

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

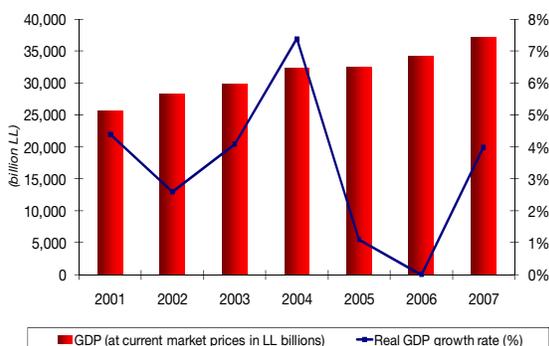
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HIGHLIGHTS

- By the end of March 2008, gross public debt reached LL 65,102 billion (US\$ 43.2 billion), registering an increase of 2.74% over the end-December 2007 debt level.
- By end-March 2008, local currency debt amounted to LL 32,546 billion, increasing by 3.74% over the end-December 2007 level.
- By end-March 2008, foreign currency debt amounted to LL 32,556 billion, increasing by 1.77% over the end-December 2007 level.
- On March 12, 2008, the Lebanese Republic issued a US\$ 875 million Eurobond due in 2013 at a coupon rate of 9.125%. The issue was used to rollover the March 2008 US\$ 869 million outstanding bond.
- On February 27, 2008 France disbursed €150 million, the first of three tranches, as part of a €375 million loan agreement for debt reduction. The loan was signed on February 21, 2008 as part of the French Paris III pledge.
- The United States Agency for International Aid and Development has so far disbursed a total of US\$ 115 million on behalf of Lebanon to cover Lebanon's debt service to the World Bank. Of this amount, US\$ 100.7 million was received in Q1 2008, with US\$ 96.4 million disbursed in January 2008, US\$ 2.4 million in February 2008 and US\$ 1.9 million in March 2008. These contributions are part of the total budget support grant of US\$ 250 million as part of the larger US pledge to Lebanon at Paris III.

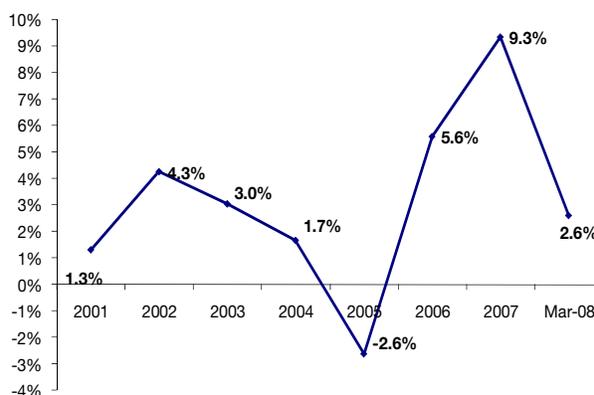
THE LEBANESE ECONOMY

GDP and GDP growth



Source: 2000-2003 are National Accounts Committee figures
2004-2006 are Banque Du Liban (BDL) figures
2007 Figures are as per latest BDL and IMF estimates

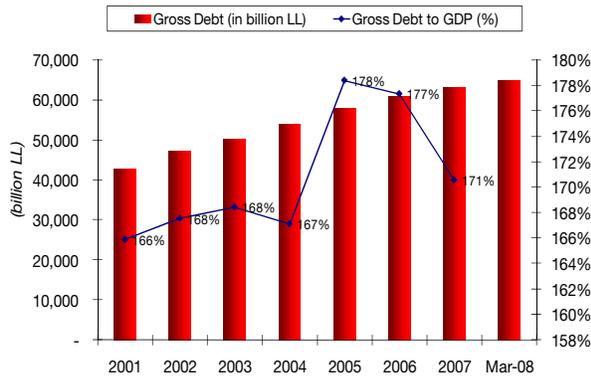
CPI % change



Source: Central Administration of Statistics
Consumer Price Index : 2001-2007, 1998 = 100 (base year), For March 2008, December 2007 = 100.

