

To:
All Participants

June 12, 2011

Re: Invitation to Participate in a Pre- Qualification Process of
Cross Israel Northern Highway No. 6 – Yokneam - Somech
Addendum no. 5

Pursuant to the provisions of Section 2.8 (Clarification and Addenda) of the Invitation, Participants are hereby informed of the following Clarifications and Addenda to the Invitation.

As set forth in Section 2.8.5 of the Invitation, you are kindly requested to acknowledge receipt of this Addendum, no later than 2 days following receipt thereof, by a written notice to the Tender Committee, in the format attached to this Addendum as **Annex B**.

Sincerely,

Gil Shabtai
Senior Deputy to the Accountant General
Chairman of the Tender Committee



CC: Members of the Tender Committee

I. CLARIFICATIONS TO THE INVITATION

No.	Ref.	Clarification Request	Tender Committee's Response
1.	General	In order to appreciate the magnitude of the Project, please indicate the estimated costs of the Project.	Please refer to Section 1.6.1 (Project Overview) of the Invitation, which includes a general description of the Project (including, <i>inter alia</i> , initial estimation of the scope of the different construction works). Additional details relating to the specifications and extent of the works shall be provided to the Participant within the Tender Documents.
2.	1.5 (Anticipated Schedule)	Please indicate the anticipated schedule for the following events: 1. Publication of the Tender Documents. 2. Selection of Preferred Bidder. 3. Project's Operation commencement.	The anticipated schedule for the publication of the Tender Documents is the beginning of the forth quarter of 2011. A more detailed schedule (relating, <i>inter alia</i> , to the other events listed in the request) shall be published within the Tender Documents.
3.	4.4.1	Please clarify that for the purpose of the Professional Pre-Qualification Requirements, the Participant may demonstrate projects which commenced prior to the applicable period set forth in Section 4.2 (Tunneling Experience) and/or 4.3 (Transportation Infrastructure	As set forth in Addendum 2 dated April 17, 2011, for the purpose of the Professional Pre-Qualification Requirements, an entity may only demonstrate projects which were commenced, executed and completed by the demonstrating entity. Nevertheless, the applicable

		Project Experience).	period set forth in Section 4.2 (Tunneling Experience) and/or 4.3 (Transportation Infrastructure Project Experience relates only to the <u>completion</u> of such demonstrated project (refer to the amended definition of the term ‘Construction’ as set forth in Addendum 2), i.e. entities may demonstrate their professional experience based on projects which commenced prior to the applicable period, provided that such projects were completed during the applicable period.
4.	6.6.2	The Tender Committee is requested to approve the Submission of Financial Statements presented in accordance with UK GAAP.	The Tender Committee approves the submission of Financial Statements presented in accordance with UK GAAP, provided that such Financial Statements include all the relevant data necessary to determine the company's turnover, operating cash flow, equity and any other data necessary for the Tender Committee's determination with respect to the Participant's compliance with the Prequalification Requirements. (Please refer to the amended Section 6.6.2 included within part II of this document).
5.	6.6.6	Please clarify that a Member whose anticipated holdings in	After reviewing the request, the Tender Committee has decided to

		<p>the Participant are less than ten percent (10%) and its Financial Statements do not include cash flow statements, may submit the Financial Statements without cash flow statements.</p>	<p>reject it.</p> <p>It is hereby clarified that for the purpose of the Invitation, a cash flow statement for a fiscal year may be submitted either as part of the relevant Financial Report; or as a separate cash flow statement for the relevant fiscal year audited by the same auditor who audited the relevant Financial Report.</p>
6.	6.6.8 (Currencies Conversion)	<p>Please indicate the Indian Rupees exchange rate.</p>	<p>Financial data presented in Indian Rupees, shall be converted by the Participant to NIS in accordance with the exchange rate tables set forth in Section 6.6.8 of the list of Addendums (refer to part II of this document).</p>
7.	7.3.2 (Language of the Invitation, the Pre-Qualification Submission and the Tender Documents)	<p>The Tender Committee is requested to confirm that the Tender Documents containing schedules and technical information will be issued in English version.</p>	<p>It is hereby clarified that the Invitation is referred to, <i>inter alia</i>, foreign companies, and accordingly, the main Tender Documents, (including, <i>inter alia</i>, the Invitation to Tender and the Concession Contract), will be issued in English. Nevertheless, it is possible that specific documents originally issued in the Hebrew language will be included within the Tender Documents (including, Israeli standards and administrative directives).</p>

