

YL 30

From: Sam Mokorosi <sam.mokorosi@cadiz.co.za>
Sent: Sunday, March 16, 2014 10:57 PM
To: Lindiwe Mdletshe Transnet Freight Rail JHB
Cc: Martin@globalgroups.org; Robbie Gonsalves; Rowlen@globalgroups.org
Subject: Agreed Contract Price
Attachments: Forex Cash Flows - Agreed Contract Price .xlsx; Forex Cash Flows - Agreed Contract Price .pdf

<http://www.cadiz.co.za/>

Dear Lindiwe,

Please see attached the agreed contract price based spot rates of R10.68 per US dollar and R14.87 per euro, and agreed locomotive hedging costs of R4 038 494.

Thanks,
Sam

Sam Mokorosi
CADIZ CORPORATE SOLUTIONS

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CNR CONSORTIUM/UNINCORPORATED JOINT VENTURE

14 March 2014

Ms Lindiwe Mdletshe
Commodity Manager
Supply Chain
Transnet Freight Rail
Johannesburg



465 new Diesel Locomotives for General Freight – Price Reduction

Dear Madam

As a result of the discount granted by TE in their offer dated 14 March 2014 as well as changes in Warranty Bond as per our letter of today, copy attached for ease of reference, CNR Consortium hereby amends the bid price as follows:

Original negotiated fixed contract price:	R39 900 000.00
CNR discounted price as per reduced TE quotation:	197/232 x R541 000 = R459 383.62
New price after the discount of R459 383.62:	R39 900 000 – R459 383.62 = R39 440 616.38
CNR discounted price due cancellation of Warranty Bond:	R39 440 616.38 - R88 400.00 = R39 352 216.38
Therefore the final Fixed Contract Price per Locomotive is	R39 352 216.38.



Kind regards

Cao Guobing
On behalf of CNR Consortium

excludes cost of hedging

Care of: Global House, 60 Turbogh Road, Kempton Park 1630
P.O. Box 10225, Aston Manor, Kempton Park, 1619

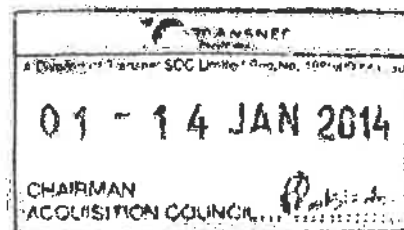
Tel: +27 11 230 1900
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CNR CONSORTIUM/UNINCORPORATED JOINT VENTURE

THE CHAIRPERSON
 TRANSNET FREIGHT RAIL
 ACQUISITION COUNCIL
 GROUND FLOOR
 TENDER BOX
 Inyanda House 1
 21 Wellington Road
 Parktown

14 JANUARY 2014



Dear Sirs, Madams

TENDER NO: TFRAC-HO-8609
DESCRIPTION: SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

Return Date: 14 January 2014 @ 15:00

With reference to your letter TFRAC-HO-8609 dated 14 January 2014 in the above regard,

1. Or Local Content target as originally committed to in our tender will remain unchanged based on the assumptions contained in the RFP issued by Transnet.
2. For individual foreign currency import amounts, please refer to our tender proposal which was submitted to you on 30 April 2013.

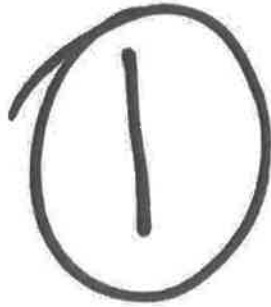
Please do not hesitate to contact us should any additional information be required.

Yours faithfully

Rowlen von Gericke
 On behalf of CNR Consortium/Unincorporated Joint Venture

Care of: Global House, 60 Tulbagh Road, Kempton Park 1630
 P.O. Box 10285, Aston Manor, Kempton Park, 1619

Tel: +27 11 230 1900
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 Email: Rowlen@globalgroups.org



Copy 1



CNR CONSORTIUM / UNINCORPORATED JOINT VENTURE

The Chairperson
Transnet Freight Rail
Acquisition Council
Ground Floor
Tender Box
Inyanda House 1
21 Wellington Road
Parktown

20 November 2013

Dear Sirs, Madams

TRANSNET FREIGHT RAIL (an Operating Division of TRANSNET SOC LTD) REQUEST FOR PROPOSAL NO. TFRAC-HO-8609 FOR THE SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE GENERAL FREIGHT BUSINESS (GFB)

TFR Questions for Clarification: Return Date: 21 November 2013 @ 09:00

Thank you very much for your letter dated 15 November 2013 and the opportunity to submit our Clarifications in that regard.

Therefore, our response to your questions as follows:

1.