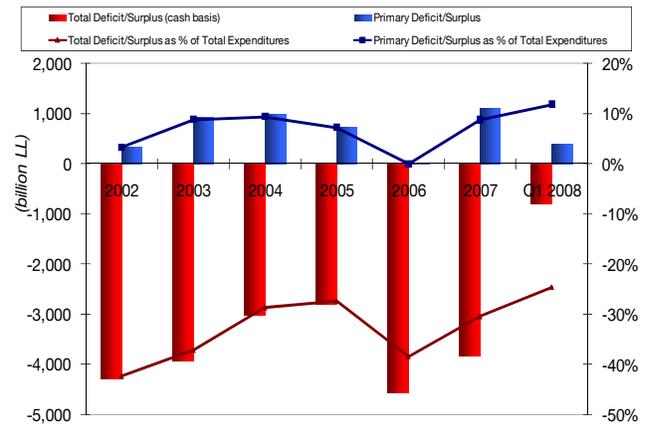
OVERALL DEBT DATA

Gross Public Debt



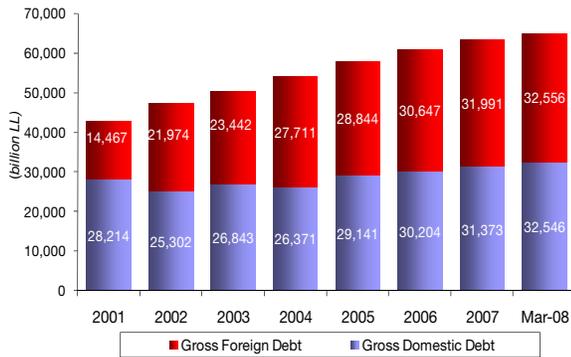
Source: MOF, BDL
Note: 2007 figures are based on BDL, IMF GDP estimate.

Fiscal Performance



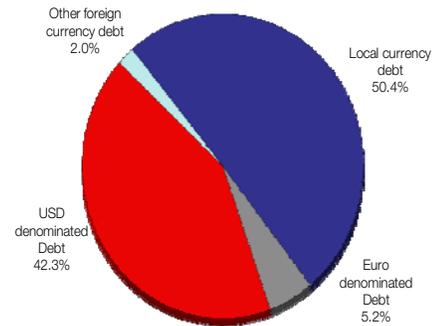
Source: MOF

Historical Debt Evolution



Source: MOF

Outstanding Debt by Currency Composition as of end-March 2008



Source: MOF

Public Debt (in LL billion)	Dec-04	Dec-05	Dec-06	Dec-07	Mar-08	Change Dec 07 - March 08	% Change Dec 07 - March 08
Gross Public debt	54,082	57,985	60,851	63,364	65,102	1,738	2.74%
Local currency debt	26,371	29,141	30,204	31,373	32,546	1,173	3.74%
a. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ⁽¹⁾	10,652	11,686	9,588	9,052	8,986	(66)	-0.73%
b. Commercial Banks	12,220	14,130	16,487	16,847	17,954	1,107	6.57%
c. Other Local Currency Debt (T-bills)	3,500	3,325	4,129	5,474	5,606	132	2.41%
o/w Public entities	2,187	2,446	3,313	4,796	4,900	104	2.17%
*Accrued interest included in debt	356	517	685	754	732	(22)	-2.92%
Foreign currency debt⁽²⁾	27,711	28,844	30,647	31,991	32,556	565	1.77%
a. Bilateral, Multilateral and Foreign Private sector loans	3,003	2,789	2,855	2,963	2,939	(24)	-0.79%
b. Paris II related debt (Eurobonds and Loans) ⁽³⁾	6,634	6,501	6,540	6,063	6,062	(1)	-0.02%
c. Paris III related debt (Eurobonds and Loans) ⁽⁴⁾				1,357	1,714	358	26.35%
d. Market-issued Eurobonds	17,686	18,729	20,399	20,780	20,884	104	0.50%
e. Accrued Interest on Eurobonds	388	406	434	410	538	128	31.22%
f. Special Tbls in Foreign currency ⁽⁵⁾		419	419	419	419	-	0.00%
Public sector deposits	4,359	5,590	4,444	4,527	5,151	624	13.78%
Net debt	49,723	52,395	56,407	58,837	59,951	1,114	1.89%
Gross Market debt⁽⁶⁾	31,606	34,563	38,555	39,221	40,576	1,355	3.45%
% of total debt	58%	60%	63%	62%	62%	0%	0.69%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ The BDL has extended loans to EDL for the equivalent amount of US\$ 300 million to purchase fuel oil. These loans are listed as Public debt as they are government guaranteed.

