

VOLUME A – ATTACHMENTS TO THE INSTRUCTIONS TO BIDDERS

TENDER NO. MC/RC/02/09

Attachment H – Bidder's Proposal Form

Attachment H consists of the following chapters:

Chapter 1 – Consideration for Purchase Orders

Chapter 2 – Optional Maintenance Consideration

Chapter 3 – Hourly Rates and Spare Parts Prices

Chapter 4 – Provisions relating to the Mode and Terms of Payment

Chapter 5 – Indexation Linkage Mechanism and Currency Conversion Rate

Chapter 1: Consideration for Purchase Orders

1. INSTRUCTIONS FOR THE QUOTATIONS OF BID PRICES

- 1.1 Bidder may only quote a single price for each item in the tables below. Such price shall be inclusive of all Works related to the relevant item.
- 1.2 Bidder is hereby referred to Sections 24 and 25 of the Agreement which further detail relevant provisions applying to prices, payments and taxation of the consideration to be paid to Supplier under the Agreement.
- 1.3 The Unit Price (as defined below) quoted in Column 2 of Table 2 shall not exceed the Unit Price quoted in Column 1 of Table 2 AND the Unit Price quoted in Column 1 of Table 2 shall not exceed the Unit Price quoted in Table 1.
- 1.4 For the removal of doubt, the Unit Price is inclusive of the cost of the Warranty.
- 1.5 All financial data is to be stated in Euro only (exclusive of Israeli VAT).

2. DEFINITIONS

- 2.1 **"Active Production Line Period"** – An Additional Purchase Order shall be considered to have been issued during an Active Production Line Period if, and only if, at the time such Additional Purchase Order is issued (**"Issuance Date"**) there is (i) at least one other Purchase Order outstanding, and (ii) the Final Acceptance date of the last Unit to be delivered under such other outstanding Purchase Order(s) is scheduled (under the then current Delivery Schedule applicable to it) to occur at least ten (10) months after the Issuance Date.

For clarification, an Active Production Line Period shall expire one (1) day after the date which is ten (10) months prior to the Final Acceptance date scheduled for the last Unit to be delivered under all then outstanding Purchase Order(s); after expiration of an Active Production Line Period, the first Additional Purchase Order which will be issued (if and to the extent such will be issued) shall initiate a new Active Production Line Period (such first Additional Purchase Order shall be referred to as **"Initiating Purchase Order"**).

- 2.2 **"Unit Price"** – the Unit price applicable to each Unit in accordance with the provisions of Sections 3 and 4 below.

3. UNIT PRICE FOR THE INITIAL PURCHASE

The Unit Price of any and all Units included in the Initial Purchase Order shall be as specified in Table 1 below:

TABLE 1	
	Unit Price for one Unit of the Initial Purchase
	(in figures) _____ €
	(in words) _____ EURO

4. UNIT PRICE FOR ADDITIONAL UNITS

4.1 General Provisions

4.1.1 Any Additional Purchase Order shall be for at least four (4) Additional Units.

4.1.2 Notwithstanding the above, ISR shall be entitled (but not obligated) to issue Additional Purchase Order(s) which include less than four (4) Additional Units (each a "**Small Purchase Order**") and the following provisions shall apply:

4.1.2.1 The consideration for such Small Purchase Order shall be mutually agreed by the parties, considering the Unit Prices set forth in this Chapter 1.

However, the Unit Price of Additional Units (as set forth in Table 2) shall apply to any Unit ordered under a Small Purchase Order that is issued during a period of three (3) months from the date of issuance of the Initial Purchase Order.

4.1.2.2 For the removal of doubt, except as specified in Section 4.1.2 above, all the provisions applying to Additional Purchase Orders shall apply to Small Purchase Orders.

4.2 Additional Unit Prices

The Unit Price applicable to all Additional Units ordered during the same Active Production Line Period shall be as follows:

4.2.1 The Unit Price specified in Column 1 in Table 2 below shall apply to the first five (5) Additional Units to be delivered as per the applicable Delivery Schedule during that Active Production Line Period.

For clarification, the above shall not apply with respect to the consideration for Small Purchase Order, which shall be determined pursuant to Section 4.1.2.1 above.

- 4.2.2 The Unit Price specified in Column 2 in Table 2 below shall apply to any Additional Unit starting from the sixth (6th) Additional Unit to be delivered as per the applicable Delivery Schedule during that Active Production Line Period (regardless of whether the five (5) first Additional Units have been ordered under Section 4.1.2 above and/or under Section 4.2.1 above).
- 4.2.3 For the removal of doubt, the above Unit Prices shall apply regardless of whether the Additional Units are ordered in one or several Additional Purchase Orders.
- 4.2.4 Taking into consideration the provisions above, the Unit Price of Additional Units proposed by Bidder is as follows:

TABLE 2	
Column 1	Column 2
Unit Price for Additional Units 1-5 (per Active Production Line Period)	Unit Price for Additional Units 6 and above (per Active Production Line Period)
(in figures) _____ €	(in figures) _____ €
(in words) _____ EURO	(in words) _____ EURO

5. **DETERMINATION OF THE WEIGHTED AVERAGE PRICE OF THE ADDITIONAL UNITS FOR THE PURPOSE OF EVALUATION BY ISR**

The weighted average price of the Additional Units for the purpose of evaluation by ISR as set forth in Section 11 of Volume A shall be calculated by ISR in accordance with the following formula (and for clarification Bidder is not required to calculate WAP):

$$\text{WAP} = (0.55 * \text{AC1} + 0.45 * \text{AC2})$$

Where:

WAP – Weighted average price of the Additional Units.

AC1 –Unit Price of an Additional Unit as quoted in Column 1 of Table 2 above.

AC2 –Unit Price of an Additional Unit as quoted in Column 2 of Table 2 above.

6. **LUMP SUM**

- 6.1 In addition to the Unit Price of the Additional Units specified in Section 4 above, ISR shall pay to Supplier the lump sum specified in Table 3 below following the issuance of each Initiating Purchase Order (excluding, for the removal of doubt, the Initial Purchase Order), as specified below (the "**Lump Sum**").
- 6.2 If and to the extent due by ISR in accordance with Section 6.1 above, the Lump Sum shall be paid prorated in accordance with the Milestones (as defined in Chapter 4) applying to payments for the first Additional Unit of the relevant Initiating Purchase Order.
- 6.3 It is hereby clarified that the Lump Sum shall be paid once (and only once) during each Active Production Line Period (excluding for the removal of doubt the Active Production Line Period initiated by the Initial Purchase Order).
- 6.4 Taking into consideration the provisions above, the Lump Sum proposed by Bidder is as follows:

TABLE 3	
LUMP SUM:	(in figures) _____ €
	(in words) _____ EURO

Chapter 2: Units Optional Maintenance Consideration and Engines Optional Maintenance Consideration

