



Tender No. 011/17 (the "Tender")

Petroleum & Energy Infrastructures Ltd. / Oil Products Pipeline Ltd. (hereinafter the "Company") seeks to receive Bids from potential bidders complying with the preliminary conditions stated herein ("Bidders"), for the purchase by the Company of 23,516m pipes 12" according to spec., (the "Goods"), including third party inspection, manufactured in a plant located in an OECD country, all as specified in the Tender documents.

The Goods shall be supplied to the Company's facilities in Ashkelon site Israel (i.e. Ashkelon(DDP) or EXW or FCA or CIF Ashdod port), within 150 days to Ashkelon site (DDP) or 120 days by EXW or FCA or CIF Ashdod port) of the date of the Order as defined in the Tender Documents.

Preliminary Conditions:

The following criteria must be met in order for a Bid to be considered:

- 1.1 The Goods meet the requirements of the Technical Specifications in their entirety, to the Company's satisfaction.

In order to demonstrate the Bidder's compliance with this condition, it will attach to its Application: (1) the Technical Specifications Appendix C, signed by both an authorized signatory of the Goods' manufacturer and the entity performing the Goods' coating, evidencing the Goods' full compliance with the Technical Specifications in their entirety, including without limitation all applicable standards, and (2) valid API certificates signed by the Goods' manufacturer, matching substantially to the API certificate sample form attached as Appendix E hereto, including all details contained therein.

It is hereby clarified that the manufacturer's and/or coater's aforementioned signature shall not in any way relieve the winning Bidder from any of its obligations and/or liabilities under the Tender Documents including without limitation with respect to compliance of the Goods' with the Technical Specifications.

- 1.1.1 The **Goods' manufacturer** has, during the last 3 years prior to the Deadline for Submission of Bids, successfully supplied a total of at least 25 kilometers of pipes 12" complying at least with the requirements of the Technical Specifications

In order to demonstrate with this condition, the **Goods' manufacturer** will fill out Form 6.1.2 of Appendix B of the Tender Documents.

- 1.1.2 The **Bidder** has, during the last 3 years prior to the Deadline for Submission of Bids, successfully supplied pipes complying at least with the requirements of the Technical Specifications, at

an accumulating minimum sum of 10 million NIS OR 2.5 million EURO OR 2.7 million US DOLLARS.

In order to demonstrate the Bidder's compliance with this condition it will fill out Form 6.1.3 of Appendix B of the Tender Documents.

- 1.1.3 Shareholders' equity of the Bidder in its 2015 audited financial reports was positive.

In order to demonstrate the Bidder's compliance with this condition it will fill out Form 6.1.4 of Appendix B of the Tender Documents.

- 1.1.4 Average net profit of the Bidder for the three years ending December 31, 2013, 2014 and 2015, as presented in its audited profit and loss statements, was at least 2 million US DOLLARS or 1.8 million Euro, (2) Average operating profit (net profit before taxes, financing income (expenses) and other income (expenses) of the Bidder for the three years ending December 31, 2013, 2014 and 2015, as presented in its audited profit and loss statements, was at least 2.5 million US DOLLARS or 2.2 million Euro.

In order to demonstrate the Bidder's compliance with this condition it will fill out Form 6.1.4 of Appendix B of the Tender Documents.

- 1.1.5 The Goods shall be manufactured in a plant located in an OECD country.

In order to demonstrate the Bidder's compliance with this condition it will fill out Form 6.1.6 of Appendix B of the Tender Documents.

- 1.1.6 If the Bidder is incorporated in Israel, it possesses valid approvals pursuant to the provisions of the Public Bodies Transactions Law, 5736-1976.

In order to demonstrate the Bidder's compliance with this condition, it shall attach to its Application the relevant approvals.

- 1.1.7 To secure its Bid, the Bidder shall submit to the Company, **7 days prior to the deadline for submission of Bids (i.e. on _____)**, an autonomous bank guarantee (the "**Guarantee**") issued by an Israeli bank or a reputed international bank to the Company's reasonable satisfaction in the sum of NIS 100,000 or USD 27,000 or EURO 25,000 to the order of Petroleum & Energy Infrastructures Ltd.

The terms and conditions of the Guarantee will be as follows: (1) the Guarantee will be in the sum of NIS 100,000 or USD 27,000 or EURO 25,000; (2) the Guarantee will be valid until **September 30, 2017**; (3) the Guarantee Bidder shall be completely identical to the Bidder; (4) the guarantee shall be in connection with tender no. 011/17; 5) forfeiture of the Guarantee or any part thereof will be possible upon 15 days after receipt of a written demand therefor from the Company. Potential Bidders are advised of the importance of submitting a compliant and accurate guarantee in accordance with the said conditions.

1. Bidders must attach to their Bid all documents proving fulfillment of the above preliminary conditions, as specified in the Tender Documents.
2. Bids must be placed in the Company's tender box, at the Company's offices at 3 Hasadnaot Street, Herzeliya Industrial Zone 46120, no later than **April 25, 2017**. The Company may change the deadline by giving written notification to all prospective Bidders who are registered in the Company's site as specified in the Tender Documents.
3. The full Tender Documents are available on the Company's website (www.pei.co.il). Potential Bidders are instructed to register at the Company's website in order to receive updates, announcements, clarifications etc. regarding the Tender. Said registration shall be the Bidders' sole responsibility.
4. The Company does not undertake to accept any Bid, and reserves the right to reject any Bid or all them, and does not undertake to enter into an engagement with the lowest Bidder. The Company may engage in negotiations with the lowest Bidder(s) at its sole discretion, in the event the all valid Bids are higher than the estimate of the Company.
5. This notice is also being published on the Company's website, in English, Hebrew and Arabic and in a newspaper in the Arabic language, however the binding language shall be English. For inquiries: Mr. Rheinisch Eran: rainish@pei.co.il +972-9-9528612 or Mrs. Talmor Sela talmor@pei.co.il +972-9-9528614.