COMPONENT	Included in Base Price	Price per Component in ZAR
Test Benches to be used for in-house testing by TFR	No	Please refer to Repair tool and test bench price list attached.
ADU for the driver assistant	Yes	R 94 500
Real time signal (Analysis feature to view logged signals offline)	Yes	R18 700
Functionality to display information. Any information on locomotive should be accessible via any other locomotive in consist.	Yes	R18 700
Display of total tractive/braking effort of entire consist	Yes	R18 700
Installation of ECP/WDP/ and cabling	Yes	R430 000
Installation of RDP and cabling	No	R450 000
Installation of combination of RDP/WPD and cabling	No	R730 000
Supply of dummy train line power supplies and ECP junction boxes	Yes	R110 000
Solid multi-wear wheels with the option of tiring the wheel. The wheels shall conform to AAR-Specification M-107 for class B wheels or an equivalent international standard.	No, tender based on Monoblock Forged Wheel.	R29 222
Control system with the capability to inhibit traction if the park brake is applied on any locomotive in the consist	Yes	R12 500
Heat /smoke /fire detectors	Yes	R38 025
The capability of the loco to MU with TFR's existing fleet of diesel locomotives. The network cable will be embedded in a single MU cable which can connect to existing diesel locomotives	Yes	R31 200
Special tools and equipment (all special tools for the duration of the warranty and for Transnet use and at end of the warranty period)	No	Please refer to Repair tool and test bench price list attached.

Care of: Global House, 60 Tullaght Road, Kempton Park 1630
 P.O. Box 10285, Astor Manor, Kempton Park, 1619
 A Division of Transnet SOC Limited Reg No. 1206 (Pty) Ltd 2005
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 Email: boards@globalgroups.org
01 - 21 NOV 2013
 CHAIRMAN
 ACQUISITION COUNCIL *Robinde*

2. We confirm that the base price as reflected in the base cost sheet of our TCO model ~~excludes~~ escalations and hedging costs.
3. As indicated in question 2 above, our submitted contract price excludes any hedging costs. As described in our original submission (File 6, Annexure 3 (ii) – Exchange rate hedging strategy (page 16 of the electronic version of file 6)):
- “The final forward exchange contract (FEC) rates will only be determined on the Effective Date of the Supply Agreement. Once the final FEC rates are accepted, the final Contract Price will be agreed and no additional cost in respect of the hedging strategy will be payable by Transnet. The “cost” of taking out the FECs will be included in the foreign currency (FC) exchange rate quoted by a South African Bank.”
4. Please see the “Forex Components” sheet which we have inserted into Clarification Annexure A. We have indicated the exchange rates used at tender submission date, as well as the exchange rates on 11 November 2013.
5. As indicated in our submission (File 6 – Price Schedule (page 2 of the electronic version of File 6)):
- “We have assumed a 5% annual increase in the Contract Price. The actual escalation rate will be determined and agreed to by Transnet and the CNR Consortium. This rate will be a composite index based on the weighting of relevant indices with a minimum 10-year history, and published by recognised and accredited bodies, for example:
- CPI
 - PPI
 - Siefsa indices (labour and materials)
 - Any other relevant indices agreed to by the parties”
- We have thus used the assumed 5% annual escalation across the delivery schedule in the attached Clarification Annexure A. The weighted average cost per locomotive is R48,841,026 (forty eight million, eight hundred and forty one thousand, and twenty six rands).
6. The payment profile in the cash flow is correct. Note that it is based on Tranche 1 of our delivery schedule which is 50 locomotives.

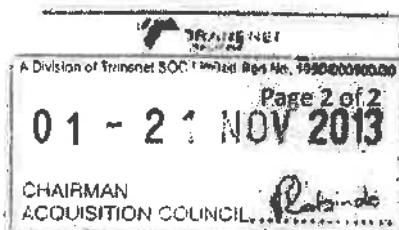
We trust the above to be to your satisfaction and please do not hesitate to contact us should any additional information be required.

