



ESKOM HOLDINGS SOC LTD

(incorporated with limited liability in the Republic of South Africa with Registration Number 2002/015527/30)

**Issue of U.S.\$1,000,000,000 6.35 per cent. Notes due 2028
under its U.S.\$4,000,000,000 Global Medium Term Note Programme**

**Issue price: 100 per cent.
unconditionally and irrevocably guaranteed by
THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**

The U.S.\$1,000,000,000 6.35 per cent. Notes due 2028 (the “**Notes**”) are being issued by Eskom Holdings SOC Ltd (the “**Issuer**”, the “**Company**” or “**Eskom**” and, together with its consolidated subsidiaries, the “**Group**”) under its U.S.\$4,000,000,000 Global Medium Term Note Programme (the “**Programme**”) as described in the Base Prospectus of the Issuer dated 26 July 2018 relating to the Programme (the “**Base Prospectus**”), certain sections of which are incorporated by reference into this Prospectus, see “*Documents Incorporated by Reference*” below.

The Notes and the Guarantee (as defined below) (together, the “**Securities**”) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or any U.S. State securities laws and are being offered: (a) for sale to qualified institutional buyers only (each a “**QIB**”) as defined in, and in reliance upon, Rule 144A under the Securities Act (“**Rule 144A**”) and (b) for sale to non-U.S. persons outside the United States in reliance upon Regulation S under the Securities Act (“**Regulation S**”). For a description of certain restrictions on sale and transfer of investments in the Notes, see “*Subscription and Sale and Transfer and Selling Restrictions*” in the Base Prospectus (other than the sub-sections entitled “*Transfer Restrictions*” and “*Selling Restrictions – United States*”) and “*Plan of Distribution*” and “*Transfer and Selling Restrictions*” below.

The Government of the Republic of South Africa represented by the Minister of Public Enterprises in terms of section 66(2) of the South African Public Finance Management Act, 1999 (the “**PFMA**”) acting with the concurrence of the Minister of Finance in terms of section 70 of the PFMA (the “**Guarantor**” and the “**Republic**”) has irrevocably and unconditionally guaranteed, on the terms set out in the guarantee dated 10 August 2018 (the “**Guarantee**”) made by the Guarantor, to The Law Debenture Trust Corporation p.l.c. as trustee (the “**Trustee**”, which expression shall include any successor trustee) and each Noteholder the due and punctual payment by the Issuer of all sums owing by the Issuer in respect of the Notes and/or under the Trust Deed (as defined herein) (insofar as it relates to a sum payable by the Issuer in respect of the Notes). See also “*The Guarantee*” below.

FOR SO LONG AS THE GUARANTEE IS IN FORCE THE RIGHTS OF THE TRUSTEE AND THE NOTEHOLDERS AGAINST THE ISSUER WILL BE EXTREMELY LIMITED AS SET OUT IN THE NEW CONDITION 10.4 OF THE TERMS AND CONDITIONS OF THE NOTES AND CLAUSE 5 OF THE GUARANTEE, ALL AS SET OUT HEREIN. SEE ALSO “RISK FACTORS – RISKS RELATING TO THE GUARANTEE – WHILE THE GUARANTEE IS IN FORCE, THE RIGHTS OF THE TRUSTEE AND THE NOTEHOLDERS AGAINST THE ISSUER WILL BE EXTREMELY LIMITED, EVEN IN THE EVENT OF NON-PAYMENT BY THE ISSUER AND THE GUARANTOR.” BELOW.

AN INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE “RISK FACTORS” HEREIN.

The Notes will bear interest from (and including) 10 August 2018 (the “**Issue Date**”) to (but excluding) 10 August 2028 (the “**Maturity Date**”) at a fixed rate of 6.35 per cent. per annum. Interest will be payable semi-annually in arrear on the 10th day of each February and August in each year (each an “**Interest Payment Date**”) up to (and including) the Maturity Date; provided that if any such date is not a Payment Day (as defined in Condition 6.6 (*Payment Day*) in the Base Prospectus) then such payment will be made on the next Payment Day. Principal of the Notes is scheduled to be paid on 10 August 2028, but may be paid earlier under certain circumstances described herein. The Notes initially will be sold to investors at a price equal to 100 per cent. of the nominal amount thereof. For a more detailed description of the Notes, see “*Terms and Conditions of the Notes*” herein.

This Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC as amended (including the amendments made by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and European Union (“**EU**”) law pursuant to the Prospectus Directive. Such approval relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (the “**Main Securities Market**”) or on another regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”) and/or that are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Notes to be admitted to its official list (the “**Official List**”) and trading on the Main Securities Market. References in this Prospectus to the Notes being “**listed**” (and all related references) shall mean that the Notes have been admitted to the Official List and trading on the Main Securities Market.

The Issuer has received the prior written approval for the issuance of the Notes from the Financial Surveillance Department (“**Ex Con**”) of the South African Reserve Bank (“**SARB**”).

A portion of the net proceeds of the issue of the Notes may be used by the Issuer to pay down outstanding indebtedness under the credit facility agreement entered into, among others the Joint International Bookrunners and/or their respective affiliates. See “*Plan of Distribution*”.

The Notes are expected to be rated at issuance Baa3 by Moody’s Investors Service Ltd. (“**Moody’s**”) and BB by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”). The Issuer has also been rated B2 and CCC+ by Moody’s and S&P, respectively. Each of Moody’s and S&P is established in the European Union and is registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes are being offered under Rule 144A and Regulation S by each of Absa Bank Limited, acting through its Corporate and Investment Banking division, Barclays Bank PLC, J.P. Morgan Securities plc and The Standard Bank of South Africa Limited (together, the “**Joint International Bookrunners**”), subject to their acceptance and right to reject orders in whole or in part. The Notes will initially be represented by global notes in registered form (the “**Global Notes**”), one of which will be issued in respect of the Notes (“**Rule 144A Notes**”) offered and sold in reliance on Rule 144A (the “**Rule 144A Global Note**”) and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”), and the other of which will be issued in respect of the Notes (“**Regulation S Notes**”) offered and sold in reliance on Regulation S (the “**Regulation S Global Note**”) and will be registered in the name of a nominee for a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”). It is expected that delivery of the Global Notes will be made in book-entry form against payment therefor in immediately available funds on 10 August 2018 (i.e. the fifth Business Day following the date of pricing of the Notes (such date being referred to herein as the “**Issue Date**” and such settlement cycle being referred to as “**T+5**”)).

Joint International Bookrunners

ABSA

BARCLAYS

J.P. MORGAN

STANDARD BANK

The date of this Prospectus is 8 August 2018.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive, and for the purpose of giving information with regard to the Issuer, the Group, the Guarantor, the Notes and the Guarantee, which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and loss and prospects of the Issuer, the Guarantor and of the rights attaching to the Notes and the Guarantee.

This document does not constitute a prospectus for the purpose of Section 12(a)(2) of, or any other provision of or rule under, the Securities Act.

The Issuer accepts responsibility for the information contained in this Prospectus and the Guarantor accepts responsibility for the information relating to the Guarantor and the Guarantee contained in this Prospectus. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), in the case of the Issuer, the information and, in the case of the Guarantor, the information relating to the Guarantor and the Guarantee contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms that the information relating to the Guarantor and the Guarantee has been accurately reproduced and, as far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus is to be read in conjunction with all documents, and those sections of the Base Prospectus, which are deemed to be incorporated by reference herein (see “*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

Copies of the Base Prospectus will be available from the registered office of the Issuer and the specified office of Citibank N.A., London branch as the principal paying agent and the transfer agent (or any successor principal paying agent and the transfer agent).

Certain information in the section entitled “*Book Entry, Settlement and Clearance*” in the Base Prospectus which has been incorporated by reference herein is extracted from information provided by the clearing systems referred to therein. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant clearing systems, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint International Bookrunners as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided in relation to the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer, the Group and the Guarantor and the terms of the Notes and the Guarantee, including the merits and risks involved. Prospective investors should not construe anything in this Prospectus as legal, business or tax advice. Each prospective investor contemplating purchasing any Notes should consult its own advisers as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations. None of the Joint International Bookrunners and the Trustee undertakes to review the financial condition or affairs of the Issuer, the Group or the Guarantor during the life of the arrangements contemplated by the Prospectus or to advise any investor or potential investors in the Notes of any information coming to their attention. None of the Joint International Bookrunners and the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer, the Guarantor or any of the Joint International Bookrunners in connection with the Notes and/or the Guarantee.

Investors acknowledge that they have not relied, and will not rely, on the Joint International Bookrunners in connection with their investigation of the accuracy of any information or their decision whether to invest in the Notes. No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or

made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any Joint International Bookrunner.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint International Bookrunners and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer throughout the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint International Bookrunners and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Joint International Bookrunners or the Trustee which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, the European Economic Area (the “**EEA**”), Belgium and the Republic of South Africa (“**South Africa**”). See the section entitled “*Subscription and Sale and Transfer and Selling Restrictions*” set out in the Base Prospectus (other than the sub-sections entitled “*Transfer Restrictions*” and “*Selling Restrictions – United States*”) which has been incorporated by reference herein and “*Transfer and Selling Restrictions*” below.

None of the Joint International Bookrunners, the Issuer, the Guarantor or the Trustee makes any representation to any investor regarding the legality of its investment under any applicable laws. Any investor should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

In making an investment decision, an investor must rely on its own independent examination of the Issuer, the Group and the Guarantor and the terms of the Securities, including the merits of the risks involved. The Securities have not been approved or disapproved by the United States Securities Exchange Commission (the “**SEC**”) or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

The Securities may be offered or sold within the United States only to “qualified institutional buyers” within the meaning of Rule 144A of the Securities Act (“**QIBs**”). Each U.S. purchaser of Securities is hereby notified that the offer and sale of any Securities to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Subject to applicable law and regulation (including, without limitation, certain restrictions referred to in “*Subscription and Sale and Transfer and Selling Restrictions*” in the Base Prospectus (other than the sub-sections entitled “*Transfer Restrictions*” and “*Selling Restrictions – United States*”) and “*Plan of Distribution*” and “*Transfer and Selling Restrictions*” below), (i) Barclays Bank PLC will effect offers and sales of the Notes internationally; and (ii) Absa Bank Limited, acting through its Corporate and Investment Banking division will only effect offers and sales of the Notes within certain African countries.

References in this Prospectus to “**affiliate**” shall have the meaning given in Rule 501(b) of Regulation D under the Securities Act.

U.S. INFORMATION

Each purchaser or holder of Securities represented by a Rule 144A Global Note (as defined in the section entitled “*Form of the Notes—Registered Notes*” in the Base Prospectus which is incorporated by reference herein) or any Securities issued in registered form in exchange or substitution therefor (together “**Legended Notes**”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Securities as set out in “*Transfer and Selling Restrictions*” below. Unless otherwise stated, terms used in this paragraph have the meanings given to them in the section entitled “*Form of the Notes*” in the Base Prospectus which is incorporated by reference herein.

NOTICE TO SOUTH AFRICAN INVESTORS

The Notes may not be offered or sold to the public in South Africa without being accompanied by a registered prospectus (as that term is defined in section 95(1)(k) of the South African Companies Act, 2008 (the “**SA Companies Act**”). This Prospectus does not, nor is it intended to, constitute a “registered prospectus” for the purpose of Chapter 4 of, or any other provision of or regulation under, the SA Companies Act and accordingly no offer of Notes will be made or any Notes sold to any prospective investors in South Africa other than pursuant to section 96(1) of the SA Companies Act.

The Exchange Control Approval (as defined in the section of this Prospectus entitled “*Exchange Controls*”) is granted on the basis that no South African residents or offshore subsidiary of a South African resident may, without the specific approval of the Exchange Control Authorities, subscribe for or purchase any Note or beneficially own or hold any Note unless such subscription, purchase, beneficial holding or ownership is permitted as described in the section of this Prospectus entitled “*Exchange Controls*”.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

MIFID II product governance / Professional investors and Eligible Counterparties only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA Retail Investors - the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

STABILISATION

In connection with the issue of the Notes, Barclays Bank PLC (the “**Stabilisation Manager**”) (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer or Guarantor is neither subject to section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144(d)(4) under the Securities Act.