1. GENERAL INSTRUCTIONS

- a. Bidder is requested to quote in the tables below the consideration for Optional Maintenance Services (Units Optional Maintenance or Engines Optional Maintenance, as applicable) as follows:
 - a.1. Bidder is requested to quote in Section 2 below the consideration to be paid by ISR if and to the extent ISR elects at its sole discretion to order Units Optional Maintenance in accordance with the provisions of the Agreement.
 - a.2 Bidder is requested to quote in Section 3 below the consideration to be paid by ISR if and to the extent ISR elects at its sole discretion to order Engines Optional Maintenance in accordance with the provisions of the Agreement. Such consideration shall be quoted as a fixed percentage of the consideration for Units Optional Maintenance, as further detailed in Section 3 below
 - a.3 For the removal of doubt it is hereby clarified that the consideration to be quoted by Bidder in Section 2 below for Units Optional Maintenance of the entire Units is inclusive of the cost of Engines Optional Maintenance quoted in Section 3 below and that ISR shall in no event pay to Supplier consideration for both Units Optional Maintenance under Section 2 and Engines Optional Maintenance under Section 3.
- b. Bidder may only quote a single price for each item in the tables below. Such price shall be inclusive of all Works related to the relevant item.
- c. Bidder is hereby referred to Sections 24 and 25 of the Agreement which further detail relevant provisions applying to prices, payments and taxation of the consideration to be paid to Supplier under the Agreement.
- d. All financial data is to be stated in Euro only (exclusive of Israeli VAT).
- e. In case of any discrepancy between the price of an item in a table and the calculated price quoted by Bidder in the last row or column of such table, the price of the item shall prevail, and ISR shall correct the calculated price in the last row or column of such table accordingly.

2. UNITS OPTIONAL MAINTENANCE AND ENGINES OPTIONAL MAINTENANCE

Bidder is requested to quote in Tables 1 and 2 below the consideration to be paid by ISR for Units Optional Maintenance if and to the extent ISR will elect at its sole discretion to order Units Optional Maintenance in accordance with the provisions of the Agreement.

The total consideration for Units Optional Maintenance is comprised of (i) a one-time payment for Units Optional Maintenance Organization Set-Up (the **"Units Optional Maintenance Organization Set-Up Payment"**), to be paid by

ISR following the issuance of the Units Optional Maintenance Order; and (ii) the on-going price to be paid by ISR for Units Optional Maintenance, if and to the extent ordered by ISR (the "**Units Optional Maintenance Prices**").

A. Units Optional Maintenance Organization Set-Up Payment

- a. Bidder is requested to quote the amount of the Units Optional Maintenance Organization Set-Up Payment in Table 1 below.
- b. It is hereby clarified that the Units Optional Maintenance Organization Set-Up Payment shall not include the cost of the set-up required for the provision of Warranty services to ISR, as such Warranty set-up cost is part of the cost of the Warranty which is included in the Unit Price.
- c. For the removal of doubt, the Units Optional Maintenance Organization Set-Up Payment shall be paid once and only once by ISR following the issuance of the Units Optional Maintenance Order, subject to all the terms and conditions of the Agreement.

Table 1: Units Optional Maintenance Organization Set-Up Payment	
(in figures)	_____ €
(in words)	_____ EURO

B. Units Optional Maintenance Prices

Bidder is requested to quote the Units Optional Maintenance Prices in Table 2 below.

- a. The Units Optional Maintenance Prices have to be quoted per one kilometer of travel per Unit, depending on the number of kilometers traveled by such Unit (in the aggregate, starting from the Final Acceptance date of such Unit).
- b. Bidder is reminded that without derogating from any provisions of the Agreement, during the first three (3) years after Final Acceptance of each Unit, the Warranty cost is included in the Unit Price and therefore such Warranty cost should not be included again in the Units Optional Maintenance Prices for the relevant period.
- c. For the removal of doubt it is hereby clarified that ISR does not make any representation and/or undertaking with respect to the number of kilometers that will be effectively traveled by any Unit during the Optional Maintenance Services Period or any portion thereof and that the number of kilometers set forth in Table 2 below are for evaluation purposes by ISR only. **[Note: Column C and Column D in the table below will not be included in the Payment Schedule that will be attached to the Agreement]**

Table 2: Units Optional Maintenance Prices

	COLUMN A	COLUMN B	COLUMN C	COLUMN D
	No. of Km of Travel per Unit after the Final Acceptance date of such Unit	Units Optional Maintenance Price per one Km of Travel and per one Unit	No. of Km (for evaluation purposes only)	Total evaluated Price (column B*column C)
P1	1- 150,000	(in figures)_____€ (in words)_____EURO	150,000	(in figures)_____€ (in words)_____EURO
P2	150,001 - 300,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P3	300,001 - 450,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P4	450,001 - 600,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P5	600,001 - 750,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P6	750,001 -900,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO

P7	900,001 - 1,050,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P8	1,050,001 - 1,200,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P9	1,200,001 - 1,350,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P10	1,350,001 - 1,500,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P11	1,500,001 - 1,650,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P12	1,650,001 - 1,800,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P13	1,800,001 - 1,950,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P14	1,950,001 - 2,100,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO
P15	2,100,001- 2, 250,000	(in figures)_____€ (in words)_____EURO	150	(in figures)_____€ (in words)_____EURO

Bidder is advised that the total consideration for Units Optional Maintenance ("TUOM") for the purpose of evaluation by ISR as set forth in Section 11 of Volume A will be calculated by ISR in accordance with the following formula (and for clarification Bidder is not required to calculate TUOM):

$$TUOM = 15 \sum [P1 + P2/(1.04) + P3/(1.04)^2 + \dots + P15/(1.04)^{14}] + SU$$

Where:

***TUOM** – Total evaluated consideration for the Units Optional Maintenance*

***P1, P2, P3, ..., P15** – the applicable evaluated Units Optional Maintenance Price quoted in Column D of Table 2 above.*

***SU** – The Units Optional Maintenance Organization Set-Up Payment quoted in Table 1 above.*

C. Units Optional Maintenance Activities

Bidder is hereby requested to detail in Table 3 below the Units Optional Maintenance activities proposed to be performed by Supplier for each Unit in accordance with the number of kilometers traveled by such Unit, if and to the extent ISR will order Units Optional Maintenance in accordance with the provisions of the Agreement.

