

INTERNATIONAL BONDS		These are a selection of bonds announced recently. The details, updated to the middle of last month, were supplied by Thomson Financial Securities Data and other sources.							
Issuer	Launch rating		Amount	Coupon	Price	Maturity	Launch Spread (bp)	Fees (%)	Bookrunner
	M	S&P	(m)		(%)				
Bulgari	NR	NR	EUR100m	(a)	99.862	Dec/03		0.20	Deutsche Bank
AB Electrolux	Baa1	BBB+	EUR300m	6.125	99.748	Dec/05	(b)	0.40	Lehman Bros., Schroder Salomon Smith Barney
International Power (Cayman)	BB		USD350m	2	100	Dec/05	(c)		Lehman Bros., Schroder Salomon Smith Barney
Legal & General	Aa3	AA	GBP150m	5.875	98.264	Dec/31	(d)	0.625	UBS Warburg
McDonald's Corp.	Aa2	AA	GBP150m	6.25	99.782	Dec/05	(e)	0.30	Barclays Capital, Merrill Lynch
Parker-Hannifin Corp.	A2	A	EUR300m	6.25	100	Nov/05	(f)	0.325	Morgan Stanley Dean Witter
Unilever plc	A1 A1	A+ A	EUR500m GBP100m	(g) (h)	99.981 100	Dec/02 Dec/01		0.10 0.0625	BNP Paribas, HSBC
Wal-Mart Stores Inc.	Aa2	AA	GBP500m	5.75	99.321	Dec/30	(i)	0.625	Goldman Sachs
Witan Investment Trust	-	AA+	GBP100m	6.125	98.703	Dec/25	(j)	0.625	Cazenove

(a) 6-month Euribor plus 50bp. (b) 80bp over mid-swaps or 120bp over BTAN, 128.5bp over Obl. (c) Yield to maturity 4.25%, redemption price 112.4, conversion premium 22%, conversion price 300p, conversion ratio 234.3622. (d) 165bp over the 6.00% 2028 Gilt. (e) 80bp over the 8.50% December 2005 Gilt. (f) 77bp over mid-swaps. (g) Eonia flat. (h) Sonia+20bp. (i) 146bp over 6.00% December 2028 Gilt. (j) 175bp over 6% December 2028 Gilt.

INTERNATIONAL EQUITIES		These are a selection of issues announced recently. The details, updated to the middle of last month, were supplied by Thomson Financial Securities Data and other sources.							
Issuer	Amount raised (m)	Type of issue	No shares (m)	Offer price	Pricing date	Exchange listing	Fees (%)	Bookrunner	
Datamonitor <i>Comment: Market research group.</i>	GBP29	IPO	17.5	GBP1.65	22 Nov/00	London		CSFB	
Deutsche Post World Net <i>Comment: (a) institutional (b) retail (c) plus 0.25% discretionary fee (d) plus 0.35% discretionary fee</i>	EUR6.6bn	IPO	278.2m	EUR21(a) EUR20.5(b)	18 Nov/00	Frankfurt	1.6(a)(c) 1.75(b)(d)	Deutsche Bank UBS Warburg	
Easyjet <i>Comment: Discount airline</i>	GBP225	IPO	72.5	GBP3.10	15 Nov/00	London		CSFB, UBS Warburg	
Expocentric <i>Comment: Application service provider to the international exhibition market</i>	GBP34	IPO	17.7	GBP1.92	15 Nov/00	London		Investec Henderson Crosthwaite	
GeneMedix <i>Comment: Life sciences company. 14.48m new and vendor shares in London; 7.8m new shares in Singapore.</i>	GBP20	P	22	GBP0.90 SGD22.2	24 Nov/00	London Singapore	1	Collins Stewart, Overseas Union Bank	
Genetix <i>Comment: Designs, develops and markets automated instruments and services in genomics research.</i>	GBP29.1	IPO	21.4	GBP1.50	20 Nov/00	London	2.5	West LB Panmure	
Kensington Group <i>Comment: Mortgage supplier. 15.6m primary.</i>	GBP77	IPO	34.3	GBP2.25	20 Nov/00	London		Schroder Salomon Smith Barney	
Oxford Glycosciences <i>Comment: Market leader in proteomics. Largest ever biotech capital-raising exercise in UK. (a) Pre-green shoe.</i>	GBP150m	Secondary	11.7(a)	GBP12.75	7 Dec/00	London		Lehman Brothers	
RiverSoft <i>Comment: Software company. 13.2m share green shoe (GBP12.4m).</i>	GBP83m	Follow-on P	88.3	GBP0.94	7 Dec/00	London		Morgan Stanley Dean Witter	

P = primary; S = secondary; IPO = initial public offering; D = demerger

Trying times for the loan market

Rather surprisingly, November and December proved to be a more testing time for the loans market than the equivalent period in 1999. Then the Millennium Bug was predicted to play a big part in liquidity availability and some doom-mongers predicted a total market shutdown. It didn't happen. A year on, however, and supposedly with no such issues, the loans market experienced one of its toughest periods.

