

Hybrid Securities Forum 2007

pacific
prospect

Tuesday 27th February
Sheraton on the Park
Sydney



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◀ We are delighted to welcome you to our Hybrid Securities Forum 2007 ▶

It's being held from 9.30am to 4.00pm on:

Tuesday 27th February
Sheraton on the Park, Sydney

The hybrid securities market has shown great flexibility and innovation over the past 12 months, and issuance volume has soared. Against this backdrop, the **Hybrid Securities Forum 2007** will be packed with content and case-studies to help de-mystify these products, identify market trends and assess the relevance and benefits of each type of hybrid security.

This will help investors and issuers understand why and how they should engage this market.

Discussion will be about recent hybrid deals, complexity in structure, investor risk profiles and the use of hybrids in the capital structure for non-vanilla funding - for example leverage buyouts.

The event is broken up into two segments - Session A and Session B. **Session A** will be held in the morning and will comprise presentations and panel discussions to ensure an interesting overview of these products.

Session B will be held in the afternoon and will comprise a series of more interactive and technical workshops and case studies.

Finding Value in Tomorrow's Hybrid Market

The event will also contain a segment entitled **Finding Value in Tomorrow's Hybrid Market**, which is designed to help distributors to retail investors - including Researchers and Advisers at Dealer Groups and Research Houses, Brokers and Wraps - to understand better how they can capitalise on opportunities in hybrid securities.

We hope this forum makes a positive contribution to the development of this market in Australia and that you find the day both interesting and educational.

We look forward to welcoming you.

Michael Stanhope
Chief Executive
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Introduction to Pacific Prospect

Pacific Prospect was founded in July 2002 and has quickly established itself as a leading organiser of events for the Asian wholesale financial markets. It strives to add value and help the positive and sustainable development of these markets. In addition, it has provided research and consultancy services to investors, intermediaries and issuers – enabling them to grow or protect their business.

For more information, please contact

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◀ Agenda ▶

Session A

9.10 Registration

9.30 Welcome Address

Andrew Crooke
Editor
Pacific Prospect

9.35 Panel Discussion How Hybrids Can Remain Relevant in Fixed Income Portfolios

Chair

Michael Saba
Senior Derivatives Analyst
Goldman Sachs JBWere

Panel Members

Cameron Duncan
Division Director, Macquarie Securities
Macquarie Bank

Nicholas Chaplin
Director, Hybrid Securities & Syndicate, Debt Capital Markets
Westpac Institutional Bank

Paul Van Ryn
Head of Fixed Interest
Challenger Financial Services Group

Mihkel Kase
Senior Portfolio Manager
Schroders Investment Management

Robert da Silva
Managing Director, Asia Pacific Fixed Income
Principal Global Investors

Scott Rundell
Head of Credit Research
ING Investment Management

Greg Hammond
Partner
Mallesons Stephen Jaques

Carolyn Martin
Senior Director, Regional Head of Energy & Utilities – Asia Pacific
FitchRatings

Topics to include:

- Can issuance volume in 2007 maintain the levels of 2006?
- How, if at all, can investors use hybrids to enhance yield?
- What do investors want to see in terms of the development of the hybrid market? Are they seeking more issuer diversity?
- How can issuers meet the supply demands in a market with so much liquidity?
- How open are investors to increasing interest from offshore issuers?
- What innovations will we see in Australia in 2007? Do investors want to see more structural innovation to create protection if it means lower yield?
- How much credit analysis is really required to ensure comfort with new structures that involve features such as change-of-control clauses?
- How are the rating agencies assessing some of the new structures?
- What are the main ratings challenges going forward?
- What structures are popular in the US and European markets?
- Is standardisation of documents likely at any point? Is it appropriate?
- How can we ensure greater clarity in the bookbuild process?
- How much regulatory and accounting uncertainty is there? How can this be addressed?
- How far does the hybrid market need to grow and move down the credit curve to remain relevant for investors over the next 3 to 5 years? How will the market look like at this point?

10.25 Presentation

Corporate Hybrid Issuance: Is Now The Best Time Ever?

Jacqui Vanzella
Division Director, Equity Capital Markets
Macquarie Bank

- With global rates and credit spreads at current levels, and a benign credit cycle, is this the best time ever in the business cycle for corporates to issue hybrid securities?
- What were the drivers behind high issuance levels in 2006?
- Which corporates issued last year?
- What new structures did we see from the corporate sector?
- What types of issues and trends in structure are we likely to see this year?
- From which sectors are we most likely to see issuance and why?

