



Freeman & Co. LLC

Investment Banking in Europe
Map to the Holy Grail

August 2001

Freeman & .Co.

Welcome to Freeman & Co.'s research report on the historical and future trends in Investment Banking. We hope to provide our clients, friends and future clients with an overview of the business. We draw upon our consulting background and knowledge of Investment Banking to evaluate the business from a strategic perspective and to provide our thoughts on how these strategies impact the industry and individual firms.

Freeman & Co. provides in-depth management consulting and strategic advisory services to the financial services industry worldwide. Our highly focused specialization has been invaluable in helping our clients develop and prosper in this dynamic industry. Freeman & Co. offers assistance to companies in the areas of:

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Investment Banking	Electronic Investment Banking: Where Will it Survive?	November 2000
Investment Banking	State of Investment Banking – 2000 and Beyond	October 2000
Investment Banking	Investment Banking in Europe – The Quest for the Holy Grail	September 2000
Investment Banking	Technology Slowdown – How Serious?	May 2000
Investment Banking	Trends in Investment Banking – 1997 to 2000	March 2000
Investment Banking	E-Investment Banking: Evolution or Revolution?	October 1999
Asset Management	Changing Tides	April 2001
Asset Management	Drivers of Consolidation	October 2000
Asset Management	Moving from Client Ownership Focus to Specialized Product and Service Focus	March 2000

We would like to thank our clients and friends for their continued support. We encourage you to share your thoughts with us and look forward to working with you to develop and build your firms.

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Introduction

Freeman & Co.'s last report on Europe, "Quest for the Holy Grail", explored investment banking opportunities in Europe. Given the past decade of intense competition in the U.S., Europe remains a place of great potential. As European companies adapt and become more global, their financing needs are changing, creating a great deal of opportunity for investment banks.

All of this has not gone unnoticed, as the U.S. bulge bracket firms have expanded into Europe for revenue growth. At the same time, European universal banks are expanding into the U.S. in hopes of building credibility and protecting their home turf. As a result, small and medium-sized European players are being forced to compete against firms with more sophisticated global expertise.

Since our last report, the financial markets have experienced a downturn, raising issues about the prospects for investment banking, particularly in Europe. Despite a disheartening first half, Freeman & Co. still believes that Europe will be the driver for growth for investment banking in the next two to three years. As European companies become more competitive, capital raising will take on a new level of importance.

Meanwhile, European secondary trading remains a very lucrative business and is likely to attract new players. Opportunities exist in Europe today, but for how long is uncertain. In the end, high entry costs and long lead-time may be a deterrent to prospective players.

We offer a viewpoint as to the future of the three groups of competitors in the search for the "Holy Grail." The most recent players are the "Immigrants", the U.S. bulge and major Bracket investment banks, who continue to make great inroads into the European space. While some large European and Universal banks chose to exit the investment banking business, those who remain, the "Incumbents", are fiercely defending their territories. Finally, the "Challengers", European boutique investment banks, continue to carve out niches as they struggle to stay independent.

No one player can be all things to all clients. Therefore, carefully chosen and executed industry and regional strategies are critical. We have taken our European review to the next level by defining and assessing regional opportunities within the "Holy Grail".

Highlights

- The **Technology-Media-Telecom** ("TMT") sectors and equity products have **suffered blows similar to those in the U.S. Investment grade financing has not yet compensated** for any of those declines
- **Contraction** in investment banking activities is **more sudden** in Europe than in the U.S.
- **Secondary trading has helped to maintain profitability**, but this **may not last**
- In this precarious environment, **U.S. bulge and major banks are forced to rationalize** their country coverage and strategic decisions
- **Large European banks** are resorting to **defensive tactics** to protect their market share amidst dwindling opportunities
- There is a great deal of **financing activity happening within the small to medium size corporate world. Boutique investment banks are well poised** to capture this business and as a result may be **attractive targets** to larger players
- Despite the downturn, **Germany** remains an **attractive** region over the **two to four year horizon**

European Revenue Overview

Underwriting and Advisory Business - The Map

Despite the slowdown in the second half of 2000, underwriting and advisory revenues in Europe grew 14% from 1999 to 2000, outpacing the 6% global growth rate. Although the bulk of this growth was attributable to the TMT sector, we also noted significant growth in the Financial and Healthcare sectors.

Figure 1: Underwriting and Advisory Revenues by Region in Western Europe
 US\$ 17 Bil in 2000 vs. US\$ 15 Bil in 1999

