



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

TT\$794.0 Million

5.95% FIXED RATE BONDS DUE APRIL 20, 2023 for Auction on April 16, 2010

The Agent - Central Bank of Trinidad and Tobago, Eric Williams Financial Complex, St. Vincent Street, Port-of-Spain

INFORMATION MEMORANDUM

ABSTRACT

The Government of the Republic of Trinidad and Tobago proposes to raise TT\$794.0 million, through the issue of a 13 year bond with a coupon rate of 5.95% per annum. The bonds will be issued under the authority of the Development Loans Act Chap. 71:04.

This bond issue is the fourth central government bond issue for fiscal year 2009/2010 and is being issued to finance government's budgetary expenditure.

The bonds will be issued through the automated auction system operated by the Central Bank. A single price auction system will be used and, as far as possible, applicants will be allotted bonds to the fullest extent of their applications.

The auction will be opened at 10:00 a.m. on Wednesday March 31, 2010 and closed at 1:00 p.m. on Friday April 16, 2010.

Bonds will be dated **April 20, 2010**.

1. Authority

This bond will be issued under the Development Loans Act, Chap. 71:04 of the Revised (1980) Laws of Trinidad and Tobago.

2. Purpose of Issue

This bond is being issued to finance government's budgetary expenditure. The government is also mindful of its role in the development of the local capital market and, in particular, the development of the government bond market. To this end, it continues to provide securities that will cater to the needs of all investors.

These bonds are eligible for inclusion in the Statutory Fund of Insurance Companies and will be considered as assets in and originating in Trinidad and Tobago within the meaning of sections 46 (1) and 186 (1) respectively of the Insurance Act, 1980 and will also be accepted without limit for appropriate deposit purposes in accordance with section 29 of the Insurance Act.

3. Date of Issue

The date of issue of this bond is April 20, 2010.

4. Agent

The Central Bank of Trinidad and Tobago has been appointed sole and exclusive agent for the raising and management of this issue of Bonds.

5. Method of Payment

The full purchase price is payable on settlement date. Payment will be made in Trinidad and Tobago dollars.

6. Security

The principal monies and interest represented by the Bonds will be charged upon and are payable out of the Consolidated Fund and are secured on the Revenues and Assets of the Republic of Trinidad and Tobago.

7. Interest

Interest is payable semi-annually on April 20 and October 20. Interest will accrue from April 20, 2010 and the first payment will be made on October 20, 2010. Interest will be calculated on a 365-day basis.

8. Business Day

In the event that a payment date occurs on a day other than a business day, such payment will be made on the business day following that date.

9. Registrar

The Central Bank of Trinidad and Tobago has been appointed the Registrar for this issue of Bonds.

10. Trustee

The Trinidad and Tobago Unit Trust Corporation has been appointed the Trustee for the bondholders of this issue of Bonds.

11. Redemption

Any bond forming part of this issue, if not previously cancelled or redeemed by purchase in the open market, will be repaid at par on April 20, 2023.

12. Applications and General Arrangements

Applications can be made through the designated Government Securities Intermediaries that are listed at the end of this Information Memorandum. Intermediaries must enter bids, based on completed application forms, into the electronic auction system. Applications must be for \$1,000.00 face value or multiples thereof. No allotment will be made for any amount less than \$1,000.00 face value.

Government Securities Intermediaries are appointed by the Central Bank to act as counterparties in the auction and, thereafter, to provide a secondary market for the bonds.

Bids can be placed competitively or non-competitively by submitting the relevant application form, along with payment to a Government Securities Intermediary. The maximum allotment that can be obtained through a non-competitive bid is \$100,000.00 face value at a price established in the competitive side of the auction. This price is the minimum price, when the successful bids are ordered from the highest price to the lowest price and may be at par, premium or a discount.

A register of bondholders will be held in book-entry form at the Central Bank of Trinidad and Tobago.

An Information Memorandum on this bond issue is available at www.central-bank.org.tt. Application Forms and Transfer of Ownership Forms may be obtained at the offices of all Government Securities Intermediaries.

