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VOLUME A – ATTACHMENTS TO THE INSTRUCTIONS TO BIDDERS

TENDER NO. 51403

Attachment H1 – Commercial Proposal (Payment Schedule)

Attachment H consists of the following chapters:

Instructions Chapter

Chapter 1 – Consideration for Purchase Orders

Chapter 2 – Daily Rates and Spare Parts Prices

Chapter 3 – Maintenance Price

Chapter 3A- Maintenance Depot Price

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

Chapter 5 –Indexation Linkage Mechanisms

Chapter 6 - Currency Conversion Rates (Representative Exchange Rate and Fixed Exchange Rate)

Instructions Chapter

General Instructions for the quotation of prices and values in this Payment Schedule

1. Bidder may only quote a single price for each item. Such price shall be inclusive of all Works related to the relevant item and of all costs, expenses, taxes (other than VAT), etc, relating thereto.
2. All prices and values must be whole numbers ~~equal-greater~~ than zero, except that (i) the Price for Overhauls as defined in Section 4 of Chapter 3 below; and/or (ii) the discount rate in Table 2b in Section 3.1.3 of Chapter 3 below, may be equal to, or greater than, zero.
3. Bidder is hereby referred to Sections 23 and 24 of the Agreement which further detail relevant provisions applying to prices, payments and taxation of the consideration to be paid to Supplier and to the Israeli Entity under the Agreement.
4. All financial data in Chapter 1 (Consideration for Purchase Orders), and Certain Spare Parts Prices in Section 2 of Chapter 2, are to be stated in EURO only (exclusive of Israeli VAT).

All financial data in Chapters 3 (Maintenance Prices) and 3A (Maintenance Depot Price) is to be stated in NIS only (exclusive of Israeli VAT).

For the purposes of evaluation only, the Maintenance Prices and the Maintenance Depot Price proposed by Bidders will be translated to EURO in accordance with the ~~last representative~~ Fixed Exchange Rate published by the Bank of Israel and known fourteen (14) days prior to the Submission Date (as defined in Chapter 6 below).

5. Bidder shall quote in Chapter 1 below the prices of the Units.
6. Chapter 2 includes the Daily Rates (determined there by ISR) and Certain Spare Parts Prices to be quoted by Bidder.
7. Chapter 3 includes different prices comprising the Maintenance Price for Maintenance of the Supplier Maintained Fleet, to be quoted by Bidder, and the Depot Maintenance Fee (determined there by ISR).
8. Bidder shall quote in Chapter 3A below the Maintenance Depot Price.
9. ISR's terms and conditions for payments to Supplier are detailed in Chapter 4 below. For clarification, Bidder is NOT requested to fill in any information in Chapter 4 below.
10. Bidder shall specify in Chapter 5 below the indices according to which Bidder wishes that certain prices quoted by Bidder in this Payment Schedule will be adjusted, all subject to all the provisions of Chapter 5 below.

11. Bidder shall specify in Chapter 6 below:
 - (i) the percentage of the amounts of the Unit Price to be paid in NIS to the Israeli Entity, and
 - ~~11-~~ (ii) the percentage of the Price per Kilometer and of the Price for Overhauls to be paid in EURO to the Israeli Entity.

Chapter 1: Consideration for Purchase Orders

1. INSTRUCTIONS FOR THE QUOTATIONS OF UNITS PRICES

- 1.1 Bidder is hereby referred to Section 7 of the Agreement which details certain provisions applicable to the Initial Purchase and to Additional Units.
- 1.2 The proposed Unit prices applicable respectively to each Long Unit and Short Unit of the Initial Purchase shall be quoted by Bidder in Table 1 below. Based on such Unit prices in Table 1, the Unit prices of any Additional Unit shall be calculated as specified in Section ~~3 below~~ (the Unit price applicable to a Unit in the Initial Purchase (IPO1, IPO2 and IPO3) or in any Additional Purchase Order, as applicable – the "Unit Price").
- 1.3 For the removal of doubt, the Unit Price of all Units (including but without limitation the Units in Supplier Maintained Fleet) is inclusive of the cost of the Warranty.

2. UNIT PRICE FOR THE INITIAL PURCHASE

The Unit Price of any and all Units included in the three (3) Purchase Orders of the Initial Purchase (i.e. all Units ordered under IPO1, IPO2 and IPO3) shall be as specified in Table 1 below:

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

3. UNIT PRICE FOR ADDITIONAL UNITS

3.1 Minimum Additional Purchase Order

Any Additional Purchase Order shall include at least four (4) Additional Units (Short Units and/or Long Units).

3.2 Definitions

"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 twelve (12) months after the Issuance Date.

For clarification, an Active Production Line Period shall expire one (1) day after the date which is twelve (12) 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**").

3.3 **Additional Unit Prices**

Discounts on the Unit Prices specified in Table 1 above shall apply to the Unit Price of Additional Units as follows:

3.3.1 For any Additional Unit included in an Additional Purchase Order issued by ISR during an Active Production Line Period: seven percent (7%).

3.3.2 For any Additional Unit included in an Initiating Purchase Order: five percent (5%).

For clarification:

- the same discount rate shall apply to the Unit Price of Long Units and to the Unit Price of Short Units.
- There shall be no distinction between Short and Long Units for the purpose of determining if an Additional Purchase Order was issued during an Active Production Line Period.
- IPO1, IPO2 and IPO3 are all issued as a part of the Initial Purchase, and the provisions of this Section 3 shall not apply to such Purchase Orders.

Chapter 2: Daily Rates and Spare Parts

1. DAILY RATES

The consideration for a working day (eight (8) work hours) of one (1) employee for Works ordered by ISR and not included in another price in this Payment Schedule is specified in Table 1 below (the "**Daily Rates**"). *[Note: Bidder is not required to quote any value for the Daily Rates since the prices are determined by ISR.]*

Table 1: Daily Rates

Item	Daily Rate (NIS)
Senior* technician	1,650
Junior** technician	1,250
Senior* electrician	1,650
Junior** electrician	1,250
Senior* mechanic	1,650
Junior** mechanic	1,250

* *More than 8 years experience*

** *Less than 8 years experience*

For clarification, the Daily Rates above shall also apply to Escort, if and to the extent Supplier is entitled to the payment of Daily Rates with respect thereto under Section 5.9 of the Maintenance Chapter.

2. CERTAIN SPARE PARTS PRICES

2.1 General instructions

- a. Bidder is requested to quote 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.
- b. Bidder may only quote a single price for each item in Table 2 below.
- c. Bidder is hereby referred to Sections 23 and 24 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.
- f. 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 E in the table below will not be included in the Payment Schedule that will be attached to the Agreement]

2.2 Certain Spare Parts Prices

Bidder shall quote the prices of certain Spare Parts in Table 2 below.

The value TSP in Table 2 represents the weighted average price of the Spare Parts in such table, for the purpose of evaluation by ISR as set forth in the Instruction to Bidders.

It is hereby clarified that the prices of certain Spare Parts in Table 2 below shall not include installation.

Table 2: Certain Spare Parts Prices

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
1	Head/Tail light (beam function) assembly	(in figures) _____ € (in words) _____ EURO	2	(in figures) _____ € (in words) _____ EURO
2	Signal light assembly	(in figures) _____ € (in words) _____ EURO	4	(in figures) _____ € (in words) _____ EURO
3	Signal horn	(in figures) _____ € (in words) _____ EURO	4	(in figures) _____ € (in words) _____ EURO
4	Windscreen water tank pump	(in figures) _____ € (in words) _____ EURO	2	(in figures) _____ € (in words) _____ EURO
5	Windscreen wiper motor	(in figures) _____ € (in words) _____ EURO	1	(in figures) _____ € (in words) _____ EURO
6	Windscreen wiper	(in figures) _____ € (in words) _____ EURO	10	(in figures) _____ € (in words) _____ EURO
7	Windscreen (front window pane)	(in figures) _____ € (in words) _____ EURO	2	(in figures) _____ € (in words) _____ EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
8	Driver's cab side window assembly - right side	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
9	Driver's cab side window assembly - left side	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
10	Driver seat assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
11	Motor Bogie assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
12	Motor Bogie Frame	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
13	Trailer Bogie assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
14	Trailer Bogie Frame	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
15	Traction motor	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
16	Traction motor cable set assembly	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
17	Traction motor bearing	in figures)_____€ (in words)_____EURO	16	in figures)_____€ (in words)_____EURO
18	Wheel set assembly (without gear box)	in figures)_____€ (in words)_____EURO	8	in figures)_____€ (in words)_____EURO
19	Wheel disc	in figures)_____€ (in words)_____EURO	32	in figures)_____€ (in words)_____EURO
20	Brake disc	in figures)_____€ (in words)_____EURO	16	in figures)_____€ (in words)_____EURO
21	Gearbox	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
22	Traction coupling device	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
23	Caliper brake assembly	in figures)_____€	8	in figures)_____€