8.	Section 7.9 (Pre- Qualification Submission Date)	Please clarify whether a Participant may submit its Pre- Qualification Submission through post or courier.	As set forth in Section 7.9 (Pre- Qualification Submission Date), Pre-Qualification Submissions must be submitted to the Tender Committee on the Pre- Qualification Submission Date, by the applicable time. <u>The Tender Committee will leave unopened any Pre-Qualification Submissions received after the said deadline.</u> Subject to the foregoing, there are no limitations with respect to the manner in which the Pre- Qualification Submissions will be submitted by the Participant.
9.	Section 11.2 of Pre- Qualification Form “C” (The Members/ Related Entities of the Participant)	Please limit the extent of the representation included in this Section to Offences (as defined in the Invitation) committed within the past 7 years.	The representations included in the first two bullets of Section 11.2 of Pre-Qualification Form “C”, shall relate only to Offences which their respective periods under the laws of limitation has not yet elapsed. Please refer to the amended Section Pre- Qualification Form “C” (The Members/ Related Entities of the Participant) attached as <u>Annex A</u> hereto.
10.	Section 11.5 of Pre- Qualification Form “C” (The	Please omit the words “affairs”, “condition” and “prospect” and clarify that reference is made to pending actions and proceedings only.	After reviewing the request, the Tender Committee has decided to reject it.

	Members/ Related Entities of the Participant)		
11.	Pre- Qualification Form “F” (Qualifications and Experience - General)	Please clarify if the requirement to present an Israeli Representative during the Pre- Qualification Stage is a mandatory requirement.	There is no mandatory requirement to present an Israeli representative during the Pre- Qualification Stage. Each Participant, Member, Related Entity and/or Major Sub- Contractor demonstrating compliance with the Professional Pre-Qualification Requirements, which is a non-Israeli company, is requested to present an Israeli representative, only if it has such a representative.

II. AMENDMENTS TO THE INVITATION

Reference	Amended Section
6.6.2	<p data-bbox="448 394 1372 583">“6.6.2 In addition, the Participant shall submit a complete copy of the three (3) most recent available Financial Statements (for the removal of doubt, which is not earlier than 2007) of each Member, duly prepared and presented in accordance with one of the following:</p> <p data-bbox="548 617 1372 751">6.6.2.1 Israeli GAAP (including, with respect to the cash flow statements, Standard No. 51 of the Institute of Certified Public Accountants in Israel); or</p> <p data-bbox="548 785 1372 919">6.6.2.2 US GAAP (including, with respect to the cash flow statements, FAS (Financial Accounting Standards) No. 95); or</p> <p data-bbox="548 953 1372 1087">6.6.2.3 International GAAP (including, with respect to the cash flow statements, IAS (International Accounting Standards) IAS No. 7 and IFRS updates);</p> <p data-bbox="548 1121 1372 1465">6.6.2.4 Indian GAAP (provided that Financial Statements submitted in accordance with the Indian GAAP, include all the relevant data necessary to determine the company's turnover, operating cash flow, equity and any other data necessary for the Tender Committee's determination with respect to the Participant's compliance with the Prequalification Requirements).</p> <p data-bbox="548 1499 1372 1843">6.6.2.5 <u>UK GAAP (provided that Financial Statements submitted in accordance with the UK GAAP, include all the relevant data necessary to determine the company's turnover, operating cash flow, equity and any other data necessary for the Tender Committee's determination with respect to the Participant's compliance with the Prequalification Requirements).</u></p>

Members presenting Financial Statements which are based on different accounting principles than those listed in sub-Sections 6.6.2.1 - 6.6.2.5 above, are required to submit a specific request to the Tender Committee to approve submission of such Financial Statements, at least thirty (30) days prior to the Pre-Qualification Submission Date; the Tender Committee will consider each request on a case by case basis and may issue an Addendum as a result thereof’.

