



**NATIONAL
TREASURY**

FINAL TERMS AND CONDITIONS DATED 31 MAY 2001.

**REPUBLIC OF SOUTH AFRICA
NATIONAL TREASURY**

TERMS AND CONDITIONS OF ISSUE

**REPUBLIC OF SOUTH AFRICA INTERNAL REGISTERED BOND
R194 (10,0% COUPON)
REDEEMABLE IN THREE EQUAL AMOUNTS ON 28 FEBRUARY
2007, 2008 AND 2009)**

Issued by the National Treasury
Private Bag x 115
PRETORIA, 0001

REPUBLIC OF SOUTH AFRICA

GOVERNMENT ISSUE

Loan No: R194

Date listed on the Bond Exchange: 28 March 2001
Date of Terms of Issue: 26 March 2001

TERMS AND CONDITIONS OF ISSUE

The Republic of South Africa intends to issue Bonds as hereinafter defined in the terms and conditions set forth herein.

1. INTERPRETATION

In these Terms and Conditions, unless inconsistent with the context, the following expressions shall have the following meanings:

“BESA” means the Bond Exchange of South Africa, a financial exchange licensed in terms of the Financial Markets Control Act, No. 55 of 1989;

“Bondholder” means a person whose name is entered into the Register as the holder of any Bonds;

“Books Closed Date” means, in relation to an Interest Date, one calendar month preceding the Interest Date or such shorter period preceding the Interest Date as determined by the Issuer and published in the Government Gazette;

“Bonds” means the bonds issued pursuant to these Conditions;

“Business Day” means any day (other than a Sunday or official public holiday in the Republic of South Africa) on which banks are generally open for business in the Republic of South Africa;

“Central Depository” means The Central Depository Limited (Reg. No. 1991/000941/06) operating in terms of the Custody and Administration of Securities Act, No. 85 of 1992, for the immobilisation of securities;

“Certificate” means a certificate issued in respect of any Bonds by the Issuer pursuant to clause 8 below;

“Conditions” means these terms and conditions;

“Coupon” means 10,0%;

“Initial Issue” means the initial issue of Republic of South Africa bonds by auction to primary dealers in government bonds;

“Interest Date” means 28 February and 31 August each year that the Bonds are in issue;

“Interest Period” means the 6 (six) month period commencing on and including one Interest Date and ending on but excluding the next Interest Date, provided that the first Interest Period shall be from and including the Issue Date to but excluding the first Interest Date thereafter, and the last Interest Period shall end on the day preceding the Redemption Date;

“Issue” subject to the provisions of the Public Finance Management Act, 1999 (No.1 of 1999) as amended, the National Treasury may decide to increase the amount of the loan at any time prior to the redemption date by creating and issuing additional bonds;

“Issue Date” means 20 April 2001.

“Issuer” means the Republic of South Africa;

“Principal Amount” means , in relation to any bonds, the amount owing by the Issuer under such bonds.

“Redemption Date” means 28 February 2007, 28 February 2008 and 28 February 2009, or, if such date is not a Business Day, the next Business Day;

“The Register” means the register of Bondholders to be kept by the Issuer;

“Registered” means to have been entered into the Register;

“Republic of South Africa Internal Registered Bonds” means Republic of South Africa Internal Registered Bond R194 classified as “loan stock” pursuant to the provisions of the Financial Markets Control Act, No. 55 of 1989 as well as specified in the Financial Regulations 13.1(1) – (5) made under section 66 of the Public Finance Management Act, 1999 (Act no. 1 of 1999).

“Settlement Agent” means a Settlement Agent as envisaged in the rules of BESA;

“Transfer Secretary” means the National Treasury of the Republic of South Africa or any other person appointed by the Issuer as its Transfer Secretary in respect of the Bonds, provided no such appointments shall be effective until the Issuer has notified all Bondholders of the name and address of the person appointed;

2. FORM OF THE BONDS

- 2.1 The Bonds shall be represented by Certificates and shall be transferable by registration in the Register. However, nothing in these Conditions precludes any Bonds from being held through any settlement system or from being held in any depository in a Certificate or dematerialised form.

3. STATUS

- 3.1 The Bonds constitute direct, unconditional and unsecured obligations of the Issuer and will at all times rank pari passu amongst themselves and at least pari passu with all other present or future unsecured and unsubordinated obligations of the

Issuer for monies borrowed and guarantees given by the Issuer in respect of monies borrowed by others.

