

Investment banking & capital markets

Are companies raising capital	50
Important equity attributes	51
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For ease of reference, the charts are color-coded to reflect the source of data:

Buy-side Analysts/Portfolio Managers	
Buy-side Traders	
Companies	
Sell-side Analysts	
External Sources	
Multiple Sources	

Note: Where no key is present, year-on-year comparative data for buy- and sell-side firms is as follows:
darker-shaded bars represent 2003 data and lighter-shaded bars represent 2002 data.

Investment banking & capital markets

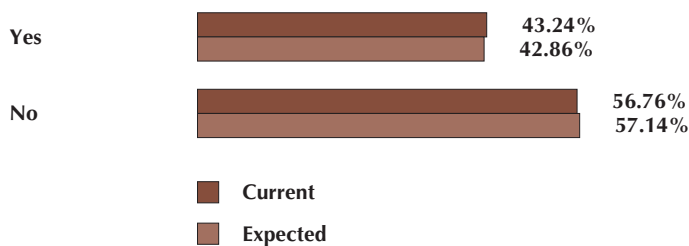
This year's investment banking attribute ranking is based on 21 responding companies. J. P. Morgan dominates the results, taking first place in all four categories.

A majority of companies, 57 percent, say they are currently not raising capital. Moreover, these companies do not expect this to change in the coming year. Company preference for debt financing has deepened with 86 percent of respondents expecting it to remain their primary source of capital compared to last year's 77 percent. Equity is increasingly the least favored financing route as investors become more risk adverse.

Company opinion on investment banking attributes for equity and debt differ significantly from last year. Coming off a period when equity IPOs and follow-on stock offerings were scarce, companies last year ranked relationship-based attributes most important—namely “transaction experience in sector” and “credibility of investment banking service across all products.”

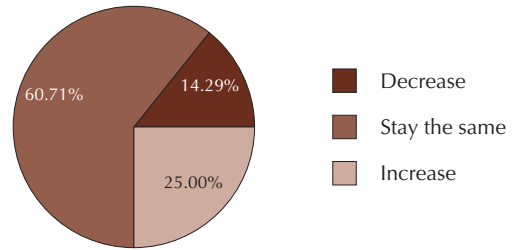
However, their focus seems to have shifted. Companies are again placing more weight on transaction-based attributes, with “pricing of transaction,” “underwriting & distribution capability” and “execution of transactions” ranked most important.

Are companies raising capital?

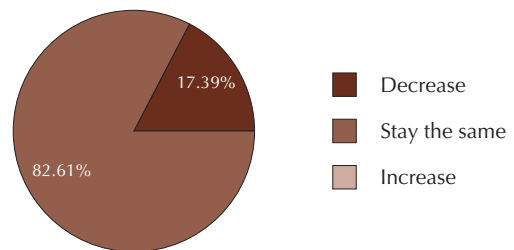


How companies spend their time communicating with investment banks

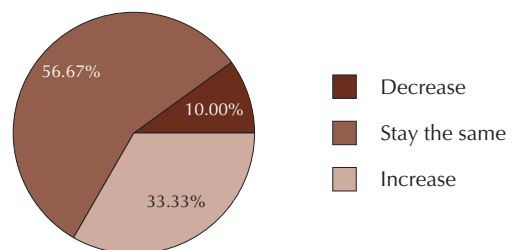
Advisory: 31.48%
Expected change



Equity financing: 7.48%
Expected change



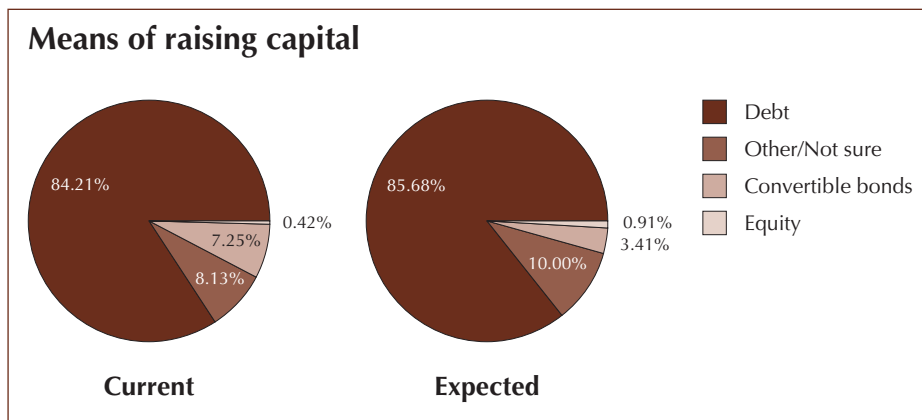
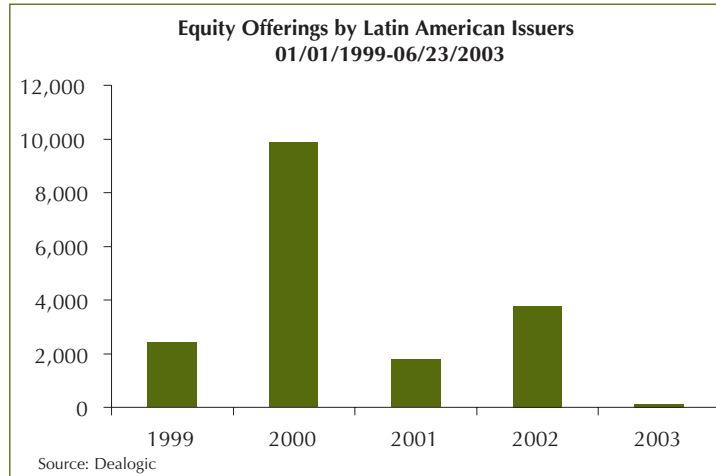
Debt financing: 61.04%
Expected change



Company ranking: investment banking attributes

	First	Second	Third
Credibility of investment banking services	J.P. Morgan	Smith Barney Citigroup	UBS Warburg
Quality of domestic M&A ideas	J.P. Morgan	Deutsche Bank Securities	Merrill Lynch
Quality of nontransactional advisory	J.P. Morgan	Goldman, Sachs & Co.	Smith Barney Citigroup
Quality of ongoing relationship	J.P. Morgan	Smith Barney Citigroup	Goldman, Sachs & Co.

Institutional Investor
Research Group



Important equity attributes

	Score*
Pricing of transactions	9.11
Execution of transactions	8.89
Underwriting and distribution capability	8.89
Credibility of investment banking service across all products	8.37
Quality of financial advice on transactions	8.32
Transaction experience in your sector	8.21
Market support after transaction	8.16
Quality of ongoing relationship	7.79
Quality of nontransactional advisory	6.89
Quality of international M&A ideas	6.71
Quality of domestic M&A ideas	6.41

*Scale of 1 to 10, with 1 being of lowest importance and 10 the highest

Important debt attributes

	Score*
Pricing of transactions	8.77
Underwriting and distribution capability	8.60
Execution of transactions	8.54
Quality of financial advice on transactions	8.38
Market support after transaction	8.04
Transaction experience in your sector	8.04
Quality of ongoing relationship	7.81
Credibility of investment banking service across all products	7.65
Quality of nontransactional advisory	6.62
Quality of international M&A ideas	5.86
Quality of domestic M&A ideas	5.82

*Scale of 1 to 10, with 1 being of lowest importance and 10 the highest