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
		(in words)_____ EURO		(in words)_____ EURO
22	Caliper brake with spring loaded parking brake device	in figures)_____ € (in words)_____ EURO	2	in figures)_____ € (in words)_____ EURO
24	Brake pads	in figures)_____ € (in words)_____ EURO	100	in figures)_____ € (in words)_____ EURO
25	Magnetic Track Brake assembly	in figures)_____ € (in words)_____ EURO	2	in figures)_____ € (in words)_____ EURO
26	Axle box	in figures)_____ € (in words)_____ EURO	8	in figures)_____ € (in words)_____ EURO
27	Axle bearing	in figures)_____ € (in words)_____ EURO	16	in figures)_____ € (in words)_____ EURO
28	Grounding device	in figures)_____ € (in words)_____ EURO	4	in figures)_____ € (in words)_____ EURO
29	Primary spring coil assembly	in figures)_____ € (in words)_____ EURO	8	in figures)_____ € (in words)_____ EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
30	Primary oil damper	in figures) _____ € (in words) _____ EURO	4	in figures) _____ € (in words) _____ EURO
31	Yaw damper	in figures) _____ € (in words) _____ EURO	4	in figures) _____ € (in words) _____ EURO
32	Air spring assembly	in figures) _____ € (in words) _____ EURO	4	in figures) _____ € (in words) _____ EURO
33	Life guard	in figures) _____ € (in words) _____ EURO	4	in figures) _____ € (in words) _____ EURO
34	Sanding device – set	in figures) _____ € (in words) _____ EURO	2	in figures) _____ € (in words) _____ EURO
35	Wheel flange lubrication - set	in figures) _____ € (in words) _____ EURO	2	in figures) _____ € (in words) _____ EURO
36	Traction motor blower motor assembly	in figures) _____ € (in words) _____ EURO	2	in figures) _____ € (in words) _____ EURO
37	Air filter element	in figures) _____ € (in words) _____ EURO	20	in figures) _____ € (in words) _____ EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
38	Main air compressor unit assembly	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
39	Air dryer	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
40	Auxiliary air compressor assembly	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
41	Main air pressure vessel	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
42	Pantograph	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
43	Pantograph contact strip	in figures)_____€ (in words)_____EURO	20	in figures)_____€ (in words)_____EURO
44	Vacuum circuit breaker	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
45	Earthing switch	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
46	Arrester	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
		(in words)_____EURO		(in words)_____EURO
47	Transformer	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
46	Traction Converter/Inverter unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
46	Auxiliary Converter unit	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
47	Battery charger unit	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
48	Brake control unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
50	Battery set	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
51	Driver cab air conditioning unit	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
52	Passenger compartment air conditioning unit	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
53	Passenger compartment air conditioning, compressor	in figures)_____€ (in words)_____EURO	6	in figures)_____€ (in words)_____EURO
54	Automatic front end coupler unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
55	Intermediate car - Coupler unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
56	Gangway below assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
57	Intermediate car - Sliding door assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
58	Exterior door assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
59	External door – Door pane unit	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
60	External door – operating unit	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
61	External door - Window	in figures)_____€ (in words)_____EURO	4	in figures)_____€ (in words)_____EURO
62	Single passenger seat assembly	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO
63	Double passenger seat assembly	in figures)_____€ (in words)_____EURO	10	in figures)_____€ (in words)_____EURO
64	Tip-up seat assembly	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO
65	Single seat cushion	in figures)_____€ (in words)_____EURO	20	in figures)_____€ (in words)_____EURO
66	Body side window pane (first floor)	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO
67	Body side window pane (upper floor)	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
68	Body side emergency exit window pane	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO
69	Vacuum toilet system assembly	in figures)_____€ (in words)_____EURO	3	in figures)_____€ (in words)_____EURO
70	Hand dryer device	in figures)_____€ (in words)_____EURO	5	in figures)_____€ (in words)_____EURO
71	Fresh water tank assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
72	Waste water tank assembly	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
73	Passenger compartment infotainment LED display	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
74	Passenger destination display	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
75	European Vital Computer (EVC) unit	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
76	Driver Machine Interface (DMI) unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
77	Juridical Register Unit (JRU)	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
78	Odometer Unit	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
79	Balise Transmission Module (BTM)	in figures)_____€ (in words)_____EURO	2	in figures)_____€ (in words)_____EURO
80	System Transmission Module (STM)	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO
81	Cab Radio Controller (GSM_R) unit	in figures)_____€ (in words)_____EURO	1	in figures)_____€ (in words)_____EURO

Column A	Column B	Column C	Column D	Column E
NN	Spare Part Description	Unit price	Quantity (for evaluation purposes only)	Total Price (Column C*Column D) (for evaluation purposes only)
82	Roof mounted antenna	in figures) _____ € (in words) _____ EURO	2	in figures) _____ € (in words) _____ EURO
83	Driver Control Panel and Handset	in figures) _____ € (in words) _____ EURO	1	in figures) _____ € (in words) _____ EURO
Total Evaluated Price ("TSP")*				(in figures) _____ € (in words) _____ EURO

2.3 Prices for Additional Spare Parts

[Note: to be completed by the parties after the Effective Date as per the provisions of Section 20.1 of the Agreement.]

Chapter 3: Maintenance Price

Note: this Chapter 3 below is only applicable to Supplier Maintained Fleet.

1. MAINTENANCE PRICES FOR SUPPLIER MAINTAINED FLEET

1.1 The total consideration for Maintenance (the "**Maintenance Price**") is comprised of all the following payments (subject to all the terms and conditions of the Agreement, including for the removal of doubt the Maintenance Chapter and this Payment Schedule):

1.1.1 The Mobilization Payment, determined by ISR as specified in Section 2 below.

1.1.2 The Price per Kilometer, to be quoted by Bidder as specified in Section 3 below.

1.1.3 Prices for Overhauls, to be quoted by Bidder as specified in Section ~~4 below~~4 below.

1.1.4 Prices for Excluded Maintenance Works, to be determined as specified in the Maintenance Chapter.

1.1.5 The Daily Rates for Escort, determined by ISR as specified in Chapter 2 above. The Daily Rates shall apply to Escort if and to the extent Supplier is entitled to under Section 5.9 of the Maintenance Chapter.

~~1.1.6~~ 1.1.6 The Depot Maintenance Fees determined by ISR as specified in Section ~~5 below~~5 below.

~~1.1.6~~ 1.1.6 The Maintenance Price (both the EURO portion and the NIS portion, as detailed in Chapter 6 below) shall be paid only to the Israeli Entity.

1.2 Bidders are referred to Section 19 of the Agreement and to the Maintenance Chapter for specific instructions applying to the Maintenance by Supplier of the Supplier Maintained Fleet.

1.3 Bidders are referred to Section 19 of the Agreement and to the Maintenance Depot Contract for specific instructions applying to the design-build and warranty of the Maintenance Depot by Supplier.

1.4 Bidder is only requested to quote in its Bid the following prices regarding Maintenance of the Supplier Maintained Fleet:

1.4.1 The Price per Kilometer applicable to the twenty four (24) ~~first~~ Units of IPO1 in Supplier Maintained Fleet, as specified in Section 3.~~1.2~~ 1.2 below (Table 2a).

1.4.2 The applicable discount to the Price per Kilometer ~~for each Unit if there are~~ above twenty four (24) Units and up to forty six (46) Units in Supplier Maintained Fleet, as specified in Section 3.~~1.3~~ 1.3 below (Table 2b).

- 1.4.3 The Prices for Overhauls as specified in Section [4 below](#)
~~below~~.
- 1.5 For clarification:
- 1.5.1 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 term of the Agreement.
- 1.5.2 Except as expressly specified in Section 19.1 of the Agreement, ISR does not make any representation and/or undertaking with respect to the number of Units that will be included in Supplier Maintained Fleet from time to time.
- 1.5.3 Any quantity specified by ISR for evaluation purposes shall not be construed to bind ISR for any purposes whatsoever (except for the purpose of evaluation of Bidder's Commercial Proposal for scoring purpose as specified in the Instructions to Bidders).
- 1.5.4 Overhauls are not subject to order by ISR and shall be performed by Supplier in accordance with the schedule submitted by Bidder in Section 4 below and the Maintenance Plans.

2. MOBILIZATION PAYMENT

Subject to all the terms and conditions of the Maintenance Chapter and of this Payment Schedule, the Israeli Entity shall be entitled to the payment by ISR of the amount specified in Table 1 below (the "**Mobilization Payment**").