4. REDEMPTION

- 4.1 The Issuer shall pay the bondholders the Principal Amount in three equal amounts on the following dates:-

28 February 2007
28 February 2008
28 February 2009

One third of the Principal Amount of the bond, rounded off to the nearest R1,00 will be redeemed on 28 February 2007, after which no further interest will accrue on the said amount. New bonds with loan numbers R195 and R196 as well as certificates will be issued for the two-thirds residual balance in equal proportions with redemption dates 28 February 2008 and 28 February 2009 with the same coupon rate of 10,0%. Bonds are not repayable prior to the maturity date.

- 4.2 The Issuer shall not be entitled to redeem the Bonds otherwise than is provided for in clause 4.1 above.
- 4.3 Notwithstanding anything contained in these Conditions, no redemption in respect of any Bond shall be made unless, if in a certificated form, the Certificate in respect of the Bond has been surrendered to the Issuer.

5. INTEREST

- 5.1 The Bonds shall bear interest at the Coupon on the Principal Amount of the Bonds in accordance with these conditions.
- 5.2 A coupon of 10,0% per annum will be paid semi-annually in arrears on 28 February and 31 August of each calendar year up to and including the redemption on 28 February 2009. The first payment will be made on 31 August 2001.
- 5.3 The Registers will be closed from 31 January to 28 February and 31 July to 31 August (all dates inclusive) or such shorter period preceding the Interest Date as determined by the Issuer and published in the Government Gazette.
- 5.4 Interest in terms of this clause 5 shall cease to accrue on Bonds as from the Redemption Date.

6. PAYMENT

- 6.1 All amounts payable by the Issuer in accordance with these Conditions shall be paid free of set-off or deduction in the Republic of South Africa and in the currency of the Republic of South Africa.
- 6.2 All amounts payable on or in respect of each Bond shall, unless otherwise agreed between a Bondholder and the Transfer Secretary, be paid by electronic funds transferred to the account of the relevant Bondholder as set forth in the Register or, in the case of joint Registered holders of a Bond, the account of that one of them who is first named in the Register in respect of that bond.

6.3 If any day for payment of principal or interest in respect of any Bond is not a Business Day, the Bondholder shall not be entitled to payment until the next Business Day following such day or to any interest or other sums in respect of postponed payment.

6.4 All payments will be subject to all fiscal or other laws and regulations applicable thereto in the place of payment.

7. STAMP DUTY

7.1 In terms of current legislations, as at the date of these terms of issue, South African Government bonds are transferable free of stamp duty and registration charges. Any further statutory charges will be for the cost of Bondholders as recorded in the Register at such time.

8. CERTIFICATES

8.1 It is recorded that when the Bonds are initially issued, a single Certificate in respect thereof will be lodged and immobilised in the Central Depository. This will entail that the nominee of the Central Depository will be reflected in the Register as the Bondholder. Holders to whom Bonds are allotted, or who subsequently purchase Bonds thereby become entitled to an interest in Bonds held in the Central Depository.

8.2 A holder of an interest in Bonds in the Central Depository who wishes to receive a certificate and be reflected in the Register as a Bondholder may on request in writing to the holder's Central Depository participant withdraw the interest in Bonds from the Central Depository. Joint Bondholders will be entitled to receive only 1 (one) Certificate in respect of that joint holding; and delivery to one of those joint Bondholders shall be deemed delivery to all of them.

8.3 If a Certificate is worn out or defaced then upon its presentation to the Issuer, the Issuer may cancel that Certificate and issue a new Certificate in its place.

8.4 If a Certificate is lost or destroyed then upon proof thereof to the satisfaction of the Transfer Secretary, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided that the Bondholder shall provide the Transfer Secretary and the Issuer with an indemnity and pay any out-of-pocket expenses for investigating the loss. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer.

8.5 An entry as to the issue of a new Certificate shall be made in the Register.

8.6 It is the intention of the Issuer to dematerialise the Certificates held by the Central Depository Bondholder.

9. REGISTER OF BONDHOLDERS

9.1 The Issuer shall procure that the Transfer Secretary shall keep a register of Bondholders in accordance with this clause 9.

