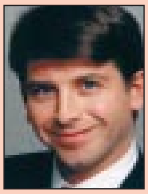
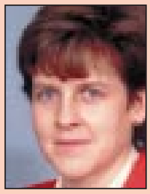
	What major problems and opportunities do you expect?	Will the euro become a viable alternative to the dollar in terms of volume and liquidity? Do you foresee major problems for the euro?	What pricing trends do you anticipate?
 ***Anthony Barklam Morgan Stanley Dean Witter***	Any Y2K shocks notwithstanding, continued M+A activity and equity market volatility is likely to lead to a combination of larger, more liquid corporate issues and the ability to tap size through multi-tranche issues. Greater size and liquidity will be accompanied by greater investor awareness of event risk. Expect continued evolution of the BBB market and a greater spread differential between ratings categories.	The euro market is already there in terms of volume. Large benchmark transactions in 2000 will cement the market as a true alternative though FASB 133 concerns and relative arbitrage levels for US borrowers will continue to restrain global cost/benefit comparisons with the US market. Longer dated and more structured deals continue to see greater acceptance in the US.	Expect Libor equivalent spreads to stabilise at the short end with one-off exceptions due to jumbo financing. Within each ratings catagory, expect the development of greater trading spread differentials based on sector, credit story and investor following. Expect a steeper corporate credit curve.
 ***Terry Watkins Dresdner Kleinwort Benson***	Problem: As the credit spreads in Q4 were wide, will the corporate curve shift out or revert to pre-Q4 levels? Has Mannesmann over-blown negative event risk fears? Opportunity: Continued focus on shareholder value by issuers; 1999 has set the basis for more non-telco issuance and hopefully more single A, BBB and unrated credits.	Yes, the euro market is now a viable alternative for investment-grade credits, although it still has some way to go for lower-rated credits. Euro/USD swap spreads helped euro issuance through much of 1999. We are actually anticipating a portfolio shift towards USD (from euro) by euro-zone investors.	Lesser-rated telco spreads will widen; diversification will be a key theme and if issuers manage to fill this investor need they will succeed. Investors are getting better at relative value and credit analysis, resulting in more accurate pricing.
 ***Frank Kennedy Warburg Dillon Read***	Increased volume of corporate issuance and further bond portfolio shifts into corporate credit are the theme. Opportunities lie in internet distribution, electronic bond exchange, the high yield market and tax-deductible preferred securities. The main problem is continued insufficient resources for corporate credit analysis among investors throughout Europe.	The euro already has overtaken the Eurodollar market in Europe. Compared to the US dollar market, its major problems are the lack of a central, liquid and widely accepted government bond market; the lack of transparency and efficiency in distribution in 1999 (over 60% of deals saw their spreads widen within one month after launch, due to poor placement and over-ambitious demand expectations by lead managers); and secondary market liquidity and credit research.	Swap spreads should narrow. Many corporates should get better value (lower spreads to Euribor) combined with better distribution and more accurate pricing from the euro market, while the Yankee market will be more competitive for issuers than in 1999. Overall yields should rise.
 ***Miles Millard Deutsche Bank***	Industrial and financial sector consolidation will continue to take place, driving demand for credit. This will push borrowers further towards the capital markets for their term financing.	The euro sector has surpassed all expectations in 1999 and, for many issuers, already rivals the attractions of the US dollar market – at least in terms of price, though not yet in terms of maturity or depth. However, the euro sector is still in its relative infancy, and lacks the homogeneity of the US dollar market. Every investment bank wants to be involved, which has caused fierce competition for mandates and some poorly prepared and mispriced issues. The market also remains vulnerable to event risk.	Ignoring sectoral trends, the general supply and demand balance suggests that spreads may not tighten significantly. However, the strong demand for credit diversification and a stable macroeconomic background may permit some tightening of spreads. Domestic name recognition bid will gradually fade and price will reflect relative value comparisons of companies versus their non-domestic peers.

Will availability of funding for medium and smaller corporates be improved? Do you foresee any trends in the type of borrowers in future markets?	What trends in currencies, deal types and structures do you expect?	What trends do you expect in investor appetite?	
Yes, greater bank disintermediation for the medium-sized names will happen, but for investor diversification and maturity lengthening rationale rather than price arbitrage. Ratings will be a continued focus to broaden potential investor base.	Expect the euro to continue to dominate in terms of European investor focus, with the dollar being a narrower focus depending on the level of dollar/euro and specific deal liquidity. Sterling and the yankee markets will still lead the way as the main providers of ultra-long dated finance of choice for corporate issuers, but euro investor interest for 20yr + deals will increase.	Increased interest, even over the 1999 record year, in credit product from investors… a greater appetite for a broader range of credits/industries/ structures/maturities. Focus on spread enhancing A and BBB names for household names and improving credit stories. Expect increased participation from Asian investors in better quality names out to 10 years, and US investors through greater use of 144a language.	 ***Anthony Barklam*** ***Morgan Stanley Dean Witter***
Yes, medium and smaller caps will have better access to the market but it will depend on the type of industry and country of origin. Expect to see a boom from German and UK middle-market issuers, many of whom will go to the euro corporate bond market for the first time, bypassing the sterling and US private placement markets.	Will see the return of the Eurodollar; return of the 7/10 maturities; sterling for the long end? M&A activity will continue and will obviously impact deal types and structure.	• Diversification; • re-weighting in USD; • relative value; and • event risk.	 ***Terry Watkins*** ***Dresdner Kleinwort Benson***
Nice to think so. Institutional investors in the UK and Europe are already being more pro-active and the private placement/BBB-BB segment is growing fast so the bond/private placement side will improve. But the loss of traditional sources of bank funding through banking consolidation is a bigger negative for this sector. Expect increasing public/municipal/regional issuance; as well as asset-backed. For issuance trends, look to M&A activity and development spending – banks, insurance, utilities and property companies come to mind.	Average transaction size will continue to grow. More structured transactions are expected, for example, more callable and puttable bonds. Euro's share will continue to grow. Asset-backed and preferred securities markets will develop.	Investors will continue to become more sophisticated, with further appetite for corporates and much more depth in the BBB area. Sophistication will extend to greater use of credit indices and quantitative portfolios techniques.	 ***Frank Kennedy*** ***Warburg Dillon Read***
As 1999 has progressed, European investors have become more comfortable with lower rated credits, and this trend should continue. Investors will still look for additional credit spreads and will continue to develop their credit analysis skills. However, smaller and lower rated companies' access to the market will be dependent on proper preparation and dialogue with investors and realistic pricing. European investors are becoming increasingly interested in companies from traditional manufacturing sectors and this will provide diversification away from sectors such as utilities and telecoms.	As the capital markets increasingly replace banks as being the primary providers of debt finance, the trend will be towards more diversification of deal types and structures, with novel forms of securitisation, project-backed bonds and so on. In the euro sector specifically, corporate issuers will be able to issue at maturities beyond ten years, though a deep and liquid long-term debt market in euros will not develop overnight .	Investors will be looking to buy new names in new sectors. Straightforward corporate credits will be in demand as the supply of 'structured' issues grows. At one end of the spectrum, investors will look for larger, more liquid issues; at the other end, the need to diversify will increase demand for a wide range of credit ratings and for private placements.	 ***Miles Millard*** ***Deutsche Bank***