

Newcomer of the Year

Winner: Lexicon Partners

Lexicon Partners, which was formed in 2000 but enjoyed its first full year of deal-making in 2001, has already cut a dash in the market. Reminiscent in many ways of the old Phoenix boutique that was bought by Donaldson Lufkin & Jenrette, the firm has successfully exploited the market for discreet advice. Specialising in financial institutions, Lexicon counts some of the world's biggest insurers, such as CGNU and Prudential, among its clients.

One deal in particular, towards the end of 2001, showed that Lexicon would have to be taken seriously by its rivals and not dismissed as a lower-middle market upstart sniping at the margins. Lexicon was sole adviser to Prudential on a £810m (US\$1.16bn) disposal of its general insurance business to Credit Suisse Winterthur.

This was a transaction, announced as it was after September 11, that would certainly not have disgraced a pitch document produced by a bulge-bracket bank. Prudential is known to be close to UBS Warburg and Goldman Sachs and they might normally have been expected to be involved in such a sizeable deal.

Among the firm's other important insurance deals was the US\$179m acquisition by the UK's Benfield Greig of EW Blanch of the US, creating the world's third biggest reinsurance broker. Lexicon also advised Benfield during the beauty parade of debt providers, which eventually led to the selection of Barclays Capital to provide US\$390m of finance.

Lexicon also acted on some significant fund management deals last year, advising Gartmore on the sale of its passive business to State Street Global Advisors.

While carving out a solid FIG niche, Lexicon also had the capacity to surprise in other sectors. The firm acted for Glas Cymru, a non-profit making special purpose vehicle, on the £1.8bn (US\$2.6bn) acquisition of Welsh Water from Western Power Distribution, which was completed in 2001.

Lexicon also had a successful year of recruitment. Founded as it was by a core of ex-Phoenix Securities and DLJ bankers led by Andrew Sibbald, it always looked like a natural home for others seeking to leave Credit Suisse First Boston.

In February 2001, three CSFB managing directors joined the firm including Sir Laurie Magnus who became vice-chairman. Magnus, a former deputy head of UK corporate finance at Samuel Montagu, had built up a specialised Lloyd's franchise. The other two newcomers, Matthew Lindsey-Clark and Charles Outhwaite brought valuable experience of banking and wealth management.

The firm has emerged as a lively, opportunistic player but there is potential for it to become another Phoenix.