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## APPLICABLE PRICING SUPPLEMENT

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### EKURHULENI METROPOLITAN MUNICIPALITY

*(Established in the Republic of South Africa in terms of section 12(1) of the Local Government: Municipal Structures Act, 117 of 1998, read with Notice No 6768 of 2000 published in Provincial Gazette Extraordinary No 141 dated 1 October 2000)*

#### **Issue of ZAR800 000 000 Senior Unsecured Fixed Rate Notes (EMM02) due 11 March 2021 Under its ZAR4 000 000 000 Domestic Medium Term Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated on or about 23 July 2010. This Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and such Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail. To the extent that certain provisions of the *pro forma* Pricing Supplement do not apply to the Notes described herein, they may be deleted in this Applicable Pricing Supplement or indicated to be not applicable.

#### **DESCRIPTION OF THE NOTES**

1. Issuer	Ekurhuleni Metropolitan Municipality
2. Status of Notes	Senior Unsecured
3. (a) Tranche Number	1
(b) Series Number	2
4. Aggregate Principal Amount	ZAR800 000 000
5. Interest/Payment Basis	Fixed Rate
6. Form of Notes	Uncertificated Notes
7. Automatic/Optional Conversion from one Interest/Payment Basis to another	N/A
8. Issue Date	11 March 2011
9. Business Centre	Johannesburg
10. Additional Business Centre	N/A
11. Principal Amount per Note	N/A
12. Specified Denomination	ZAR1 000 000
13. Issue Price	100 percent
14. Interest Commencement Date	11 March 2011

15.	Maturity Date	11 March 2021
16.	Specified Currency	ZAR
17.	Applicable Business Day Convention	Following Business Day
18.	Calculation Agent	Absa Capital, a division of Absa Bank Limited
19.	Paying Agent	Absa Capital, a division of Absa Bank Limited
20.	Specified office of the Paying Agent	15 Alice Lane, Sandton, 2196
21.	Transfer Agent	Absa Capital, a division of Absa Bank Limited
22.	Final Redemption Amount	ZAR800 000 000

#### **FIXED RATE NOTES**

23.	(a)	Fixed Interest Rate(s)	10.72 percent per annum payable semi-annually in arrear
	(b)	Interest Payment Date(s)	11 September and 11 March of each year until maturity
	(c)	Initial Broken Amount	N/A
	(d)	Final Broken Amount	N/A
	(e)	Any other terms relating to the particular method of calculating interest	N/A

#### **FLOATING RATE NOTES**

N/A

24.	(a)	Interest Payment Date(s)
	(b)	Interest Period(s)
	(c)	Definitions of Business Day (if different from that set out in Condition 1)
	(d)	Interest Rate(s)
	(e)	Minimum Interest Rate
	(f)	Maximum Interest Rate
	(g)	Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 7.2)
25.		Manner in which the Interest Rate is to be determined
26.		Margin
27.		If ISDA Determination
	(a)	Floating Rate
	(b)	Floating Rate Option
	(b)	Designated Maturity
	(c)	Reset Date(s)

28. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)
  - (b) Interest Determination Date(s)
  - (c) Relevant Screen Page and Reference Code
29. If Interest Rate to be calculated otherwise than by reference to 27 or 28 above, insert basis for determining Interest Rate/Margin/Fall back provisions
30. If different from the Calculation Agent, agent responsible for calculating amount of principal and interest

**PARTLY PAID NOTES**

N/A

31. Amount of each payment comprising the Issue Price
32. Date upon which each payment is to be made by Noteholder
33. Consequences (if any) of failure to make any such payment by Noteholder
34. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments

**INSTALMENT NOTES**

N/A

35. Instalment Dates
36. Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes)

**MIXED RATE NOTES**

N/A

37. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes
  - (b) Floating Rate Notes
  - (c) Indexed Notes
  - (d) Other Notes

**ZERO COUPON NOTES**

N/A

38. (a) Implied Yield

- (b) Reference Price
- (c) Any other formula or basis for determining amount(s) payable

**INDEXED NOTES**

N/A

- 39. (a) Type of Indexed Notes
- (b) Index/Formula by reference to which Interest Rate/Interest Amount (delete as applicable) is to be determined
- (c) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined
- (d) Interest Payment Date(s)
- (e) Calculation Agent (if different from 18)
- (f) Provisions where calculation by reference to Index and/or Formula is impossible or impractical

**EXCHANGEABLE NOTES**

N/A

- 40. Mandatory Exchange applicable?
- 41. Noteholders' Exchange Right applicable?
- 42. Exchange Securities
- 43. Manner of determining Exchange Price
- 44. Exchange Period
- 45. Other

