

## **PRESS RELEASE**

In the 2001/2002 fiscal year, the National Treasury indicated its intention of splitting all the three-legged RSA bonds (R150, R153, R194, R157 and R186). In general, the market participants agreed to the need to split these bonds, but some participants were concerned about the impact of this on liquidity. A suggestion was made that the National Treasury starts the splitting programme with the R150 only.

The Asset and Liability Management branch of the National Treasury will embark on a split programme for the R150 bond as from 01 April 2002.

The R150 has three redemption dates, 28 February 2004, 28 February 2005 and 28 February 2006. According to the terms and conditions of the R150 bond, a holder who has invested, e.g. R3 million (nominal) in R150, will be repaid R1 million (?) on each of the above mentioned redemption dates.

Due to a more active Debt Management approach, the purpose of three-legged bonds to build and maintain liquidity has become obsolete. With switch programmes in place, liquidity can be rapidly built into any benchmark bond.

The shortage of money market paper in the market has also contributed to the decision to split the R150 bond. The 2004 leg of the R150 bond will add to the supply of paper at the short end of the curve.

The current Strip facility, already provides for the principal of the R150 bond to be stripped into three equal portions. The splitting of the R150 bond into three new bonds will support the Strip program. The three new bonds will be regarded as strippable. Each of the new series will bear one of the three redemption dates of the current R150 bond.

Holders may surrender their holdings (registered in Central Depository) or certificates (registered in own name) for replacement as from 01 April 2002. The following new bonds, which will total the original nominal value of their holding, will replace the R150 benchmark bond.

R006 - 12%	IRB 2004, redeemable 28 February 2004
R151 - 12%	IRB 2005, redeemable 28 February 2005
R152 - 12%	IRB 2006, redeemable 28 February 2006

If a holding in R150 is not fully divisible by one third, the R006 and R152 will be rounded to the nearest one thousand Rand, with the balance being added to the middle tranche, R151.

Holders with electronic holdings at the Central Depository, are requested to contact their settlement agents to effect the split on their behalf. Holders of certificates in the R150 bond, are requested to surrender their certificates for the splitting, by registered mail or delivered to:

**Head of Division, Asset and Liability Management branch  
National Treasury  
240 Vermeulen street  
PRETORIA**

*Or*

**Private bag X 115  
PRETORIA  
0001**

The Asset and Liability Management branch, would like to stress that the option to split is totally optional. The option to split will be available until the first maturity date (28 February 2004) as per terms and conditions of the R150. On the redemption of the first leg, the R150 bond will be redeemed as follows:

One third of the nominal amount, rounded off to the nearest R 1,00 will be redeemed on 28 February 2004, after which the remaining two-third balance will be split amongst the R151 and R152 in equal portions.

For any additional information required, contact Phakamani Hadebe (012) 315 5486 or Johan Krynauw (012) 315 5274.