

USD 750 Million 10.125% due July 2008

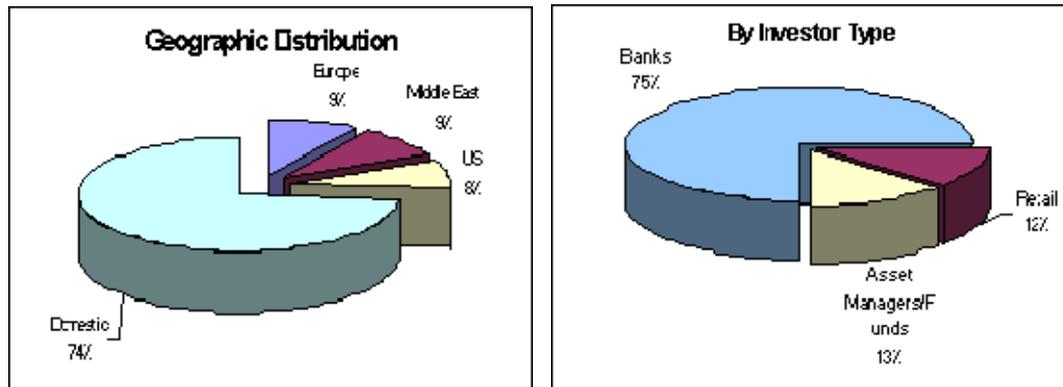
July 26, 2001, Beirut, Lebanon: On Wednesday, July 25, 2001, the Lebanese Republic issued a 7-year Eurobond (maturity 2008). The originally announced size of USD 400 million was increased to USD 750 million at launch due to strong investor demand. Schroder Salomon Smith Barney and Merrill Lynch jointly lead managed the issue for the Lebanese Republic.

This deal was launched at a time of considerable instability in emerging markets and as usual, Lebanon was able to issue at much tighter spreads than comparable sovereigns.

Highlights

- The offering was increased from USD 400 mm to USD 750 mm due to strong international and local demand.
- Slightly over 25% of the orders came from non-Lebanese accounts, one of the highest Lebanese Republic deals.
- This is the second largest bond ever done by the Republic (there was a USD 1.15 bn issue in April).
- This transaction will significantly increase Lebanon's exposure to numerous sovereign indices.
- The Republic's objectives to launch a successful transaction, complete its yield curve and attract international demand have all been met.
- This was achieved by a comprehensive roadshow that included marketing stops in the Gulf, Europe and the US, resulting in demand from a number of "new to Lebanon" international money managers from both Europe and the US.
- The marketing effort stressed the unique characteristics of Lebanese eurobonds, which represented a low-volatility investment opportunity due to a stable investor base. This low volatility clearly differentiated the transaction, especially amidst significantly more volatile conditions in emerging markets this month, and enhanced the appeal of the transaction to international investors.
- The investor base principally included domestic banks, international retail and institutional investors from the Gulf, Europe and the US.

Distribution



Emerging Market Indicative Yields

US\$-denominated Eurobonds	Yield
Lebanon (B1/B+) 10.125 due 2008	10.125%
Turkey (B1/B-) 11.750 due 2010	16.750%
Brazil (B1/BB-) 11.250 due 2007	12.900%
Colombia (Ba2/BB) 8.625 due 2008	10.150%

Total Issue Size	USD 750,000,000
Announcement Date:	July 25, 2001
Maturity	August 6, 2008
Coupon:	10.125%
Issue/Re-offer Price:	100%
Re-offer Yield:	10.125%
Re-offer Spread:	UST + 516 bps
Benchmark Bond:	UST 5.625 05/2008
Joint lead managers	Schroder Salomon Smith Barney Limited and Merrill Lynch International