

**US\$ 175 MILLION RE-OPENING OF 5.00 PERCENT NOTE DUE OCTOBER 2017
IN AN LL/FX DEBT REPLACEMENT AGREEMENT WITH BDL**

On September 4th, 2013 the Republic of Lebanon issued US\$ 175 million 5.00 percent Notes due October 2017 (Series 63, tranche 2) to be consolidated and form a single series with the US\$ 600 million 5.00 percent Notes due 2017 (Series 63, tranche 1) issued on April 12th, 2012.

This issuance of US\$ 175 million was undertaken in the context of an “LL/FX Debt Replacement Agreement” between the Ministry of Finance (MoF) and Banque du Liban (BdL). BdL redeemed to MoF a total number of 25,536,451 5-year Treasury bonds with a coupon of 6.74 percent in Lebanese Pounds from its existing portfolio at an aggregate discounted value of LL 262 billion. In exchange MoF issued to BdL US\$ 175 million 3-year Eurobonds at a yield of 5.75 percent.

Table 1: Redeemed Lebanese Treasury Bills in exchange for the issuance and delivery of the Series 63 (2) Notes

Circular	Category	Issuance rate	Maturity date	Nb. of bills	Redemption Unit P (in LBP)	Redemption Value (in LBP)
548	60	6.740%	6-Apr-17	18,336,451	10,270	188,315,351,770
550	60	6.740%	20-Apr-17	5,200,000	10,244	53,268,800,000
558	60	6.740%	15-Jun-17	2,000,000	10,141	20,282,000,000
TOTAL				25,536,451		261,866,151,770

Source: MoF, BdL.

Table 2: Terms and Conditions of the Eurobond Issuance

Series (tranche)	63 (2)
Issue size (in USD)	175,000,000
Issue date	4 September, 2013
Maturity	12 October, 2017
Coupon rate	5.00%
Coupon payment	Semi-annual
Principal payment	Bullet payment at maturity
Issue Price	97.29% + 142 days of accrued interest
Re-offer Yield	5.75%
ISIN code	XS0769530238
Lead manager	Republic of Lebanon

Source: BDL, MOF.

This is the fourth Eurobond issuance for the Republic in 2013 following three Eurobond transactions during the year: (1) a US\$ 1.1 billion in a dual-tranche market transaction on April 17th, (2) a dual-tranche US\$ 1.1 billion Debt Replacement Agreement with BDL on April 23rd and; (3) US\$ 600 million 6.150 percent notes due 2020 on June 20th transaction subscribed by BdL.^{1,2}

¹ For more information about debt issuance transactions, kindly refer to the related brief notes available at: <http://www.finance.gov.lb/en-US/finance/PublicDebt/Pages/DebtTransactions.aspx>

² An “LL/LL Debt Replacement Agreement” between MoF and BdL also took place in June 2013, in addition to the above mentioned two LL/FX debt replacement transactions, whereby LL 1,240 billion in 2 and 3-year Treasury bonds maturing throughout the period August to December 2013 were exchanged 7.5 percent 7-year LBP Treasury-bonds.



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