DEBT MANAGEMENT AND ADMINISTRATION

1. Debt Management Objectives

The debt management objectives of the Government of Trinidad and Tobago are:

- To minimize over the long-term the cost of meeting its financing needs, while containing its exposure to risk;
- To facilitate the development of a well functioning domestic capital market, with the creation and maintenance of a local interest-rate yield curve; and
- To ensure that debt management policy is consistent with the objectives of monetary policy, fiscal policy and other macroeconomic policies.

2. Debt Management Strategy

Government's Debt Management Strategy for the medium term will continue to focus on the establishment of a risk management framework and the development of an efficient market for government securities. Government will ensure that both the level and the rate of growth of the public debt are fundamentally sustainable and consistent with international standards.

The debt management strategy will involve, inter alia:

- Achievement of an optimal level of debt that offers fiscal sustainability, external sustainability and solvency in the short, medium and long-term; and
- Careful monitoring and management of contingent liabilities.



ECONOMIC REVIEW

The global economic crisis which plunged most of the developed world into a recessionary cycle in 2009 also had spill-on effects for the Trinidad and Tobago economy. Provisional estimates from the Central Bank's Quarterly Gross Domestic Product (QGDP) Index indicated that the domestic economy registered a 5.6 per cent contraction in the third quarter of 2009 (year-on-year). The economic decline reflected depressed performances in both the energy (-3.8 per cent) and non-energy sectors (-6.8 per cent).

The downturn in the domestic economy has also been associated with a significant easing in inflationary pressures in the latter part of the year. On a year-on-year basis to December 2009, the rate of inflation fell to 1.3 per cent – the lowest level in eighteen years. The sharp slowdown in inflation was partly due to a drastic fall-off in food prices which reflected a reduction in international commodity prices and some stability in local supply. Core inflation, which excludes food prices, also moderated, reaching a low of 2.2 per cent in the twelve months to December. Recent data indicate that headline inflation rose by 3.7 per cent in the twelve months to January 2010 which represents a reversal from the steady decline in inflation from 10.3 per cent in May 2009.

During 2009, financial system liquidity continued to accumulate, with commercial banks' excess reserves averaging \$2,179.1 million monthly compared with \$632.6 million in 2008. Net domestic fiscal injections which amounted to \$15,760.5 million in 2009 had a significant impact on liquidity levels. Excess reserve holding remained high in the first two months of 2010, averaging \$1,570 million. Elevated liquidity levels, in turn, have contributed to a reduction in both short and long term interest rates. Meanwhile, borrowing by the private sector has fallen off sharply, in the context of the uncertain global and domestic economic prospects. On a year-on-year basis to December 2009, private sector credit extended by the consolidated financial system contracted by 4.1 per cent.

At the end of the fiscal year 2008/2009 the gross public debt stock, which includes the debt of central government, statutory authorities and state enterprises had increased to \$62,723.4 million from \$59,868.1 million at the end of fiscal 2007/2008. Further, the domestic component of central government debt amounted to \$34,123.8 million at the end of fiscal 2008/2009 compared with \$33,255 million in the corresponding period one year ago. At the end of September 2009, Trinidad and Tobago's debt to GDP ratio stood at 40.9 per cent. The central government raised \$231.5 million in the domestic market in the final quarter of 2009 and an additional \$4 billion in the first two months of 2010.

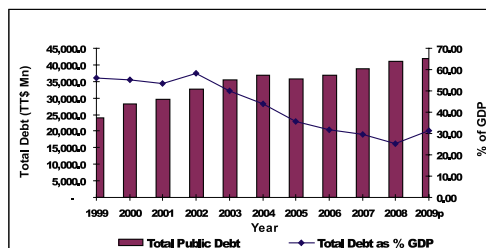
Increased volatility in energy prices during the year resulted in an adverse balance of payments position in 2009. In the first nine months of 2009, preliminary data suggest that the Balance of Payments accounts registered a deficit of US\$429.3 million - compared with a surplus of US\$2,062 million in the corresponding period of 2008 - as a substantially lower current account surplus was offset by the deficit on the capital account. Exports fell by 50 per cent when compared with the corresponding period one year ago, while imports declined by 34 per cent. The resultant steep decline in the merchandise trade surplus meant that the current account balance fell to US\$1.8 billion compared with US\$6.6 billion in the same period one year ago. Meanwhile, significant capital outflows accounted for a capital account deficit of US\$2.3 billion during the period January to September 2009.

