARA 2 (C) ABOVE WHEN THE MATTER IS BROUGHT TO THE BOARD FOR FINAL APPROVAL.

REGARDS,
JOSEPH DVIR
HEAD OF FINANCE DIV.

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