

DEBT V EQUITY

This month's Spotlight is touching on an immense subject that would not be adequately covered by an entire library. In all likelihood, there has not been an issue of *The Treasurer* that has not contained at least one article that could fall under the general title of this Spotlight; yet we thought it right to aim to draw together articles that cover some corners of the subject.

Arthur Burgess, former Group Treasurer of British Gas, examines the whole spectrum of possibilities, from pure equity to pure debt, on occasion with a somewhat sceptical view of the role of banks in providing advice. In an interesting case study, **Malcolm Cooper** of Lattice Group guides readers through the reasoning and processes behind Transco's decision to replace £2.9bn of equity with debt.

Ian Fitzgerald of Lloyds TSB looks at the key issues which corporates need to be aware of in approaching the loan market, particularly the way in which relationship banks are adjusting their traditional stance in providing finance.

Corporate borrowers should be able to learn from the debt management practices and methodology undertaken by public or sovereign borrowers, proposes **Eddie Fogarty** of FTI.

Jonathan Trower and **Adrian Box** of Close Brothers look at the current levels of gearing and what the future holds, based on their survey of 120 companies in the FTSE 250. **Keith Phair** of the Bank Relationship Consultancy provides some very useful advice to corporates on how they need to approach their negotiations with banks, particularly in dealing with 'insidious covenants'.

The ECP market has grown enormously in recent years and **John Delaney** of Goldman Sachs examines recent trends, the catalysts for growth and where the market is likely to go.

For those who are concerned about the impact of share price volatility on their credit rating, Lars Björklund of **Standard & Poor's** provides some comfort in his examination of the relationship between these two elements.

Finally, **Simon Hills** of the British Bankers Association expresses his concerns about the European Directive on Prospectuses and looks at the issues and problems raised by the proposal.

Of course no one will subscribe to every detail of each article. As always the views expressed are those of the authors, and as always we are grateful for their contribution. If the views are controversial - so much the better. If you disagree with any of the articles following, and wish to elaborate your views, an article or letter addressed to the Editor would be welcome to continue the debate.