10.55 Presentation

Is this as Good as it Gets? An Institutional Investor's Experience

Paul Van Ryn
Head of Fixed Interest
Challenger Financial Services Group

- How have hybrids performed?
- Opportunities to add value
- What to add in addition to hybrids?
- Is the evolution of hybrids favouring issuers more than investors?

11.25 Refreshments and Networking



11.45 Presentation
Developing the Kangaroo Hybrid Market

Nicholas Chaplin
Director, Hybrid Securities & Syndicate, Debt Capital Markets
Westpac Institutional Bank

This presentation will focus more specifically on the developing Kangaroo Tier 1 hybrid market. Kangaroo hybrids have only been issued by ADIs at this stage:

- The AXA issue: investor interest, comparison to prior A\$ Tier 1 issues, price and volume achieved
- What is the scope for additional offshore issuers to come to the A\$ Tier 1 market?
- Structural development of Tier 1 instruments
- Equity credit achievable
- What is the depth of the Australian market? The expansion of the investor base for A\$ hybrid products (including offshore A\$ investors)

12.15 Presentation
A Rating Agency's View on Maximising Equity Credit for Australian Corporates

Carolyn Martin
Senior Director, Regional Head of Energy & Utilities – Asia Pacific
FitchRatings

- Principles for awarding equity credit
- Step-ups and replacement language
- Australian case study

12.40 Presentation
Non-Innovative Tier 1 Uncovered

David Friedlander
Partner
Mallesons Stephen Jaques

Ian Paterson
Partner
Mallesons Stephen Jaques

- What are non-innovative Tier 1 instruments?
- Are they viable in the Australian wholesale market?
- What deals have been done and how successful were they?
- What are the challenges in structuring these deals?

1.05 Lunch



2.00 **Workshop** **Is Two- and Three-Notch Downgrading Appropriate?**

Nicholas Chaplin
Director, Hybrid Securities & Syndicate, Debt Capital Markets
Westpac Institutional Bank

- Is the 3-notch downgrade for hybrid instruments considered appropriate / relevant by investors?
- Do investors look through the notching anyway? Is it too harsh?
- With AXA, there was no agreement between the rating agencies – with S&P notching 3 notches, Moody's 2, and Fitch just 1

* This session will include a panel discussion including:

Charles Macgregor
Vice President & Senior Credit Officer
Moody's Investors Service

Carolyn Martin
Senior Director, Regional Head of Energy & Utilities – Asia Pacific
FitchRatings

Michael Saba
Senior Derivatives Analyst
Goldman Sachs JBWere

Michael Phillip
Head of Capital Markets Research
Westpac Institutional Bank

Philip Miall
Director, Capital Markets Research
Westpac Institutional Bank

2.50 **Workshop** **Striking the Balance Between Wants and Needs**

Lee Roche
Director, On-Call Advisory Services
Ernst & Young

- Current accounting, tax and regulatory status for issuers
- Some unexpected outcomes
- The trade-off between accounting desires and investor protections
- Potential future developments

3.15 **Panel Discussion** **Finding Value in Tomorrow's Hybrid Market: The Retail Perspective**

Chair

Andrew Crooke
Editor
Pacific Prospect

Panel Members

Damian Pretty
Research Analyst
Bell Potter Securities

Steven Wright
Director, Fixed Interest
ABN AMRO Morgans



Nigel Douglas
Investment Strategist and Senior Investment Analyst
Van Eyk Research

Martin Dobson
Authorised Representative
Avenue Capital Management

David Eliakim
Partner
Malleasons Stephen Jaques

Joerg Koeppenkastrop
Head of Products
Next Financial Limited

Mike Munns
Managing Director and Chief Investments Officer
Prodigal Funds Management

Topics to include:

- Where is the value in hybrid issues for retail investors? How is this changing?
- How do these securities now fit into a client's portfolio?
- What is driving continued retail interest in hybrid paper?
- Is the Australian market overbid?
- Do issuers have too much power?
- Are retail investors getting sufficient rights? Is this in danger of changing?
- Given new features in deals such as unspecified maturity dates and discretionary distributions, what questions should retail investors be asking?
- What structures do retail investors want?
- How much more education and/or research are needed to help financial planners sell these securities appropriately to retail?

4.00 Conference Closes

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