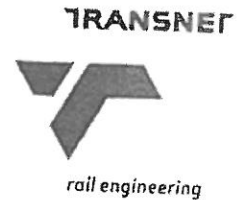


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MEMORANDUM

www.transnet.net

Date: 18 July 2011

To: All Transnet Rail Engineering Employees

Ref: Gain Share

GAIN SHARE PAYMENT: QUARTER 1

A revised incentive dispensation for bargaining unit employees for the 2011/12 financial year was consulted with Labour for implementation with effect from 1 April 2011.

Transnet Rail Engineering is pleased to announce that:

- All bargaining unit employees (including G-level (FST)) will be eligible for gain share subject to the rules as set out in the Transnet Rail Engineering Gain Share Scheme.
- The Gain Share Fund will be adjusted accordingly to ensure the Funds of the different businesses are not negatively affected.
- Transnet Rail Engineering REMCO has generously decided to waive all negative opening Gain Share Fund balances to start the 2011/2012 financial year with a clean slate.
- Gain Share for all qualifying bargaining unit employees for quarter one will be paid via an advance run which will reflect in the bank accounts of the employees on the 27th of July 2011 (thus two payments will be shown on the 27th of July 2011 – salary and Gain Share).
- The Gain Share payout will not reflect on the July 2011 pay slips (due to it being an advance), but will only reflect on the August 2011 pay slips.
- Eligible employees will also receive a communiqué to the same effect together with their July 2011 pay sheets.

The above actions are implemented to ensure that Transnet Rail Engineering has sufficient time to implement the necessary controls and verification procedures to ensure accurate payout.

Masihambe, let's work together.

A handwritten signature in black ink, appearing to read "Richards Vallihu", written over a white background.

RICHARDS VALLIHU
CHIEF EXECUTIVE