

Citi, Goldman Power Up JPMORGAN, CREDIT SUISSE ON TOP AGAIN

For the third year in a row JPMorgan and Credit Suisse reign supreme as the top par and distressed loan trading desks, respectively, in *Credit Investment News*' annual Best Trading Desk survey. It's the fifth year in a row JPMorgan has been voted the best par desk; Credit Suisse is working on a string of three straight distressed desk titles. As was the case last year, there was more intrigue in which desks fell in behind the leaders. Citigroup made the most noise in the par standings, coming from fourth place in 2005 to finish second by a healthy margin over third place Credit Suisse. Goldman Sachs, also much improved in par, reasserted itself as one of the top three distressed desks.

Nearly 200 investors in bank loans cast votes in this year's survey, a 50% increase over last year's response. More voters simply meant more votes for JPMorgan, which once again enjoyed a bloated margin of victory. JPM's par desk dominated three of the four subcategories (see page 3) and carried the bank to its fifth straight Best Overall Trading Group title — awarded to the bank with the most par and distressed points. JPM was particularly strong in the Tightest Markets and Breadth of Real Markets subcategories. One buysider summed up JPM's excellence across the three subcategories it won by saying: "They provide the greatest quantity of real markets that are tight and accurate. They are upfront and honest and work hard to

support all their deals." Another fan was a little more succinct. "Not even close. JPM and then everyone else. Really should be just a ranking for who is number two."

Indeed, the real action came in the battle for second place.

In the end, however, it was not much of a battle as Citi outdistanced Credit Suisse and Morgan Stanley. Citi powered its way up the rankings with excellent color and trading ideas and a wide range of tight, two-sided markets. Its impressive move into second place—the first time it's ever placed that high—earned Citi the title as the most improved par desk.

On the distressed side Credit Suisse cruised to the top spot and came within just a few points of sweeping every subcategory for the second straight year. It scored particularly well in the Info/Trading Ideas subcategory and was lauded by respondents for its research and willingness to make markets in a broad array of names. "Breadth and depth in all names — not just their own, but overall," one investor wrote in explaining why he chose Credit Suisse number one. "Looking to get/execute the trade for both sides of the trade." The desk's willingness to pick up new names was a common theme among distressed investors.

JPMorgan held onto second place in distressed, but it got a new neighbor in Goldman Sachs. The reigning power in the distressed market from 1999-2001,

(continued on page 6)

Best Par Desk

	2005 Rank
1 JPMorgan	1
2 Citigroup	4
3 Credit Suisse	2
4 Morgan Stanley	5
5 Banc of America Securities	6
6 Deutsche Bank	2
7 Goldman Sachs	10
8 Wachovia Securities	7
9 Lehman Brothers	9
10 UBS	8

Best Distressed Desk

	2005 Rank
1 Credit Suisse	1
2 JPMorgan	2
3 Goldman Sachs	5
4 Morgan Stanley	4
5 Lehman Brothers	3
6 Banc of America Securities	6
Deutsche Bank	8
8 Bear Stearns	9
9 Citigroup	7
10 Merrill Lynch	10

Best Overall Trading Group

	2005 Rank
1 JPMorgan	1
2 Credit Suisse	2
3 Citigroup	4
4 Morgan Stanley	3
5 Banc of America Securities	6
6 Goldman Sachs	8
7 Deutsche Bank	5
8 Lehman Brothers	7
9 Bear Stearns	NR
10 Wachovia Securities	9



TOP FIVE TEAMS 2006

JPMorgan

Scorecard

No.1 Overall
No. 1 Par
No. 2 Distressed

Group Heads/Traders

John Abate, head of loan and distressed bond trading
Rob Milam, head of par loan trading
Alex Bea, distressed trader
Austin Garrison, par trader
Daniel Fedeyko, par trader

Sales/Sourcing

Naseem Haffar, head of secondary loan and distressed loan and bond sales
(Par and Distressed) Michael Sufrin, Charles Caccavo, Anand Ramachandran, Kimberly Rose, Jon Crell, Peter Siedem, Jeff Feit, Chris Jacobs

