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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

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Eugene H. Rotberg chronological files
Vol. 17. October -December 1975

 **Archives**
1858120
R2004-194 Other #: 3 215304B
Eugene H. Rotberg - Chronological file Volume 17

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OFFICE MEMORANDUM

TO: Files

DATE: December 29, 1975

FROM: Hans C. Hittmair

SUBJECT: GERMANY: Loan from the Deutsche Girozentrale (DGZ)

I was called today by Mr. Berndt and Mr. Homann of the DGZ. They indicated that the response to their first syndication efforts of the above loan was favorable. They thought that they would be able to increase the amount of the loan from DM150 to DM200 million; I cautioned them that we would probably consider DM200 million as the upper limit for this operation. The DGZ will confirm their proposal concerning the amount on December 30 or 31.

Mr. Berndt said that they plan to circulate the draft agreements, with the amendments suggested by us, and that he hoped they would be found acceptable by the syndicate members.

Mr. Homann then pointed out that if we assume settlement for the loan on January 15, 1976, this would put the maturity of the one-year loan to Saturday, January 15, 1977. He suggested, therefore, to have the loan mature 3 days later on Tuesday, January 18, 1977. Similarly, an adjustment should be made for the final maturity if the maximum rollover is assumed starting January 18, 1977. A rollover for four years, minus one day, would mature on Saturday, January 17, 1981. Mr. Homann, therefore, proposed to set this maturity for Thursday, January 16, 1981. I told Mr. Homann that we agreed to these proposals and would incorporate them in the documents.

HCH:jcv

cc: Mr. Goodman
Mr. Rotberg
Messrs. Deely, Uhrig
Mr. Buhler

Chron

OFFICE MEMORANDUM

TO: Files

DATE: December 29, 1975

FROM: Hans C. Hittmair *OH*SUBJECT: GERMANY: Commerzbank AG

This morning I called the Commerzbank in Frankfurt and talked with Mr. Staerker. I explained to him that their offer for a one-year operation with a four-year extension option had arrived too late since we had already initiated a similar operation and did at this point not intend to further increase the volume of such operations. This type of operation did not really fit our long-term financing requirements and the same would apply to another recent offer from the Commerzbank concerning a revolving credit.

I mentioned to Mr. Staerker that we would of course be interested in placements if (a) the maturity matched at least those of our public issues, i.e., at the moment seven years; (b) the rates were attractive; and (c) they did not interfere with the placement of our public issues.

Mr. Staerker assured me that he would pass on my comments and that there was no need for a cabled confirmation of our discussion.

HCH:jcv

cc: Mr. Goodman
Mr. Rotberg
Messrs. Deely/Uhrig

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION
INTERNATIONAL FINANCE
CORPORATION

Mr. McNamara

Attached is a brief report from Merrill Lynch on their experience in marketing our recent bond issues in the United States. Of particular interest is the distribution of the 10- and 25-year bonds to bank and trust companies and to individuals. Merrill found strong support from their individual clients and attributed the substantial purchases by bank managed trusts to the removal of banks from the underwriting syndicate.

Don Regan, the Chief Executive Officer of Merrill Lynch, very much wants to see you-- possibly in January. May I arrange for a meeting in Washington at your mutual convenience?


Gene H. Rotberg
December 23, 1975

Attachment



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 22, 1975

Mr. Edgar J. Gordon
Director, Development Policy
Program Office
The Department of the Treasury
Washington, D.C. 20220

Dear Ed:

I am attaching the following tables which should supply the information which you requested:

TABLE: IBRD: Borrowing Program Through 1980; December 2, 1975

This table shows the gross and net borrowings by the Bank for each of the years commencing FY1964 through FY1976. As you can appreciate, the FY1976 figures estimate our gross borrowings, by source, during the next six months. For the period FY1977-1980, the table projects both gross and net borrowings for our Two-Year Central Bank issues, from The Bank of Japan and the Deutsche Bundesbank.

The table also projects notional gross borrowings and net repayments for all OECD countries (with detail for the United States) and oil-exporting countries as separate groupings. The table does not show potential gross borrowings among specific OECD countries and oil-exporting countries since that refinement depends on the maturities available, overall cost to the Bank, access to market, etc., in different countries. Note, however, that the repayments for the next five years are included for both OPEC and OECD groups since these are derived from past borrowings. We do not expect, with perhaps few exceptions, to borrow within the next five years (other than from Central Banks) at maturity ranges which would require repayment within the next five-year period.

As you will observe, the table also summarizes, at the bottom, gross, net and total borrowings according to oil-exporting and non-oil exporting sources. The far right-hand columns of the table summarize the detail according to different five-year segments.

Schedule of Redemptions and Remaining Sinking Fund Requirements

This is a detailed amortization table for the next five years disaggregated by currency, rather than country of borrowing. It is used primarily to plan our cash flow requirements by currency. I suspect that the previous table, however, will be more helpful to you as it shows, in a more convenient fashion, the sources of the funds which are being repaid over the next five years.

December 22, 1975

Table IIIa. This shows the Bank's gross borrowings according to maturity, currency and costs. Please note that the costs are weighted both by amount and maturity.

Asset Schedules. I have included two "asset" schedules showing as of the end of designated fiscal years, (a) the division of the Bank's cash investments, i.e., our liquid holdings and (b) the currency distribution of outstanding and disbursed loans. As you can observe, the cash investments of the Bank have risen dramatically since 1965 and virtually all of the increase has been in U.S. dollars. All of these dollars are domiciled in the United States. The second schedule shows that, while our disbursed and outstanding loans rose from \$3.8 billion at the end of FY1965 to an estimated \$13.6 billion by the end of FY1976, only \$2.3 billion of this amount is accounted for by U.S. dollars. When one considers that our U.S. dollar borrowing operations outside the United States considerably exceed \$2.3 billion, it can be readily demonstrated that the Bank's impact on the U.S. "balance of payments" is, quite apart from the financing of U.S. procurement, strongly positive. Another way of looking at this matter is to compare the net outstanding borrowings in the U.S. capital markets as shown in the basic borrowing table (a good portion of which involved sales to non-residents) to our total liquid holdings in U.S. dollars. The conclusion is that the Bank has been borrowing non-dollar currencies and financing our lending operations with those currencies. We have not made any projections about outstanding and disbursed loans in 1980 disaggregated by currency. As you can appreciate, that depends upon what currency we borrow and disburse, which in turn is a function of the prevailing level of interest rates for our borrowings and our investments.

There is also included a Schedule showing our liquid holdings, by each currency and maturity, as of November 30, 1975.

If you have any question, please do not hesitate to call me.

Sincerely,



Eugene H. Rotberg
Treasurer

Attachments: 6

cc: Mr. Charles A. Cooper

OUTGOING WIRE

TO: SAMA
JEDDAH

DATE: DECEMBER 22, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: (SAUDI ARABIA)

(PAGE ONE OF TWO)

TEXT:
Cable No.:

ATTENTION: MR. AHMED ABDULLATIF

RE YOUR TELEX OF DECEMBER 18 AND PROPOSED BORROWING OPERATIONS STOP

PRIMO SWISS FRANC AND GERMAN MARK TRANCHES STOP WE ARE PROCEEDING WITH THE PREPARATION FOR THESE OPERATIONS INASMUCH AS CERTAIN PROCEDURAL ARRANGEMENTS HAVE TO BE MADE IN GERMANY AND IN SWITZERLAND STOP WE HAVE ALSO CONTACTED MR. KENNEDY OF MESSRS. ALLEN & OVERY IN LONDON AS INSTRUCTED BY YOU STOP MR. EL-FISHAWY AND MR. UHRIG ARE PLANNING TO GO TO LONDON IN EARLY JANUARY TO PREPARE THE DOCUMENTATION OF THESE OPERATIONS STOP

SECUNDO DOLLAR TRANCHE STOP WE HAVE REVIEWED YOUR PROPOSAL FOR AN 8.60% RATE FOR EIGHT YEARS AVERAGE LIFE STOP WHILE THIS RATE COULD HAVE BEEN USED AS BASIS OF DISCUSSION A FEW WEEKS AGO AT THE EXACT TIME OF PRICING WE WOULD FEEL UNABLE NOW TO PROPOSE SUCH A RATE TO OUR BOARD OF DIRECTORS STOP THE PRICES FOR OUR RECENT FIVE- AND TEN-YEAR ISSUES IN THE UNITED STATES ARE AT A

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME

EUGENE H. ROTBERG, TREASURER

COPY

TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE

EHR:JCV

ORIGINAL (File Copy)

IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

cc: Messrs. Goodman, El-Fishawy,
Gabriel, Hittmair and Uhrig
Files

For Use By Communications Section

Checked for Dispatch:

OUTGOING WIRE

TO: SAMA
JEDDAH

DATE: DECEMBER 22, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: (SAUDI ARABIA) (PAGE TWO OF TWO)

TEXT:
Cable No.:

CONSIDERABLE PREMIUM STOP THE MARKET YIELDS FOR THE TWO ISSUES ARE
8.25% AND 8.62% ^{respectively} STOP THEREFORE WE ARE REPEATING OUR OFFER OF 8.50% FOR
AN EIGHT-YEAR AVERAGE LIFE PROVIDED WE CAN COME TO AN AGREEMENT SOON BE-
FORE FURTHER MARKET CHANGES STOP

REGARDS TEST 702ROTBERG, TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

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(See page 1.)

For Use By Communications Section

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OUTGOING WIRE

TO: MR. RODNEY LEACH
ROTHSCHILD
LONDON

DATE: DECEMBER 22, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: ENGLAND

TEXT:
Cable No.:

REGRET I HAVE NOT RESPONDED EARLIER STOP WE ARE INTERESTED IN PRINCIPAL
AND PRINCIPLE RE HONG KONG OPERATION STOP HOWEVER, I CANNOT VISIT LONDON
IN IMMEDIATE FUTURE STOP HOWEVER, MY COLLEAGUE, MR. JOSEPH P. UHRIG,
DEPUTY DIVISION CHIEF, WILL BE IN LONDON ON OTHER BUSINESS IN EARLY
JANUARY AND WILL TELEPHONE YOU STOP PERHAPS IF YOU ARE AVAILABLE YOU
CAN DISCUSS THIS MATTER WITH HIM STOP I EXPECT TO VISIT LONDON/EUROPE
LATE JANUARY OR EARLY FEBRUARY STOP KINDEST REGARDS

ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME E.H. Rotberg

DEPT. Treasurer's

SIGNATURE _____
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Hittmair, Uhrig

For Use By Communications Section

ORIGINAL (File Copy)



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



Chron

December 15, 1975

J. Bartow McCall, Executive
Vice President, and
Philip D. Parkinson,
Senior Vice President
First Pennsylvania Bank, N.A.
Centre Square
Philadelphia, Pennsylvania 19101

Gentlemen:

Thank you for the beautiful book "Bi-
centennial City." I particularly enjoyed
reading about my "home town."

Best wishes for a Happy Holiday.

Kindest regards,


Eugene H. Rotberg
Treasurer

EHR:jcv

Chen

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION
INTERNATIONAL FINANCE
CORPORATION

Mr. McNamara

Re: Recent U.S. Issues

Trading restrictions have been
removed on all of our issues. They are
trading in the market at about 100 1/8.

Gene Rotberg 
Dec. 15, 1975

cc: Mr. Cargill

OUTGOING WIRE

*chron*TO: BANKUNION
ZURICH

DATE: DECEMBER 12, 1975

CLASS OF
SERVICE: TELEX
Ext. 2213

COUNTRY: (SWITZERLAND)

TEXT: FOR: MR. OBERHANSLI
Cable No.:

THIS IS TO CONFIRM THAT I WOULD APPRECIATE YOUR ASSISTANCE IN ARRANGING
A SEMINAR IN ZURICH OR ONE EACH IN ZURICH AND GENEVA ALONG THE LINES
RECENTLY DISCUSSED WITH MR. UHRIG STOP I WOULD ENVISAGE TO SPEAK FOR
APPROXIMATELY ONE HOUR ABOUT THE BANK'S RECENT FINANCIAL ACTIVITIES, ITS
FINANCIAL STRUCTURE AND FUTURE DEVELOPMENTS STOP THIS COULD BE FOLLOWED
BY A PERIOD OF QUESTIONS AND ANSWERS STOP THE DATES MOST SUITABLE ON
OUR SIDE WOULD BE ANY DAY OR DAYS BETWEEN JANUARY 12 AND JANUARY 19 OR
ON JANUARY 26 AND 27 STOP I WELCOME HEARING FROM YOU AND WOULD BE
GUIDED BY YOUR ADVICE AND SUGGESTIONS AS TO PLACE OF MEETING, NUMBER
AND CHARACTER OF INVITEES, SPONSORSHIP AND AUSPICES OF MEETING, TYPE OF
RECEPTION, ETC. STOP WORLD BANK WOULD ASSUME ALL EXPENSES STOP
KINDEST REGARDS

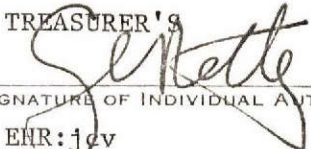
ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, TREASURER

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Rotberg, Hittmair and
Uhrig; Miss Kesterton

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch: _____

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
Mr. I. P. M. Cargill
Cargill

FROM: Eugene H. Rotberg

SUBJECT: U.S. Bond Issue (3:00 p.m., Friday, December 12)

DATE: December 12, 1975

Larry Parker advised me that the syndicate is short \$2 million on the 5-year bonds, \$5 million on the 10-year bonds and \$8 million on the 25-year bonds. While this would indicate that all the bonds have been placed with customers, there is a possibility that there are a few bonds not yet sold. Therefore, the managers have agreed to wait until Monday morning (December 15), and, if the market shows any signs of strength, Morgan will release the underwriters from trading restrictions and the bonds should trade at a slight premium. If, on the other hand, the market is weak, the managers may hold the syndicate together a bit longer.

I received generally favorable comments from several underwriters in the syndicate who were satisfied with the pricing and the market reception. Merrill Lynch received \$33.6 million of bonds for sale directly to their own customers. This alone was almost three times what they would normally be allotted. In addition, they were the beneficiary of \$5.7 million of institutional orders given to Morgan for Merrill Lynch's credit. However, Merrill sold an additional \$15.3 million to customers and covered that short position by purchasing the bonds, less the dealer reallowance, from other underwriters in the syndicate. Thus, Merrill's total performance was \$54.6 million.

Henry Fowler of Goldman Sachs called to express his appreciation. His institutional sales force has analyzed their experience with these three issues, i.e., which institutional sectors were strong or hesitant; the general attitude toward the Bank of various kinds of institutions, etc. They have also examined the differences, by institutional demand, in each of the three maturities. I have made arrangements to talk to them and asked if they could put something in writing. Goldman Sachs sold about \$25 million of bonds. They tried to get more but were unable to do so. They did not wish to go short and try to pick up the bonds from other underwriters, since they were uncertain they could do so at the issue price.

Warburg, Paribas, Becker sold considerably more of the 5- and 10-year bonds than their underwriting commitment.

Donaldson, Luftkin and Jenrette at our insistence was retained as a "major bracket" underwriter. (Initially, they had been dropped down, a bracket.) They advised me that they sold directly to customers in excess of their underwriting commitment and said they expect to continue to do so and recommend Bank bonds to accounts which they manage.

Messrs. McNamara
and Cargill

- 2 -

December 12, 1975

Greg Doescher of First Boston called and explained that they did not do quite the job that they had done on previous issues simply because they attempted to do "swaps" against corporates and governments with a base of 9.25 for our long-term issue. It had, of course, the effect of building up a base of some indications of interest at relatively low yield levels.

I'm attaching for your information Morgan Stanley's "worksheet" as of the night previous to our pricing.

I will, of course, prepare a detailed evaluation when the complete market results are available.

EHR:jcv

Attachment

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Selected Market Statistics

Issuer	Coupon	Maturity	Close November 10		Mgrs. New Issue Rate View for IBRD and Differs.	Close November 18		Mgrs. New Issue Rate View for IBRD and Differs.	Close December 8		Mgrs. New Issue Rate View for IBRD and Differs.
			Bid	Yield		Bid	Yield		Bid	Yield	
FNMA	8	12/10/80	100 1/2	7.88	+.245	100 1/2	7.88	+.495	99 1/2	8.12	+.255
IBRD	8	1/01/80	99 3/8	8.48	-.355	98 3/4	8.36	+.015	98 3/8	8.48	-.105
IBRD	8.30	7/15/80	100 1/2	8.16	-.035	99 3/4	8.36	+.015	99 3/8	8.46	-.085
Treasury	8.50	9/30/79	103 3/4	7.37	+.755	102 5/8	7.69	+.685	102 ¹⁰	7.78	+.595
Fed Home Loan	7 3/4	11/25/80	100 ¹²	7.67	+.455	99 ²⁷	7.79	+.585	99 ¹⁰	7.92	+.455
FNMA	8 3/4	9/10/80	103 1/8	7.95	+.175	102 3/4	8.04	+.335	101 7/8	8.26	+.115
Exxon	8.05	10/15/80	100 3/4	7.86	+.265	99 7/8	8.08	+.295	100 1/8	8.01	+.365
G.D. Searle	8	6/15/81	99 3/4	8.05	+.075	99	8.23	+.145	98 3/4	8.29	+.085
G.E. Credit	8.40	1/15/81	101	8.16	-.035	100 1/4	8.33	+.045	99 3/8	8.55	-.175
Managing Underwriters Rate View for new IBRD 5-yr. issue					8 1/8						8.35-3/8
IBRD	8.15	1/01/85	98 1/8	8.45	+.05	97	8.63	+.07	96 1/8	8.78	+.02
IBRD	8.60	7/15/85	100 7/8	8.46	+.04	99 1/2	8.67	+.03	98 5/8	8.81	-.01
Treasury	7 7/8	11/15/82	100 ¹²	7.81	+.69	98 ²⁷	8.10	+.60	98 ²⁰	8.14	+.66
Treasury	8 1/8	8/15/82	102	7.74	+.76	100 ¹²	8.05	+.65	100	8.12	+.68
FNMA	8.20	7/10/84	100 1/4	8.16	+.34	98 1/2	8.45	+.25	98 3/4	8.41	+.39
Fed Home Loan	8.10	11/25/85	100 1/4	8.06	+.44	98 ¹⁷	8.32	+.38	98 7/8	8.27	+.53
F and Bank	8.80	10/21/85	103 1/4	8.31	+.19	101 1/2	8.57	+.13	102	8.49	+.31
Ford Credit	8.85	7/15/85	99 3/4	8.89	-.39	100	8.85	-.15	99 1/2	8.93	-.13
CIT	8.85	12/01/82	101	8.66	-.16	100 1/2	8.75	-.05	100 1/4	8.80	-
G.E. Credit	8.65	1/15/84	101 1/8	8.45	+.05	100	8.65	+.05	99 5/8	8.71	+.09
Managing Underwriters Rate View for new IBRD 10-yr. issue					8 1/2						8.75-80
IBRD	8 5/8	8/01/95	95 1/4	9.15	-.20	95 3/4	9.10	-	94 1/2	9.23	+.07
Treasury	8 3/8	8/15/00	101 1/2	8.23	+.72	99 ¹⁰	8.44	+.66	99 1/4	8.43	+.87
Treasury	8 1/4	5/15/90	102 1/8	8.00	+.95	101 1/4	8.10	+1.00	100	8.25	+1.05
Cont. Oil	9 1/8	11/01/99	101 1/4	9.00	-.05	99 3/4	9.15	-.05	99 1/4	9.20	+.10
Anheuser Busch	9.20	4/01/05	103 1/8	8.90	+.05	100 1/2	9.15	-.05	100 3/4	9.12	+.18
GM	8 7/8	6/01/99	99 3/8	8.94 ¹	+.01	97 1/4	9.16	-.06	96 1/2	9.24	+.06
CIT	9 1/2	6/01/95	101 1/4	9.36	-.41	100 1/4	9.47	-.37	98 1/4	9.70	-.40
Southwest Bell	9 1/4	1/15/15	102 1/4	9.04	-.09	100 3/4	9.18	-.08	99 7/8	9.26	+.04
Managing Underwriters Rate View for new IBRD 25-yr. issue					8.90-95						9.30

*Differentials based on high yield of any range for new issue rates



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 12, 1975

Mr. Steven A. Levy
1005 E. 60th Street
737 Linn House
Chicago, Illinois 60637

Dear Steven:

Thank you for your letter of November 24.