For 2009 as a whole, the reduction in reserves at the Central Bank suggests that Trinidad and Tobago registered a BOP deficit of US\$712 million during 2009. Net official reserves decreased from US\$9,364 million at the end of December 2008 to approximately US\$8,652 million in December 2009, the equivalent of approximately 12.4 months of prospective imports of goods and non-factor services. The reserves position in 2009 was buttressed by an allocation of Special Drawing Rights by the IMF to its members in late August/early September 2009. Trinidad and Tobago's allocation amounted to the equivalent of around US\$435.2 million.

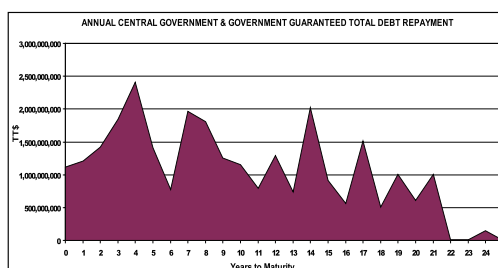
KEY STATISTICS FOR THE GOVERNMENT DOMESTIC BOND MARKET

The following charts and statistics show key aspects of the government's fiscal performance.

**Chart I
Total Public Sector Debt**



**Chart II
Maturity Profile of Central Government & Statutory Bodies Domestic Debt**



**Table I
Central Government Domestic Bond Issues (2003-2010)**

No.	Issue/Reopening Date	Face Value of Issue (TT\$)	Year of Maturity	Tenor (Years)	Issue/Reopening Date	Yield at issue/reopening (% per Annum)
1	30-Sep-03	200,000,000	2013	10	6.08%	6.08%
2	30-Sep-03	200,000,000	2018	15	6.40%	6.40%
3	6-Nov-03	640,000,000	2018	15	6.20%	6.20%
4	3-Aug-04	300,000,000	2019	15	6.15%	6.15%
5	15-Sep-04	516,000,000	2014	10	6.00%	6.00%
6	23-Sep-04	300,000,000	2019	15	6.10%	6.10%
7	16-Mar-05	400,000,000	2015	10	6.00%	6.05%
8	24-May-05	400,000,000	2015	10	6.10%	6.1135%
9	30-Nov-06	700,000,000	2014	8	8.00%	8.15%
10	9-Feb-07	674,301,000	2012	5.5	7.80%	7.80%
11	27-Apr-07	1,017,978,000	2014	7	8.00%	8.00%
12	2-Jul-08	1,200,000,000	2017	9	8.25%	8.25%
13	23-Apr-09	1,500,000,000	2024	15	7.75%	7.75%
14	30-Jun-09	280,000,000	2016	7	6.20%	6.20%
15	30-Jun-09	368,504,000	2020	11	6.40%	6.40%
16	1-Jul-09	141,310,000	2034	25	8.50%	8.50%
17	1-Jul-09	227,332,000	2034	25	8.50%	8.50%
17*	16-Oct-09	231,496,000	2020	11	6.40%	6.35%
18	9-Feb-10	600,000,000	2025	15	6.50%	6.00%
19	4-Feb-10	1,399,800,000	2027	17	6.60%	6.60%
20	4-Feb-10	1,000,000,000	2029	19	6.70%	6.70%
21	4-Feb-10	1,000,000,000	2031	21	6.80%	6.80%

* - All coupons are fixed
* - Reopening of \$600m Bond #14

**Table II
Trinidad and Tobago's Credit Ratings**

Moody's	Current	Standard and Poor's	Current
Foreign Currency Government Bonds	Baa1-Stable	Local Currency - Short Term	A-1
Local Currency Government Bonds	Baa1-Stable	Local Currency - Long Term	A+
Foreign Currency Ceilings for Long-term Bonds and Notes	A1-Stable	Foreign Currency - Short Term	A-1
Foreign Currency Ceilings for Short-term Bonds and Notes	P-1-Stable	Foreign Currency - Long Term	A
Foreign Currency Ceilings for Long-term Bank Deposits	Baa1-Stable		
Foreign Currency Ceilings for Short-term Bank Deposits	P-2-Stable		