Kind regards



Rowen von Gericke

On behalf of CNR Consortium / Unincorporated Joint Venture



Annexure O - Diesel Loco - Per November 13 Clarification

SCHEDULE OF LOCOMOTIVE ORIGINAL BOM AND DESIGNATED COMPONENTS						
NO.	COMPONENT / ACTIVITY	Component Cost	SUPPLIER	CURRENCY	Exchange Rate Used in Tender	Exchange Rate on 11 Nov 2013
1	Assembly of Locomotives					
1.1	LOCOMOTIVE ASSEMBLY	R 1 391 185.00	TE	ZAR	n/a	n/a
2	Car Body:					
	Cab steel structure	R 202 572.00	TE	ZAR	n/a	n/a
	Cut, form and prepare cab parts	R 59 620.00	TE	ZAR	n/a	n/a
	Underframe steel structure	R 874 650.00	TE	ZAR	n/a	n/a
	Cut, form and prep underframe parts	R 203 250.00	TE	ZAR	n/a	n/a
	Side wall	R 183 270.00	TE	ZAR	n/a	n/a
	Cut, form and prep Side wall parts	R 52 032.00	TE	ZAR	n/a	n/a
	Roof	R 127 405.00	TE	ZAR	n/a	n/a
	Cut, form and prep Roof parts	R 32 520.00	TE	ZAR	n/a	n/a
	Portion wall	R 43 625.00	TE	ZAR	n/a	n/a
	Cut, form and prep-Portion wall parts	R 8 130.00	TE	ZAR	n/a	n/a
	Cow catcher	R 19 590.00	TE	ZAR	n/a	n/a
	Cut, form and prep Cow catcher parts	R 3 252.00	TE	ZAR	n/a	n/a
	Side door	R 145 240.00	TE	ZAR	n/a	n/a
	Cut, form and prep Cab parts	R 62 880.00	TE	ZAR	n/a	n/a
	Toilet & Toilet cubicle	R 60 203.00	TE	ZAR	n/a	n/a
	Stainless steel watertank, tap and water spout pipe set	R 32 650.00	TE	ZAR	n/a	n/a
	Hendrail	R 29 780.00	TE	ZAR	n/a	n/a
	Locomotive Ventilator	R 4 203.00	Dorlin Fans	ZAR	n/a	n/a
	Lead corridor floor	R 17 775.00	TE	ZAR	n/a	n/a
	Step ladder to Cab	R 13 446.00	TE	ZAR	n/a	n/a
	Step ladder to Roof	R 3 840.00	TE	ZAR	n/a	n/a
	Driver console	R 59 600.00	TE	ZAR	n/a	n/a
	Cut, form Driver console material	R 16 260.00	TE	ZAR	n/a	n/a
	Driver controller	R 23 378.50	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Driver foot switch	R 2 373.11	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Speedometer	R 3 653.64	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Rev counter	R 7 305.29	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Brake gauge	R 3 653.64	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Pressure Gauge	R 7 305.29	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Switches	R 123 873.33	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Buttons	R 17 910.33	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Cab Door	R 8 500.00	TE	ZAR	n/a	n/a
	Wiper for Cab door	R 25 950.00	TE	ZAR	n/a	n/a
	Cab interior decoration	R 77 410.00	TE	ZAR	n/a	n/a
	Cab floor	R 15 920.00	TE	ZAR	n/a	n/a
	Cab front window glass	R 64 544.00	TE	ZAR	n/a	n/a
	High low horn	R 22 615.00	TE	ZAR	n/a	n/a
	Rearview Mirror	R 4 303.00	TE	ZAR	n/a	n/a
	Driver's seat and attendant's	R 38 482.00	TE	ZAR	n/a	n/a
	Lighting system	R 95 851.00	TE	ZAR	n/a	n/a
3	Bogies:					
	Bogie frame	R 642 490.00	Global Heavy Duty manufacturing	ZAR	n/a	n/a
	Cut form and prep Bogie Frame material	R 106 665.60	Global Heavy Duty manufacturing	ZAR	n/a	n/a
	Welding of Bogie Frame	R 48 935.00	Global Heavy Duty manufacturing	ZAR	n/a	n/a
	Bogie Assembly	R 209 840.00	Global Heavy Duty manufacturing	ZAR	n/a	n/a
	Wheels forged and solid	R 242 340.00	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	U-tube	R 419 652.00	Rotacon	ZAR	n/a	n/a
	Earthing device of U-tube	R 60 720.00	TE	ZAR	n/a	n/a
	Roller suspension bearing	R 134 640.00	Timken	ZAR	n/a	n/a
	Gearbox casing	R 215 178.00	ROTAACON ENGINEERING	ZAR	n/a	n/a
	Pinion	R 37 812.00	BAE	ZAR	n/a	n/a
	Drive gear	R 216 516.00	BAE	ZAR	n/a	n/a
	TM suspension unit		Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	TM hanging rod	R 1 495.33	Dalian	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1

