

GE Capital makes benchmark statement

GE Capital is a regular issuer with large outstandings and needed to tread carefully to ensure that investors were aware of its strategy and likely future approach. To this end, the company announced it intended to launch no more than one benchmark a quarter, although it has not actually launched a fixed-rate sterling benchmark since May 2006 anyway. The combination of a three-year and a 12-year was chosen to match overseas accounts at the shorter end and targeted the deepest pool of liquidity in the medium-term maturities from UK buyers. From a relative value perspective, the paper was viewed as fairly priced at gilts plus 39bps and 70bps on the three- and 12-year respectively, with both issues attracting demand greater than the targeted £300m per tranche.

Bayer, rated A3/BBB+, accessed the short end of the curve with a dual-tranche issue and very swift execution, filling a gap in the credit's maturity schedule while fulfilling the aim

of reaching out to different investor groups. The leads opened the books at initial guidance in the 15bps area over three-month Euribor and mid-swaps plus 21bps area, respectively. The book was closed after only 25 minutes when combined orders had reached €1.4bn, skewed slightly in favour of the floating rate note (FRN). As a result, the deal priced tighter at Euribor plus 14bps and mid-swaps plus 20bps. Both tranches performed well in the aftermarket, with the FRN 1bp tighter and the fixed-rate 2bps better on the break.

Last year **Linde** accessed the hybrid market with a dual-currency issue, and has now repeated this exercise with the senior market, where it had a limited presence. Proceeds were earmarked to fund the £8.2bn acquisition of BOC. The company sold €2bn of Baa1/BBB-rated five- and 10-year paper in euros (€1bn apiece) and £300m of 16-years in sterling, its initial target of €2bn across the three tranches being easily met. The books

saw demand of €6bn in euros alone (slightly favouring the 10-year issue) and £1.3bn on the sterling.

Investor AB created history with the first public 30-year Eurobond issue from a Swedish company. The liability management-driven exercise followed a tender in which the A2/AA-rated company bought back €343m of its outstanding €600m 4.75% 2010 issue. The company roadshowed, specifically targeting UK investors in London and Scotland and received very encouraging feedback. The initial target was to do £250m in light of the €343m buyback. The leads opened the books at initial guidance in the 90–95bps area over the 4.25% 2036 gilt. This triggered a positive response from investors and the books were closed 24 hours later, when orders of more than £450m had been received. This enabled pricing at the mid-point of the range, at gilts plus 92bps, and the deal was increased to £275m.

SELECTED PUBLIC BOND ISSUES SPRING 2007

DATE	ISSUER	COUNTRY	RATING	CURR	SIZE (MM)	COUPON	MATURITY	SPREAD	BOOKRUNNERS
10.04	Bayer	Germany	A3/BBB+	€	200	4.375%	2011	Ms+20	BNP Paribas, RBS
10.04	Bayer	Germany	A3/BBB+	€	300	FRN	2010	3m€+10	BNP Paribas, RBS
19.04	Linde Finance	Germany	Baa1/BBB	€	1,000	4.375%	2012	Ms+24	Commerzbank, Deutsche Bank, Morgan Stanley, Unicredit (HVB)
19.04	Linde Finance	Germany	Baa1/BBB	€	1,000	4.750%	2017	Ms+45	Commerzbank, Deutsche Bank, Morgan Stanley, Unicredit (HVB)
19.04	GE Capital UK	US	Aaa/AAA	£	300	5.625%	2019	G+70	Barclays Capital, Deutsche Bank
19.04	GE Capital UK	US	Aaa/AAA	£	400	5.875%	2010	G+39	Barclays Capital, Deutsche Bank
19.04	Linde Finance	Germany	Baa1/BBB	£	300	5.875%	2023	G+109	HSBC, Deutsche Bank
24.04	Suez	US	A2/A-	€	1,000	FRN	2009	3m€+7	Barclays Capital, SG CIB
24.04	Investor AB	Sweden	A2/AA-	£	275	5.500%	2037	G+92	JPMorgan, Morgan Stanley
26.04	Obrascon Huarte	Spain	Baa3/NR	€	700	5.000%	2012	Ms+65	SG CIB, Calyon, RBS
03.05	Cemex	Mexico	BBB-/BBB	€	730	FRN	Perp	Ms+179	JPMorgan, Barclays Capital
03.05	Procter & Gamble	US	Aa3/AA-	€	1,500	4.500%	2014	Ms+17	Deutsche Bank, JPMorgan, Goldman Sachs, Morgan Stanley
03.05	Procter & Gamble	US	Aa3/AA-	€	1,000	4.875%	2025	Ms+33	Deutsche Bank, JPMorgan, Goldman Sachs, Morgan Stanley

FRN=floating rate note

Key deals: 10 April to 3 May, Euromarket deals and European issuers into US market

Data sourced from banks