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RISK FACTORS

Before making a decision to invest in the Securities prospective investors should consider carefully the information contained in this Prospectus and the documents which are incorporated by reference herein and in particular should consider all the risks inherent in making such an investment, including the information:

- (i) under the heading “*Risk Factors*” on pages 11 to 45 (inclusive) of the Base Prospectus (other than the Risk Factors entitled “*Modification, waivers and substitution.*” on pages 40 and 41, “*Change of law.*” on page 41 and “*Investors are relying solely on the creditworthiness of the Issuer.*” on page 42) (the “**Programme Risk Factors**”);
- (ii) (A) under the heading “*Risks Relating to the Republic*” on pages S-15 to S-18 (inclusive) of the Prospectus Supplement (the “**Guarantor’s Prospectus Supplement**”) dated 15 May 2018 prepared by the Guarantor (save that (i) the cross-reference in the second sentence of the first paragraph of the Risk Factor entitled “*The Republic is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it*” on page S-15 shall be deemed to be replaced with a reference to the section entitled “*Service of Process and Enforcement of Judgments in respect of the Guarantor*” in this Prospectus and (ii) the word “Notes” at the end of the second paragraph of the Risk Factor entitled “*The impact of climate change, including the occurrence of floods and drought, has negatively affected the Republic in the past and may negatively affect it in the future*” on page S-18 shall be deemed to be replaced with the word “Guarantee”) and (B) under the heading “*There can be no assurance that the Republic’s credit rating will not change*” on pages S-19 to S-20 of the Guarantor’s Prospectus Supplement (together such information referred to in sub-paragraphs (A) and (B), the “**Guarantor Risk Factors**”); and
- (iii) set out below.

In investing in the Securities, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes, and that the Guarantor may be unable to make all payments due in respect of the Guarantee.

There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes, or the Guarantor being unable to make all payments due in respect of the Guarantee. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer’s and/or the Guarantor’s control. The Issuer and the Guarantor have identified in the Programme Risk Factors, the Guarantor Risk Factors and the additional information below a number of factors which could materially adversely affect the Issuer’s business and its ability to make payments due under the Notes, and the ability of the Guarantor to make payments due under the Guarantee. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes and the Guarantee are also described in the Programme Risk Factors, the Guarantor Risk Factors and the additional information below.

Risks relating to the Guarantee

While the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be extremely limited, even in the event of non-payment by the Issuer and the Guarantor.

The conditions of the Notes and the Guarantee provide that, while the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be limited in the manner set out in Condition 10.4 and clause 5 of the Guarantee. See “*Terms and Conditions of the Notes – Final Terms – paragraph (G) in the Appendix to the Final Terms*” and “*The Guarantee – 5. Recourse Against the Issuer*” below.

In particular, under these provisions, neither the Trustee nor any Noteholder shall be entitled to:

- take any action or proceedings against the Issuer to recover any amounts due and payable under the Notes or (insofar as it relates to the Notes) the Trust Deed (including, without limitation, not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement of the Trustee and the Noteholders in respect of any such amounts shall be exercised by the Trustee or (where permitted under the conditions of the Notes and the Guarantee) the relevant Noteholder(s) making a claim against the Guarantor in accordance with the provisions of the Guarantee and enforcing the same;
- institute, join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation or de-registration of, the commencement of business rescue proceedings in relation to, any compromise or scheme of arrangement with creditors of, or any related relief in respect of, the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer (or to prove or claim in any winding up or administration of the Issuer); and
- set off or claim to set off any amounts owing by it under any agreement to which it is a party against any liability owed to it by the Issuer, unless such right of set-off is expressly provided for in terms of such agreement.

These restrictions will continue to apply if an Event of Default occurs and the Notes are declared immediately due and repayable under the conditions of the Notes, and whether or not the Guarantor makes, or fails to make, payment in accordance with the terms of the Guarantee.

In addition, if the Issuer fails to pay any sum (each an “**Unpaid Sum**”) under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes), such failure will not itself constitute an Event of Default under the conditions of the Notes. Accordingly, the Trustee shall not be entitled to declare (and the Noteholders shall not be entitled to require the Trustee to declare or themselves declare) the Notes to be immediately due and repayable in accordance with Condition 10.1 as a consequence of the failure by the Issuer to pay the Unpaid Sum unless and until the Trustee or (where permitted under the conditions of the Notes and the Guarantee) the relevant Noteholder(s) shall have first demanded payment of the Unpaid Sum from the Guarantor after the expiry of any relevant grace period described in clause 3.1(a) of the Guarantee (if applicable) in accordance with the provisions of the Guarantee and the Guarantor shall have failed to pay the Unpaid Sum within 5 business days of demand in accordance with the provisions of the Guarantee.

The Notes may be redeemed at the option of the Guarantor on behalf of the Issuer upon an Event of Default.

The conditions of the Notes and the Guarantee provide that, while the Guarantee is in force and an Event of Default is continuing, the Guarantor on behalf of the Issuer may at its option redeem all (but not some only) of the Notes at their principal amount, together with accrued interest (if any) to (but excluding) the date of redemption, whether or not the Trustee shall have declared the Notes to be immediately due and repayable in accordance with the Conditions. See “*Terms and Conditions of the Notes – Final Terms – paragraph (C) in the Appendix to the Final Terms*” below.

The Guarantee is an unsecured obligation of the Guarantor.

Holders of secured obligations of the Guarantor will have claims that are prior to the claims of holders of the Guarantee to the extent of the value of the Guarantor’s assets securing those other obligations. The Guarantee is an unsecured obligation of the Guarantor and is effectively subordinated to any secured indebtedness to the extent of the value of the assets securing those other obligations.

Modification of the Guarantee.

The Guarantee provides that the Guarantor may, with the consent of the Trustee but without the consent of Noteholders, make any amendment to, or variation of, the terms of the Guarantee which is (i) of a formal,

minor or technical nature; (ii) made to correct a manifest error; (iii) made to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or (iv) in the opinion of the Trustee not materially prejudicial to the interest of the Noteholders. See clause 11.2 of the Guarantee.

The modification, waiver or substitution of the provisions of the Guarantee may affect Noteholders' rights and will be binding on them.

Risks related to the Notes and the Guarantee generally

Modification, waivers and substitution.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, or determine without the consent of the Noteholders that any Event of Default (as defined in the Terms and Conditions of the Notes) or potential Event of Default shall not be treated as such or agree to the substitution of another company as principal debtor under any Notes in place of the Group, in the circumstances described in the Terms and Conditions of the Notes. See "*Terms and Conditions of the Notes—Condition 15 (Meetings of Noteholders, Modification, Waiver and Substitution)*" in the Base Prospectus and "*Terms and Conditions of the Notes—Final Terms – paragraph (H) in the Appendix to the Final Terms*" below. The modification, waiver or substitution of the provisions of the Notes may affect Noteholders' rights and will be binding on them.

See also "*-Risks relating to the Guarantee – Modification of the Guarantee*".

Change of law.

The conditions of the Notes and the Guarantee are based on English law in effect as of the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

Investors are relying solely on the creditworthiness of the Issuer and the Guarantor.

Subject as provided in Condition 10.4 (*Recourse against the Issuer*), the Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (subject as provided above and in Condition 10.4 (*Recourse against the Issuer*)) *pari passu* in right of payment with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The obligations of the Guarantor under the Guarantee will constitute the direct, unconditional, general and unsecured obligations of the Guarantor and will rank *pari passu* with all other present and future unsecured and unsubordinated general obligations of the Guarantor for moneys borrowed and guarantees given by it in respect of money borrowed from others.

If a prospective investor purchases Notes, it is relying on the creditworthiness of the Issuer and the Guarantor and no other person. In addition, an investment in the Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer and/or the Guarantor may adversely affect the market value of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Prospectus:

- (a) the sections of the Base Prospectus entitled as set out in the table below:

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- (b) the sections of the Guarantor’s Prospectus Supplement prepared by the Guarantor in relation to the issuance of certain U.S. dollar denominated securities, which are not the subject of this Prospectus, entitled as set out in the table below:

**Page references
(inclusive)**

The Risk Factors under the heading “*Risks Relating to the Republic*”, save that (i) the cross-reference in the second sentence of the first paragraph of the Risk Factor entitled “*The Republic is a foreign sovereign state and accordingly it may be difficult to obtain or enforce judgments against it*” on page S-15 shall be deemed to be replaced with a reference to the section entitled “*Service of Process and Enforcement of Judgments in respect of the Guarantor*” in this Prospectus and (ii) the word “Notes” at the end of the second paragraph of the Risk Factor entitled “*The impact of climate change, including the occurrence of floods and drought, has negatively affected the Republic in the past and may negatively affect it in the future*” on page S-18 shall be deemed to be replaced with the word “Guarantee”

S-15 to S-18

The Risk Factor entitled “*There can be no assurance that the Republic’s credit rating will not change*”

S-19 to S-20

- (c) the Annual Report on Form 18-K for the Guarantor for the fiscal year ended 31 March 2017 filed with the SEC on 26 January 2018 (the “**Guarantor’s Annual Report**”);
- (d) Exhibit 99.E (Description of the Country of South Africa) to Form 18-K, filed with the SEC on 26 January 2018 (the “**Guarantor’s Country Description**”);
- (e) Exhibit 99.F (March Quarterly Bulletin) to the Amendment to the Annual Report on Form 18-K/A, filed with the SEC on 15 May 2018 (the “**Guarantor’s March Quarterly Bulletin**”);
- (f) Exhibit 99.G (2018 Budget Review) to the Amendment to the Guarantor’s Annual Report on Form 18-K/A, filed with the SEC on 15 May 2018 (the “**Guarantor’s 2018 Budget Review**”); and
- (g) The June 2018 Quarterly Bulletin published by the South African Reserve Bank on its website on 21 June 2018 (the “**Guarantor’s June Quarterly Bulletin**”).

Where only parts of a document are being incorporated by reference, the non-incorporated parts of that document are either not material for an investor in the Notes or are covered elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London. In addition, a copy of the Base Prospectus can be viewed on the website of Euronext Dublin at http://www.ise.ie/debt_documents/Base%20Prospectus_5cc51905-ce9a-4fb5-a282-533002fa7708.PDF; a copy of the Guarantor’s Prospectus Supplement can be viewed at <https://www.sec.gov/Archives/edgar/data/932419/000104746918003842/a2235753z424b5.htm>; a copy of the Guarantor’s Annual Report can be viewed at https://www.sec.gov/Archives/edgar/data/932419/000094787118000056/ss76461_18k.htm; a copy of the Guarantor’s Country Description can be viewed at https://www.sec.gov/Archives/edgar/data/932419/000094787118000056/ss76461_ex99e.htm; a copy of the Guarantor’s March Quarterly Bulletin can be viewed at https://www.sec.gov/Archives/edgar/data/932419/000110465918033172/a18-13300_1ex99df.htm; a copy of the Guarantor’s 2018 Budget Review can be viewed at https://www.sec.gov/Archives/edgar/data/932419/000110465918033172/a18-13300_1ex99dg.htm; and a copy of the Guarantor’s June Quarterly Bulletin can be viewed at <https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/8593/01Full%20Quarterly%20>

[Bulletin%20%E2%80%93June%202018.pdf](#) (and such websites are not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus).

On issuance of the Notes, a copy of this Prospectus will be published on the website of Euronext Dublin (<http://www.euronext.com>) and the website of the Central Bank of Ireland (<http://www.centralbank.ie>) (each of such websites is not, and should not be deemed to, constitute a part of, or be incorporated into, this Prospectus).

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus in accordance with Article 16 of the Prospectus Directive.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS IN RESPECT OF THE GUARANTOR

The Guarantor is a foreign sovereign government. Consequently, it may be difficult for investors to obtain or realise upon judgments of courts in England, the United States or other jurisdictions against the Guarantor.

Under the Guarantee, the Guarantor will irrevocably submit to the jurisdiction of the English courts and irrevocably waive any immunity that may apply from the jurisdiction (including sovereign immunity but not any immunity from execution or attachment or process in the nature thereof) of such courts and any objection to venue in connection with any action arising out of or based upon the Guarantee brought by any holder of Notes.

If the Guarantor is subject to any proceedings in the courts of the United States in respect of the Guarantee, the Guarantor reserves the right to plead sovereign immunity (including under the United States Foreign Sovereign Immunities Act of 1976 (the “**Foreign Sovereign Immunities Act**”) with respect to actions brought against it under United States federal securities laws or any state securities laws. In the absence of a waiver of immunity by the Guarantor with respect to such actions, it would not be possible to obtain a U.S. judgment in such an action against the Guarantor unless a U.S. court were to determine that the Guarantor is not entitled under the Foreign Sovereign Immunities Act to sovereign immunity with respect to such action.