Credit Suisse

Scorecard

No. 2 Overall
No. 3 Par
No. 1 Distressed

Group Heads/Traders

Bob Franz, co-head U.S. loan sales and trading, head of distressed trading
Andrew Stock, co-head U.S. loan sales and trading, head of par sales
Barry Zamore, head of par loan trading
Vikram Natarajan, par trader
Leigh Dworkin, par trader
Joe Brosnan, distressed trader
Doug Grossberg, loan-only CDS trader

Sales/Sourcing

(Par) Matt Tuck, Jon Brown, Nancy Unrath, Tom Mullarkey, Andy Mahder, Mike Safko, Dan Gresla, Joe Fredman

Jed Kelly, head of distressed sales
(Distressed) Alan Berenbaum, Dan Newman, Ed Van Tassel, Frank Fiorito, Grant Pothast, Jodi Joskowitz, Mike Glickman, Steve Schmidt

Citigroup

Scorecard

No. 3 Overall
No. 2 Par
No. 9 Distressed

Group Heads/Traders

Jonathan Calder, head of par loan sales and trading
James Nessel, par trader
Peter Benoist, par trader
Fran Sutter, par trader
Mark Doria, par trader
Rich Jayco, trading assistant
Carl Meyer, head of distressed loan sales and trading
Paul Zingarini, distressed trader
Peter Lapina, distressed trader

Sales/Sourcing

(Par) Jeff Ferrell, Rich Rothschild, Melinda Weir, Brett Applebaum, Lisa Caesar, Monica Macia, Martin Pryor, Joe Wilson, Sean Peters, Lisa Schneider, William Belmont, Brian Daoust, Erik Gunnerson, Tyrone Thomas, Andrew Azzato

(Distressed) Scott Smith, Joe Dougherty, Pat Kris, Nancy Wilson Brothers, Chris Sarisky, Kurt Akersten

Morgan Stanley

Scorecard

No. 4 Overall
No. 4 Par
No. 4 Distressed

Group Heads/Traders

Dan Allen, head of loan trading
Mike Weir, par trader
Adam Savarese, par trader
Ashley Siebert, par trader
Dan Yarsky, distressed trader

Sales/Sourcing

Roger Gilbert, head of par and distressed loan sales
(Par) Michael Henderlong, Benji Cheung, Todd Dahlstrom, Michael Cunningham, Paula Rosen, Ruta Brickus, Tanya Scholl, Maureen Coyle, Pierre Huon

(Distressed) Robert Gallivan, William Goebelbecker, Mie Kirsch, Edward Yu, Jordan Cahn, Mary Casey O'Dell, Rehana Wijanayake

Banc of America Securities

Scorecard

No. 5 Overall
No. 5 Par
No. 6 Distressed

Group Heads/Traders

Ed Hamilton, head of par loan sales and trading
Keith Robelen, par trader
Tim Fitzpatrick, loan CDS trader
Peter Santry, head of distressed loan trading
Erin Andrews, distressed trader

Sales/Sourcing

(Par) Perry White, Doug Stuart, Bradford Barry, Will Joyner

(Distressed) Cathy Yamashita, Mike Nitka, Pat Downey, Mike Kosciusko, Jack Hobson, Stephen Carbone, Eric Hunter, Ron Phillis