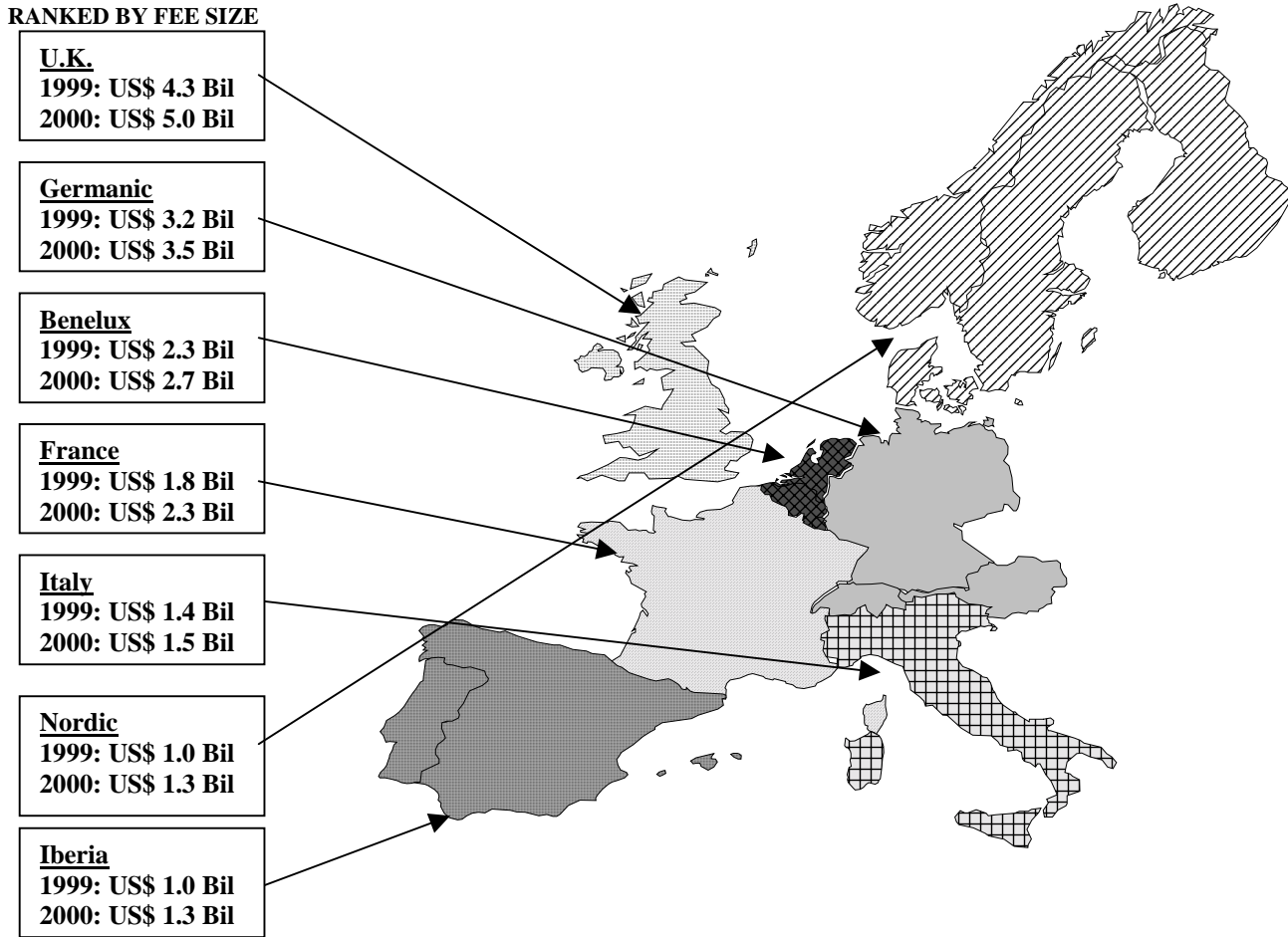


Figure 2: Top Six Industries by Fees in Europe for 2000

Industry	(US\$ Mil)				% of 2000 Fees
	1998	1999	2000	CAGR	
TMT	1,544	3,537	5,732	93%	34%
Financial	2,525	3,828	4,227	29%	25%
General Industrial	1,114	2,040	1,712	24%	10%
Consumer Goods	691	1,023	1,084	25%	6%
Energy & Power	653	1,649	1,020	25%	6%
Healthcare	213	366	743	87%	4%

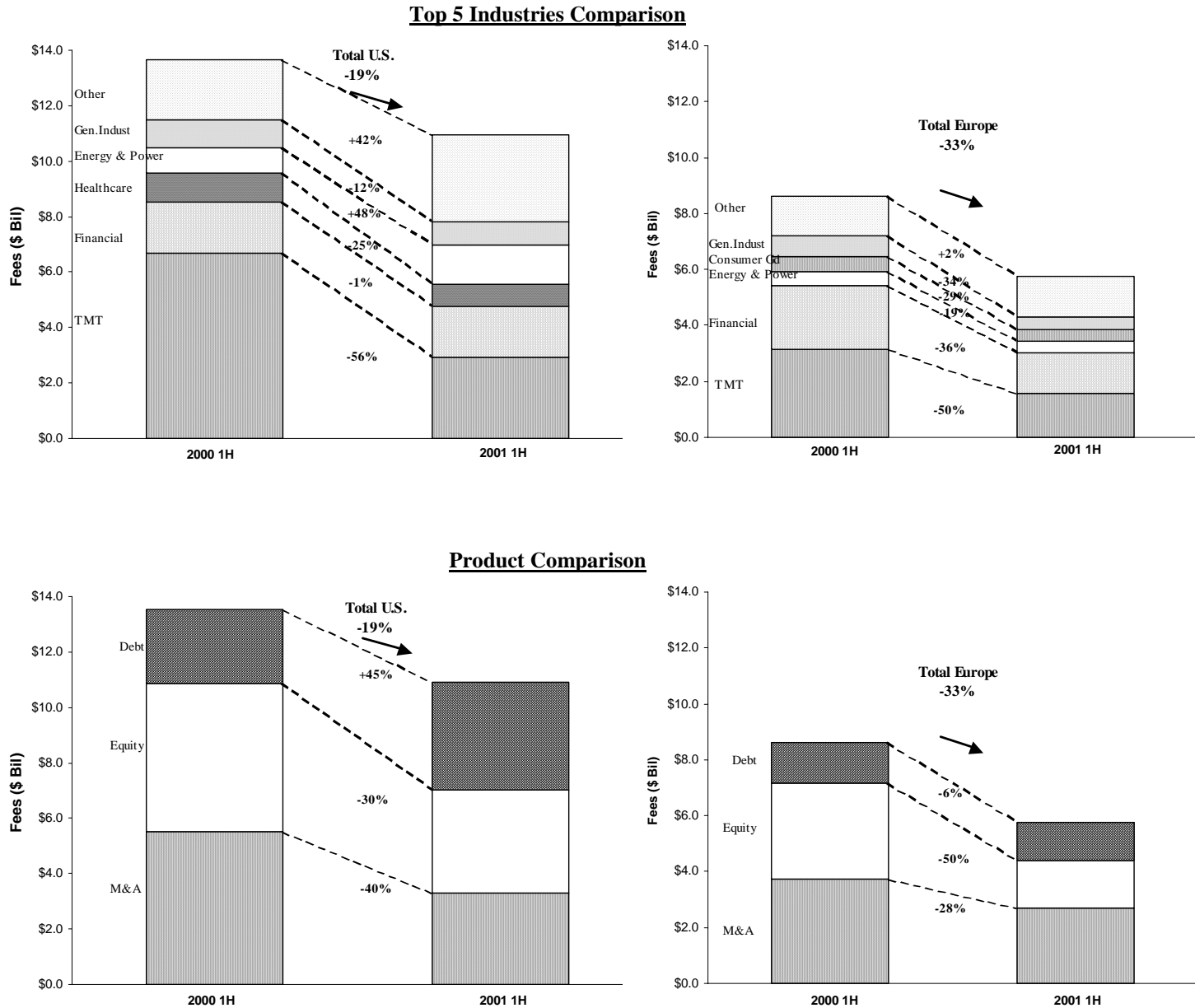
Source: Thomson Financial Securities Data, Freeman & Co. Estimates

European Revenue Overview

Underwriting and Advisory Business - The Match: U.S. 1H vs. Europe 1H

The champagne seems to have gone flat in Europe, at least for the 2001 “vintage” (Figure 3). The bulk of the contraction is attributable to a decrease in equity financing activities, particularly in the TMT sectors. Investment grade financing has not picked up as it has in the U.S.

