

# Thomson Financial European Capital Markets

First Quarter 2005

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## Robust first quarter: market fundamentals remain intact

**London, Friday 1st April** -For most of the first quarter of 2005, the broad trends that had developed in 2004 in both credit and equity markets continued virtually unabated. In credit, the huge supply-demand imbalance continued intact, and the recovery in equity capital markets continued to build as every successful transaction added depth to the confidence of issuers, institutional sellers and investors.

In the international bond market, one leading banker described the first quarter as the most amazing one-dimensional market ever seen. Primary bond issuance barely stopped for a meaningful Christmas break. There was frantic buying in all asset classes, even if the pendulum of power remained firmly on the issuers' side.

Credit spreads moved relentlessly tighter as investor demand continued to outpace primary supply. That is, until General Motors' profit warning in March slammed the brakes on two years of spread tightening and sent secondary markets into free-fall. Negative sentiment quickly flowed into the primary market. Issuers were forced to axe transactions and revise price guidance.

But rather than spoiling the credit party, the GM saga will likely be seen as a momentary glitch. Investors certainly took advantage of the GM credit event to force spreads out and gain some respite from the inexorable tightening, but market technicals favouring tight credit spreads – even in an environment of rising benchmark bond yields – are still largely in place. Bankers remain quietly optimistic that a correction might be just what the market needed.

Certainly, demand continues to outstrip supply, and with fund managers' and money market coffers filling up rapidly, there is little sign of an imminent sea change in asset allocation.

The trend towards higher risk tolerance continued to be a key investment theme in the first quarter in both vanilla credit markets as well as in structured finance. This was amply illustrated by the trend towards longer-dated debt issuance in the straight debt market, and the enhanced interest in mezzanine tranches of asset-backed securities.

The proliferation of ultra-long 50-year and 100-year bond issuance exemplified the willingness of investors to go long to garner yield pick-up. But the mixed fortunes of these ultra long issues showed that even in a heavily issuer-driven environment, investors have their limits.

It was not through a lack of risk-tolerance, however, that Telecom Italia's €300m 50-year bond bit off more than it could chew. The specifics of the deal suggested that pushing beyond €500m with liquidity questioned by the presence of only one bank at the helm (Deutsche Bank) was not the optimal approach. But the deal also came at a time of extreme turbulence. >>>

## Robust first quarter: market fundamentals remain intact (cont.)

Catalysed by GM/GMAC's ratings woes and problems at insurance giant AIG, the pre-Easter period gave much pause for thought. The consensus, though, is that this was a speed bump, not the end of the road.

### Strong start in ECM

In spite of unexciting secondary markets, primary European ECM activity had a strong start to the year. The chief cause for optimism among bankers was the successful completion of a number of large IPOs. There was also a notable increase in the number of issuers tapping the equity markets to raise capital to support M&A activity.

As in 2004, European activity dominated the global picture in the first quarter, with more than US\$46bn of volume compared with around US\$31.3bn in Asia and US\$36.4bn in the US.

Among the IPO highlights were the flotations of Sistema in Russia, Premiere in Germany and Sanef in France – all of which were over US\$1bn. IPOs have generally traded well on debut, although Premiere's 13.6% first-day jump was unusually high.

The growing perception that the environment is now more favourable to growth stocks over safe yield-based plays was supported by the IPO of Sanef, which traded down in its debut at the very end of the quarter, despite apparent huge demand during bookbuilding.

Government sell-offs such as Sanef and KPN continued to supply a chunk of the deal flow, and are likely to continue to do so. The mammoth IPOs of GdF and EdF in France could be worth €6bn and €11bn, respectively, and both are expected by the end of the year.

The private equity community drove a number of deals, with public listings now sometimes coming within just two years of a buy-out. Nevertheless, public valuations continue to be challenging, especially for defensive stories, and assets also continue to be recycled among VCs rather than listed.

### High-yield buoyant

As if to exemplify the continued interest in anything offering a yield kicker, the European high-yield market remained attractive in the first quarter and spreads tightened to historic lows. Remy set a European record yield low when its quick-to-market €200m seven-year non-call four senior note priced to yield 5.2% in January.