⁽²⁾ Figures for Dec 04 - Dec 07 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system.

⁽³⁾ Paris II related debt (Eurobonds and Loans) including Eurobond of USD 1,870 billion originally issued to BDL in the context of Paris II conference

⁽⁴⁾ Issued to Malaysia as part of its Paris III contribution, IBRD Loans, UAE Loan and first tranche of the French loan received in February 2008

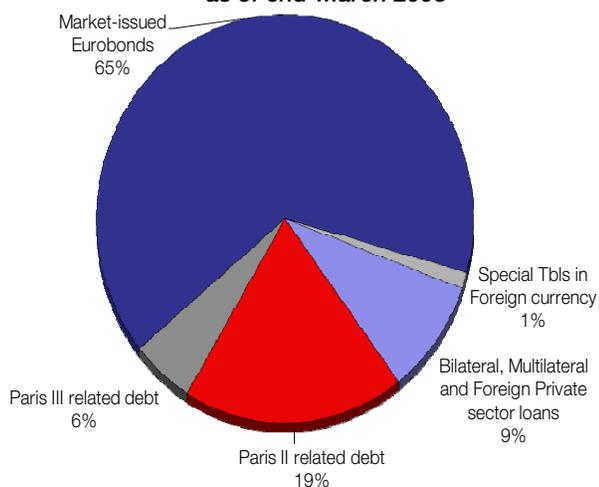
⁽⁵⁾ Special Tbls in Foreign currency (expropriation bonds)

⁽⁶⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.