Table 1: Mobilization Payment

Mobilization Payment (NIS)
15,000,000

3. PRICE PER KILOMETER

3.1 Price per Kilometer - quotation

3.1.1 Price per Kilometer – definition

Starting from the commencement of the Maintenance Period, ISR shall pay to the Israeli Entity the price per kilometer applicable to each type of Unit (Long Unit or Short Unit) for each kilometer traveled by such Unit, as specified in Table 2a below, subject to the discount ~~applicable to each Unit above twenty four (24) Units and up to forty six (46) Units in Supplier Maintained Fleet, as~~ specified in ~~Table 2b~~Section [3.1.2](#) below, subject further to the discounts applicable to the entire Supplier Maintained Fleet pursuant to Section [3.3](#)

~~below 3.3 below~~ (if applicable), and subject always to this Section 3 below (the "**Price per Kilometer**").

For the removal of doubt, it is hereby clarified that:

- (a) ~~the~~The Price Per Kilometer includes full consideration for any and all Maintenance services, except if and to the extent expressly specified otherwise in the Maintenance Chapter and/or in this Payment Schedule.
- (b) ~~the~~The Price Per Kilometer includes full consideration for all Maintenance services relating to Faults resulting from wear and tear, and the mere fact that a price is (or will be) specified in any table of the Payment Schedule shall not be construed to impose on ISR the obligation to pay such price for the Corrective Maintenance of such wear and tear related Fault.
- (c) ~~the~~The Price for Kilometer does not include payment for Overhauls.
- (d) The consideration for the Works included in the Depot Warranty (as defined in the Maintenance Depot Contract) is included in the Maintenance Depot Price in Chapter 3A below, and shall not be priced in the Price per Kilometer.
- (e) The consideration for Depot Maintenance is included in the Depot Maintenance Fees in Section 5 of Chapter 3 below, and shall not be priced in the Price per Kilometer.
- (f) The consideration for Comfort Element Repairs, if applicable, shall be determined in accordance with the Cost-Plus Mechanism (as defined in the Agreement) and shall not be priced in the Price per Kilometer.

3.1.2 Price per Kilometer – quotation for each Unit up to twenty four (24) Units in Supplier Maintained Fleet

Bidder is requested to quote in Table 2a below the Price per Kilometer applicable respectively to a Long Unit and to a Short Unit, for any Unit up to twenty four (24) Units in Supplier Maintained Fleet.

Table 2a: Price per Kilometer (up to 24 Units)

Price Per Kilometer (up to 24 Units)	
Price per Kilometer (Long Unit)	(in figures) _____ NIS
	(in words) _____ NIS
Price per Kilometer (Short Unit)	(in figures) _____ NIS
	(in words) _____ NIS

- 3.1.3 Price per Kilometer – ~~quotation for each Unit~~ discount if there are above twenty four (24) Units and up to forty six (46) Units in Supplier Maintained Fleet

The Price per Kilometer ~~for each~~ applicable to each type of Unit in the event that Supplier Maintained Fleet includes above twenty four (24) Units and up to forty six (46) Units in Supplier Maintained Fleet shall be determined as a weighted average by applying the discount rate in Table 2b below to the applicable Price per Kilometer specified in Table 2a above, in accordance with the formulas below:

Formula for Short Units:

$$\text{DPKS} = \frac{[6 * \text{PKS} + \text{QAS} * \text{PKS} * (1 - \text{AD})]}{(6 + \text{QAS})}$$

Where:

DPKS – Discounted Price per Kilometer for Short Units

QAS – Quantity of Short Units above 6 in Supplier Maintained Fleet

PKS – the Price per Kilometer for Short Units quoted in Table 2a above.

AD - the discount rate quoted in Table 2b below

Formula for Long Units:

$$\text{DPKL} = \frac{[18 * \text{PKL} + \text{QAL} * \text{PKL} * (1 - \text{AD})]}{(18 + \text{QAL})}$$

Where:

DPKL – Discounted Price per Kilometer for Long Units

QAL – Quantity of Long Units above 18 in Supplier Maintained Fleet

PKL – the Price per Kilometer for Long Units quoted in Table 2a above.

AD - the discount rate quoted in Table 2b below

Bidder shall quote in Table 2b below the discount rate to be applied to the applicable Price per Kilometer specified in Table 2a above in accordance with the formulas above.

Table 2b: Discount ~~Rate to the Price per Kilometer~~ (if there are above 24 Units and up to 46 Units in Supplier Maintained Fleet)

<u>AD - Discount rate applicable to the Price per Kilometer in Table 2a above (for each Unit above 24 Units and until 46 Units)</u>	
(in figures) _____	%
(in words) _____	percent

For clarification:

- the same discount rate **AD** shall apply to ~~the Price per Kilometer applicable~~ to Long Units and ~~to Short Units~~ in the formulas above.
- Irrespective of the changes that may occur in the composition and/or the size of Supplier Maintained Fleet, the Price per Kilometer applicable to any Unit shall never be higher than the applicable Price per Kilometer specified in Table 2a above.
- In the event that the size of Supplier Maintained Fleet shall be increased more than once, the discounted Prices per Kilometer shall be calculated each time again in accordance with the formulas above.
- ~~In the event that Supplier Maintained Fleet includes more than twenty four (24) Units, the Price per Kilometer specified in Table 2a above shall remain applicable to the first twenty four (24) Units and the discount rate in Table 2b above shall only apply to Units above twenty four (24) Units and until forty six (46) Units.~~
- ~~The Price per Kilometer in Table 2a above and the discount rate in Table 2b above are not linked to specific Units but only to the overall size of Supplier Maintained Fleet.~~
- ~~The twenty four (24) Units regarding which the Price per Kilometer in Table 2a above will be paid by ISR shall remain at all times eighteen (18) Long Units and six (6) Short Units, unless agreed otherwise by the Parties.~~

3.2 **Minimum Payment of the Price per Kilometer**

3.2.1 Commencing on the date of issuance by ISR of the Final Acceptance Certificate with respect to the last Unit in IPO1 (i.e. Unit 24), ISR undertakes to pay to the Israeli Entity for each Maintenance Year the Price for Kilometer in the minimum amounts as specified below (the "**Minimum Annual PPK Payment**"), irrespective of the number of kilometer actually travelled by the Units in Supplier Maintained Fleet during such Maintenance Year:

- (i) For a period of twenty four (24) months following the date of issuance by ISR of the Final

Acceptance Certificate for the last Unit in IPO~~each of the first and second Maintenance Year~~: NIS (excluding VAT).

[Note to Bidders: the Minimum Annual PPK Payment for Supplier Maintained Fleet in the first and second Maintenance Year shall be calculated and completed by ISR prior to execution of the Agreement, as the sum of the following amounts:

*i) the Price Per Kilometer (as stated in Table 2a above) applicable to Short Units ~~for multiplied by~~ six hundred sixty thousand (660,000) km (=6 Units*110,000 km); and*

*ii) the Price per Kilometer (as stated in Table 2a above) applicable to Long Units ~~multiplied by for~~ one million nine hundred eighty thousand (1,980,000) km (=18 Units*110,000 km).]*

- (ii) For each Maintenance Year, ~~commencing on the third Maintenance Year~~ thereafter (and pro rata for part of a Maintenance Year): NIS (excluding VAT).

[Note to Bidders: the Minimum Annual PPK Payment for Supplier Maintained Fleet in each Maintenance Year (commencing on the third ~~Maintenance~~ Year) shall be calculated and completed by ISR prior to execution of the Agreement, as the sum of the following amounts:

*i) the Price Per Kilometer (as stated in Table 2a above) applicable to Short Units ~~multiplied by for~~ seven hundred eighty thousand (780,000) km (=6 Units*130,000 km); and*

*ii) the Price per Kilometer (as stated in Table 2a above) applicable to Long Units ~~multiplied by for~~ two million three hundred forty thousand (2,340,000) km (=18 Units*130,000 km).]*

3.2.2 In the event that the size of Supplier Maintained Fleet or the number of Short and Long Units therein shall change, the amounts in Section 3.2.1 above shall be calculated again by ISR in accordance with the then applicable number of each type of Units and the then applicable Price per Kilometer (calculated as per Section 3.1.3 above) in order to reflect such changes in Supplier Maintained Fleet.

However, in the event that the number of Units in Supplier Maintained Fleet shall exceed twenty four (24) Units, the

number of km regarding which the Minimum Annual PPK Payment will be paid for such additional Units above twenty four (24) Units shall not be 110,000 km or 130,000 km per Unit (as applicable) as per Section 3.2.1 above, but as follows:

25-35 Units: 90,000 km per Unit

36-46 Units: 70,000 km per Unit.

~~3.2.23.2.3~~ In the event that during the Maintenance Period, the number of Units in Supplier Maintained Fleet shall be permanently modified in accordance with the provisions of the Agreement, the Parties shall discuss in good faith the implications on the Minimum Annual PPK Payment.