Figure 3: Underwriting and Advisory Revenues U.S. vs. Europe



Source: Thomson Financial Securities Data, Freeman & Co. Estimates

European Revenue Overview

Underwriting and Advisory Business - The Match: U.S. 1H vs. Europe 1H

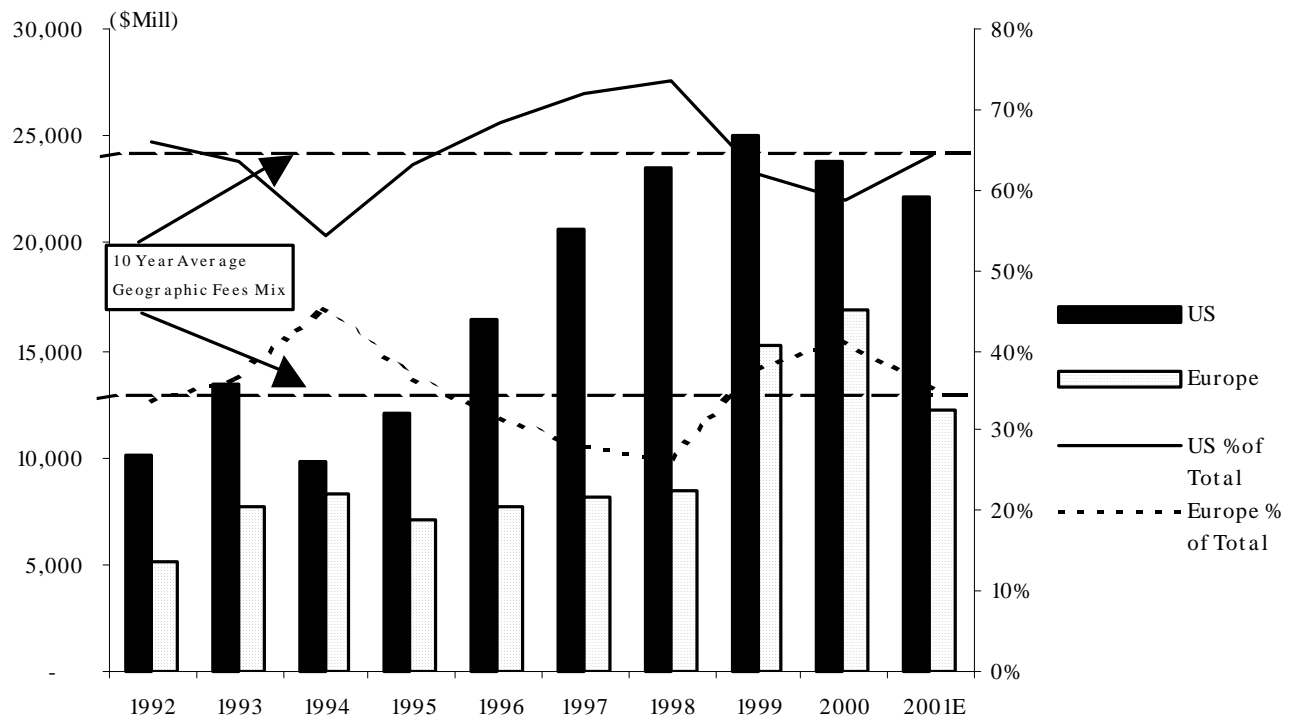
While it may seem that Europe has performed dismally compared to the US, a closer look reveals that the U.S./Europe geographic fee mix has only shifted back to the ten-year average mix of 65/35 (Figure 4). The U.S. share of total fees has been declining since its 1999 peak, whereas Europe did not start to decline until after its 2000 peak.

The thirst for financing and restructuring has not been quenched. As company ownership moves to the hands of institutional investors rather than banks (through inter-company holdings), businesses will have to find new means to raise capital. If financing needs cannot be met due to depressed equity capital markets or over leveraging, European enterprises will eventually have to merge to compete globally. Regardless of the direction the market takes, financing institutions stand to benefit in the long run.

Given that the 2001 GDP growth in Europe is forecasted to be 2.1% vs. 1.1% in the U.S., Freeman & Co. believes that the pullback in financing activities is largely due to price volatility in the equity marketplace and the “U.S. shock effect” with investors taking a lead from the U.S.

Freeman & Co. believes that the total estimated fees pool for year 2001 for Europe is going to be 44% above the 1998 level, whereas in the U.S. it will probably be 6-7% below its 1998 level.

