

# Sterling inaugural nourishes Cargill

**Cargill** (A2/A) came with its inaugural issue in the sterling space in February. The £150m 30-year issue paid a coupon of 5.375% and priced tighter than guidance at G+98bps. This transaction follows a period of marketing to UK investors who proved receptive to its credit story. The borrower held back until all its rating information was complete, after S&P cut its senior, unsecured rating to A from A+. The leads went out with initial guidance in the 100bps area over gilts before fixing the reoffer at plus 98bps with a book of over £300m. The proceeds will be used to finance the UK operation of the food, agricultural and risk management company.

**AIG's** issuance followed a successful \$1bn hybrid offering executed earlier the same week in the US market to partially fund a \$5bn share buy-back. In total, the three-tranche dollar, euro and sterling transaction was executed within 48 hours across markets, raising \$3.7bn. The euro and sterling deal generated immediate momentum, with the order book exceeding €5bn and £4bn within two hours. The deal represents one of the largest insurance hybrid deals and the first three-tranche multi-currency transaction to adopt legally binding replacement language (via the scheduled maturity concept) to gain basket D treatment from Moody's in Europe.

**Air Products and Chemicals** (A2/A), which has not issued since 2005, printed €300m 10-year notes at the tight end of price guidance at MS+37bps in February. It is the rare issuer's first transaction since February 2005, when it also placed €300m of 10-year bonds at revised guidance of mid-swaps plus 34bps on the back of orders of more than €2bn. While the order book failed to match the heady levels of 2005 this time round, the transaction was still well received by investors, and the leads closed the book in less than an hour after interest from around 50 accounts had pushed it close to €800m.

## SELECTED PUBLIC BOND ISSUES 2007

DATE	ISSUER	COUNTRY	RATING	CURR	SIZE (MM)	COUPON	MATURITY	SPREAD	BOOKRUNNERS
20.02	Vodafone	UK	A3/A-	\$	500	FRN	2012	N/A	Lehman, Morgan Stanley
20.02	Vodafone	UK	A3/A-	\$	1200	6.150%	2037	T+140	Lehman, Morgan Stanley
20.02	Vodafone	UK	A3/A-	\$	1300	5.625%	2017	T+100	Lehman, Morgan Stanley
20.02	Vodafone	UK	A3/A-	\$	500	5.350%	2012	T+70	Lehman, Morgan Stanley
21.02	Cemex Finance	Mexico	NR/BBB	€	900	4.750%	2014	Ms+62	Bank of America, BNP Paribas, HSBC
21.02	Air Products and Chemicals	US	A2/A	€	300	4.625%	2017	Ms+37	BNP Paribas, Deutsche Bank
22.02	Bertelsmann AG	Germany	Baa1/BBB	€	650	FRN	2009	N/A	ABN Amro, Merrill Lynch, SG CIB
22.02	Digicel	Jamaica	Caa2/CCC+	\$	1000	8.875%	2015	+415	JPMorgan, Citigroup
23.02	Cargill Inc	US	A2/A	£	150	5.375%	2037	G+98	Barclays Bank, RBS
23.02	TeliaSonera AB	Sweden	A2/A-	€	600	4.750%	2017	Ms+57	Barclays Capital, Merrill Lynch, Nordea Markets, UBS
26.02	Tesco	UK	A1/A	£	500	5.200%	2057	G+117	Barclays Capital, Deutsche Bank, JP Morgan
27.02	Wendel Investissement	France	NR/BBB+	€	400	4.875%	2015	Ms+70	ABN Amro, BNP Paribas, Lehman Brothers, Natexis, Societe Generale
1.03	Gazprom	Russia	NR/BBB	\$	1300	6.510%	2022	T+195	Credit Suisse, Morgan Stanley
7.03	DaimlerChrysler	Germany	Baa1/BBB	€	2000	4.375%	2010	Ms+35	Commerzbank, RBS, Hypovereinsbank
8.03	AT&T	US	A2/A	€	1250	4.375%	2013	Ms+32	JPMorgan, Deutsche Bank, UBS
8.03	AIG	US	Aa3/AA-	€	1000	4.875%	2067	Ms+73	JPMorgan, Citigroup, Deutsche, ABN Amro, Credit Suisse
8.03	AIG	US	Aa3/AA-	£	750	5.750%	2067	UKT+110	JPMorgan, Citigroup, Deutsche, HSBC, Barclays
9.03	BP	UK	Aa1/AA+	\$	500	4.875%	2010	UST+33	HSBC, Lehman, UBS

FRN=Floating Rate Note

Deals priced between 20 February and 9 March 2007

Data sourced from banks