As in the high-grade market, high-yield supply continued to outstrip demand by some considerable margin in the first quarter. This facilitated the introduction of structural innovation, led by the hedge fund community, which has become increasingly influential. This resulted in a string of PIK (pay-in-kind) and floating-rate bonds. In fact, PIK debt accounted for over a third of all high-yield bonds issued by European companies in 2005, including deals from KDG, Cognis, Fiat-Avio and Nycomed.

Despite the recent sell-off, which was fuelled by the continued rise in oil prices, higher US Treasury yields and the GM news, high-yield spreads remain near historic tights. Underlying market fundamentals remain positive, so expect another record-breaking year of issuance. Banking professionals are forecasting more than €20bn of new supply; the market absorbed over €5bn in primary supply in the first quarter.

Cable TV, fallen angel refinancings and large-scale LBO transactions – such as the already slated jumbo deal from Amadeus expected in the second quarter – are expected to drive issuance going forward.

## Equity Capital Markets

Europe, Middle East & Africa

\*During the first quarter of 2005, US\$47.3bn was raised by EMEA companies in the equity and equity-related markets, a 2.2% decrease from the US\$48.4bn raised in the same period last year. The number of deals decreased from 248 to 144.

\* Within the EMEA region, JPMorgan completed 22 equity offerings with a total value of US\$5.7bn. Overall, UK ECM activity represented 53 offers worth US\$8.7bn, Germany dominated however with 20 offers worth US\$9.2bn.

\* ECM activity by French companies reached 10 offerings for a total of US\$7.1bn. Offerings by Italian companies increased from 3 to 6 issues and from US\$1.2bn to US\$3.0bn compared with 2004.

\* UBS ranked first with leading roles on 19 offers worth US\$7.0bn. During the first quarter of 2005 the banks making up the top rankings remained largely unchanged from those in first quarter 2004; Goldman Sachs, Merrill Lynch, Morgan Stanley, Lehman Brothers, CSFB and Deutsche Bank all taking spots in the top ten league.

\* In the first quarter of 2005 US\$40.9bn worth of shares were placed by EMEA companies compared with US\$44.8bn during first quarter of 2004. The number of new issues dropped from 233 to 132. UBS ranked first for EMEA common stock with bookrunner roles on 17 deals worth US\$5.8bn compared to fourth in first quarter 2004.

\* Follow-on offerings decreased this period with 101 issues compared to 174 during the first quarter of 2004. Block trades and accelerated bookbuilds accounted for 70.1% of EMEA common stock issuance during the first quarter.

\* The biggest equity offer issued in the first quarter of 2005 was German pay-TV company Premiere's IPO worth US\$1.36bn. The issue was attractive to investors and well received. This was followed by the US\$1.35bn Russian IPO of Sistema, lead managed by CSFB and Morgan Stanley. This IPO is the largest ever for a Russian company. Another benchmark deal was the completion of the French government's privatization of Sanef worth US\$1.1bn.

### EMEA Equity & Equity-related (C1dr)\*

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
UBS	7,083.4	15.0	19	5	9.2	5.8
JP Morgan	5,789.4	12.2	22	7	6.7	5.5
Goldman Sachs	4,810.4	10.2	11	6	8.0	2.2
Merrill Lynch	4,748.7	10.0	5	8	4.3	5.7
Morgan Stanley	4,218.1	8.9	9	3	10.3	-1.4
Lehman Brothers	3,113.4	6.6	7	4	9.4	-2.8
Deutsche Bank	2,727.0	5.8	11	2	11.0	-5.2
ABN AMRO Rothschild	2,461.9	5.2	9	11	2.8	2.4
CSFB	1,895.7	4.0	8	9	3.8	0.2
Nomura	1,503.1	3.2	4	77	0.1	3.1
<b>Top 10 Total</b>	<b>38,351.1</b>	<b>81.1</b>	<b>105</b>	<b>-</b>	<b>65.6</b>	<b>15.5</b>
<b>Industry Total</b>	<b>47,381.3</b>	<b>100.0</b>	<b>144</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>