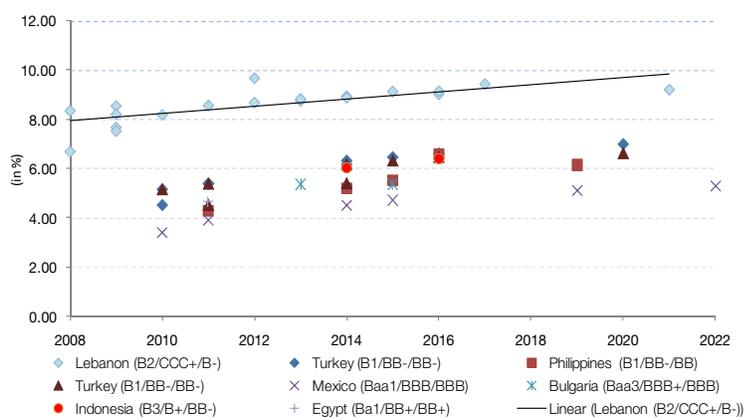
FOREIGN CURRENCY DEBT DATA

**Outstanding Foreign Currency Debt by Holder
as of end-March 2008**



Source: MOF

**Yields for Republic of Lebanon Eurobonds
and Comparables
(as of May 7, 2008)**



Source: Credit Suisse

Lebanon Secondary Issues						
7-May-08	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
Lebanese Issues						
EURO						
LEB 7.250 09	99.75	100.75	7.51	6.46	274	173
LEB 5.875 12	88.125	89.125	9.65	9.31	509	477
US Dollars						
LEB 7.375 08	99.875	100.375	8.33	3.7	549	81
LEB 10.125 08	100.75	101.25	6.68	4.59	371	161
LEB 10.250 09	103.375	104.375	7.65	6.91	465	391
LEB FRN 09	97	99	8.52	7.11	547	406
LEB 7.000 09	98.25	99.25	8.19	7.5	512	443
LEB 7.125 10	98.25	99.25	8.17	7.57	504	443
LEB 7.875 11	98.25	99.25	8.54	8.16	504	465
LEB 4.000 17 Av Life	80.5	81.5	9.41	9.08	534	501
LEB 7.750 12	96.75	97.75	8.66	8.38	482	454
LEB 9.125 13	101.5	102.5	8.73	8.48	483	458
LEB 8.625 13	99.25	100.25	8.81	8.56	487	462
LEB 7.375 14	93	94.25	8.92	8.63	485	456
LEB 9.000 14	100.625	101.625	8.86	8.64	480	458
LIEB 10.000 15	104.5	105.5	9.11	8.92	493	473
LEB 8.500 16	97.25	98.25	9	8.81	473	454
LEB 11.625 16	114	115	9.12	8.96	485	469
LEB 8.250 21	93	94	9.18	9.05	457	443

Source: Credit Suisse

Note: This table is intended for general information purposes only.

Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long-term tenor rating	Short-term tenor rating	Outlook
As of May 7, 2008			
Fitch IBCA Ltd	B-	B	Stable
Moody's Investor Services Ltd	B3		Stable
Standard and Poor's	CCC+	C	Stable



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FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of March 31, 2008)

ISIN CODE	Eurobond	Outstanding Amount (in original currency)	Number of tranches	Currency	Coupon rate	Mat. Date mm/dd/yy	Years to maturity
XS0133469253	USD 750 MN - Aug 2008	750,000,000	1	USD	10.125%	08/06/08	0.35
XS0102480513	USD 650 MN - Oct 2009	635,500,000	2	USD	10.250%	10/06/09	1.52
XS0200337979	USD 1,265 MN - Mar 2010	1,065,000,000	1	USD	7.125%	03/05/10	1.93
XS0200329950	USD 600 MN - Sept 2012	600,000,000	2	USD	7.750%	09/07/12	4.44
XS0207128561	USD 625 MN FRN - Nov 2009	625,000,000	1	USD	6 months U.S \$ L + 3.25 %	11/30/09	1.67
XS0207129296	USD 425 MN - Dec 2009	425,000,000	1	USD	7.000%	12/14/09	1.71
US52238PAD15	USD 1000 MN - May 2011	1,000,000,000	1	USD	7.875%	05/20/11	3.14
XS0192976834	EUR 225 MN - May 2009	225,000,000	1	Euro	7.250%	05/20/09	1.14
XS0128547147	USD 400 MN - May 2016	400,000,000	1	USD	11.625%	05/11/16	8.12
XS0205838948	USD 700 MN -Nov 2010	700,000,000	1	USD	6.875%	11/12/10	2.62
XS0219573051	USD 250 MN -May 2008	250,000,000	1	USD	7.000%	05/11/08	0.11
XS0222790841	USD 250 MN - June 2008	250,000,000	1	USD	7.375%	06/20/08	0.22
XS0222794249	USD 650 MN - June 2013	650,000,000	2	USD	8.625%	06/20/13	5.22
US52238PAJ84	USD 750 MN- Jan 2016	750,000,000	1	USD	8.500%	01/19/16	7.81
XS0250882809	USD 676.902 MN- April 2014	676,902,000	1	USD	7.375%	04/14/14	6.04
XS0250882478	USD 2,092.469 MN - April 2021	2,092,469,000	3	USD	8.250%	04/12/21	13.04
XS0250883013	EUR 324.542 MN - April 2012	324,542,000	2	EUR	5.875%	04/12/12	4.04
XS0263574112	USD 750 MN - Aug 2011	750,000,000	2	USD	7.500%	08/02/11	3.34
XS0263573817	USD 351.591 MN - Aug 2009	351,591,000	2	USD	7.500%	08/03/09	1.34
XS0352629546	USD 875 MN - March 2013	875,000,000	1	USD	9.125%	03/12/13	4.95
Eurobonds issued in the context of Paris III							
XS0312416000	USD 300 MN due July 2017	300,000,000	1	USD	3.750%	07/20/17	9.31
XS0312416778	USD 200 MN due July 2012	200,000,000	1	USD	3.750%	07/20/12	4.31
Eurobonds issued in the context of Paris II*							
XS0160503347	USD 2,007.511 MN - Dec 2017	2,007,511,000	2	USD	4.000%	12/31/17	4.92
XS0160456322	USD 950 MN - Dec 2017	650,000,000	1	USD	5.000%	12/27/17	4.92
XS0160456322	USD 700 MN - Mar 2018	700,000,000	1	USD	5.000%	03/07/18	5.17
XS0169203048	USD 200 MN - Mar 2018	200,000,000	1	USD	5.000%	05/27/18	5.34
					Average Time to Maturity (in years, as of Mar 31, 2008):		4.86
					Weighted average coupon rate:		7.20%

