



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT: GOVERNMENT'S SUPPORT FOR ESKOM

On February 20 2008 Finance Minister Trevor Manuel, MP announced an amount of R60 billion, over a five year period, in support of Eskom's capital expansion programme. Of this amount R20 billion was earmarked for allocation in the 2008/9 to 2010/11 fiscal years. Minister Manuel also announced that the support would be in the form of a loan.

Subsequently, government committed to assist with smoothing the impact of the tariff increases so as to ameliorate the negative impact on Eskom's balance sheet. Government therefore decided to bring forward the disbursements of the facility as follows 2008/9 R10 billion, 2009/10 R30 billion and 2010/11 R20 billion. The terms and conditions of the loan have been designed to be a deeply subordinated loan to ensure that senior unsecured lenders are not prejudiced.

In addition to the deeply subordinated loan, government will consider providing guarantees to enable Eskom to access funding otherwise not available.

Government is cognisant of Eskom's critical role in the economy and the importance of a solid investment grade credit rating and thus remains committed to ensuring Eskom's financial stability.

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