### EMEA Common Stock (C4cr)\*

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
UBS	5,880.8	14.4	17	4	9.3	5.1
Goldman Sachs	4,810.4	11.8	11	5	8.6	3.2
Merrill Lynch	4,748.7	11.6	5	8	4.3	7.3
Morgan Stanley	4,157.8	10.2	8	2	10.7	-0.5
JP Morgan	3,360.4	8.2	18	7	6.7	1.5
Lehman Brothers	3,113.4	7.6	7	6	7.7	-0.1
Deutsche Bank	2,544.6	6.2	10	3	10.5	-4.3
ABN AMRO Rothschild	2,283.7	5.6	8	11	2.9	2.7
CSFB	1,751.9	4.3	7	9	4.2	0.1
Citigroup	1,054.2	2.6	8	1	11.6	-9.0
<b>Top 10 Total</b>	<b>33,705.9</b>	<b>82.5</b>	<b>99</b>	<b>-</b>	<b>76.5</b>	<b>6.0</b>
<b>Industry Total</b>	<b>40,901.0</b>	<b>100.0</b>	<b>132</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>

## Equity Capital Markets

Europe, Middle East & Africa

Nation	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004			Proceeds Change (%)
	Proceeds (US\$m)	Mkt. Share	No. Issues	Proceeds (US\$m)	Mkt. Share	No. Issues	
Germany	9,273.4	19.6	20	9,178.9	18.9	10	1.0
United Kingdom	8,707.3	18.4	53	9,885.2	20.4	145	-11.9
France	7,194.9	15.2	10	2,706.3	5.6	10	165.9
Netherlands	5,641.3	11.9	7	1,297.7	2.7	10	334.7
Italy	3,060.5	6.5	6	1,273.8	2.6	3	140.3
Norway	2,324.4	4.9	5	1,869.9	3.9	6	24.3
Belgium	1,839.5	3.9	4	4,399.2	9.1	1	-58.2
Spain	1,661.5	3.5	5	4,879.5	10.1	6	-65.9
Russian Federation	1,556.8	3.3	1	237.4	0.5	2	555.7
Finland	1,349.5	2.9	4	68.4	0.1	1	1,872.9
Switzerland	1,190.5	2.5	3	999.6	2.1	6	19.0
Israel	1,134.7	2.4	10	1,832.7	3.8	9	-38.0
Sweden	599.1	1.3	4	3,216.6	6.6	6	-81.4
Greece	555.0	1.2	3	518.7	1.1	8	7.0
Austria	369.8	0.8	2	1,492.2	3.1	2	-75.2
Poland	239.5	0.5	1	-	-	-	-
Turkey	172.2	0.4	1	264.3	0.6	2	-34.8
South Africa	165.6	0.4	1	2,194.0	4.5	7	-92.5
Portugal	143.6	0.3	1	264.7	0.6	1	-45.7
Guernsey	103.2	0.2	1	-	-	-	-
Egypt	65.2	0.1	1	-	-	-	-
<b>EMEA</b>	<b>47,381.3</b>	<b>100.0</b>	<b>144</b>	<b>48,460.1</b>	<b>100.0</b>	<b>248</b>	<b>-2.2</b>

\*Includes Rights and Open Offers

## Equity Capital Markets

Europe, Middle East & Africa

\* IPO's in the EMEA region were significantly down from the same period last year. First quarter 2005 volume reached US\$6.6bn, down 23.8% from US\$8.8bn in the same period in 2004, mainly due to the lack of large deals, such as Belgacom and Eircom, completed during the first quarter 2004.

\* German IPOs dominated in the first quarter comprising 30.8% of the total market volume. UK issuers were notably down as the number of new issues dropped by 52% from first quarter 2004.

\*Due to the fall in new issue volumes, rankings were considerably different from the first quarter 2004. Morgan Stanley remained on top and despite the overall fall in total volumes managed to increase proceeds raised 31% from US\$1.2bn to US\$1.6bn.

\* The largest IPO's of the year were Premiere Medien and Sistema. Both deals were over US\$1.3bn equivalent and made up almost 40.4% of the total EMEA IPO volumes for the first quarter 2005.

\* Total volumes for EMEA convertibles were up significantly in the first quarter 2005. Volumes increased 85.2% from the same period 2004, rising from US\$3.49bn to US\$6.48bn. The increase in volume was due to several large deals, most notably Allianz's €1.552bn mandatory exchangeable, and the €702.25m UBS Jersey/Daimler Chrysler mandatory exchangeable from January this year.

\*JP Morgan dominated the rankings for EMEA convertibles, increasing its volumes for first quarter 2005 to US\$2.4bn, which was reflected in a 29.7% rise in market share. This increase was due to its involvement in the largest deal of the quarter, Allianz. JP Morgan was sole bookrunner on the €1.552bn Allianz transaction.

