



To:
«Contact_Name»
«Company»
«Address»
«Country Address»
[By e-mail]

CC:
Mr. Shlomo Kresner
Mr. Gilad Shai, Adv.
Mr. Yoram Zamir, Adv.
Ms. Lital Piller

Atidim Tower (Building No. 8),
2184 St., Floor 33, Kiryat Atidim,
Tel Aviv, Israel

Shosh Yaacoby
T 03-6270412
yaacoby@ingl.co.il

Our reference
377188

2018-02-13

Clarification Number 2 and Amendment Number 1 to PRMS Tender
INGL/TENDER/2017/30

For the avoidance of doubt, the questions referred to below are not quoted verbatim and are provided for the purpose of reference and information only. There is no significance to the assumptions made in the questions. The answers are brought here on a standalone basis and should not be deemed to interpret the questions.

QUESTION-Q
ANSWER-A
GENERAL CONDITIONS- GC
INVITATION TO BID -ITB
BILL OF QUANTITIES- BOQ
SECTION- S

QUESTION # ANSWER #	DOCUMENT SECTION	CLARIFICATION
Q-1	ITB	Kindly provide us the process parameters (PFD), mainly flow related. We have searched every document and found only references to the PFD which we did not receive. We found a table in document EEN-ESM-SPC-001 (pg 33) but do not know which one to select in order to see which type of PRMS we have to propose.
A-1		In this Tender the Company invites Bidders to submit Bids only for entering the Company's List of Approved Contractors from which the Company may order the performance of Projects during the Company Option Period. Specific



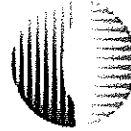
QUESTION # ANSWER #	DOCUMENT SECTION	CLARIFICATION
		technical documents (such as PFD) shall be issued for each future Project in future RFQ that may conduct during the Company Option Period.
Q-2		Kindly provide us the P&ID's EEN-ESP-DPD-008-009-010-011-012-013-014-015-016-017-021 as they were not attached in the specifications.
A-2		The P&ID's above are not relevant. The relevant P&ID's are the typical P&ID's attached as part of the technical volumes (documents IEN-ESP-DRG-0002, IEN-ESP-DRG-0008 and IEN-ESP-DRG-0007).
Q-3	ITB Clause 1.3.1	Please confirm that it is not mandatory to establish a registered legal entity in case of JV Bidder and that MOU/JV Agreement between the members is sufficient.
A-3		In case of a JV Bidder, the Bidder is required to submit a duly executed and legally binding JV MOU by and between the Israeli Member of the JV and the Foreign Member of the JV, governed by Israeli law. The Members of a JV Bidder may (but are not obliged) establish the joint venture as a sole purpose company (SPC) duly registered in Israel.
Q-4	ITB Clause 1.3.1 + 1.3.6	We ask to enable the Foreign member to hold less than 50% in the JV and as a result, its liability shall be limited up to the reduced share, as will be determined by the members.
A-4		The request is denied. In the case of a JV bidder, the share of Foreign Member in the joint venture (both in capital and in control) shall be no less than 50%. To this end, the attention of the Bidders is drawn to Clause 1.3.6 of the ITB in which it is clarified that each of the Members of the JV bidder (as well of the SPC if established) shall be responsible, jointly and severally, for all obligations undertaken pursuant to this Tender Process and, if awarded the Contract, the performance of the Contract.
Q-5	ITB Clause 3.3.1.2.2 (a)	We ask to reduce the financial annual weighted average turnover of the Foreign Member to at least 15 million Euro over the course of 2014 - 2016, instead of 30 million Euro.
A-5		The request is denied.



Q-6	ITB Clause 3.3.1.2.5	Per the demand for in house production of some main components. Please confirm that the vessels production by XXX can be considered as in-house production of YYY as per your Thresholds Requirement.
A-6		Components shall be considered as in-house production if the following procedures with regard to these components are performed under the Bidder's responsibility: process design, material purchasing and control, inspections and final approval, testing and final product approval, production documents approval and confirmation, and full reliability for the components.
Q-7	ITB Clause 3.3.1.3.1	Please add to the Threshold Requirement of the Israeli Member of a JV, for the financial requirements, as defined in clause 3.3.1.3.1, an option to <u>add</u> the information of the fiscal year 2017 to the calculation of the weighted average.
A-7		Clause 3.3.1.3.1 is hereby amended (see Amendment 1 below - item 2).
Q-8	ITB Clause 3.3.1.3.1 + AN- NEX 12	Please change the calculation formula for the financial requirements, for the Israeli Member of a JV, as defined in ANNEX 12, in such a way that it will take into account the weighted average of any 3 years out of the last 4 years (2014, 2015, 2016 and 2017).
A-8		The formula in ANNEX 12 is hereby amended (see Amendment 1 below - item 3).
Q-9	ITB Clause 3.3.1.3.1	In case that a positive answer will be given to the above request, please postpone the Last Submission Date of the Tender in 4 weeks, in order to have enough time to include the approved financial reports.
A-9		It is here by clarified that the Bidders are not required to submit the approved financial reports. The Israeli Member must provide ANNEX 12 duly executed by its independent certified public accountants.
A-10	ITB ANNEX 14 par. 1.1	With reference to ANNEX 14, par. 1.1, we ask the approval of the PCV XXX for the installation on reduction lines with outlet pressure of 16 barg and above. The PCV XXX is non axial flow design, but it's in compliance with all other requirement indicated in par. 1.1.
Q-10		The request is denied at this stage. Such requests may be