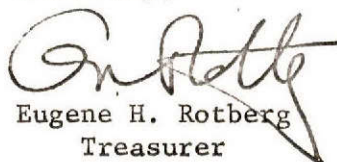
I have taken the liberty of circulating your resume to some of my colleagues at the Bank.

Unfortunately, the prospects are not now good.

Our Legal Department has but one summer vacancy and it has already been filled by a specialist in African law. I will, of course, let you know if anything develops in other Departments of the Bank.

Please give my best regards to your father.

Sincerely,


Eugene H. Rotberg
Treasurer

As you know, on Tuesday evening the Bank negotiated with its managing underwriters the specific prices and coupons of the \$750 million issue. The rate on the 5-year bonds was set at 8.35%, to be issued at par. The rate on the 10-year bonds was set at 8.85%, also issued at par. The rate on the 25-year bonds was set at 9.35% and was issued at par. The yield to the public was equivalent to the coupon rate because the bonds were, of course, issued at par. Yields on the 5- and 10-year bonds were priced, compared to historic trends, at closer to U.S. Governments and Agencies than ever before. This results in an average cost to the Bank, weighted by the amounts of the issues and their maturities, of 9.17%. The yield on the long-term bonds was set precisely at the highest grade AAA telephone utility. Despite the very large size of the issue and the tight pricing, I believe it is fair to say that, as of this morning, the issue was an unqualified success. The institutional interest was strong and diverse, with broad interest from pension funds, insurance companies, commercial banks, savings banks, managed trusts, state and local retirement systems, etc.

I might also observe that the three managers expressed great support, not only for the Bank but for the market's ability, not only now but in the future to absorb substantial issues of World Bank bonds across a wide range of maturities. This was reflected in their pricing views, which, in turn, ultimately, of course, had to reflect the institutional interest which they had seen in the Bank.



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U. S. A.

Chron.

December 11, 1975

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Mr. Holmes:

I am enclosing herewith for your information the following documents which have been approved by our Board of Executive Directors:

- (1) R75-223 issued in connection with our issue of 7-3/4% Swiss Franc Notes of 1975;
- (2) R75-233 issued in connection with our issue of 8% Deutsche mark Bonds of 1975, due 1982;
- (3) R75-234 issued in connection with our private borrowing from the Long-Term Credit Bank of Japan, Ltd., New York Branch;
- (4) R75-238 issued in connection with our 7-1/2% Swiss Franc Notes of 1975; and
- (5) R75-221/1 issued in connection with our proposed issue aggregating US\$750 million.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosures: 5



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



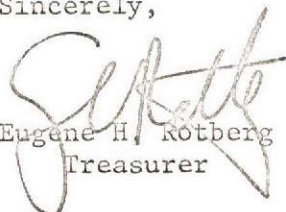
December 8, 1975

Mr. Teruyuki Ohuchi
General Manager & Agent
The Industrial Bank
of Japan, Ltd.
New York Agency
One Wall Street
New York, New York 10005

Dear Mr. Ohuchi:

I am forwarding to you for transmission to Mr. Nakayama an official offer of a training period of up to three months. It would be most appreciated if you would transmit the attached letter to him and arrange for him to sign and return a copy. I have also forwarded an additional copy for your files.

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

Attachments (4)

bcc: Mr. Stewart
Mr. Hittmair

OFFICE MEMORANDUM

TO: Mr. John H. Stewart, Personnel
FROM: Eugene H. Rotberg, Treasurer
SUBJECT: Training Period of Tsuneo Nakayama - The Industrial Bank of Japan, Ltd.

DATE: December 8, 1975

This is to confirm that I support the candidacy of Mr. Tsuneo Nakayama for a period of three months beginning in early January 1976.

EHR:jcv

bcc: Mr. Hittmair



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

1818 H Street, N.W., Washington, D. C. 20433, U.S.A.

Area Code 202 • Telephone - EXecutive 3-6360 • Cable Address - INTBAPRAD

December 3, 1975

Mr. Tsuneo Nakayama
The Industrial Bank of Japan, Ltd.
1-3 Marunouchi, Chiyoda-ku
Tokyo, Japan

Dear Mr. Nakayama:

We are pleased to offer you a period of training and observation with the Treasurer's Department of the World Bank Group for approximately three months beginning in early January 1976. We are arranging a program for you which will be given to you on arrival.

We understand that the Industrial Bank of Japan, Ltd. will assume all expenses in connection with your training program, including travel and subsistence. We would be most happy of course to assist in arranging accommodations here in Washington, D.C. We will arrange for an identification card, dining room privileges and accident insurance coverage for you during your assignment in Washington.

In accepting this assignment, you are expected during your training period to conduct yourself in the same manner as if you were a staff member. In addition, you will be asked to submit a report at the end of your program commenting on the substance and relevance of your experiences here. Please let me know if you have any questions.

If this offer is acceptable to you, please sign and return the enclosed copy of this letter.

I hope that this visit will prove to be of value to you and we look forward to having you with us in Washington, D.C.

Sincerely yours,


Eugene H. Rotberg
Treasurer

Enclosure

chron.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



December 8, 1975

Mr. Carl Hirth
Coordinator, Interna-
tional Module
School for International
Training
Brattleboro, Vermont 05301

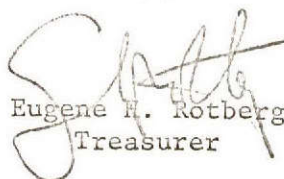
Dear Mr. Hirth:

Thank you for your letter of November 26.

I would be pleased to participate in the inter-
national economic module on Thursday, January 29.

I look forward to seeing you at that time and
will advise you later of my specific travel
arrangements.

Sincerely,


Eugene H. Rotberg
Treasurer

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: Eugene H. Rotberg *ER*

SUBJECT: Deployment of Oil Surplus Resources

DATE: December 5, 1975

DECLASSIFIED

Date: 10/25/2010

CONFIDENTIAL

I received the attached on a confidential basis from W.J. Hawkins, Adviser, Economic Intelligence Department, Bank of England. The data is derived from the BIS, Central Banks and commercial institutions domiciled in London. The information will be supplied to me monthly on a confidential basis.

There are some definitions which are necessary to interpret the data:

1. Under "United Kingdom"

"Foreign currency deposits" represent all Eurocurrency OPEC deposits, e.g. U.S. dollars, Deutsche mark, French franc deposits in London. Note the substantial fall-off of these deposits - which has significant adverse implications for the Eurocredit market. Note also the liquidation of Sterling holdings.

2. Under "United Kingdom"

"Other foreign currency borrowing" represents private placements made by OPEC to U.K. Government or other U.K. public instrumentalities other than in Sterling.

3. Under "Other countries"

"Foreign currency deposits" represent OPEC bank deposits made outside the United Kingdom or the United States, e.g. Deutsche mark deposits in Germany, Deutsche mark deposits in Switzerland.

4. Under "Other countries"

"Special bilateral facilities and other investments" includes all interest-bearing loans or investments made other than in the United Kingdom or the United States, e.g. Iranian investments in German industry or Saudi Arabian investment in Japanese Government bonds. Included in this category are all bilateral loans to the developing countries. Mr. Hawkins advised me that he had the breakdown between loans to developed versus developing countries but this material was secret. If we really want the data, however, I think we can get it.

5. Under "International organisations" are the loans to the IBRD and IMF.

NOTE: The table represents net actual cash payments - not contracts. The table does not include direct grants or gifts.

Estimated deployment of oil exporters' surpluses

	1974			1975			
	1st half	2nd half	Year	1st qtr.	2nd qtr.	1st half	3rd qtr.
<u>United Kingdom</u>							
British government stocks	0.5	0.4	0.9	0.2	0.1	0.3	-
Treasury bills	1.1	1.6	2.7	0.5	-0.3	0.2	-0.9
Sterling deposits	0.6	1.1	1.7	0.1	-0.2	-0.1	0.3
Other sterling investments <u>[a]</u>	0.3	0.4	0.7	-	0.1	0.1	0.1
Foreign currency deposits	7.0	6.8	13.8	1.8	0.3	2.1	0.1
Other foreign currency borrowing	0.5	0.7	1.2	-	0.2	0.2	-
	10.0	11.0	21.0	2.6	0.2	2.8	-0.4
<u>United States</u>							
Government and agency securities	1.9	4.1	6.0	0.8	0.9	1.7	1.7
Bank deposits	1.4	2.6	4.0	-0.5	-0.2	-0.7	2.3
Other <u>[a]</u>	0.1	0.9	1.0	0.3	0.6	1.1	1.1
	3.4	7.6	11.0	0.6	1.3	1.9	2.3
<u>Other countries</u>							
Foreign currency deposits	5.0	4.0	9.0	2.5	1.5	4.0	-
Special bilateral facilities and other investments <u>[a]</u> / <u>[b]</u>	3.6	8.3	11.9	1.6	5.3	6.9	3.8
	8.6	12.3	20.9	4.1	6.8	10.9	3.8
<u>International organisations</u>							
	0.5	3.0	3.5	1.5	0.6	2.1	1.4
Total	22.5	33.9	56.4	8.8	8.9	17.7	7.1

/a/ Includes holdings of equities and property, etc.

/b/ Includes loans to developed and developing countries.

DRAFT:

December 5, 1975

TO: Mr. Robert S. McNamara
FROM: K. Georg Gabriel
SUBJECT: Meetings With Institutional Investors

In the course of the meetings held in New York and Chicago on December 1 and 2, the following questions and concerns were raised either from the floor or in informal discussions:

1. Bank's Management: A comment was made to the effect that the general impression was that Mr. McNamara was semi-retired and living out his declining years in the Bank. His interests were primarily directed toward concern for the poor rather than on financial matters. Concern was also expressed about the depth, continuity and quality of the Bank's management.
2. Image of the Bank: The general view seemed to be that the Bank was an institution which was lending massive amounts to countries which were not creditworthy and which accepted defaults or re-scheduled debt. When the facts were explained, questions were raised implying that the Bank was financing the borrowers' loan service payments by making new loans and that the continuation of the no loss record depended on an accelerating expansion in lending.
3. Impact of Voting in UN: There were several references to the negative public reaction in the U.S. to certain actions taken in the UN, which was cited to explain a philosophical aversion on the part of many investors to commit funds to an organization and to countries regarded as an integral member of the UN family of agencies.

4. Market Reaction to \$750 million Borrowing: A comment was made that the announcement of the new borrowing operation had produced a break in bond prices (about 3/8 of a point); doubt was expressed about the market's ability or willingness to absorb an offering of that size in the present environment. In addition, concern was expressed about our reliance on OPEC for funds and the long-term ability of the Bank to consistently tap the U.S. market.
5. Staff Quality: In connection with questions about the effectiveness of the Bank's management, the case was raised about the nationality composition of the staff, the prevailing impression being that the staff consisted mostly of U.S. nationals and that in some ways the Bank functioned as an appendage of the U.S. Government. This point was raised both as an advantage and disadvantage.
6. Annual Meeting Speech: Concern was expressed about the change in lending policies foreshadowed in the President's Annual Meeting speeches and the probability that the Bank would move farther away from "self-liquidating projects" to "social service programs."
7. IDA Transfers: Questions were raised about the policy regarding transfers to IDA and whether the Bank was committed to continue such transfers. One comment was made about our "Reserves for loan losses," which, it was contended, implied an actuarial based reserve.
8. Imbalance Between Average Maturities of Loan Receivables and Borrowings: A question was asked about the average length of the

loan receivables and the average maturity of borrowings.

9. Callable Capital: Concern was expressed about the extent to which member governments--the U.S. in particular--would in fact honor a call if one became necessary.
10. Quality of Bank's Obligations: In one instance, a trust department portfolio manager queried why if he could invest in a AAA rated Industrial bond he should invest in the Bank's bonds even though the Bank's bonds were also rated AAA. He seemed satisfied with the recitation of risks confronting a large multinational corporate issue and a comparison of these risks with those confronting the Bank.
11. Liquidity: Several complaints were made about the liquidity of our bonds in the secondary market.

The above does not constitute an exhaustive list of questions made during the formal meetings or in the corridors. It is clear that particularly in the present environment there is a combination of misinformation, unawareness and a vague uneasiness about the Bank's operations and its financial position. In many cases individuals in the audience were gratified by the answers to the questions which they had raised. In my view, we should embark in a much more systematic effort to remove the erroneous image in many people's minds about the Bank's operations and its inherent financial strength.

cc: Messrs. Cargill and Rotberg

OFFICE MEMORANDUM

TO: Mr. Raymond P. Messerly

FROM: Eugene H. Rotberg, Treasurer *ER*

SUBJECT: PETER VAN RIJN

DATE: December 3, 1975

On behalf of Mr. Cargill and myself, I would like to tell you how grateful we are for the excellent and outstanding service we have received from Mr. Peter van Rijn during these past few months in connection with our frequent travels, both abroad and in the United States. On numerous occasions Mr. Cargill and I are required to make trips, and change our itinerary en route, on very short notice. Each time Mr. van Rijn has graciously made the necessary arrangements with great speed and efficiency. In order to meet deadlines and flight schedules, it has often been necessary for Mr. van Rijn to stay after working hours, which he does willingly. We both sincerely appreciate his efforts on our behalf and wish to commend him for his courteous attention and cooperation.

EHR:jcv

cc: Mr. Daniel H. Kahn
District Travel Manager
American Express

bcc: Mr. Cargill

Chron
December 2, 1975

MARKET NOTES

The market was quiet today with almost no changes in prices.

Two major news items deserve consideration:

1) Continental Mortgage Corporation (not a subsidiary of Continental Illinois National Bank) declared bankruptcy today with \$500 million in bank loans outstanding to 103 different banks led by Bankers Trust Company which apparently had over \$50 million in loans outstanding. This item perhaps will give the Federal Reserve reason to remain moderate for a few days.

2) A New York pension fund spokesman today announced their plans to sell \$350 million in corporate and government securities over the next week in order to provide funds for the New York bail-out. \$165 million in corporate issues will be auctioned on Thursday and the remainder will be auctioned in two groups next week. Goldman Sachs and Salomon Brothers will bid as a group against Merrill Lynch and friends for the securities. Because of this sudden supply of corporates in the market, there are rumors that upcoming issues will be canceled. This situation has caused speculation as to whether we would cancel our issue?

Chron

REGISTERED
AIR MAIL

December 2, 1975

Ministry of Finance
Kigali,
Rwanda

Gentlemen:

Enclosed please find Capital Stock Certificate Number 117
certifying that the Republic of Rwanda is the owner of 100 fully paid
shares of capital stock of the International Finance Corporation.

Very truly yours,

(signed) Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

Enclosure

cc: Embassy of the Republic of Rwanda
1714 New Hampshire Avenue N.W., Washington, D.C.
Executive Director for Rwanda, Mr. Armand Razafindrabe
Messrs. von Hoffman Rotberg
 Richards Hittmair
 Kreuter DeBoeck
 Damry Eckrich
 Cirillo

Circulation (2)

OGalvins/vp
FILE: C-1 Rwanda

REGISTERED
AIR MAIL

December 2, 1975

The Secretary
Department of Finance
P.O. Box 1983
Boroko,
Papua New Guinea

Gentlemen:

Enclosed please find Capital Stock Certificate Number 116
certifying that Papua New Guinea is the owner of 114 fully paid shares
of capital stock of the International Finance Corporation.

Very truly yours,

(signed) Eugene H. Rotberg

Eugene H. Rotberg
Treasurer

Enclosure

cc: Mr. W.E. Green, Executive Director for New Zealand
Embassy of Papua New Guinea, 1776 Mass. Ave., 4th Floor, Washington, D.C.
Messrs. von Hoffman
Richards
Parmar
Damry
Cirillo
Rotberg
Hittmair
DeBoeck
Eckrich
IFC Circulation (2)

OGalvins/vp
FILE: C-1 Papua New Guinea



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

December 2, 1975

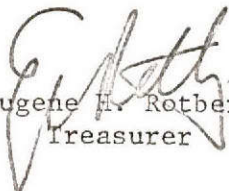
Mr. Michio Sakurai
Assistant Chief Manager
International Division
The Fuji Bank, Limited
Head Office
1-Chome, Otemachi, Chiyoda-Ku
Tokyo, Japan

Dear Mr. Sakurai:

Thank you for sending me your recent copy of
"Interest Rates in Japan." We appreciate your courtesy
in forwarding this information on the Japanese Capital
Market.

Best regards,

Sincerely,


Eugene H. Rotberg
Treasurer

EHR:jcv

bc:yp

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

chron

December 1, 1975

MARKET NOTES

The market today was very quiet with almost
no change in prices. There was no news
of the World Bank issue.

Bill Michaelcheck

Closing Yields 12/1/75

	Agency	TREASURY
3 month	5.80	5.70
6 month	6.35	6.25
1 year	6.80	6.60
2 years	7.40	7.20
5 years	7.90	7.70
10 years	8.35	8.10-8.20
LONG (2000)		8.40

Chon

250 MILLION

8-1/2% BONDS

COST OF ADDITIONAL 5 BASIS POINTS (8.55-8.50)

<u>Maturity</u>	<u>Nominal</u> <u>per year</u>	<u>Cost</u> <u>Life</u>	<u>Term. Value</u> <u>Total life</u> <u>(8% s.a.</u> <u>comp.)</u>	<u>Present Value</u> <u>Total life</u> <u>(8% s.a.</u> <u>disc.)</u>
5 years	\$125,000	\$625,000	\$750,380	\$506,930
10 years	125,000	1,250,000	1,861,130	849,400
19 years	125,000	2,375,000	5,373,150	1,210,490

Treasurer's Department
Investment Division
December 1, 1975

Chron

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Jean C. Vance *J.C.V.*
SUBJECT: Amended Travel - Treasurer's Department

DATE: December 1, 1975

Mr. Rotberg

Mr. Rotberg will be in New York all day today (December 1); he will return to Washington tonight via Metroliner, leaving New York at approximately 5:30 p.m.

He will take an early morning plane to Chicago from Washington tomorrow morning (December 2), leaving at 10:00 a.m. from National, and has meetings in Chicago at 12 noon, 2:30 p.m. and 4:30 p.m. at three different locations. We will advise you of telephone numbers where he may be reached in Chicago on Tuesday.

Mr. Hittmair

Mr. Hittmair has no travel plans at the present time.

jcv



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

November 28, 1975

Robert H. Bethke, President
Discount Corporation of New
York
58 Pine Street
New York, New York 10005

Dear Bob:

Many, many thanks for your kind invitation for me to join the Government and Federal Agencies Securities Committee at breakfast on Thursday, December 4, at the Boca Raton Club. Unfortunately, I will be away from the office at that time--New York and Chicago--and it is simply impossible for me to join you in Florida.

Kindest regards, and best wishes for a Happy Holiday Season!

Sincerely,

A handwritten signature in cursive script, likely of Eugene H. Rotberg, is positioned above the typed name.

Eugene H. Rotberg
Treasurer

EHR:jcv

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee
FROM: Jean C. Vance *J.C.V.*
SUBJECT: Future Travel - Treasurer's Department

DATE: November 26, 1976

Mr. Rotberg

Mr. Rotberg will be in New York on Monday (December 1); he will be staying at The Barclay in the evening.

He will take an early morning plane to Chicago from New York on Tuesday (December 2) and has meetings at 10:00 a.m., 12:30 p.m. and 4:30 p.m. at three different locations. We will advise you of telephone numbers where he may be reached in Chicago on Tuesday.

Mr. Hittmair

Mr. Hittmair has no travel plans at the present time.

jcv

Chron

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ERM*

SUBJECT: Travel Plans: Friday, November 28 - December 2, 1975

DATE: November 26, 1975

In the event you want to reach me, my schedule is as follows:

Parents' Home: Philadelphia (Thursday, November 27 and Friday, November 28) -- Phone: 315-567-1350.

On Friday night, Saturday, and until Sunday afternoon, I will be in Bethlehem, Pennsylvania. Phone: 215-866-5637.

I return to Washington Sunday night, November 30. My home telephone: 593-4134.

Monday morning, December 1: New York at the Racquet Club (12 noon to 2:30 p.m. - Telephone: 212-753-9700). Before 12:00 noon and after 2:30 p.m., on Monday, I can be reached at the offices of Morgan Stanley: Telephone: 212-977-4333.

I will stay at the Barclay Hotel on Monday night, December 1, 1975. If I am not in my room, I will probably go to the opera and see "The Masked Ball." (In view of the nature of my trip to New York, it just as well might be "La Forza del Destino.")

I take an early morning plane to Chicago from New York on Tuesday, December 2. I have meetings at 10:00 a.m., 12:30 p.m. and 4:30 p.m. in three different locations. I will call you and advise you of telephone numbers where I might be reached in Chicago on Tuesday, December 2.