**EXTENDIBLE NOTES**

N/A

- 46. Last date to which Maturity Date may be extended
- 47. Step-up Margin
- 48. Requisite Notice
- 49. Other

**50. OTHER NOTES**

N/A

If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Indexed Notes, Extendible Notes or Exchangeable Notes, or if the Notes are a combination of any of the

aforegoing, set out the relevant description and any additional Terms and Conditions relating to such Notes

**PROVISIONS REGARDING REDEMPTION/  
MATURITY**

- |     |   |     |
|-----|---|-----|
| 51. | Issuer's Optional Redemption:<br>if yes:<br>(a) Optional Redemption Date(s)<br>(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)<br>(c) Minimum Period of Notice (if different to Condition 9.3)<br>(d) If redeemable in part:<br>Minimum Redemption Amount(s)<br>Higher Redemption Amount(s)<br>(e) Other terms applicable on Redemption  | No  |
| 52. | Redemption at the option of the Noteholders:<br>if yes:<br>(a) Optional Redemption Date(s)<br>(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)<br>(c) Minimum period of notice (if different to Condition 9.4)<br>(d) If redeemable in part:<br>Minimum Redemption Amount(s)<br>Higher Redemption Amount(s)<br>(e) Other terms applicable on Redemption<br>(f) Attach pro forma put notice(s) | No  |
| 53. | Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default  | Yes |

**GENERAL**

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|-----|---|---|
| 54. | Additional selling restrictions                                 | N/A   |
| 55. | (a) International Securities Numbering (ISIN)<br>(b) Stock Code | ZAG000084526<br>EMM02                           |
| 56. | Financial Exchange  | JSE Limited                                     |
| 57. | If syndicated, names of managers                                | N/A   |
| 58. | Credit Rating assigned to Notes, the                            | The Issuer has been assigned a credit rating of |

Programme and/ or the Issuer as at the Issue Date (if any)	Aa2.za by Moody's Investors Service South Africa (Proprietary) Limited ("Moody's"). The Programme has been assigned a credit rating of Aa2.za by Moody's
59. Governing law (if the laws of South Africa are not applicable)	N/A
60. Use of proceeds	The funds to be raised through the issue of the Notes are to be used by the Issuer for the purposes specified in sections 45 and 46 of the MFMA
61. Last Day to Register	By 17h00 on the Business Day preceding the Books Closed Period
62. Books Closed Period	The period from and including 1 September to 10 September and 1 March to 10 March but excluding the next Interest Payment Date of each calendar year, each being the 10 (ten) days prior to each Interest Payment Date and the Maturity Date, as the case may be
63. Stabilisation Manager (if any)	N/A
64. Other provisions	N/A

#### **DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS**

At the date of this Applicable Pricing Supplement:

65. Paragraph 3(5)(a)  
The ultimate borrower is the Issuer.
66. 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.
67. Paragraph 3(5)(c)  
The auditor of the Issuer is the Auditor-General.
68. Paragraph 3(5)(d)  
As at the date of this issue:
- (a) the Issuer has issued Notes with an aggregate Principal Amount of ZAR815 000 000 (excluding the issue of Notes contemplated in this Applicable Pricing Supplement); and
  - (b) it is anticipated that the Issuer will issue additional Notes during the remainder of its current financial year in an aggregate amount not exceeding ZAR1 500 000 000.
69. Paragraph 3(5)(e)  
Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.

- 70. 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.
- 71. Paragraph 3(5)(g)  
The Notes issued will be listed, as stated in the Applicable Pricing Supplement.
- 72. Paragraph 3(5)(h)  
The funds to be raised through the issue of the Notes are to be used by the Issuer for the purposes specified in sections 45 and 46 of the MFMA.
- 73. Paragraph 3(5)(i)  
The Notes are unsecured.
- 74. Paragraph 3(5)(j)  
The Auditor-General, the auditor of the Issuer, has confirmed that nothing has come to its 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.

**Responsibility:**


The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement. Application is hereby made to list this issue of Notes on 11 March 2011.

SIGNED at SANDTON this 8<sup>th</sup> day of MARCH 2011

For and on behalf of  
**EKURHULENI METROPOLITAN MUNICIPALITY**

  
Name : Mr Khaya Ngema

Capacity: City Manager  
who warrants his authority hereto

  
Name : Mr Zakes Myeza

Capacity: Chief Financial Officer  
who warrants his authority hereto