9.2 The Register of Bondholders:

- 9.2.1 shall be kept at the Office of the Transfer Secretary;
 - 9.2.2 shall contain the names, addresses and bank account numbers of the Bondholders;
 - 9.2.3 shall show the total Principal Amount of the Bonds represented by it;
 - 9.2.4 shall show the dates upon which each of the Bondholders were Registered as such;
 - 9.2.5 shall show the serial numbers of the Certificates and the date of issue thereof;
 - 9.2.6 shall be open for inspection at all reasonable times during business hours on Business Days by any Bondholder or any person authorised in writing by a Bondholder; and
 - 9.2.7 shall be closed from each Books Closed Date until the next Interest Date.
- 9.3 The Transfer Secretary shall, upon written notice by a Bondholder, alter the Register in respect of any change of name, address or account number of the Bondholder.
- 9.4 Except as provided for in these Conditions or as required by law, the Issuer:
- 9.4.1 will only recognise a Bondholder as the owner of the Bonds Registered in that Bondholder's name as per the Register; and
 - 9.4.2 shall not be bound to enter into the Register the fact that a Bondholder may be holding Bonds in trust or as agent or mandatory for any third party and the Issuer shall have no responsibility whatsoever to such third party.

10. TRANSFER OF BONDS

- 10.1 It is recorded that interests in Bonds which are lodged in the Central Depository may, in terms of existing law and facilities, be transferred through the Central Depository by way of book entry in the central securities accounts of the BESA settlement agents. Such transfers will not be recorded in the Register and the nominee of the Central Depository Limited will continue to be reflected in the Register as the Bondholder notwithstanding such transfers. In order for any transfer of Bonds to be effected through the Register and for the transfer to be recognised by the Issuer, the following provisions shall apply
- 10.2 Each transfer of a Bond:
- 10.2.1 must be in writing and in the usual form or in such other form approved by the Issuer
 - 10.2.2 must be signed by or on behalf of the relevant Bondholder and the transferee; and
 - 10.2.3 must be delivered to the Transfer Secretary together with the Certificate in question for cancellation (if only part of the Bonds represented by a Certificate is

transferred, a new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Transfer Secretary).

- 10.3 The Transferor of any Bonds represented by a Certificate will be deemed to remain the owner thereof until the transferee is Registered as the holder thereof.
- 10.4 No transfer will be Registered whilst the Register is closed.
- 10.5 If a transfer is Registered then the transfer form and cancelled Certificate will be retained by the Transfer Secretary.

11. TITLE TO BONDS

- 11.1 The Issuer shall be entitled to assume for all purposes that the person reflected in the Register as the holder of any Bonds is the true owner of those Bonds.

12. REPURCHASE OF BONDS

- 12.1 The Issuer or its nominee shall have the right to purchase any of the Bonds at any time.

13. LISTING

- 13.1 The Issuer will apply to have the Bonds listed on BESA.

14. GOVERNING LAW

- 14.1 The Bonds and all rights and obligations relating thereto are governed by the laws of the Republic of South Africa.

15. STRIPABILITY

- 15.1 These bonds will be strippable once a formal strip market has been developed.

GENERAL

1. AUTHORISATION

- 1.1 The authorisation to issue was given by the Minister of Finance on 27 February 2001 in terms of Section 66(2)(a) of the Public Finance Management Act (Act 1 of 1999). In terms of Section 214(2)(b) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) and Section 73 of the Public Finance Management Act the repayment of the Principal Amount and the Interest thereon shall be a direct charge against the National Revenue Fund and is deemed to have been appropriated by Law.

2. PURPOSE OF THE ISSUE

- 2.1 The purpose of the issue is to raise funds to be used for the general purposes of the Government of the Republic of South Africa.

3. LISTING

- 3.1 The Bonds will be listed on BESA under Bond code R194.

4. METHOD OF ISSUE

- 4.1 The Bonds will be made available to the market by means of auctions in the manner determined by the Issuer
- 4.2 In the unlikely event of any circumstances that might, in the discretion of the Issuer, be considered to adversely impact on the fairness of a particular auction, the Issuer retains the sole right in the allotment of auctioned bonds to individual bidders.

5. INITIAL PRICING

- 5.1 Upon initial sale, given the real yield, the consideration for the Bonds shall be determined in accordance with the BESA bond pricing formula.

6. TRADING AND REGISTRATION

- 6.1 Bonds may be traded on BESA. Transactions on BESA will normally be effected for settlement on the third Business Day (excluding Saturdays) after the transaction (T+3).

7. SETTLEMENT, CLEARING AND TRANSFERS

- 7.1 When the Bonds are initially issued, a single Certificate in respect of all the Bonds will be lodged and immobilised in the Central Depository.