* * *

Hans Hittmair will make the Board presentations for the Japanese and German issues on Tuesday morning, December 2.

cc: Messrs. Cargill and Hittmair
Miss Stroud

OUTGOING WIRE

TO: MR. BADR AL-DAOUD
CHAIRMAN KUWAIT INVESTMENT COMPANY
KUWAIT

DATE: NOVEMBER 26, 1975

CLASS OF
SERVICE: TELEX
(Ext. 2213)

COUNTRY: (KUWAIT) (PAGE ONE OF TWO)

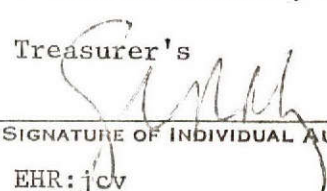
TEXT:
Cable No.: WITH REFERENCE TO YOUR TELEPHONE CONVERSATION WITH MR. EL-FISHAWY ON
NOVEMBER 24 I WOULD LIKE TO CONFIRM THAT IN BORROWING FROM MEMBER COUNTRIES
THE BANK WOULD OFFER A YIELD AS CLOSE AS POSSIBLE TO THE YIELD A PURCHASER
OF A PUBLIC ISSUE OF OUR BONDS WOULD OBTAIN IN THAT MARKET STOP WE
CONSIDER THIS APPROACH FAIR TO BOTH PARTIES STOP WE ARE WELL AWARE THAT
MEMBER COUNTRIES WHO LEND TO US SUBSTANTIAL AMOUNTS ARE ALSO MOTIVATED BY
THEIR DESIRE TO ASSIST THE BANK IN ITS DEVELOPMENT EFFORTS STOP ACCORDINGLY,
BASED ON CURRENT MARKET CONDITIONS, WE WOULD BE PREPARED TO QUOTE TO YOU
FOR A U.S. DOLLAR OBLIGATION FOR AN AVERAGE MATURITY OF SEVEN YEARS (FINAL
MATURITY APPROXIMATELY TEN YEARS) A YIELD WHICH WOULD RESULT IN A TOTAL
COST TO THE BANK OF EIGHT AND ONE-HALF PERCENT PAYABLE SEMI-ANNUALLY STOP
THIS RATE IS CONSIDERABLY HIGHER THAN U.S. GOVERNMENT OBLIGATIONS OF SIMILAR
MATURITY AND IS CONSISTENT WITH YIELDS OF WORLD BANK BONDS CURRENTLY TRADING
IN MARKET STOP
I SINCERELY HOPE THAT YOU CAN RESPOND FAVORABLY TO THIS PROPOSAL AND WE WOULD
VERY MUCH APPRECIATE YOUR RESPONSE AS SOON AS POSSIBLE SO THAT WE CAN FINALIZE

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

DEPT. Treasurer's

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

(See page two)

For Use By Communications Section

Checked for Dispatch: _____

OUTGOING WIRE

TO: MR. BADR AL-DAOUD
CHAIRMAN KUWAIT INVESTMENT COMPANY
KUWAIT

DATE: NOVEMBER 26, 1975

CLASS OF
SERVICE: TELEX
(Ext. 2213)

COUNTRY: (KUWAIT)

(PAGE TWO OF TWO)

TEXT:
Cable No.: A TRANSACTION BEFORE THE MIDDLE OF DECEMBER STOP ALL THE FOREGOING IS
OF COURSE SUBJECT TO THE APPROVAL OF OUR BOARD OF EXECUTIVE DIRECTORS AND
THE NECESSARY APPROVAL OF GOVERNMENT AUTHORITIES STOP BEST REGARDS

TEST

711

ROTBERG, TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

DEPT. Treasurer's

NATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Goodman, El-Fishawy, Rotberg's
files and Hittmair

For Use By Communications Section

Checked for Dispatch:

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: November 26, 1975

FROM: Eugene H. Rotberg *EUR*SUBJECT: Seminars: IBRD Financial Condition

The following summarizes points I have made and will make in the next few weeks with institutional investors and our underwriters with respect to the Bank's financial position. While there may be considerable question as to emphasis, in my judgment the points below are the ones which are most favorably received. I have also noted where relevant what points should not be made because they are counterproductive.

A. LIQUIDITY

1. Equal to 40% of our outstanding debt. See below re debt structure.
2. Instruments are liquid and immediately available to meet obligations.
3. No currency risk. We do not speculate across currencies.
4. Portfolio actively managed with a view to overall financial return.
5. Minimal cost of carrying liquidity.
6. The Bank has a policy of borrowing when funds are available at reasonable rates and maturities and building up liquidity. Why? Because we wish to exercise the decision as to where, how much, at what cost and for what maturity we borrow, rather than have our cash flow requirements leave us no alternatives.
7. We want to be in a position to draw down liquidity as an alternative to (a) borrowing at high cost in inappropriate maturities or (b) reducing our commitments.
8. If liquidity declines to unacceptable levels, however, the Bank can cut its lending program. It can do so immediately. While we would consider such contraction inconsistent with our role as a development institution, the flexibility clearly provides protection for bondholders.

9. While the lags occasioned by our disbursement profile raise complex financial questions, such lags also provide protection for bondholders because of our ability to restrict new lending if necessary considerably in advance of any problem which might affect the servicing of our debt.

B. BORROWING CAPACITY

1. Forty percent of World Bank debt is owned by governments.
2. Bank is largest nonresident borrower in every country in the world.
3. Preferential access to markets. Germany, Switzerland, Holland, Japan.
4. Other than U.S., Bank bonds are sold at or below rate for comparable government obligations--in part because of absence of withholding tax. In part, because of credit standing.
5. Direct private placements with OPEC, Bundesbank, Bank of Japan and Central Banks attest to credit standing and governmental support.
6. Average life of public borrowings is approximately ten years. Close to average life of new loans.
7. Average of all borrowings, including Central Banks, approximately seven years. Central Bank borrowings have always been refinanced over 20 years at rate for government obligations or less. (Germany)
8. Two-year Central Banks consistently oversubscribed.
9. Average cost of all debt outstanding, approximately 7.3%.
10. No short-term borrowings or lines of credit.
11. No currency risk on borrowings as our borrowers must take currency risk.
12. Bank bonds are treated as foreign source income in U.S., which, for certain banks and insurance companies, results in a yield equivalent to tax-free municipal bonds.

13. Bank borrows only in intermediate term markets where it has high probability of refinancing based upon structure of market or nature of lender.
14. In some markets, Bank borrowings constitute 80% of nonresident borrowers.
15. Preferential tax status in Switzerland.
16. Preferential position for investment by Japanese financial and government institutions.
17. No mention is made of the "size of markets." That is considered a somewhat naive and meaningless question. Discussion is usually counterproductive except for the following: The net U.S. Government and agency market averages about \$50 billion a year. The net issues of corporate bonds in U.S. averages about \$30 billion annually. We should be able to tap \$2-3 billion of that money. We do not look at the size of the market for business loans from banks, commercial paper, home mortgages, or consumer credit, as these are supplied by sources which do not or cannot lend funds to the Bank.
18. A substantial portion of the \$2-3 billion gross borrowing represents a refinancing of maturing obligations. We, therefore, are comparing an annual \$2-3 billion gross access against a realistic market of about \$80 billion net.
19. The Bank follows financial surpluses or preferences of institutions according to currency as well as country.
20. Governments (OECD) normally pressure the Bank to offer its securities below government yields so that we do not compete with them in credit markets. We have had no difficulty selling our bonds under such conditions.

C. LENDING POLICIES

1. Substantial staff attention to creditworthiness, economic and financial return of projects, and contribution to borrowers' economic development program.

2. Bank does not lend to countries which are not deemed creditworthy for the loan.
3. Loans are not made for political or military reasons or to facilitate exports.
4. International competitive bidding. Keeps everyone honest.
5. Minimal program loans. Bank is a project lender, not a supplier of resources to meet short-term BOP requirements. Bank reviews invoices and makes disbursements directly to supplier. Also keeps people honest.
6. Borrowing country sees little of the actual funds except as reimbursement.
7. Borrowers trust the Bank. There have been no defaults. Borrowers are reluctant to default for the following reasons:
 - a) They trust the Bank's objectivity.
 - b) We will cease disbursements. Undisbursed commitments are substantial.
 - c) We will make no more new loans.
 - d) A default to the Bank will jeopardize IDA credits for IDA eligible countries.
 - e) After thirty days late payments, all governments in the world are notified of delinquency.
 - f) Default would destroy commercial lines of credit.
 - g) Countries realize that debt renunciation, in effect, would constitute a political decision which would restrict borrowers' political independence.
 - h) Even where there are changes of governments--coups, assassinations, etc.--the foregoing reasons militate against a country's default. The projects simply make sense. Those in power know it and wish to continue the relationship.
8. Bank does not participate in debt rescheduling. Borrowers understand that Bank does not have taxing power.
9. The political and financial advantages which commercial institutions, as well as bilateral lenders have extracted from borrowers, have rendered them vulnerable to default. While the Bank makes mistakes, it is based

upon the frailty of not knowing the optimum way to facilitate economic development and not on a desire to control that country's political future, let alone to facilitate any particular country's exports.

10. I do not discuss Bank reserves against our accounts receivable. Our reserves are inadequate by commercial bank standards as measured by the concentration of outstanding loans with a few borrowers.
11. If a country, because of a political and irrational aberration renounces debt to the Bank, even assuming that all of our net income in one year were wiped out, and our reserves declined an amount equal to the balance of the debt owed the Bank, it would have no effect whatsoever on our debt service capacity.
12. In the immediate period following such an event, our cash flow would probably increase since we would stop disbursing all loans. Further, since our debt structure does not consist of three-month money (like commercial banks) there would be minimum effect, if any, on the market for our outstanding or new obligations.

D. CAPITAL

1. Bank has \$30 billion in capital; it seeks another \$10 billion during the next few years and as much as \$20 billion more thereafter.
2. The Bank's lending, in effect, is limited in the Bank's Articles by its capital. If it does not have sufficient capital, it cannot lend.
3. The capital contributions are authorized and appropriated.
4. A failure of a country to meet a "call" does not relieve any other country from its full obligation.
5. The diversity of the Bank's borrowings lends great strength to its callable capital since the country need only print its own currency which in turn, as a practical matter, can be used to extinguish the Bank's debt in that country.

6. Forty percent of the Bank's dollar debt is held outside of the United States.
7. The paid-in capital results in an average cost of 5.3% for total funds. It is the difference between 5.3% and the rate on outstanding loans which produces \$250 million net profit. Although the cost of total funds will rise as the amount of borrowing increases faster than paid-in capital, the interest receivable on outstanding loans will also rise over time because current lending rate is 8-1/2%. That rate is not likely to decline in the foreseeable future.
8. Governments have given Bank access to markets and demand prudent financial policies. It would be far more costly to them if the uncalled capital in fact had to be called.
9. Bank maintains now about 2.50:1 debt/equity ratio which compares to 20 or 50:1 for commercial banks and U.S. agencies, which, unlike the Bank, finance themselves with (a) short-term liabilities to finance long-term assets, (b) have no calls or guarantees of any kind on any government, (c) are less diverse in sources of finance, and (d) have substantial risk and realized losses on their loan portfolios.
10. The value of the Bank's capital is maintained by member governments.

E. IDA

1. Governments and their taxpayers are at risk, not the Bank. The replenishment process must be explained as few investors know the difference between IDA and the Bank.
2. If IDA funds are not available, the Bank will not change its creditworthiness standards.
3. The Bank is not liable for IDA obligations. IDA is a separate legal and financial entity.
4. If IDA recipients do not repay their credits, it has no effect on the Bank or lenders to the Bank.
5. For those countries which have rather minor amounts of old or new Bank loans, and which are for the most

part IDA recipients, the existence of IDA lends economic and financial support for the Bank debt.

6. Just about the worst decision an IDA recipient could make would be to default on Bank loans since that would jeopardize the availability of IDA funds to them.

EHR:jcv

cc: Messrs. Cargill and Goodman

Chron

MARKET NOTES ON NEW ISSUES

The market opened strong this morning after a fairly tight bill auction yesterday with the new FNMA issues trading above par. This afternoon, with no interest due to the upcoming holiday, the market fell off to the levels as shown below:

<u>Outstanding IBRD Issues</u>			<u>Today's Price</u>	<u>Yield</u>	<u>Price Change</u>
5 YR	8.30%	7/15/80	99-5/8	8.40	0
10 YR	8.60%	7/15/85	99-3/8	8.70	+1/8
20 YR	8.125%	8/1/96	91.	9.00	0

New FNMA Issues

5 YR	8%	8/10/80	99.20	8.09	-3/8
8 YR	8.40%	8/10/83	99.28	8.52	-1/8

In a statement late this afternoon, New York State Controller reported a tentative agreement was reached with a major New York City bank on rescheduling the debt. The Treasury announced an \$800 million increase on next Monday's weekly bill auction which was expected to be increased \$700 million.

Chron
(MW)

IBRD spread monitor pairs 5, 10 and 21 years to maturity
against U.S Treasuries and Agency issues

5 Years to Maturity

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
IBRD	7/15/80	7/15/75	8.30	459056BV8
IBRD	1/1/80	12/11/74	8.00	459056BS5

U.S. Treasury Issues (Combination)

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
USTR	9/30/79	9/4/75	8.50	912027EW8
USTR	8/15/82	8/15/75	8.125	912827EU2

Agency Issues

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
FHLB *	11/25/80	11/25/75	7.75	313388EN6
FNMA	4/10/80	4/1/75	7.625	313586FH7

* Issue is payable 11/25/75.

10 Years To Maturity

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
IBRD	7/15/85	7/15/75	8.60	459056BW6
IBRD	1/1/85	12/11/74	8.15	459056BT3

U.S. Treasury Issues (Combination)

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
USTR	8/15/82	8/15/75	8.125	912827EU4
USTR	5/15/90	4/8/75	8.250	912827BT4

Agency Issues

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
FNMA	7/10/84	7/10/75	8.20	315886FM6
FHLB*	11/25/85	11/25/75	8.10	313388EX4

21 Years To Maturity

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
IBRD	8/1/1996	8/1/1971	8.125	459056BG1

U.S. Treasury Issues (Combination)

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
USTR	5/15/1990	4/8/1975	8.25	912810BT4
USTR	8/15/2000	8/15/75	8.375	912810BV9

Agency Issue

<u>Issuer</u>	<u>Maturity</u>	<u>Issue Date</u>	<u>Coupon Rate</u>	<u>Cusip</u>
FNMA	12/10/1997	12/11/1972	7.10	313586DZ9

* Issue is payable 11/25/1975

OUTGOING WIRE

TO: DR. A. BATENBURG
GENBANK
AMSTERDAM

DATE: NOVEMBER 21, 1975

CLASS OF
SERVICE: TELEX 11417

COUNTRY: THE NETHERLANDS

TEXT:
Cable No.:

TEST 952

WE HAVE REASON TO BELIEVE THAT GOVERNMENT AUTHORITIES WOULD WELCOME
BORROWINGS BY WORLD BANK AT THIS TIME POSSIBLY EVEN BEFORE OUR PROPOSED
JANUARY EURO GUILDER ISSUE STOP PLEASE ADVISE PREVAILING MARKET
CONDITIONS INCLUDING SIZE AND MATURITY FOR

AAA PUBLIC ISSUE

BBB DIRECT BANK LOAN AND

CCC NON RESIDENT EURO GUILDER ISSUE PARAGRAPH

YOU ARE ALSO AUTHORIZED TO DISCUSS THIS MATTER ON OUR BEHALF WITH
APPROPRIATE AUTHORITIES IN FINANCE MINISTRY AND CENTRAL BANK STOP

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME E.H. Rotberg

DEPT. Treasurer's

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Cargill, Goodman, Hittmair,
Deely

For Use By Communications Section

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch:

Chron

(3-70)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: DEUTSCHBANK
FRANKFURT

DATE: NOVEMBER 21, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: GERMANY

TEXT:
Cable No.:

ATTENTION: DR. GAERTNER AND DR. GRASSNICK

RE OUR PROPOSED BORROWING OPERATION IN DEUTSCHE MARK, THIS IS TO
ADVISE THAT MR. JOSEPH UHRIG, DEPUTY CHIEF, SECURITIES DIVISION, WILL
VISIT WITH YOU ON MONDAY NOVEMBER 24 AS WORLD BANKS SENIOR
REPRESENTATIVE ON MISSION STOP KINDEST REGARDS STOP TEST 607

ROTBERG
TREASURER
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene H. Rotberg

POST. Treasurer's

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE:

ORIGINAL (File Copy)

(IMPORTANT: See Secretaries Guide for preparing form)

CLEARANCES AND COPY DISTRIBUTION:

Messrs. Hittmair, Uhrig, de Boeck

For Use By Communications Section

Checked for Dispatch:

Final version typed by Rosemary Chron
11/27/75 in El-Fishawy's office. See Saudi file.

THIRD DRAFT: EHRotberg:jcv
November 20, 1975

SAMA
JEDDAH

(SAUDI ARABIA)

ATTENTION: AHMED ABDULLATIF

THIS REFERS TO YOUR TELEXES OF NOVEMBER 18 AND 19. STOP AS YOU
KNOW, THE MARKET FOR U.S. DOLLAR DENOMINATED ISSUES CHANGED FROM THE TIME OF
OUR FIRST TELEX OFFER TO YOU STOP FURTHER, MOST OF THE INCREASED YIELDS *occurred*
WITHIN THE LAST THREE OR FOUR DAYS AND THE YIELD TO WHICH YOU REFER IN
YOUR TELEX REFLECTS THAT VERY RECENT CHANGE STOP WE EXPECT THE MARKETS TO
CONTINUE TO FLUCTUATE BETWEEN NOW AND EARLY DECEMBER WHEN WE WOULD EXPECT
TO PRICE A FIVE AND A TEN-YEAR ISSUE STOP IN ORDER TO FACILITATE AND EX-
PEDITE THIS MATTER, THEREFORE, WE ARE PREPARED TO ^{NOW} OFFER A TEN-YEAR WORLD
BANK OBLIGATION DENOMINATED IN U.S. DOLLARS WITH EQUAL REPAYMENTS STARTING
AT THE END OF YEAR SIX AT AN INTEREST RATE OF 8.5 PERCENT PAYABLE SEMI-
ANNUALLY STOP THIS IS IN FACT APPROXIMATELY THE MIDPOINT ^{YIELD} BETWEEN THE
~~YIELD ON~~ A FIVE AND TEN-YEAR AVERAGE LIFE OBLIGATION AND IS CONSIDERABLY
HIGHER THAN THE YIELD PREVAILING FOR U.S. GOVERNMENT OBLIGATIONS STOP

WITH RESPECT TO YOUR PROPOSAL ON SWISS FRANCS, WE HAVE THE
FOLLOWING COMMENTS:

FIRST: WE REPEAT AGAIN THAT WE HAVE RECENTLY COMPLETED AN ISSUE
OF A FIFTEEN-YEAR REPEAT FIFTEEN YEAR MATURITY AT A YIELD TO PUBLIC OF 7.61
AND A PRIVATE PLACEMENT FOR FIVE YEARS TO ANOTHER OPEC MEMBER AT 7.5 PERCENT
STOP WE HAVE, ALSO, AS YOU OBSERVED IN YOUR CABLE, ARRANGED FOR A SIX-YEAR
PRIVATE PLACEMENT WHICH YIELDS INVESTOR 7.61 FOR A SIX-YEAR MATURITY STOP

MOREOVER

HOWEVER, WE HAVE, WITHIN RECENT WEEK, ACCEPTED OFFER FROM SWISS BANK CONSORTIUM WHICH WILL PROVIDE YIELD TO PUBLIC ON SEMI-ANNUAL BASIS OF 7.35 PERCENT FOR FIVE-YEAR MATURITY STOP

FURTHER, WHILE THE WORLD BANK DOES HAVE ^{UNDERWRITING} EXPENSES IN CONNECTION WITH THESE PLACEMENTS, WE BELIEVE THE APPROPRIATE STANDARDS SHOULD BE YIELD TO INVESTOR STOP IT WOULD SEEM QUITE UNFORTUNATE FOR THE WORLD BANK TO MAKE PRIVATE PLACEMENTS AND HAVE TO ABSORB SUBSTANTIAL UNDERWRITING COSTS IF IN FACT THESE PLACEMENTS ARE DONE DIRECTLY WITH RELATIVELY FEW MAJOR GOVERNMENTS WHO ARE SHAREHOLDERS OF THE BANK STOP OUR DIFFICULTIES WOULD BE COMPOUNDED IF SUCH ADDITIONAL COSTS WERE USED AS BASIS FOR DIRECT PLACEMENT WITH OFFICIAL INSTITUTIONS STOP QUITE APART FROM THIS HOWEVER, WE ALSO OBSERVE THAT IN OUR RECENT SWISS FRANC ISSUES AND OUR PROPOSED NEW SWISS FRANC ISSUE THE TOTAL COST TO US INCLUDING UNDERWRITING ARE BELOW 8 PERCENT STOP