\* Several of the banks in the top ten for the first quarter did not feature in the 2005 figures. Most significantly Lehman Brothers, who took top position in the same period last year with proceeds of US\$1.09bn did not bookrun any EMEA convertibles this period.

### EMEA IPOs (C7c)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
Morgan Stanley	1,662.5	24.8	3	1	14.0	10.8
CSFB	1,302.9	19.5	2	5	7.5	12.0
HVB	524.5	7.8	1	-	-	-
Goldman Sachs	430.5	6.4	2	2	13.1	-6.7
UBS	427.1	6.4	2	3	12.7	-6.3
BNP Paribas	367.9	5.5	1	-	-	-
HSBC	367.9	5.5	1	-	-	-
Bear Stearns	241.9	3.6	1	-	-	-
Cantor Fitzgerald	234.0	3.5	1	-	-	-
Deutsche Bank	163.1	2.4	1	11*	2.5	-0.1
Commerzbank	163.1	2.4	1	-	-	-
<b>Top 10 Total</b>	<b>5,722.3</b>	<b>85.4</b>	<b>15</b>	<b>-</b>	<b>49.8</b>	<b>35.6</b>
<b>Industry Total</b>	<b>6,698.3</b>	<b>100.0</b>	<b>31</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>

### EMEA Convertibles (C9d)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
JP Morgan	2,429.1	37.5	4	5	7.8	29.7
Nomura	1,433.0	22.1	1	-	-	-
UBS	1,202.6	18.6	2	4	8.1	10.5
BNP Paribas	775.9	12.0	2	-	-	-
Deutsche Bank	182.4	2.8	1	2	17.9	-15.1
ABN AMRO Rothschild	178.2	2.8	1	10*	0.9	-
CSFB	143.8	2.2	1	-	-	-
Citigroup	75.0	1.2	1	3	14.3	-13.1
Morgan Stanley	60.4	0.9	1	6	4.8	-3.9
<b>Top 10 Total</b>	<b>6,480.4</b>	<b>100.1</b>	<b>14</b>	<b>-</b>	<b>53.8</b>	<b>46.3</b>
<b>Industry Total</b>	<b>6,480.4</b>	<b>100.0</b>	<b>14</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>

## Debt Capital Markets

### International Bonds

\* Overall issuance levels remain on par with the first quarter of 2004. The top ten ranked banks accounted for 58.6 % of total market issuance. Euro-denominated corporates have increased 18.6% and Euro-denominated financials have increased 40.7% this period. International agency issuance however has fallen by 19.8% when compared with first quarter 2004.

\* Strong performers in this first quarter have been ABN AMRO and HSBC. Both have been involved in a number of prominent deals this quarter, namely the €5bn Belgium 2015 issue and also the CADES €4bn 2010 issue. ABN AMRO has increased its position to seventh, up from 11th at the equivalent stage last year. HSBC has moved six places up to sixth.

\* Merrill Lynch and CSFB have seen the biggest decrease in market share. Merrill Lynch's 2.9% fall has resulted in a drop from fourth to 12th position. CSFB have lost 2% market share and fallen from seventh to 13th place in first quarter league tables.

\* Total volume for Euro-denominated issues in first quarter 2005 was up moderately from the same period in 2004. Market totals increased by only 5.7% from US\$339.06bn to US\$358.5bn.

\* German issues dominated in the first quarter despite being down 8.31% from the same period 2004. Italy however had the largest drop after a fall in sovereign and agency issues during first quarter 2005.

\* Citigroup moved into top position from second in 2004 increasing its market share 1.3%. Deutsche Bank moved into second place despite volumes increasing by 5%. One of the most significant moves was CSFB's drop from fifth into 19th place. The bank was particularly strong in agency and sovereign underwriting in first quarter 2004.

\* Although total market volume increased modestly, many fixed income sectors performed well, with agency, sovereign and supranationals increasing by 14.3% and high yield corporates in euros outperforming the previous year's volumes by over 100%. There was a downturn in structured activity with MBS and ABS volumes down 16.5% and 55.1% respectively.