Enforceability in South Africa of final judgments of (i) English courts or (ii) U.S. courts obtained in actions predicated upon the civil liability provisions of the United States federal securities laws in each case is subject, among other things, to the absence of a conflicting judgment by a South African court or of an action pending in South Africa among the same parties and arising from the same facts and circumstances and to the South African courts’ determination that the relevant court had jurisdiction, that process was appropriately served on the defendant and that enforcement would not violate South African public policy. In general, the enforceability in South Africa of final judgments of English and U.S. courts obtained other than by default would not require retrial in South Africa. In original actions brought before South African courts, there is uncertainty as to the enforceability of liabilities based on English law or United States federal securities laws, as applicable. The South African courts may enter and enforce judgments in foreign currencies. Under Section 1 of the South African State Liability Act, 1957 (the “**State Liability Act**”) any claim against the Guarantor which would, if that claim had arisen against a person, be the grounds for an action in any competent court, is capable of being brought in such court against the Guarantor whether the claim arises out of any contract lawfully entered into on behalf of the Guarantor or out of any wrong committed by any civil servant of the Guarantor acting in his capacity as a civil servant and within the scope of his authority. The enforcement and satisfaction of any final court order for money against the Guarantor is subject to the process and procedure for enforcement set out in Section 3 of the State Liability Act.

OVERVIEW OF THE OFFERING

The following sets out certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. The following is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus and the Base Prospectus. See, in particular, the section entitled “Terms and Conditions of the Notes” in the Base Prospectus which is incorporated by reference herein.

Issue:	U.S.\$1,000,000,000 6.35 per cent. Notes due 2028 issued under the U.S.\$4,000,000,000 Global Medium Term Note Programme of the Issuer, guaranteed by the Guarantor.
Issuer:	Eskom Holdings SOC Ltd.
Issuer Legal Identified (LEI):	3789001900ED06F65111
Guarantor:	The Government of the Republic of South Africa represented by the Minister of Public Enterprises in terms of section 66(2) of the PFMA acting with the concurrence of the Minister of Finance in terms of section 70 of the PFMA.
Interest and Interest Payment Dates:	The Notes will bear interest from and including the Issue Date (i.e. 10 August 2018) at the rate of 6.35 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date (i.e. 10 February and 10 August in each year); <i>provided that</i> , as described in Condition 6.6 (<i>Payment Day</i>) in the Base Prospectus, if any such date is not a Payment Day, then such payment will be made on the next Payment Day. The first interest payment (representing a full six months of interest) will be made on 10 February 2019.
Maturity Date:	Unless previously redeemed or purchased and cancelled as provided in the Conditions, the Notes will be redeemed by the Issuer at par on 10 August 2028.
Guarantee:	The Guarantor has irrevocably and unconditionally guaranteed to the Trustee and to each Noteholder the due and punctual payment by the Issuer of all sums owing by the Issuer in respect of the Notes and the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes). The obligations of the Guarantor under the Guarantee will constitute the direct, unconditional, general and unsecured obligations of the Guarantor and will rank <i>pari passu</i> with all other present and future unsecured and unsubordinated general obligations of the Guarantor for moneys borrowed and guarantees given by it in respect of money borrowed from others. The full faith and credit of the Guarantor will be pledged for the due and punctual payment of, and the due and timely performance of all of the Guarantor’s obligations relating to, the Guarantee. Amounts payable in respect of the Guarantee will be charged upon and be payable

out of the National Revenue Fund of the Guarantor, where the public revenues of the Guarantor are deposited, equally and ratably with all other amounts so charged and amounts payable in respect of all other general obligations of the Guarantor for moneys borrowed and guarantees given by it in respect of money borrowed from others. See “*The Guarantee*”.

Limited Recourse against the Issuer:

For so long as the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be limited in the manner set out in Condition 10.4 (*Recourse against the Issuer*) and clause 5 of the Guarantee.

In particular, under these provisions, while the Guarantee is in force, neither the Trustee nor any Noteholder shall be entitled to:

- (i) take any action or proceedings against the Issuer to recover any amounts due and payable under the Notes or (insofar as it relates to the Notes) the Trust Deed (including, without limitation, not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement of the Trustee and the Noteholders in respect of any such amounts shall be exercised by the Trustee or (where permitted under the conditions of the Notes and the Guarantee) the relevant Noteholder(s) making a claim against the Guarantor in accordance with the provisions of the Guarantee and enforcing the same;
- (ii) institute, join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation or de-registration of, the commencement of business rescue proceedings in relation to, any compromise or scheme of arrangement with creditors of, or any related relief in respect of, the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer (or to prove or claim in any winding up or administration of the Issuer); and
- (iii) set off or claim to set off any amounts owing by it under any agreement to which it is a party against any liability owed to it by the Issuer, unless such right of set-off is expressly provided for in terms of such agreement.

These restrictions will continue to apply if an Event of Default occurs and the Notes are declared immediately due and repayable under the conditions of the Notes, and whether or not the Guarantor makes, or fails to make, payment in accordance with the terms of the

Guarantee.

In addition, if the Issuer fails to pay any sum (each an “**Unpaid Sum**”) under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes), such failure will not itself constitute an Event of Default under the conditions of the Notes. Accordingly, the Trustee shall not be entitled to declare (and the Noteholders shall not be entitled to require the Trustee to declare or themselves declare) the Notes to be immediately due and repayable in accordance with Condition 10.1 as a consequence of the failure by the Issuer to pay the Unpaid Sum unless and until the Trustee or (where permitted under the conditions of the Notes and the Guarantee) the relevant Noteholder(s) shall have first demanded payment of the Unpaid Sum from the Guarantor after the expiry of any relevant grace period described in clause 3.1(a) of the Guarantee, if applicable, in accordance with the provisions of the Guarantee and the Guarantor shall have failed to pay the Unpaid Sum within 5 business days of demand in accordance with the provisions of the Guarantee.

See “*The Guarantee*” and new Condition 10.4 (*Recourse against the Issuer*) contained herein, as provided by paragraph (G) in the Appendix to the Final Terms in respect of the Notes set out herein (see “*Terms and Conditions of the Notes*”).

Optional Redemption by the Guarantor upon an Event of Default:

At any time while an Event of Default is continuing (whether or not the Notes have become due and payable), the Guarantor may redeem all (but not some only) of the Notes on behalf of the Issuer at par together with accrued interest upon giving not less than 14 days notice to the Trustee and the Noteholders. See new Condition 7.3 (*Redemption at the Option of the Guarantor on behalf of the Issuer*) contained herein, as provided by paragraph (C) in the Appendix to the Final Terms in respect of the Notes set out herein (see “*Terms and Conditions of the Notes*”).

Use of Proceeds:

The net proceeds of the issue of the Notes, amounting to approximately U.S.\$998,750,000 before the deduction of expenses in connection with the issuance of the Notes, will be used by the Issuer to finance certain capital expenditure, and may be used to pay down outstanding indebtedness under the credit facility agreement entered into by, among others, Absa Bank Limited, J.P. Morgan Chase Bank N.A. (Johannesburg Branch) (an affiliate of J.P. Morgan Securities plc) and The Standard Bank of South Africa Limited as original lenders and the Issuer as a borrower on 26 February 2018 for the purpose of financing or refinancing certain eligible capital expenditures, and to finance payments to be made, or refinance payments previously made, by the

Issuer in relation to certain other eligible capital expenditures.

Status:

Subject as provided in Condition 10.4 (*Recourse against the Issuer*), the Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject as provided above and in Condition 10.4 (*Recourse against the Issuer*) below) *pari passu* in right of payment with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. The Notes will not be secured by section 7 of the Eskom Conversion Act, 2001, as amended. See Condition 3 (*Status of the Notes*) in the Base Prospectus and new Condition 10.4 (*Recourse against the Issuer*) contained herein, as provided by paragraph (G) in the Appendix to the Final Terms in respect of the Notes set out herein (see "*Terms and Conditions of the Notes*").

Negative Pledge (in respect of the Issuer only):

So long as the Notes remain outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or have outstanding any Security Interest upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) or any parts of any Relevant Indebtedness, save as provided in Condition 4.1 (*Negative Pledge*) in the Base Prospectus and as more fully described therein. See new Condition 10.4 (*Recourse against the Issuer*) contained herein, as provided by paragraph (G) in the Appendix to the Final Terms in respect of the Notes set out herein (see "*Terms and Conditions of the Notes*"), and also "*Risk Factors – Risks relating to the Guarantee – While the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be extremely limited, even in the event of non-payment by the Issuer and the Guarantor.*" below.

Cross Acceleration:

An Event of Default will occur in respect of accelerated or unpaid Borrowed Moneys Indebtedness of U.S.\$100,000,000 or more as provided in Condition 10.1 (*Events of Default*) in the Base Prospectus. See new Condition 10.4 (*Recourse against the Issuer*) contained herein, as provided by paragraph (G) in the Appendix to the Final Terms in respect of the Notes set out herein (see "*Terms and Conditions of the Notes*"), and also "*Risk Factors – Risks relating to the Guarantee – While the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be extremely limited, even in the event of non-payment by the Issuer and the Guarantor.*" below.

Taxation:

All payments made by (i) the Issuer in respect of the Notes or (ii) the Guarantor in respect of the Notes under the Guarantee will be made without deduction for or on account of withholding taxes imposed by (a) in respect of the Issuer, any Relevant Jurisdiction as provided in Condition 8 (*Taxation*) in the Base Prospectus and (b) in respect of the Guarantor, South Africa as provided in the Guarantee, unless such deduction is required by law in the Relevant Jurisdiction and/or South Africa, as applicable. In the event that any such deduction is made the Issuer or the Guarantor, as applicable, will, save in certain limited circumstances provided in Condition 8 (*Taxation*) in the Base Prospectus or the Guarantee, as applicable, be required to pay additional amounts to cover the amounts so deducted.

Form, Transfer and Denominations:

Securities offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Regulation S Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Common Depositary and registered in the name of a nominee for the Common Depositary. Securities offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Rule 144A Global Note in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with the Custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Securities will not be issued to investors in exchange for beneficial interests in the Global Notes.

Interests in the Global Notes will be subject to certain restrictions on transfer. See the section entitled “*Transfer and Selling Restrictions – Transfer Restrictions*” below. Interests in the Regulation S Global Note will be represented in, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg (or their respective direct or indirect participants, as applicable). Interests in the Rule 144A Global Note will be represented in, and transfers thereof will be effected only through, records maintained by DTC (or its direct or indirect participants, as applicable).

Notes will be issued in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 thereafter.

Governing Law:

The Notes, the Guarantee, the Agency Agreement and the Trust Deed will be governed by, and construed in accordance with, English law.

Listing:	An application has been made to Euronext Dublin to admit the Notes to listing on the Official List and trading on the Main Securities Market; however, no assurance can be given that such application will be accepted.
Other Selling Restrictions:	The Securities have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Securities (or beneficial interests therein) is also subject to restrictions in the European Economic Area (including the United Kingdom) and South Africa. See “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> ” in the Base Prospectus (other than the sub-sections entitled “ <i>Transfer Restrictions</i> ” and “ <i>Selling Restrictions – United States</i> ”) and “ <i>Transfer and Selling Restrictions</i> ” below.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes, and that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These factors are set out in (i) the Programme Risk Factors, (ii) the Guarantor Risk Factors and (iii) under “ <i>Risk Factors</i> ” in this Prospectus. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These are also set out in the section entitled “ <i>Risk Factors</i> ” in the Base Prospectus and under “ <i>Risk Factors</i> ” in this Prospectus and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of the Notes and certain market risks.
Issue Price:	100 per cent. of the nominal amount of the Notes.
Yield:	6.35 per cent. per annum.
Regulation S Notes Security Codes:	ISIN: XS1864523300 Common Code: 186452330
Rule 144A Notes Security Codes:	CUSIP: 29646AAC0 ISIN: US29646AAC09 Common Code: 186492323
Expected Ratings of the Notes:	Baa3 by Moody’s and BB by S&P.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying and Transfer Agent:	Citibank N.A., London Branch.

Registrar:

Citigroup Global Markets Europe AG.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately U.S.\$998,750,000 before the deduction of expenses in connection with the issuance of the Notes, will be used by the Issuer to finance certain capital expenditure, and may be used to pay down outstanding indebtedness under the credit facility agreement entered into by, among others, Absa Bank Limited, J.P. Morgan Chase Bank N.A. (Johannesburg Branch) (an affiliate of J.P. Morgan Securities plc) and The Standard Bank of South Africa Limited as original lenders and the Issuer as a borrower on 26 February 2018 for the purpose of financing or refinancing certain eligible capital expenditures, and to finance payments to be made, or refinance payments previously made, by the Issuer in relation to certain other eligible capital expenditures. See “*Plan of Distribution*”.

TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes shall consist of the terms and conditions set out in the Base Prospectus (the “**Base Conditions**”) as completed by the information set out below in this section. References in the Base Conditions to “Final Terms” shall be deemed to refer to the terms of the Notes substantially in the form set out below. The terms of the Notes set out below do not constitute final terms for the purposes of Article 5.4 of the Prospectus Directive.*

FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

Final Terms dated 8 August 2018

ESKOM HOLDINGS SOC LTD

Legal Entity Identifier (LEI): 3789001900ED06F65111

Issue of U.S.\$1,000,000,000 6.35 per cent. Guaranteed Notes due 2028

under the U.S.\$4,000,000,000

Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Base Prospectus dated 26 July 2018 and the Prospectus dated 8 August 2018, which together (in the manner described in such Prospectus) constitute a prospectus (the “**Prospectus**”) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), including any relevant implementing measure in a relevant Member State of the EEA (the “**Prospectus Directive**”). This document constitutes the final terms of the Notes and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the

combination of these terms and the Prospectus. The Prospectus has been published on the website of Euronext Dublin (www.ise.ie).

- | | | | |
|-----|-----|---|---|
| 1. | (a) | Series Number: | 4 |
| | (b) | Tranche Number: | 1 |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 2. | | Specified Currency or Currencies: | U.S. Dollars (“U.S.\$”) |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Series: | U.S.\$1,000,000,000 |
| | (b) | Tranche: | U.S.\$1,000,000,000 |
| 4. | | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 5. | (a) | Specified Denominations: | U.S.\$200,000 and integral multiples of U.S.\$1,000 thereafter |
| | (b) | Calculation Amount (in relation to calculation of interest in global form, see Conditions): | U.S.\$1,000 |
| 6. | (a) | Issue Date: | 10 August 2018 |
| | (b) | Interest Commencement Date: | Issue Date |
| 7. | | Maturity Date: | 10 August 2028 |
| 8. | | Interest Basis: | 6.35 per cent. Fixed Rate
<i>(further particulars specified below in Provisions Relating To Interest (If Any) Payable)</i> |
| 9. | | Redemption/Payment Basis: | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount. |
| 10. | | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 11. | | Put/Call Options: | Guarantor Call
Change of Control/Restructuring Investor Put
<i>(further particulars specified below in Provisions Relating to Redemption)</i> |
| 12. | | Date of Board approval for issuance of Notes obtained: | 20 March 2018 |
| 13. | | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|--|---|
| 14. | Fixed Rate Note Provisions: | Applicable |
| | (a) Rate(s) of Interest: | 6.35 per cent. per annum on each Interest Payment Date in arrear |
| | (b) Interest Payment Date(s): | 10 February and 10 August in each year, commencing on 10 February 2019, up to and including the Maturity Date |
| | (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form, see Conditions): | U.S.\$31.75 per Calculation Amount |
| | (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form, see Conditions): | Not Applicable |
| | (e) Day Count Fraction: | 30/360 |
| | (f) Determination Date(s): | Not Applicable |
| 15. | Floating Rate Note Provisions: | Not Applicable |
| 16. | Zero Coupon Note Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|---|--|
| 17. | Issuer Call: | Redemption at the option of the Guarantor on behalf of the Issuer applies. See paragraph (F) of the Appendix hereto. |
| 18. | Investor Put: | Not Applicable |
| 19. | Change of Control/Restructuring Investor Put: | Applicable |
| 20. | Final Redemption Amount: | U.S.\$1,000 per Calculation Amount |
| 21. | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.7 (<i>Early Redemption Amounts</i>)): | U.S.\$1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- | | | |
|-----|----------------|--|
| 22. | Form of Notes: | Registered Notes:

Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg

Rule 144A Global Note registered in the name of a |
|-----|----------------|--|

nominee for DTC

23. Calculation Agent: Not Applicable
24. Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable
25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): No
26. Other final terms: For the purposes of this Series of Notes, the Conditions shall be deemed to be amended as set out in the Appendix hereto.

DISTRIBUTION

27. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA not applicable

The Issuer

Signed on behalf of **ESKOM HOLDINGS SOC LTD**

By: _____
Duly authorised

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- | | | |
|------|---|---|
| (i) | Listing and Admission to trading: | Application has been made for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market of Euronext Dublin from 10 August 2018. |
| (ii) | Estimate of total expenses related to admission to trading: | €3,290. |

2. RATINGS

- | | |
|----------|---|
| Ratings: | <p>The Notes to be issued have been rated:</p> <p>Standard & Poor's Market Services Limited ("S&P"): BB</p> <p>Moody's Investors Service Ltd. ("Moody's"): Baa3</p> <p>Each of S&P and Moody's is established in the European Union and is registered under Regulation (EU) No 1060/2009 (as amended) (the "CRA Regulation").</p> |
|----------|---|

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

A portion of the discounts and commissions will be payable to certain BEE (Black Economic Empowerment) partners in accordance with South African law and practice.

4. YIELD

6.35 per cent. per annum

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. OPERATIONAL INFORMATION

- | | | |
|-------|--|--|
| (i) | ISIN Code: | <p>Regulation S Notes: XS1864523300</p> <p>Rule 144A Notes: US29646AAC09</p> |
| (ii) | Common Code: | <p>Regulation S Notes: 186452330</p> <p>Rule 144A Notes: 186492323</p> |
| (iii) | CFI: | <p>Regulation S Notes: DTZXFR</p> <p>Rule 144A Notes: DTFUFR</p> |
| (iv) | FISN: | ESKOM HOLDINGS/ZERO CPNEMTN 2028081 |
| (v) | CUSIP: | <p>Regulation S Notes: Not Applicable</p> <p>Rule 144A Notes: 29646AAC0</p> |
| (vi) | Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A., The Depository Trust Company and | Not Applicable |

the relevant identification
number(s):

- | | | |
|--------|---|--|
| (vii) | Delivery: | Delivery against payment |
| (viii) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (ix) | Name and address of Registrar: | Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt
Germany |
| (x) | Stabilisation Manager(s) if any: | Barclays Bank PLC |
| (xi) | Prohibition of Sales to EEA Retail Investors: | Applicable |
| (xii) | Prohibition of Sales to Belgian Consumers: | Applicable |

APPENDIX TO THE FINAL TERMS

For the purposes of the Notes, the following amendments are made to the Conditions:

- (A) The following paragraph will be deemed to have been inserted as the final paragraph of the introduction to the Conditions, immediately before the heading "1. FORM, DENOMINATION AND TITLE":

"The payment of all sums from time to time payable by the Issuer in respect of the Notes or under the Trust Deed (insofar as it relates to the Notes) has been irrevocably and unconditionally guaranteed by The Government of The Republic of South Africa, represented by the Minister of Public Enterprises in terms of section 66(2) of the Public Finance Management Act, 1999 (the "PFMA") acting with the concurrence of the Minister of Finance in terms of section 70 of the PFMA, (the "Guarantor") pursuant to a Deed of Guarantee (such Deed of Guarantee, as modified and/or supplemented and/or restated from time to time, the "Guarantee") dated 10 August 2018 and executed by the Guarantor. The original of the Guarantee is held by the Trustee on behalf of the Noteholders at its registered office for the time being. Copies of the Guarantee will be made available for inspection by Noteholders during normal business hours at the specified office of each of the Agents and at the registered office for the time being of the Trustee. Noteholders are deemed to have notice of, be bound by, and are entitled to the benefit of, all the provisions of the Guarantee which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Guarantee."

- (B) The first paragraph of Condition 3 (*Status of the Notes*) will be deemed to have been amended to read as follows:

"Subject as provided in Condition 10.4, the Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (subject as provided above and in Condition 10.4 (*Recourse against the Issuer*)) below) *pari passu* in right of payment with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights."

- (C) Condition 7.3 (*Redemption at the Option of the Issuer (Issuer Call)*) will be deemed to have been deleted and replaced by the following:

"7.3 Redemption at the Option of the Guarantor on behalf of the Issuer

If, at any time while both (a) the Guarantee is in force and (b) an Event of Default is continuing, and whether or not the Trustee shall have declared the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*), the Guarantor shall be entitled, having given not less than 14 (fourteen) days' notice (which notice shall be irrevocable and shall specify the date fixed for redemption) to the Trustee, the Issuer and, in accordance with Condition 14 (*Notices*), the Noteholders to redeem all (but not some only) of the Notes on behalf of the Issuer at their principal amount, together with accrued interest (if any) to (but excluding) the date of redemption, and the Noteholders shall accept such payment as if it were a payment made by the Issuer under the Notes."

- (D) The first sentence of Condition 10.1 (*Events of Default*) will be deemed to have been deleted and replaced by the following:

"Subject to Condition 10.4 below, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes of the relevant Series then

outstanding or if so directed by an Extraordinary Resolution of the Noteholders of the relevant Series shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and (in the manner provided in the Guarantee) the Guarantor that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events occurs and is continuing (subject as set out in the proviso to this Condition 10.1, **"Events of Default"**):

- (E) The final sentence of Condition 10.1 (*Events of Default*), commencing "*provided that*, in the case of an Event of Default", will be deemed to have been deleted and replaced by the following:

"*provided that*, (i) no event described in paragraphs (b) and (h) above shall constitute an Event of Default unless and until the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders, and (ii) while the Guarantee is in force, no Event of Default shall occur as a consequence of the failure by the Issuer to pay any Unpaid Sum (as defined in Condition 10.4 (*Recourse against the Issuer*)) unless payment of the Unpaid Sum has been demanded from the Guarantor under the Guarantee after the expiry of any relevant grace period described in clause 3.1(a) of the Guarantee, if applicable, and the Guarantor has failed to pay the Unpaid Sum within 5 (five) Business Days (as defined in Condition 10.4) of demand by the Trustee or, as the case may be, a Noteholder in accordance with the provisions of the Guarantee."

- (F) Condition 10.3 (*Enforcement*) will be deemed to have been deleted and replaced by the following:

"10.3 Enforcement

- (a) The Trustee may:

- (i) subject to Condition 10.4, at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons; and/or
- (ii) at any time, at its discretion and without notice, take such proceedings against the Guarantor as it may think fit to enforce the provisions of the Guarantee,

but in each case it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (A) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one fifth in nominal amount of the Notes then outstanding and (B) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

- (b) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer to enforce the provisions of the Trust Deed unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.
- (c) No Noteholder shall be entitled to proceed directly against the Guarantor to enforce the provisions of the Guarantee (including delivering a Demand Notice (as defined in the Guarantee) to the Guarantor), unless the Trustee, having become bound so to proceed in accordance with the Trust Deed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Noteholder shall have only such rights against the Guarantor as those which the Trustee is entitled to exercise and only in respect of its Notes."

- (G) The following paragraphs will be deemed to have been inserted as a new Condition 10.4 and Condition 10.5, immediately before the heading "11. REPLACEMENT OF NOTES, COUPONS AND TALONS":

"10.4 Recourse against the Issuer

- (a) While the Guarantee is in force, the rights of the Trustee and the Noteholders against the Issuer will be limited to the extent that neither the Trustee nor any Noteholder:
- (i) shall take any action or proceedings against the Issuer to recover any amounts due and payable under the Notes or (insofar as it relates to the Notes) the Trust Deed (including, without limitation, not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement of the Trustee and the Noteholders in respect of any such amounts shall be exercised by the Trustee or (subject to Condition 10.3(c)) the relevant Noteholder(s) making a claim against the Guarantor in accordance with the provisions of the Guarantee and enforcing the same;
 - (ii) shall institute, join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation or de-registration of, the commencement of business rescue proceedings in relation to, any compromise or scheme of arrangement with creditors of, or any related relief in respect of, the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer; and
 - (iii) shall set off or claim to set off any amounts owing by it under any agreement to which it is a party against any liability owed to it by the Issuer, unless such right of set-off is expressly provided for in terms of such agreement.
- (b) The Guarantor shall be entitled at any time (and whether or not in anticipation of an Event of Default occurring or while an Event of Default is continuing) to effect payments of any amounts due and payable under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) on behalf of the Issuer as and when they fall due and the Trustee or, as the case may be, the Noteholder will accept each such payment as if it were a payment made by the Issuer under such Note or the Trust Deed without the exercise of any such entitlement by the Guarantor causing any default, Event of Default or termination event (howsoever described) or entitling the Trustee to declare the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) as a consequence of the failure by the Issuer to make such payment.
- (c) While the Guarantee is in force, if the Issuer fails to pay any sum (each, an “**Unpaid Sum**”) under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes), the Trustee shall not be entitled to declare (and the Noteholders shall not be entitled to require the Trustee to declare or (pursuant to Condition 10.3 (*Enforcement*)) themselves declare) the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) as a consequence of the failure by the Issuer to pay the Unpaid Sum unless and until the Trustee or (subject to Condition 10.3(c)) the relevant Noteholder(s) shall have first demanded payment of the Unpaid Sum from the Guarantor after the expiry of any relevant grace period described in clause 3.1(a) of the Guarantee, if applicable, in accordance with the provisions of the Guarantee and the Guarantor shall have failed to pay the Unpaid Sum to or to the order of the Trustee within 5 (five) Business Days of receiving a Demand Notice (as defined in the Guarantee) for the Unpaid Sum in accordance with the provisions of the Guarantee and accordingly no Event of

Default shall occur as a consequence of the failure by the Issuer to pay the Unpaid Sum unless payment of the Unpaid Sum has been demanded from the Guarantor under the Guarantee after the expiry of any relevant grace period described in clause 3.1(a) of the Guarantee, if applicable, and the Guarantor has failed to pay the Unpaid Sum within 5 (five) Business Days of demand by the Trustee or, as the case may be, the Noteholder in accordance with the provisions of the Guarantee.