FURTHER, WE FEEL THAT AN 8 PERCENT YIELD FOR PLACEMENT FOR AN EIGHT-YEAR ^{Swiss} FRANC MATURITY WOULD BE OFFERING INVESTORS A FAR HIGHER YIELD THAN MARKET, WHICH IN TURN WOULD CREATE SERIOUS DIFFICULTIES FOR US, BOTH WITH NATIONAL GOVERNMENT AUTHORITIES IN SWITZERLAND AS WELL AS WITH PRIVATE COMMERCIAL BANKS STOP NONETHELESS, IN AN EFFORT TO RESOLVE AND EXPEDITE THIS MATTER, WE ARE PREPARED TO OFFER A WORLD BANK OBLIGATION OF AN EIGHT-YEAR AVERAGE LIFE DENOMINATED IN SWISS FRANCS AT A COUPON OF 7.75 PERCENT PAYABLE SEMI-ANNUALLY STOP WE HOPE THAT YOU CAN ACCEPT THIS PROPOSAL STOP

WITH RESPECT TO THE DEUTSCHE MARK PROPOSAL, THIS IS TO ADVISE THAT THE WORLD BANK REJECTED THE DM PROPOSAL REFERRED TO IN YOUR CABLE,

WHICH HAD FIRST BEEN OFFERED TO THE WORLD BANK AND THEN TO THE EUROPEAN INVESTMENT BANK, BECAUSE OF ITS HIGH COST STOP FURTHER, THIS IS TO ADVISE YOU IN CONFIDENCE THAT WE HAVE RECEIVED A ^{NEW} ~~COUNTER~~ PROPOSAL FROM OUR UNDERWRITERS IN GERMANY, WHICH HAS BEEN APPROVED BY THE GOVERNMENT AUTHORITIES, FOR A SEVEN-YEAR PUBLIC ISSUE (AVERAGE LIFE) IN DEUTSCHE MARK WHICH WILL YIELD TO THE INVESTOR 7.95 OR LESS PERCENT ON A SEMI-ANNUAL YIELD EQUIVALENT BASIS STOP

FURTHER, OUR COMMISSIONS ARE LESS THAN THAT SET FORTH IN YOUR CABLE STOP WE, THEREFORE, BELIEVE THAT THE 8 PERCENT OFFER FOR A 10-YEAR AVERAGE LIFE IS NOT INAPPROPRIATE STOP NONETHELESS, IN AN EFFORT TO EXPEDITE THIS MATTER, WE ARE PREPARED TO CHANGE OUR PROPOSAL TO ONE HUNDRED MILLION DEUTSCHE MARK AT 8 PERCENT, PAYABLE SEMI-ANNUALLY, WITH AN AVERAGE LIFE OF EIGHT YEARS STOP HERE, TOO, WE BELIEVE THAT A HIGHER RATE WOULD CREATE SERIOUS PROBLEMS FOR THE WORLD BANK, WITH GERMAN GOVERNMENT AUTHORITIES AND WITH OUR UNDERWRITERS AT ANY HIGHER YIELD STOP

I SINCERELY HOPE THAT, IN THE INTEREST OF FACILITATING OUR MUTUAL INTEREST IN FACILITATING DEVELOPMENT, YOU CAN ACCEPT THESE PROPOSALS STOP ALL THE FOREGOING, OF COURSE, IS SUBJECT TO APPROVAL OF OUR BOARD OF EXECUTIVE DIRECTORS AND THE NECESSARY APPROVAL OF GOVERNMENT AUTHORITIES STOP KINDEST REGARDS STOP

CARGILL
INTBAFRAD

Rotberg:jcv

Time
TO
RESPOND

Chron
November 20, 1975

MARKET NOTES ON NEW ISSUES

The market was generally quiet today. Indications are that the FNMA sale is going well and that the shorter issue is totally sold out. The market fell in after-hour trading on the news that the money supply increased by \$1.9 billion last week. In addition the \$3.2 billion increase announced last week was increased to \$3.6 billion. The U.S. money supply is now exactly on the growth pattern which the Federal Reserve has indicated in its policy guidelines. Thus further Fed easing is unlikely and moderate tightening could occur.

There were rumors in the market concerning the earnings write-off at Marine Midland Bank with certificates of deposit trading at a 25 basis point discount to the market.

Chron

DRAFT: EHRotberg:jcv
November 19, 1975

1. We need nonresident buyers for this issue. They will provide valuable support.
2. The cost of solicitation, paid to the underwriters, is minimal.
3. We are not competing with our own placements, either in OPEC (or elsewhere), based on the amounts these investors say they will lend us directly in FY76.
4. For 25 years our U.S. underwriters have developed an interest by nonresident buyers in our dollar bonds; they now hold substantial amounts.
5. Virtually all of our DM, Swiss Franc, and Guilder placements are in fact placed with nonresidents of these countries--and recently substantially with OPEC. Why not dollars, given OPECs' rather limited interest in direct placements from us this year?
6. Unsolicited orders will come in anyway because of the publicity. It would be more efficient to permit solicitation--particularly if it could result in our picking up \$100 million, which would reduce pressure in the U.S. market.

OFFICE MEMORANDUM

Hand Delivered

TO: Mr. Robert S. McNamara
FROM: Eugene H. Rotberg *ER*
SUBJECT: U.S. Underwriters

DATE: November 19, 1975

1. Attached is a compilation showing the lead managers for different kinds of securities, including competitive and negotiated debt. Nowhere in any category does Dillon Reed's name appear in the top ten.

2. I have also attached a summary of the actual number of issues underwritten and dollar volume of all debt issues sold in 1974 for Morgan, First Boston, Salomon, Goldman Sachs, and Merrill Lynch. They are, in fact, the top five. Dillon Reed is 17th with a very small volume.

3. Goldman Sachs and Merrill Lynch are both officially recognized government securities dealers who are authorized to trade government securities with the Federal Reserve Bank of New York. Salomon and Merrill Lynch alternate one and two. Goldman Sachs is now about 5-7% of the U.S. Government market. Dillon Reed is not authorized to trade government securities with the Fed and I do not believe has a government department.

4. I have never spoken to any representative of Dillon Reed in the seven years I have been at the Bank, either with respect to our domestic or international operations or in terms of investment of our liquid resources or our borrowings.

5. If we were to place them in the Special Bracket, it would be considered by Wall Street as a financially unjustified decision and, indeed, one which would be considered as quite inappropriate.

6. The only firms which Morgan Stanley will ask as "special bracket" in issues where they act as sole manager are Salomon Brothers, First Boston, Goldman Sachs and Merrill Lynch. Wall Street has accepted this special category for these firms. If a third firm were to be included, it would probably be Blyth Eastman Dillon; Smith, Barney; or Kidder, Peabody. The inclusion of any one of them, however, would be unjustified vis-a-vis the remaining two.

7. There are firms in Wall Street which are considered "light-weights" and who are living on their past reputations in terms of their bond-placing power or on their expertise in other areas. They are Lazard; Dillon Reed; Kuhn Loeb; and Loeb Rhodes.

8. The choice of a Special Bracket is to motivate firms who ordinarily might be managers as demonstrated by their performance as managers for other companies. The point is to motivate them to act as if they were managers and use their placing power. Merrill and Goldman

Mr. McNamara
Page Two
November 19, 1975

fit that category. They would perhaps underwrite only 20% more bonds than the "major" bracket underwriters. But choosing them as Special Bracket will create a wholly different atmosphere in their firm; they will in fact sell much more than their underwriting commitment.

9. The strongest argument that can be made for Dillon Reed is that in our recent July issues Dillon Reed sold about twice as much (3 million compared to 1-1/2 million) as Goldman Sachs. In the five previous issues that I have examined, there was no significant difference between the two firms. However, Salomon Brothers only sold 2 million dollars until we made them managers. Then they sold \$40-50 million. In short, there is a greater potential from Goldman Sachs and Merrill as compared to Dillon Reed.

EHR:jcv

Attachments (4)

It's CORPORATE FINANCING DIRECTORY

A Guide to 1973 Financing

This is the third annual *Corporate Financing Directory* that we have published. And its purpose, like previous editions, is to assemble for future reference all the relevant data on going to market during the year—who financed in 1973, who helped, how much was paid and the terms of each offering. This year's directory, assembled under the direction of staffer Ngaere Colabella, also includes a new feature: A compilation of the year's deals, alphabetically, by corporation. In the past, the issues were listed by investment banker, but we felt that corporate financial officers, to whom this guide is primarily directed, would be better served with a directory that enabled

them to find easily what their competitors were doing—and paying.

Beyond that, we offer once again the traditional directory features that seem to have become so popular. Among them: *Leadership*, of which the highlights and comparisons with previous years are listed in the tables to the right, with further details beginning on page 15. *Profiles*, which provides pertinent information on every investment banker that last year managed an underwriting of \$2 million or more, starts on page 25. And *Who's Got Whom*, on page 7, is the definitive source of information about which large corporations are the clients of which investment bankers.

This *Corporate Financing Directory* is intended to serve as a clear, thorough map of last year's corporate capital-raising activity in the public markets. It is our hope that the directory will provide our readers with a background against which to judge what happens in the current competitive environment in finance among corporations that are raising money and the investment bankers who are helping them to do so. And further, it is intended as a valuable reference tool, which many of you will want to keep within arm's reach throughout the year.

Wayne Welch
Managing Editor

The Top Ten in All Securities

1973	1972	1971
1 Merrill Lynch	1 Merrill Lynch	1 Merrill Lynch
2 Salomon Brothers	2 First Boston	2 First Boston
3 First Boston	3 Goldman, Sachs	3 Lehman Brothers
4 Blyth Eastman Dillon	4 Salomon Brothers	4 Salomon Brothers
5 Goldman, Sachs	5 Morgan Stanley	5 Blyth
6 Lehman Brothers	6 Lehman Brothers	6 Morgan Stanley
7 Kidder, Peabody	7 White, Weld	7 Halsey, Stuart
8 Halsey, Stuart	8 Halsey, Stuart	8 Goldman, Sachs
9 Morgan Stanley	9 Kidder, Peabody	9 Kidder, Peabody
10 White, Weld	10 Blyth	10 Eastman Dillon

e Top Ten in Negotiated Offerings

1973	1972	1971
1 Merrill Lynch	1 Merrill Lynch	1 Merrill Lynch
2 Goldman, Sachs	2 Goldman, Sachs	2 First Boston
3 First Boston	3 Morgan Stanley	3 Lehman Brothers
4 Salomon Brothers	4 First Boston	4 Morgan Stanley
5 Kidder, Peabody	5 Salomon Brothers	5 Goldman, Sachs
6 Morgan Stanley	6 Lehman Brothers	6 Blyth
7 Blyth Eastman Dillon	7 White, Weld	7 Salomon Brothers
8 Lehman Brothers	8 Kidder, Peabody	8 Kidder, Peabody
White, Weld	9 Dean Witter	9 Dean Witter
Halsey, Stuart	10 Blyth	10 Kuhn, Loeb

The Top Ten in Negotiated Debt

1973	1972	1971
1 Merrill Lynch	1 Goldman, Sachs	1 Merrill Lynch
2 Goldman, Sachs	2 Merrill Lynch	2 First Boston
3 Salomon Brothers	3 Morgan Stanley	3 Morgan Stanley
4 Kidder, Peabody	4 First Boston	4 Lehman Brothers
5 First Boston	5 Salomon Brothers	5 Goldman, Sachs
6 Morgan Stanley	6 White, Weld	6 Salomon Brothers
7 Halsey, Stuart	7 Kidder, Peabody	7 Blyth
8 Lehman Brothers	8 Lehman Brothers	8 Kidder, Peabody
9 Blyth Eastman Dillon	9 Dean Witter	9 Kuhn, Loeb
10 White, Weld	10 Blyth	10 White, Weld

The Top Ten in Negotiated Stock

1973	1972	1971
1 Merrill Lynch	1 Merrill Lynch	1 Merrill Lynch
2 First Boston	2 Morgan Stanley	2 First Boston
3 Blyth Eastman Dillon	3 First Boston	3 Goldman, Sachs
4 Lehman Brothers	4 Goldman, Sachs	4 Lehman Brothers
5 Goldman, Sachs	5 Lehman Brothers	5 Dean Witter
6 Morgan Stanley	6 Kidder, Peabody	6 Kidder, Peabody
Salomon Brothers	7 White, Weld	7 Blyth
Kidder, Peabody	8 Paine, Webber, Jackson & Curtis	8 Morgan Stanley
9 Dean Witter	9 Smith, Barney	9 Paine, Webber, Jackson & Curtis
10 White, Weld	10 Dean Witter	10 White, Weld

The Top Ten in Competitive Securities

1973	1972	1971
1 Salomon Brothers	1 Merrill Lynch	1 Salomon Brothers
2 Merrill Lynch	2 Salomon Brothers	2 Merrill Lynch
3 Blyth Eastman Dillon	3 First Boston	3 First Boston
4 Halsey, Stuart	4 Lehman Brothers	4 Lehman Brothers
5 Lehman Brothers	5 Halsey, Stuart	5 Blyth
6 First Boston	6 Goldman, Sachs	6 Halsey, Stuart
7 Smith, Barney	7 White, Weld	7 Eastman Dillon
8 Kidder, Peabody	8 Kidder, Peabody	8 Kidder, Peabody
9 White, Weld	9 Morgan Stanley	9 White, Weld
10 Goldman, Sachs	10 Paine, Webber, Jackson & Curtis	10 Morgan Stanley

The Top Ten in Competitive Debt

1973	1972	1971
1 Salomon Brothers	1 Merrill Lynch	1 Merrill Lynch
2 Merrill Lynch	2 First Boston	2 Salomon Brothers
3 Blyth Eastman Dillon	3 Salomon Brothers	3 First Boston
4 Halsey, Stuart	4 Halsey, Stuart	4 Lehman Brothers
5 Lehman Brothers	5 Lehman Brothers	5 Halsey, Stuart
6 First Boston	6 Goldman, Sachs	6 Blyth
7 White, Weld	7 White, Weld	7 Eastman Dillon
8 Smith, Barney	8 Morgan Stanley	8 Kidder, Peabody
9 Kidder, Peabody	9 Kidder, Peabody	9 White, Weld
10 Goldman, Sachs	10 Eastman Dillon	10 Morgan Stanley

The Top Ten in Competitive Stock Offerings

1973	1972	1971
1 Salomon Brothers	1 Salomon Brothers	1 Salomon Brothers
2 Merrill Lynch	2 Merrill Lynch	2 Lehman Brothers
3 Paine, Webber, Jackson & Curtis	3 Lehman Brothers	3 Blyth
4 Smith, Barney	4 First Boston	4 First Boston
5 Blyth Eastman Dillon	5 Smith, Barney	5 Merrill Lynch
6 Kidder, Peabody	6 Paine, Webber, Jackson & Curtis	6 Eastman Dillon
7 Dean Witter	7 Blyth Eastman Dillon	7 Kidder, Peabody
8 E. F. Hutton	8 Halsey, Stuart	8 Smith, Barney
9 Stone & Webster	9 Kidder, Peabody	9 Halsey, Stuart
10 Goldman, Sachs	10 White, Weld	10 Equitable Securities, Morton & Co.

ALL DEBT ISSUES MANAGED OR CO-MANAGED

Year Ending 12/31/74

Morgan Stanley & Co., Inc.

Debt issues managed and co-managed 64 issues amount \$ 7,450,845,000

First Boston Corp.

Debt issues managed and co-managed 89 issues amount \$ 8,502,854,441

Goldman, Sachs & Co.

Debt issues managed and co-managed 71 issues amount \$ 7,622,800,000

Merrill Lynch & Co.

Debt issues managed and co-managed 113 issues amount \$ 8,297,000,000

Salomon Brothers

Debt issues managed and co-managed 103 issues amount \$ 6,879,100,000

Dillon, Read & Co.

Debt issues managed and co-managed 17 issues amount \$ 1,620,000,000

book on page 66. The alphabetical listings of the investment banking firms shows the dollar volume of securities managed, giving each joint manager (if any) full credit for the dollar amount of the issues. These managerial totals are shown for negotiated offers followed by the number of issues and also the totals credited to the various underwriters who managed or co-managed competitive sales and, lastly, a grand total of both financing routes with the total number of issues. Just for comparison we have also included tables which show each manager and joint manager receiving an equal pro-rata portion and a separate listing giving full credit only to the manager handling the books.

In addition to the listing of investment banking firms shown in Part V, the DIGEST has also prepared a list of the leading syndicate managers ranked by the volume in dollars they received credit for as manager or co-manager. This appears as Table IX located on this page. The listings show the leading 39 investment banking firms across the country in terms

of dollar amounts managed, or co-managed where volume exceeded \$100,000,000 or more for the full year 1974. The volume used in the leading syndicate list is the total dollars credited to investment banking firms under Syndicate Heads in Part V.

Merrill Lynch Leading Banker

As shown on page 65, Merrill Lynch, Pierce, Fenner & Smith took down top honors as the investment banking firm managing or co-managing the largest dollar amount of securities offerings with \$10 billion of which \$3.48 billion was raised via competitive bids. First Boston Corp. followed with \$8.47 billion in underwritten dollars which included \$2.92 billion raised via competitive bidding and Morgan Stanley & Co. in third place with the grand total of \$7.9 billion, including \$1.54 billion after sealed bids.

(Continued on page 89)

Table IX Leading Syndicate Managers

(Giving each manager full credit for any joint underwritings)

Rank	Firm	Underwritings Managed (000 omitted)
1	Merrill Lynch, Pierce, Fenner & Smith Inc.	\$10,000,017
2	First Boston Corp.	\$4,487,283
3	Morgan Stanley & Co. Inc.	7,895,179
4	Salomon Brothers	7,876,249
5	Goldman, Sachs & Co.	7,527,131
6	Hlyth Eastman Dillon & Co. Inc.	5,825,014
7	Lehman Brothers Inc.	4,948,639
8	Kidder, Peabody & Co. Inc.	4,551,896
9	Halsey, Stuart & Co. Inc.	4,312,701
10	Dean Witter & Co. Inc.	3,962,801
11	White, Weld & Co. Inc.	4,277,124
12	Smith, Barney & Co. Inc.	3,046,093
13	Paine, Webber, Jackson & Curtis Inc.	2,687,459
14	Drexel Burnham & Co. Inc.	1,967,800
15	Kuhn, Loeb & Co.	1,965,947
16	Dillon, Read & Co. Inc.	1,675,990
17	Stone & Webster Securities Corp.	1,351,979
18	Lazard Freres & Co.	1,199,000
19	E. F. Hutton & Co. Inc.	1,198,346
20	Loeb, Rhoades & Co.	1,065,175
21	Wertheim & Co. Inc.	617,375
22	Hornblower & Weeks Hemphill, Noyes, Inc.	532,550
23	A. G. Ames & Co. Inc.	525,000
24	Wood Gundy Inc.	500,000
25	Warburg Paribas Becker Inc.	422,441
26	Bear, Stearns & Co.	311,575
27	Shearson Hayden Stone Inc.	273,290
28	Donaldson, Lufkin & Jenrette Securities Inc.	260,000
29	William Blair & Co.	253,025
30	Richardson Securities, Inc.	250,000
31	Weeden & Co.	205,600
32	L. F. Rothschild & Co.	168,000
33	UBS-DB Corp.	160,000
34	Dain, Kalman & Quail Inc.	119,008
35	Clark, Dodge & Co., Inc.	127,800
36	Prescott, Ball & Turben.	125,000
37	Alex. Brown & Sons	120,121
38	Robert W. Baird & Co. Inc.	100,838
39	Allen & Co. Inc.	100,625

Table XI

12 Month Visible of Underwritten Senior Securities

Date	Total	No. of Issues
Jan. 3	\$7,543,881,500	(160)
Jan. 10	7,256,098,500	(160)
Jan. 17	6,772,881,500	(153)
Jan. 24	6,388,881,500	(151)
Jan. 31	6,612,006,500	(155)
Feb. 7	7,119,506,500	(164)
Feb. 14	1,083,106,500	(163)
Feb. 21	7,697,206,500	(175)
Feb. 28	7,694,306,500	(175)
March 7	7,962,808,500	(180)
March 14	7,703,806,500	(184)
March 21	9,073,006,000	(179)
March 28	8,948,806,500	(182)
April 4	9,329,606,500	(184)
April 11	9,545,356,500	(183)
April 18	9,718,356,500	(181)
April 25	9,478,444,500	(177)
May 2	9,116,144,600	(175)
May 9	9,393,944,000	(182)
May 16	9,702,644,000	(190)
May 23	9,621,944,000	(186)
May 30	8,830,944,000	(180)
June 6	8,373,944,000	(180)
June 13	8,434,219,000	(175)
June 20	8,446,219,000	(171)
June 27	8,596,219,000	(167)
July 3	9,629,219,000	(178)
July 11	8,961,819,000	(173)
July 18	8,133,819,000	(163)
July 25	7,378,969,000	(163)
Aug. 1	7,741,969,000	(162)
Aug. 8	7,621,969,000	(166)
Aug. 15	7,339,269,000	(161)
Aug. 22	7,318,269,000	(167)
Aug. 29	6,942,969,000	(164)
Sept. 5	7,193,219,000	(160)
Sept. 12	6,313,444,000	(161)
Sept. 19	7,451,844,000	(157)
Sept. 26	7,392,844,000	(153)
Oct. 3	6,640,444,000	(141)
Oct. 10	6,297,194,000	(138)
Oct. 17	5,948,619,000	(132)
Oct. 24	6,556,319,000	(129)
Oct. 31	6,259,815,000	(126)
Nov. 7	5,898,875,000	(125)
Nov. 14	5,513,375,000	(128)
Nov. 21	5,594,554,000	(125)
Nov. 27	6,490,194,000	(129)
Dec. 5	6,462,094,000	(130)
Dec. 12	5,976,094,000	(117)
Dec. 19	6,040,024,000	(122)
Dec. 26	7,234,644,000	(134)

Table XII SEC Scoreboard 1974

Month	Filed	With- drawn	Pending at Month's End
January	156	50	782
February	160	22	794
March	263	37	859
April	322	70	822
May	272	64	788
June	229	35	781
July	197	27	736
August	164	25	699
September	190	29	720
October	158	28	605
November	189	44	583
December	158	28	578

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Table IXa

Syndicate Managers

Listed below, in alphabetical order, are investment banking firms which for full year 1974 ran the books on public offerings aggregating \$100,000,000 or more.