~~3.2.33.2.4~~ In the event that the Maintenance Period will be terminated for any reason whatsoever prior to the end of a Maintenance Year, the Minimum Annual PPK Payment shall be calculated pro-rata.

3.3 **Discount**

If during any Maintenance Year, the aggregate Price Per Kilometer to be paid by ISR to the Israeli Entity for travel of all Units in Supplier Maintenance Fleet shall exceed any of the following amounts, then during such Maintenance Year ISR shall be entitled to the corresponding discount to the Price per Kilometer specified in Table 2a above, as detailed below.

3.3.1 Above **X** NIS and until **Y** NIS: a discount of twelve percent (12%).

3.3.2 Above **Y** NIS: a discount of seventeen percent (17%).

Where:

X shall be calculated as the sum of the following amounts (i) and (ii):
[Note to Bidders: this amount X shall be calculated and completed by ISR prior to execution of the Agreement]—as the sum of the following amounts:

(i) the payment for the Price Per Kilometer (as stated in Table 2a below) applicable to Short Units ~~for aggregated travel of multiplied by~~ 1,050,000 km (6 ~~Units*175,000~~140,000 km); plus

(ii) the payment for the Price per Kilometer (as stated in Table 2a above) applicable to Long Units ~~for aggregated travel of multiplied by~~ 3,150,000 km (18 ~~Units*175,000~~140,000 km-)].

Y shall be calculated as the sum of the following amounts (i) and (ii):
[Note to Bidders: this amount shall be calculated and completed by ISR prior to execution of the Agreement,—as the sum of the following amounts:]

(i) the payment for the Price Per Kilometer (as stated in Table 2a below) applicable to Short Units ~~for aggregated travel of multiplied by~~ 1,200,000 km (6 ~~Units*200,000~~ km); plus

(ii) the payment for the Price per Kilometer (as stated in Table

2a above) applicable to Long Units ~~for aggregated travel~~
~~of multiplied by~~ 3,600,000 km (18 Units*200,000 km).]

For clarification:

- (i) each discount in this Section 3.3 shall only apply to the portion of the payment above the applicable amount entitling to such discount; ~~and.~~
- (ii) the discount rates in this Section 3.3 and the discount applicable pursuant to Section 3.1.3 above are cumulative. The discount rates to the Price per Kilometer in Section 3.1.3 above shall apply first and thereafter the discounts as per this Section 3.3 shall be calculated.
- (iii) In the event that the size of Supplier Maintained Fleet shall exceed twenty four (24) Units, the amounts X and Y entitling ISR to the discounts as per Section 3.3 above shall be calculated again by ISR in accordance with the then applicable number of each type of Unit and the then applicable Price per Kilometer (calculated as per Section 3.1.3 above) in order to reflect such changes in Supplier Maintained Fleet.

3.4 Travel not entitling to payment.

3.4.1 Section 3 above notwithstanding, Supplier shall not be entitled to the payment of the Price Per Kilometer for kilometers travelled by any Unit in any of the following circumstances:

- (i) Travel for Corrective Maintenance purposes, not in accordance with ISR's train time schedule; and/or
- (ii) Travel as a result of any failure of Supplier.
- (iii) For the removal of doubt, travel for the purpose of repairs of Faults attributable to Supplier between the date of Final Acceptance and the date of issuance of the Fault Free Service Running Certificate with respect to such Unit.

3.4.2 In any of the circumstances described in Section 3.4.1 above ~~3.4.1 above~~:

- (i) The Minimum Annual PPK Payment shall be reduced by an amount equal to the Price Per Kilometer applicable to the Unit (Long Unit or Short Unit) that has traveled in such circumstance, multiplied by the number of kilometer regarding which no payment applies as per the above; and
- (ii) Supplier shall pay to ISR the amount of 5,000 NIS (excluding VAT) per travel (such amount to be paid and adjusted in accordance with Section 23.7

of the Agreement).

3.5 Unavailable Units

Section 3 above notwithstanding, if any Units are unavailable for revenue service as a result of any of the exclusions specified in this Section below, then without derogating from any provision of the Agreement, the Minimum Annual PPK Payment shall be reduced pro-rata on a daily basis in accordance with the duration of the unavailability period, as follows:

- 3.5.1 Accident and/or vandalism and/or natural disasters: the Minimum Annual PPK Payment shall be reduced for a period agreed between the Parties in advance and in writing for the performance of the Corrective Maintenance, by an amount to be calculated as follows:

$$DR = [(PPK / (312 * NUM)) * DA] / 3$$

Where:

DR – reduction for each day of unavailability of a Unit

PPK – The Minimum Annual PPK Payment

NUM – number of Units in Supplier Maintained Fleet

DA – number of days of unavailability of the Unit

Section ~~3.5.2 below~~ shall apply to any additional period of unavailability above the period agreed by the Parties.

- 3.5.2 Any reason attributable to Supplier (including but without limitation delays in the Maintenance, a Fault attributable to Supplier, etc.): the Minimum Annual PPK Payment shall be reduced by an amount to be calculated as follows:

$$DR = [(PPK / (312 * NUM)) * DA]$$

Where the terms of the formula shall be as defined in Section 3.5.1 above.

For clarification, reasons attributable to Supplier include *inter alia* (i) non availability of a Unit for the purpose of repairs of Faults between the date of Final Acceptance and the date of issuance of the Fault Free Service Running Certificate with respect to such Unit; (ii) non availability of a Unit beyond the period agreed in advance and in writing with ISR for the performance of any Maintenance in accordance with the Maintenance Plans, and/or (iii) unavailability of a Unit caused by a Fault resulting from any act or omission of Supplier.

For the removal of doubt, the reduction of the Minimum Annual PPK Payment as per the above shall be in addition to any other right or remedy to which ISR may be entitled under Applicable Law and/or the Agreement.

- 3.5.3 *Force Majeure*: in the event that Supplier is prevented from performing the Maintenance due to a Force Majeure event as described in the Agreement, Section ~~3.5.2 above~~

shall apply.

3.5.4 For the removal of doubt it is hereby clarified that the provisions of this Section 3.5 shall not derogate from any provisions of the Maintenance Regime in Annex 10 of the Maintenance Chapter.

3.6 **Adjustment**

The Minimum Annual PPK Payment and the amount in Section ~~3.3 above~~ shall be indexed once each Maintenance Year, in accordance with the Indexation Linkage Mechanism applicable to the Price per Kilometer in Chapter 5 below (except that the updated indices shall be the last indices known on the first day of such Maintenance Year).

4. **THE PRICES FOR OVERHAULS**

4.1 Bidder is requested to quote in Tables 3 (for Long Units) and 4 (for Short Units) in Annex 1 to this Chapter 3 (i) all different types of Overhauls that will be applicable in the course of the initial Maintenance Period and in the course of any extended Maintenance Period (as specified in Section 19.2.2 of the Agreement); (ii) the price of each such Overhaul for one (1) Unit (the "**Price for Overhauls**"); and (iii) all types of Overhauls in each interval of 175,000 km of travel of one (1) Unit.

4.2 For the removal of doubt (i) the Price per Kilometer includes the price for all overhauls that are not included within the definition of Overhaul in the Maintenance Chapter; and (ii) the consideration for Comfort Element Repairs, if applicable, shall be determined in accordance with the Cost-Plus Mechanism (as defined in the Agreement) and shall not be priced in the Price for Overhauls.

4.3 Bidder is requested to submit Tables 3 and 4 in Excel format.

5. **DEPOT MAINTENANCE FEES**

Commencing on the ~~date of Completion (as defined in the Maintenance Depot Contract) of the Maintenance Depot, and for each Maintenance Year, date of issuance by ISR of the End of Depot Warranty Certificate,~~ Supplier shall be entitled to the payment by ISR of Depot maintenance fees as specified ~~in Table 5~~ below, for cleaning, guarding and maintenance of the Maintenance Depot and the Maintenance Site in accordance with the provisions of Section 19.5 of the Agreement, and subject to all the terms and conditions of the Maintenance Chapter and of this Payment Schedule (the "**Depot Maintenance Fees**").

The ~~annual~~ amount of the Depot Maintenance Fees for each Maintenance Year after the date of issuance by ISR of the End of Depot Warranty Certificate as per the above shall be equal to one point two percent (1.2%) of the Maintenance Depot ~~Maintenance~~ Price specified in Chapter 3A below.

For the removal of doubt:

(i) The Depot Maintenance Fees to which Supplier shall be entitled for the period between the date of issuance by ISR of the End of Depot Warranty

~~Certificate, Completion of the Maintenance Depot~~ and the commencement of the first subsequent Maintenance Year shall be calculated pro-rata;

- (ii) The Depot Maintenance Fees includes full consideration for cleaning, guarding and maintenance of the Maintenance Depot and the Maintenance Site, including but without limitation maintenance, purchase, repair and/or replacement of the Depot Equipment.
- (iii) For clarification, all Works and parts priced under the Depot Maintenance Fees as per the above shall not be priced again in the Price per Kilometer and/or in the Maintenance Depot Price and/or in any other price or fee in this Payment Schedule.