SUBCATEGORY WINNERS

PAR

Distressed

BEST RESEARCH/INFO, TRADING IDEAS

		2005 Rank
1	Citigroup	3
2	Credit Suisse	1
3	JPMorgan	2
4	Goldman Sachs	NR
5	Deutsche Bank	4

BEST RESEARCH/INFO, TRADING IDEAS

		2005 Rank
1	Credit Suisse	1
2	JPMorgan	2
3	Goldman Sachs	5
4	Morgan Stanley	4
5	Lehman Brothers	3

TIGHTEST MARKETS

1	JPMorgan	1
2	Citigroup	5
3	Morgan Stanley	2
4	Credit Suisse	4
5	Deutsche Bank	3

BEST EXECUTION IN SOURCING/SELLING PAPER

1	JPMorgan	2
2	Credit Suisse	1
3	Goldman Sachs	4
4	Lehman Brothers	3
5	Bear Stearns	NR

MOST TRUSTWORTHY/RELIABLE

1	JPMorgan	1
2	Citigroup	4
3	Banc of America Securities	3
4	Credit Suisse	NR
5	Deutsche Bank	2

MOST TRUSTWORTHY/RELIABLE

1	Credit Suisse	1
2	JPMorgan	3
3	Morgan Stanley	4
4	Lehman Brothers	2
5	Goldman Sachs	NR

BREADTH OF REAL MARKETS

1	JPMorgan	1
2	Citigroup	2
3	Banc of America Securities	NR
4	Morgan Stanley	4
5	Credit Suisse	3

MOST PROMPT, EFFICIENT CLOSING

1	Credit Suisse	1
2	JPMorgan	2
3	Goldman Sachs	NR
4	Deutsche Bank	NR
5	Banc of America Securities	4

MOST IMPROVED

Citigroup

MOST IMPROVED

Goldman Sachs

MOST PROMPT, EFFICIENT PAR CLOSING*

		2005 Rank
1	Banc of America Securities	2
2	JPMorgan	1
3	Credit Suisse	3
4	Deutsche Bank	4
5	Wachovia Securities	5

BEST PAR TRADER

Robert Milam, JPMorgan

BEST DISTRESSED TRADER

John Abate, JPMorgan

MARKET MAKER AWARD

Citigroup

*The point total for this award is not counted in the overall scoring.



Not Happy Investors Gripe About Closing, Agent Power, Fees And Pricing

Every year investors are asked to list the most common complaints/problems they have with the secondary loan market and every year investors seem to grow more focused and pointed in their remarks. This year was no exception, as buysiders teed off trade settlement issues, the power of agent banks and (surprise!) assignment fees.

Closing was by far the number one complaint. About one-third of respondents griped about the length of time it took to settle bank loan trades. One respondent summed it up: "It's inefficient, very time consuming and costly." Another investor suggested the market look at a market utility model. "Settlement times for distressed are still way to long," he wrote. "We need to move further toward a DTCC-like settlement model." As an alternative, one investor suggested the settlement cycle be changed to "T+ never."

Assignment Fees

You could see this one coming. With **Banc of America Securities** deciding to waive assignment fees earlier this year, **JPMorgan** is the lone holdout among the big players. Investors weren't shy about expressing what they thought about assignment fees in general (boo) and JPMorgan's adherence to them (hiss). "Assignment fees need to be completely eliminated to improve liquidity," one buysider asserted. Another was more specific on the same point. "JPM fees on loan assignments [is] dampening liquidity and market development," he wrote.

Too Much Muscle

About 10% of respondents complained about the inordinate

amount of influence an agent has over the trading of one of its names. The fact that the agents "see all trades" places an implied – if not stated – pressure for investors who have to think twice before they trade away from the agent.

"Big brother is watching," one investor said. "There should be a wall between the trading and admin function. Why should desks know what we are trading? We don't get the same info from the sell side." Another added: "Trading desks can see the activity of their agency group. I think this hurts liquidity since there's almost an obligation to trade with the agent." One investor suggested that desks should have to settle with an independent party to solve that problem.

And Another Thing ...

There were other complaints, to be sure. Many accounts said there is a lack of price transparency that is hurting the development of the market. One noted that desks need to do a better job of providing real markets to third-party providers. Others complained that rising prices are starting to pinch. "Loan prices too expensive for CLOs to buy," one manager said.

Several investors decried the lack of real markets and unwillingness on the part of many desks to take a position in names. Lastly, in what figures to be an emerging issue, a handful of buysiders complained that the public/private split at some shops is an area of concern. "Separation of private and public can be improved," one investor wrote. Another said he had concern with investors that go private and continue to trade public securities.

PAST WINNERS

	Par	Distressed	Overall
2005	JPMorgan	Credit Suisse	JPMorgan
2004	JPMorgan	Credit Suisse First Boston	JPMorgan
2003	JPMorgan	JPMorgan	JPMorgan
2002	JPMorgan	JPMorgan	JPMorgan
2001	Credit Suisse First Boston	Goldman Sachs	NA
2000	Donaldson, Lufkin & Jenrette	Goldman Sachs	NA
1999	Donaldson, Lufkin & Jenrette	Goldman Sachs	NA
1998	Goldman Sachs	Merrill Lynch	NA



On The Market

Second Liens, LCDS And Two-Fisted Credit Coverage

The "On The Market" portion of *CIN's* annual survey covers topics specific to the market that year.