	TM hanging rod rubber joint	R	13 252.90	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Traction link kit	R	24 762.74	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Brake shoe(Brake block)	R	2 460.00	Wabtec	ZAR	n/a	n/a
	Air inlet duct of TM	R	17 053.44	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Bogle Air Piping	R	61 239.00	TE	ZAR	n/a	n/a
	Motor for cooling blower of alternator	R	63 331.00	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Cooling fan motor	R	156 796.72	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Sanding device(valve)	R	73 335.00	TE	ZAR	n/a	n/a
	Final Assembly of Bogle	R	209 840.00	TE	ZAR	n/a	n/a
4	Coupling Equipment :						
	Coupler	R	82 432.58	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Buffer	R	80 356.25	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Coupling lever (uncoupling rod)	R	307.18	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
5	Suspension :						
	Primary spring	R	22 004.16	Springmaster	ZAR	n/a	n/a
	Secondary Spring	R	10 469.76	Springmaster	ZAR	n/a	n/a
	Other	R	4 137.84	Springmaster	ZAR	n/a	n/a
	Primary vertical damper	R	55 209.28	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Axle-box link rod	R	68 815.90	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Axlebox link rod rubber joint	R	57 437.34	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Assembly of axle-box link rod	R	2 617.00	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Secondary supporting rubber	R	29 763.76	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Secondary horizontal damper	R	29 107.11	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Secondary horizontal stopper	R	3 056.51	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
6	Heat, Ventilation and Air Conditioning						
	HVAC System(Air conditioner)	R	199 961.00	BOUYCO	ZAR	n/a	n/a
	Hot plate	R	4 424.00	TE	ZAR	n/a	n/a
	Refrigerator	R	14 180.00	Mitsui 40	ZAR	n/a	n/a
7	Braking System :						
	Brake unit(brake valve,display unit,brake cubicle)	R	1 596 000.00	Knorr	ZAR	n/a	n/a
	BCP (EP60)	R	337 670.00	Knorr	ZAR	n/a	n/a
	Main air reservoir	R	31 450.00	TE	ZAR	n/a	n/a
	Turnable plug and end hose connector	R	42 766.00	TE	ZAR	n/a	n/a
	Brake and vacuum piping	R	119 698.00	TE	ZAR	n/a	n/a
8	Alternators Included in ABB Price						
9	AC Traction Motors :						
9.1	Traction system	R	10 008 775.00	ABB	ZAR	n/a	n/a
10	Electric Systems :						
	Wires and cables	R	113 080.00	TE	ZAR	n/a	n/a
	Air circuit breaker	R	9 323.06	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Contactors	R	137 382.50	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Relay	R	31 644.31	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Breakers	R	9 323.07	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Gauges	R	13 759.23	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
11	Engines :						
	Diesel engine	R	5 368 482.50	MTU	EUR	ZAR 11.86 / EUR 1	ZAR 13.81 / EUR 1
	Radiator	R	163 353.44	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Cooling fan	R	27 300.11	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Filter cell (air filter)	R	8 243.53	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Expansionable water tank	R	32 652.00	Global Heavy Duty www.globalheavy.com	ZAR	n/a	n/a
	Water tank level indicator gauge	R	9 958.21	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Starting fuel pump	R	7 617.43	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Pump motor	R	4 121.99	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	TM blower	R	88 766.00	Donkin Fans	ZAR	n/a	n/a
	Alternator cooling blower	R	43 103.13	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Valve and joint (set)	R	73 164.28	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
	Protect net	R	39 636.10	Dallan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
12	Powering Mechanisms :						
	Axle	R	97 500.00	SWASAP	ZAR	n/a	n/a
	Assembly of wheel-set	R	118 800.00	Swasap	ZAR	n/a	n/a
	Axle box	R	192 000.00	Trishen	ZAR	n/a	n/a
	Axle bearing	R	45 600.00	Trishen	ZAR	n/a	n/a
	Axle box Cap	R	36 000.00	Trishen	ZAR	n/a	n/a

CONTROL AND COMMUNICATION SYSTEM						
Loco communication system	R	42 870.00	Triton & TE	ZAR	n/a	n/a
Event recorder	R	26 897.00	Wabtec	ZAR	n/a	n/a
On board Video System	R	87 159.00	Wabtec	ZAR	n/a	n/a
On-board anti-fire Detection system	R	4 250.00	TE	ZAR	n/a	n/a
21 OTHER						
Painting	R	218 095.00	TE	ZAR	n/a	n/a
Lubricating oils grease	R	127 320.00	TE	ZAR	n/a	n/a
Rubber products	R	177 837.50	Dellan	USD	ZAR 9 / USD 1	ZAR 10.33 / USD 1
Complete Vehicle Tests - all locomotives	R	201 000.00	TE	ZAR	n/a	n/a
Engineering support	R	4 598.00	TE	ZAR	n/a	n/a
Investment recovery	R	90 287.00	TE	ZAR	n/a	n/a
Non recurring costs	R	6 632.00	TE	ZAR	n/a	n/a
Risk and warranty	R	95 402.00	TE	ZAR	n/a	n/a
Total BOM	R	27 824 824.85				
Sum of USD	R	2 026 406.83				
Percentage USD		7%			27%	
Sum of Euros	R	5 364 482.56				
Percentage Euros		19%			73%	

Annexure E from 30 April Submission recaptured		EUR	USD	Offer Price
		532100	10245	
			7687	
			39	
			3500	
			379	
			465	
			830	
			465	
			930	
			15536	
			2281	
			1188	
			7158	
			7347	
			833	
			3791	
			3707	
			645	
			2452	
			6975	
			2178	
			2230	
			1050	
			504	
			1225	
			625	
			6518	
			10083	
			3910	
			52900	
			414800	
			8067	
			19955	
			17500	
			2757	
			1750	
			17500	
			48283	
		<u>532 100</u>	<u>885 298</u>	
		<u>452 285</u>		
		<u>5 427 420</u>	<u>6 167 864</u>	
				40 500 000.00
	% imported	13.40%	15.23%	

Note: Annexure E referred to a % of the cost being imported, we multiplied the amount by the % to arrive at the imported portion.

Base Cost in yr zero per locomotive

		0 943 202
1		39 735 831
2		135 000
3		22 787
4		442 830
5		5 221
6		215 054
7		0
8		27 595
9		
10		138 655
11		270 229
12	Other (please detail)	

①

Should the annual spares holding need to change annually, then please specify such detail.

① See Note 1.5 of evaluation "Base Cost" worksheet.

