

# Shell heads back to dollar market

**Shell International** returned to the US dollar market with a \$1.25bn 5/10 trade after its \$1bn debut offering last year, and investors required some spread concession from the Aa1/AA issuer. Initial price whispers were heard in the mid-40bp area on Shell's five-year tranche and the low 60bp area on the 10-year portion. Those whispers migrated to the 45bp and 65bp ranges, and official guidance from leads emerged in the areas of 48bps and 68bps, respectively. The trade subsequently priced on the numbers. The five-year priced at Libor plus 0.5bps and its outstanding issue of 2011 was quoted with a bid of Libor minus 6bps. Some

considered the levels required to clear the market on the new issue wide given the rarity of double A-rated integrated energy companies in the market.

**Telstra** offered €1bn of 10-year bonds in its first foray into the market since June 2005, when it launched a dual-tranche five and 10-year issue. Books opened late on Tuesday morning at initial guidance in the mid-swaps plus 60bp area. The issue commanded very strong momentum from the outset and the book closed later the same day at more than €6bn. However, given the time-zone difference, the leads had to wait until Wednesday to price the issue, and with

the interim fallout in global stock and credit markets making many investors nervous, the reoffer was fixed at mid-swaps plus 62bp.

**GlaxoSmithKline**, rated Aa2/AA/AA, set a milestone by becoming the first corporate issuer to place £1bn of paper at the ultra-long end of the curve. The 35-year was executed in a very condensed timescale, with the books closing just after 2pm London time after the transaction had been announced at 9am. Initial guidance was 85bps-90bps over the 4.75% 2038 gilt. Demand allowed the issue to be priced at gilts plus 98bps.

## SELECTED PUBLIC BOND ISSUES SPRING 2007

| DATE  | ISSUER           | COUNTRY   | RATING   | CURR | SIZE (MM) | COUPON | MATURITY | SPREAD | BOOKRUNNERS   |
|-------|------------------|-----------|----------|------|-----------|--------|----------|--------|---|
| 14.03 | Telstra Corp     | Australia | A2/A     | €    | 1,000     | 4.750% | 2017     | Ms+62  | Barclays Capital, BNP Paribas, Deutsche, JPMorgan           |
| 15.03 | Statkraft AS     | Norway    | Baa1/BBB | €    | 300       | FRN    | 2013     | N/A    | ABN Amro, Deutsche Bank, Société Générale                   |
| 15.03 | Statkraft AS     | Norway    | Baa1/BBB | €    | 600       | 4.875% | 2017     | 49     | ABN Amro, Deutsche Bank, Société Générale                   |
| 19.03 | Shell            | UK        | Aa1/AA   | \$   | 500       | 4.950% | 2012     | T+48   | Goldman Sachs, Morgan Stanley                               |
| 19.03 | Shell            | UK        | Aa1/AA   | \$   | 750       | 5.200% | 2017     | T+68   | Goldman Sachs, Morgan Stanley                               |
| 20.03 | Rentokil Initial | UK        | NR/BBB   | €    | 500       | 4.625% | 2014     | Ms+82  | Barclays Capital, BNP Paribas, RBS                          |
| 22.03 | Marks & Spencer  | UK        | Baa2/BBB | £    | 400       | 5.875% | 2012     | G+77   | Citigroup, HSBC, Morgan Stanley                             |
| 22.03 | BHP Billiton     | UK        | A1/A+    | \$   | 875       | FRN    | 2009     | N/A    | Banc of America, JPMorgan                                   |
| 26.03 | BHP Billiton     | UK        | A1/A+    | \$   | 625       | 5.125% | 2012     | T+65   | Banc of America, JPMorgan                                   |
| 26.03 | BHP Billiton     | UK        | A1/A+    | \$   | 750       | 5.400% | 2012     | T+85   | Banc of America, JPMorgan                                   |
| 27.03 | Saint-Gobain     | France    | Baa1/BBB | €    | 1,250     | FRN    | 2012     | N/A    | ABN Amro, Citigroup, Dresdner, Société Générale             |
| 27.03 | Saint-Gobain     | France    | Baa1/BBB | €    | 1,250     | 4.750% | 2017     | Ms+50  | ABN Amro, Citigroup, Dresdner, Société Générale             |
| 27.03 | Casino           | France    | NR/BBB-  | €    | 750       | 4.875% | 2014     | Ms+79  | Barclays Capital, HSBC, JPMorgan, Natixis, Société Générale |
| 27.03 | WPP Group        | UK        | Baa2/BBB | £    | 400       | 6.000% | 2017     | G+98   | Barclays Capital, Citigroup, HSBC                           |
| 28.03 | GSK              | UK        | Aa2/AA   | £    | 1,000     | 5.250% | 2042     | G+87   | HSBC, Lehman  |
| 30.03 | Tesco            | UK        | A1/A     | €    | 600       | 5.125% | 2047     | Ms+78  | Deutsche Bank, HSBC, RBS                                    |
| 02.04 | Bayer            | Germany   | A3/BBB   | €    | 300       | FRN    | 2010     | N/A    | BNP Paribas, RBS  |
| 02.04 | Bayer            | Germany   | A3/BBB   | €    | 200       | 4.375% | 2011     | Ms+20  | BNP Paribas, RBS  |

FRN=Floating Rate Note

Key deals, 14 March to 2 April, Euromarket deals and European issuers into US market

Data sourced from banks