		made and shall be considered by the Company within any future RFQ procedure.
Q-11	ITB ANNEX 14 par. 2	With reference to ANNEX 14, par. 2, we ask the approval of the following brands and/or manufacturers of Goods, in addition to those listed in Par 2: <ul style="list-style-type: none"> • Tubing fittings: Swagelock • Pumps: DBA, Ebra • Turbine Flow Meter: Vemmtec • Gas Chromatograph: Daniel • Burners: Unical
A-11		The requests are denied.
Q-12	ITB Clause 3.3.1.4	What are the skills and education data are required of the project managers? Must the project manager be an engineer? What experience and professional skills are required from the JV project managers?
A-12		There are no formal Threshold Requirements for the education and/or experience of the project manager. Notwithstanding the above, in order to comply with the Company's standards, relevant experience and education must be demonstrated.
Q-13	ITB ANNEX 2 & 3	Is the reference to ENG-X69-COI-0016 a typo mistake? Please clarify.
A-13		The reference is hereby amended (see amendment 1 below - item 4)
Q-14	ITB	In order to fill in the ANNEXES the relevant information, please issue the following ANNEXES in edit format: ANNEX 2, ANNEX 3, ANNEX 4 and ANNEX 5
A-14		The Company will not provide an edit format of the Annexes.
Q-15	ITB ANNEX 6	Should this ANNEX to be filled and signed at this stage of the Tender? If yes, please issue the ANNEX in edit format.
A-15		This annex is a sample of the form that will need to be filled out, duly signed and submitted by each Approved Contractor together with its Bid in response to any future Request for Quotations (RFQ) . At this stage, Annex 6 must be submitted by the Bidders as is and signed by initials only. No need to fill the details at this stage.
Q-16		Our company is interested in participating in the Tender as a foreign member of a JV together with an experienced



		Israeli company. We are the official distributor and service center of the equipment for gas application manufactured by XXX and YYY since 2009. Our company has in house technical department with engineers and quality management system ISO 9001.
A-16		The foreign member of a JV has to comply with the Threshold Requirement set forth in Clause 3.3.1.2. The Company does not grant pre-rulings as to the compliance of any specific Bidder with the Threshold Requirements.
Q-17	ITB Clause 1.6	Please extend the Last Date for submission of questions regarding the Tender Documents until 8.2.18.
A-17		The request is denied.
Q-18	ITB	Please extend the Last Submission Date.
A-18	Clause 1.6	The Last Submission Date is hereby extended (see Amendment 1 below - item 6).
Q-19	ITB Clause 1.6 + ITB ANNEX 1	<ol style="list-style-type: none"> 1. In case that a Bidder wishes to submit the Tender Bond in the amount of Euro can the Bidder delete the amount in Israeli Shekel? 2. The Company is requested to delete the option to demand the Guaranteed Amount by mail or fax.
A-19		<ol style="list-style-type: none"> 1. The amount of the Tender Bond shall be 5,000 Euro or 20,000 NIS, as each Bidder may choose. The irrelevant currency has to be deleted from the text. 2. The word "fax" shall be deleted. The word mail shall remain. The form of the Tender Bond is hereby amended (see Amendment 1 below - item 5).
Q-20	GC EXHIBIT E + H	The Company was requested to make several amendments to the form of the PERFORMANCE GUARANTEE (EXHIBIT E) and the INSTALLATION PERFORMANCE GUARANTEE (EXHIBIT H).
A-20		The request is denied at this stage. Such requests may be made and shall be considered by the Company within any future RFQ procedure.



Amendment No. 1

1. **Clause 3.3.1.2.2 of the ITB is replaced by the following text:**

"Financial Information. The Bidder or Foreign Member (in case of a JV Bidder) shall provide **Annex 10** duly executed by its independent certified public accountants indicating that: (a) it has an annual weighted average turnover of at least 30 million Euro over the course of 2014 – 2016 **or** 2015 - 2017; and (b) in case of a single entity Bidder – its equity for the end of 2016 **or** 2017 was no less than 10,000,000 Euro or, in case of a Foreign Member, its equity for the end of 2016 **or** 2017 was no less than 10,000,000 Euro multiplied by its share in the JV capital; and (c) its weighted average yearly cash flow from operations activities was positive. Calculations of weighted averages shall be done as provided for in **Annex 10**."

2. **Clause 3.3.1.3.1 of the ITB is replaced by the following text:**

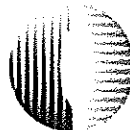
"Financial Information. The Israeli Member shall provide **Annex 12** duly executed by its independent certified public accountants indicating that: (a) it has an annual weighted average turnover of at least 20 million NIS over the course of 2014 – 2016 **or** 2015 - 2017; and (b) its equity for the end of 2016 or 2017 was no less than 10,000,000 Euro (or the equivalent in NIS) multiplied by its share in the JV capital; and (c) its weighted average yearly cash flow from operations activities was positive. Calculations of weighted averages shall be done as provided for in **Annex 12**."