This year investors were asked to rank desks in areas ranging from the trading of an emerging product to their ability to serve clients interested in both loans and bonds. In all, four questions were asked of buysiders, with only one being a holdover from last year.

Investors voted for the top three banks in the areas of second-lien loans, loan-only credit default swaps, coverage of loans and bonds and middle-market coverage. Votes were recorded on a tally basis, so the number of first, second and third place votes a desk received was noted, but there is not a point total and the

votes do not help determine the best par and distressed desks.

Over the past two years second-lien loans have become a featured piece in primary deals and have been trading accordingly. The question "Which desks are most effective in trading second-lien loans?" produced a two-horse race. Indeed, those two horses covered more than 50% of the field. **Credit Suisse** was the ultimate winner, outpacing **Goldman Sachs** both in terms of total votes and the number of first place mentions. A new wrinkle in the loan market is the emergence of loan-only credit default swaps. The framework for LCDS trading is still being hammered out and only a handful of banks are active in the market. But it's

Survey respondents are asked if their firms' names can be listed as participants. The following list includes only the firms that gave consent and not all of the respondents that participated in this year's survey. More than 180 firms responded.

40/86	CypressTree Investment Management	KBC Financial Products	Post Advisory
ABP Capital	Danske Bank	Kenmont Investment Management	Prudential Financial Group
ACA Capital	Deerfield Capital Management	KeyBank	Putnam
Aegon	Denali Capital	Kilimanjaro Advisors	Rabobank
AgFirst Farm Credit Bank	DRKW	Kinsgland Capital	Raven Asset Management
AIG Global Investment Group	Durango Partners	Lightpoint capital	Raymond James
Akanthos Capital	DZ Bank	LM Isis Opportunities Master Fund	Riversource
Alliance Bernstein	Eaton Vance Management	Loews	SAC Capital Management
Allied Irish Bank	Erste Bank	Loomis Sayles	Sandell Asset Management
Allstate Investments	Farm Credit Bank of Texas	Lyon Capital	Sandelman Partners
American AG Credit	Foothill Group	Mason Capital	Sankaty Advisors
Aozora Bank	Fore Advisors	McDonnell Investment Management	Satellite Asset Management
Apidos Capital Management	Forest Investment Management	Metlife	Seix Advisors
Ares Management	Fortis	MFS Investment Management	Seneca Capital Management
Aslan Capital	Fortress Investment Group	Mizuho Corporate Bank	Silvermine Capital
Australia and New Zealand Bank	Four Corners Capital Management	MJX	Silverpoint
Avenue Capital	Franklin Templeton	Morgan Stanley Investment	Southpaw
Babson Capital Management	Fraser Sullivan Investment Management	Management	Standard Chartered Bank
Basso Capital	GLC Management	Mountain	Stanfield Capital
Bayerische Hypo	GoldenTree Asset Management	Natexis Banques	Stone Tower
Bear Stearns Credit	GSC Partners	National City Bank	Sumitomo Trust
Bennett Management	Gulfstream Asset Management	Navigare Partners	SunTrust Bank
Black Diamond Capital	Hamilton Loan Asset Management	New York Life Investment Management	Symphony Asset Management
Blackstone Debt Advisors	Harch Capital Management	Nicholas Applegate	TCW Asset Management
Breakwater Fund Management	Hartford Investment Management	Nomura Corporate Research Asset	The Carlyle Group
Brightwater	Highland Capital Management	Management	TPG Credit
Brookville Capital Management	HIM Money	North Fork Bank Business Capital	Trilogy Capital
Callidus Capital Management	HKB Investments	Oak Hill Advisors	Union Bank of California
Calyon Securities	HSH Nordbank	Octagon Credit Investors	United Overseas
Candlewood Capital Partners	IDB bank	Old Lane	US Bank
Cargill	IKB Capital	Oppenheimer	Wells Fargo Foothill
Carlson Capital	ING	Orchard First Source	West Gate Horizons Advisors
Citigroup Alternative Investments	ING Pilgrim	Orix	West LB
Clinton Group	Invesco	Phoenix Investment Partners	Western Asset Management
Commercial Industrial Finance Corp	Jefferies	PIMCO	White Horse Capital Partners
Commerzbank	KBC AIM	Plainfield Asset Management	Winchester Capital

an area garnering a lot of attention as dealers and investors continue to go heavy into traditional credit default swaps and settlement issues are being ironed out. Asked which firms are best

for Loan-Only Credit Default Swaps in terms of innovation, ideas and trading the product, investors answered “Lehman Brothers,” loud and clear. Of all the questions asked, this one provided the clearest winner.