TCO Item	Diesel	Comments
TCO Ref A. Locomotives	R 40 500 000	As Per Price Schedule in File 6
1 Base Price - as per Technical Specs	R 39 735 831	Averaged over total Fleet
2 Engineering Support Cost	R 135 000	
5 Consumables	R 5 221	
6 Setup Costs	R 215 054	Bogle manufacturing Plant
9 Forex Hedging Cost	R 0	See Annexure 3 (ii) Hedging and exchange rate
10 Customs & Excise Duties	R 138 665	
11 Insurance Cost	R 270 229	
Spares, Tools and Test Equipment		
D. Spares		
Spares	R 470 425	Will depend on Transnet's Requirement and will be agreed between the parties
4 Capital Spares	R 442 830	Averaged over total Fleet
8 Spares holding	R 27 595	Averaged over total Fleet
7 Spares holding cost	R 0	Zero Per RFP
C. Tools And Test Equipment		
3 Initial Tools	R 22 787	Will depend on Transnet's Requirement and will be agreed between the parties
TCO Capital Acquisition Cost		R 40 993 202



**CNR CONSORTIUM / UNINCORPORATED JOINT
VENTURE**

**TRANSNET FREIGHT RAIL (an Operating Division of TRANSNET SOC LTD)
REQUEST FOR PROPOSAL**

NO. TFRAC-HO-8609

**FOR THE SUPPLY OF 465 NEW DIESEL LOCOMOTIVES FOR THE
GENERAL FREIGHT BUSINESS (GFB)**

RETURN DATE: 30 APRIL 2013

File 6 Folder 1

Price Schedule



CNR CONSORTIUM/UNINCORPORATED JOINT VENTURE

PRICE SCHEDULE

Our Consortium is pleased to propose an ex-VAT Contract Price of R40,500,000 (forty million five hundred thousand rands) per diesel locomotive, DDP Koedoespoort, Gauteng. The Contract Price for each locomotive includes Customs and Excise Duties, Insurance (up to the Acceptance date for such locomotive as required by the draft Supply Agreement).

The Contract Price shall be payable in South African rands, and escalate as described in the indexation section below.

Table 1 below shows our proposed delivery schedule in batches with an assumed escalated price shown per Batch. For illustrative purposes only, it has been assumed that the Contract Price will escalate by 5% per annum (effective on 1 April of each year) as a result of the Indexation.

We note that whilst Transnet shall pay for the locomotives in rands, our Contract Price has been calculated using USD/ZAR and EUR/ZAR spot rates of R9/\$ and R12/€ respectively for some of our components. These rates are also stated in part 8 of Section 2 of the RFP (see file 1 of our submission).

Table 1: Delivery Schedule in Batches

Delivery Periods 1 April to 31 March	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Batch No	1	2	3	4	5	6
					50	118
				50	118	139
			50	118	139	148
	0	50	118	139	148	10
Total number of locomotives in Batches	0	50	168	307	455	465
Pricing per Locomotive	R 42 358 562	R 44 476 490	R 46 700 314	R 49 035 930	R 51 487 096	R 54 061 451

The break price per cancelled locomotive shall be R650,000 (six hundred and fifty thousand rand) across all the batches.

Indexation

As indicated earlier, the pricing in Table 1 above, assumes a 5% annual increase in the Contract Price. The actual escalation rate will be determined and agreed to by Transnet and the CNR Consortium. This rate will be a composite index based on the weighting of relevant indices with a minimum 10 year history, and published by a recognised and accredited bodies, for example:

- CPI
- PPI
- Seifsa indices (labour and materials)
- Any other relevant indices agreed to by the parties

A portion of the Contract Price may even be fixed. Indexation adjustments will take place once a year on 1 April each year.

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-CNR-	
Consortium / Unincorporated Joint Venture	
P.O. Box 10285	Tel: (011) 230-1900
Aston Manor	Fax: 366-1594
1630 SA	2013

Capital parts, holding parts, consumable parts and tools.