Figure 4: Investment Banking Revenue Mix between U.S. and Europe



Source: Thomson Financial Securities Data, Freeman & Co. Estimates

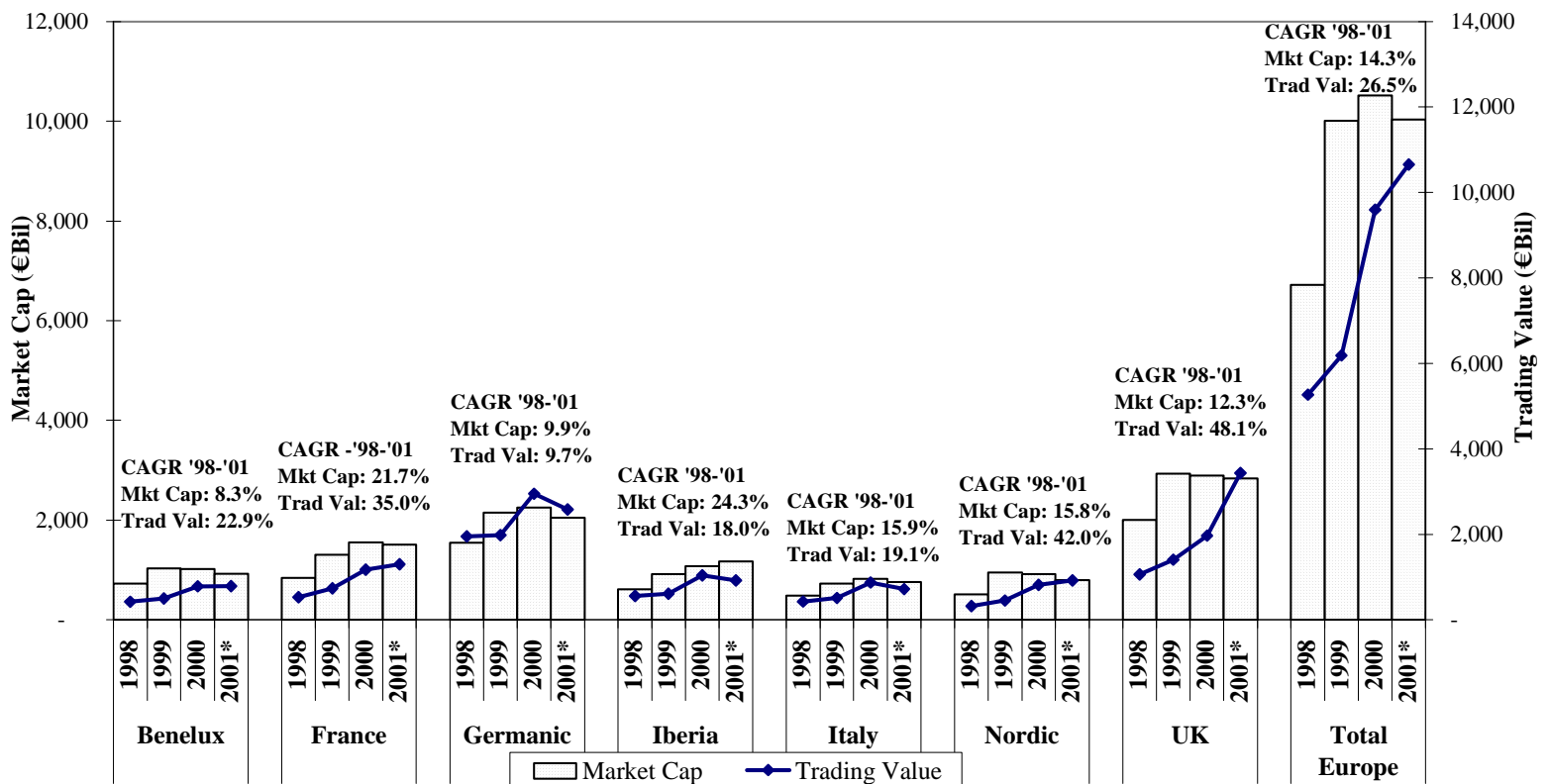
European Revenue Overview

Secondary Trading – The Holy Grail...? Not Quite.

In our opinion, secondary equity trading is the most lucrative part of investment banking operations in Europe. Amidst dwindling underwriting and advisory revenues, secondary commissions have been the saving grace for most firms with substantial European brokerage operations. This is due to favorable trading economics and the existing market structure in Europe.

Despite the falling market value of equities, overall trading values have continued to increase due to higher trading volumes (Figure 5). As mentioned in our earlier report¹, this is mainly due to the creation of a single currency that has encouraged cross-border trades. The increased volatility has also helped profitability in equity secondary trading, especially for firms with derivatives expertise and proprietary trading books.

Figure 5: Domestic Stock Turnover Value and Market Capitalization by Region



* Note: Mkt Cap for 2001 is as of May 31 for Belgium, France, Germany, Switzerland, Portugal, Spain, Denmark, Finland, Sweden and UK; April 30 for Netherlands, Austria, Italy and Norway; March 30 for Luxembourg. Trading Value for 2001 is annualized based on 3 months data for Luxembourg; 4 months data for Netherlands, Austria, Italy and Norway; 5 months data for Belgium, France, Germany, Switzerland, Portugal, Spain, Denmark, Finland, Sweden and UK.

Source: Various Exchanges, *Euromoney* Guide to World Equity Markets and Freeman & Co. Estimates

¹ “Investment Banking in Europe – The Quest for the Holy Grail” (August 2000)

European Revenue Overview

Secondary Trading – The Holy Grail? ...Not Quite.

Unlike the U.S. system, commissions in Europe are charged as a percentage of the value of shares traded, which is a function of price and volume. Both the increased valuation and trading volume over the years have resulted in comfortable margins for equity departments. Additionally, the increase in cross-border trading has resulted in higher trading margins as cross-border trades are charged at a higher commission rate.

Currently the U.S. faces a changed secondary trading market with the decimalization of the NASDAQ (resulting in the bid/ask spread plummeting by more than fifty percent from previous levels) and the onslaught of ECNs (Electronic Communication Networks) that have captured one-third of the trading volume. In response to these conditions, firms are considering charging commissions for providing liquidity to make up for the lost spread and volume.

Europe, on the other hand, is spared from such problems as most exchanges are already quote driven and are not yet plagued by ECNs or ATs (Automated Trading Systems).

Freeman & Co. does not believe such a charitable environment will last. U.S. firms will seek to maintain profitability by sniffing out regions where they can still earn higher margins (i.e. Europe.) Competition from the U.S. firms and ECNs will eventually drive margins down. In addition buy-side firms will start rationalizing the commissions they are paying as ECNs transform trading into a commodity.