Annex 1 to Chapter 3

Tables 3 and 4

[Note: attached separately in Excel format]



Copy of Tables 3 and
4.xlsx

Chapter 3A: Maintenance Depot Price

1. Bidder is hereby referred to the Maintenance Depot Contract with respect to Supplier's obligations regarding the design-build and warranty of the Maintenance Depot.
2. Bidder is requested to quote in Table 1 below the total price to be paid by ISR for performance by Supplier of all of its obligations under the Maintenance Depot Contract (the "**Maintenance Depot Price**").

Maintenance Depot Price	
(in figures) _____	NIS
(in words) _____	NIS

3. For the removal of doubt:
 - 3.1 The Maintenance Depot Price includes consideration for all Works to be conducted by Supplier for the design-build of the Maintenance Depot on the Depot Site, for Depot Warranty and for supply of the initial Depot Equipment, as required for Maintenance by Supplier in the Maintenance Depot.
 - 3.2 Except with respect to Works included in the Depot Warranty, the consideration for maintenance, repair and replacement of the Depot Equipment is included in the Depot Maintenance Fees in Section 5 of Chapter 3 above, and shall not be priced in the Maintenance Depot ~~Maintenance~~ Price.

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 Entity (Portion B) shall be as specified by Bidder in Table 1 of Chapter 6 below and shall be applicable to any and all payments made pursuant to any given Purchase Order.

Table 1: Types of Portions

Type of Portion	Payment relating to:	Payee	Currency of Payment
Portion A	Works to be performed and materials to be supplied by Supplier.	Supplier	EURO
Portion B	Works to be performed and materials to be supplied by the Israeli Entity	Israeli Entity	NIS

- 1.2. Supplier or the Israeli Entity, 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. Commencing on the second anniversary of 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. 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 ~~22~~ below).

2. Milestones for Payments

2.1. Payment by ISR to the Supplier and/or to the Israeli Entity of the consideration for ~~any each~~ 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 twenty percent (20%) of the entire consideration to be paid by ISR for all Units ordered under the relevant Purchase Order (the "**Down Payment**") shall be paid by ISR within sixty (60) days from the date of issuance of such Purchase Order, subject to Section ~~3.1 below~~3.1 below.

[Note: for example, with respect to IPO1, the Down Payment shall amount to twenty percent (20%) of the entire consideration to be paid by ISR for all Units ordered under IPO1.]

2.1.1A With respect to IPO1 only: Supplier shall be entitled to a first payment amounting to ten percent (10%) of the entire consideration for all Units under IPO1 upon the issuance by ISR of the Certificate of Completion of Design Freeze - as further detailed in Section 9.6 of the Technical Specifications (the "**First Payment**"). The First Payment shall be paid by ISR within sixty (60) days from the date of submittal of invoice therefor, subject to Section 3.1A 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 Completion of Body Shell (the "**Second Payment**"). The Second Payment shall be paid within sixty (60) days from the date of submittal of invoice therefor, subject to Section 3.2 below.

However, with respect to IPO1 only, the Second Payment shall amount to twenty percent (20%) of the Unit Price to be paid by ISR for each Unit in IPO1.

~~2.1.1.~~2.1.3. Supplier shall be entitled to a third payment amounting to twenty five percent (25%) of the Unit Price of each Unit upon the issuance by ISR of the Certificate of Completion of Factory Tests (the "**Third Payment**"). The Third Payment shall be paid within sixty (60) days from the date of submittal of invoice therefor, subject to Section ~~3.3 below~~3.3 below.

~~2.1.2.~~2.1.4. Supplier shall be entitled to twenty percent (20%) of the Unit Price of each Unit (the "**Fourth Payment**") upon issuance by ISR of the relevant Final Acceptance Certificate for such Unit. The Fourth Payment shall be paid within sixty (60) days from the date of submittal of invoice therefor, subject to Section ~~3.4 below~~3.4 below.

~~2.1.3.2.1.5.~~ Supplier shall be entitled to the balance of five percent (5%) of the Unit Price of each Unit (the “**Final Payment**”) upon issuance by ISR of the relevant Fault Free Service Running Certificate for such Unit. The Final Payment shall be paid within sixty (60) days from the date of submittal of invoice therefor, subject to Section ~~3.5 below~~**3.5 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.

2.2. The following provisions shall apply to any and all payment to be made by ISR to Supplier:

2.2.1. All payments shall be subject to ISR holding all updated and valid Guarantees required to be furnished by Supplier to ISR in accordance with Section 25 of the Agreement (whether or not such Guarantees are connected to the payment to be made).

2.2.2. All payment shall be subject to ISR holding a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 29 of the Agreement.

3. Documentation and Guarantees

Without derogating from any provisions of the Agreement, all payments by ISR under the Agreement are subject to Supplier and the Israeli Entity submitting to ISR sixty (60) days prior to the due date for any payment any and all documents and Guarantees as required in accordance with the Agreement and the provisions of this Chapter 4. In case of any missing or incomplete document and/or Guarantee, ISR shall be entitled to delay the applicable payments until sixty (60) days after 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 Entity, as applicable, at least sixty (60) 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 and the Representative Exchange Rate (if applicable)).

3.1.2 Calculation of the adjustment of the consideration for the relevant Purchase Order (if applicable), and any relevant documentation, all as specified in 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 25.5 of the Agreement; and (ii) the Basic Performance Guarantee in the form set out in **Attachment G** to the Agreement and in accordance with Section 25.2 of the Agreement.

3.1A First Payment

As a condition for the payment by ISR of the First Payment in IPO1 only, all the following original documents must be submitted by Supplier and/or the Israeli Entity, as applicable, at least sixty (60) 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 and the Representative Exchange Rate (if applicable)).

3.1.4 Certificate of Completion of Design Freeze in the form attached as Attachment D0 to the Agreement, signed by ISR.

3.2.2 Payment Guarantee in the form set out in **Attachment G** to the Agreement in an amount equal to the amount of the First Payment.

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 Entity, as applicable, at least sixty (60) days prior to the due date for such payment:

~~3.2.1~~ 3.2.3 Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Second Payment and the Representative Exchange Rate (if applicable)).

~~3.1.4~~ 3.1.5 Certificate of Completion of Body Shell for such Unit, signed by ISR.

~~3.2.2~~ 3.2.4 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 Supplier has furnished to ISR the illustrated Spare Parts catalogue as per Section 20.1 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 Entity, as applicable, at least sixty (60) 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 and the Representative Exchange Rate (if applicable)).

3.3.2. Certificate of Completion of Factory Tests 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.

3.4. Fourth Payment

As a condition for the payment by ISR of the Fourth Payment for each Unit, all the following original documents must be submitted by Supplier and/or the Israeli Entity, as applicable, at least sixty (60) 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 Fourth Payment and the Representative Exchange Rate (if applicable)).

3.4.2. Final Acceptance Certificate for such Unit, signed by ISR.

3.4.3. With respect to the first Unit only:

3.4.3.1. Maintenance Guarantee in the form set out in Attachment G to the Agreement.

3.4.3.2. If not submitted previously: Maintenance Depot Guarantee (subject to the provisions of Section 25.7 of the Agreement)

Anything in the foregoing notwithstanding, it is hereby clarified that ISR shall not pay the Fourth Payment until Supplier has furnished to ISR (i) the IETM; ~~and~~ (ii) the 'permission for operation' as per Section 13.8 of the Agreement; and (iii) the illustrated Spare Parts catalogue as per Section 20.1 of the Agreement.

3.5. 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 Entity, as applicable, at least sixty (60) days prior to the due date for such payment:

3.5.1. Invoices specifying the amounts of each Portion (including the applicable adjustment thereon to be paid in the Final Payment and the Representative Exchange Rate (if applicable)).

3.5.2. Fault Free Service Running Certificate for such Unit, signed by ISR.

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; and
 - 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 Fourth and/or the Final Payment for such Unit until clarification thereof.

B. Payment for Daily Rates

5. The payment of the Daily 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.
6. 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 the Israeli Entity, as applicable, at least sixty (60) days prior to the due date for such payment:
 - 6.1. Invoice specifying the amount of the Daily Rates and the applicable adjustment thereon. The applicable adjustment shall be paid with each such payment.
 - 6.2. Calculation of the adjustment and any relevant documentation as specified in Chapter 5 below.