In this Condition 10.4, “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Johannesburg and London.

- (d) Payment to or to the order of the Trustee or, as the case may be, the Noteholders by the Guarantor of any sum (each, a “**Relevant Sum**”) pursuant to Condition 6 (*Payments*), Condition 7.3 (*Redemption at the Option of the Guarantor on behalf of the Issuer*) or Condition 10.4(b) of the Conditions will:
 - (i) discharge the Guarantor's obligations to the Trustee or the relevant Noteholder(s), as the case may be, under the Guarantee in respect of the Relevant Sum; and
 - (ii) *pro tanto* discharge the Issuer of its corresponding obligations to the Trustee or the relevant Noteholder(s), as the case may be, under the Notes and the Trust Deed.

10.5 Notification of Event of Default

So long as any of the Notes remains outstanding the Issuer shall forthwith give notice in writing to the Trustee, the Guarantor (in accordance with the Guarantee) and the Noteholders (in accordance with Condition 14 (*Notices*)) of the occurrence of any Event of Default.

As soon as reasonably practicable after the Trustee has become aware of the occurrence of any Event of Default, the Trustee shall give notice in writing to the Guarantor (in accordance with the Guarantee) of such occurrence and, following the delivery of such notice to the Guarantor, the Trustee shall notify the Guarantor in writing as soon as reasonably practicable after the Trustee has become aware that such Event of Default has been remedied to the satisfaction of the Trustee."

- (H) In Condition 15 (*Meetings of Noteholders, Modification, Waiver and Substitution*):
 - (a) the words "or the Guarantee" will be deemed to have been inserted at the end of the first sentence of Condition 15.1 (*Meetings*), immediately after the words "the provisions of the Trust Deed";
 - (b) the words "certain of the provisions of the Notes or the Coupons or the Trust Deed" in the second sentence of Condition 15.1 (*Meetings*) will be deemed to have been deleted and replaced by the words "certain of the provisions of the Notes, the Coupons, the Trust Deed or the Guarantee";
 - (c) the words "or the Guarantee" will be deemed to have been inserted immediately after the words "the provisions of the Notes or the Trust Deed" in the first sentence of Condition 15.2 (*Trustee's Discretion*);
 - (d) the words "or an error which is in the opinion of the Trustee proven" will be deemed to have been deleted and replaced by the words "or made to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated"; and

- (e) the following paragraph will be deemed to have been inserted as a new Condition 15.5, and the existing Condition 15.5 (*Modification and Substitution Binding on Noteholders*) will be deemed to have been re-numbered as Condition 15.6 (and any cross-references to such Condition will be construed accordingly):

"15.5 Written Consent of Guarantor to Modification of Condition

Notwithstanding the foregoing provisions of this Condition 15, while the Guarantee is in force, no modification of these Conditions may be effected without the written consent of the Issuer and the Guarantor."

- (I) Condition 18 (*Contracts (Rights of Third Parties) Act 1999*) will be deemed to have been deleted and replaced by the following:

"18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Save for the rights of the Guarantor under Conditions 7.3 and 15.5, no person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act."

THE GUARANTEE

In 2009, the Government entered into an agreement with the Group approving R176 billion of debt guarantees for the Group, to be used over a five-year period, to support the Group in obtaining the required funding for its capital expansion programme (the “**Government Guarantee Framework Agreement**”). In October 2010, the Government pledged further support for the Group in the form of additional debt guarantees amounting to R174 billion. Together, the total debt guarantee support from the Government amounts to R350 billion, of which R241 billion has been utilised. As at 31 March 2018, R150 billion of the total R350 billion Government guarantee has been allocated to existing local bonds issued under the Group’s domestic multi-term note programme, R138 billion of which has been utilised and R12 billion of which is still available, if required. A total of R127 billion has been allocated under existing loan facilities, of which R102 billion has been drawn.

The Government recently extended the availability period of the guarantee under the Government Guarantee Framework Agreement until 31 March 2023.

The terms and conditions of the Guarantee shall be substantially in the form set out below.

FORM OF DEED OF GUARANTEE

THIS DEED OF GUARANTEE is made on 10 August 2018

BY

- (1) **THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**, herein represented by the Minister of Public Enterprises in terms of section 66(2) of the Public Finance Management Act, 1999 (the “**PFMA**”) acting with the concurrence of the Minister of Finance in terms of section 70 of the PFMA (the “**Guarantor**”);

IN FAVOUR OF

- (2) **THE HOLDERS** for the time being and from time to time of the Notes referred to below (each a “**Noteholder**” or the “**holder**” of a Note); and
- (3) **THE TRUSTEE** for the time being for the Noteholders under the Trust Deed referred to below (the “**Trustee**”).

WHEREAS

- (A) ESKOM HOLDINGS SOC LTD (the “**Issuer**”) has established a U.S.\$4,000,000,000 Global Medium Term Note Programme (the “**Programme**”) for the issuance of notes.
- (B) The Issuer has authorised the issue of U.S.\$1,000,000,000 6.35 per cent. Notes due 2028 under the Programme (ISINs: US29646AAC09 (Rule 144A) and XS1864523300 (Regulation S))(the “**Notes**”). The Notes are to be constituted by a trust deed dated 10 August 2018 (as modified, amended, supplemented and/or restated from time to time, the “**Trust Deed**”) with The Law Debenture Trust Corporation p.l.c. as trustee for the Noteholders.
- (C) The Minister of Public Enterprises and the Minister of Finance, both representing the Guarantor, consider the furnishing of this Deed of Guarantee (this “**Guarantee**”) in respect of the Notes to be in the public interest.

- (D) The Guarantor has agreed to guarantee the payment of all sums expressed to be payable from time to time by the Issuer to Noteholders and/or the Trustee in respect of the Notes or under the Trust Deed (insofar as it relates only to the Notes) on the terms and conditions set out in this Guarantee.

NOW THEREFORE THE GUARANTOR AGREES AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

All terms and expressions which have defined meanings in the Trust Deed shall have the same meanings in this Guarantee except where the context requires otherwise or unless otherwise stated.

In addition, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in Johannesburg and London.

1.2 Clauses

Any reference in this Guarantee to a clause is, unless otherwise stated, to a clause hereof.

1.3 Other Agreements and Documents

All references in this Guarantee to an agreement, instrument or other document (including the Trust Deed) shall be construed as a reference to that agreement, instrument or other document as the same may be modified, amended, supplemented, restated, replaced or novated from time to time.

1.4 Legislation

Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

1.5 Headings

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Guarantee.

1.6 Benefit of Guarantee

Any Notes that are outstanding (as defined in the Trust Deed) from time to time shall have the benefit of this Guarantee but shall not have the benefit of any subsequent guarantee relating to notes issued under the Programme (unless expressly so provided in any such subsequent guarantee). Any notes issued under the Programme, other than the Notes, shall not have the benefit of this Guarantee.

2. GUARANTEE

Subject to clause 5 (*Recourse against the Issuer*), the Guarantor hereby irrevocably and unconditionally guarantees (as a principal obligation and not merely as suretyship) to the Trustee and each Noteholder the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes or under the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) as and when the same become due and payable and accordingly undertakes to pay to the Trustee or (subject to clause 3.2) such Noteholder within 5 (five) Business Days of written demand delivered to the Guarantor, in accordance with the provisions of clause 3 (*Demands*) and after the expiry of any relevant grace period described in clause 3.1(a) (if applicable), any and every

sum or sums which the Issuer is at any time liable to pay in respect of such Note or under the Trust Deed in respect thereof and which the Issuer has failed to pay in the manner and currency prescribed by such Note or the Trust Deed for such payments by the Issuer.

3. DEMANDS

3.1 If:

- (a) the Issuer fails to pay any amount due under the Notes or the Trust Deed (insofar as it relates only to the Notes) on its due date for payment thereof, and (i) in the case of a payment of interest, such default has continued for a period of 14 days, or (ii) in the case of a payment of any amount due under the Notes or the Trust Deed (insofar as it relates only to the Notes) that would fall within Condition 10.1(b) only (but not within Condition 10.1(a)), such default has continued for the period of 45 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (b) subject to clause 5 (*Recourse Against the Issuer*) the Trustee has, following the occurrence of an Event of Default which is continuing, declared the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) of the Conditions,

the Trustee or (subject to clause 3.2) any Noteholder shall be entitled to demand payment from the Guarantor of the relevant sum (the "**Guaranteed Sum**") which the Issuer has failed to pay and/or has become due by delivering a written demand in the form attached hereto as Annex 1 (*Form of Demand*) (each, a "**Demand Notice**") to the Guarantor in accordance with clause 10 (*Notices*).

- 3.2 No Noteholder shall be entitled to proceed directly against the Guarantor to enforce the provisions of this Guarantee (including delivering a Demand Notice to the Guarantor), unless the Trustee, having become bound so to proceed in accordance with the Trust Deed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Noteholder shall have only such rights against the Guarantor as those which the Trustee is entitled to exercise and only in respect of its Notes.

4. PAYMENTS

- 4.1 If the Trustee or (subject to clause 3.2) a Noteholder delivers a Demand Notice in accordance with clause 3 (*Demands*), the Guarantor shall pay the Guaranteed Sum to or to the order of the Trustee in the manner provided in the Trust Deed.
- 4.2 Without prejudice to clause 9, the Guaranteed Sum payable by the Guarantor pursuant to a written Demand Notice in accordance with clause 3 (*Demands*) shall not exceed the sum due and payable by the Issuer on the relevant due date together with any interest accrued thereon in accordance with the Trust Deed.
- 4.3 Payment to or to the order of the Trustee (in accordance with the Trust Deed) under this Guarantee of a Guaranteed Sum shall:
 - 4.3.1 discharge the Guarantor's obligations to the Trustee or the relevant Noteholder(s), as the case may be, under this Guarantee in respect of that Guaranteed Sum; and
 - 4.3.2 *pro tanto* discharge the Issuer of its corresponding obligations to the Trustee or the relevant Noteholder(s), as the case may be, under the Notes and the Trust Deed.