#### All International Bonds (J1)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
Citigroup	78,031.8	9.7	196	1	9.4	0.3
Deutsche Bank	70,507.7	8.8	217	2	8.0	0.8
JP Morgan	51,283.7	6.4	134	6	5.9	0.5
Barclays Capital	49,538.2	6.2	122	5	6.0	0.2
Morgan Stanley	43,911.4	5.5	99	3	7.2	-1.7
HSBC	36,869.5	4.6	109	12	3.8	0.8
ABN AMRO	35,614.6	4.4	104	11	4.0	0.4
Goldman Sachs	35,564.6	4.4	65	10	4.4	0.0
UBS	35,406.3	4.4	112	8	5.0	-0.6
BNP Paribas	33,479.1	4.2	112	14	2.9	1.3
<b>Top 10 Total</b>	<b>470,206.9</b>	<b>58.6</b>	<b>1,270</b>	-	<b>56.6</b>	<b>2.0</b>
<b>Industry Total</b>	<b>805,829.1</b>	<b>100.0</b>	<b>1,616</b>	-	<b>100.0</b>	<b>0.0</b>

#### All International Bonds in Euros (N1)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (€m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
Citigroup	29,517.2	8.2	109	2	6.9	1.3
Deutsche Bank	29,454.6	8.2	102	1	8.2	0.0
Barclays Capital	22,564.0	6.3	66	4	5.9	0.4
ABN AMRO	20,903.5	5.8	66	3	5.9	-0.1
BNP Paribas	20,718.2	5.8	73	11	4.0	1.8
JP Morgan	17,479.2	4.9	64	7	5.2	-0.3
HSBC	15,722.7	4.4	59	14	3.2	1.2
Societe Generale	15,013.8	4.2	53	10	4.3	-0.1
Goldman Sachs	14,592.5	4.1	39	9	4.8	-0.7
DrKW	14,277.2	4.0	47	8	5.0	-1.0
<b>Top 10 Total</b>	<b>200,242.9</b>	<b>55.9</b>	<b>678</b>	-	<b>53.4</b>	<b>2.5</b>
<b>Industry Total</b>	<b>358,592.8</b>	<b>100.0</b>	<b>811</b>	-	<b>100.0</b>	<b>0.0</b>

## Debt Capital Markets

## International Bonds

## All International Bonds by Currency

Currency	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004			Proceeds Change (%)
	Proceeds (US\$m)	Mkt. Share	No. Issues	Proceeds (US\$m)	Mkt. Share	No. Issues	
EURO	468,328.0	58.1	798	424,132.7	52.0	721	10.4
U.S. Dollar	223,991.1	27.8	321	284,913.8	35.0	364	-21.4
British Pound	53,671.4	6.7	141	63,516.7	7.8	166	-15.5
Swiss Franc	16,269.8	2.0	82	10,169.9	1.3	57	60.0
Japanese Yen	11,436.8	1.4	65	6,338.4	0.8	51	80.4
Australian Dollar	11,220.2	1.4	67	9,702.3	1.2	53	15.6
Canadian Dollar	8,811.9	1.1	24	7,227.3	0.9	24	21.9
New Zealand Dollar	2,402.5	0.3	20	2,133.9	0.3	9	12.6
Hong Kong Dollar	1,518.4	0.2	37	1,490.5	0.2	29	1.9
Swedish Krona	1,497.4	0.2	10	931.1	0.1	12	60.8
Turkish Lira	1,362.1	0.2	30	-	-	-	-
South African Rand	578.3	0.1	4	464.4	0.1	17	24.5
Hungarian Forint	386.9	0.1	9	984.1	0.1	27	-60.7
Singapore Dollar	291.4	0.0	2	1,184.7	0.2	10	-75.4
Polish Zloty	256.5	0.0	8	249.9	0.0	5	2.6
Brazilian Real	185.2	0.0	2	-	-	-	-
Norwegian Krone	157.1	0.0	2	688.9	0.1	8	-77.1
Czech Koruna	153.1	0.0	4	57.2	0.0	2	167.7
Colombian Peso	136.3	0.0	1	-	-	-	-
Slovenian Tolar	49.9	0.0	1	592.5	0.1	2	-91.5
Mexican Peso	44.6	0.0	1	-	-	-	-
Danish Krone	34.9	0.0	1	86.2	0.0	1	-59.5
Slovak Koruna	27.1	0.0	1	-	-	-	-
<b>Industry Total</b>	<b>805,829.1</b>	<b>100.0</b>	<b>1616</b>	<b>815,072.0</b>	<b>100.0</b>	<b>1526</b>	<b>-1.1</b>

## Debt Capital Markets

International Structured Finance

\* First quarter has seen a drop of 14.8% from Q1 2004; proceeds are down from US\$78.9bn to US\$67.2bn. The major mover has been Merrill Lynch with a market share increase of 8% and a rise in position from 18th to first. Merrill Lynch has been involved in ten transactions this quarter as opposed to just two at the same stage last year.