Table 3: Units Optional Maintenance Activities	
COLUMN A	COLUMN B
No. of Km of Travel per Unit (in the aggregate, starting from the Final Acceptance date of such Unit)	Activities
1- 150,000	
150,001 - 300,000	
300,001 - 450,000	
450,001 - 600,000	
600,001 - 750,000	
750,001 -900,000	
900,001 - 1,050,000	
1,050,001 - 1,200,000	
1,200,001 - 1,350,000	
1,350,001 - 1,500,000	
1,500,001 - 1,650,000	
1,650,001 - 1,800,000	
1,800,001 - 1,950,000	
1,950,001 - 2,100,000	
2,100,001- 2, 250,000	

3. ENGINES OPTIONAL MAINTENANCE

Bidder is requested to quote in Tables 4 and 5 below the consideration to be paid by ISR for Engines Optional Maintenance, if and to the extent ISR will elect at its sole discretion to order the Engines Optional Maintenance in accordance with the provisions of the Agreement.

The total consideration for Engines Optional Maintenance is comprised of (i) a one-time payment for set-up (the "**Engines Optional Maintenance Organization Set-Up Payment**"), to be paid by ISR following the issuance of the Engines Optional Maintenance Order; and (ii) the annual consideration to be paid by ISR for Engines Optional Maintenance, if and to the extent ordered by ISR (the "**Engines Optional Maintenance Price**").

A. Engines Optional Maintenance Organization Set-Up Payment

Bidder is hereby requested to quote in Table 4 below the Engines Optional Maintenance Organization Set-Up Payment as a percentage of the Units Optional Maintenance Organization Set-Up Payment in Table 1 above.

The Engines Optional Maintenance Organization Set-Up Payment shall not exceed sixty (60%) percent of the Units Optional Maintenance Organization Set-Up Payment.

Table 4: Engines Optional Maintenance Organization Set-Up Payment as a percentage of the Units Optional Maintenance Organization Set-Up Payment quoted in Table 1 above

(in figures) _____ %

(in words) _____ per cent

B. Engines Optional Maintenance Prices

Bidder is hereby requested to quote in Table 5 below the Engines Optional Maintenance Prices as a fixed percentage of the Units Optional Maintenance Prices in Table 2 above.

The Engines Optional Maintenance Prices shall not exceed fifty (50%) percent of the Units Optional Maintenance Prices.

**Table 5: Engines Optional Maintenance Prices as a fixed percentage of the Units
Optional Maintenance Prices quoted in Table 2 above**

(in figures) _____ %

(in words) _____ per cent

Chapter 3: Hourly Rates and Spare Parts

1 INSTRUCTIONS FOR THE QUOTATIONS OF BID PRICES

- a. Bidder may only quote a single price for each item in the tables below.
- b. Bidder is hereby referred to Sections 24 and 25 of the Agreement which further detail relevant provisions applying to prices, payments and taxation of the consideration to be paid to Supplier under the Agreement.
- c. All financial data is to be stated in Euro only (exclusive of Israeli VAT).
- d. In case of any discrepancy between the price of an item in a table and the calculated price quoted by Bidder in the last row or column of such table, the price of the item shall prevail, and ISR shall correct the calculated price in the last row or column of such table accordingly.

2 HOURLY RATES

Bidder is hereby requested to quote the consideration for labor hours relating to Works ordered by ISR in Table 1 below (the "**Hourly Rates**"). For the removal of doubt, the quantities specified in Column C are for evaluation purposes by ISR only and ISR is not obligated to purchase such quantities of labor hours or any other quantities. **[Note: Column C and Column D in the table below will not be included in the Payment Schedule that will be attached to the Agreement]**

Table 1 : Hourly Rates			
COLUMN A	COLUMN B	COLUMN C	COLUMN D
Item	Fee	Number of hours (for evaluation purposes only)	Total evaluated Fee (column B*column C)
Junior Technician*	(in figures)_____€ (in words)_____ EURO	400	(in figures)_____€ (in words)_____ EURO
Junior Engineer*	(in figures)_____€ (in words)_____ EURO	400	(in figures)_____€ (in words)_____ EURO
Senior Technician**	(in figures)_____€ (in words)_____ EURO	400	(in figures)_____€ (in words)_____ EURO
Senior Engineer**	(in figures)_____€ (in words)_____ EURO	400	(in figures)_____€ (in words)_____ EURO
Total Evaluated Hourly Fee (TEH) ***			(in figures)_____€ (in words)_____ EURO

* 5-15 years experience.

** More than 15 years experience.

*** Bidder is requested to complete the aggregate sum of Column D.

3 CERTAIN SPARE PARTS PRICES

Bidder is requested to specify the price of certain Spare Parts specified in Table 2 below. For the removal of doubt, Table 2 below does not constitute an exhaustive list of Spare Parts but only a quotation of price for certain Spare Parts.

It is clarified that the quantities specified in Column D are for evaluation purposes by ISR only and ISR is not obligated to purchase such quantities or any other quantities of Spare Parts. [Note: Column D and Column F in the table below will not be included in the Payment Schedule that will be attached to the Agreement]

Table 2: Certain Spare Parts Prices

Column A	Column B	Column C	Column D	Column E	Column F
Spare Part	Manufacturer	Spare Part number	Quantity (for evaluation purposes only)	Price per Spare Part unit	Total Price (column D*column E)
Motorized Bogie			4	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Air conditioning unit			4	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Diesel generator set			2	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Cooling unit for diesel generator			2	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Brake system- set of components			1	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO

Wheelsets			8	(in figures)_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Diesel engines			2	_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Alternator			2	_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Inverter			4	_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Traction motor			8	_____€ (in words)_____EURO	(in figures)_____€ (in words)_____EURO
Total Evaluated Price ("TSP")*					(in figures)_____€ (in words)_____EURO

* Bidder is requested to complete the aggregate sum of Column F.

Chapter 4: Provisions relating to the Mode and Terms of Payment

A. Payments with respect to Purchase Orders

1. General Principles

- 1.1. The consideration for each Purchase Order/Unit is comprised of up to two (2) types of payment: "**Portion A**" and "**Portion B**" (each a "**Portion**" and collectively the "**Portions**").

The type of each Portion is determined based on the type of Works such payment relates to, the payee and the currency of payment, as specified in Table 1 below.

The percentage to be paid to the Israeli Subcontractor (Portion B) shall be as specified in **Attachment L** to the Agreement (to be completed prior to the Effective Date) and shall be applicable to any and all payments made pursuant to any given Purchase Order.

Table 1: Types of Portion

Type of Portion	Payment relating to:	Payee	Currency of Payment
Portion A	a) Works to be performed and materials to be supplied by Supplier. b) Lump Sum (if and to the extent applicable).	Supplier	Euro
Portion B	Works to be performed and materials to be supplied by the Israeli Subcontractor	Israeli Subcontractor	NIS

- 1.2. Supplier or the Israeli Subcontractor, as the case may be, shall issue a separate invoice for each type of payment (i.e. each of Portion A and Portion B shall be invoiced separately).
- 1.3. Starting two (2) years after the Submission Date, Portion A and Portion B of each Purchase Order that is issued upon or after such date shall be adjusted once (and only once) at the date of issuance by ISR of the

Purchase Order to which such Portions relate, as further detailed in Chapter 5 below. For the removal of doubt, it is hereby clarified that the consideration for any Purchase Order issued during the first two (2) years after the Submission Date shall not be adjusted (even if payments under such Purchase Order are to be made after the second anniversary of the Submission Date) .