The first column gives credit only to the underwriter handling the books. The second column gives the manager and each co-manager an equal proportion of the total amount.

(000s omitted)

Firm	Full Credit Only to Manager Handling Books	Equal Proportionate Credit to Manager and Each Co-Manager
4 Blyth Eastman Dillon & Co. Inc.	\$2,896,577	\$2,042,526 7
Dillon, Read & Co. Inc.	715,000	711,955
Drexel Burnham & Co. Inc.	558,000	613,363
2 First Boston Corp.	4,811,787	3,467,554 2
6 Goldman, Sachs & Co.	2,412,190	2,805,129 4
Halsey, Stuart & Co. Inc.	978,275	918,992
E. F. Hutton & Co. Inc.	108,469	210,664
Kidder, Peabody & Co. Inc.	1,275,771	1,426,055
Kuhn, Loeb & Co.	653,947	774,387
Lazard Freres & Co.	365,000	591,667
Lehman Brothers Inc.	1,566,459	2,577,653 5
Loeb, Rhoades & Co.	196,550	142,075
5 Merrill Lynch, Pierce, Fenner & Smith Inc.	2,518,024	3,212,454 3
1 Morgan Stanley & Co. Inc.	6,172,487	4,407,386 1
Paine, Webber, Jackson & Curtis Inc.	486,000	687,546
3 Salomon Brothers	3,619,602	2,390,060 6
Smith, Barney & Co. Inc.	745,400	797,014
Stone & Webster Securities Corp.	163,970	303,504
White, Weld & Co. Inc.	347,812	881,074
Dean Witter & Co. Inc.	300,625	1,191,153

Total Monthly Underwritten Corporate Financing — 1973-74

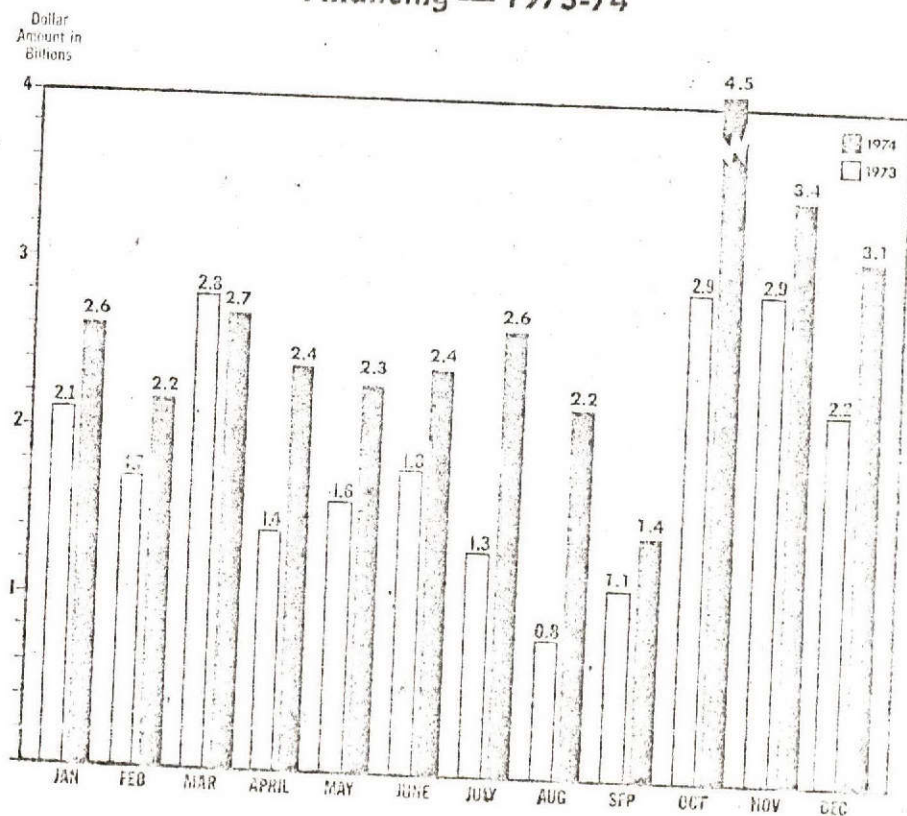


Table IXa — A New Innovation

The tabulations of dollar amounts of underwritten financings can be done in many ways. The interesting part of any tabulation of numbers is that they can be put to use to show any degree of accomplishment that one desires to achieve. Such is the case with table IXa on this page. Since the DIGEST began compiling figures for the industry we have given underwriters involved in public financings full credit for a financing whether they were the manager handling the books or a co-manager. Knowing full well that these statistics were inflated, but because of the time factor involved, it was the quickest way to accomplish our objective. Now we have come up with table IXa.

How did we compile this new table? Let us say that four underwriters acted jointly in a \$100,000,000 financing. In the first column, *Full Credit To Manager Handling Books*, the underwriter handling the books receives the full credit for the underwriting—\$100,000,000—with no credit to co-managers. In the second column *Equal Proportionate Credit To Manager And Each Co-Manager*, each is credited with \$25,000,000. If we look at column one it is easy to tell at a glance that Morgan Stanley & Co. was instrumental in handling the books for \$6.17 billion of financings, while in the second column credit was given for \$4.41 billion. If you look at table IX on page 18, where each manager or co-manager receives full credit, Morgan Stanley is credited with \$7.9 billion. First Boston ranks No. 2 in column one with \$4.81 billion; \$4.47 billion in column two, while in table IX the firm was credited with \$3.47 billion.

chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 19, 1975

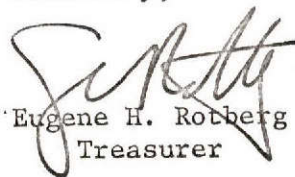
Mrs. Mary K. Rieger
Secretary to Mr. George Moore
First National City Bank
399 Park Avenue
New York, New York 10022

Dear Mary:

Let me thank you once again for your kindness in obtaining two tickets for my wife and me to hear "Boris Godounoff." It was a spectacular production and we both enjoyed it immensely.

Again, thank you, for your kindness and courtesies.

Sincerely,


Eugene H. Rothberg
Treasurer

MARKET NOTES ON NEW ISSUES

The markets were relatively quiet today and did not react to President Ford's announcement that he would not favor aid to New York until increased taxes were voted by the New York legislature.

FNMA announced today the terms of its new borrowing which will total \$1.4 billion to replace \$800 million in maturing issues. Issues will be as follows:

<u>AMOUNT</u>	<u>MATURITY</u>	<u>EXPECTED YIELD</u>
\$450 million	9/12/77	7.35%
\$650 million	12/10/80	8.00%
\$300 million	12/12/83	8.30%

The sale of the shorter FNMA securities was reported to be going very well with the longer maturity lagging behind. Little comment was made of the World Bank issue today. One commercial bank, Continental Illinois, noted that its sale was going very slowly. First Boston commented that larger portfolios tend not to "circle" bonds until the pricing date is near.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 19, 1975

Ms. Gay Stebbins
Executive Assistant
to the General Manager
McGraw-Hill Book Company
Webster Division
1221 Avenue of the Americas
New York, New York 10020

Dear Gay:

Thanks for the resume of Christian Barbier. I will check in a day or so to find out the status of his application. I also received another resume from Elizabeth Millard. I have asked our Personnel Department to send her a more complete application form.

Please keep in touch. I will talk to you soon.

Sincerely,

Eugene H. Rotberg
Treasurer



Record Removal Notice

File Title Eugene H. Rotberg - Chronological file Volume 17		Barcode No. 1858120		
Document Date 19 November, 1975	Document Type Memorandum			
Correspondents / Participants To: Ralph Hanan From: Eugene H. Rotberg				
Subject / Title Application of Mrs. Elizabeth Millard				
Exception(s) Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group. <table border="1"><tr><td>Withdrawn by Tarsica Morgan-Taylor</td><td>Date October 19, 2023</td></tr></table>	Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023
Withdrawn by Tarsica Morgan-Taylor	Date October 19, 2023			

chron
November 18, 1975

MARKET NOTES ON NEW ISSUES

U.S. Government and Agency markets declined sharply this afternoon on the announcement of the World Bank issue. In addition the following news was considered bad for the market:

1. President Ford has announced he will make a speech on the New York City crisis today. Speculation is that he will offer some form of aid thus allowing the Federal Reserve freedom to tighten policies and stemming the flow to quality issues away from Corporate and Municipal Issues.

2. FNMA will announce its quarterly financing tomorrow for maturing issues totaling \$800 million and speculation is that as much as \$600 million in funds will be needed.

3. There is speculation in the market that a substantial growth in M1 will be announced this Thursday. This would be an additional factor giving the Fed latitude to firm its stance.

4. It was announced that housing starts in October grew at a 15% annual rate. This reinforced opinions that the economic recovery is moderately strong.

5. Price changes were as follows:

5 year U.S. Treasury Issues declined by 1/4 point

7 year U.S. Treasury Issues declined by 3/8 point

Low-term issues declined by approximately 5/8 point

okron

DRAFT: November 18, 1975
EHRotberg:jcv

STATEMENT TO THE BOARD

The matter before you relates to a proposed borrowing by the Bank in the capital markets of the United States in the aggregate principal amount of \$750 million. The proposed operation would consist of three issues done simultaneously--a \$250 million 5-year note issue, a \$250 million 10-year note issue and a \$250 million 25-year bond issue. The 25-year bond issue would contain provisions for a sinking fund which would result in an average life for that issue of approximately ~~10~~ 17 years. Thus, the average life for the three issues combined after considering the sinking fund applicable to the 25-year bond, would be about ~~10-1/2~~ 11 years. The entire operation would be the largest public issue ever done in the United States capital market by one issuer other than the obligations offered by the United States Government or its agencies.

As you will observe from the document before you, we ask now for your preliminary consideration of this matter and for your agreement in principle that we go forward with the announcement of our intention to offer these obligations. Such announcement in turn would permit our underwriters to canvass the market and start soliciting interest from investors. The definitive Board Resolution setting cost and price limitations and actually authorizing the issuance of the obligations would be discussed at a Board meeting in early December, immediately after which, subject to the limitations then set by the Board, we would negotiate specific rates and prices. Essentially, therefore, the next two or three weeks would be spent in testing the market, soliciting interest and determining precisely a fair coupon and price for the proposed transaction.

Although this issue is quite large by any standard, we believe it will be accepted in the market and at a cost which will reflect the Bank's high credit standing. In this connection, we would expect that the overall total cost, inclusive of all underwriting fees, etc., for the \$750 million, would at this time be less than 9%. Markets change, however, and as you know quite rapidly; in accordance with our past procedures for the pricing of U.S. issues we would discuss the market conditions with you in detail immediately prior to the overall cost limitations which you would set in December.

HCH
Chron
JCV

SECOND DRAFT: EHRotberg:jcv
November 18, 1975

SAMA
JEDDAH

(SAUDI ARABIA)

ATTENTION: AHMED ABDULLATIF

THIS REFERS TO YOUR TELEX OF NOVEMBER 18 STOP WE ARE PLEASED THAT YOU HAVE ACCEPTED A RATE OF 8.25 PERCENT FOR ONE HUNDRED MILLION OF A TEN-YEAR WORLD BANK OBLIGATION DENOMINATED IN U.S. DOLLARS STOP

WITH RESPECT TO YOUR COMMENTS ON SWISS FRANCS, WE HAVE THE FOLLOWING COMMENTS:

FIRST: WE REPEAT AGAIN THAT WE HAVE RECENTLY COMPLETED AN ISSUE OF A FIFTEEN-YEAR MATURITY ~~AT~~ A YIELD TO PUBLIC OF 7.61 AND A PRIVATE PLACEMENT FOR FIVE YEARS TO ANOTHER OPEC MEMBER AT 7.5 PERCENT STOP WE HAVE, ALSO, AS YOU OBSERVED IN YOUR CABLE, RECENTLY ARRANGED FOR A SIX-YEAR PRIVATE PLACEMENT WHICH YIELDS INVESTOR 7.61 FOR A SIX-YEAR MATURITY STOP HOWEVER, WE HAVE, WITHIN RECENT FORTNIGHT, RECEIVED TWO MORE OFFERS FROM SWISS BANKS ONE OF WHICH WE ARE LIKELY TO ACCEPT WHICH WILL PROVIDE YIELD TO PUBLIC ON SEMI-ANNUAL BASIS OF BETWEEN 7.35 AND 7.50 PERCENT FOR MATURITIES OF FIVE TO SEVEN YEARS STOP

FURTHER, WHILE THE WORLD BANK DOES HAVE EXPENSES IN CONNECTION WITH THESE PLACEMENTS, ~~WE~~ WE BELIEVE THE APPROPRIATE STANDARDS SHOULD BE YIELD TO INVESTOR STOP IT WOULD SEEM QUITE UNFORTUNATE FOR THE WORLD BANK TO MAKE PRIVATE PLACEMENTS AND HAVE TO ABSORB SUBSTANTIAL UNDERWRITING COSTS IF IN FACT THESE PLACEMENTS ARE DONE DIRECTLY WITH RELATIVELY FEW MAJOR GOVERNMENTS WHO ARE SHAREHOLDERS OF THE BANK STOP OUR DIFFICULTIES WOULD BE COMPOUNDED IF SUCH ADDITIONAL COSTS WERE USED AS BASIS FOR DIRECT PLACEMENT WITH OFFICIAL

INSTITUTIONS STOP QUITE APART FROM THIS HOWEVER, WE ALSO OBSERVE THAT IN OUR RECENT THREE SWISS FRANC ISSUES AND OUR PROPOSED SWISS FRANC ISSUE EVEN THE COSTS INCLUDING UNDERWRITING AND MANAGEMENT COSTS TO US ARE BELOW 8 PERCENT STOP

FURTHER, WE FEEL THAT AN 8 PERCENT YIELD FOR PLACEMENT OF A TEN-YEAR SWISS FRANC MATURITY WOULD BE OFFERING INVESTORS A YIELD HIGHER THAN MARKET, WHICH IN TURN WOULD CREATE SERIOUS DIFFICULTIES FOR US, BOTH WITH NATIONAL GOVERNMENT AUTHORITIES IN SWITZERLAND AS WELL AS WITH PRIVATE COMMERCIAL BANKS STOP NONETHELESS, IN AN EFFORT TO RESOLVE AND EXPEDITE THIS MATTER, WE ARE PREPARED TO OFFER A WORLD BANK OBLIGATION OF A TEN-YEAR MATURITY DENOMINATED IN SWISS FRANCS AT A YIELD OF 7.75 PERCENT PAYABLE SEMI-ANNUALLY STOP WE HOPE THAT YOU CAN ACCEPT THIS PROPOSAL STOP

WITH RESPECT TO THE DEUTSCHE MARK PROPOSAL, THIS IS TO ADVISE THAT THE WORLD BANK REJECTED THE DM PROPOSAL REFERRED TO IN YOUR CABLE WHICH WAS OFFERED TO THE EUROPEAN INVESTMENT BANK BECAUSE OF ITS HIGH COST STOP THIS IS TO ADVISE THAT WE HAVE RECEIVED A COUNTER PROPOSAL FROM OUR UNDERWRITERS IN GERMANY, WHICH HAS BEEN APPROVED BY THE GOVERNMENT AUTHORITIES, FOR A SEVEN-YEAR PUBLIC ISSUE IN DEUTSCHE MARK WHICH WILL YIELD TO THE INVESTOR APPROXIMATELY 7.95 PERCENT ON A SEMI-ANNUAL YIELD EQUIVALENT BASIS STOP

FURTHER, OUR COMMISSIONS ARE LESS THAN THAT SET FORTH IN YOUR CABLE STOP WE, THEREFORE, BELIEVE THAT THE 8 PERCENT OFFER FOR A TEN-YEAR BOND IS NOT INAPPROPRIATE STOP NONETHELESS, IN AN EFFORT TO EXPEDITE THIS MATTER AND RECOGNIZING THE ADVANTAGE TO YOU OF A SHORTER MATURITY, WE ARE PREPARED TO CHANGE THE PROPOSAL TO ONE HUNDRED MILLION DEUTSCHE MARK AT 8 PERCENT, PAYABLE SEMI-ANNUALLY, WITH A MATURITY OF EIGHT YEARS STOP HERE, TOO, WE BELIEVE THAT A HIGHER RATE WOULD CREATE SERIOUS PROBLEMS FOR THE WORLD BANK, WITH GERMAN GOVERNMENT AUTHORITIES AND WITH OUR UNDERWRITERS AT ANY HIGHER YIELD STOP

I SINCERELY HOPE THAT, IN THE INTEREST OF FACILITATING OUR *MUTUAL*
DEVELOPMENT EFFORTS, YOU CAN ACCEPT THESE PROPOSALS STOP ALL THE FOREGOING,
OF COURSE, 'IS SUBJECT TO APPROVAL OF OUR BOARD OF EXECUTIVE DIRECTORS AND
THE NECESSARY APPROVAL OF GOVERNMENT AUTHORITIES STOP KINDEST REGARDS
STOP

CARGILL
INTBAFRAD

Rotberg:jcv

Chrou

DRAFT: EHRotberg:jcv
November 18, 1975

Proposed Transaction With SAMA

<u>Our Offer</u>			<u>SAMA Counter Offer</u>		
Amount and Currency		\$150 million			\$100
	SwF	300 million	SwF		300
	DM	<u>300 million</u>	DM		<u>100</u>
		\$372 equivalent			\$246 equivalent, and another \$50 million invested in IBRD public issues "to be made during 1976."

Rate and
Maturity

\$	8.25% (10 years)	Agreed	\$
SwF	7.625% (10 years)	8% - SwF (10 years)	
DM	8% - (10 years)	8.5% - DM (8 years)	

* * *

Our Recent Issues

	SwF	SwF	SwF
Yield to investor	7.61	7.50 (Libya)	7.61
Cost to Bank	8.11	7.50	7.99
Maturity	15	5	6

Our Forthcoming Issues

	SwF	DM
Yield to investor	7.36-7.48	7.94
Cost to Bank	7.74-7.86	8.34
Maturity	5	7



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C. 20433, U.S.A.

Chron

November 18, 1975

AIR MAIL

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank of
Japan, Limited
Tokyo, Japan

Dear Mr. Suzuki:

Thank you very much indeed for the October
IBJ Bond Market Report. We continue to find these
reports most interesting and we appreciate your
thoughtfulness and consideration in sending them to
us.