6.6.8 6.6.8 Currencies Conversion

All financial data shall be submitted in NIS terms. In the event that the Financial Statements are presented in any currency other than NIS, the Participant shall be required to complete the Pre-Qualification Forms in NIS, in accordance with the following provisions:

(a) Turnover and Operating Cash Flow. The Turnover and the Operating Cash Flow will be converted to NIS according to the following average exchange rates of the relevant fiscal year:

	2007 Average*	2008 Average*	2009 Average*	2010 Average*
	NIS			
1 US\$	4.1081	3.5878	3.9326	3.733
1 €	5.6243	5.2585	5.4685	4.9529

	<u>2007-08</u> <u>Average**</u>	<u>2008-09</u> <u>Average**</u>	<u>2009-10</u> <u>Average**</u>	<u>2010-11</u> <u>Average**</u>
<u>NIS/ Rupee</u>	<u>10.1668</u>	<u>12.4413</u>	<u>12.3179</u>	<u>12.3150</u>

(b) Equity. The Equity will be converted to NIS according to the exchange rates on the last day of the last fiscal year of the applicable Financial Statement:

	31/12/2009	31/12/2010
	NIS	
1 US\$	3.775	3.549
1 €	5.4417	4.7379

	<u>31.3.2010</u>	<u>31.3.2011</u>
<u>NIS/ Rupee</u>	<u>12.1573</u>	<u>12.8268</u>

* **Exchange Rates Sources.** The source for the exchange rates detailed in sub-Sections (a) and (b) above is the Bank of Israel and with respect to Rupee exchange rates: Reserve Bank of India and the Bank of Israel.

** Data relating to Rupee exchange rate applies to the relevant fiscal year: April-March.

(c) Conversion of Other Currencies. Members whose financial data is presented in currencies other than NIS/US\$/€ (the exchange rates specified above), are required to submit a specific request to the Tender Committee for other currency conversions to NIS, at least thirty (30) days prior to the Pre-Qualification Submission Date. Such a request shall contain all the relevant information, including exchange rate tables and a reference to the source thereof. The Tender Committee will consider each request on a case by case basis and may issue an Addendum as a result thereof.

(d) Conversion rates for fiscal years which are not January to December. A Member whose financial data in the Financial Statements is provided for fiscal years which are not parallel to the above specified calendar years, are required to submit a specific request to the Tender Committee for applicable conversions rates to

	<p>NIS, at least thirty (30) days prior to the Pre-Qualification Submission Date. Such a request shall contain all the relevant information, including exchange rate tables and a reference to the source thereof. The Tender Committee will consider each request on a case by case basis and may issue an Addendum as a result thereof.</p>
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Annex A

PRE-QUALIFICATION FORM "C"

THE MEMBERS / RELATED ENTITIES OF THE PARTICIPANT

(To be completed by each Member of the Participant and by a Related Entity as applicable)

1. Name: _____
Business Address: _____
Phone: _____
Facsimile: _____
E-mail: _____

	<u>Name</u>	<u>Profession</u>	<u>Title</u>
2. Directors or Executives of the Member / Related Entity (as applicable):	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

3. Position Holders of the Member / Related Entity:	_____	_____	_____
	_____	_____	_____

	<u>Name</u>	<u>Title</u>	<u>Address, Tel & Fax No.'s</u>
4. Representative: Israeli Representative*:	_____	_____	_____
	_____	_____	_____

**for non-Israeli companies only (if any)*

5. Legal Status:

(check applicable)

Private

Partnership

Limited Liability

Joint Venture

Other *(explain)* _____

6. Registration Number: _____

Place of Registration: _____

Date of Registration: _____

7. Authorized Share Capital: _____

Issued and Fully Paid Up Capital : _____

8. Interested Parties in the Member / Related Entity:

9. Does the Member/Related Entity have an Israeli subsidiary or affiliate company? Yes No

If yes – identify and provide details:

10. The Pre-Qualification Requirement the Member/Related Entity will be demonstrating compliance with:

(if applicable, detail the applicable Pre-Qualification Requirement the Member / Related Entity is demonstrating compliance with, other than the Financial Pre-Qualification Requirements)

10A. The Role Assigned to the Member / Related Entity in the Execution of the Project:

(Member / Related Entity is referred to the provisions of Section 4.4.5 of the Invitation)

10B. In the event of a Related Entity:

the Related Entity Controls / is Controlled by the Member : _____

by means of:

[please provide appropriate explanation, attested by an attorney, demonstrating by the applicable documentation e.g. reports issued by the Registrar of Companies, organizational charts, articles of association etc.]

The Member / Related Entity accepts the role which has been assigned to it by the Participant as described in this Pre-Qualification Form "C" (as applicable), and should the Participant be announced as an Eligible Participant, and will be invited by the Tender Committee to submit a bid in the Tender Selection Stage, it is the intention of the Member / Related Entity to enter into a detailed agreement with the Participant for purposes of performing the role assigned to it by the Participant and to comply with the required holdings in the share capital of the Entity which shall be responsible for the performance of all engineering, procurement and construction activities with respect to the Project on behalf of the Concessionaire (the EPC Contractor), as shall be detailed in the Tender Documents.