5. RECOURSE AGAINST THE ISSUER

5.1 The Trustee and each Noteholder acknowledges and agrees that:

5.1.1 while this Guarantee is in force, the rights of the Trustee and any Noteholder against the Issuer will be limited to the extent that neither the Trustee nor any Noteholder:

- (a) shall take any action or proceedings against the Issuer to recover any amounts due and payable under the Notes or (insofar as it relates to the Notes) the Trust Deed (including, without limitation, not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement of the Trustee and the Noteholders in respect of any such amounts shall be exercised by the Trustee or (subject to clause 3.2) the relevant Noteholder(s) making a claim against the Guarantor in accordance with the provisions of this Guarantee and enforcing the same;
- (b) shall institute, join with any person in instituting or vote in favour of, any steps or legal proceedings for the winding-up, liquidation or de-registration of, the commencement of business rescue proceedings in relation to, any compromise or scheme of arrangement with creditors of, or any related relief in respect of, the Issuer or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer; and
- (c) shall set off or claim to set off any amounts owing by it under any agreement to which it is a party against any liability owed to it by the Issuer, unless such right of set-off is expressly provided for in terms of such agreement;

5.1.2 the Guarantor shall be entitled at any time (and whether or not in anticipation of an Event of Default occurring or while an Event of Default is continuing) to effect payments of any amounts due and payable under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) on behalf of the Issuer as and when they fall due and the Trustee or, as the case may be, the Noteholder will accept each such payment as if it were a payment made by the Issuer under such Note or the Trust Deed without the exercise of any such entitlement by the Guarantor causing any default, Event of Default or termination event (howsoever described) or entitling the Trustee to declare the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) of the Conditions as a consequence of the failure by the Issuer to make such payment;

5.1.3 while this Guarantee is in force, if the Issuer fails to pay any sum (each, an "**Unpaid Sum**") under any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes), the Trustee shall not be entitled to declare (and the Noteholders shall not be entitled to require the Trustee to declare or (pursuant to Condition 10.3 (*Enforcement*)) themselves declare) the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) of the Conditions as a consequence of the failure by the Issuer to pay the Unpaid Sum unless and until the Trustee or (subject to clause 3.2) the relevant Noteholder(s) shall have first demanded payment of the Unpaid Sum from the Guarantor after the expiry of any relevant grace period described in clause 3.1(a), if applicable, in accordance with the provisions of this Guarantee and the Guarantor shall have failed to pay the Unpaid Sum to or to the order of the Trustee within 5 (five) Business Days of receiving a Demand Notice for the Unpaid Sum in accordance with the provisions of this Guarantee and accordingly no Event of Default shall occur as a consequence of the failure by the Issuer to pay the Unpaid Sum unless payment of the Unpaid Sum has been demanded from the Guarantor under this Guarantee after the expiry of any relevant grace period

described in clause 3.1(a), if applicable, and the Guarantor has failed to pay the Unpaid Sum within 5 (five) Business Days of demand by the Trustee or, as the case may be, the Noteholder in accordance with the provisions of this Guarantee;

5.1.4 at any time while an Event of Default is continuing and whether or not the Trustee shall have declared the Notes to be immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) of the Conditions, the Guarantor shall be entitled, having given not less than 14 (fourteen) days' irrevocable notice to the Trustee, the Issuer and, in accordance with Condition 14 (*Notices*) of the Conditions, the Noteholders to redeem all (but not some only) of the Notes on behalf of the Issuer at their principal amount, together with accrued interest (if any) to (but excluding) the date of redemption, and the Noteholders shall accept such payment as if it were a payment made by the Issuer under the Notes; and

5.1.5 payment to or to the order of the Trustee or, as the case may be, the Noteholders by the Guarantor of any sum (each, a "**Relevant Sum**") pursuant to Condition 6 (*Payments*), Condition 10.4(c) (*Recourse against the Issuer*) or Condition 7.3 (*Redemption at the Option of the Guarantor on behalf of the Issuer*) of the Conditions will:

- (a) discharge the Guarantor's obligations to the Trustee or the relevant Noteholder(s), as the case may be, under the Guarantee in respect of the Relevant Sum; and
- (b) *pro tanto* discharge the Issuer of its corresponding obligations to the Trustee or the relevant Noteholder(s), as the case may be, under the Notes and the Trust Deed.

5.2 Nothing in clause 5.1 shall limit the right of the Trustee to declare the Notes immediately due and repayable in accordance with Condition 10.1 (*Events of Default*) of the Conditions as a result of any continuing Event of Default arising other than by virtue of any failure by the Issuer to make payment of any sum when due, provided that the restrictions set out in clause 5.1 shall apply to the rights of the Trustee and Noteholders arising against the Issuer as a result of any such acceleration (and all rights of enforcement of the Trustee and (subject to clause 3.2) the Noteholders in respect of any such amounts so declared due and repayable shall be exercised by the Trustee or (subject to clause 3.2) the relevant Noteholder(s) making a claim against the Guarantor in accordance with the provisions of this Guarantee and enforcing the same).

6. PRESERVATION OF RIGHTS

6.1 Principal Obligor

The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

6.2 Continuing Obligations

The obligations of the Guarantor contained in this Guarantee shall:

- 6.2.1 commence on the date of this Guarantee;
- 6.2.2 constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Note or the Trust Deed;
- 6.2.3 continue in full force and effect for so long as any of the Notes remains outstanding and thereafter until all sums due from the Issuer in respect of the Notes and the Trust Deed in

respect thereof have been paid, and all other actual or contingent payment obligations of the Issuer thereunder or in respect thereof have been satisfied, in full; and

- 6.2.4 be in addition to and not in substitution for any other rights which the Trustee and/or the Noteholders may have in relation to the Issuer or the Guarantor under or by virtue of the Notes or the Trust Deed.

6.3 Guarantor's Obligations Not Discharged

Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Trustee and the Noteholders by this Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 6.3.1 **Winding-up:** the winding-up, liquidation, dissolution, administration, reorganisation or moratorium of, or business rescue proceedings in relation to, the Issuer or any change in its status, function, control or ownership;
- 6.3.2 **Illegality:** subject to Condition 9 (*Prescription*) of the Conditions, any of the obligations of the Issuer under or in respect of any Note or the Trust Deed being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 6.3.3 **Indulgence:** time, consent or other indulgence (including for the avoidance of doubt, any composition or arrangement) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of any Note or the Trust Deed;
- 6.3.4 **Amendment:** any amendment to, or any variation, waiver or release of, any obligation of the Issuer under or in respect of any Note or the Trust Deed or any security or other guarantee or indemnity in respect thereof, however fundamental; or
- 6.3.5 **Analogous Events:** any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Trustee and the Noteholders or any of them by this Guarantee or by law.

6.4 Reinstatement

Where any discharge in respect of any amounts hereby guaranteed under this Guarantee is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition, which discharge or arrangement is avoided, reduced or must be repaid on insolvency or winding-up or repaid otherwise, without limitation, the liability of the Guarantor under this Guarantee shall continue or be re-instated as if there had been no such discharge.

6.5 Exercise of Rights

Neither the Trustee nor any Noteholder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Guarantee or by law:

- 6.5.1 **Demand:** to make any demand of the Issuer, save for (to the extent required under Condition 6 (*Payments*) of the Conditions) the presentation of the relevant Note or the surrender of the relevant Note;
- 6.5.2 **Take Action:** to take any action or obtain judgment in any court against the Issuer;

6.5.3 **Claim or Proof:** to make or file any claim or proof in a winding up or dissolution of the Issuer; or

6.5.4 **Enforcement of Security:** to enforce or seek to enforce any other collateral or security given by the Issuer, or any other person, in respect of any of the obligations of the Issuer under the Notes or the Trust Deed,

and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of any Note or the Trust Deed.

6.6 Deferral of Guarantor's Rights

The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of any Note or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor hereby waives, and will not exercise, any rights which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

6.6.1 **Indemnity:** to be indemnified by the Issuer;

6.6.2 **Contribution:** to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of any Note or the Trust Deed;

6.6.3 **Subrogation:** to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Trustee or any Noteholder against the Issuer in respect of amounts paid by the Guarantor under this Guarantee or any security enjoyed in connection with any Note or the Trust Deed by the Trustee or any Noteholder;

6.6.4 **No Proceedings:** to bring legal or other proceedings for an order requiring the Issuer to make any payment, or perform any obligation, in respect of which the Guarantor has given a guarantee or indemnity under clause 2 (*Guarantee*);

6.6.5 **Set-off or Counterclaim:** to exercise any right of set-off against the Issuer; or

6.6.6 **Proof in Insolvency:** to claim or prove as a creditor of the Issuer in competition with the Trustee or the Noteholders in the event of the bankruptcy, insolvency or liquidation of the Issuer.

6.7 Security

The Guarantor hereby undertakes to the Trustee and the Noteholders that, so long as any sums are or may be owed by the Issuer in respect of any Note or the Trust Deed or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not take or receive, any security or lien from the Issuer in respect of the granting of this Guarantee.

6.8 Pari Passu

This Guarantee constitutes a direct, unconditional, general and unsecured obligation of the Guarantor and ranks and will rank equally with all other present and future unsecured and unsubordinated general obligations of the Guarantor for moneys borrowed and guarantees given by it in respect of money borrowed from others.

6.9 Additional Security

This Guarantee is in addition to, and the existence or enforceability of this Guarantee shall not affect or be affected or prejudiced by, any other guarantee or security held by the Trustee and/or any Noteholder in respect of the Issuer's obligations under the Notes or the Trust Deed.

7. DEPOSIT OF GUARANTEE

This Guarantee shall be deposited with, and held by, the Trustee for so long as any of the Notes remains outstanding and thereafter until the date on which all of the obligations of the Issuer under or in respect of the Notes and the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) in respect thereof have been discharged in full. The Guarantor acknowledges and agrees that copies of this Guarantee will be made available for inspection by Noteholders during normal business hours at the specified office of each of the Agents and at the registered office for the time being of the Trustee.

8. BENEFIT OF GUARANTEE

This Guarantee shall enure to the benefit of the Trustee and each Noteholder and their respective (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Guarantee against the Guarantor in accordance with the terms of this Guarantee and the Trust Deed.

9. TAXES AND WITHHOLDINGS

All payments in respect of the Notes or the Trust Deed (insofar as it relates to a sum due from the Issuer in respect of the Notes) under this Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within the Republic of South Africa or any political subdivision or taxing authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Trustee or the relevant Noteholder after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or under the Trust Deed, as the case may be, in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note or under the Trust Deed for or on account of:

- 9.1.1 any tax, fee, duty, assessment or governmental charge of whatever nature which would not have been imposed but for the fact that the holder or beneficial owner of the relevant Note was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, the Republic of South Africa or otherwise had some connection with the Republic of South Africa other than by reason of the mere ownership of, or receipt of payment under, or enforcement of rights with respect to, the relevant Note or this Guarantee; or
- 9.1.2 any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or governmental charge; or
- 9.1.3 any tax, assessment or other governmental charge that is imposed or withheld by reason of the failure by the holder or beneficial owner of the relevant Note to comply with any reasonable request by the Guarantor addressed to the holder within 90 days of such request
 - (i) to provide information concerning the nationality, residence or identity of the holder or
 - (ii) to make any declaration or other similar claim or satisfy any information or reporting

requirement, which in any such case is required or imposed by statute, treaty, regulation or administrative practice of the Republic of South Africa to establish the entitlement of a holder to receive the relevant payment free and clear of and without a deduction for, or on account of, any Taxes, *provided that* this clause 9.1.3 shall not apply if the relevant holder is not able to establish such entitlement after reasonable efforts but so that nothing shall require a holder to organise its tax affairs in any particular manner; or

9.1.4 any combination of items 9.1.1, 9.1.2 and 9.1.3 above.

10. NOTICES

10.1 Notices

10.1.1 The Guarantor chooses the addresses set out opposite its name below as its addresses to which any written notice in connection with this Guarantee may be addressed.

Government:

Physical address: The Department of Public Enterprises of the Republic of South Africa
Suite 401, Infotech Building
1090 Arcadia Street
Hatfield
Pretoria
0028
Republic of South Africa

Attention: The Director-General: Department of Public Enterprises
and:

Physical address: The National Treasury of the Republic of South Africa
240 Madiba Street
Pretoria
0002
Republic of South Africa

Attention: The Deputy Director-General: Asset and Liability Management

10.1.2 Any notice, service of legal process, demand or communication required or permitted to be given in terms of this Guarantee shall be valid and effective only if in writing; provided that no such notice may be given by telefax.

10.1.3 The Guarantor may by written notice to the Trustee and the Noteholders change its chosen addresses for the purposes of clause 10.1.1 to any other address(es), provided that the change shall become effective on the fourteenth day after the receipt of the notice by the Trustee and the Noteholders in accordance with clause 10.2 (*Notices to the Trustee and the Noteholders*).

10.1.4 Any notice given in connection with this Guarantee shall:

10.1.4.1 if sent by a letter (other than a courier service) be deemed to have been received by the addressee on the 7th (seventh) Business Day following the date of such sending;

10.1.4.2 if sent by a courier service be deemed to have been received by the addressee on the date of delivery; or

10.1.4.3 if delivered by hand be deemed to have been received by the addressee on the date of delivery;

unless the contrary is proved.

10.1.5 Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address.

10.2 Notices to the Trustee and the Noteholders

Notices to (a) the Noteholders under this Guarantee shall be given *mutatis mutandis* in accordance with Condition 14 (*Notices*) of the Conditions and (b) the Trustee under this Guarantee shall be given *mutatis mutandis* in accordance with clause 27 of the Trust Deed.

