



STATE OF ISRAEL
MINISTRY OF FINANCE

SPOKESPERSON OFFICE

INTERNATIONAL AFFAIRS
DEPARTMENT

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Press Release

Accountant General Raised \$200 Million for 2 Years through Issuing Debt to an Asian Sovereign Wealth Fund

Last week, the Debt Management unit in the Accountant General's department executed a private issuing for an Asian sovereign wealth fund, at the amount of \$200 million for two years. The \$200 million were raised under the shelf prospectus of European Medium Term Notes program. In addition to the bond issue, the Accountant General made a "swap" deal to convert the government's debt from U.S. dollars to NIS (New Israeli Shekels). The underwriter in this transaction was Barclays Capital, a market maker for Israel government bonds.

The sophisticated outline of this transaction – issuing of bonds while executing a "swap" deal, enabled the government to raise capital at a lower costs than the domestic cost of funding. Funding costs in shekels after the "swap" deal was lower by 0.3% than the yield on government bonds for the same period.

This private issuing contributes to the decrease in funding costs and interest payments in Israel's budget, without increasing the risk of the governmental debt to exchange rates. Moreover, this issuing allows the government to reduce the needs for fundraising in the local market during a year of a relatively high budget deficit. The transaction also demonstrates the funding elasticity of Israel, due to almost unlimited access to international capital markets. Sovereign wealth funds often include big portfolios and are regarded as sophisticated strategic investors.

The Accountant General **Shouky Oren** commented that "The Debt Management unit consistently follows international capital markets in order to reduce funding costs for Israel. We will continue responding to attractive opportunities such as this one for a more efficient funding of the deficit. The fact that a sovereign wealth fund such as this one has decided to make this deal with the State of Israel is another vote of confidence in the soundness of the Israeli market and economy".

This private issuing follows four previous ones:

- 1999 – 100 GBP million for 35 years
- 2001 – 20 JPY million for 30 years
- 2002 – 75 USD million for 10 years (zero coupon)
- 2006 – 500 USD million (attached to BRL) for one year