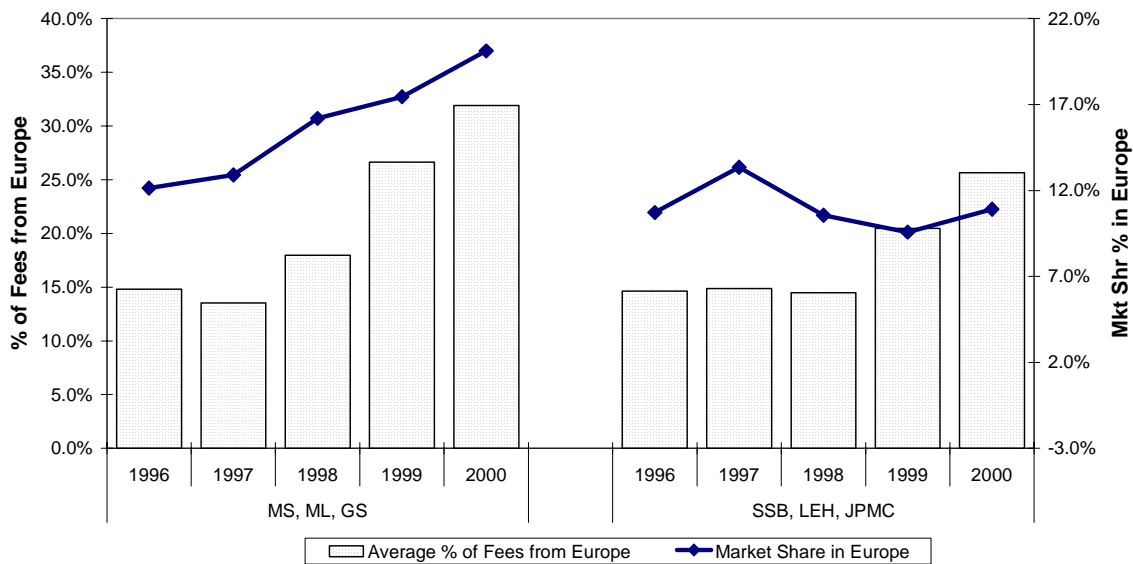
Cast of Characters

The Immigrants - U.S. Bulge and Major Brackets

To Be, or Not to Be?

U.S. bulge bracket firms have made a substantial push into the European market. Headcount has ballooned in Europe and the search for talent has pushed European compensation levels closer to that of the U.S. A Pan-European approach in the primary and advisory businesses has allowed the bulge bracket firms to rise to the top of the league tables.

Figure 6: Percentage of Fees and Cumulative Market Share in Europe



However, with the slowdown in both Europe and the U.S., the U.S. Super Bulge Brackets are rationalizing their client coverage. Limited credit facilities and capital commitments, as well as the high cost of coverage officers (investment bankers and research analysts), are preventing investment banks from being all things to all clients. Contrary to their coverage pattern in their home turf, the strategy of the Immigrants will be to selectively pick the clients in Europe that they should cover. Although a few will do a good job due to their strong global franchise and experience, reorganization of industry groups will be inevitable as fee pools shrink. This will be particularly apparent in the TMT sectors.

After years of headcount buildups, firms will have to decide carefully whether or not to cut back as the talent pool in Europe is scarce. The Immigrants know that they will have trouble rehiring as Europe is not their home turf and local employees may not feel the same level of commitment to foreign employers.

At the same time, many European boutique investment banks/brokers are either being sold to banks or going public in order to raise capital. These Challengers will eventually become a threat to U.S. bulge brackets' attempt to vertically dominate each market as they gain financial strength.

For Immigrants who are just building their presence in Europe, this may be a vulnerable period. While trying to sort out their problems back home in the U.S., they may also be desirable takeover candidates for the large European and universal Incumbents.

Cast of Characters

The Incumbents - Large European Investment Banks

Hanging by their Nails or Extending their Claws?

Slowdown in the primary issue market and M&A advisory business will force the large European investment banks to rationalize their coverage as well. However, unlike their U.S. rivals, most European investment banks have not overextended in the TMT sector. Freeman & Co. believes that the critical decision for the Incumbents is whether to bite the bullet and continue building in order to focus on revenue and market share rather than immediate profitability.

Thanks to secondary trading, many Incumbents are still able to maintain revenue and profitability. Secondary trading commissions are still high compared to the U.S. commissions. Secondary cross border transactions remain an extremely profitable business. The combination of the formation of single currency and fragmented exchanges within Europe will benefit brokers with local trading presence. However, as mentioned earlier, we do not think this scenario will continue indefinitely.

At the same time, large European investment banks are expanding into the U.S. through acquisitions.

Figure 7: European Acquisitions of U.S. Targets

<u>European Acquirer</u>	<u>U.S. Target</u>	<u>Amount (US\$ Bil)</u>
UBS Warburg	PaineWebber	\$12.0
CSFB	DLJ	\$14.0
Dresdner Bank	Wasserstein	\$1.5
ABN AMRO	ING Barings (U.S. Furman Selz)	\$0.3

With these acquisitions and new hires, the Incumbents will benefit from transatlantic transactions, provided they are able to defend their Pan-European franchise against their U.S. rivals. Unfortunately, hiring stars in the U.S. does not guarantee a global franchise and it leaves the Incumbents U.S. operations vulnerable to poaching. Unless client relationships are institutionalized, clients will migrate with star bankers or analysts. Creating a global franchise can only be achieved through highly integrated operations, disciplined client prioritization, coverage and monitoring, and retention of key producers and management.

As mentioned on the previous page, the Immigrants have successfully stolen market share from the Incumbents. While the Incumbents can retaliate with balance sheet capability, the “Immigrant Titans” (the financial supermarkets) provide a very real threat as their equity capital dwarfs that of the Incumbents.

Figure 8: Equity Capital by Investment Bank as of Dec 31, 2000
(US\$ Bil)

<u>The Incumbents</u>	vs.	<u>The Immigrants</u>	vs.	<u>The “Immigrant Titans”</u>	
UBS Warburg	\$27.3	Morgan Stanley	\$19.3	Citigroup	\$66.2
Credit Suisse First Boston	26.6	Merrill Lynch	18.3	JP Morgan Chase	42.3
Deutsche Bank	25.9	Goldman Sachs	16.5		
DK Wasserstein	11.1				

Cast of Characters

The Challengers - European Boutique Investment Banks

Beginning of the End or End of the Beginning?

The Freeman & Co. prophecy has come true: since our last European report, numerous independent investment banks have either gone public or been sold. This is happening at an even faster rate than we had expected.

Figure 9: European IPOs and Acquisitions

IPOs			
Year	Country	Firms	Comments
2000	Sweden	Hagstromer & Qviberg	Spinoff
2001 1H	Sweden	Carnegie	Spinoff from Singer & Friedlander
2001 1H	UK	Collins Stewart	Spinoff from Singer & Friedlander
2001	UK	Cazenove	IPO - 2002?