*Eurobonds issued in the context of the Paris II conference are redeemable in 20 equal semiannual payments starting from year 6 (grace period of 5 years from issue date).

Euro exchange rate (US\$/Euro) (31 March 2008): 1.5183

6 month LIBOR (24 April 08): 3.03%



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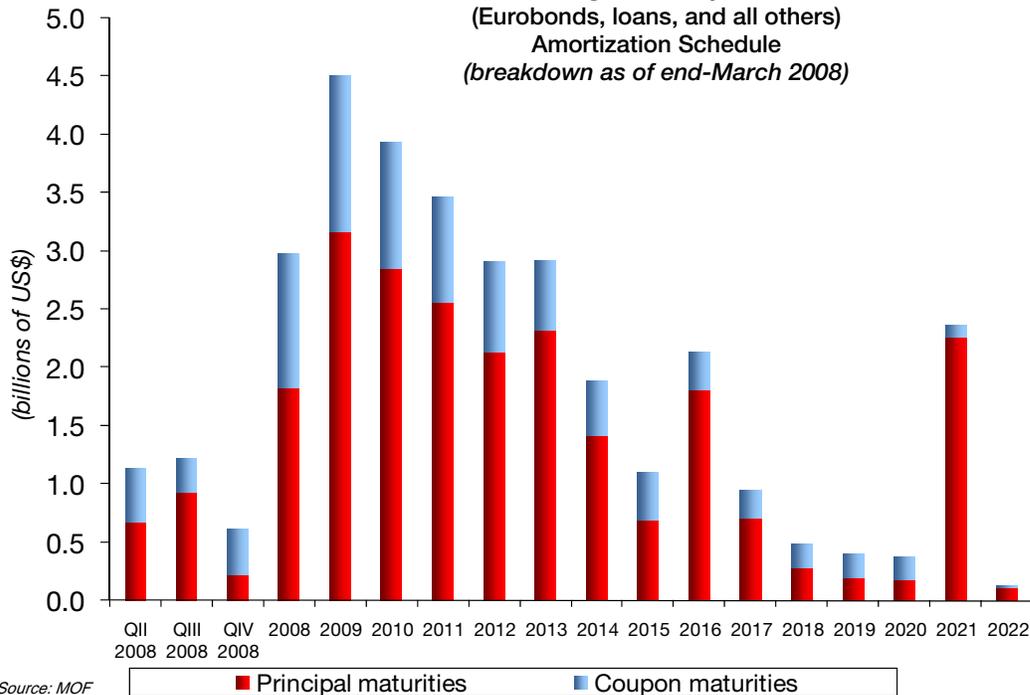
FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuance

Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
12-Mar-08	48	5	12-Mar-2013	9.125	9.250	USD 875 MN	XS0352629546
20-Nov-07	45 (2)	4	2-Aug-2011	7.500	9.000	USD 300 MN **	XS0263574112
4-Oct-07	33 (2)	3	12-Nov-2010	6.875	9.375	USD 400 MN **	XS0205838948
20-Jul-07	47	5	20-Jul-2012	3.750	3.750	USD 200 MN *	XS0312416778
20-Jul-07	46	10	1-Jul-2017	3.750	3.750	USD 300 MN *	XS0312416000
6-Jul-07	17 (2)	10	1-Dec-2017	4.000	9.250	USD 137.511 MN **	XS0160503347
31-May-07	39 (2)	6	20-Jun-2013	8.625	8.750	USD 400 MN	XS0222794249
26-Feb-07	42 (3)	14	12-Apr-2021	8.250	8.750	USD 431 MN**	XS0250882478
26-Feb-07	32 (2)	1	12-Mar-2008	6.375	6.375	USD 569 MN**	XS0205838435
27-Dec-06	44 (2)	3	3-Aug-2009	7.500	9.250	USD \$145 MN**	XS0263573817
2-Aug-06	44	3	3-Aug-2009	7.500	9.250	USD \$206.591 MN**	XS0263573817
2-Aug-06	45	5	2-Aug-2011	7.500	7.500	USD \$450 MN**	XS0263574112

* Paris III conference Malaysia contribution
 ** Initial Issuance to BDL

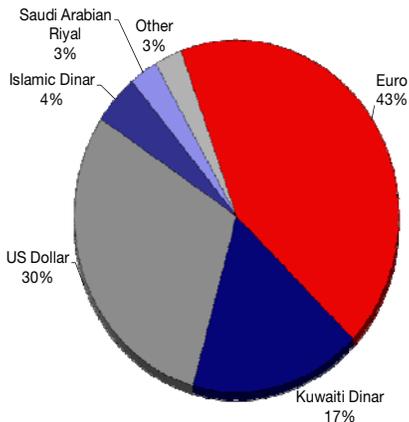
Foreign Currency Debt
 (Eurobonds, loans, and all others)
 Amortization Schedule
 (breakdown as of end-March 2008)



Source: MOF

FOREIGN CURRENCY LOANS DATA

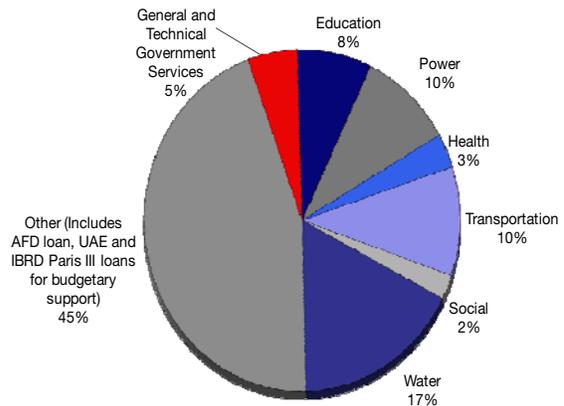
Bilateral and Multilateral Loans
 (concessional and otherwise)
 breakdown by currency



Total LL 4,806 billion

Source: MOF, BDL

Bilateral and Multilateral Loans
 (concessional and otherwise)
 breakdown by sector



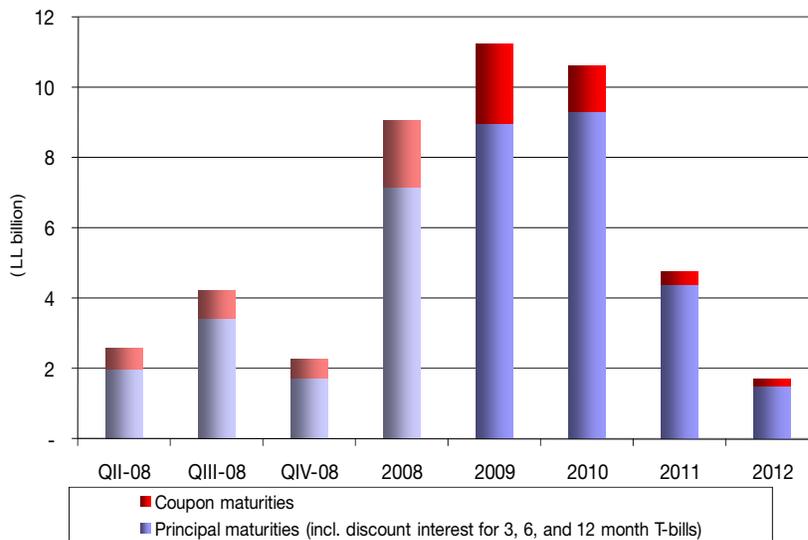
Total LL 4,806 billion



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DOMESTIC CURRENCY DEBT DATA

Amortization Schedule of Domestic T-bills and Notes
(as of end-March 2008)