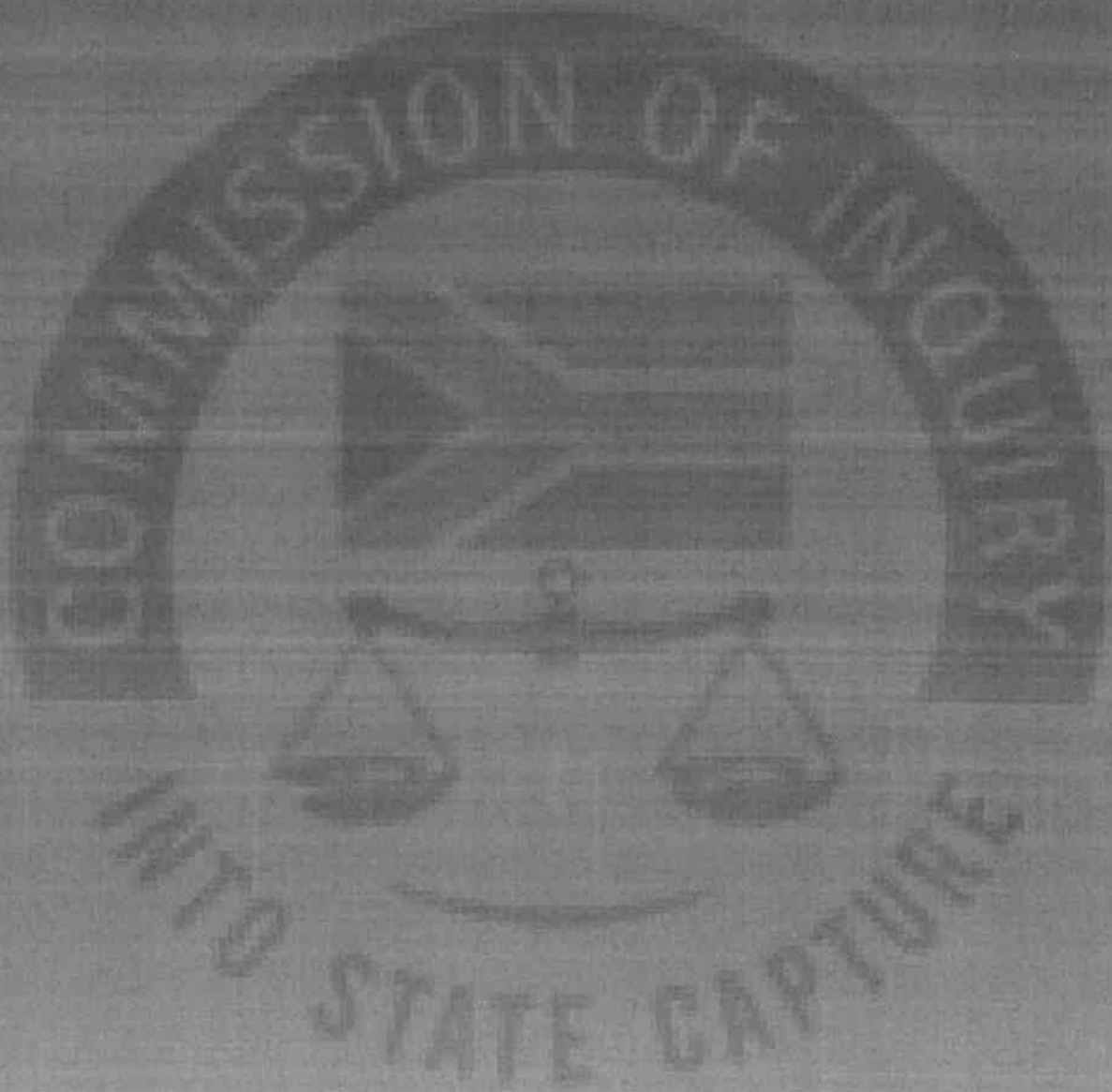
- These items are not included in the contract price and no provision has been made in the contract price for these listed spares.

Respondent's Signature

Date & Company Stamp

FOC-614

ANNEXURE FC 74



	155,000	100,000	102,703	10,000
1	25,767	300,800	31,724	31,073
2				
3	483,843	426,887	505,372	490,931
4	5,231	350,000	1,716,487	3,064
5	235,054	100,000	303,814	0
6	0	11,000	0	0
7				
8	27,595	2,472	3,777	6,259
9	0	0	0	0
10	10,557	237,839	208,094	132,500
11	7,820	100,000	2,334	0
12				
13	87,708	1,711	1,659,837	881,343
14				
15				9,168
16				
17				-0,278
18				
19	28,56			34,315
20				
21	200,000	100,000	100,000	100,000
22	200,000	100,000	100,000	100,000
23	10,3723	60,5793	10,3723	60,5793
24				
25				
26				
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- 1.1. Clarification of the currency exchange as per the clarification request based on the BOM. However this BOM excluded labour, therefore we used the appropriate deduction for the deduction of the labour price evaluation (refer 1.7 below).
- 1.2. CNR - The currency split between 1st & 2nd exchange rate per the BOM was used.
- 1.3. CNR - error after clarification CNR did not include capital spares.
- 1.4. CNR - error confirmed after clarification that the price was based on the TCO model and hedging costs.
- 1.5. CNR quoted RS33 721 under capital spares. They did not include price for turbocharger assembly an capital spares in TCO model. This was corrected in TCO model.
- 1.6. CNR - BOM have confirmed the information from the SD files that CNR have initially quoted excluding TE. This a clarification was not part of the clarification.
- 1.7. 30 April 13 tender documents referred to an Annexure E for the imported content, we used the import content based on this Annexure E.