The adjustment amount relating to Portion A and/or Portion B shall be added to the consideration to be paid by ISR for such Purchase Order and thus paid by ISR proportionally to the percentage of the consideration to be paid upon completion of each Milestone (as defined in Section 2 below).

And by way of example only:

If the consideration for a Purchase Order amounts to 700 Euro (divided as follows: Portion A:600, Portion B: 100) and the adjustment amounts to 70 Euro (divided as follows: Portion A:50; Portion B: 20), then the aggregate sum of the consideration together with the adjustment amounts to 770 Euro which shall be paid as follows:

	Original Consideration		Adjustment	
Payment	<i>Portion A</i>	<i>Portion B</i>	<i>Portion A</i>	<i>Portion B</i>
<i>Down Payment (15%)</i>	90	15	7.5	3
<i>2nd Payment (30%)</i>	180	30	15	6
<i>3rd Payment (35%)</i>	210	35	17.5	7
<i>Final Payment (20%)</i>	120	20	10	4
Sub-Total	600	100	50	20
Total	700		70	

2. Milestones for Payments

2.1. Payment by ISR to the Supplier and/or to the Israeli Subcontractor of the consideration for any Purchase Order (including, for the removal of doubt, the adjustment applicable thereto) shall be made in accordance with the following milestones (each a "**Milestone**"):

2.1.1. A down payment of fifteen percent (15%) of the entire consideration to be paid by ISR for the relevant Purchase Order (the "**Down Payment**") shall be paid by ISR within ninety (90) days from the date of submittal of invoice therefor, subject to Section 3.1 below.

2.1.2. Supplier shall be entitled to a second payment amounting to thirty percent (30%) of the Unit Price of each Unit upon the issuance by ISR of the Certificate of Arrival of Propulsion Kit (the "**Second Payment**"). The Second Payment shall be paid within ninety (90) days from the date of submittal of invoice therefor, subject to Section 3.2 below.

- 2.1.3. Supplier shall be entitled to a third payment of thirty five percent (35%) of the Unit Price of each Unit upon the issuance by ISR of the Certificate of Readiness for Final Acceptance Tests in Israel for such Unit (the “**Third Payment**”). The Third Payment shall be paid within ninety (90) days from the date of submittal of invoice therefor, subject to Section 3.3 below.
- 2.1.4. Supplier shall be entitled to the balance of twenty percent (20%) of the Unit Price of each Unit (the “**Final Payment**”) upon issuance by ISR of the relevant Final Acceptance Certificate for such Unit. The Final Payment shall be paid within ninety (90) days from the date of submittal of invoice therefor, subject to Section 3.4 below.

The percentage of the consideration to be paid by ISR with respect to each such Milestone shall apply to the payment of Portions A and B.

3. Documentation and Guarantees

Without derogating from any provisions of the Agreement, any payment by ISR is subject to Supplier and the Israeli Subcontractor submitting timely to ISR any and all documents and Guarantees as required in accordance with the Agreement and the provisions of this Section 3 below. In case of any missing or incomplete document and/or Guarantee, ISR shall be entitled to delay the applicable payments until receipt by ISR of any and all required documents and Guarantees.

3.1. Down Payment

As a condition for the payment by ISR of the Down Payment for any Purchase Order, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:

- 3.1.1 Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Down Payment).
- 3.1.2 Calculation of the adjustment of the consideration for the relevant Purchase Order as specified in Chapter 5 below, and any relevant documentation as specified in Section 3.1.2 of Chapter 5 below.
- 3.1.3 Down Payment Guarantee in the form set out in **Attachment G** to the Agreement in an amount equal to the amount of the Down Payment.

Anything in the foregoing notwithstanding, it is hereby clarified that ISR shall not be required to pay the Down Payment until the Supplier has furnished to ISR (i) the Performance and Warranty Guarantee in the form set out in **Attachment G** to the Agreement and in accordance with Section 26.4 of the Agreement; (ii) the Basic Performance Guarantee in the form set out in **Attachment G** to the Agreement and in accordance with Section 26.1 of the Agreement; and (iii) a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 30 of the Agreement.

3.2. Second Payment

As a condition for the payment by ISR of the Second Payment for each Unit, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:

- 3.2.1 Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Second Payment).
- 3.2.2 Certificate of Arrival of Propulsion Kit for such Unit, signed by ISR.
- 3.2.3 Payment Guarantee in the form set out in **Attachment G** to the Agreement in an amount equal to the amount of the Second Payment.

Anything in the foregoing notwithstanding, it is hereby clarified that ISR shall not pay the Second Payment until the Supplier has furnished to ISR a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 30 of the Agreement.

3.3. Third Payment

As a condition for the payment by ISR of the Third Payment for each Unit, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:

- 3.3.1. Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Third Payment).
- 3.3.2. Certificate of Readiness for Final Acceptance Tests in Israel for such Unit, signed by ISR.
- 3.3.3. Payment Guarantee in the form set out in **Attachment G** to the Agreement in an amount equal to the amount of the Third Payment.

Anything in the foregoing notwithstanding, it is hereby clarified that ISR shall not pay the Third Payment until the Supplier has furnished to ISR a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 30 of the Agreement.

3.4. Final Payment

As a condition for the payment by ISR of the Final Payment for each Unit, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:

- 3.4.1. Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Final Payment).
- 3.4.2. Final Acceptance Certificate for such Unit, signed by ISR.
- 3.4.3. If and to the extent ISR has elected to order Optional Maintenance Services: Units Optional Maintenance Guarantee or Engines Optional Maintenance Guarantee, as applicable.

Anything in the foregoing notwithstanding, it is hereby clarified that ISR shall not pay the Final Payment until Supplier has furnished to ISR a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 30 of the Agreement.