Average Time to Maturity
of Domestic Currency
T-bills and Notes

(In years, as of end-Mar 2008)

1.75

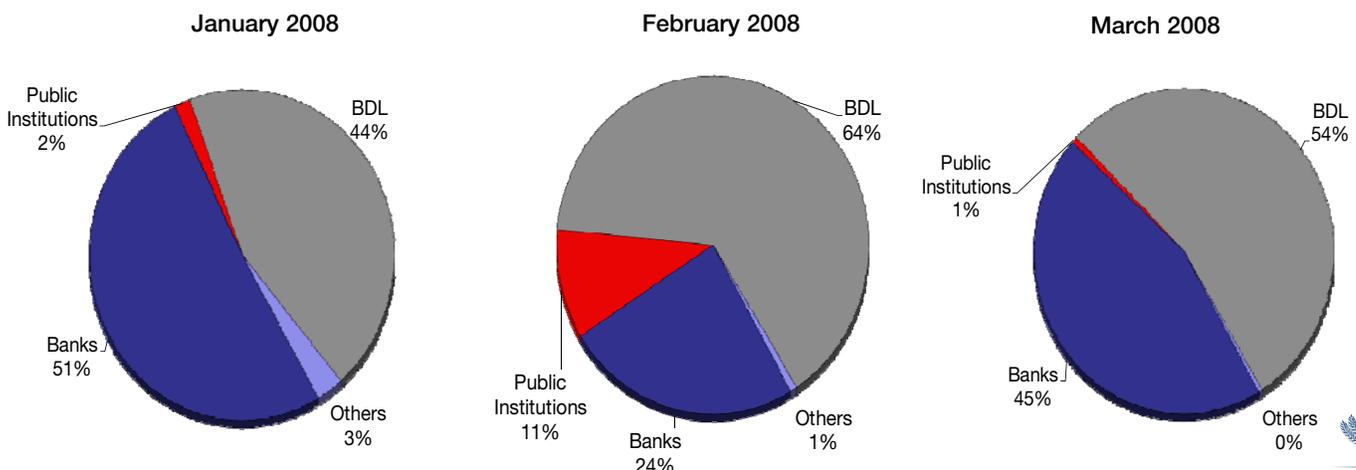
Source: MOF, BDL

Upcoming Government Treasury Bill Auctions

Auction Date	Tenors to be auctioned (in months)
12-May-08	3 MN, 6 MN
17-May-08	12 MN
19-May-08	24 MN, 36 MN
26-May-08	3 MN, 6 MN
31-May-08	12 MN
2-Jun-08	24 MN, 36 MN
9-Jun-08	3 MN, 6 MN
14-Jun-08	12 MN
16-Jun-08	24 MN, 36 MN
23-Jun-08	3 MN, 6 MN
28-Jun-08	12 MN
30-Jun-08	24 MN, 36 MN

