

MARKET NOTICE

Number: Y1403 A
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SUBJECT: R157 – BOND SPLIT

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The R157 will redeem on the 15th September 2014. As per the press release issued by National Treasury, the R157 will be finally split into its three daughter bonds namely the R009, R158 and R159 on the 5th of September 2014. Please refer to National Treasury's notice pertaining to the split (Press Release – Splitting R157 Bond) as attached.

Any market participants holding the R157 have the option to split their holdings of the R157 prior to the 5th September (first books close date of the R157). If the bonds are not split by the 5th of September, National Treasury through STRATE will split the bonds on the note holder's behalf.

R157 Split Mechanics

The R157 will split on a nominal basis into 3 equal parts into the R009, R158 and R159 on the 5th September 2014. All salient details (as at 22/08/2014) of the bonds impacted are presented below as well.

| | Bond Code | ISIN No | Maturity Date | All in Price | YTM |
|---|-----------|--------------|-------------------|--------------|------|
| | R157 | ZAG000010547 | 15 September 2016 | 113.01735 | 6.53 |
| 1 | R009 | ZAG000099854 | 15 September 2014 | 106.38837 | 6.53 |
| 2 | R158 | ZAG000099862 | 15 September 2015 | 113.01735 | 6.53 |
| 3 | R159 | ZAG000099870 | 15 September 2016 | 119.22621 | 6.53 |

An example of how the nominal bond split will be implemented is presented below for clarity.

Example 1: Holder holds R90 000 000.00 R157 bonds.

| | Bonds | Nominal |
|---|-------|-------------|
| 1 | R009 | R30 000 000 |
| 2 | R158 | R30 000 000 |
| 3 | R159 | R30 000 000 |

If the nominal held by the unit holder is not divisible by three, the R009 and R159 will receive the same nominal and the R158 (middle maturity bond) will receive the remainder rounded to the nearest one rand. An example is presented below.

Example 2: Holder holds R100 000 000.00 R157 bonds

| | Bonds | Nominal |
|---|-------|-------------|
| 1 | R009 | R33 333 333 |
| 2 | R158 | R33 333 334 |
| 3 | R159 | R33 333 333 |

Early Split

If a market participant would like to split their R157 holdings prior to the 5th September 2014, they can request the split via their settlement agent (CSDP). The holder's CSDP in conjunction with National Treasury and STRATE will perform the split immediately (same day settlement) on behalf of the market participant. A withdrawal will take place from the holders R157 holdings and a top up of the R009, R158 and R159 will occur according to the before mentioned split mechanism.

R009 Redemption

On the 15th of September 2014 the R009 will redeem and the nominal received by the bond holder will be according to the before mentioned ratios.

All in Price Impact

It must be noted that the unit holder's portfolio value will reflect a different mark to market (in terms of all in price) post the R157 split. This is due to the varying all in price levels of the three daughter bonds which make up the R157. The unit holders will however still have the exact same nominal holdings as before.

JSE MTM Companion Bond Change

In terms of corporate bonds that reference the R157, the JSE has replaced the R157 with the R159 as per the market noticed Y1402 which was disseminated to the market on the 22/08/2014. The change was effective on the 22/08/2014. Please refer to market notice Y1402 (Companion Bond Change from R157 to R159) as attached.

Should any market participant or issuer feel that a different companion bond (other than the R159) should be used as the referenced bond, please contact the JSE and due process will be followed.

Should you have any queries regarding the R157 bond split, please feel free to contact the JSE or National Treasury:

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