4. Importation Documents

- 4.1. Before the delivery to ISR of any Imported Goods imported under ISR's name, the following original importation documents must be submitted by Supplier to ISR:
 - 4.1.1. Commercial invoices which shall make clear reference to the Agreement and to the relevant Purchase Order, part numbers of the Imported Goods where applicable, quantities, delivery note number, shipping dates, Supplier's company registration number, ISR's order number (the "**Commercial Invoices**");
 - 4.1.2. Original Certificate of Origin- and Non-Manipulation Certificate, if necessary;
 - 4.1.3. Bill of Lading - issued in ISR's name;
 - 4.1.4. Packing Lists;
 - 4.1.5. Any and all other information and documentation necessary for the expeditious release of the Imported Goods and clearance through customs and tax authorities, and any documentation which may facilitate payment and enable ISR to make payment in foreign currency in accordance with any Applicable Law and the regulations of the Bank of Israel.
 - 4.1.6. Any other relevant importation documents.
- 4.2. Originals of all the above mentioned documents must be sent to an address which ISR shall provide to Supplier from time to time, and received by ISR at least seven (7) calendar days before the arrival of the Imported Goods to Israel. Copies of all the above mentioned documents shall be simultaneously sent to ISR by facsimile or email (scanned). The above mentioned documents **must be addressed solely to "Israel Railways Ltd."**.
- 4.3. It is hereby clarified that the total sum of all Commercial Invoices upon completion of any Unit must be equal to Portion A of the consideration to be paid for such Unit as well as to the aggregated amounts quoted in the importation documents issued on ISR's name for such Unit. In case this condition is not fulfilled, then without derogating from any other right of ISR, ISR shall be entitled to delay the Final Payment for such Unit until clarification thereof.

B. Payment of the consideration for Units Optional Maintenance or Engines Optional Maintenance, as applicable

5. If and to the extent ISR will elect to order the Units Optional Maintenance pursuant to Section 21 of the Agreement, the provisions below shall apply.
6. Each payment with respect to Units Optional Maintenance is comprised of up to two (2) types of payments:

- 6.1. payment to the Supplier.
 - 6.2. payment to the Israeli Subcontractor.
7. The percentage out of the Units Optional Maintenance Organization Set-Up Payment and of the Units Optional Maintenance Prices to be paid to the Israeli Subcontractor shall be as specified in **Attachment L** of the Agreement (to be completed prior to the Effective Date) and shall be applicable to any and all payments made with respect thereto.

Supplier and/or the Israeli Subcontractor, as the case may be, shall issue a separate invoice for each type of payment.

8. ISR shall pay the Units Optional Maintenance Organization Set-Up Payment in four (4) quarterly installments, within ninety (90) days from the date of submission by Supplier and/or the Israeli Subcontractor of the relevant invoice. Such invoice shall be submitted within ten (10) days after the completion by Supplier of the required tasks which are a condition for such payment in the Implementation Plan.
9. ISR shall pay the Units Optional Maintenance Prices, including the applicable quarterly adjustment as specified in Chapter 5 below, in quarterly installments, within ninety (90) days from the date of submission by Supplier and/or the Israeli Subcontractor of the relevant invoice, which shall be submitted within ten (10) days after the end of each calendar quarter during which Units Optional Maintenance services were actually rendered by Supplier.
10. As a condition for the payment by ISR of the Units Optional Maintenance Organization Set-Up Payment, an invoice specifying the quarterly amount of the Units Optional Maintenance Organization Set-Up Payment must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment.
11. As a condition for the payment by ISR of the Units Optional Maintenance Prices, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:
- 11.1. Invoice specifying the quarterly amount of the Units Optional Maintenance Prices and the applicable adjustment thereon. The applicable adjustment shall be paid with each such quarterly payment.
 - 11.2. Calculation of the adjustment and any relevant documentation as specified in Section 6.5 of Chapter 5 below.
 - 11.3. Number of kilometers traveled by each Unit during the calendar quarter regarding which the invoice is submitted and total number of kilometers traveled by each Unit as of the end of the aforesaid calendar quarter since the Final Acceptance date of such Unit, all in accordance with the data provided by ISR.

Anything in the above notwithstanding, any payment of the Units Optional Maintenance Organization Set-Up Payment and of the Units Optional Maintenance Prices, as applicable, shall be subject to ISR holding (i) updated Performance and Warranty Guarantees; (ii) updated Units Optional Maintenance Guarantee; and (iii) a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 30 of the Agreement.

12. The provisions of Sections 6-0 11 above shall apply *mutatis mutandis* to the payment by ISR of the Engines Optional Maintenance Organization Set-Up Payment and of the Engines Optional Maintenance Prices, if and to the extent applicable.

C. Payment for Hourly Rates

13. The payment of the Hourly Rates shall be made on a per-order basis, in accordance with the payment terms applying to Works in connection with which such labor is required.
14. As a condition for such payment by ISR, and in addition to any document required otherwise, all the following original documents must be submitted by Supplier and/or the Israeli Subcontractor, as applicable, at least ninety (90) calendar days prior to the due date for such payment:
 - 14.1. Invoice specifying the amount of the Hourly Rates and the applicable adjustment thereon. The applicable adjustment shall be paid with each such payment.
 - 14.2. Calculation of the adjustment and any relevant documentation as specified in Section 6.5 of Chapter 5 below.

D. Payments for Spare Parts purchased by ISR

15. The payment of the consideration for Spare Parts purchased by ISR (excluding for the removal of doubt Spare Parts for Warranty and/or Units Optional Maintenance and Engines Optional Maintenance that Supplier must purchase at its own cost and responsibility) shall be made on a per-order basis, subject to effective delivery thereof to ISR by Supplier, within ninety (90) days from the date of submission by Supplier of the relevant invoice.
16. As a condition for such payment by ISR, all the following original documents must be submitted by Supplier, at least ninety (90) calendar days prior to the due date for such payment:
 - 16.1. Invoice specifying the amount of the consideration for Spare Parts and the applicable adjustment thereon. The applicable adjustment shall be paid with each such payment.
 - 16.2. Calculation of the adjustment and any relevant documentation as specified in Section 6.5 of Chapter 5 below.

16.3. Importation Documents as Specified in Section 4 above.

E. Methods of payment

17. All payments under this Agreement shall be made by means of a bank transfer to Supplier's bank account or to the Israeli Subcontractor's bank account, as applicable.
18. The details of the relevant accounts shall be specified by Supplier and/or the Israeli Subcontractor in the bank account forms below. [**Note: Bidder should not complete the bank account forms which shall be completed by Supplier prior to the Effective Date.**]

For Review Only - Not for Submission

Supplier's Bank Account Form

PART A – Supplier's Bank Details

[to be signed by the Supplier's authorized signatories]:

We the undersigned, _____ *[Supplier's name]* request herein that all payments to be paid to us by Israel Railways Ltd. under Agreement No. _____ shall be made by means of bank transfer to our bank account according to the following details:

Bank Account No.: _____
Swift Code: _____
EBAN Code (applicable to European Accounts): _____
Branch Number: _____
Bank Name: _____
Bank Address: _____

Signature: _____
Name: _____
Title: _____
Date: _____

PART B - Certificate of Authorization

[to be completed by an ADVOCATE / C.P.A]:

I, _____ *[Advocate/C.P.A]* of _____, hereby certify that _____ and _____ are fully empowered by _____ *[Supplier]* to sign the Bank Account Form, and hereby certify that their signatures upon the Bank Account Form are fully binding in accordance with the _____ *[Supplier]* articles of association.

