

NATIONAL TREASURY

PRESS RELEASE ON R194 SPLIT OPTION

24 OCTOBER 2005

The National Treasury has previously indicated its intention to split all the three-legged RSA Government Bonds (R150, R153, R194, R157 and R186) and issue only bullet bonds. In general the market participants agreed to the need to split these bonds, but some participants were concerned about the impact on the liquidity in these bonds. The National Treasury decided to offer the split facility to the market on the R150 bond when the first leg was close to its maturity date. A similar split facility is now envisaged for the R194 RSA Government Bond.

The Asset and Liability Management division of the National Treasury will embark on a split programme for the R194 bond as of 1 November 2005.

The R194 bond has three redemption dates, 28 February 2007, 28 February 2008 and 28 February 2009. According to the terms and conditions of the R194 bond, a holder who has invested, e.g. R3 million (nominal) in the R194 bond, will be repaid R1 million on each of the above mentioned redemption dates.

Holders may surrender their holdings (registered in Central Depository) or certificates (registered in own name) for replacement as of 01 November 2005. The following new bonds, which will total the original value of their holding, will replace the R194 benchmark bond:

R007 – 10% IRB 2007 redeemable 28 February 2007

R195 – 10% IRB 2008 redeemable 28 February 2008

R196 – 10% IRB 2009 redeemable 28 February 2009

If a holding in the R194 bond is not fully divisible by one third, the R007 and R196 legs will be rounded to the nearest one rand and the remaining portion will be added or subtracted from the middle tranche R195.

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 R194 bond are requested to surrender their certificates for splitting, by registered mail or delivered to:

**National Treasury
240 Vermeulen Street
12th floor
PRETORIA**

OR

**Private Bag X 115
PRETORIA
0001**

The Asset and Liability Management division would like to stress that the split of the R194 is totally optional. The option to split will be available until the first maturity date (28 February 2007) as per terms and conditions of the R194.

On the redemption of the first leg, the R007 bond will be redeemed as follows:

One third of the nominal amount, rounded off to the nearest R1,00 will be redeemed on 28 February 2007, after which the remaining two-thirds balance will be split amongst the R195 and R196.

For any information required, contact Johan Krynauw (012) 315 5274 or Phumzile Maseko (012) 315 5610.