



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

RATING OUTLOOK BY RATING AND INVESTMENT INFORMATION, INC. (R&I)

R&I today released a revised rating outlook for South Africa from stable to negative. Unlike a credit rating downgrade the revision of a rating outlook is not as significant.

South Africa's domestic and foreign currency debt ratings remain unchanged at "A" and "A-" respectively. The revision must be seen in the context of the current global financial turmoil and its impact on emerging markets. R&I undertook to revise South Africa's outlook back to stable if certain changes related to growth prospects and the external environment were to take place.

The South African government is aware of the challenges regarding the current account deficit, inflationary environment and GDP growth outlook of the country. These challenges are not unexpected and government took appropriate measures early on to address them. These include, amongst others, significantly reducing the level of government debt and increasing official reserves through sustained prudent fiscal and monetary policies. As a result South Africa is well positioned to weather the current global financial crisis.

This rating outlook revision happens ahead of R&I's annual rating review visit to South Africa scheduled for February 2009. During the visit thorough discussions with public officials and private sector representatives will take place and a better informed rating is likely to be issued.

R&I was the first and remains the only major rating agency to rate South Africa's foreign currency debt issue in the single A category (A- with a stable outlook) since 22 December 2006.

For more information please contact Thoraya Pandy on 082 416 8416 or Lindani Mbunyuzza on 083 327 9987.

Issued by: National Treasury
24 October 2008