- 2.1. CNR quoted for foreign hedging cost based on 66,2664 in July 2012.
- 2.2. CNR Price is based on the fixed pricing option and no hedging cost provided. This was corrected in the price.
- 2.3. CNR - no hedging strategy provided even after clarification. It was corrected in the price for the hedging cost. We have removed from the normalisation of the price for all bidders.
- 2.4. CNR has not stipulated the foreign portion that they will hedge.
- 2.5. CNR quoted RS33 721 under capital spares, c&f FI. This was changed to RS33 721 to include the value of the capital spares as reflected on TCO model (capital spares). They by mistake include both section A and section B spares.
- 2.6. CNR - We assumed that the import content remained as prior to clarifications (whereby TE was removed) as CNR did not specify a value that import content would change to. CNR said that they would endeavour to keep total content the same.
- 2.7. A 3125 512 is the capital acquisition cost before options, CNR quote R 3196534 as their new price excluding TE. The difference was added to the capital acquisition cost.
- 2.8. CNR quote a price of R 2692953 whereas the annexure F price is R 3167766. By removing capital spares, spares holding and spares holding cost you reconcile the numbers.

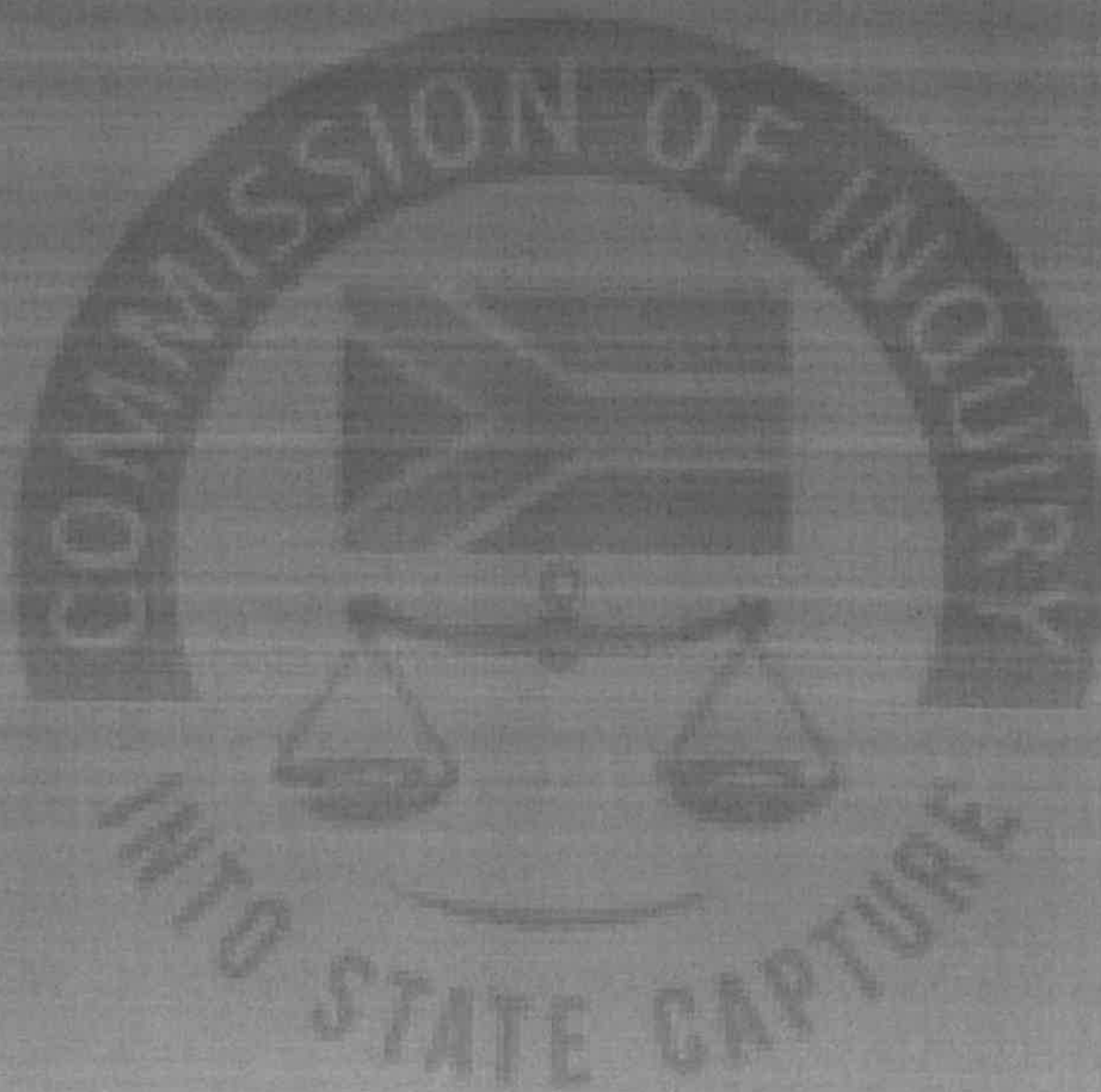
- 3.1. BMD have quoted different levels of pricing for different quantities (break points) per clause 3.1 of BFP. We are evaluating on the assumption of contracting for the full 465 tons.
- 3.2. This must be considered as part of the negotiations.
- 3.3. BMD have provided pricing using TE and pricing without TE (own plant). We have used the price based on using TE for the evaluation.
- BMD's pricing offer = R 36.49 million whereas the annexure F schedule has amount as above. We have used the annexure F schedule for this evaluation. R 36.49 m is made up of base price + engineering + set up + options + labour.
- 3.5. BMD quoted R 74 399 under spares holding c&f FI. This was reflected on annexure F. It was changed to R 77 777 as was calculated in TCO model "direct spares holding".
- 3.6. BMD have added an amount of R 3403991 to the price of their local localization expenses.
- 3.7. BMD have not provided a fixed price quotation even after clarification (explained in their clarification letter due to the extended period of time and substantial contract amount).
- 3.8. BMD quoted a price of R 67 915 in c&f FI. This was changed to RS05 392 as they did not include all the spares listed under schedule A. See notes in TCO model capital spares.

