



FINANCING

- A. The offeror of goods, services, and/or work may offer financing to the IEC, either from its own sources, or from third parties, for the purpose of IEC's procurement of such goods, services, or work.
- B. The IEC has the sole discretion to receive the financing through a financial body proposed by the offeror or to finance the purchase by itself by using the financial sources of IEC.
- C. The financing proposal shall only be acceptable subject to the existence of the following terms:
 - 1. The financing amount exceeds US\$ 5 million or the equivalent thereof in any other currency.
 - 2. In respect of financing for goods and/or services and/or performance of work for a project of constructing a power station, the repayment period of the loan shall be at least 12 years.

In respect of financing for goods and/or services and/or performance of work which are not intended for a project of constructing a power station, the repayment period shall not be shorter than 8.5 years.

IEC may accord preference to an offeror who offers as part of the financing proposal long-term credit terms which extend beyond the aforementioned periods.

The repayment period shall commence 6 months after either:

- a. the last date of supply of the goods and/or services and/or the completion of the performance of the work – whichever of these occurs last, or
 - b. the last commissioning date of the goods, the choice of the commencement date shall be determined in accordance with the OECD Rules.
- 3. The financing proposal shall be submitted according to Form X-1 attached hereto and shall be valid and binding on the offeror. The offeror shall submit in advance all the approvals, consents and permits (including the approval of the Export Credit Agency (ECA), as relevant) which are required for a binding financing proposal.
 - 4. The proposed financing is in respect of the performance of the contract for the supply of goods and/or services and/or performance of work and it shall apply to the entire period of the supply of the goods and/or services and/or performance of the work, whereas the disbursement of the financing shall be effected simultaneously and in conformity with the terms of payment and/or milestone payments, as same are defined in the contract for the supply of the goods and/or services and/or performance of the work.

To remove any doubt it is hereby made clear that IEC will not consider a financing proposal according to which the disbursement of the financing shall be, in whole or in part, in advance or at such other date not related to the Contractual payment dates. Nor will IEC consider a proposal according to which the disbursement of the financing does not correspond to the payment dates as specified in the contract for the supply of the goods and/or services and/or performance of the work.

5. IEC is a governmental company which engages in the generation, transmission and distribution of electricity in the State of Israel. Information about IEC, and IEC's financial statements, are available on IEC's web site: www.israel-electric.co.il

D. IEC will not consider financing proposals:

1. That directly or indirectly affect the "obligor" of IEC in the Israeli banking system according to the directives of the Comptroller of the Bank of Israel relating to restrictions on a single borrower.
2. The source of which is banks, saving funds, pension funds and insurance companies in Israel (hereinafter: "Financial Bodies in Israel") or other financial bodies associated with Financial Bodies in Israel, which may affect the "obligor" of IEC in such bodies.
3. The supplier must confirm with the financial body that provides the financing that the financing proposal will not affect the "obligor" of IEC in the Israeli banking system, or in the Financial Bodies in Israel as aforesaid in sub-articles 1- 2 above, and must furnish IEC with a written confirmation to this effect. Such confirmation shall be attached to the financing proposal.
4. The source of which is loans from a syndicate of banks or of other financial bodies (hereinafter: the "Syndicate"), where the contractual engagement is between IEC as borrower and the Syndicate as lender and/or where the financing necessitates the publishing of a prospectus or a sale proposal or memorandum of information by IEC.
5. That constitute an offer for the issuance of debentures and/or shares and/or other rights of the IEC.
6. That are conditional on the provision, directly or indirectly, of security of any kind by IEC to Financial Bodies in Israel and/or to other financial bodies associated with Financial Bodies in Israel and which will affect the "obligor" of IEC in such bodies.
7. That are conditional on the assignment by the supplier of financial rights and/or security and/or encumbering contracts for the supply of goods/services/work and/or the financing contract with IEC in favor of the Financial Bodies in Israel and/or abroad.
8. That are conditional on the provision of State guarantees.

- E. The offeror is required to specify and clarify the terms and conditions of his financing proposal and to provide all the relevant information and in general all the conditions and directions in the offer's country or of the financing body, who may be involved in the financing and these bodies which may have an effect upon the financing.
- F. The offeror shall enclose with its proposal the Form X-1 attached hereto.
1. **In a two-stage procurement proceeding** (technical and commercial, separately):
- The offeror is required to comply with the instructions set forth in the Form X-1 as follows:
At the technical stage - The offeror **shall not fill in** the sections next to which it is noted that they should be filled in only at the commercial stage.
- At the commercial stage - The offeror shall fill in all the sections of Form X-1 including those filled in at the technical stage, so that a complete and binding financing proposal is submitted.
2. **In a single-stage procurement proceeding** -
- The offeror shall fill in all the sections of Form X-1, so that a complete and binding financing proposal is submitted.
- G. The financing proposal shall be defined and specific and shall entirely and exclusively refer only to the proposal to supply goods and/or services and/or to perform work being the subject-matter of the specific procurement proceeding.
- H. In the event that it transpires that the financing cannot be realized by IEC for reasons which are under the responsibility and/or control of the offeror and/or a financial body appearing in the financing proposal of the offeror, the IEC shall have the right to exercise any and all rights and remedies, available to it under the law and/or the supply contract.
- I. IEC reserves the exclusive right – at any stage of the procurement proceeding and/or following notification of award – to accept or reject the financing proposal on such grounds, *inter alia*, as: economic feasibility, changes in the market conditions or changes in the IEC's policy, and the like.
- In addition, the IEC reserves the right, subject to the mutual agreement of the parties involved, to adapt the terms of the financing proposed, to fit the IEC's needs at any stage after the notification of award of procurement, but prior to execution of the financing agreement.
- J. The financing proposal shall remain effective until 90 days after the commercial proposal of the offeror, as same may be extended. The offeror undertakes to extend the validity of the financing proposal beyond the aforesaid period by an additional period of up to 120 days in excess of that stated above should IEC require it to do so for the purpose of signing the financing agreement.