Acquisitions			
Year	Country	Target	Acquirer
1999	UK	Charterhouse	ING Barings
1999	France	Hambrecht & Quist (Paris)	Close Brothers
1999	UK	Rea Brothers	Close Brothers
2000	UK	Broadbridge	Brewin Dolphin
2000	Germany	Krueger & Uhen	Bankhaus Lampe KG
2001 1H	Germany	KST	Baader Wertpapierhandelsbank
2001 1H	UK	Peel Hunt	KBC
2001 1H	Netherlands	Kempen	Dexia
2001 1H	Germany	Sannwald Jaenecke	Merrill Lynch

Many expect that as the Immigrants and Incumbents dance to mark their territory, the Challengers will get squashed. However, Freeman & Co. believes that boutique firms will continue to prosper. The Challengers will benefit as the Immigrants and Incumbents struggle to rationalize their client coverage, leaving a huge segment of small to mid cap clients underserved. It will be the second tier investment banks that suffer.

Small to mid-size transactions tend to be in strong supply in down markets as businesses sell off unprofitable divisions. Boutique firms will prosper if they focus on industries where there are many mid-sized clients or where M&A is prevalent (e.g. Energy, Biotechnology or Media).

Without critical mass or massive balance sheets, independent boutiques will face competition from larger Challengers or boutiques that have been bought by commercial banks. Therefore, ability to differentiate will be vital.

European Tour Guide – Region Profiles

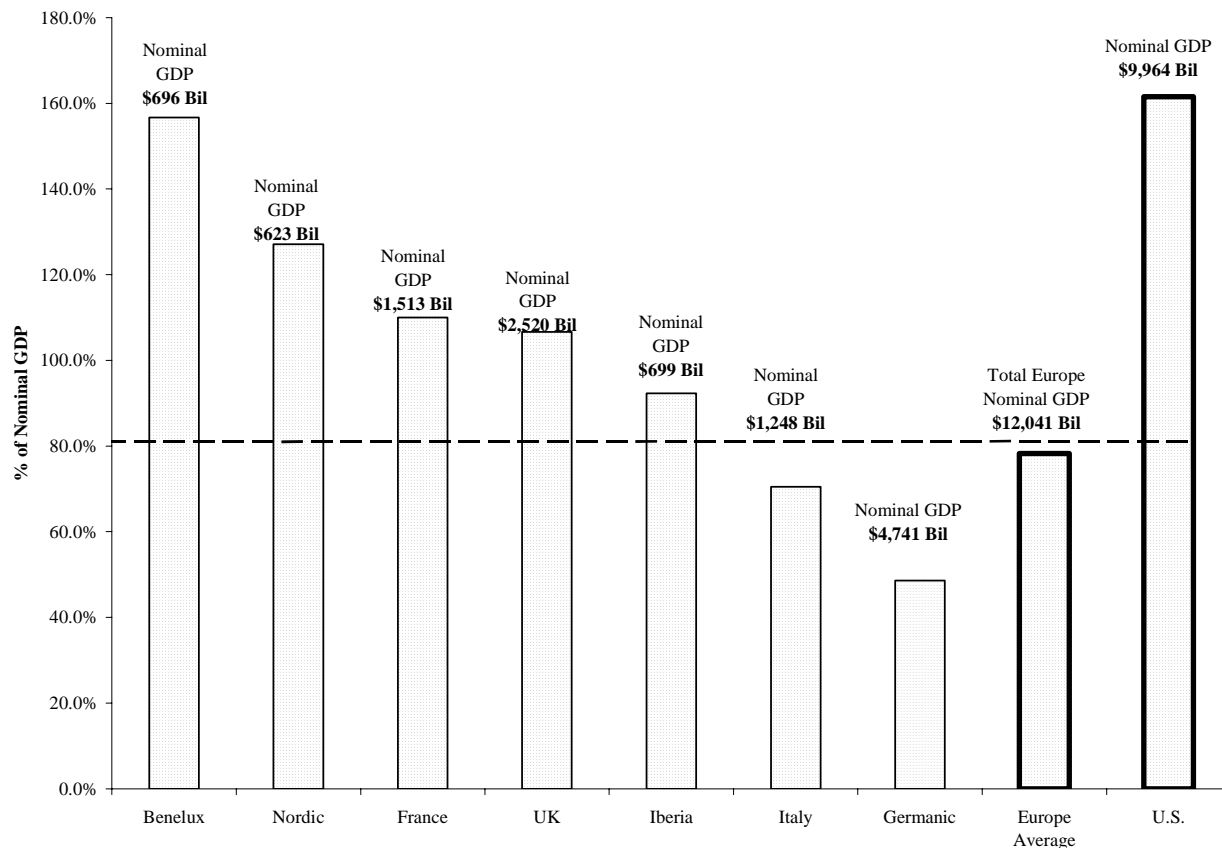
Freeman & Co’s Pick

The Germanic region represents the second largest investment fee pool as well as the second highest market capitalization in Europe. It has the largest GDP in Europe, yet has the lowest market capitalization as percent of GDP (Figure 10).

To jumpstart Germany’s flagging economy, the government is likely to adopt an expansionary fiscal policy. With its huge deficit, the German government will have to fund its spending through further disposal of government held enterprises. In addition, the new tax legislation that allows companies to sell their stakes in German industry tax free, starting in 2002, will promote disposal of inter-company holdings. Local banks will not continue to assume the joint role of owner and lender. All these changes will spur investment banking activity. Furthermore, while Germany’s lackluster economy and volatile equity prices may have hindered capital-raising activities, buyout funds have been scooping up undervalued properties.

Despite the slowdown and their Pan-European approach, the Immigrants are increasing their dedicated Germanic headcount, and are projecting to at least double their regional headcount in preparation for the “Big Bang”. Given all this, Freeman & Co. believes that the Germanic region will have the potential to surpass the U.K. in terms of investment banking fees.