\* The top ten ranked banks account for 74% of this market so far this year. Mortgage backed securities again dominated issuance making up 67.2% of the market in the first quarter 2005.

\* United Kingdom issuers account for 48% of all transactions so far attributed to the Permanent Finance 7 and Granite 2005-1 deals in particular. Australia accounts for 11.7%, Spain 9.7% and the US 6.5%.

All International Structured Finance (J10c)						
Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
Merrill Lynch	6,127.7	9.1	10	18	1.1	8.0
Morgan Stanley	5,847.7	8.7	5	2	11.7	-3.0
JP Morgan	5,437.1	8.1	9	5	9.2	-1.1
Deutsche Bank	5,422.1	8.1	8	6	7.5	0.6
Barclays Capital	5,021.7	7.5	6	1	12.7	-5.2
Lehman Brothers	4,989.3	7.4	6	7	6.7	0.7
Citigroup	4,912.3	7.3	6	4	9.7	-2.4
ABN AMRO	4,542.3	6.8	8	8	5.2	1.6
RBS	4,171.8	6.2	8	15	1.8	4.4
SG CIB	3,228.0	4.8	5	10	3.8	1.0
<b>Top 10 Total</b>	<b>49,700.0</b>	<b>74.0</b>	<b>71</b>	<b>-</b>	<b>69.4</b>	<b>4.6</b>
<b>Industry Total</b>	<b>67,203.7</b>	<b>100.0</b>	<b>65</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>

## Syndicated Loans

Europe, Middle East & Africa

\* EMEA syndicated loan activity increased by 34% during the first quarter of 2005 to US\$251.3bn from US\$165.6bn in the first quarter of 2004. BNP Paribas moved into top position from second, increasing their overall volume by 39.6% compared to the same period last year. Significant gains were also made by RBS who moved from fourth to second. Both RBS and BNP Paribas have been involved in some of the largest deals of the year such as Sanofi-Synthelabo E8bn refinancing and Electricite de France's E6bn revolver.

\* Deutsche Bank fell from top spot at the end of first quarter last year to fifth at the end of first quarter 2005. Issuance for Deutsche bank fell by 32% even though the bank was sole bookrunner on Euroclear's US\$5.7bn loan, the third largest deal of the year so far. Merrill Lynch also experienced a decline, falling to 26th from fifth compared to the same period last year, with a drop of 5.5% in market share.

\* France again makes the largest contribution to the loans market for the first quarter of the year with a 28.2% market share, an increase of just over US\$32.9bn compared to the same period last year. The United Kingdom who retain second position and Germany make up the rest of the top three, with market shares of 22.4% and 10.5% respectively. The UK again has the highest number of issues at 64, although this is significantly less than the 79 issues the country had for the same period last year.

\*In the European Leveraged loans market, volumes were only 1.75% up from the same period last year. There have however been significant changes in league table positions, only RBS, 2nd at the end of first quarter 2005 remain in the same position as end of first quarter 2004. BNP Paribas have jumped to first position, from eighth last year, with an increase in deal volume of 74%. Notable gains were made by JP Morgan and Societe Generale who ended the first quarter 2005 in third and fourth position respectively. All three banks have been involved in some of the largest leveraged deals of the year such as the loan backing the €3.7bn buyout of French electronics distribution group Rexel and Telediffusion de France's €2.23bn recapitalisation.

\* Deutsche Bank, which ranked 1st last year with a market share of 15.1%, have fallen to 18th place with only two issues this quarter. Barclays Capital and Citigroup have also experienced considerable decline in the league tables, falling from third to eighth and fourth to 16th respectively.

