Refinancing and rights issues start summer trend

As summer arrived, **Thomas Cook**, a leader of the European travel market, was making sure its finances were in place for the holiday season.

The company tapped the syndicated loan market for €1.8bn to refinance existing commitments, bolster the balance sheet after a recent run of acquisitions, and to help fund the ongoing business and share buybacks.

The credit facility replaces the group's existing facilities. It incorporates a three-year revolving credit and term facilities priced at 175 basis points over Euribor/Libor.

Of the €1.8bn, €200m replaces existing bonding commitments that guarantee holiday makers' deposits. Up to a further €320m is tied in with agreements relating to Thomas Cook's tie-up with Air Berlin. Other group acquisitions in recent months have included Hotels4u.com, Elegant Resorts, the Thomas Cook India and Middle East business, Jet Tours and TriWest Travel Holdings.

Ludger Heuberg, Chief Financial Officer at Thomas Cook, said the remainder would be used for general purposes as well as for the company's €375m share buyback programme, under which €100m shares at the time of the signing of the loan had been cancelled.

"We are delighted to have secured this new facility on satisfactory terms, reflecting our strong financial position," said Heuberg.

The facility is underwritten by Barclays Capital, Bayern Landesbank, Commerzbank, HSBC, LloydsTSB, Royal Bank of Scotland and UniCredit. Bayerische Hypo und Vereinsbank, BarCap, Coomerzbank, RBS and UniCredit acted as bookrunners, with UniCredit as the co-ordinator.

Seven years out of the Eurobond market was regarded as long enough by German electronics and technology company **Siemens**, which stormed back on to the scene with a three-tranche €3.4bn fundraising.

Very strong demand for paper from such a European corporate powerhouse, which had not issued Eurobonds since June 2001, saw orders flood in to the tune of €9bn, allowing the company's advisers to tighten pricing at the shorter end of the bonds on offer.

Deutsche Bank and Goldman Sachs acted as bookrunners on the issues, with BNP Paribas and Royal Bank of Scotland as joint lead managers.

On offer was €1.2bn of three-year December 2011 bonds paying 5.25%, eventually priced to go at 48 basis points over mid-swaps against original guidance of 50 points over.

A second tranche of €1bn, due in June 2014, was due to pay 5.375%, 70 basis points over. The final €1.2bn of 10-year Eurobonds due in June 2018 was on offer 85 basis points over and paying a coupon of 5.625%.

Siemens treasury representatives confirmed the bonds are being sold under a €5bn euro medium-term programme.

Britain's biggest ever rights issue, more than twice that of the previous record set by BT, was successfully got away, with **Royal Bank of Scotland** receiving acceptances equivalent to 95.1% of its shares in issue.

The 11 for 18 rights issue to raise £12bn was priced at 200p a share, a 46.3% discount to RBS's prevailing share price.

RBS said it needed the money to ensure it could meet self-imposed capital adequacy targets after £5.9bn of write-downs connected to its exposures to the credit markets.

Goldman Sachs and Merrill Lynch acted as joint sponsors to the rights issue, and they along with UBS acted as bookrunners and underwriters, with RBS itself also co-bookrunning its own fund-raising.

The rump 299 million shares not taken up were sold on by the underwriters for 230p, with the difference being passed back to those shareholders not taking up their rights.

The £4.9bn rights issue from **Imperial Tobacco** to refinance its £11bn acquisition of Gauloises and Gitanes cigarettes group Altadis a year ago received 97.2% acceptances.

The one for two rights issue saw RBS's Hoare Govett unit acting as joint broker and underwriter with Morgan Stanley. Citi and Lehman Brothers also acted as underwriters and financial advisers.

The issue discounted by 43% was got away at 1,475p, with the rump shares being later sold at 2,000p.

"We are planning for a more challenging environment," said HBOS chief executive Andy Hornby as he followed the summer trend and launched a £4bn rights issue for the **Halifax** banking group.

Morgan Stanley and Dresdner Kleinwort are acting as joint financial advisers and brokers.

Robert Lea is City Correspondent of *The London Evening Standard*.

BONDS

ISSUER PARENT	CURRENCY	TRANCHE VALUE	VALUE	DEAL TYPE	MARKET TYPE	COUPON	YEARS TO MATURITY	BOOKRUNNER
Siemens AG	euro	€1,200m	$5,253m	Corporate bond investment-grade	Euro market public issue	5.25%	3.5	Deutsche Bank, Goldman Sachs

THOMAS COOK MULTI-TRANCHE FINANCING

CREDIT DATE	DEAL VALUE	TRANCHE VALUE	BORROWER	TRANCHE TYPE	DEAL NATIONALITY	DEAL MARGIN	TRANCHE MARGIN	MATURITY (YEARS)	LEAD ARRANGERS
23/05/2008	€1,800m	€500m	Thomas Cook Group plc	Term Loan A	Germany	Euribor 175bp	175bp	3 years	Barclays Capital, Bayern Landesbank, Commerzbank Group, HSBC, LloydsTSB, RBS, UniCredit Group

All data provided by Dealogic. www.dealogic.com