C. Payments for Spare Parts purchased by ISR

7. The payment of the consideration for Spare Parts purchased by ISR (excluding for the removal of doubt Spare Parts for Warranty and Maintenance that Supplier must purchase at its own cost and responsibility, and other Spare Parts to be supplied by Supplier without additional consideration) shall be made on a per-order basis, subject to effective delivery thereof to ISR by Supplier, within sixty (60) days from the date of submission by Supplier of the relevant invoice.
8. As a condition for such payment by ISR, all the following original documents must be submitted by Supplier, at least sixty (60) days prior to the due date for such payment:
 - 8.1. 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.
 - 8.2. Calculation of the adjustment and any relevant documentation as specified in Chapter 5 below.
 - 8.3. Importation Documents as Specified in Section 4 above.

D. Payment of the Mobilization Payment

9. ISR shall pay the Mobilization Payment in three (3) installments within sixty (60) days from the end of the month during which the relevant invoice was submitted by the Israeli Entity:
 - 9.1. first installment: twenty percent (20%) of the Mobilization Payment. The invoice for such installment shall be submitted upon the date of appointment of the first Maintenance Site Manager, as specified in Section 2.2.5 of the Maintenance Chapter.
 - 9.2. second installment: forty percent (40%) of the Mobilization Payment. The invoice for such installment shall be submitted six (6) months prior to the scheduled date for the Final Acceptance of the first Unit under IPO1, as specified in **Attachment B** to the Agreement (or, without derogating from any other rights of ISR under the Agreement, if it was known in advance that such date is delayed, then six (6) months prior to the delayed date).
 - 9.3. third installment: forty percent (40%) of the Mobilization Payment. The invoice for such installment shall be submitted upon or after the commencement of the Maintenance Period.
10. Anything in the foregoing notwithstanding, any payment of the Mobilization Payment shall be subject to:
 - 10.1. The provisions of Section 4.2.2 of the Maintenance Chapter; and
 - 10.2. ISR holding (i) a Payment Guarantee for all payments; and (ii) a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 29 of the Agreement.

E. Payment of the Price Per Kilometer

11. ISR shall pay the Price Per Kilometer, including the applicable adjustment as

specified in Chapter 5 below, in monthly installments, within sixty (60) days from the end of the month during which the invoice was submitted by the Israeli Entity.

12. As a condition for the payment by ISR of the Price Per Kilometer, all the following original documents and data must be submitted by the Israeli Entity together with the invoice.

12.1. The total monthly amount payable by ISR (expressed in NIS) based on the applicable Price Per Kilometer (for long Unit or Short Unit, as applicable) multiplied by the number of kilometers travelled by each Unit in Supplier Maintained Fleet during the relevant month, the applicable discount(s) (if any) under Section 3.1.3 and/or 3.3 of Chapter 3 above, and the applicable adjustment. Deduction of the kilometers travelled and regarding which no payment is due by ISR pursuant to Section 3 in Chapter 3 above, shall be made once in a calendar quarter as per Section 12.4 below.

12.2. Invoices specifying the amounts of the portions of the Price per Kilometer to be paid in NIS and in EURO in accordance with the percentage specified in Section II in Chapter 6 below.

~~12.2.~~12.3. Calculation of the adjustment of the NIS and the EURO portion of the Price per Kilometer and any relevant documentation as specified in Chapter 5 below. The applicable adjustments shall be paid with each such monthly payment.

~~12.3.~~12.4. In addition, a document with the following data shall be attached to the first invoice submitted after the end of each calendar quarter,:

~~12.3.1.~~12.4.1. Number of kilometers traveled by each Unit during such calendar quarter;

~~12.3.2.~~12.4.2. Number of kilometers traveled by each Unit during such calendar quarter, and regarding which no payment is due pursuant to Section 3.4 in Chapter 3 above.

The Israeli Entity shall deduct from the amount invoiced for the relevant month regarding which the invoice is submitted during such calendar quarter, all amounts paid by ISR during such calendar quarter for kilometers travelled and regarding which no payment is due pursuant to Section 3 in Chapter 3 above. In the event that for any reason the amounts to be deducted as per the above shall exceed the amounts to be paid by ISR under such invoice, Supplier and/or the Israeli Entity shall reimburse the difference to ISR.

~~12.4.~~12.5. If (i) the invoice is submitted with respect to the last calendar month of a Maintenance Year; and (ii) the average number of kilometer travelled by a Unit during such Maintenance Year (calculated as per Section 3 in Chapter 3 above) and regarding which the Price Per Kilometer is due did not reach the Minimum Annual PPK Payment (as may have been reduced pursuant to Sections 3.4 and/or ~~3.53.5~~ in Chapter 3 above), then the

calculation of the additional amount to be paid by ISR in order to reach the Minimum Annual PPK Payment shall be submitted with the invoice.

13. Anything in the foregoing notwithstanding, any payment of the Price Per Kilometer with respect to any Unit shall be subject to ISR holding (i) Performance and Warranty Guarantee; (ii) Maintenance Guarantee; (iii) Maintenance Depot Guarantee and End of Service Warranty Guarantee (to the extent ISR is entitled thereto under the Agreement); and (iv) a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 29 of the Agreement.

F. All Other Payments by ISR under the Maintenance Price

14. Any other payment included in the Maintenance Price shall be made on a per-order basis (or, with respect to Overhauls, on a "per Overhaul" basis), within sixty (60) days from the end of the month during which the relevant invoice was submitted by Supplier.
15. 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 the Israeli Entity as part of the invoice:

15.1. Invoice specifying the total amount (expressed in NIS) of the payment, the applicable adjustment thereon and the Representative Exchange Rate (if applicable).

In addition, with respect to the Price for Overhauls only, the invoices shall also specify the amounts of the portions of the Price per Kilometer to be paid in NIS and in EURO in accordance with the percentage specified in Section II in chapter 6 below.

~~15.1.~~

15.2. Certificate countersigned by ISR and evidencing the completion of the Maintenance services which are the subject matter of the invoice.

15.3. Calculation of the adjustment (to the extent such price is subject to adjustment) (including, with respect to the Prices for Overhauls, calculation for both the EURO and the NIS portions) and any relevant documentation as specified in Chapter 5 below.

Anything in the foregoing notwithstanding, any payment shall be subject to ISR holding (i) any Guarantee ISR is entitled to under the Agreement; and (ii) a valid insurance certificate for the then current calendar year in accordance with the provisions of Section 29 of the Agreement.

G. Payment of the Maintenance Depot Price

16. ISR shall pay the Maintenance Depot Price, including the applicable adjustment as specified in Chapter 5 below, in accordance with the ~~Payment-Depot~~ Milestones specified in Annex 3 to the Maintenance Depot Contract, within sixty (60) days from the end of the month during which the invoice was

submitted by the Israeli Entity.

17. Payment of the Maintenance Depot Price shall be made by ISR to the Israeli Entity as follows:

17.1. Payment of the Depot Advance Payment, as further specified in, and subject to all the conditions of, Section 54 of the Maintenance Depot Contract. The Depot Advance Payment shall be reimbursed by Supplier to ISR through deduction from any and all payment for completion of Depot Milestones due by ISR to Supplier, until full reimbursement of the Depot Advance Payment. For clarification, such deduction shall be made as follows: base amounts (i.e. the applicable portion of the Depot Advance Payment calculated as ~~five-ten~~ percent (~~510~~%) of the Maintenance Depot Price (before indexation of the Maintenance Depot Price as per Chapter 5 below) shall be deducted from base amounts (i.e. the amounts to be paid by ISR to Supplier before indexation as per Chapter 5).

17.2. Payment for completion of each Depot Milestone in accordance with the applicable percentage specified in Annex 3 to the Maintenance Depot Contract. For clarification, the following amounts shall be deducted from each such payment: (i) the applicable amount of the Depot Advance Payment as per Section 17.1 above; and (ii) five percent (5%) of such payment, as further detailed in Section 53.1.1 of the Maintenance Depot Contract.

17.3. After issuance of the Completion Certificate: payment of the remaining five percent (5%) of the Maintenance Depot Price deducted as per Section 17.2(ii) above.

18. As a condition for payment by ISR of any payment under the Maintenance Depot Contract, all the following original documents and data must be submitted by the Israeli Entity together with the invoice, at least sixty (60) days prior to the due date for such payment.

- The total amount payable by ISR (expressed in NIS) based on the applicable percentage of the Maintenance Depot Price to be paid (i) under the Depot Advance Payment; or (ii) for the completion of such Depot Milestone, as applicable, and the applicable adjustment thereon.
- Calculation of the adjustment and any relevant documentation as specified in Chapter 5 below. The applicable adjustment shall be paid with each payment.
- Certificate of completion of the applicable Depot Milestone, signed by ISR (except for the payment of the Depot Advance Payment).
- For the Depot Advance Payment only: (i) Depot Advance Guarantee; and (ii) Depot Performance Guarantee.
- For all Depot Milestones except the last one: Payment Guarantee in the form set out in Attachment G to the Agreement, in an amount equal to the amount of the payment for completion of the applicable Depot Milestone.