3. **ANNEX 10 & ANNEX 12 of the ITB are here by replaced with the amended annexes attached hereto.**

4. **Document number 372437 of the ITB, ANNEX 2 & 3** - A typo was found in the reference and it is hereby amended: the reference ENG-X69-COI-0016 is hereby replaced with:"342437".

5. **ANNEX 1 of the ITB (Tender Bond) is here by replaced with the amended annex attached hereto.**

6. **The Last Submission Date is hereby extended until to March 21, 2018 at 12:00 (Israel Time).**



* * * * *

The Bidders are requested to acknowledge receipt of this **Clarification Number 2 and Amendment no 1 to PRMS Tender**, within the framework of the Tender by return of an executed copy of the attached acknowledgment receipt form.

Yours sincerely,

Shosh
Israel Natural Gas Lines Company Ltd

Acknowledgement of Receipt

We, the undersigned, hereby confirm that we received Clarification Number 2 and Amendment no 1 to PRMS Tender INGL/TENDER/2017/30.

.....

Date

.....

Company

.....

Signature



ANNEX 10 (amended)

Foreign Member Financial Capabilities

	2014 / 2015 (fiscal year)	2015 / 2016 (fiscal year)	2016 / 2017 (fiscal year)
Turnover			
Cash flow			
Equity	Not relevant	Not relevant	

Annual weighted average turnover over the course of 2014 – 2016 or 2015 – 2017 - _____ Euro.

Annual weighted average cash flow over the course of 2014 – 2016 or 2015 – 2017 – _____ Euro.

The "weighted average" is calculated as follows: $(2014*1 + 2015*2 + 2016*4) / 7$ or $(2015*1 + 2016*2 + 2017*4) / 7$

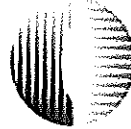
Date: _____

To: Israel Natural Gas Lines Ltd (INGL)

Re: _____ (the "Company")

At your request and as the Company's independent auditors, we hereby confirm that the date which appears at the Company's Report attached and stamped for identification purposes only, match the Company's financial statement for the years _____ that were audited by us.

Sincerely,
Certified Public Accountants



ANNEX 12 (amended)

Israeli Member Financial Capabilities

	2014 / 2015 (fiscal year)	2015 / 2016 (fis- cal year)	2016 / 2017 (fis- cal year)
Turnover			
Cash flow			
Equity	Not relevant	Not relevant	

The "weighted average" is calculated as follows: $(2014*1 + 2015*2 + 2016*4) / 7$ or $(2015*1 + 2016*2 + 2017*4) / 7$

Date: _____

Israel Natural Gas Lines Ltd (INGL)

Re: _____ (the "Company")

At your request and as the Company's independent auditors, we hereby confirm that the date which appears at the Company's Report attached and stamped for identification purposes only, match the Company's financial statement for the years _____ that were audited by us.

Sincerely,
Certified Public Accountants



ANNEX 1(amended)

FORM OF TENDER BOND

To:

Israel Natural Gas Lines Ltd.

Atidim Tower (Building No. 8), 2184 St., Floor 32, Kiryat Atidim

Tel-Aviv, Israel

1. BY this guarantee (the "Guarantee") we, _____ [insert name of Bank], having our address at _____ [insert address] (the "Guarantor"), hereby guarantee to pay you any and all amounts up to the aggregate sum of 5,000 (five thousand) Euro / 20,000 (twenty thousand) NIS (the "Guaranteed Amount") that you may claim, in writing, on account of [insert name of Bidder] (the "Bidder") in connection with the bid submitted by the Bidder for tender number INGL/TENDER/2017/30.
2. Upon receipt of a written request from you, we shall, within seven (7) days of receiving such written request, sent by messenger, mail, pay you the full sum that you claim in such written request up to the Guaranteed Amount, without you having to prove your claim against the Bidder and without you having to claim such amount from the Bidder prior to sending us such written request.
3. This Guarantee is effective as of _____ [insert the Submission Date] and subject to the following sentence shall remain valid and in full force and effect until _____ [insert date six months after Submission Date]. This Guarantee shall remain valid for an additional period of up to six (6) months at the request of Israel Natural Gas Lines Company Ltd., provided that Israel Natural Gas Lines Company Ltd. submits an extension notification at least one week prior to _____ [insert the original expiry date six months after Submission Date].
4. Any demand under this Guarantee shall be submitted to the Bank whose address is set forth above, during standard working hours.
5. The benefit of this Guarantee may be assigned to the state of Israel by the Company whether in whole or in part.
6. This Guarantee shall be governed in accordance with the Laws of the State of Israel and any proceedings for enforcement shall be brought before the competent courts of the Tel Aviv District, Israel.

IN WITNESS WHEREOF, we have caused this Guarantee to be executed by one or more of our officers thereunto duly authorized on this ____ day of _____.

_____ [Insert complete name of Bank]

By: _____

Name: _____

Title: _____