Source: (I) Moody's Investors Services
Moody's Global Sovereigns: Credit Analysis
January 2010
www.moody's.com
(II) Standard and Poor's

LIST OF GOVERNMENT SECURITIES INTERMEDIARIES

Institution	Contact Addresses
ANSA Merchant Bank Limited	11c Maraval Road Port of Spain Tel: 623-8672 Fax: 624-8763
Caribbean Money Market Brokers Limited *	Ground Floor, Furness Court Corner Richmond Street and Independence Square Port of Spain Tel: 623-7815/5153 Fax: 624-4544
Citicorp Merchant Bank Limited	12 Queen's Park East Port of Spain Tel: 625-1046; 623-3344 Fax: 624-1719
First Citizens Bank Limited	Corporate Centre 9 Queen's Park East Port of Spain Tel: 624-3178 Fax: 627-4548
Intercommercial Trust and Merchant Bank Limited	Ground Floor Furness Building Port of Spain Tel: 665-4425 Fax: 665-6663
Republic Finance and Merchant Bank Limited	9-17 Park Street Port of Spain Tel: 625-4411 Fax: 624-1296
RBTT Merchant Bank Limited	Corner Broadway and Independence Square Port of Spain Tel: 625-3511 Fax: 624-5212
Scotia Trust and Merchant Bank (Trinidad and Tobago) Limited	Scotia Centre 56-58 Richmond Street Port of Spain Tel: 625-3566 Fax: 623-4405
FirstCaribbean International Bank (Trinidad and Tobago) Limited	74 Long Circular Road Maraval Port of Spain Tel: 628-4685 Fax: 625-8906
Trinidad and Tobago Unit Trust Corporation *	Corner Richmond Street and Independence Square Port of Spain Tel: 624-8648 Fax: 624-4729

Note: * Intermediaries designated to accept non-competitive bids from the public. Applications will be accepted by these intermediaries up to 12:00 noon on Thursday 15th April, 2010.

3. Accountability and Transparency

The Government of Trinidad and Tobago is responsible for ensuring that:

- the legislative authority to borrow is clearly defined and executed within that framework;
- debt data and indicators are accurately recorded and disclosed in accordance with the Freedom of Information Act;
- contingent liabilities are included in debt data; and
- debt management activities are regularly audited externally and reported.

The Auditor General is mandated under the Constitution of the Republic of Trinidad and Tobago paragraph 116 (2) and (3) to audit and report on the public accounts of Trinidad and Tobago annually. Under the Exchequer and Audit Act, Chapter 69:01, the Auditor General is also mandated to audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the assessment of, collection, receipt, custody, issue or payment of public moneys, or with the receipt, custody, issue, sale, transfer or delivery inter alia of securities.

The Annual Reports of the Auditor General are submitted to the Speaker, the President of the Senate and the Minister of Finance and laid in Parliament.

4. Institutional Framework

The debt management activities of the Ministry of Finance are managed by the Debt Management Unit of the Economic Management Division (EMD) in the Ministry of Finance. This Unit is supported by an automated management information system known as the Debt Management and Financial Analysis System (DMFAS). This system was designed by the United Nations Conference on Trade and Development (UNCTAD) and facilitates accurate debt recording and reporting. It enables not only the timely servicing of debt obligations, but also improves the quality of budgetary reporting and the transparency of government financial accounts.

5. Credit Rating

Standard & Poor's affirmed the Republic of Trinidad and Tobago's long-term foreign currency sovereign credit rating of 'A', its long-term local currency rating of 'A+' and its short-term local and foreign currency ratings of 'A-1'. Moody's Investors' Service also maintained Trinidad and Tobago's key foreign currency ratings of 'Baa1'. These ratings are indicative of strong economic growth prospects, the strong internal and external balances and prudent macroeconomic policies (Table II).