Source: MOF, BDL

T-Bill Subscription Results by Holder During QI-2008



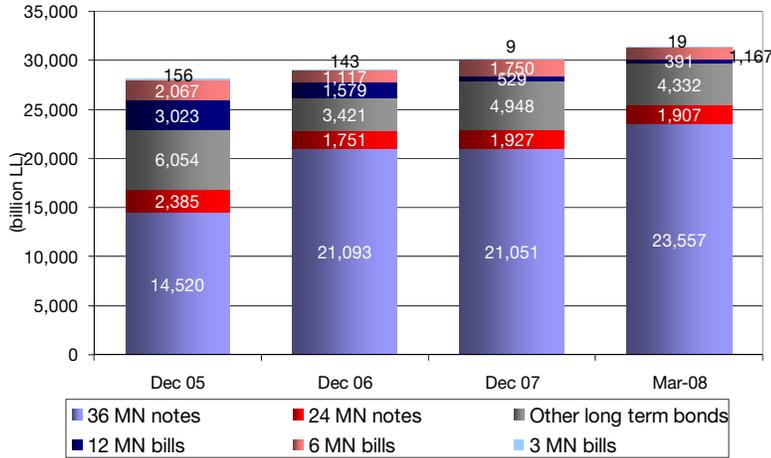
Source: MOF, BDL



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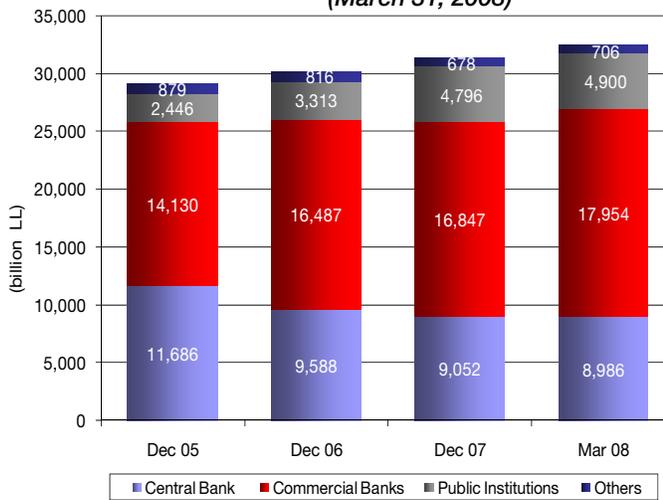
DOMESTIC CURRENCY DEBT DATA

Domestic T-bills Outstanding by Tenor Type (March 31, 2008)



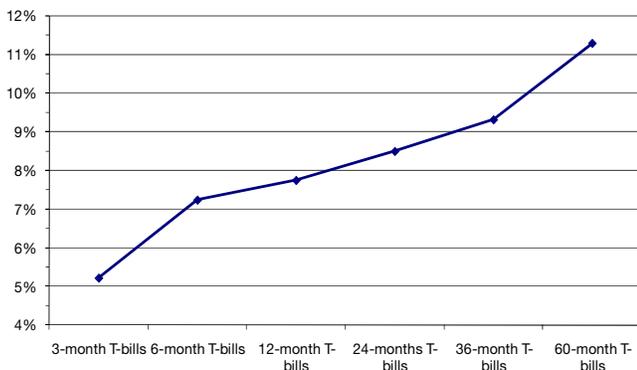
Source: MOF, BDL

Domestic T-bills Outstanding by Investor Type (March 31, 2008)



Source: MOF, BDL

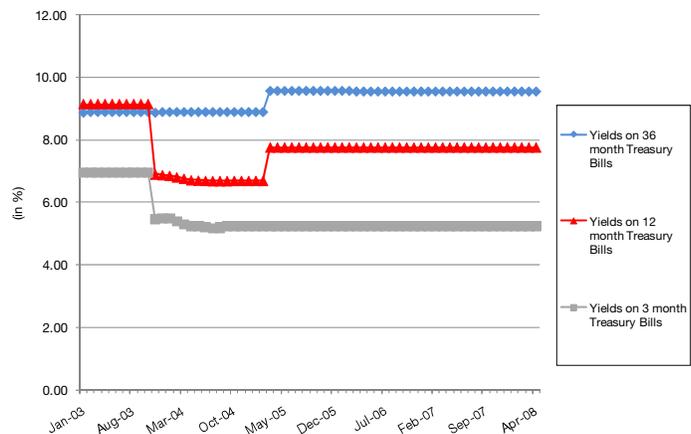
Primary Market Rates for T-Bills (March 31, 2008)



Source: MOF

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Time Series of Primary Market Rates for T-Bills



Source: MOF



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