



Equity-Linked



\$968m Convertible Issue (June 2004)

The restructuring of ABB's \$968m convertible bond was one of the first successful modifications of this nature.

ABB's dollar denominated bonds were originally convertible into ordinary shares of ABB. A unique feature of the modified convertible is that bondholders will receive dollar denominated American Depositary Shares, representing fully paid shares, rather than ordinary shares of ABB, which are denominated in Swiss francs.

Barclays Capital, Citigroup, CSFB



\$1bn Convertible Bond Issue (February 2004)

Anglogold's \$1bn convertible bond was the first international public convertible by a South African listed company. The deal was conducted to refinance maturing debt and pay transaction costs related to the Ashanti Goldfields merger.

The deal generated massive demand and was about 4.2 times over-subscribed when books closed at the less aggressive end of the range. The 60% conversion premium allowed the company to achieve a conversion price well above the all-time high, minimising any potential dilution.

Deutsche Bank, Citigroup



€1.1bn Exchangeable (April 2004)

Capitalia's €1.1bn issue, exchangeable into the shares of Generali, enabled the bank to monetise its entire 3.14% stake in Generali and potentially sold it at a premium to the current market price. The deal was 3.4 times over-subscribed.

"The issue was an outright success in terms of execution, conditions and market impact. In particular, we achieved our goal to obtain low-cost funding by utilising the exchangeable structure which took the market by surprise in a positive manner," said Fabio Gallia, Co-General Manager.

ABN AMRO, CSFB, MCC, Mediobanca



€500m Convertible (May 2004)

Linde's €500m convertible was launched to finance its buyback of €400m of bonds. The issue was one of the most aggressive placed in 2003, and recorded a 'negative' discount.

Erhard Wehlen, Treasurer, said: "We decided to launch the deal because interest rates were quite favourable and our share price had performed well over the last year and we were able to achieve an implied volatility above both historic and Over the Counter levels. The deal was attractively priced for Linde and well received by investors."

SG Corporate & Investment Banking, Dresdner KW

The strongest link

Activity in equity-linked issuance was underpinned at relatively healthy levels during 2003-04, following on from the flood of transactions witnessed in 2002-03, despite suggestions that this market would level off.

Equity-linked bonds continued to be favoured by both issuers and investors. This is reflected in the fact that some deals were

as much as nine times over-subscribed.

2003-04 also saw some innovative structures and pricing in the convertibles category. One deal was launched at a conversion premium of 60%, allowing the company to achieve a conversion price well above the all-time high. Another issue by a Swiss company offered conversion into US\$ nominated American Depositary Shares.

élan

\$633m Equity and Convertible Offering (October 2003)

Elan's \$633m concurrent equity and convertible offering represented an integral part of Elan's recovery plan, re-establishing its access to the capital markets after a prolonged period of restructuring. An aggregate of \$2.3bn of demand was generated for the combined transaction with the convertible bond being nine times over-subscribed at the base offering size.

The convertible bond was upsized to \$460m from \$250m and priced at the bottom of the marked coupon range.

Morgan Stanley

Swiss Re

€670m Convertible (July 2004)

The mandatory convertible security issued by Swiss Re was designed to raise equity without diluting shareholder capital. It was the first mandatory convertible in Europe to achieve maximum equity recognition from Moody's, Standard & Poor's and AM Best.

"This €670m offering was over-subscribed nine times in just three hours, pricing at the low end of the coupon range, with a minimal impact on Swiss Re's share price during execution," said John Frederick Souter, Head of Financial Reporting.

BNP Paribas, Merrill Lynch