



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

## **PRESS RELEASE**

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The performance of the South African economy has created a solid investor base in South African Government bonds. Early this year the pursuit of active foreign debt management resulted in the buy back of USD263 million of the 2017 USD500 million bond.

Today we are announcing an additional buy-back of USD1.217 billion equivalent of foreign debt. Of this amount, one billion dollars of the foreign debt will be financed with the proceeds of a new USD1 billion bond maturing on 30 May 2022. The remaining balance of USD217 million equivalent will be financed from Government's own internal resources. There was an overwhelming demand for the new debt issue which signifies South Africa's solid investor following.

The net effect of this transaction would be a reduction of foreign debt as a proportion of our total debt portfolio. In addition, short-term foreign debt would be reduced by an amount of USD 1.121 billion, which reduces the country's external vulnerability. This will also result in the reduction of the state debt cost that releases resources for Government's key priorities.

The final repurchase level for the 2009, 2008 and 2017 notes that were accepted are as follows:

2009: 28 basis points (bps) over the United States Treasury (UST) due 2009;  
2008: 2 bps below the 1-year Bund rate; and  
2017: 72 bps over the UST due 2017.

The new issue was priced at 120 bps over the 10 year US Treasuries. The issue yield is 5.912%, the coupon is 5.875%, and settlement is on 30 May, 2022.

This will be the lowest rate that the country has ever achieved in the Dollar market and highlights the demand for the South African credit. South Africa continues to enjoy the benefits of prudent macro economic policies.

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Issued by: National Treasury  
16 May 2007