With best regards, I am

Sincerely,

Eugene H. Rotberg
Treasurer

cc: YP (with attachment)



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



November 11, 1975

Mr. Fred A. Little
Shaw, Pittman, Potts
& Trowbridge
910 17th Street, N.W.
Washington, D.C. 20006

Dear Fred:

I have just received the announcement
about your new affiliation with Shaw, Pittman,
Potts & Trowbridge. Congratulations and best
of luck.

Please give our love to Erica and
keep in touch.

Best regards,

Eugene H. Rotberg
Treasurer

MR. P. TAVAKOLI
DIRECTOR GENERAL
FOR HIGH BOARD FINANCE DIVISION
MINISTRY OF ECONOMIC AFFAIRS AND FINANCE
TEHRAN

NOVEMBER 13, 1975

TELEX

344.2435

IRAN

REUR TELIR OF NOVEMBER 5 2223-596/0002/42 CONCERNING INTEREST PAYMENT OF
TRUNKS II OF 8% LOAN OF 1974 STOP ACCORDING TO ACCEPTED INTERNATIONAL FINANCIAL
PRACTICE INTEREST PAYMENTS FALLING DUE ON A WEEKEND ARE PAYABLE WITHOUT ACCRUAL
INTEREST ON THE NEXT FOLLOWING BUSINESS DAY STOP FOLLOWING THIS PRACTICE AN AMOUNT
OF \$4,000,000 WOULD BE PAYABLE BY US ON MONDAY NOVEMBER 27, 1975 STOP PLEASE
ADVISE URGENTLY WHETHER THIS PROCEDURE WOULD BE CONTRARY TO IRANIAN LAW UNDER
OTHERS THE BORROWING CONTRACT OF THE ABOVE OPERATION STOP BEST REGARDS

RODERS
TEHRAN

WILLIAM H. RODERS

TEHRAN

cc: Mr. Roders ✓
Mr. Dooly

WHD:ls



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 10, 1975

Dear Bob and Cathy:

It was most kind of you to send us an announcement of the marriage of your daughter, Barbara. Congratulations and best wishes for happiness to you, Barbara and her husband.

Please keep in touch.

Kindest regards,

Gene and Iris Rotberg

Mr. and Mrs. Robert W. Haack
10845 Pleasant Hill Drive
Potomac, Maryland 20845



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



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Eugene H. Rotberg
Treasurer

*chron
personal*



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



November 6, 1975

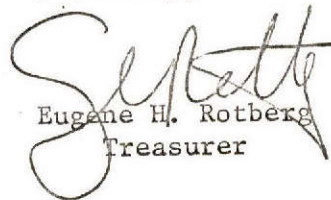
Mr. Dieter E. Krummenacker
Representative
Union Bank of Switzerland
14 Wall Street
New York, N.Y. 10005

Dear Mr. Krummenacker:

I want to thank you and your colleagues
for the very beautiful 1976 Almanac. It was
most kind and thoughtful of you to remember me.

Please accept my best wishes for a happy
and satisfying New Year.

Sincerely,


Eugene H. Rotberg
Treasurer

*chron
personal*



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



November 6, 1975

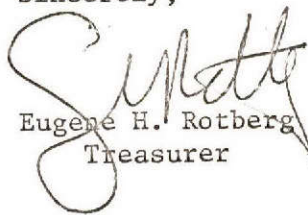
Mr. Urs Schild
Vice-President
Union Bank of Switzerland
Bahnhofstrasse 45
8021 Zurich, Switzerland

Dear Mr. Schild:

I want to thank you and your
colleagues for the very beautiful 1976
Almanac. It was most kind and thoughtful
of you to remember me.

Please accept my best wishes for
a happy and satisfying New Year.

Sincerely,


Eugene H. Rotberg
Treasurer

INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: HIS EXCELLENCY
SHEIKH KHALED M. ALGOSAIBI
VICE GOVERNOR SAMA
MARKAZI
JEDDAH

DATE: NOVEMBER 4, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (SAUDI ARABIA)

TEXT:
Cable No.:

TO FOLLOW OUR RECENT DISCUSSIONS IN JEDDAH I WOULD LIKE TO ADVISE THAT THE YIELDS ARE DECLINING IN THE U.S. MARKET AFTER RECENT POLICY CHANGES BY THE FEDERAL RESERVE STOP RATES ARE PRESENTLY CONTINUING THEIR DECLINE OF THE LAST MONTH WHICH HAS SEEN SHORT-TERM RATES DROP BY OVER 150 BASIS POINTS STOP CURRENT RATES ARE AS FOLLOWS:

<u>FIVE YEARS</u>	<u>YIELD</u>
U.S. GOVERNMENT ISSUES	7.50%
CORPORATE ISSUES (EXXON)	7.85%
<u>SEVEN YEARS</u>	
U.S. GOVERNMENT ISSUES	7.82%
CORPORATE ISSUES (GENERAL MOTORS)	8.05%
<u>TWENTY-FIVE YEARS</u>	
U.S. GOVERNMENT ISSUES	8.21%

IN CONSIDERATION OF CURRENT MARKET, WE ARE PREPARED TO OFFER A RATE OF 8.25% FOR TEN-YEAR

(continued)

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME I.P.M. CARGILL

DEPT. VICE PRESIDENT, FINANCE

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHROTberg/ELFishawy:emk

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OUTGOING WIRE

TO: HIS EXCELLENCY
SHEIKH KHALED M. ALGOSAIBI
VICE GOVERNOR SAMA
MARKAZI
JEDDAH

DATE: NOVEMBER 4, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (SAUDI ARABIA)

TEXT:
Cable No.:

PAGE TWO

~~XXXXXXXX~~

OBLIGATION DENOMINATED IN U.S. DOLLARS STOP FOLLOWING OUR DISCUSSIONS WITH YOUR ADVISORS I HAVE BEEN INQUIRING CONCERNING FREE MARKETABILITY OF IBRD OBLIGATIONS, PLACED PRIVATELY AND HAVE BEEN ASSURED BY U.S. AUTHORITIES THAT THERE ARE NO LEGAL OR OTHER RESTRICTIONS LIMITING FREE MARKETABILITY OF SUCH OBLIGATIONS SHOULD YOU WISH TO SELL OR OTHERWISE DISPOSE OF THEM. FURTHER, THE BONDS WOULD BE ISSUED IN A FORM AND DENOMINATIONS WHICH WOULD PERMIT THEIR READY TRANSFER, SALE, AND MARKETABILITY IN THE U.S. BOND MARKET STOP FURTHER, WITH RESPECT TO SWISS FRANCS, THIS IS TO ADVISE THAT WORLD BANK HAS JUST CONCLUDED PUBLIC ISSUE WITH 15-YEAR MATURITY TO YIELD PUBLIC 7.61% ON SEMIANNUAL INTEREST BASIS AND HAS CONSUMMATED FIVE-YEAR PRIVATE PLACEMENT AT 7-1/2% STOP THEREFORE, WE ARE PREPARED TO OFFER IN SWISS FRANCS A RATE OF 7.625% FOR TEN-YEAR OBLIGATION STOP

FINALLY, WITH RESPECT TO DEUTSCHE MARK, WE ARE PREPARED TO OFFER INTEREST RATE OF 8% PAYABLE SEMIANNUALLY FOR TEN-YEAR OBLIGATION STOP

WE PROPOSE TRANSACTIONS COMPRISE 300 MILLION DEUTSCHE MARK COMMA 300 MILLION SWISS

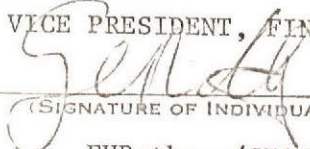
(continued)

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TO: HIS EXCELLENCY
SHEIKH KHALED M. ALGOSAIBI
VICE GOVERNOR SAMA
~~MARKAZI~~ MARKAZI
JEDDAH

DATE: NOVEMBER 4, 1975

CLASS OF TELEX
SERVICE: X-2213

COUNTRY: (SAUDI ARABIA)

TEXT:
Cable No.:

PAGE THREE

FRANCS AND 150 MILLION U.S. DOLLARS STOP WE WOULD VERY MUCH APPRECIATE
YOUR AGREEMENT IN PRINCIPLE WITH FOREGOING IN VIEW OF CURRENT DECLINING
RATES ^{STOP} ALL SUBJECT OF COURSE TO NECESSARY GOVERNMENT AND BOARD OF
EXECUTIVE DIRECTORS APPROVALS STOP PLEASE ADVISE STOP

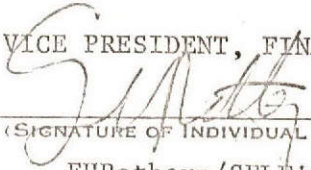
CARGILL AND ROTBERG
INTBAFRAD

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AUTHORIZED BY:

NAME I.P.M. CARGILL

DEPT. VICE PRESIDENT, FINANCE

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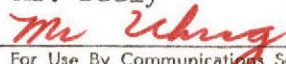
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cc: Mr. Cargill (2)
Mr. El Fishawy
Mr. Rotberg
Mr. Hittmair
Mr. Deely


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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: (1) MR. BADR AL-DAOUD — (TELEX
CHAIRMAN 2115-CR4340 KUWAIT)
ESTITHMAR
KUWAIT

DATE: NOVEMBER 4, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (KUWAIT)

~~TEXT~~
~~CABLE~~ (2) MR. KHALED ABOU AL-SAOUD
ADVISER
DIRECTOR OF INVESTMENTS
MINISTRY OF FINANCE
KUWAIT
(KUWAIT)

TO FOLLOW ON OUR RECENT DISCUSSIONS IN KUWAIT I WOULD LIKE TO ADVISE THAT YIELDS
ARE DECLINING IN THE U.S. MARKET AFTER RECENT POLICY CHANGES BY THE FEDERAL RESERVE
STOP RATES ARE PRESENTLY CONTINUING THEIR DECLINE OF THE LAST MONTH WHICH HAS SEEN
SHORT-TERM RATES DROP BY OVER 150 BASIS POINTS STOP CURRENT RATES ARE AS FOLLOWS:

FIVE YEARSYIELD

U.S. GOVERNMENT ISSUES 7.50%

CORPORATE ISSUES (EXXON) 7.85%

SEVEN YEARS

U.S. GOVERNMENT ISSUES 7.82%

CORPORATE ISSUES (GENERAL MOTORS) 8.05%

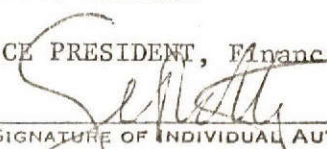
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AUTHORIZED BY:

NAME I.P.M. CARGILL

T. VICE PRESIDENT, Finance

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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: (1) MR. BADR AL-DAOUD (TELEX 2115-CR4340 DATE: NOVEMBER 4, 1975
CHAIRMAN ~~XXXXXXXX~~ KUWAIT)
ESTITHMAR
KUWAIT CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (KUWAIT)

PAGE TWO

TEXT: (2) MR. KHALED ABOU AL-SAOUD
Cable No.: ADVISER
DIRECTOR OF INVESTMENTS
MINISTRY OF FINANCE
KUWAIT

(KUWAIT)

PAGE TWOTWENTY-FIVE YEARSYIELD

U.S. GOVERNMENT ISSUES

8.21%

IN CONSIDERATION OF CURRENT MARKET, WE ARE PREPARED TO OFFER A RATE OF 8.25% FOR
TEN-YEAR OBLIGATION AND A RATE OF 8% FOR SEVEN YEAR AVERAGE LIFE MATURITY, BOTH OBLIGATIONS
DENOMINATED IN U.S. DOLLARS, SUBJECT OF COURSE TO NECESSARY APPROVAL BY OUR BOARD OF
EXECUTIVE DIRECTORS STOP

WE HAVE BEEN ASSURED BY U.S. AUTHORITIES THAT THERE ARE NO LEGAL OR OTHER
RESTRICTIONS LIMITING FREE MARKETABILITY OF SUCH OBLIGATIONS SHOULD YOU WISH TO SELL OR
OTHERWISE DISPOSE OF THEM STOP FURTHER, THE BONDS WOULD BE ISSUED IN A FORM AND
DENOMINATIONS WHICH WOULD PERMIT THEIR READY TRANSFER, SALE AND MARKETABILITY IN THE
U.S. BOND MARKET STOP PLEASE ADVISE STOP ELFISHAWY WILL TRY TO PHONE YOU DURING NEXT
THREE DAYS STOP WARM REGARDS

CARGILL/ELFISHAWY
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME I.P.M. CARGILL

DEPT. VICE PRESIDENT, FINANCE

SIGNATURE 
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cc: Mr. Cargill (2)
Mr. El Fishawy
Mr. Rotberg
Mr. Hittmair
Mr. Deely


For Use By Communications Section



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C. 20433, U.S.A.



November 3, 1975

Mr. Michio Sakurai
Assistant Chief Manager
International Division
The Fuji Bank, Limited
Tokyo, Japan

Dear Mr. Sakurai:

Thank you for your letter of October 23
enclosing information on "Interest Rates in
Japan." We appreciate your thoughtfulness in
supplying us with this information, which we
find most interesting and useful.

Best regards.

Sincerely,


Eugene H. Rotberg
Treasurer

EMK/

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: OCTOBER 31, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION: MR. MAEDA

HAVE TODAY SENT FOLLOWING TELEX TO BANK OF JAPAN

QUOTE

ATTENTION: MR. FUJIMOTO AND MR. HAYAMI

PRIMO

WE AGREE IN PRINCIPLE TO BUY DIRECT OBLIGATIONS OF THE
JAPANESE GOVERNMENT FOR OUR INVESTMENT PORTFOLIO AND
AWAIT FORMAL AGREEMENT SETTING FORTH ARRANGEMENTS STOP

SECUNDO

AT ANY TIME CONVENIENT TO YOU WE HEREBY AUTHORIZE YOU
TO SWITCH ALL OR ANY GOVERNMENT GUARANTEED OBLIGATIONS
IN YEN INTO DIRECT GOVERNMENT OBLIGATIONS MATURING IN
TWO TO THREE YEARS WITH UNDERSTANDING THAT THE OBLIGATIONS
SO PURCHASED CARRY YIELDS TO MATURITY NO LOWER THAN THE
MARKET YIELDS ON SECURITIES SOLD STOP

BEST REGARDS ROTBERG
INTBAFRAD

UNQUOTE

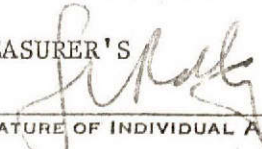
BEST REGARDS ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

EPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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cc: Mr. Gabriel
Mrs. Hao
Mr. Hittmair
Mr. Schielke
Mr. De Boeck (2)

For Use By Communications Section

Checked for Dispatch

OUTGOING WIRE

TO: NIPPONGINK
TOKYO

DATE: OCTOBER 31, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION: MR. FUJIMOTO AND MR. HAYAMI

PRIMO WE AGREE IN PRINCIPLE TO BUY DIRECT OBLIGATIONS OF
THE JAPANESE GOVERNMENT FOR OUR INVESTMENT PORTFOLIO
AND AWAIT FORMAL AGREEMENT SETTING FORTH ARRANGEMENTS
STOP

SECUNDO AT ANY TIME CONVENIENT TO YOU WE HEREBY AUTHORIZE
YOU TO SWITCH ALL OR ANY GOVERNMENT GUARANTEED
OBLIGATIONS IN YEN INTO DIRECT GOVERNMENT OBLIGATIONS
MATURING IN TWO TO THREE YEARS WITH UNDERSTANDING
THAT THE OBLIGATIONS SO PURCHASED CARRY YIELDS TO
MATURITY NO LOWER THAN THE MARKET YIELDS ON SECURITIES
SOLD STOP TEST 416

BEST REGARDS

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TITLE, TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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cc: Mr. Gabriel Mrs. Hao
Mr. Hittmair
Mr. Schielke
Mr. De Boeck (2)

For Use By Communications Section

Checked for Dispatch

OFFICE MEMORANDUM

TO: Mr. Ralph Hanan, Personnel Department

FROM: Eugene H. Rotberg, Treasurer *ER*

SUBJECT: SUSAN FREIER GOODRICH

DATE: October 31, 1975

I am attaching hereto some background information on Susan Freier Goodrich. She has been referred to me by friends who recommend her highly. As you can see, she speaks Swahili, French and English and has had considerable background in Africa and the Indian subcontinent. She will receive her MBA from the Wharton School majoring in Finance and Multinational Development.

It will be most appreciated if you could send her a Personnel Application Form and perhaps arrange to see her. I do not know her age but I suspect she might be, alas, 31.

Thank you very much.

Attachments: 2

EHRotberg:emk

OFFICE MEMORANDUM

TO: Mrs. Muriel Lee

FROM: Edith M. Kesterton *EMK/*

SUBJECT: Future Travel - Treasurer's Department

DATE: October 31, 1975

Mr. Rotberg

Mr. Rotberg will be in New York Wednesday afternoon (Nov. 5) and Thursday (Nov. 6);

He will be in Paris November 12 through 14 where he will attend the OECD Capital Markets Committee Meetings.

Mr. Hittmair

Mr. Hittmair has no travel plans at the present time.

EMK/



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

October 31, 1975

Mr. Jürgen Minske
Senior Vice President - Manager
Westdeutsche Landesbank Girozentrale
New York Branch
450 Park Avenue
New York, New York 10022

Dear Mr. Minske:

This is to express my appreciation to you for the expeditious handling of the borrowing operation we discussed before my departure to the Far East. I would like to thank you in particular for the efficient resolution of a few minor problems in the preparatory stage of the transaction. I am delighted that we were able to complete this operation and thus add a new facet to our long and valuable relationship with the Westdeutsche Landesbank.

Very truly yours,


Eugene H. Rotberg
Treasurer

CC: HCLH

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 29, 1975

FROM: Eugene H. Rotberg SUBJECT: U.S. BOND MARKET

In the last several days, I have spoken to Morgan Stanley, First Boston and Salomon Brothers about the possibility of an issue in the U.S. market. The consensus is as follows:

5 years	8.25%:	Cost to the Bank 8.40%
10 years	8.50%:	Cost to the Bank 8.62%
21 years	9.00/9.10%:	Cost to the Bank 9.11/9.21%

Size: Morgan Stanley believes that a total of \$500 million could be done with no more than \$250 million in any one maturity. First Boston recommends against doing a 5 or 10-year issue because they believe the market is already saturated with \$1 billion of our issues in these maturities sold this year. They recommend only the long-term issue of \$250 million. I am inclined to a long-term issue with a possibility of adding a 5 or 10-year issue if we were to do the operation in January at the time of the maturity of our first five-year issue.

Timing: I think there is room for some market improvement in the long-term market, but not much. I think that rates will be higher by the beginning of next calendar year. The reason for my pessimism is that much of the recent substantial market improvement is actually due to the distress over New York City obligations. In the last several weeks, the Federal Reserve Board has been increasing the money supply and has let it be known that, if New York City were to default, they would lower the Federal funds rates and would take other steps to supply money to the banking community. Since business loan demand has not risen, this has made available to the banks substantial resources and has provided the base for the recent bond market improvement.

* * *

There is one matter which I believe should be taken up as soon as possible -- and certainly prior to the time of an actual bond issue. Salomon Brothers is not a manager of our long-term issues. They should be. They are the largest market maker for our long-term bonds in the secondary market even though they have no responsibility for those issues. Their overall placing power and expertise is without question. I have discussed this matter with Morgan Stanley and, while they would not like both Merrill Lynch and Salomon Brothers to be added as managers, I believe they would "accept" Salomon Brothers as an appropriate addition to our managing syndicate--though not happy about the prospect.

I also would suggest that we invite both Merrill Lynch and Goldman Sachs as "special bracket" underwriters. This bracket, which is directly

Mr. Robert S. McNamara

- 2 -

October 29, 1975

below the managers, but which offers more participation than the other "major underwriters," usually consists of two to five firms who, while not managers, have special placing power and expertise. These two firms are generally recognized as the next two strongest firms for placing bonds--in categories not generally tapped by our other managers. By creating a "special bracket" consisting of Merrill Lynch and Goldman Sachs, it would provide an increased base of potential customers and strong market makers in the secondary market. If you would agree, I would like to discuss these matters with the major parties.

cc: Mr. Cargill
Mr. Goodman

EHRotberg:emk



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U. S. A.