11. AMENDMENTS TO THIS GUARANTEE

11.1 Subject to clause 11.2, the Guarantor may not amend or vary the terms of this Guarantee, except with:

11.1.1 the prior sanction of an Extraordinary Resolution of Noteholders; or

11.1.2 the prior written consent of Noteholders holding not less than 75% (seventy-five percent) in aggregate nominal amount of the Notes for the time being outstanding,

and in either case with the consent of the Trustee, provided that no such amendment or variation shall be of any force or effect unless not less than 7 (seven) days' notice of the intention to make such amendment or variation shall have been given to the Trustee and all Noteholders in accordance with clause 10.2 (*Notices to the Trustee and the Noteholders*).

11.2 Notwithstanding clause 11.1, the Guarantor may make, with the consent of the Trustee but without the consent of the Noteholders, any amendment to or variation of the terms of this Guarantee which is:

11.2.1 of a formal, minor or technical nature;

11.2.2 made to correct a manifest error;

11.2.3 made to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or

11.2.4 in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such amendment or variation shall be binding on the Noteholders and any such amendment or variation shall be notified to the Noteholders in accordance with clause 10.2 (*Notices to the Trustee and the Noteholders*) as soon as practicable thereafter.

12. CANCELLATION OF THIS GUARANTEE

The Guarantor may cancel or terminate this Guarantee by written notice to the Trustee and the Noteholders with:

- 12.1 the prior sanction of an Extraordinary Resolution of Noteholders; or
- 12.2 the prior written consent of Noteholders holding not less than 75% (seventy-five percent) in aggregate nominal amount of the Notes for the time being outstanding.

13. CESSION AND ASSIGNMENT

The Guarantor shall not cede or assign any of its rights, or delegate any of its obligations, under this Guarantee save with:

- 13.1 the prior sanction of an Extraordinary Resolution of Noteholders; or
- 13.2 the prior written consent of Noteholders holding not less than 75% (seventy-five percent) in aggregate nominal amount of the Notes for the time being outstanding,

subject in either case to the Trustee having completed any applicable anti-money laundering and/or "know your customer" checks.

14. INDULGENCES

No indulgence granted by the Trustee or a Noteholder to the Guarantor shall constitute a waiver of any of the Trustee's or any Noteholder's rights under this Guarantee. Accordingly, neither the Trustee nor any such Noteholder shall be precluded, as a consequence of having granted such indulgence, from exercising any rights against the Guarantor which may have arisen in the past or which may arise in the future.

15. VARIATION, CANCELLATION AND WAIVER

No contract varying, adding to, deleting from or cancelling this Guarantee, and no waiver of any right of the Guarantor under this Guarantee, will be effective unless in writing and signed by the Minister of Public Enterprises of the Guarantor in terms of section 66 (2) of the PFMA acting with the concurrence of the Minister of Finance of the Guarantor in terms of section 70 of the PFMA.

16. ENTIRE CONTRACT

This Guarantee contains all the express provisions agreed on by the Guarantor with regard to the subject matter of this Guarantee and the Guarantor shall not be bound by any express or implied term, representation, warranty, promise or the like not recorded herein.

17. APPLICABLE LAW

This Guarantee, and any non-contractual obligations arising out of or in connection with this Guarantee, are governed by, and shall be construed in accordance with, English law.

18. JURISDICTION

- 18.1 The Guarantor irrevocably agrees for the benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Guarantee and accordingly submits to the exclusive jurisdiction of the English courts. The Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with this Guarantee (together referred to as "**Proceedings**") against the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.2 The Guarantor irrevocably and unconditionally appoints the High Commissioner of the Republic of South Africa as its agent for the service of process in any Proceedings in England and undertakes that, in the event of such agent ceasing so to act, the Guarantor will promptly appoint a substitute agent for the purpose of accepting service of process on its behalf in England in respect of any Proceedings and will promptly give notice to the Trustee and the Noteholders in accordance with clause 10.2 (*Notices to the Trustee and the Noteholders*) of the appointment of any such substitute. The Guarantor:

- (a) agrees to procure that, so long as any of the Notes remain outstanding, there shall be in force an appointment of such an agent with an office in London with authority to accept service as aforesaid;
- (b) agrees that failure by any such person to give notice of such service of process to the Guarantor shall not impair the validity of such service or of any judgment based thereon; and
- (c) agrees that nothing in this Guarantee shall affect the right to serve process in any other manner permitted by law.

18.3 To the extent that the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Guarantor or its assets or revenues, the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the State Immunity Act 1978 to the giving of any relief or the issue of any process in connection with any suit, action or proceeding). The Guarantor does not hereby waive such immunity from execution or attachment in respect of (a) property, including any bank account, used by a diplomatic or consular mission of the Guarantor or its special missions or delegations to international organisations, (b) property of a military character and under the control of a military authority or defence agency of the Guarantor or (c) property located in the Republic of South Africa and dedicated to a public or governmental use by the Guarantor (as distinct from property which is for the time being in use or intended for use for commercial purposes within the meaning of the State Immunity Act 1978). The Guarantor reserves the right to plead sovereign immunity under the US Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

19. COUNTERPARTS

This Guarantee may be executed in any number of counterparts by the parties and once each party to this Guarantee has signed a counterpart, each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument. Any such counterpart may be a facsimile transmission copy thereof or a scanned copy thereof transmitted by email.

20. SEVERABILITY

If any of the provisions of this Guarantee becomes invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions of this Guarantee shall not be impaired or affected in any way by such invalidity, illegality, or unenforceability.

21. ACCEPTANCE OF BENEFITS

The Guarantor hereby accepts the benefits conferred upon it in the Conditions.

IN WITNESS whereof this Guarantee has been entered into as a deed poll by the Guarantor on the date which first appears on page 1.

Thus signed and executed as a deed poll by the Minister of Public Enterprises of the Republic of South Africa in terms of section 66(2) of the Public Finance Management Act, 1999 acting with the concurrence of the Minister of Finance of the Republic of South Africa in terms of section 70 of the Public Finance Management Act, 1999.

Signed at _____ on _____ 2018

for **THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**

.....

Name:

Capacity: Minister of Public Enterprises

Concurred

Signed at _____ on _____ 2018

for **THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA**

.....

Name:

Capacity: Minister of Finance

Form of Demand

To: The National Treasury
240 Madiba Street
Pretoria, 0002
Republic of South Africa

Attention: C/O Minister of Finance
Deputy Director-General: Asset and Liability Management

cc: Department of Public Enterprises
Suite 401
Infotech Building
1090 Arcadia Street
Hatfield
Pretoria, 0028
Republic of South Africa

Attention: The Director-General: Department of Public Enterprises

From: [The Law Debenture Trust Corporation p.l.c.] **OR** *[insert name of Noteholder]*

Address: *[insert address]*

Dated: [●]

Dear Sirs

Demand Notice for the purposes of a Guarantee dated 10 August 2018 by the Government of the Republic of South Africa in favour of the Trustee and Noteholders for the obligations of Eskom Holdings SOC Ltd in respect of its U.S.\$1,000,000,000 6.35 per cent. Notes due 2028 (ISINs: US29646AAC09 (Rule 144A) and XS1864523300 (Regulation S)) (the "Notes") and the related Trust Deed

2. We, **EITHER** [The Law Debenture Trust Corporation p.l.c., are the Trustee for the holders of the abovementioned Notes under the Trust Deed constituting the Notes.] **OR** [[●], are the holder of a nominal amount of U.S.\$*[insert amount]* of the abovementioned Notes.]
3. We refer to the above Guarantee. This is a Demand Notice. Terms defined, or incorporated by reference, in the Guarantee shall have the same meaning when used in this Demand Notice.
4. The Issuer has failed to pay the sum of U.S.\$[●] due on [●] [in respect of the Notes under Condition [●]][under clause [●] of the Trust Deed]*[insert details of amount demanded]*.
5. We demand payment to or to the order of the Trustee, in accordance with the provisions of the Guarantee, of the sum of [●] being due and payable, but unpaid, under or in respect of the Notes or the Trust Deed.
6. Payment must be made in the manner provided in the Trust Deed.

Yours faithfully,

.....

for

[The Law Debenture Trust Corporation p.l.c.]OR[*insert name of Noteholder*]

EXCHANGE CONTROLS

The prior written approval of the Financial Surveillance Department of the South African Reserve Bank (the “**Exchange Control Authorities**”) is required for the issuance of the Notes. The Issuer has obtained the prior written approval of the Exchange Control Authorities for the issuance of the Notes by the Issuer (the “Exchange Control Approval”). The Exchange Control Approval is granted on the basis that, no South African residents or offshore subsidiary of a South African resident may subscribe for or purchase any of the Notes or beneficially own or hold any of the Notes unless specific approval has been obtained from the Exchange Control Authorities by such persons or such subscription, purchase or beneficial holding or ownership is otherwise permitted under the South African Exchange Control Regulations, 1961 promulgated pursuant to the South African Currency and Exchanges Act, 1933 (the “**Exchange Control Regulations**”) or the rulings, authorities and directives of the Exchange Control Authorities made or published under the Exchange Control Regulations (together with the Exchange Control Regulations, the “Exchange Control Rules”) (including, without limitation, the rulings issued by the Exchange Control Authorities providing for foreign investment allowances applicable to persons who are residents of South Africa under the Exchange Control Regulations).

The Notes constitute “controlled securities” as defined in Section 14 of the Exchange Control Regulations, and as such are subject to the Exchange Control Rules.

In terms of the Currency Transfer Guarantee issued by the Exchange Control Authorities in respect of the Guarantee (the “**Currency Transfer Guarantee**”), the Exchange Control Authorities, in their capacity as the agent for the Minister of Finance of the Republic for the purposes of the enforcement of the Exchange Control Regulations, have irrevocably and unconditionally guaranteed that the transfer to, or to the order of, the Trustee of all sums in the amount and in the currency required for the fulfilment of the financial obligations of the Guarantor arising from the Guarantee will be authorised in good time, under all circumstances and without any limitations, notwithstanding any restrictions that may be in force at the time thereof in the Republic of South Africa, and without any obligation to submit any affidavit or to comply with any other formality.

The Currency Transfer Guarantee constitutes an irrevocable and unconditional exchange control authority by the Exchange Control Authorities for the transfer of the amounts and in the currency required by the Guarantor to meet its financial obligations under the Guarantee.

TAXATION

The section entitled “Taxation” in the Base Prospectus which is incorporated by reference herein together with the following information provides a summary of certain South African, United States and European Union consequences of ownership of the Securities based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Securities. This summary does not constitute a legal opinion or tax advice. In addition this summary does not purport to address all tax aspects that may be relevant to a holder of Securities. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of Securities, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date:

South Africa

Withholding Tax

In terms of section 50D of the Income Tax Act, 1962, any amount of interest paid to any “foreign person” by the Government of the Republic is exempt from interest withholding tax.

The Guarantor is the Government of the Republic of South Africa. Therefore any amount of interest paid by the Guarantor to a South African non-resident under the Guarantee will be exempt from interest withholding tax.

Income Tax

Any amount paid under the Guarantee will not be subject to South African income tax as a separate accrual from amounts accrued or payable under the Notes.

Value-Added Tax (“VAT”)

In terms of section 7 of the VAT Act, 1991, VAT is only levied on the supply of goods and services in the course of the furtherance of an enterprise.

The payment of an amount under the Guarantee will not be deemed to be a supply of goods or services in the course of furtherance of an enterprise, therefore no VAT is payable on the payment of interest by the Guarantor under the Guarantee.

Material U.S. Federal Tax Considerations

The section entitled “Taxation - Material U.S. Federal Tax Considerations” in the Base Prospectus is incorporated by reference herein.

PLAN OF DISTRIBUTION

The Issuer intends to offer the Securities through the Joint International Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement in respect of the Notes entered into on 8 August 2018 among the Joint International Bookrunners and the Issuer (the “**Subscription Agreement**”), each of the Joint International Bookrunners has severally (and not jointly nor jointly and severally) agreed to purchase, and the Issuer has agreed to sell to each of the Joint International Bookrunners, the nominal amount of the Notes set forth opposite each Joint International Bookrunner’s name below.

