



22 NOVEMBER 2011

BBBEE MARKET ENGAGEMENT

Rolling Stock Fleet Renewal Programme

Introduction

The Passenger Rail Agency of South Africa (PRASA) is now on the verge of entering into a formal procurement process of new rolling stock for the commuter / suburban rail service. In June 2011, PRASA completed a feasibility study for the rolling stock fleet renewal programme for the commuter/suburban rail service. The study concluded that PRASA need to acquire approximately 7 224 new Metrorail commuter coaches phased over a 20 year period. The rolling stock fleet renewal programme is one of two strategic fleet programmes identified in South Africa's Industrial Policy Action Plan (IPAP2). The South African Government sees the rolling stock fleet renewal programme as a landmark project, which has been earmarked to achieve significant localization objectives.

During April and May 2011, PRASA held a formal market engagement with international and South African rolling stock manufacturing suppliers, financiers and BBBEE companies. During the engagement, PRASA communicated its vision for the programme, Government's goal of resurrecting the rolling stock manufacturing industry in South Africa, the requirement for a minimum of 65% local content and BBBEE requirements. After the initial engagement, it was agreed that PRASA should schedule a separate engagement on BBBEE and its role in the transaction going forward.

The engagement process seeks to establish the following:

- An understanding of ability and capacity for production and supply of components of rolling stock required;
- Familiarise the South African market with the project and its BBBEE requirements; and
- Potential blockages which might hinder meaningful achievement of BBBEE in the rolling stock fleet renewal programme.

PRASA is committed to an open and transparent process. All participants must note that this engagement is not part of pre-tender qualification process, but rather, a set of interactions which will allow the South African government the opportunity to engage with appropriate BBBEE market to ensure meaningful participation in the programme.

Details of the market engagement

PRASA hereby invite individuals and companies to participate in a BBBEE engagement process, which will comprise three distinct parts:

- 1 **Technical, Commercial and Financial:** - specification documents are already published on the PRASA website (www.prasa.com). These documents will contain details on the draft minimum technical specifications; targets for local content requirements; incentives that are currently available to investors establishing rolling stock manufacturing facilities in South Africa.
- 2 A formal briefing session will be held setting out the details of the planned rolling stock renewal programme. Participants may be accompanied by their team members, whose name and contact details must be included in the Confirmation of Attendance. The briefing session will commence at 10:00 am on 22 November 2011 in Johannesburg, South Africa. Details of the specific venue will be published via PRASA's website once attendance has been confirmed.
- 3 An ongoing engagement through individual on-line correspondence with PRASA via the BBBEE engagement website.

Confirmation of Attendance and enquiries

By no later than 15 November 2011, kindly confirm:

- your attendance at the briefing session, including details of accompanying team members;
- brief description regarding your company profile, i.e. current and future role, capacity, contact details etc; and
- your area of interest in the engagement process.

Your confirmation of attendance and any enquiries regarding the BBBEE Engagement process should be sent to:

marketengagement@prasa.com

Under no circumstances should PRASA or any of its directors, officers and employees be contacted, directly or indirectly, in relation to this BBBEE Engagement announcement or any other aspect of the BBBEE Engagement process.

Messages sent to this e-mail address will be answered within 24 hours.

Reservation of rights and disclaimer

This announcement is not a request for proposals, is not a request for Expressions of Interest, does not constitute any form of offer, nor any form of commitment or obligation to any person. This BBBEE Engagement forms part of an information gathering process in support of a transparent process, and must be understood as a prelude to the actual procurement of the Rolling Stock, which will be conducted in accordance with the laws of South Africa under the South African Constitution and the Public Finance Management Act (PFMA) which ensure a fair, open transparent and competitive process, that ensures value for money for government.

Attendance to this briefing session is at the discretion and cost of the participants.

PRASA reserves the right, in its sole and absolute discretion at any time to amend, deviate from, discontinue, suspend, postpone or terminate this BBBEE Engagement process without incurring any liability whatsoever to any interested party. PRASA will however advertise any changes to this BBBEE Engagement process through its website.