

\$250,000,000
SEVENTH DEVELOPMENT ISSUE
STATE OF ISRAEL

The following types of Bonds are now being offered in the aggregate principal amount of \$250,000,000:

(a) Interest-Bearing Bonds, denominated Seventh Development Issue—Fifteen Year 4% Dollar Current Income Bonds (the "Current Income Bonds"). A Current Income Bond will become due 15 years from its Issue Date, and will bear interest from its Issue Date at the rate of 4% per annum, payable annually on May 1 of each year and upon maturity. The Issue Date of a Current Income Bond will be the first day of the month in which the subscription for such Bond is completed and accepted by the Fiscal Agent. Current Income Bonds will be offered at par in denominations of \$500 and integral multiples of \$500.

(b) Dollar Savings Bonds, denominated Seventh Development Issue—Fifteen Year Dollar Registered Savings Bonds (the "Registered Savings Bonds" and, together with the Current Income Bonds, the "Registered Bonds"). Each Registered Savings Bond shall be in the form of an appreciation Bond and shall bear an Issue Date as of the first day of the month in which the subscription for such Registered Savings Bond is accepted by the Fiscal Agent. Each Registered Savings Bond shall become due 15 years from its Issue Date and shall have a Maturity Value equal to 180% of its Issue Amount. The "Issue Amount" for any Registered Savings Bond shall be the denomination in which any such Registered Savings Bond is issued. Registered Savings Bonds may be offered in denominations of \$500 and integral multiples of \$500.

Registered Bonds in the denominations of \$750 and \$1,250 will be offered only to holders of such Coupon Bonds of the Sixth Development Issue in the principal amounts of \$500 and \$1,000, respectively, as are from time to time authorized by the State to be accepted for reinvestment prior to maturity.

This offering may have a special appeal to persons having an interest in the State of Israel rather than the general public. The State of Israel has an issue of Bonds outstanding which are marketable by their terms and which may, on any given day, provide greater yield to maturity than the Bonds being offered hereby.

The Bonds are non-transferable and non-assignable until June 1, 2001, except in special instances. See "Limited Transferability."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Per Unit	Price to Public (1)	100%	Underwriting Commissions (2)	7%	Proceeds to Government (2)	93%
Aggregate Total (3)	\$250,000,000		\$17,500,000		\$232,500,000	

(1) Bonds may be purchased either with U.S. Dollars or by delivery of those State of Israel Bonds designated from time to time by the Minister of Finance of the State of Israel.

(2) The Bonds are being offered on a best efforts basis, and the proceeds will depend upon the total number of Bonds sold, the cost and expenses of preparing, printing, mailing and the final determination as to the underwriting commission, set at a maximum of 7%. See "Summary of Underwriting Agreement."

(3) The aggregate total of Bonds is subject to reduction to the extent of sales of other bonds that are included within the Seventh Development Issue but that are not being offered by this Prospectus. See "Description of the Bonds."

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