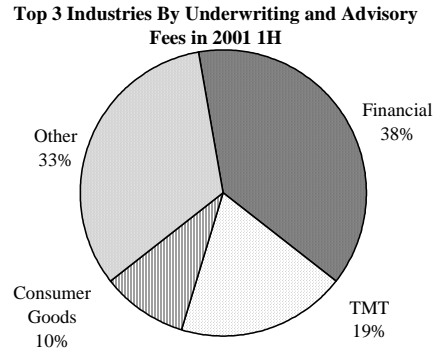
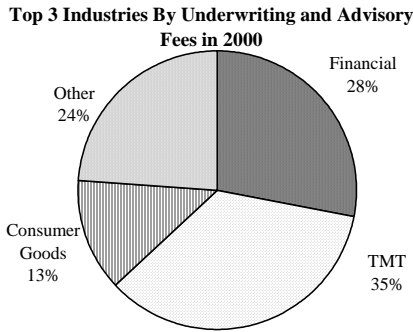
Figure 10: Market Capitalization as % of Nominal GDP - 2000



Source: Euromoney Guide to World Equity Markets 2001, Freeman & Co. Estimates

European Tour Guide – Region Profiles

Benelux (Belgium, Luxembourg, Netherlands)



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
ABN AMRO	14%
Goldman Sachs	9%
Morgan Stanley	7%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
ABN AMRO	15%
Morgan Stanley	14%
Deutsche Bank	12%

Top 3 Advisors and Managers by Fees

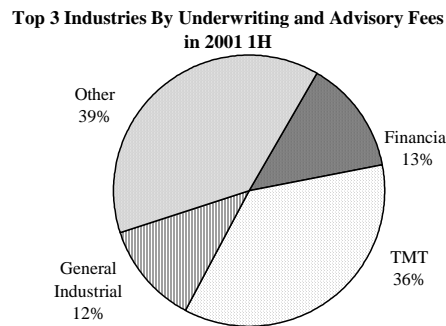
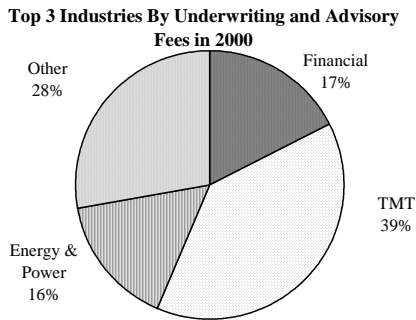
Firms	Mkt Shr %
ING Barings	10%
Morgan Stanley	9%
Merrill Lynch	9%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Deutsche Bank	18%
ABN AMRO	15%
Morgan Stanley	11%

Benelux investment banking fees experienced **extraordinary and unsustainable fee growth from 1998 to 2000**. This phenomenon is, in large part, attributable to growth in the TMT sectors despite the fact that the TMT industry has not been the primary engine of the overall Benelux economy. Because so much of the growth was in TMT, the downturn in the TMT sectors has affected overall revenues in the Benelux region more than any other. Although also negatively affected, the Financial sector remains a critical industry favoring investment banks with strong fixed income capability.

France



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
BNP Paribas	9%
Morgan Stanley	9%
Merrill Lynch & Co.	6%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Morgan Stanley	27%
Merrill Lynch	8%
Deutsche Bank	8%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
BNP Paribas	9%
Societe Generale	8%
Credit Suisse First Boston	8%

Top 3 Traders by AutEx Volume

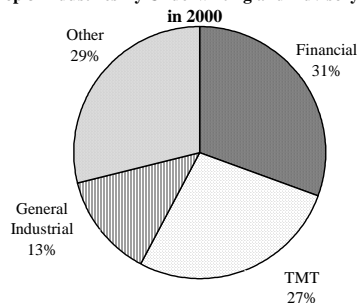
Firms	Mkt Shr %
Morgan Stanley	23%
Deutsche Bank	12%
Societe Generale	9%

Of all the European regions to date, France has seen the **least severe declines in TMT and equities**. Local players and large European banks played significant roles in the telecom privatizations of 1998 and 2000 and the energy and power privatizations of 1999. Despite little privatization activity in 2001, local and **European banks hold tightly to their market share**.

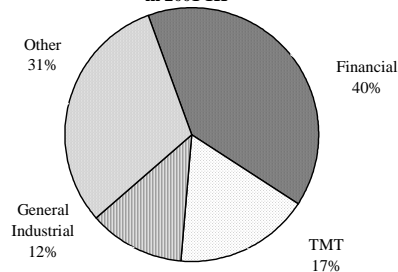
European Tour Guide – Region Profiles

Germanic (Austria, Germany and Switzerland)

Top 3 Industries By Underwriting and Advisory Fees in 2000



Top 3 Industries By Underwriting and Advisory Fees in 2001 1H



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Deutsche Bank	10%
Goldman, Sachs	7%
Credit Suisse First Boston	7%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Deutsche Bank	29%
DK Wasserstein	12%
Morgan Stanley	10%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
DK Wasserstein	9%
Credit Suisse First Boston	7%
Deutsche Bank	7%

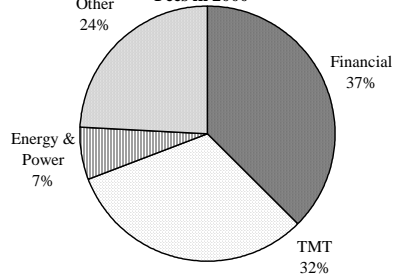
Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Deutsche Bank	35%
DK Wasserstein	8%
Morgan Stanley	8%

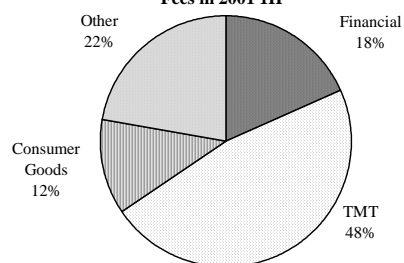
Like most other European regions, **growth until 2000 in the Germanic region was attributable to TMT**. Local players have managed to hold onto a healthy share of the market in large part because two of the local players (DKB, DBAB) are European investment banking behemoths who have defended their market share in TMT and Financial – no small feat. Despite a grim first half, the **Germanic region has the size and opportunity level** to make it a valuable investment for players with long term vision and a strong stomach.