- 7.2 Bonds held in the Central Depository are registered in the name of the nominee of the Central Depository Limited. In terms of the conditions relating to the Bonds, all amounts to be paid and all rights to be exercised in respect of the Bonds held through the Central Depository, will be paid to and may be exercised only by the Central Depository for the beneficial owners of the Bonds.
- 7.3 The Central Depository holds Bonds subject to the Custody and Administration of Securities Act, 1992 and the Rules of the Central Depository. The Rules of the Central Depository as at the date of this Offering Circular are as published by the Registrar of Financial Markets in the Government Gazette No 17637 of 6 December 1996.
- 7.4 The Central Depository maintains accounts only for the participants in the Central Depository. The participants are also settlement agents of BESA. As at the date of this Offering Circular, the settlement agents are ABSA Bank Limited, First Rand Bank Limited, Nedcor Bank Limited and The Standard Bank of South Africa Limited. The participants are in turn required to maintain securities accounts for clients. The clients of participants may include beneficial owners of the Bonds or their custodians. The clients of participants, as beneficial owners of the Bonds or as custodians for the beneficial owners, may exercise their rights in respect of the Bonds held by them in the Central Depository only through the participants. Euroclear and Cedelbank may hold Bonds through their BESA settlement agent.
- 7.5 Transfers of interest in Bonds in the Central Depository to and from clients of Central Depository participants occur by book entry in the securities accounts of the clients with settlement agents (transfers amongst settlement agents of Bonds held in the Central Depository occur through book entry in the participants' central securities accounts with the Central Depository). The standard settlement period on BESA is "T+3". Transactions in Bonds concluded on BESA are settled by the settlement agents by book entry as described above.
- 7.6 The client of the Central Depository participant may at any time require the participant to withdraw any Bonds held for that client in the Central Depository. In that event the transfer is registered in the Register and the Issuer is required to issue Certificates in respect of the withdrawn Bonds to the Transferee in accordance with the Conditions.
- 7.7 Transfers of Bonds that are not held in the Central Depository may be effected only in terms of the rules of the Central Depository and these conditions relating to the Bonds.

8. TRANSFER SECRETARY

- 8.1 The name and address of the Transfer Secretary is as follows:

National Treasury
Private Bag x 115
Pretoria
0001

9. PUBLIC FINANCE MANAGEMENT ACT, 1999

9.1 In terms of Section 75 of the Public Finance Management Act, 1999 (Act 1 of 1999), the issuer shall not be responsible for the fulfilment of any obligation resulting from any lien, whether expressed, implied or construed, which is held over a Certificate, notwithstanding whether the Issuer was notified of such lien or not. The Conditions relating to the Bonds should be read in conjunction with Financial Regulations 13.1(1)-(5) made under Section 66(2)(a) of the Public Finance Management Act, 1999.

10. NON-SOUTH AFRICAN RESIDENT BONDHOLDERS AND EMIGRANTS FROM THE COMMON MONEY AREA

10.1 The following guidelines are not a comprehensive statement of the South African Exchange Control Regulations (The "Regulations") and reflect only the Issuer's understanding of the Regulations. Bondholders who have any doubt as to the action they should take should consult their South African Authorised Dealers in foreign exchange and/or professional advisers.

10.2 The Regulations affecting non-residents of the Common Monetary Area are as follows:

10.2.1 All Non-Residents of the Common Monetary Area

Any Certificates issued to Bondholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the case where non-residents hold bonds through the Central Depository, the securities accounts maintained for such non-residents by BESA settlement agents will be designated "non-resident".

It will be incumbent on any such non-resident to instruct the non-resident's nominated Authorised Dealer in foreign exchange as to how any funds due to such non-resident in respect of Bonds are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Bonds are acquired with foreign currency introduced into South Africa and provided that the relevant Certificates or securities account, as the case may be, is designated "non-resident".

10.2.2 Emigrants from the Common Monetary Area

In the case where Certificates are issued to emigrant Bondholders, the Certificates will be deposited with the Authorised Dealer in foreign exchange controlling such emigrants' blocked assets. Where emigrants hold Bonds through the Central Depository, the securities accounts maintained for emigrants by Central Depository participants will be restrictively designated.

Any monies due in respect of Bonds to an emigrant holder will be deposited in the emigrant's Blocked Rand account with the Authorised Dealer in foreign exchange controlling his blocked assets. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Regulations.

10.3 For the purposes of clause 10, the Common Monetary Area includes the Republic of South Africa, Lesotho, Namibia and Swaziland.

Signed at Pretoria on behalf of the Issuer on 31 May 2001.

B Molefe
DIVISION HEAD:
ASSET AND LIABILITY MANAGEMENT

A Donaldson
ACTING DIRECTOR GENERAL:
NATIONAL TREASURY