- For the last Depot Milestone only: (i) Depot Warranty Guarantee; and (ii) Maintenance Depot Guarantee.
19. Anything in the foregoing notwithstanding, any payment of the Maintenance Depot Price shall be subject to ISR holding (i) all Guarantees to be furnished by Supplier under the Agreement; (ii) all monthly reports detailing the performance of the Works in accordance with the Detailed Schedule attached to the Maintenance Depot Contract and any deviation and/or expected deviation therefrom, timely submitted as further detailed in the Engineering Chapter and duly approved by ISR's Project Manager of the Maintenance Depot Contract; and (iii) a valid insurance certificate for the then current calendar year in accordance with the provisions of the Maintenance Depot Contract.

H. Payments to the Israeli Entity

20. For the removal of doubt, in addition to all documents required as a condition to payment by ISR as further detailed in this Chapter 4 above, all payments to the Israeli Entity shall be subject to timely submission to ISR of all the documents specified in Section 23 of the Agreement.
- ~~20.~~
21. Supplier undertakes that the Israeli Entity will timely submit any and all data and documents required under this Chapter 4 for the payment by ISR of all amounts that has become due for payment to the Israeli Entity under the Agreement. For the removal of doubt, Supplier hereby irrevocably and unconditionally waives any and all claims and cause of action against ISR in connection with payments not timely paid by ISR as a result of any act or omission by the Israeli Entity.

I. Methods of payment

22. All payments under this Agreement shall be made by means of a bank transfer to Supplier's bank account or to the Israeli Entity's bank account, as applicable.
23. The details of the relevant accounts shall be specified by Supplier and/or the Israeli Entity 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.]

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 Entity's Bank Account Form**PART A – Israeli Branch's Bank Details***[to be signed by the Israeli Entity's authorized signatories]:*

We the undersigned, _____ [Israeli Entity'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 in Israel 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 Entity] 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 Entity] articles of association.

Signature and stamp: _____

Bank Account Form**PART B – Certificate of Authorization***[alternative authorization: to be completed by the Israeli entity's bank]:*

We, the undersigned _____ [Bank] hereby declare that as of _____ [date of Israeli Entity's signature on Part A above] the _____ [Israeli Entity] is the registered owner of the above mentioned account and certify that Part A above has been signed by the Israeli Entity'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 Mechanisms

Section 23.5 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, by completing the tables below.

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 Provisions

1.1 Bidder may submit only one specific indexation linkage mechanism regarding respectively (i) Portion A and the Spare Parts; (ii) Portion B, certain Maintenance prices and the Daily Rates; and (iii) The Maintenance Depot Price.

1.2 Upon issuance of (i) the first invoice with respect to IPO2, IPO3 and any Additional Purchase Order, and (ii) any invoice with respect to other Prices, Supplier shall provide ISR with a detailed calculation of the relevant adjustment, in accordance with the applicable Indexation Linkage Mechanism (if applicable). Supplier shall attach to such invoice any relevant publications evidencing the last (most recent) published indices used in the calculation of the adjustment.

2. Indexation of the Unit Prices

2.1 The Unit 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.

2.2 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 Indexation Linkage Mechanism relating to Portion A and Portion B of the Unit Prices specified in Chapter 1 above shall be as follows:

Table 1 – Unit Price Indexation Linkage Mechanism				
Items	Payment relating to:	Payee	Currency	Indexation formula
Portion A	Works to be performed and materials to be supplied by Supplier.	Supplier	EURO	Section below 3
Portion B	Works to be performed and materials to be supplied by the Israeli Entity.	Israeli Entity	NIS	Section <u>below4</u> <u>below</u> 4

3. Indexation Linkage Mechanism applying to Portion A

3.1 This Indexation Linkage Mechanism may include some or all of the indices specified in Sections ~~3.1.13-1.4~~, 3.1.2, ~~3.1.33-1.3~~ and ~~3.1.4 below~~~~3.1.4 below~~ and may include a non-linked portion specified in Section ~~3.1.53-1.5~~ below:

3.1.1 **Raw Material:** EU Steel cost index – the 'Euro area 27 countries - Manufacture of basic iron and steel and of ferro-alloys index', series key: C241 as published by Eurostat at the website:

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_in_pp_m.

The coefficient allocated to the raw material index shall not exceed thirty percent (30%).

3.1.2 **Railway Index:** EU railway locomotives and rolling stock index – the 'European Union (27 countries) Manufacture of railway locomotives and rolling stock', series key: C302 as published by Eurostat at the website:

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sts_in_pp_m.

The coefficient allocated to the railway index shall not exceed sixty percent (60%).

3.1.3 **Labor:** ~~EURO area (17 countries) – Labor cost index by NACE Rev. 2 activity – nominal value, quarterly data, Seasonally and calendar adjusted data, Classification of economic activities – Transportation and storage, Labor cost structure – Labor cost for LCI (compensation of employees plus taxes minus subsidies), as published by the Eurostat at the website: [http://ec.europa.eu/eurostat/en/web/products-datasets/-/LC_LCI_R2_QEURO-area-17-\(fixed-composition\)-Unit-Labor-Costs,Deflator,ECU/EURO,working-day-and-seasonally-adjusted,Index',series=key:ESA.Q.I6.Y.1000.UNLACO.0000.TTTT.D.U.I](http://ec.europa.eu/eurostat/en/web/products-datasets/-/LC_LCI_R2_QEURO-area-17-(fixed-composition)-Unit-Labor-Costs,Deflator,ECU/EURO,working-day-and-seasonally-adjusted,Index), as published by the European Central Bank at the website: <http://sdw.ecb.europa.eu>.~~

~~The coefficient allocated to this labor index shall not exceed sixty percent (60%).~~

3.1.4 **Consumer Price Index:** EURO area (changing composition) - HICP - Overall index, Monthly Index, Eurostat, Neither seasonally nor working day adjusted', series key: ICP.M.U2.N.000000.4.INX, as published by the European Central Bank at the website: <http://sdw.ecb.europa.eu>.

The coefficient allocated to this index shall not exceed one hundred percent (100%).

3.1.5 **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%.

- 3.2 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.
- 3.3 The updated indices applying to the adjustment of Portion A for each payment by ISR to Supplier under IPO2, IPO and any given Additional Purchase Order shall be the latest published indices known upon the date of issuance by ISR of IPO2, IPO3 or such Additional Purchase Order, as applicable.
- 3.4 It is hereby clarified that Portion A shall be adjusted once, and only once, upon the date of issuance of IPO2, IPO3 or the relevant Additional Purchase Order, as applicable, and shall not be further adjusted thereafter.
- 3.5 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		Coefficient (percent)
Raw Material Index (Section 4.1.1 above)		(in figures) _____ % (in words) _____ percent
Railway Index (Section <u>3.1.2</u> <u>above3.1.2</u> <u>above</u>)		(in figures) _____ % (in words) _____ percent
Labor Index (Section <u>3.1.4</u> <u>above3.1.4</u> <u>above</u>)		(in figures) _____ % (in words) _____ percent
HICP (Section <u>3.1.4</u> <u>above3.1.4</u> <u>above</u>)		(in figures) _____ % (in words) _____ percent
Non- Linked		(in figures) _____ %

	(in words) _____ percent
TOTAL	100%

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

- 4.1 This Indexation Linkage Mechanism may include only the General Consumer Price Index as published by the Israeli Central Bureau of Statistics ("CPI"). Bidder may also include in this Indexation Linkage Mechanism a portion of the price that shall not be linked (such non-linked portion shall not exceed ten percent (10%)).
- 4.2 The base CPI shall be the latest published CPI known upon the second anniversary of the Submission Date.
- 4.3 The updated CPI for each payment by ISR to Supplier under IPO2, IPO3 or any given Additional Purchase Order shall be the latest published CPI known upon the date of issuance by ISR of IPO2, IPO3 or such Additional Purchase Order (as applicable).
- 4.4 It is hereby clarified that Portion B shall be adjusted once, and only once, upon the date of issuance of IPO2, IPO3 or the relevant Additional Purchase Order, as applicable, and shall not be further adjusted thereafter.
- 4.5 Portion B shall be converted into NIS in accordance with the Representative Exchange Rate specified in Chapter 6 below.
- 4.6 Bidder is requested to propose the coefficients applicable to the CPI and to the non-linked portion for the indexation of Portion B in the following table:

Table 3 – Proposed Unit Price Linkage Mechanism for Portion B	
Index	Coefficient (percent)
CPI (Section <u>4.1 above</u> <u>4.1 above</u>)	(in figures) _____ % (in words) _____ percent
Non- Linked	(in figures) _____ % (in words) _____ percent
TOTAL	100%

5. **Indexation Linkage Mechanism applying to Daily Rates**

- 5.1 The Indexation Linkage Mechanisms applicable to Portion B shall apply to the adjustment of the Daily Rates.
- 5.2 Starting from the second anniversary of the Submission Date, the Daily

Rates shall be adjusted once (and only once) every twelve (12) months on the anniversary of the Submission Date, and shall not be adjusted further during the next twelve (12) months.