Iberia (Portugal and Spain)

Top 3 Industries By Underwriting and Advisory Fees in 2000



Top 3 Industries By Underwriting and Advisory Fees in 2001 1H



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Morgan Stanley	10%
BSCH	8%
Banco Bilbao Vizcaya	8%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
BSCH	19%
Deutsche Bank	13%
SSB	11%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Morgan Stanley	7%
Merrill Lynch & Co.	7%
UBS Warburg	7%

Top 3 Traders by AutEx Volume

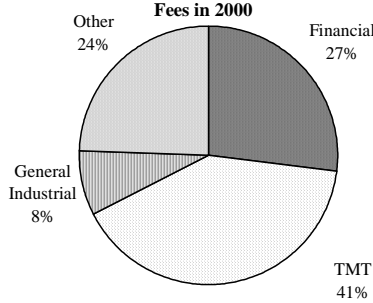
Firms	Mkt Shr %
BSCH	28%
Deutsche Bank	21%
SSB	7%

Iberia is the **only region where TMT related fees have grown since 2000**. Large privatizations of Telecom companies allowed local Iberian players to hold their market position until 2000. However, since 1998 the **U.S. bulge bracket and the large European banks have made significant inroads**. With the privatization of energy and power companies in 1998, many of the big issuers opted to use non-local banks for equity capital raising. If history is an indicator of the future, local investment banks will have trouble winning lead positions in follow-on offerings as the U.S. bulge bracket and large European banks continue to elbow their way into deals.

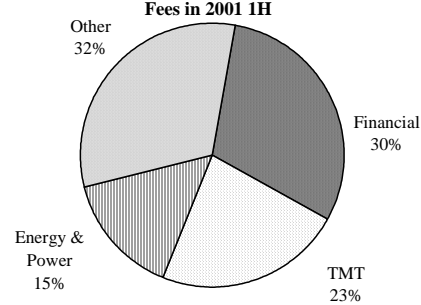
European Tour Guide – Region Profiles

Italy

Top 3 Industries By Underwriting and Advisory Fees in 2000



Top 3 Industries By Underwriting and Advisory Fees in 2001 1H



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Morgan Stanley	11%
CSFB	7%
Salomon Smith Barney	6%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Morgan Stanley	14%
CSFB	12%
UBS Warburg	9%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
JP Morgan Chase	9%
UBS Warburg	6%
Salomon Smith Barney	6%

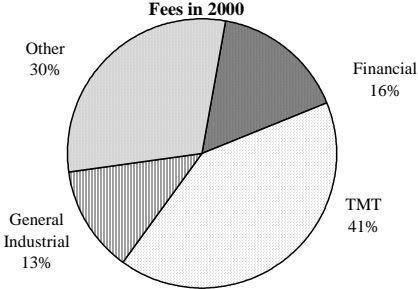
Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
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Morgan Stanley	10%

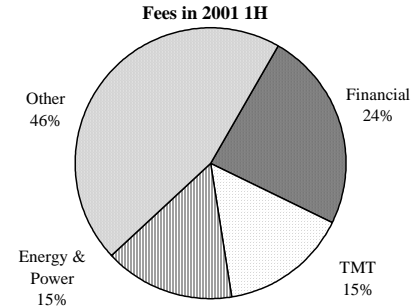
Italy is one of the **most concentrated markets for underwriting and advisory revenues** in all of Europe. With the influx of privatizations in 1998 and 1999, local banks were able to hold their ranks. However, because the U.S. bulge bracket had focused on Telecom companies in their early stages (pre 1999), they were able to capture lucrative lead roles in 1999 and 2001. TMT has taken on a level of inflated importance, and a return to **Italy’s critical industries, Financial, Energy & Power, and General Industrial** is likely.

Nordic (Denmark, Finland, Norway, Sweden)

Top 3 Industries By Underwriting and Advisory Fees in 2000



Top 3 Industries By Underwriting and Advisory Fees in 2001 1H



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Morgan Stanley	7%
Enskilda Securities	7%
UBS Warburg	6%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Morgan Stanley	20%
ABN-AMRO	10%
Deutsche Bank	9%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Enskilda Securities	8%
D Carnegie AB	8%
Morgan Stanley	7%

Top 3 Traders by AutEx Volume

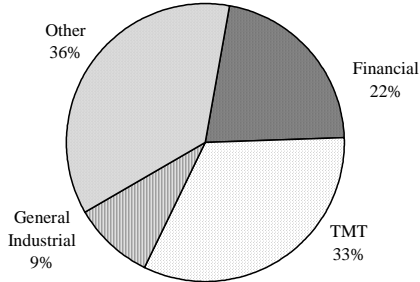
Firms	Mkt Shr %
Deutsche Bank	18%
Morgan Stanley	14%
ABN-AMRO	12%

Overall concentration of the top five and U.S. bulge bracket firms is lower than it is in most other European regions despite significant TMT activity. **TMT remains important and much coveted by local players** who have managed to maintain strong footholds despite competitive pressures from the bulge bracket. Underwriting and advisory revenues have been quite volatile, with a CAGR of 69% from 1998 to 2000 and a 70% decrease in fees for 2001.

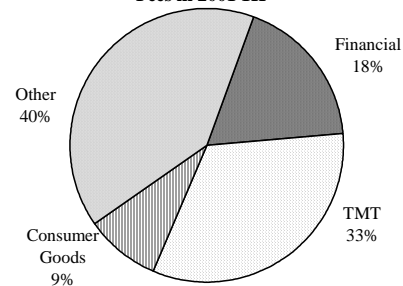
European Tour Guide – Region Profiles

UK

Top 3 Industries By Underwriting and Advisory Fees in 2000



Top 3 Industries By Underwriting and Advisory Fees in 2001 1H



Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
Goldman Sachs	11%
CSFB	8%
UBS Warburg	7%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
UBS Warburg	15%
Merrill Lynch	14%
Deutsche Bank	14%

Top 3 Advisors and Managers by Fees

Firms	Mkt Shr %
UBS Warburg	15%
Goldman Sachs	9%
CSFB	6%

Top 3 Traders by AutEx Volume

Firms	Mkt Shr %
Deutsche Bank	16%
UBS Warburg	14%
Merrill Lynch	12%

The UK market has become progressively more concentrated in the past few years. At this point, the league tables are comparable to those of the U.S. in terms of composition. The U.S. bulge bracket has deeply penetrated the market across all industries. Meanwhile, the big European banks with their historical relationships and regional expertise, are formidable competition. All of this does **not leave much room for second tier mid-sized investment banks**. However, the sheer size of the market has allowed many **M&A boutiques to thrive on smaller transactions**.