FORM "X-1" - TERMS OF FINANCING

Specification _____

Name of Offeror _____

1. Type of credit - fill in at the technical + commercial stage:

1.1 Supplier's credit

1.2 Buyer's credit (from a bank or other financial body)

2. Name of borrower - fill in at the technical + commercial stage:

3. Name of lender - fill in at the technical + commercial stage:

4. Name of supplier - fill in at the technical + commercial stage:

5. Description of the financed project/goods/services/work- fill in at the technical + commercial stage:

6. The credit amount- fill in at the technical + commercial stage:

7. Currency/ies of credit - fill in at the technical + commercial stage:

8. Description of the financed portion (%)- fill in at the technical + commercial stage:

8.1 The financed portion of the price of the proposal (%):

8.2 Details of the financed portion (%) of the price allocations of the offeror's proposal (equipment from the offeror's country, foreign equipment, Israeli equipment + work, services, etc.):

9. Is the financing subject to country of origin requirements (of the goods /services /work) - fill in at the technical + commercial stage:

10. The requirements of the lender as regards the terms of disbursement of the financing and payments from IEC to the supplier under the supply contract – fill in at the technical + commercial stage:

11. Repayment of the loan - fill in at the technical + commercial stage:

11.1 Number of periodic installments:

11.2 Date of commencement of repayment:

11.3 Frequency of installments (annually, semi-annually, quarterly or otherwise):

12. Interest (in percents per year):

12.1 Fixed interest:

12.1.1 _____% per year – **fill in only at the commercial stage**

12.1.1.1 Definition of the fixed interest base (indicate the source of the fixing of the interest such as:

Reuters Screen, Bloomberg Screen, F.T. or otherwise) - **fill in at the technical + commercial stage:**

12.1.1.2 Date for fixing the interest - **fill in at the technical + commercial stage:**

12.1.1.3 The calculation method (Act/360, 360/360, otherwise) - **fill in at the technical + commercial stage:**

12.1.1.4 Terms of payment - **fill in at the technical + commercial stage:**

12.2 Variable interest:

12.2.1 _____ % per year on 6 months, 3 months basis or otherwise - **fill in at the technical + commercial stage:**

12.2.1.1 Definition of the varying interest base (indicate the source of the fixing of the interest such as:
Reuters Screen, Bloomberg Screen, F.T. or otherwise) - **fill in at the technical + commercial stage:**

12.2.1.2 Margin (if any) – **fill in only at the commercial stage:** _____% per year

12.2.1.3 The calculation method (Act/360, 360/360, otherwise) - **fill in at the technical + commercial stage:**

12.2.1.4 Terms of payment- **fill in at the technical + commercial stage:**

12.3 Where the proposal includes a variable interest and a possibility for fixing – please specify the following terms - **fill in at the technical + commercial stage:**

12.3.1 Definition of the fixed interest base:

12.3.2 Date of fixing of the interest:

12.3.3 The conditions for fixing the interest:

12.3.4 The calculation method - **fill in at the technical + commercial stage:**

12.3.5 Terms of payment - **fill in at the technical + commercial stage:**

13. Fees:

Description of the Fee Fill in at the technical + commercial stage	% of Fee Fill in only at the Commercial stage	Terms of Payment Fill in at the technical + commercial stage	Calculation Method Fill in at the technical + commercial stage

14. Is a export credit risk insurance required (yes/no) - fill in at the technical + commercial stage:

14.1 Name the Export Credit Agency (**hereinafter "ECA"**) (such as, USA Exim Bank, Hermes, ERG, EDC, etc.) - **fill in at the technical + commercial stage:**

14.2 Specific conditions required by the ECA **fill in at the technical + commercial stage:**

14.3 The ECA premium:

14.3.1 _____% premium of the financed amount, per year/flat; **fill in only at the commercial stage:**

14.3.2 Terms of payment - **fill in at the technical + commercial stage:**

14.3.3 Is the ECA premium financed? (Yes/No) - **fill in at the technical + commercial stage:**

14.4 The share (%) of the amount of financing covered by the ECA - **fill in at the technical + commercial stage:**

14.5 Date of preliminary approval of ECA - **fill in at the technical + commercial stage:**

15. Details of securities pursuant to Section 6 of Appendix "X" (if required) - fill in at the technical + commercial stage:

16. Validity of financing proposal – fill in at the technical + commercial stage:

17. Last disbursement date of the financing – **fill in at the technical + commercial stage:**

18. Information terms and conditions in the country of the offeror / of involved financial body / ies which affect the financing proposal – **fill in at the technical + commercial stage:**

19. Other conditions – **fill in at the technical + commercial stage:**

Signature of the authorized representative
of the supplier / offeror

Where a Buyer's credit is offered, please add the signature of the authorized representative on behalf of the lender in addition to signature of the authorized representative of the supplier, and enclose a copy of the lender's financing proposal.

Signature of the authorized representative
of lender