Signature and stamp: _____

Bank Account Form

PART B - Certificate of Authorization

[alternative authorization: to be completed by the SUPPLIER'S BANK]:

We, the undersigned _____ *[Bank]* hereby declare that as of _____ *[date of Supplier's signature on Part A above]* the _____ *[Supplier]* is the registered owner of the above mentioned account and certify that Part A above has been signed by the *Supplier's* authorized signatories. We undertake to promptly inform Israel Railways Ltd. regarding any change in the ownership of the account or the authorized signatories.

Signature: _____
Name: _____
Title: _____
Stamp: _____

The Israeli Subcontractor's Bank Account Form

PART A – Israeli Branch's Bank Details

[to be signed by the Israeli Subcontractor's authorized signatories]:

We the undersigned, _____ [Israeli Subcontractor's name] request herein that all payments to be paid to us by Israel Railways Ltd. under Agreement No. _____ shall be made by means of bank transfer to our bank account according to the following details:

Bank Account No.: _____
Swift Code: _____
Branch Number: _____
Bank Name: _____
Bank Address: _____

Signature: _____
Name: _____
Title: _____
Date: _____

PART B – Certificate of Authorization

[to be completed by an ADVOCATE / C.P.A]:

I, _____ [Advocate/C.P.A] of _____, hereby certify that _____ and _____ are fully empowered by _____ [Israeli Subcontractor] to sign the Bank Account Form, and hereby certify that their signatures upon the Bank Account Form are fully binding in accordance with the _____ [Israeli Subcontractor] articles of association.

Signature and stamp: _____

Bank Account Form

PART B – Certificate of Authorization

[alternative authorization: to be completed by the ISRAELI Subcontractor'S BANK]:

We, the undersigned _____ [Bank] hereby declare that as of _____ [date of Israeli Subcontractor's signature on Part A above] the _____ [Israeli Subcontractor] is the registered owner of the above mentioned account and certify that Part A above has been signed by the Israeli Subcontractor's authorized signatories. We undertake to promptly inform Israel Railways Ltd. regarding any change in the ownership of the account or the authorized signatories.

Signature: _____
Name: _____
Title: _____

Chapter 5: Indexation Linkage Mechanism and Currency Conversion Rates

Section 24.6 of the Agreement states that the prices specified in the Payment Schedule (collectively in this Chapter 5 - the "**Prices**") shall be subject to adjustments according to the Indexation Linkage Mechanisms and the provisions set forth in the Payment Schedule.

Bidder is requested to submit its proposed indexation linkage mechanisms (which must be based on the following guidelines) in the Commercial Proposal Envelope.

The final and binding indexation linkage mechanisms will be specified in Chapter 5 of the Payment Schedule that will be attached to the Agreement to be entered with the Supplier (the "**Indexation Linkage Mechanisms**").

1. General Principles

The Indexation Linkage Mechanisms are based on the following principles:

- 1.1 Bidder may submit only one specific indexation linkage mechanism with respect to each item.
- 1.2 Each specific indexation linkage mechanism must be composed of public indices published on a regular basis by official agencies, institutions or governmental bodies. All indices must have a public official publication in English or Hebrew, and may not be composed of combination of other indices.
- 1.3 Without derogating from the provisions of Section 1.2 above, the following indices shall be those published by the following official sources:

1.3.1 Indices relating to labor costs:

- 1.3.1.1 **Israel:** Average monthly wages per Employee Job, as published by the Israeli Central Bureau of Statistics.
- 1.3.1.2 **Europe or other countries:** Any national or European general average monthly wages index (subject to the provisions of Section 1.2 above).

1.3.2 Indices relating to consumer prices:

- 1.3.2.1 **Israel:** General Consumer Price Index as published by the Israeli Central Bureau of Statistics.
- 1.3.2.2 **Europe or other countries:** any national consumer price index or Euro area HICP (Overall index, Monthly Index, Eurostat, neither seasonally or working day adjusted, series key: ICP.M.U2.N.000000.4.INX (2009=100), as published by the European Central Bank at the

website <http://sdw.ecb.int/browse.do>).

1.3.3 **Indices relating to raw materials:**

1.3.3.1 **Israel:** any raw material index as published by the Israeli Central Bureau of Statistics.

1.3.3.2 **Europe:** the indices published by either the London Metal Exchange (<http://www.lme.co.uk/>) or by the CRU (<http://crugroup.com/Pages/default.aspx>)

2. **Exchange Rate**

2.1 The exchange rate applicable to any payment to be paid by ISR in NIS in accordance with the provisions of the Agreement is the last representative rate of exchange between the NIS and the EURO published by the Bank of Israel (and if the Bank of Israel will no longer publish such official representative exchange rate, then the rate of exchange between the NIS and the EURO that ISR is then using for international transactions), and known on the date of such actual payment by ISR (the "**Representative Exchange Rate**").

2.2 In the event that due to exchange rates fluctuations during the period between the issuance of the invoice and the date of the actual payment there is a difference between the NIS amount of the actual payment by ISR (calculated in accordance with the Representative Exchange Rate) and the NIS amount quoted in the invoice issued by the Israeli Subcontractor with respect to such payment, the amount of the VAT applicable to such payment shall be adjusted accordingly and ISR or the Israeli Subcontractor, as the case may be, shall pay to the other party the difference between the amount of the VAT stated in the invoice issued by the Israeli Subcontractor and the amount of the VAT applicable to the actual payment by ISR.

3. **Indexation of the Unit Prices**

3.1 General

The Indexation Linkage Mechanism relating to the Unit Prices specified in Chapter 1 shall be based on the following principles:

3.1.1 Adjustments of the Portions

Table 1 below specifies the indexation linkage mechanism which shall apply to each portion:

Table 1 – Unit Price Indexation Linkage Mechanism				
Items	Payment relating to:	Payee	Currency	Indexation formula
Portion A	a) Works to be performed and materials to be supplied by Supplier. b) Lump Sum (if and to the extent applicable)	Supplier	Euro	Section 4 below
Portion B	Works to be performed and materials to be supplied by the Israeli Subcontractor.	Israeli Subcontractor	NIS	Section 5 below

3.1.2 Calculation

Upon issuance of the first invoice with respect to any Purchase Order, Supplier shall provide ISR with a detailed calculation of the relevant Unit Price adjustment, in accordance with the Indexation Linkage Mechanisms applicable to Portions A and B of such Unit Price. Supplier shall attach to such first invoice any relevant publications evidencing the last (most recent) published indices used in the calculation of the adjusted Unit Price.

4. **Indexation Linkage Mechanism applying to Portion A**

4.1 This Indexation Linkage Mechanism may include some or all of the indices specified in Sections 4.1.1, 4.1.2, 4.1.3 below and may include a non linked portion specified in Section 4.1.4 below:

4.1.1 **Raw materials:** One (and only one) of the indices detailed in Section 1.3.3.2 above. The coefficient allocated to the raw material index shall not exceed sixty percent (60%).