11. The Member / Related Entity hereby warrants and represents the following:

11.1 The Member / Related Entity is duly incorporated, organized and validly existing under the laws of the jurisdiction in which it was organized;

11.2 Criminal Proceedings with Respect to Offence¹ *[check applicable]*

- Neither the Member / Related Entity, any directors or managers thereof, nor Interested Parties in the Participant (which are connected to the Member, based on the Anticipated Holdings in the Participant), have not been convicted in an Offence that the limitation period of which has not

¹ In this Section 11.2. the term "**Interested Party**" shall not be deemed to include: (i) a large number of employees, pursuant to a voting agreement; or (ii) institutional investors; each, holding together more than 5% in the Participant (through their holdings in the Member), as indicated in Section 8 of this Pre-Qualification Form "C".

yet elapsed, nor are there criminal proceedings with respect to such an Offense being conducted against either of them.

- The Member / Related Entity and/or any directors or managers thereof and/or Interested Parties in the Participant (which are connected to the Member, based on the Anticipated Holdings in the Participant) *[check applicable]* have been convicted in the following Offences that the limitation period of which has not yet elapsed *[to be completed by the Member]*:

- The following criminal proceedings are being conducted against the Member / Related Entity and/or any directors or managers thereof and/or Interested Parties in the Participant (which are connected to the Member, based on the Anticipated Holdings in the Participant), with respect to the following Offences *[check applicable]* *[to be completed by the Member]*:

11.3 Neither the Member / Related Entity nor any Interested Party therein or directors or managers thereof are residents or nationals of a hostile state which does not have diplomatic relations with the State of Israel and/or of a state which does not have full trade relations with the State;

11.4 The Member / Related Entity has all requisite corporate power and authority for the ownership and operation of its properties and for the carrying on of its business as currently conducted (including the participation in this Pre-Qualification Stage);

11.5 There are no actions or proceedings pending nor, to the best knowledge of the Member / Related Entity and after due investigation, actions or proceedings which might result in any material or adverse change in the Member / Related Entity's business, operations, affairs, condition, assets, prospects, cash flow or any of its properties or assets;

11.6 The Member / Related Entity has not, directly or indirectly, induced or solicited any other Participant or Member(s) of a Participant to put in a false or sham Pre-Qualification Submission, and has not by itself, or directly or indirectly, colluded, arranged or agreed with any Participant or Member(s) of a Participant to secure

any advantage against any other Participant, or to secure any advantage against the Tender Committee or the State of anyone interested in the Project;

11.7 The Member / Related Entity does not employ or engage any of the advisors to the Tender Committee detailed in Appendix "B" of the Invitation, for the purposes of the Pre-Qualification Stage or the Project;

11.8 The Member / Related Entity participates in the Pre-Qualification Stage only within this Pre-Qualification Submission;

11.9 Any person or Entity which exercises Control over it, any person or Entity under the common Control thereof, and any person or Entity Controlled thereby, does not participate in the Pre-Qualification Process except within this Pre-Qualification Submission; and

11.10 In the event the Tender Committee determines that the Pre-Qualification Submission submitted by the Participant complied with the requirements of the Invitation, and that the Participant, its Members, Related Entity and Major Subcontractors demonstrated compliance with the Pre-Qualification Requirements, and that the Participant will be invited to submit a bid in accordance with the provisions of the Invitation, the Member / Related Entity hereby undertakes to issue the Tender Committee, within the bid to be submitted by the Participant, with the Member / Related Entity's undertaking that shall be detailed in the tender documents.

Faithfully yours,

Date

Stamp and Signature

I, _____, attorney-at-law, hereby do attest and confirm that _____ has been identified by me and has signed the above statement and that he/she/they is/are authorized to sign on behalf of _____, and to commit it for purposes of the above stated Pre-Qualification Form, for all purposes and intents.

Attorney-at-Law

Annex B

ACKNOWLEDGEMENT OF RECEIPT

To:
Mr. Gil Shabtai
Chairman of the Tender Committee
E-mail: yokneam-somech@inbal.co.il

Re: Invitation to Participate in a Pre- Qualification Process of
Cross Israel Northern Highway No. 6 Yokneam - Somech
Addendum no. 5

Pursuant to the provisions of Section 2.8.5 of the Invitation, we hereby acknowledge receipt of Addendum no. 5 to the Invitation.

Name of the Participant

Name and signature of the Participant's
Authorized Representative

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