

# LIFE AFTER DEBT?

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A substantial part of the leveraged finance market is accounted for by leveraged buyouts (LBOs), which are even being seen in financially conservative Japan. We have five articles on LBOs, written from various perspectives. The first is a comprehensive review of developments in the UK by **Mike Wright**, **Rod Ball** and **Andrew Burrows** of the Centre for Management Buy-Out Research. The second is a step by step guide to the mechanics of putting together a buyout by **Andrew Allan** and **Martin Jenkins** of Andersen Corporate Finance. **David Latter** of Apax Partners presents a case study from the venture capital funder's point of view on the £2.2bn buyout in 2001 of Yell from BT. Next, **Joanna Parker** presents a case study from the fashion sector, outlining the lessons from the buyout of Oasis and its implications for their treasury management.

Leveraged finance does not stop at buyouts however, and we have a number of articles on other aspects. **Tessa Walsh** of Loan Pricing Corporation reviews the market as a whole. **Paul Castle** of MTI gives his views on the development of the early stage high tech venture capital sector, from the heady days of the recent overhyped past to the current rather less encouraging market, concluding that prospects are less bleak than many commentators are suggesting.

Conduit securitisation, where a special purpose vehicle company purchases receivables from one or more corporates and finances them in the commercial paper market, has long been common in the US, but it is less well developed on this side of the Atlantic. **Alex Wickens** of Bayerische Landesbank outlines its advantages and explains how to set one up.

Turning to the asset backed sector, **Joanna Hawkes** of Angel Trains gives an interesting insight into the challenges and issues relating to the leasing of railway rolling stock, from the viewpoint of both lessor and lessee. She also examines how these mesh with operational requirements and the political and regulatory aspects of this specialised industry. Our suite of articles is completed by a review by **Professor David Myddelton** of Cranfield School of Management of developments in academic thought on financial leverage since the original insights of Modigliani and Miller.

Readers may also like to refer to their December 2001 issue for coverage of Welsh Water, whose innovative £2.2bn Glas Cymru bond was driven as much by the regulatory issues as by theories of how to structure debt, echoing the Angel Trains situation. This deal is expected to be followed by others for Southern Water and Anglian Water.

No doubt the LBO, high tech venture capital, conduit securitisation, rolling stock leasing and water sectors will all continue to develop further in 2002, in tandem with the remainder of the leveraged finance market.

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