4.1.2 **Labor:** One (and only one) of the indices detailed in Section 1.3.1.2 above. The coefficient allocated to the labor index shall not exceed sixty percent (60%).

4.1.3 **Consumer Price Index:** One (and only one) of the consumer prices indices detailed in Section 1.3.2.2 above. The coefficient allocated to this index shall not exceed one hundred percent (100%).

4.1.4 **Non linked portion:** Bidder may include in this Indexation Linkage Mechanism a portion of the price that shall not be linked to any index. The coefficient of this portion shall not exceed ten percent (10%).

For clarification, the aggregate sum of the coefficients allocated to all the indices comprising this Indexation Linkage Mechanism shall not exceed 100%.

- 4.2 Portion A shall not be adjusted during a period of two (2) years after the Submission Date and no indexation linkage mechanism shall apply during such period. Thereafter, the rate of adjustment of Portion A shall not exceed three (3) percent per annum (and a pro-rata portion for part of a year) of the original nominal amount of Portion A (prior to any adjustment, i.e. on a non-compounded basis. *And by way of example: on the fifth anniversary of the Submission Date, the aggregate rate of adjustment shall not exceed nine percent (9%).*)
- 4.3 The base indices of the Indexation Linkage Mechanism for Portion A shall be the latest published indices known upon the second anniversary of the Submission Date.
- 4.4 The updated indices applying to the adjustment of Portion A for each payment by ISR to Supplier under any given Purchase Order shall be the latest published indices known upon the date of issuance by ISR of such Purchase Order.
- 4.5 Subject to Section 4.2 above, it is hereby clarified that Portion A shall be adjusted once, and only once, upon the Purchase Order date, and shall not be further adjusted thereafter.
- 4.6 Bidder is requested to propose the allocation between the different indices applicable to Portion A in the following table:

Table 2 – Proposed Unit Price Linkage Mechanism for Portion A		
Portion A	Indices	Coefficient (percent)
Raw Materials	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Labor	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
CPI	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Non- Linked	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
TOTAL		100%

5. Indexation Linkage Mechanism applying to Portion B

5.1 This Indexation Linkage Mechanism may include some or all of the indices specified in Sections 5.1.1, 5.1.2, 5.1.3 below and may include a non linked portion as specified in Section 5.1.4 below:

5.1.1 **Raw materials:** One (and only one) of the Israeli indices detailed in Section 1.3.3.1 above. The coefficient allocated to this index shall not exceed sixty percent (60%).

5.1.2 **Labor:** The Israeli index as detailed in Section 1.3.1.1 above. The coefficient allocated to this index shall not exceed sixty percent (60%).

5.1.3 **Consumer Price Index:** Israeli index as detailed in Section 1.3.2.1 above. The coefficient allocated to this index shall not exceed one hundred percent (100%).

5.1.4 **Non linked portion:** Bidder may include in this Indexation Linkage Mechanism a portion of the price that shall not be linked to any index. The coefficient of this portion shall not exceed ten percent (10%).

For clarification, the aggregate sum of the coefficients allocated to all the indices comprising this Indexation Linkage Mechanism shall not exceed 100%.

- 5.2 Portion B shall not be adjusted during a period of two (2) years after the Submission Date and no indexation linkage mechanism shall apply during such period. Thereafter, the rate of adjustment of Portion B shall not exceed three (3) percent per annum (and a pro-rata portion for part of a year) of the original nominal amount of Portion B (prior to any adjustment, i.e. on a non-compounded basis. *And by way of example: on the fifth anniversary of the Submission Date, the aggregate rate of adjustment shall not exceed nine percent (9%).*)
- 5.3 The base indices of the Indexation Linkage Mechanism for Portion B shall be the latest published indices known upon the second anniversary of the Submission Date.
- 5.4 The updated indices applying to the adjustment of Portion B for each payment by ISR to Supplier under any given Purchase Order shall be the latest published indices known upon the date of issuance of such Purchase Order.
- 5.5 Subject to Section 5.2 above, it is hereby clarified that Portion B shall be adjusted once, and only once, upon the Purchase Order date, and shall not be further adjusted thereafter.
- 5.6 Portion B shall be converted into NIS in accordance with the Representative Exchange Rate specified in Section 2 above.
- 5.7 Bidder is requested to propose the allocation between the different indices applicable to Portion B in the following table:

Table 3 – Proposed Unit Price Linkage Mechanism for Portion B		
Portion B	Indices	Coefficient (percent)
Raw Materials	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Labor	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
CPI	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Non- Linked	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
TOTAL		100%

6. **General Principles for the Indexation of the Units Optional Maintenance Prices, the Engines Optional Maintenance Prices, the Hourly Rates and the Spare Parts prices**

- 6.1 The Indexation Linkage Mechanism relating to the Units Optional Maintenance Prices and to the Engines Optional Maintenance Prices, if and to the extent ISR will order Units Optional Maintenance or Engines Optional Maintenance from Supplier, is specified in Section 7 below. For the removal of doubt, the Units Optional Maintenance Organization Set-Up Payment and the Engines Optional Maintenance Organization Set-Up Payment shall not be adjusted.
- 6.2 The Indexation Linkage Mechanism relating to the Hourly Rates is specified in Section 8 below.
- 6.3 The Indexation Linkage Mechanism relating to the Spare Parts prices is specified in Section 9 below.
- 6.4 The portion of the Units Optional Maintenance Organization Set-Up Payment, the Units Optional Maintenance Prices, the Engines Optional Maintenance Organization Set-Up Payment, the Engines Optional Maintenance Prices and the Hourly Rates, as applicable, to be paid to the Israeli Subcontractor shall be converted into NIS in accordance with the Representative Exchange Rate specified in Section 2 above.

- 6.5 Upon issuance of any invoice with respect to the Units Optional Maintenance Prices, the Engines Optional Maintenance Prices, the Hourly Rates and the Spare Parts prices, Supplier shall provide ISR with a detailed calculation of the relevant adjustment, in accordance with the applicable indexation linkage formulas. Supplier shall attach to such invoice any relevant publications evidencing the last (most recent) published indices used in the calculation of such adjustment.

7. Indexation Linkage Mechanism applying to the Units Optional Maintenance Prices or the Engines Optional Maintenance Prices, as applicable

- 7.1 This Indexation Linkage Mechanism may include some or all of the indices specified in Sections 7.1.1, 7.1.2 and 7.1.3 below and may include a non linked portion as specified in Section 7.1.4 below :

- 7.1.1 **Raw materials:** One (and only one) of the indices detailed in Section 1.3.35 *מטע*. The coefficient allocated to this index shall not exceed sixty percent (60%).
- 7.1.2 **Labor:** One (and only one) of the indices detailed in Section 1.3.1 above. The coefficient allocated to this index shall not exceed sixty percent (60%).
- 7.1.3 **Consumer Price Index:** One (and only one) of the consumer prices indices as detailed in Section 1.3.2 above. The coefficient allocated to this index shall not exceed one hundred percent (100%).
- 7.1.4 **Non linked portion:** Bidder may include in this Indexation Linkage Mechanism a portion of the price that shall not be linked to any index. The coefficient of this portion shall not exceed ten percent (10%).

