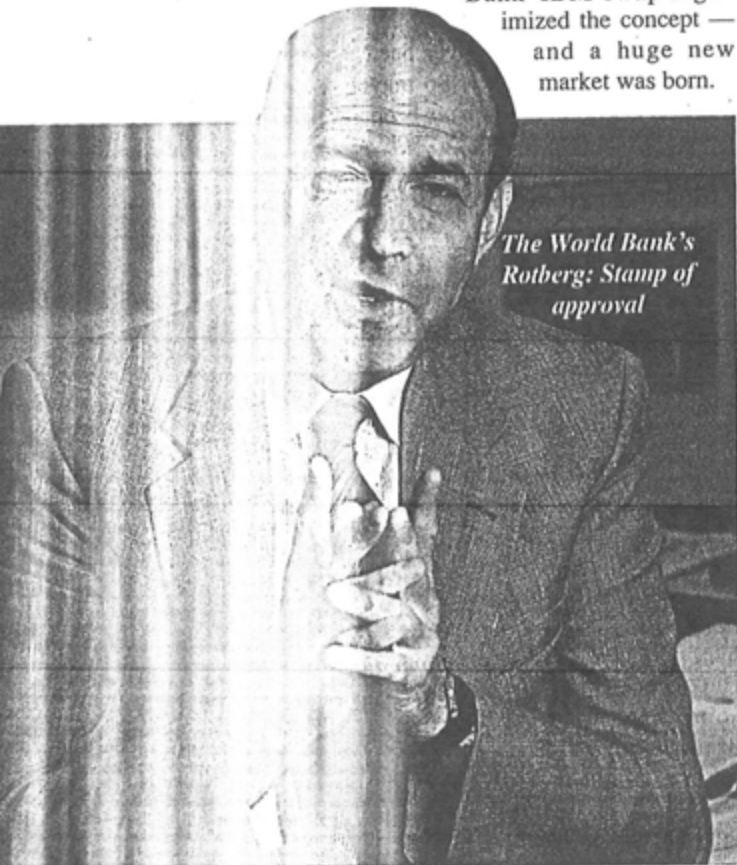


127. CURRENCY SWAPS GO LEGIT

The World Bank, led by its outspoken treasurer Eugene Rotberg, in August 1981 became the first borrower to use the currency swap as a vehicle for raising new money. Rotberg's object in the \$290 million swap: to tap indirectly the Swiss franc and deutsche mark markets, the bank's favorites. Salomon Brothers put together the headline-grabbing deal by persuading IBM to take up the other side. Big Blue had raised francs and marks the previous year and was anxious to lock in its gains against a rising dollar. Thus, each party transferred an exposure to another more capable of carrying it. Such deals had been struck before, but the World

Bank-IBM swap legitimized the concept — and a huge new market was born.



*The World Bank's
Rotberg: Stamp of
approval*