5.3 The base index of the specific indexation linkage mechanism for the Daily Rates shall be the last index known on the second anniversary of the Submission Date.

5.4 The updated index applying to the adjustment of the Daily Rates shall be the last index known on each subsequent anniversary of the Submission Date.

6. **Indexation Linkage Mechanism applying to the Spare Parts prices**

6.1 The Indexation Linkage Mechanism applicable to Portion A shall apply to the adjustment of the Spare Parts prices in Chapter 2 above.

6.2 The base indices applying to the adjustment of the Spare Parts prices shall be the latest published indices known upon the date of submission by Supplier of the Spare Parts prices as per Section 20.1 of the Agreement.

6.3 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 any order for such Spare Parts.

7. **Indexation Linkage Mechanism applying to certain Maintenance prices**

7.1 The Indexation Linkage Mechanism applicable to Portion B shall apply to the adjustment of the Mobilization Payment, the NIS portion of the Price Per Kilometer, the NIS portion of the Prices for Overhauls, and the Depot Maintenance Fees (in this Section 7 below, the 'Maintenance prices').

The Indexation Linkage Mechanism applicable to Portion A shall apply to the adjustment of the EURO portion of the Price Per Kilometer and of the EURO portion of the Prices for Overhauls.

~~7.1~~

7.2 Mobilization Payment:

7.2.1 The Mobilization Price shall be adjusted one, and only once, at the date of appointment of the first Maintenance Site Manager as specified in Section 2.2.5 of the Maintenance Chapter.

7.2.2 The base index applying to the adjustment of the Mobilization Payment shall be the latest published index known upon the Submission Date.

7.2.3 The updated index applying to the adjustment of the Mobilization Payment shall be the last index known on the date of appointment of the first Maintenance Site Manager as specified in Section 2.2.5 of the Maintenance Chapter.

7.2.4 It is hereby clarified that the Mobilization Payment shall be adjusted once, and only once, upon the date specified in

Section 7.2.1 above, and shall not be further adjusted thereafter.

7.3 Price Per Kilometer and Prices for Overhauls:

7.3.1 Starting from the commencement of the Maintenance Period, the Price Per Kilometer and the Prices for Overhauls shall be adjusted once (and only once) on the first day of each calendar quarter as set forth above, and shall not be further adjusted during such calendar quarter.

7.3.2 The base index applying to the adjustment of such Maintenance prices shall be the latest published index known upon the Submission Date.

7.3.3 The updated index applying to the adjustment of such Maintenance prices shall be the last index known on the first day of each calendar quarter.

7.3.37.3.4 The EURO portion of such Maintenance prices shall be adjusted after conversion from base prices in NIS to EURO in accordance with the Fixed Exchange Rate defined in Section II of Chapter 6 below.

7.4 Depot Maintenance Fees

7.4.1 The amount of the Depot Maintenance Fees shall be calculated prior to the Effective Date in accordance with the Maintenance Depot Price proposed by Bidder in Chapter 3A above and the percentage specified in Section 5 of Chapter 3 above.

7.4.2 Starting from the later between (i) the commencement of the Maintenance Period, or (ii) the date of Completion of the Maintenance Depot under the Maintenance Depot Contract, the Depot Maintenance Fees shall be adjusted once (and only once) on the first day of each calendar quarter as set forth above, and shall not be further adjusted during such calendar quarter.

7.4.3 The base index applying to the adjustment of the Depot Maintenance Fees shall be the latest published index known upon the Submission Date.

7.4.4 The updated index applying to the adjustment of the Depot Maintenance Fees shall be the last index known on the first day of each calendar quarter.

8. Maintenance Depot Price

8.1 ~~This Indexation Linkage Mechanism may include only~~ The Maintenance Depot Price shall be linked to the "price index of input in residential building – general" as published by the Israeli Central Bureau of Statistics ("IRB"). ~~Bidder may also include in this Indexation Linkage Mechanism a portion of the price that shall not be linked (such non-linked portion shall~~

~~not exceed ten percent (10%)).~~

8.2 The base IRB shall be the latest published IRB known upon the Submission Date.

8.3 The updated IRB for each payment by ISR to Supplier under the Maintenance Depot Contract shall be the latest published IRB known upon the date of issuance by Supplier of the applicable invoice.

~~8.4 Bidder is requested to propose the coefficients applicable to the IRB and to the non-linked portion for the indexation of the Maintenance Depot Price in the following table:~~

Table 4—Proposed Unit Price Linkage Mechanism for the Maintenance Depot Price		
Index		Coefficient (percent)
IRB		(in figures) _____ % (in words) _____ percent
Non-Linked		(in figures) _____ % (in words) _____ percent
TOTAL		100%

Chapter 6: Currency Conversion Rates (Representative Exchange Rate and Fixed Exchange Rate)

I. Portion B and the Representative Exchange Rate.

~~The exchange rate applicable to any conversion of currencies from EURO to NIS under this Agreement (the "**Representative Exchange Rate**") and the portion of the Unit Price to be paid in NIS to the Israeli Entity (Portion B) shall be as specified in this Chapter 6 below.~~

1. Bidders are reminded that all amounts regarding Unit Prices shall be quoted in EURO only.
 - 1.1 The Unit Prices will be paid by ISR in EURO, *however* a certain portion of the consideration for Unit Prices under the Agreement (**Portion B**) will be paid by ISR to the Israeli Entity in NIS, as proposed by Bidder in Table 1 below. **Portion B shall be converted from EURO to NIS in accordance with the Representative Exchange Rate as defined below.**
 - 1.2 The percentage applicable to Portion B (payment in NIS to the Israeli Entity) of the Unit Prices, subject to the provisions of Chapter 5 above and to the provisions of the Agreement, shall be as follows [*Note: please complete*]:

Table 1 – Payment of Portion B of the Unit Prices in NIS

Price	Portion B (to be paid in NIS) (in percent (%))
Unit Price	(in figures) _____ % (in words) _____ percent

For clarification, the percentage in Table 1 above will not be considered by ISR in the evaluation of Bidder's Bid as per the Instructions to Bidders.

2. The ~~Representative Exchange Rate~~ applicable to any payment quoted in EURO **in this payment Schedule** and 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 issuance of the applicable invoice by the Israeli Entity (**the "Representative Exchange Rate"**).

II. Portion of certain Maintenance prices to be paid in EURO and the Fixed Exchange Rate.

3. **Bidders are reminded that all amounts regarding the Price per Kilometer and the Prices for Overhaul shall be quoted in NIS only.**

3.1 The Price per Kilometer and the Prices for Overhauls will be paid by ISR to the Israeli Entity in NIS, however at Supplier's request, a certain portion of such consideration which shall not exceed twenty five percent (25%) will be paid by ISR to the Israeli Entity in EURO, as proposed by Bidder in Table 2 below. The EURO portion shall be converted from NIS to EURO in accordance with the Fixed Exchange Rate (as defined below).

3.2 The percentage applicable to the portion of the payments for the Price per Kilometer and the Prices for Overhauls to be made in EURO as per the above, subject to the provisions of Chapter 5 above and to the provisions of the Agreement, shall be as follows [Note: please complete]:

Table 2 – Portion of the Price per Kilometer and of the Prices for Overhauls to be paid in EURO

<u>Portion of the Price per Kilometer and of the Prices for Overhauls to be paid in EURO (in percent (%)) [Note: please quote a percentage that does not exceed 25%]</u>	
(in figures)	%
(in words)	percent

For clarification, the percentage in Table 2 above will not be considered by ISR in the evaluation of Bidder's Bid as per the Instructions to Bidders.

4. The fixed exchange rate applicable to the conversion from NIS of the portion of the Price per Kilometer and of the Price for Overhaul to be paid in EURO to the Israeli Entity as per Section 3 above shall be (the "Fixed Exchange Rate").

[Note: to be completed by ISR prior to signature of the Agreement - the last representative rate of exchange between the EURO and the NIS published by the Bank of Israel and known five (5) days prior to the Submission Date, as will be published by ISR prior to the Submission Date.];

The Fixed Exchange Rate shall remain valid and unchanged during the entire period of the Agreement. For clarification, the Fixed Exchange Rate shall not be updated or adjusted for any reason whatsoever during the entire period of the Agreement, and shall apply to each and every payment to be paid by ISR to the Israeli Entity with respect to the EURO portion of the Price per Kilometer and of the Prices for Overhauls as specified in Section 3 above.

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