For clarification, the aggregate sum of the coefficients allocated to all the indices comprising this Indexation Linkage Mechanism shall not exceed 100%.

- 7.2 The Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable, shall not be adjusted during a period of two (2) years after the Submission Date and no indexation linkage mechanism shall apply during such period. Thereafter, the rate of adjustment of the Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable, shall not exceed three (3) percent per annum of the original nominal amount of the Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable, prior to any adjustment (i.e. on a non-compounded basis). *And by way of example: on the fifth anniversary of the Submission Date, the aggregate rate of adjustment shall not exceed nine percent (9%).*
- 7.3 Starting from the second anniversary of the Submission Date, the Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable, shall be adjusted once (and only once) every twelve

(12) months upon the anniversary of the Submission Date in accordance with the table set forth below, and shall not be adjusted further during the next twelve (12) months.

- 7.4 The base indices of the specific indexation linkage mechanism for the Units Optional Maintenance Prices or the Engines Optional Maintenance Prices, as applicable, shall be the latest published indices known upon the second anniversary of the Submission Date.
- 7.5 The updated indices applying to the adjustment of the Units Optional Maintenance Prices or the Engines Optional Maintenance Prices, as applicable, shall be the last indices known on each subsequent anniversary of the Submission Date.
- 7.6 Bidder is requested to propose the allocation between the different indices applicable to the Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable, in the following table:

Table 4 – Proposed indexation Linkage Mechanism for the Units Optional Maintenance Prices and the Engines Optional Maintenance Prices, as applicable		
	Indices	Coefficient (percent)
Raw Materials	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Labor	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
CPI	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Non- Linked	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
TOTAL		100%

8. **Indexation Linkage Mechanism applying to Hourly Rates**

8.1 This Indexation Linkage Mechanism may include some or all of the two (2) indices specified in Sections 8.1.1 and 8.1.2 below and may include a non linked portion as specified in Section 8.1.3 below (for clarification, the aggregate sum of all coefficients shall not exceed 100%):

8.1.1 **Labor**: One (and only one)) of the indices detailed in Section 1.3.1 above. The coefficient allocated to this index shall not exceed sixty percent (60%).

8.1.2 **Consumer Price Index**: One (and only one) of the consumer prices indices as detailed in Section 1.3.2 above. The coefficient allocated to the Consumer Price Index shall not exceed one hundred percent (100%).

8.1.3 **Non linked portion**: The Bidder may include in this Indexation Linkage Mechanism a portion of the price that shall not be linked to any index. The coefficient of this portion shall not exceed ten percent (10%).

For clarification, the aggregate sum of the coefficients allocated to all the indices comprising this Indexation Linkage Mechanism shall not exceed 100%.

8.2 The Hourly Rates shall not be adjusted during a period of two (2) years after the Submission Date and no indexation linkage mechanism shall apply during such period. Thereafter, the rate of adjustment of the Hourly Rates shall not exceed three (3) percent per annum of the original nominal amount of the Hourly Rates (prior to any adjustment, i.e. on a non-compounded basis). *And by way of example: on the fifth anniversary of the Submission Date, the aggregate rate of adjustment shall not exceed nine percent (9%).*

8.3 Starting from the second anniversary of the Submission Date, the Hourly Rates shall be adjusted once (and only once) every twelve (12) months on the anniversary of the Submission Date in accordance with the table set forth below, and shall not be adjusted further during the next twelve (12) months.

8.4 The base indices of the specific indexation linkage mechanism for the Hourly Rates shall be the last indices known on the second anniversary of the Submission Date.

8.5 The updated indices applying to the adjustment of the Hourly Rates shall be the last indices known on each subsequent anniversary of the Submission Date.

8.6 Bidder is requested to propose the allocation between the different indices applicable to Hourly Rates in the following table:

Table 5 – Proposed Indexation Linkage Mechanism for the Hourly Rates		
	Indices	Coefficient (percent)
Labor	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
CPI	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Non- Linked	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
TOTAL		100%

9. Indexation Linkage Mechanism applying to the Spare Parts prices

9.1 This Indexation Linkage Mechanism may include some or all of the indices specified in Sections 9.1.1, 9.1.2 and 9.1.3 below and may include a non linked portion as specified in Section 9.1.4 below :

9.1.1 **Raw materials:** One (and only one) of the indices detailed in Section 1.3.35מב . The coefficient allocated to this index shall not exceed sixty percent (60%).

9.1.2 **Labor:** One (and only one) of the indices detailed in Section 1.3.1 above. The coefficient allocated to this index shall not exceed sixty percent (60%).

9.1.3 **Consumer Price Index:** One (and only one) of the consumer prices indices detailed in Section 1.3.2 above. The coefficient allocated to the Consumer Price Index shall not exceed one hundred percent (100%).

9.1.4 **Non linked portion:** Bidder may include in this Indexation Linkage Mechanism a portion of the price that shall not be linked to any index. The coefficient of this portion shall not exceed ten percent (10%).

For clarification, the aggregate sum of the coefficients allocated to all the indices comprising this Indexation Linkage Mechanism shall not exceed 100%.

9.2 The Spare Parts prices shall not be adjusted during a period of two (2) years after the Submission Date and no indexation linkage mechanism shall apply during such period. Thereafter, the rate of adjustment of the Spare Parts price shall not exceed three (3) percent per annum (and a pro-rata portion for part of a year) of the original nominal amount of such Spare Parts prices (prior to any adjustment, i.e. on a non-compounded basis. *And by way of example: on the fifth anniversary of the Submission Date, the aggregate rate of adjustment shall not exceed nine percent (9%).*).

9.3 The base indices of the specific indexation linkage mechanism for the Spare Parts prices shall be the latest published indices known upon the second anniversary of the Submission Date.

9.4 The updated indices applying to the adjustment of the Spare Parts prices shall be the last indices known on the date of issuance by ISR of the order for such Spare Parts.

9.5 Bidder is requested to propose the allocation between the different indices applicable to the Spare Parts prices in the following table:

Table 4 – Proposed indexation Linkage Mechanism for the Spare Parts prices		
	Indices	Coefficient (percent)
Raw Materials	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Labor	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
CPI	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
Non- Linked	Name: _____ Number: _____ Website: _____	(in figures) _____ % (in words) _____ percent
TOTAL		100%