- 4.1. GE's quoted price specifically states that the price quoted is subject to escalation. We have used a price excluding escalation above.
- 4.2. GE has not included the cost of capital spares and spares holding - we have added those costs based on annexure F (TCO model R 193495359/465 = R 4161199).
- 4.3. GE quoted a price of R 466 119 in c&f FI. This was changed to R 490 939 as they did not include all the capital spares listed under schedule A. Also see notes in TCO model (capital spares).
- 4.4. GE have confirmed post clarification that set up costs is included in the base price and that the US portion is negligible as they already have a production line in place.
- 4.5. GE have confirmed post clarification that they have not quoted for insurance costs separately as they carry blanket insurance and that this transaction would not increase their insurance costs as a company.
- 4.6. GE - the cost of hedging was provided based on rates on 19 November 2013 when R 5 was 103 217.
- 4.7. GE have used a rate of R 2544 for the local content declaration however their price offer is based on a rate of 9:148.
- 4.8. GE have indicated that the impact of spot exchange rate on their price would be R 11873.40 per ton as of 11 November 2013, we could not calculate how they got to this number but should they become the preferred bidder then this must be clarified.
- 4.9. Note that para 4.8 above does not impact the price evaluation however needs to be considered during a negotiation phase if GE becomes the preferred bidder.
- 4.10. GE have not supplied the quantities of the spares to hold, we have assumed 1 of each item for purposes of including in the evaluation to be consistent with other bidders.
- 4.11. We assumed that the import content remained as prior to clarifications (whereby TE was removed) as GE did not mention anything in their clarification letter.
- 5. Generally where dollar rates were quoted we assumed that the import portion would be in dollars.
- 6. Per clause 3.1 of BFP break point pricing was provided by bidders. For purposes of evaluation pricing based on contracting for the full 465 tons was used.
- 7.1. The date to convert foreign exchange to rands was omitted from the BFP. As such bidders utilized their own dates. Tenderers should have been told at which date to convert for and thereby quote on foreign hedging costs.
- 7.2. We have stripped the foreign hedging costs portion out of the price for evaluation purposes, and through clarification confirmed the exchange rates used.
- 8. We assumed that the import content remained as prior to clarifications (whereby TE was removed).
- 9. Refer payment term file for an additional calculation reconciling annexure F to price offered.

The Price evaluation has been done on the basis of excluding the cost of using TE as the main subcontractor. Bidders 2 & 4 were requested to quote as if another private sector subcontractor is used. BMD was requested via clarification from bidder 3 & 4. BMD only listed the clarifications to those bidders that indicated that they had used TE as the main subcontractor per the SD files. Bidder 3 already quoted a price including and excluding TE per item 1st tender response.

FQC-616

ANNEXURE FC 75





6 Break Pricing	not offered, reference is made to supplier agreement wording 121,540,000 60,770,000 60,770,000	Agreed that we will reimburse GE for reasonable and auditable and verifiable costs, limited to the liability cap of 15% of contract value.
7 Deferral of delivery schedule cost	Rechartering excessive has indicated that this will cost around 10% of total price 7M.	not priced, either amount was supposed to be set into writing to insert into contract. Agreed that we will reimburse GE for reasonable and auditable costs.
8 Electrical / System pricing	ECP with WDP RDP Both ECP with WDP & RDP	514,467 1,351,000 1,529,265
9 Payment terms	Deposit Design review Acceptance Retention	10% 5% 15% 10%
10 Local content		45%
11 Delay penalties		Capped @ 10% of total contract price
12 SD penalties		Capped @ 2.5% of SD value
13 Retention cost		Capped @ 7.5% of SD value
14 Limitation of liability (for both parties)		15% of total contract price
15 Equipment if fixed (excluding IE scope) per hour		4,836,574
Escalators if fixed (including IE scope) per hour		3,946,138
16 Warranty bond	Principle to be agreed, mechanisms to be dealt with at design review stage. Propose to bidder that we drop the warranty bond and increase the retention to 5% for 24 months R 88400 per loco = R 29.5 million for 232 locos	Warranty bond to remain in GE only have a retention of 3% which is not enough to swap for warranty bond \$7600 per loco over 30 months = R 19521 per loco R 4.5 m for 233 locos
Cost of warranty bond		39270600 9132217