October 28, 1975

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank of New York
33 Liberty Street
New York, N.Y. 10045

Dear Alan:

I am enclosing herewith for your information the following documents which have been approved by our Board of Executive Directors:

- (1) R75-201 issued in connection with our private borrowing from the Deutsche Girozentrale-Deutsche Kommunalbank;
- (2) R75-206 issued in connection with our proposed 7-3/4% Swiss Franc Bond Issue of 1975, due 1990;
- (3) R75-207 issued in connection with our proposed borrowing in Libya; and
- (4) R75-208 issued in connection with our proposed private borrowing from the Westdeutsche Landesbank Girozentrale, New York Branch

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Rotberg".

Eugene H. Rotberg
Treasurer

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: OCTOBER 28, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (FRANCE)

TEXT:
Cable No.:

FOR LEHALLE, SECRETARY TO MR. CARRIERE
REOURTELEX OCTOBER 23 ROTBERG DELIGHTED TO ACCEPT LUNCHEON INVITATION
OF PIERRE HAAS REGARDS

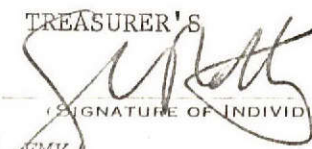
KESTERTON

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AUTHORIZED BY:

NAME EUGENE H. ROTBERG

TREASURER'S

SIGNATURE 
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(3-76)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

1) *EMK*
2) *Chom*
INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: NOMURASH
TOKYO

DATE: OCTOBER 23, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION: MR. TADASHI ISHIDA, EXECUTIVE MANAGING DIRECTOR
THANKS YOUR TELEX CONTAINING INFORMATION REGARDING REDUCTION IN
OFFICIAL DISCOUNT RATES, STOP REGARDS

HITTMAIR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAIR

EPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
PARIS

DATE: OCTOBER 23, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (FRANCE)

TEXT: FOR LEHALLE, SECRETARY TO MR. CARRIERE
Cable No.:

REURTELEX ROTBERG PRESENTLY IN JAPAN AND WILL RETURN TO OFFICE
TWENTYEIGHTH STOP WILL ADVISE RE LUNCHEON INVITATION IMMEDIATELY
UPON HIS RETURN STOP REGARDS

XXXX KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAN

T. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: OCTOBER 16, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT: FOR MR. SAKAI
Cable No.:

REURTELEX TODAY ROTBERG STAYING IMPERIAL HOTEL REGARDS

KESTERTON
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME R. E. DEELY

DEPT. TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: OCTOBER 16, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT: FOR MR. SAKAI
Cable No.:

REURTELEX TODAY ROTBERG NOW ENROUTE TO JAPAN AND SCHEDULED TO
ARRIVE TOKYO SUNDAY OCTOBER 19 AT 1605 PANAMERICAN FLIGHT 831
REGARDS

N
KESTERTON
SECRETARY TO MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME H. C. HITTMAN

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

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(IMPORTANT: See Secretaries Guide for preparing form)

Checked for Dispatch

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 15, 1975

FROM: Eugene H. Rotberg *ER*SUBJECT: EUROMARKETS

I know you probably have too much to read, but I thought you might be interested in the note I prepared about a month ago on the differences between the Eurocurrency, Eurocredit and Eurobond markets. The note, of course, is a distillation of more extensive papers which analyzed each of these markets in detail.

Ray Goodman tells me that you raised a question about the rate differential between U.S. domestic bonds and Eurobonds of the same maturity and quality. There are several explanations:

(1) Until January 1974, when the U.S. Government removed the three controls on capital outflows (the Interest Equalization Tax, the Foreign Direct Investment Program, and the Voluntary Foreign Credit Restraint Program), U.S.-based companies were not permitted to transfer funds abroad from their U.S. operations. Therefore, when these U.S. companies wished to invest in foreign facilities, they were required to finance such operations from borrowings outside the United States. The most efficient way for the U.S. companies to raise funds abroad was to float Eurobond issues. Since there were more borrowers than investors in the Eurobond market (in part due to a reluctance of Europeans to hold dollar-denominated assets) Eurobond yields were higher and sometimes substantially so, than the yields for bonds issued by similar U.S. corporations in the United States. U.S. investors on the other hand were effectively blocked from purchasing these bonds by the imposition of the Interest Equalization Tax. Therefore, a rate differential developed.

(2) Since the removal of these controls in January last year, however, American companies have been free to borrow in the United States and transfer these funds abroad. As a result, there has been drastic reduction in U.S. corporate Eurobond issues; the vacuum in the Eurobond market has been largely filled by non-U.S. borrowers and by lesser-quality U.S. borrowers. Due to relative scarcity of U.S. corporate Eurobonds, Eurobond investors have been willing to pay somewhat more for U.S. corporate Eurobonds than non-U.S. Eurobonds. Hence, in general the yield on U.S. corporate Eurobonds is lower than that on comparable quality non-U.S. Eurobonds. The dollar denominated Eurobond market has also improved as compared to the U.S. domestic bond market because of the strength of the U.S. dollar vis-a-vis other currencies, which does not affect bond yields in the domestic U.S. market.

October 15, 1975

(3) As a result of the foregoing, during the past year some less-than-prime U.S. companies (usually with a U.S. credit rating of A or below) are accepted in the Eurobond market at a total cost which has been somewhat less than their comparable cost in the U.S. market. U.S. investors are simply more choosy, have more to choose from and are now more risk averse. Other apparently high-quality borrowers - France, Japan, EIB, can also market their obligations in the Eurobond market at yields below those prevailing in the U.S. This situation prevails because U.S. investors, unlike European investors, require a substantial premium for bonds which have poorly-developed secondary markets and/or which are "foreign" in character, or where there are other, more familiar alternatives to choose from (AT&T is more attractive than Electricite de France to the Metropolitan Life Insurance Company.) Finally, foreign government obligations, as compared to U.S. Government bonds, are poor investments for commercial banks, i.e. they are fully taxable, cannot collateralize borrowings from the Federal Reserve Bank, there is no official open market support, etc. Therefore, for these borrowers Eurobond issues are less costly than a U.S. domestic issue. On the rare occasion when such borrowers come to the United States, they are excellent buys and very high-yielding investments.

(4) On the other hand, prime U.S. corporations rarely now issue dollar-denominated Eurobonds because: (1) the Eurobond market is smaller than the U.S. bond market; it therefore can digest only a relatively small issue with an average amount of about \$30 million; (2) the underwriting commissions are two to three times higher than those for the prime issuers such as the World Bank in the U.S. market; (3) the secondary Eurobond market is so narrow that price fluctuations of Eurobonds are much wider than those of U.S. bonds; and (4) the maturity of Eurobonds is substantially shorter than that in the U.S. bond market. The maximum maturity is now about 7 years. Therefore, the best borrowers market their bonds in the U.S. It could be a sign of considerable weakness in their credit standing if they chose the Eurobond market.

. . .

I am leaving for Japan tomorrow morning. Perhaps we can talk about these matters when I get back.

Attachment

EHRotberg:emk

D R A F T
EHRotberg:emk
September 22, 1975

THE EUROMARKET

Introduction

The Eurocurrency, Eurocredit and Eurobond market comprise the international financial market known as the Euromarket. The transaction currencies in the Euromarket are the major trading currencies - U.S. dollars, Deutsche mark, Sterling, Swiss francs, French francs, etc. The special aspect which characterizes the Euromarket is the fact that transactions are consummated in currencies outside the country of origin of the currency. The market's importance increased in the 1960's largely in response to capital market restrictions applicable to both borrowers and investors in domestic capital markets. The Euromarket is relatively unregulated, as compared to domestic capital markets, except through business judgment and competition between participants.

There are differences, however, among the three Euromarkets. The Eurocurrency market is almost exclusively a short-term money market; deposits and borrowings typically mature in less than one year; deposits initially are made by investors who seek a return on their short-term liquid assets. Eurobanks borrow from each other in the Eurocurrency market much in the manner as their domestic operations, to supplement their resources to meet liquidity needs. The interest rate charged among banks is referred to as the "interbank" rate.

The Eurocredit market describes the market for medium-term loans made by the Eurobanks. The interest rate on these loans is reset at fixed intervals - usually every three or six months. The rate to borrowers is

normally set at a negotiated spread over the prevailing "interbank" rate in the Eurocurrency market. The spread over the "interbank" rate reflects the lenders' evaluation of the credit risk and the effect of competition for business by competing institutions. The lenders in the Eurocredit market are primarily banks; the borrowers are primarily ultimate users of loans, i.e., corporations, public agencies or governments. These Eurocredit loans, unlike domestic bank loans, are generally extended by a large group of banks from many countries to each borrower. This results in a spreading of risk across banks and national borders with no one bank ordinarily taking more than 10-15% of the credit. The banks agree to extend the credit for a fixed term - usually 5 to 7 years.

Eurobonds have many of the same characteristics as domestically issued bonds. They are sold through underwriting syndicates; the bonds are listed and traded on stock exchanges; the interest rates are fixed and the price of the bonds fluctuates in response to changes in interest rates. However, unlike domestically issued bonds, Eurobonds are sold to an international clientele of investors across national boundaries through an underwriting syndicate comprising financial intermediaries also from many countries. Regulatory disclosure requirements are minimal as compared to the disclosure requirements in national capital markets. No approval of any government or "unofficial" agency is required as a condition to market the issue. This latter characteristic distinguishes Eurobonds from foreign bonds which are bonds issued by non-resident borrowers in the domestic capital market of a particular country, under the laws and regulations of that country, including, in some countries, formal and informal controls regulating market access by non-resident borrowers. Foreign bonds are

underwritten and sold by national underwriting and selling syndicates composed usually exclusively of domestic financial institutions of the country whose currency is used to denominate the issue.

Recent Developments in the Euromarkets

The following table shows the volume of Eurocredits, Eurobonds and Foreign Bonds in the last five and a half years:

New Volumes of Publicized Eurocredits, Foreign Bonds and Eurobonds
(in millions of U.S. dollars)

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u> <u>1st Half</u>
Eurocredits	4,720	3,963	6,860	22,023	28,624	7,814
Eurobonds	3,522	4,246	6,928	4,600	4,511	5,498
Foreign Bonds	2,446	3,491	4,385	5,314	7,776	4,764

NOTE: Prepare Table also by currencies.

The table shows a significant increase in the volume of Eurocredits in 1973 and 1974. The 1973 increase occurred as a result of a sharp decline in interest rates which attracted borrowers to the market who could not borrow in the national capital markets of other countries. The 1974 volume increased further, despite increasing interest rates, as a result of the infusion of short-term OPEC deposits in London Eurobanks. These banks, in turn, "recycled" the deposits by relending in the Eurocredit market. Since the deposits were short, the vehicle for relending was the Eurocredit--a term loan but with a floating interest rate, as described above, which would be reset periodically to fit the maturity structure and costs of the deposits. In 1975, the volume of the Eurobond market during the first half of the year was running at an annual rate of \$11 billion, considerably higher than the previous record volume of about \$7 billion in 1972. The revival of the Eurobond market commenced

last winter as the deepening recession reduced short-term rates in the Euro-currency market--particularly in dollars--thus restoring a positively-sloped yield curve and the attractiveness of the Eurobond market to international investors. In contrast, the volume of Eurocredits in the first half of 1975 was running at an annual rate of \$15.6 billion, considerably lower than the volume in 1973 and 1974. This decline was due to the lingering aftereffect of the Eurobanking crisis in the summer of 1974 caused by several bank failures and increased controls over lending by parent banks; the risks involved in resetting rates to borrowers only once every three or six months in the face of a much shorter maturity structure for their deposits; and a growing reluctance to maintain balance-of-payments loans at previous volumes because of creditworthiness considerations.

Potential of the Euromarkets to the World Bank

There are several reasons why the Bank has not borrowed in the Eurobond market.

First, the market for dollar-denominated bonds has consistently been more expensive for the Bank than the capital market in the United States for the same maturity. The Bank generally had access to the U.S. capital market and to the market for other currencies at lower costs. Other issuers have used the Eurobond market because capital market restrictions in the United States from time to time prevented their access to the U.S. market; because of the unwillingness or inability of certain issuers to meet the disclosure requirements required by the U.S. Securities and Exchange Commission, and in some cases because of the limited acceptability of their credit in the United States capital market. These issuers were, therefore, prepared to pay

the additional costs required for dollar-denominated Eurobond issues. ^{1/}
In addition, most issuers, including governments, had extremely limited access to national capital markets outside their own country.

Secondly, the Eurobond market is a relatively small market. Typical issues are \$25 to \$50 million; it is highly unlikely that the Bank could be a consistent borrower in substantially greater amounts.

Third, there was and is a concern that if the Bank were to enter the Eurobond market through dollar-denominated bond issues at higher costs and in rather limited amounts, these issues would inevitably compete for funds in the United States and could result in increasing the interest rates we would have to pay for our issues in the United States. In addition, we believed it could complicate our floatation of issues in currencies other than dollars, particularly if such latter issues were being sold or quoted in the market at interest rates substantially lower from our Eurobond dollar issues.

Finally, the secondary market is quite weak in the Eurobond market; inevitably, we would have to price new issues in dollars, and possibly in other currencies, in a manner which would reflect the unstable and rather illiquid conditions in the secondary market.

Despite the foregoing, it may be that capital markets regulations, exchange rate developments, unsatisfied demand by non-residents for dollar-

^{1/} The increased cost is accounted for both by the higher yield required by investors and the underwriting commissions which are three to four times more costly for prime borrowers than in the domestic U.S. capital market.

denominated obligations or the beneficial effect of interest rate arbitrage between the domestic and Eurobond market might make it propitious for us to enter that market. If this were the case, we would not hesitate to enter the market. In this connection, it may be observed that many of the Bank's issues denominated in Deutsche mark and Swiss franc, several of our guilder issues and our one French franc issue have, in fact, been Eurobond issues as they have been sold almost exclusively to non-resident investors of the country of the denomination of the currency. The Bank was able to tap non-resident demand for these currencies at favorable interest rates because of the demand from time to time for these currencies.

The Eurocredit market, though guaranteeing funds for an intermediate term, has certain characteristics of a "short" term borrowing. As noted above, the rates are tied to the three or six month "interbank" deposit rate. These rates have fluctuated widely and rapidly in the recent past depending on the Eurobanks' cost of marginal short term new resources. This imparted a high degree of uncertainty to the borrower's cost--even beyond the normal risks associated with borrowing at fluctuating interest rates. Because of the high cost of attracting funds in the Euromarket, and the necessity of passing that cost on^{to} the borrowers with a reasonable assurance of profit to the banks, the market tends to be a fairly expensive method of borrowing. If we were to borrow in the Eurodollar market, our cost would be the interbank deposit rate, i.e., the cost of marginal money to London banks, plus at least a 1% spread. This would have resulted, on the average over the last 10 years, in costs much higher than direct short-term market borrowing by the Bank in the United States. We believe we can borrow directly in the

U.S. short-term market--or in the money markets in other currencies--rather than through other Eurocurrency borrowers, such as Eurobanks. Section _____ below describes more fully a method by which the Bank might borrow at floating or "short term" rates while maintaining, with certainty, the access to such funds and at lesser risk and cost than would prevail in the Eurocredit market.

To date, the Bank generally has been given preferential access to domestic capital markets and to markets outside of the currency of origin. Under the fixed exchange-rate system, some countries accumulated large payments surpluses and the Bank was able to borrow those currencies. Despite the widespread adoption of a floating exchange-rate regime, we may expect a continuation of interest rate differentials among currencies based on preferences for a particular currency. Absent capital market controls, however, it is unlikely that we will see a return to the situation which prevailed several years ago in which there was a substantial difference in interest rates between the domestic market and the non-resident market for the same currency, issuer and maturity. In addition, the absence of currency controls in the United States may portend a growing Euromarket in a variety of maturities--with little or no interest rate differential from the "domestic" dollar market. The Euromarkets may, therefore, attract substantial global savings or surplus funds from all over the world, particularly in view of the relatively limited regulation over access to the market, though the costs, in turn, may remain higher because of investors' perception of risks not taken with "domestic" market investments.

As a result, some of the current market shortcomings may be expected to be corrected or reduced in intensity.

The Bank will therefore monitor developments in the Euromarkets and be prepared, whenever circumstances warrant, to supplement our national market borrowings. In this connection, the recent introduction of SDR-denominated Eurobond issues provides added flexibility and diversity to the Eurobond market. Since the SDR may play an increasingly important role in international finance, the Bank will also study the possibility of issuing bonds in SDRs. In these issues, the SDR assumes the role previously played by various units of accounts such as the European Unit of Account; Euroco, etc. It is an attractive concept for a borrower and investor as a hedge against sharp currency fluctuations of a few currencies - though the interest rates for the most recent SDR issues (and the costs to the borrower) were considerably higher than rates at which the Bank marketed its obligations. From this point of view, SDR issues would have to be considered in the same context as its market operations in any currency.

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: *Theodor*
MR. HORAT, *Second VP*
UNION BANK OF SWITZERLAND
ZURICH

DATE: OCTOBER 14, 1975

CLASS OF
SERVICE: TELEX NO. 58183

(Ext. 2213)

COUNTRY: (SWITZERLAND)

TEXT:
Cable No.:

IT WOULD BE MOST APPRECIATED IF YOU WOULD REQUEST OF DR. SENN YOUR
BANK'S WILLINGNESS TO MAKE APPLICATION TO THE SWISS NATIONAL BANK FOR
APPROVAL OF A BORROWING BY THE WORLD BANK OF ONE HUNDRED MILLION
SWISS FRANCS FROM THE CENTRAL BANK OF LIBYA STOP THE FINAL MATURITY
OF THIS DIRECT PLACEMENT WOULD BE FIVE YEARS AND IT IS NOT CONTEMPLATED
THAT OBLIGATIONS WOULD BE SOLD OR OTHERWISE DISPOSED OF PRIOR TO
MATURITY STOP THE MATTER HAS BEEN DISCUSSED WITH SWISS NATIONAL BANK
AND INFORMAL APPROVAL HAS BEEN GIVEN STOP IT WOULD BE MOST APPRECIATED
IF, AS A MATTER OF GOOD FORM, YOU WOULD MAKE APPLICATION FOR THIS
TRANSACTION ON OUR BEHALF STOP PLEASE ADVISE STOP

KINDEST PERSONAL REGARDS TO DR. SENN, TO YOU AND YOUR COLLEAGUES
STOP TEST *13685*

ROTBERG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

TREASURER'S

SIGNATURE *E. Rotberg*
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EUR:jcv

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cc: Mr. Hittmair, Files

Radi fera

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Aaron

Form No. 27
(3-70)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: DR. FRITZ LEUTWILER
DIRECTIONAL
ZURICH

DATE: OCTOBER 13, 1975

CLASS OF
SERVICE: TELEX

COUNTRY: SWITZERLAND

TEXT:
Cable No.:

IN CONNECTION WITH NEGOTIATIONS WITH CENTRAL BANK OF LIBYA WE HAVE
DISCUSSED POSSIBILITY OF PLACEMENT DENOMINATED IN SWISS FRANCS STOP
SWISS FRANCS
THEY PROPOSE ~~XXXXXX~~ ONE HUNDRED MILLION FACE AMOUNT OF BONDS TO BE
ISSUED TO THEM AND TO BE HELD BY BIS WHO WOULD ACT AS FISCAL AGENT STOP
BONDS WOULD MATURE IN FIVE YEARS STOP THEY HAVE ADVISED US THAT IT
IS UNLIKELY THAT THEY WOULD BE TRANSFERRED OR OTHERWISE DISPOSED OF
PRIOR TO MATURITY EXCEPT IN TIME OF EXTREME LIQUIDITY REQUIREMENTS
WHICH IS NOT NOW FORESEEN STOP I WILL CALL YOU TOMORROW TO DISCUSS
YOUR REACTION TO THIS MATTER STOP KINDEST REGARDS TEST 599

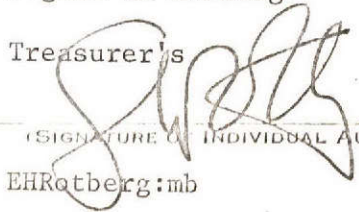
HITTMAIR
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME Eugene H. Rotberg

DEPT. Treasurer's

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:mb

CLEARANCES AND COPY DISTRIBUTION:

Mr. Goodman
Mr. Sella
Mr. Hittmair
Mr. Deely
Mr. de Boeck (2)

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INTERNATIONAL DEVELOPMENT
ASSOCIATIONINTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENTINTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: JOSEPH P. UHRIG
UADDANHOTEL
TRIPOLI

DATE: October 13, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (LIBYA)