### EMEA Syndicated Loans (R17)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
BNP Paribas	30,138.0	12.0	54	2	11.0	1.0
RBS	21,999.9	8.8	63	4	7.2	1.6
Citigroup	21,625.7	8.6	46	3	8.2	0.4
SG CIB	18,637.1	7.4	40	9	4.1	3.3
Deutsche Bank	18,292.2	7.3	17	1	11.6	-4.3
Barclays Capital	15,622.8	6.2	44	6	5.7	0.5
HSBC	14,255.0	5.7	40	10	3.1	2.6
Calyon	12,977.6	5.2	37	12	2.8	2.4
JP Morgan	11,651.7	4.6	20	8	5.2	-0.6
ABN AMRO	5,655.7	2.3	20	7	5.4	-3.1
<b>Top 10 Total</b>	<b>170,855.7</b>	<b>68.1</b>	<b>381</b>	-	<b>64.3</b>	<b>3.8</b>
<b>Industry Total</b>	<b>251,314.9</b>	<b>100.0</b>	<b>260</b>	-	<b>100.0</b>	<b>0.0</b>

### European Leveraged Loans (P10)

Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt Share
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	
BNP Paribas	5,999.2	15.7	8	8	4.1	11.6
RBS	5,626.1	14.7	15	2	13.9	0.8
JP Morgan	2,738.1	7.1	6	9	3.9	3.2
SG CIB	2,665.7	7.0	9	13	2.9	4.1
Lehman Brothers	1,977.8	5.2	3	6	5.5	-0.3
ABN AMRO	1,545.4	4.0	7	25	0.5	3.5
CIBC	1,507.3	3.9	5	22	0.8	3.1
Barclays Capital	1,478.0	3.9	3	3	7.9	-4.0
Merrill Lynch	1,455.7	3.8	3	-	-	-
Bank of Scotland	1,317.6	3.4	3	5	6.3	-2.9
<b>Top 10 Total</b>	<b>26,310.9</b>	<b>68.7</b>	<b>62</b>	-	<b>45.8</b>	<b>22.9</b>
<b>Industry Total</b>	<b>38,342.0</b>	<b>100.0</b>	<b>60</b>	-	<b>100.0</b>	<b>0.0</b>

## Syndicated Loans

Europe, Middle East & Africa

EMEA Sponsored Loans (P13)							
Bookrunners	1/1/2005 - 31/3/2005			1/1/2004 - 31/3/2004		Chg in Mkt	
	Proceeds (US\$m)	Mkt. Share	No. Issues	Rank	Mkt. Share	Share	
RBS	4,067.6	14.3	11	1	16.2	-1.9	
JP Morgan	2,959.7	10.4	5	10	3.4	7.0	
Lehman Brothers	2,011.0	7.1	3	5	8.0	-0.9	
SG CIB	1,912.3	6.7	6	11	2.4	4.3	
BNP Paribas	1,878.1	6.6	4	13	2.0	4.6	
Merrill Lynch	1,829.6	6.4	3	-	-	-	
CIBC	1,540.5	5.4	5	19	1.3	4.1	
HSBC	1,461.8	5.1	2	20	1.1	4.0	
Bank of Scotland	1,246.9	4.4	2	4	8.2	-3.8	
Morgan Stanley	1,063.4	3.7	2	8	5.1	-1.4	
<b>Top 10 Total</b>	<b>19,970.9</b>	<b>70.1</b>	<b>43</b>	<b>-</b>	<b>47.7</b>	<b>22.4</b>	
<b>Industry Total</b>	<b>28,434.4</b>	<b>100.0</b>	<b>46</b>	<b>-</b>	<b>100.0</b>	<b>0.0</b>	

\* Sponsored lending increased by 4.66% compared to the same period last year. Deals of note included Coral Eurobet's £1.045bn record-breaking recapitalisation, which included a £200m mezzanine tranche arranged by Lehman Brothers, thought to be the largest carried by a single bank and Gala Group's £1.025bn recapitalisation package. In the first quarter of 2005 the UK borrowers accounted for 26.6% of the total market.

\* RBS retained top spot, although their market share and issuance fell by 1.9% and 21.4% respectively. Considerable gains were made by JP Morgan who moved from 10th to second, an increase in deal volume of just over US\$2bn and Merrill Lynch, finishing in sixth position, a substantial gain when considering they did not feature in the top 20 at the end of first quarter last year.

\* Barclays Capital fell from 2nd place to 24th, a fall in market share, deal volume and issuance of 8.7%, 92.3% and 83.3% respectively. Goldman Sachs and Credit Suisse First Boston both fell out of the top ten compared to the first quarter of 2004 where they were positioned seventh and ninth respectively.

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