Credit Suisse was a distant second.

The convergence of the loan and bond markets is nothing new, but the integration of the groups within banks seems to be taking hold. To get an idea of which firms did the best job for investors

looking at names in both asset classes, *CIN* asked, “Which firms are best at offering comprehensive credit coverage of loans and bonds?” JPMorgan carried the vote on this question and was

nearly as impressive in its dominance as Lehman was on the LCDS question. Credit Suisse was second, followed by Citigroup.

The one holdover in this year’s survey was the question asking which desk provides the best coverage of middle-market names. This was a tight race, with

reigning champ Wachovia Securities edging out Credit Suisse. Merrill Lynch also made a strong showing in this category, coming in third. UBS was another popular bank in the middle-market sector.

<p>Best In Second Liens</p> <ol style="list-style-type: none"> 1. Credit Suisse 2. Goldman Sachs 3. JPMorgan <p>Best In LCDS</p> <ol style="list-style-type: none"> 1. Lehman Brothers 2. Credit Suisse 3. JPMorgan 	<p>Best Coverage of Loans & Bonds</p> <ol style="list-style-type: none"> 1. JPMorgan 2. Credit Suisse 3. Citigroup <p>Best Middle Market Coverage</p> <ol style="list-style-type: none"> 1. Wachovia Securities 2. Credit Suisse 3. Merrill Lynch
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JPMORGAN, CREDIT SUISSE

(continued from page 1)

Goldman had not finished higher than fifth in any of the past three years. But this year it improved enough in all four subcategories – including two it did not even place in last year – to finish third and earn the distinction as the distressed market’s most improved desk.

Trading Names

Once again *CIN* asked investors to name the person they considered to be the best trader in each market and explain why they feel that person is tops in their field. After a tie for best par trader in 2005, the verdict was more clear cut this year as **Rob Milam** of JPMorgan walked away with the title. Investors hailed Milam for making real, tight markets and being upfront and trustworthy. Honorable mentions on the par side go to **James Nessel** of Citigroup and **Barry Zamore** of Credit Suisse.

Things were much closer on the distressed side, where JPMorgan’s **John Abate** just barely edged last year’s winner, **Bob Franz** of Credit Suisse. Abate, head of JPM’s loan trading group, scored points for his market color and honesty. Taking up the third position in distressed was **Peter Santry** of Banc of America Securities.

Making Markets, Closing The Deal

Two awards that fall into the par category but are not tallied as part of the overall scoring are The Market Maker Award and

the award for the Most Prompt and Efficient Closing. The Market Maker Award goes to the desk that stands out in both the Tightest Markets subcategory and on the question of which desk works the hardest to make a successful market in a name at a customer’s request. The desk that put it all together this year was Citigroup. In the par closing category, Banc of America Securities edged JPMorgan in a close race that was something of an upset. It’s the first time since 1999 that a desk other than JPMorgan (and going back to its Chase Manhattan days) has placed number one in the closing category.

Voting and Scoring

Credit Investment News polls loan funds, collateralized debt/loan obligation managers, insurance companies, hedge funds, institutional money managers and commercial banks that participate in the secondary loan market. In the par category, investors are asked to rank the top five desks for the best research/info and trading ideas, tightest markets, most trustworthy/reliable and the breadth of real markets. Distressed investors rank the best research/info and trading ideas, best execution, most trustworthy/reliable and most prompt, efficient closing. Votes are scored on a points system where first place is worth eight points, second is worth five, third is worth three, fourth gets two and fifth gets one. There’s a top five in each subcategory and the totals of each determine the best overall par and distressed desks. Additionally, votes were tallied for the best par closing group and three other market coverage awards (see related story, page 4).