TEXT:
Cable No.: U R G E N T

FIRST, AGREE IN PRINCIPAL TO OPERATION OF 100 MILLION SWISS FRANCS
UNDER FOLLOWING TERMS AND CONDITIONS:

(A) MATURITY FIVE YEARS SUBJECT TO OPTIONAL PREPAYMENT AS SET FORTH
IN YOUR CABLE STOP

(B) RATE SEVEN AND ONE-HALF PERCENT PAYABLE ANNUALLY, REPEAT PAYABLE
ANNUALLY STOP

(C) OBTAIN SIDE LETTER, IF AT ALL POSSIBLE, STATING PREPAYMENT RIGHT
TO BE EXERCISED ONLY IN CASE OF EXCEPTIONAL LIQUIDITY REQUIREMENTS AND BONDS
WOULD BE TRADED ONLY IF NEED ARISES STOP

(D) IN ORDER TO SATISFY PROBABLE REQUIREMENTS OF SWISS NATIONAL BANK
IT MAY BE NECESSARY TO HAVE BONDS HELD BY BIS AS SWISS AUTHORITIES HAVE
PREVIOUSLY ADVISED US THAT THEY DO NOT WISH SUCH OBLIGATIONS TO BE TRADED
OUTSIDE OF SWISS MARKET STOP

(E) WE WILL CABLE SWISS NATIONAL BANK FOR APPROVAL TONIGHT, OCTOBER
13, AND SHOULD RECEIVE A RESPONSE FROM THEM TOMORROW, OCTOBER 14 STOP

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

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OUTGOING WIRE

TO: JOSEPH P. UHRIG
UADDANHOTEL
TRIPOLI

DATE: October 13, 1975

CLASS OF
SERVICE: TELEX
X-2213

COUNTRY: (LIBYA)

Page 2 of 2

TEXT:
Cable No.:

(F) HASSAN WILL ARRIVE IN LIBYA WEDNESDAY, OCTOBER 15, FLIGHT
UT777, TIME 15.30 STOP PLEASE ARRANGE HOTEL ACCOMMODATIONS STOP

(G) BILLENSTEIN WILL BE IN ZURICH OCTOBER 19 STOP

HOWEVER, EL-FISHAWY IN SAUDI ARABIA HAS JUST TELEPHONED AND YOU
MAY BE NEEDED IN KUWAIT STOP PLEASE TELEPHONE EL-FISHAWY AT KUWAIT
SHERATON TOMORROW OR RIYAD INTERCONTINENTAL IN SAUDI ARABIA THEREAFTER
STOP

(H) I WILL TELEPHONE BIS AFTER HEARING FROM SWISS NATIONAL BANK
STOP

PLEASE TELEPHONE ME FOR ANY FURTHER DETAILS STOP KINDEST REGARDS

ROTBURG
INTBAFRAD

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

PT. TREASURER'S

SIGNATURE (SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHR:jcv (Page 2 of 2)

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cc: Messrs. Goodman, Sella, Hittmair,
Deely, Hassan, Mrs. Billenstein
and Files

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INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

October 13, 1975

Mr. Chris Leach
The Institutional Investor
14th Floor
488 Madison Avenue
New York, New York 10022

Dear Mr. Leach:

Pursuant to your telephone request earlier today, I am pleased to send herewith a copy of the Delegation List for the 1975 Annual World Bank Meetings of the Boards of Governors; I also enclose a copy of the Special Guest Acceptances List, along with its supplement.

Call us when we can be of assistance.

Cordially,

(Mrs.) Jean C. Vance
Secretary to Mr. Rotberg

JCV:hs

Enclosures (3)

chron

OUTGOING WIRE

TO: ROTHSCHILD
LONDON EC4

DATE: OCTOBER 10, 1975

CLASS OF
SERVICE: TELEX
X-2214

COUNTRY: (ENGLAND)

TEXT:
Cable No.: ATTENTION: SECRETARY TO MR. VICE

REUR TELEX OF TODAY'S DATE, PLEASE BE ADVISED APPOINTMENT WITH
B. HOLLAND AT 15.30 ON 13TH OCTOBER STILL STANDS STOP ROTBERG
WILL SEE MR. VICE AT THAT TIME STOP BEST REGARDS

VANCE
SECRETARY TO
MR. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG, Treasurer

PT. TREASURER'S

SIGNATURE

(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)
JCV:hs

REFERENCE:

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Messrs. Rotberg and Holland;
Miss Kesterton; Files ✓

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chron
(to YP)

DRAFT: EHRotberg:jcv
October 10, 1975

EUROPE

1. No speculative demand for currencies because of floating rates.
 - a. Few, if any, capital market restrictions which create interest rate differentials across national boundaries in same currency.
2. Government deficits placing pressure on capital markets in Europe.
3. Fear of inflation increases liquidity preference and prevents development of long-term or even intermediate market.
4. Increased concern over creditworthiness of LDCs; their potential is limited.
 - a. Restriction of National Banking Authorities;
 - b. There are alternative and safer investment media.
5. Government deficits are competing with LDCs for money.
6. Terms of trade difficulties make it less likely that LDCs can import to Western Europe.
7. Recession cuts down market for LDCs products.
8. Withdrawal of deposits from sterling. (Proof?)
9. Europe must borrow in Eurocredit market or in U.S. (i.e., floating interest rates).

10. No market in U.S. for European borrowers.
11. What is role of "solidarity plan"?
12. What are political, social and economic consequences of foregoing?

Chron



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D. C. 20433, U.S.A.



October 9, 1975

Mr. Koshi Suzuki
Deputy Chief Manager
Securities Department
The Industrial Bank
of Japan
Tokyo, Japan

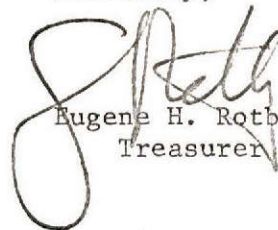
Dear Mr. Suzuki:

Thank you so much for IBJ's Bond Market
Report for September, which has just arrived.

We appreciate your thoughtfulness in continuing
to send us these monthly reports and continue to
find them most interesting.

Kindest regards,

Sincerely,


Eugene H. Rotberg
Treasurer

bcc: yp
(w/attachment)

Chen

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: ROTHSCHILD
LONDON EC4

DATE: OCTOBER 8, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (ENGLAND)

TEXT:
Cable No.:

FOR MR. ANTHONY VICE
REUR FORTHCOMING VISIT TO WASHINGTON I WISH TO ADVISE THAT
MR. ROTBERG IS PRESENTLY OUT OF CITY BUT WOULD BE PLEASED
TO SEE YOU EARLY PART OF WEEK BEGINNING OCTOBER 13 STOP
IF CONVENIENT TO YOU WOULD SUGGEST AFTERNOON OF OCTOBER 14
OR MORNING OF OCTOBER 15 STOP REGARDS

KESTERTON
SECRETARY TO
M R. ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME R. E. DEELY

TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EMK/

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ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

Chen

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: OCTOBER 8, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.:

ATTENTION MR. MAEDA

REURTELEXES 424 AND 425 WOULD BE WILLING TO STAY TOKYO FRIDAY
IF NECESSARY. HOWEVER PLEASE SEE IF BOJ APPOINTMENT CAN BE
MOVED TO ANY OTHER DAY DURING WEEK STOP PLEASE ADVISE TO
WHOM SEMINAR WILL BE GIVEN STOP I WOULD PROPOSE TO SPEAK ON
WORLD BANK FINANCIAL STRUCTURE AND BORROWING PROGRAM STOP
REGARDS

ROTBURG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG
TREASURER'S

SIGNATURE 
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

REFERENCE: EHRotberg:emk

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Chron

R-75

From: The President

October 7, 1975

PROPOSED PRIVATE BORROWING IN THE FEDERAL REPUBLIC OF GERMANY

1. The attached Draft Resolution (Attachment I), authorizing the Bank to borrow from a consortium composed of members of the German savings banks association represented by the Deutsche Girozentrale-Deutsche Kommunalbank- a principal amount not to exceed DM150,000,000 will be considered by the Executive Directors at a meeting on Tuesday, October 14, 1975.
2. The principal terms of the proposed borrowing would be as follows:
 - (a) Principal amount: Not to exceed DM150,000,000
(US\$57,374,980 equivalent)*
 - (b) Term: 1-year, repayable on October 17, 1976, subject to one or more extensions at the request of the Bank for a term of not less than 1 year but not extending beyond October 16, 1980 at an interest rate to be agreed between the Bank and the lenders in the light of the market conditions then prevailing. Interest would be payable on October 17, 1976. Any extension would be subject to approval of the Executive Directors.
 - (c) Interest rate: Interest rate will be discussed at the meeting of the Executive Directors and will be based on German money market rates for 1-year maturities prevailing shortly prior to meeting of the Executive Directors.
 - (d) Placement commission: A placement commission of 1/4% will be payable initially. An additional commission of 1/16% for each year of extension of the maturity of the borrowing would also be payable.

Distribution

Executive Directors and Alternates
President
Senior Vice President, Operations
Executive Vice President and Vice President IFC
President's Council
Directors and Department Heads, Bank and IFC

*Based on the market rate
as of October 6, 1975, of
US\$1-DM2.61438

(e) Other terms:

The proceeds of the borrowing would be paid to the Bank on October 17, 1975.

3. The proposed borrowing would be charged against the FY76 Borrowing Program totalling \$3,800 million. The amount borrowed to date applicable to FY76 including (a) the amount of the proposed borrowing from Deutsche Girozentrale-Deutsche Kommunalbank- and (b) the remaining amounts to be drawn under the borrowing of ¥42.6 billion from the Bank of Japan would be \$1,219.0 million (see Attachment II).

Robert S. McNamara

Legal Department
October 6, 1975

ATTACHMENT I

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(DRAFT)

RESOLUTION NO. 75-__

Authorizing the Borrowing of an Amount of
One Hundred Fifty Million Deutsche Mark
in the Federal Republic of Germany

WHEREAS International Bank for Reconstruction and Development (hereinafter called the Bank) has determined to borrow in the Federal Republic of Germany from a consortium composed of members of the German savings banks association an amount of one hundred fifty million Deutsche Mark (DM150,000,000);

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

THAT the Bank borrow in the Federal Republic of Germany from the Deutsche Girozentrale - Deutsche Kommunalbank- acting on its own behalf and on behalf of a consortium composed of members of the German savings banks association an amount of one hundred fifty million Deutsche Mark (DM150,000,000), to be paid to the Bank at par on October 17, 1975; such borrowing to mature on October 17, 1976; to bear interest at the rate of ___% per annum payable on October 17, 1976; to be subject to a placement commission of 1/4% of the principal amount borrowed; and to be on such other terms and conditions as shall be approved by the President or the Vice President, Finance, of the Bank.

THAT the President, the Vice President, Finance, the Treasurer, the Deputy Treasurer, the Vice President and General Counsel, the Associate General Counsel, the Director, European Office, and the Chief, European Financial Operations, of the Bank be and each of them is hereby authorized,

in the name and on behalf of the Bank, to execute and to deliver any and all such documents, and to do any and all such acts and things as he shall deem necessary or advisable in order fully to carry into effect the purposes of this Resolution.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ACTIONS TO BE CHARGED AGAINST BORROWING PROGRAM FOR FISCAL YEAR 1976

Country/Institution	Date Approved	Term (Yrs)	Average Life (Yrs)	Amount (\$m)	Yield to Initial Purchaser %	Cost to IBRD %	Recent Market Yield %
United States	7/8/75	5	5.0	300.0	8.30	8.45	8.69
United States	7/8/75	10	10.0	200.0	8.60	8.70	9.01
Japan (Private)	5/20/75	7	6.5	40.5	8.64	8.64	NA
Germany (Private)	7/15/75	4 1/2-5	4.8	124.7	8.00	8.00	NA
Central Banks	8/19/75	2	2.0	350.0	8.40	8.40	NA
Japan (Private)	5/20/75	7	6.5	40.5	8.50	8.50	NA
Yugoslavia (Private)	9/23/75	7	5.0	50.0	8.50	8.50	NA
Japan (Private)	5/20/75	7	6.5	6.8	8.50	8.50	NA
			5.1	1,112.5		8.50	
Japan (Private)	5/20/75	7	6.5	49.1 ^{1/}		8.50 ^{2/}	
Germany (Proposed-Private Placement)		1	1.0	57.4			
			4.9	1,219.0			

^{1/} Remaining amount of Loan with The Bank of Japan to be withdrawn not later than January 14, 1976. US dollar equivalent based on the market rate as of May 13, 1975 of US\$1 = ¥291.460.

^{2/} Preliminary estimate based on current market conditions.

NA= Price not available.

Projected Average Returns/Costs on IBRD Assets and Liabilities FY76

	Projected Balances as of June 30, 1976 (in \$ billions)	Returns/Costs ^{1/} (in %)
Cash and Securities	6.1	7.6
Receivable from disbursed loans	14.0	6.7
Other assets	.5	-
Total assets	20.6	6.8
Funded debt	14.9	7.4
Other liabilities	.4	-
Capital and reserves	5.3	-
	20.6	5.4

^{1/} Current yields/costs are Cash and Securities 7.31%
Funded Debt 7.18%

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL FINANCE
CORPORATION

Mr. Damry

Purviz:

Here is a draft note.

As you can see, I am afraid that
distributing the substance of the
note would create more problems
than it would resolve.

Gene Rotberg 
October 7, 1975

DRAFT

October 7, 1975

To: Mr. Damry
From: *MR* Rotberg

Subject: Lending Rates to Creditor Countries

This refers to a question raised by an Executive Director concerning IBRD lending to borrowers at a rate less than the cost of Bank borrowings from the same country. The following is a summary of borrowings in recent years made at or about the time of lending operations in that country. All loans made by the Bank carried the normal commitment fee of 3/4% on the undisbursed balance of the loans. In all cases, our borrowings were made at or below prevailing capital market rates.

LEBANON

In January 1973 the Bank borrowed LL75 million (\$24.9 million) at a cost of 6.82% (R73-10).

In the same month, the Bank lent \$6.6 million to Lebanon at 7-1/4%.

VENEZUELA

In March 1974 the Bank borrowed Bs100 million (\$23.3 million) at a cost of 7.52% (R74-38).

Just prior to this borrowing, in January 1974, the Bank had lent Venezuela \$22 million at 7-1/4%. This loan was subsequently cancelled in full.

IRAN

In March 1974, the Bank borrowed \$200 million from Iran at a cost of 8%. (R74-55).

In June 1974, the Bank lent a total of \$148 million under three loans in Iran all at 7-1/4%. Prior to this borrowing and these loans, a new financial relationship had been worked out with Iran by which Iran would become a net lender to the Bank (Refer R74-89 and Report No. P-1387a IRN

IRAN (cont'd)

covering the loan for the Second Ports Project in Iran). Under these arrangements, Iran agreed to lend the Bank yearly \$200 million plus an amount equivalent to our lending to Iran.

In October 1974 the Bank borrowed a further \$150 million from Iran at a cost of 8% (R74-192) and, in the same month, the Bank lent in Iran a total of \$52.5 million under two loans at an interest rate of 8% for both.

OMAN

In May 1974, the Bank borrowed \$30 million from Oman at a cost of 8%. (R74-74).

In April and May 1974, the Bank lent to Oman a total of \$8.45 million under two loans both at 7-1/4%.

TRINIDAD & TOBAGO

In December 1974, the Bank borrowed \$5 million from Trinidad and Tobago at a cost of 8% (R74-233).

At the same time the Bank lent Trinidad and Tobago \$5 million at an interest rate of 8%.

NIGERIA

In December 1974 the Bank borrowed \$240 million from Nigeria at a cost of 8% (R-74-255).

In March and April 1975, the Bank lent Nigeria a total of \$86.5 million under four loans all with an interest rate of 8%. In December 1974, the Board approved a loan of \$21 million to Nigeria for an agriculture project at a rate of 8%. This loan was signed in September 1975.

Three additional loans totalling \$65.5 million for oil palm projects were approved by the Board in July 1975 at a rate of 8-1/2%.

YUGOSLAVIA

In September 1975, the Bank borrowed \$50 million from Yugoslavia at a cost of 8-1/2%. (R75-188).

In July 1975, the Bank lent \$40 million in Yugoslavia at a rate of 8-1/2%.

Chron

(2-76)

INTERNATIONAL DEVELOPMENT
ASSOCIATION

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE
CORPORATION

OUTGOING WIRE

TO: INTBAFRAD
TOKYO

DATE: OCTOBER 7, 1975

CLASS OF SERVICE: TELEX
X-2213

COUNTRY: (JAPAN)

TEXT:
Cable No.: FOR MAEDA

WOULD LIKE TO VISIT TOKYO FROM MONDAY, OCTOBER 20 THROUGH
THURSDAY EVENING, OCTOBER 23 TO DISCUSS ROLLOVERS WITH BOJ,
TIMING OF PUBLIC ISSUE AND IBRD INVESTMENTS IN JAPAN STOP
PLEASE ADVISE IF THIS IS CONVENIENT STOP REGARDS

ROTBERG

NOT TO BE TRANSMITTED

AUTHORIZED BY:

NAME EUGENE H. ROTBERG

DEPT. TREASURER'S

SIGNATURE
(SIGNATURE OF INDIVIDUAL AUTHORIZED TO APPROVE)

EHRotberg:emk

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OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: Travel Schedule

DATE: October 7, 1975

My travel schedule is as follows:

October 8, October 9: New York

Purpose of visit: Meetings with Manufacturers Hanover Trust; Morgan Guaranty; Bank of America; and Chemical Bank to discuss their role as underwriters in our bond issues and our short-term deposits with them. I will be back in the office Thursday afternoon.

October 16, October 17: Kansas City, Missouri

Address and Seminar, American Financial Management Association meetings.

I will go on to Japan and return to Washington on Saturday, October 25.

OFFICE MEMORANDUM

TO: Mr. Raymond J. Goodman

FROM: Eugene H. Rotberg *ER*

SUBJECT: Borrowing Proposals

DATE: October 7, 1975

The following proposed borrowings are in various stages of preparation and should be presented to the Board within the next four weeks:

1. Deutsche Girozentrale: One-year borrowing with an option to renew for four more years. Total cost to Bank: not more than 6.40%. Amount: DM 150 million (\$57.4 million, equivalent).
2. Deutsche Mark public issue. Five-year maturity. Scheduled for Board presentation in early November. Total cost to Bank: currently about 8.40%. Amount: DM 200 million (\$76.6 million, equivalent).
3. Swiss franc public issue. Scheduled for late October/early November. Final maturity about 16 years. Average life approximately 12 years. Total cost: 8.10%. Amount: SWF 120 million (\$44 million, equivalent). This issue must be done after the German public issue.
4. Libya. Doubtful if we can refinance maturing issue in dollars, Swiss francs or SDRs. Joseph Uhrig, however, will try to negotiate the matter in Libya this week. Amount: \$33.8 million, equivalent.

In addition to the foregoing, we have several pending proposals.

First, Morgan Stanley has advised that they can make a private placement for us of a 20-year bond (16-year average life) at a total cost to us of about 9-3/4%. This is based on the rates for a 20-year public issue at about 9.40-9.50%. The buyers would be 6-10 large insurance companies who now have a substantial cash flow and are now looking for long-term investments. Amount: \$500 million. I recommend against going forward.

Second, we have received an offer from a Dutch Bank for a 100 million guilder Bank loan (\$37 million, equivalent). Cost to the Bank would be 8.75% for four years, with an option to refinance for as long as eight more years at "then prevailing market rates." It may be possible to provide for refinancing under a known formula, e.g., at the same rate as government guaranteed obligations, but I am not certain. I recommend not going forward with this one either, in part because we are on the calendar to do a Euroguilder issue in January for a six-year maturity at a current cost of about 8.40%.

Further, paying 8.75% for what might turn out to be four-year money could make more difficult our OPEC negotiations. In the next several weeks, the only publicized yields to the public will be a rate of 6.15% in Germany (one-year money); 7-3/4% in Switzerland (12-year average life), immediately followed by a 7.90% (5-year life) in Germany. The higher costs referred to earlier in this note are due to the added costs of underwriting, etc.

EHR:jcv

Chron



INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D. C. 20433, U.S.A.

October 1, 1975

Mr. Alan R. Holmes
Executive Vice President
Federal Reserve Bank
of New York
33 Liberty Street
New York, New York 10045

Dear Alan:

I am enclosing herewith for your information Document No. R75-188 issued in connection with our borrowing from the Banque Nationale de Yougoslavie in the amount of US \$50 million.

Best personal regards.

Sincerely,


Eugene H. Rotberg
Treasurer

Enclosure