Whilst the telecoms sector grabbed most of the year-end market headlines, the compound effect of the total amount of liquidity being demanded throughout the year stretched many banks to the limit – so much so that a fair proportion effectively closed their books for the year in mid-November.

Relationship call deals such as Exel and BPB in the UK still met with

favourable receptions and the \$8.5bn jumbo supporting Reed Elsevier's purchase of publishing house Harcourt General found widespread support.

Outside of this, however, market talk centred around the transactions that had to be either restructured, repriced or just took an inordinate length of time to close because of banks' reluctance to commit their balance sheets at this time. The leveraged markets' experience was similar. We saw a £600m transaction for leisure firm Bourne Leisure and a DEM835m facility for automotive component company Kiekert successfully oversubscribed, while the collapse in the high yield market and over-aggressive structures saw a number of transactions stall badly.

The LBO market witnessed the beginnings of structure pressure in the

McKecknie deal, with attempts to take out a portion of equity and/or subordinated debt ahead of bank lenders. This is a debate set to liven up in early 2001.

Getting the right balance

The last two months of the year proved conclusively that optimising balance sheet usage alongside traditional structuring/credit concerns is now a prime driver in the decision process. Borrowers should expect banks to continue, and even increasingly demand, more meaningful returns for the use of their capital in 2001. Liquidity may well be at more of a premium. However, with year-end issues out of the way, it should be possible to paint an optimistic picture for 2001. Last year saw the loan market continue its development as the market of first choice and the cornerstone of credit support for UK corporate activity. This trend is fully expected to continue, and lenders will certainly be open for business for the right deal. ■

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INTERNATIONAL LOANS

These are a selection of loans announced recently. The details, updated to the middle of last month, were supplied by Thomson Financial Securities Data and other sources.

Borrower	Type	Amount (m)	Term (yrs)	Margin Libor+ (bp pa)	Fees		Arranger(s)	
					Commit. (bp pa)	Front-end (bp)		
Capital Radio	TL	GBP100m	5	90 (a)		Co-Arr Lead Manager	17.5(b) 15(c) 12.5(d)	Bank of Scotland
Comment: In general syndication. (a) ratcheting down to 50bp. (b) For GBP20m. (c) For GBP15m. (d) For GBP10m.								
Exel plc	RC	GBP500	5	45	20	Co-Arr Lead	(a) (b)	Citibank/SSSB, Deutsche Bank
Comment: Logisitics group. In general syndication. Utilisation fee of 2.5bp for in excess of 66% down. (a) 20bp for GBP37.5m. (b) 15bp for GBP20m.								
Greencore Group	TL	GBP120	364 days(a)	125	33%	Snr Co-Arr	(b)	Bank of Ireland
	TL	GBP165	22 months	(c)	33%	Co-Arr	(d)	Citibank/SSSB
	TL	GBP160	5	(c)	33%			The Royal Bank of Scotland
	RC	GBP200	5	(c)	50%			
Comment: In senior syndication. (a) With 6-month term-out. (b) 75bp all-in upfront split 10bp drop-dead fee; 27.5bp to underwrite £50m, further 37.5bp final take fee. (c) 145bp over Libor/Euribor out of the box, ratcheting along debt to EBITDA grid to 145bp ceiling for 3.5x and to a 75bp over Libor floor equal to or less than 2.5x. (d) 47.5bp all-in upfront split 5bp initial fee and 5bp early bird fee on senior signing, 37.5bp final take fee.								
Reed Elsevier	RC	USD4,000	(a)	(b)	17.5 (c)	Arr	(d)	Cazenove, Deutsche Bank
	RC	USD2,500	3	(e)	25 (c)	Co-Arr	(f)	Morgan Stanley Dean Witter
	TL (g)	USD2,000	364 days	(b)	17.5 (c)			
Comment: Sub-underwriter phase. (a) 364 days with 1-year term out option. (b) Based on A- rating, 50bp over Libor out of the box ratcheting to 45bp over Libor for A rating, 75bp for BBB. (c) For A- rating. (d) 40bp all-in, split 22bp to underwrite USD250m, further 17.5bp on final take. (e) 55bp over Libor for A- rating, ratcheting to 50bp and 75bp for A and BBB respectively. (f) 37.5bp all-in, split 20bp to underwrite USD250m, further 17.5bp on final take. (g) Unsyndicated.								
RC = revolving credit, TL = term loan, M = mezzanine, LC = letter of credit, BL = bridge loan.								