<i>Joint International Bookrunner</i>	<i>Nominal Amount of Notes</i>
Absa Bank Limited, acting through its Corporate and Investment Banking division	U.S.\$166,666,000
Barclays Bank PLC.....	U.S.\$166,666,000
J.P. Morgan Securities plc.....	U.S.\$333,334,000
The Standard Bank of South Africa Limited	U.S.\$333,334,000
Total	U.S.\$1,000,000,000

The Subscription Agreement provides that the obligations of the Joint International Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint International Bookrunners is subject to receipt and acceptance and subject to the Joint International Bookrunners’ right to reject any order in whole or in part. As of the date of this Prospectus, Absa Bank Limited, acting through its Corporate and Investment Banking division, Barclays Bank PLC, J.P. Morgan Securities plc and The Standard Bank of South Africa Limited are not registered broker dealers under the Exchange Act and will not effect any offer or sale of Securities in the United States unless through one or more registered broker-dealers under the Exchange Act as permitted by the Financial Industry Regulatory Authority.

The Issuer has been informed that the Joint International Bookrunners propose to resell beneficial interests in the Securities at the offering price set forth on the cover page of this Prospectus within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-U.S. persons in offshore transactions in reliance upon Regulation S. See the section entitled “*Transfer and Selling Restrictions*” below. The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Securities in the United States will be made by those Joint International Bookrunners or their affiliates that are registered broker-dealers under the Exchange Act or in accordance with Rule 15a-6 thereunder.

The Securities have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See the section entitled “*Transfer and Selling Restrictions*” below.

In addition, until 40 days after the closing date of the offering of the Securities, an offer or sale of Securities (or beneficial interests therein) within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

While application has been made for the Notes to be admitted to trading on the Main Securities Market, the Notes constitute a new class of securities of the Issuer with a limited trading market. The Issuer cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market will not be lower than the initial offering price or that an active trading market for the Notes will develop. The Joint International Bookrunners have advised the Issuer that they currently intend to make a market in the Notes; however, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. No assurance can be given that the application to Euronext Dublin to admit the Notes to listing on the Official List and trading on the Main Securities Market will be accepted.

In connection with the offering, one or more Joint International Bookrunner(s) may purchase and sell Notes (or beneficial interests therein) in the secondary market. These transactions may include over-allotment, syndicate covering transactions and stabilising transactions. Over-allotment involves the sale of Notes (or beneficial interests therein) in excess of the nominal amount of Notes to be purchased by the Joint International Bookrunners in their initial offering, which creates a short position for the Joint International Bookrunners. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint International Bookrunners may conduct these transactions in the over-the-counter market or otherwise. If the Joint International Bookrunners commence any of these transactions, then they may discontinue them at any time.

The Issuer expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market through a broker or dealer in the United States generally are required to settle in two New York City business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes through a broker or dealer in the United States on the date of this Prospectus or the next New York City business days should consult their own adviser.

The Joint International Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In particular, certain of the Joint International Bookrunners or their affiliates have routinely hedged and are likely in the future to hedge or otherwise reduce their credit exposure to the Group consistent with such Joint International Bookrunner's customary risk management policies. Typically, such Joint International Bookrunners or their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Group's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes.

The Joint International Bookrunners or their respective affiliates may have performed investment banking and advisory services for the Issuer, the Guarantor and their respective affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint International Bookrunners or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Issuer, the Guarantor and their respective affiliates in the ordinary course of their business.

Certain of the Joint International Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to the Issuer, the Guarantor and/or other members of the Group and/or otherwise participate in transactions with the Group and/or the Guarantor. On 26 February 2018, the Issuer entered into a credit facility agreement for ZAR20 billion with a consortium of lenders, including the Joint International Bookrunners and/or their affiliates. The loan was provided for the purpose of financing payments to be made, or refinancing payments previously made, by the Issuer in relation to certain eligible capital expenditures, and matures on 31 August 2018. The Issuer may use part of the proceeds of the Notes to repay all or a portion of the amounts outstanding under the credit facility agreement.

In the ordinary course of their various business activities, the Joint International Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor. In addition, certain of the Joint International Bookrunners and/or their respective affiliates hedge their credit exposure to the Issuer and/or the Guarantor pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby.

The Joint International Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities or instruments.

The Issuer has agreed to indemnify each Joint International Bookrunner against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint International Bookrunners may be required to make because of those liabilities.

A portion of the discounts and commissions will be payable to certain BEE (Black Economic Empowerment) partners in accordance with South African law and practice.

TRANSFER AND SELLING RESTRICTIONS

Transfer restrictions

As a result of the following restrictions, purchasers of Securities in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Securities.

Each purchaser of the Securities (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Securities for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;
- (ii) that the Securities are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Securities have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in the relevant Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Securities or any beneficial interests in the Securities, it will do so, after a date which is one year after the later of the Issue Date and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Securities, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Securities from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that Securities initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes and that Securities offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;
- (vi) that the Securities, other than the relevant Regulation S Global Note, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS (B) AGREES THAT IT WILL NOT

RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (vii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Securities prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Securities), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the relevant Regulation S Global Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART”; and

- (viii) that the Issuer, the Guarantor and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Guarantor; and if it is acquiring any Securities as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Selling restrictions - United States

The Securities have not been and will not be registered under the Securities Act or the Securities laws of any State or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Securities which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided by Regulation S (“**Regulation S Securities**”), each Joint International Bookrunner has represented and agreed that it will not offer, sell or deliver such Regulation S Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Joint International Bookrunner of all Securities of which such Regulation S Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Joint International Bookrunner has further agreed that it will send to each dealer to which it sells any Regulation S Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of the Securities, an offer or sale of such Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Joint International Bookrunners may arrange for the resale of Securities to QIBs pursuant to Rule 144A and each such purchaser of Securities is hereby notified that the Joint International Bookrunners may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. To the extent that each of the Issuer and the Guarantor is not subject to or does not comply with the reporting requirements of section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3 2(b) thereunder, the Issuer and the Guarantor have each agreed to furnish to holders of Securities and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB to whom an offer has been made directly by one of the Joint International Bookrunners or its U.S. broker dealer affiliate. Distribution of this Prospectus by any non U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer or the Guarantor of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non U.S. person or QIB, is prohibited.

Other Jurisdictions

The offer and sale of Securities (or beneficial interests therein) is also subject to restrictions in other jurisdictions, including the European Economic Area (including the United Kingdom) and South Africa. See “*Subscription and Sale and Transfer and Selling Restrictions*” in the Base Prospectus (other than the subsections entitled “*Transfer Restrictions*” and “*Selling Restrictions – United States*”).

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 13 February 2013. The update of the Programme and the issue of the Notes was duly authorised at a meeting of the Board of Directors of the Issuer held on 20 March 2018. The giving of the Guarantee by the Guarantor was duly authorised by the Minister of Public Enterprises in terms of section 66(2) of the PFMA, acting with the concurrence of the Minister of Finance in terms of section 70 of the PFMA.

Listing of Notes

An application has been made to Euronext Dublin to admit the Notes to listing on the Official List and trading on the Main Securities Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and trading on the Main Securities Market will be granted on or around the Issue Date, subject only to the issue of the Notes.

Documents Available

For as long as any of the Notes are outstanding, copies of the following documents will, when published, be available in electronic form for inspection from the registered office of the Issuer and from the specified office of the Fiscal Agent for the time being in London:

- (a) the constitutional documents of the Issuer and a copy of the Eskom Conversion Act, 2001;
- (b) the consolidated audited annual financial statements of the Issuer in respect of the financial years ended 31 March 2018, 31 March 2017 and 31 March 2016, respectively, together with the audit reports prepared in connection therewith;
- (c) the Guarantor's Annual Report, the Guarantor's Country Description, the Guarantor's 2018 Budget Review, the Guarantor's March Quarterly Bulletin and the Guarantor's June Quarterly Bulletin;
- (c) the Trust Deed, the Agency Agreement, the Guarantee and the forms of the Global Notes and the Notes in definitive form; and
- (d) a copy of this Prospectus, the Base Prospectus and the Guarantor's Prospectus Supplement.

Clearing Systems

The Rule 144A Global Note has been accepted into DTC's book-entry settlement system and the Regulation S Global Note has been accepted for clearance through Euroclear and Clearstream, Luxembourg (CUSIP: 29646AAC0, ISIN: US29646AAC09 and Common Code: 186492323, with respect to the Rule 144A Global Note and ISIN: XS1864523300 and Common Code: 186452330, with respect to the Regulation S Notes).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Interest Payments

The Issuer has been advised by DTC that through DTC's accounting and payment procedures DTC will, in accordance with its customary procedures, credit interest payments received by DTC on any Interest Payment Date based upon DTC participant holdings of the Notes on the close of business on the New York

Business Day immediately preceding each such Interest Payment Date. A “**New York Business Day**” is a day other than a Saturday, a Sunday or any other day on which banking institutions in New York City are authorised or required by law or executive order to close.

Material contracts

Neither the Issuer nor any member of the Group has entered into any material contract, other than in the ordinary course of business during the three years immediately preceding the date of this Prospectus.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 March 2018, and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 March 2018.

Save as disclosed in the Guarantor’s Annual Report, there has been no significant change to the Guarantor’s tax and budgetary systems, gross public debt, foreign trade and balance of payment figures, foreign exchange reserves, financial position and resources or income and expenditure figures which is material in the context of the Guarantee or the issue of the Notes.

Litigation

Save as disclosed in the section entitled “*Business - Recent Litigation and Proceedings*” of the Base Prospectus which is incorporated by reference herein, none of the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

The Guarantor is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position of the Guarantor.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Third Party Information

Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Interests of natural and legal persons involved in the offer

Save for any fees payable to the Joint International Bookrunners, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

Dealers transacting with the Issuer and/or the Guarantor

Certain of the Joint International Bookrunners and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and/or the Guarantor in the ordinary course of business.

Certificates

Any certificate of the Auditors or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts set out therein notwithstanding that such certificate or report or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

Disclosure requirements in terms of paragraph 3(5) of the Commercial Paper Regulations promulgated in Government Notice No. 2172 (Government Gazette 16167) of 14 December 1994 pursuant to the provisions of the Banks Act, 1990 (the “Commercial Paper Regulations”)

Paragraph 3(5)(a)

The “*ultimate borrower*” (as defined in the Commercial Paper Regulations) is the Issuer.

Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

Paragraph 3(5)(c)

The auditor of the Issuer is SizweNtsalubaGobodo Inc.

Paragraph 3(5)(d)

As at the date of hereof:

- (i) the Issuer has issued US\$2,250,000,000 Commercial Paper (as defined in the Commercial Paper Regulations); and
- (ii) the Issuer estimates that it may issue US\$1,500,000,000 of Commercial Paper during the current financial year, ending 31 March 2019.

Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Base Prospectus.

Paragraph 3(5)(f)

There has been no material adverse change in the Issuer’s financial position since the date of its last audited financial statements.

Paragraph 3(5)(g)

The Notes issued will be listed.

Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer to defray any costs incurred or to be incurred by the Issuer in connection with the financing of its capital expenditure programme.

Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured but guaranteed.

Paragraph 3(5)(j)

SNG Grant Thornton (previously SizweNtsalubaGobodo Inc.), the statutory auditors of the Issuer, have confirmed that their review did not reveal anything which indicates / nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

ISSUER
Eskom Holdings SOC Ltd
Megawatt Park
2 Maxwell Drive
Sunninghill
Sandton 2157
South Africa

GUARANTOR
The Republic of South Africa
National Treasury
240 Madiba Street
Pretoria, 0002
Republic of South Africa

JOINT INTERNATIONAL BOOKRUNNERS

**Absa Bank Limited, acting through its Corporate
and Investment Banking division**

15 Alice Lane
Sandton 2196
South Africa

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

The Standard Bank of South Africa Limited

3rd Floor, East Wing
30 Baker Street
Rosebank
Johannesburg 2196
South Africa

TRUSTEE
The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX
United Kingdom

**PRINCIPAL PAYING AGENT
AND TRANSFER AGENT**
Citibank N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR
Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt
Germany

LISTING AGENT
Arthur Cox Listing Services Limited
10 Earlsfort Terrace
Dublin 2
DO2 T380
Ireland

LEGAL ADVISERS

To the Issuer as to English and United States law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

To the Issuer as to South African law

White & Case SA
Sandton, 102 Rivonia
Road
Johannesburg 2196
South Africa

*To the Joint International Bookrunners as to
English and United States law*

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

*To the Joint International Bookrunners as to South
African law*

**Allen & Overy
(South Africa) LLP**
6th Floor
90 Grayston
90 Grayston Drive
Sandton
2196
South Africa

Poswa Inc.
Gauteng Office
1st Floor, Block A
Sandton Close 2
Cnr 5th Street &
Norwich Close
Sandton
Johannesburg
South Africa

AUDITOR

To the Issuer

SNG Grant Thornton (previously SizweNtsalubaGobodo Inc.)
20 Morris Street East
Woodmead 2191
South Africa