

May 10, 2009

2009-553

## **Press Release**

### **Procedure for Selecting Managers for Another Leverage Fund Succeeds:**

## **Two New Leverage Funds at a Total Volume of ILS 2.5 Billion to be Established by Two Groups**

**Accountant General: "The new leverage funds, along with the first leverage fund established in March, are an important additional tool with a volume of ILS 4.5 billion, creating critical mass for addressing the target companies"**

In the procedure for the selection of managers for **two new leverage funds**, two groups won licenses to manage the funds, which have a total volume of ILS 2.5 billion.

The KCPS group, headed by Gabi Lev, Shai Ayalon, and Zvi Forman, will manage a leverage fund of ILS 1.2 billion. The Snunit group, headed by Gabi Trabelsi, Guy Vadia, and Guy Zukin, will manage a leverage fund of ILS 1.3 billion.

The government will invest a total of approximately **ILS 600 million** in the two funds, distributed approximately equally between the funds. Investments by institutional entities in each fund are three times higher than the government's investment. The two new funds – together with the leverage fund headed by Gabi Pearl, Zuri Lavi, Emmanuel Wasserman, and Ran Grodetzki, established in March – will invest in companies with debt to the capital market whose principal operations are in Israel, thereby helping these companies successfully come through the global credit crisis, which is affecting the Israeli economy as well.

Finance Ministry Accountant General **Shuky Oren** commented, "The new leverage funds, along with the first leverage fund established in March, are an important additional tool with a volume of ILS 4.5 billion, creating critical mass for addressing the target companies. The capital market has realized that the government will not intervene in the area of corporate bonds beyond these funds. Providing this certainty is especially important for the achievement of arrangements between companies and bondholders; we have been pleased to see the first such arrangements in the market. We also accord high importance to the rapid implementation of the other measures in the area of credit which we presented within the Containment and Breakthrough Plan, including the aid package for exporters and the establishment of funds to provide new non-bank credit. We intend to implement these measures within a brief timeframe."