

direct/ Landsbanki Islands (UK) - Landsbanki to Acquire Bridgewell

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Creates a leading UK investment bank servicing the small and mid-cap market

- Becomes the second largest broker to listed companies on the London Stock Exchange measured by number of clients

Landsbanki has tendered an offer to buy all issued shares of the UK broker and investment bank Bridgewell plc. The offer is made at 125 pence per share which values Bridgewell at approximately GBP 60,3 million on a fully diluted basis. This places Landsbanki among the major players on the UK small and mid cap market.

The businesses of Bridgewell and Teather & Greenwood | Landsbanki are complementary and will be merged to form Landsbanki Securities UK. The new entity, in parallel with Landsbanki's London Branch, makes Landsbanki a leading UK investment bank in the small to mid-cap UK market, offering a full range of financial services to its clients. It is yet another milestone in Landsbanki's strategy of building an integrated corporate investment bank focusing on the mid cap sector in Europe.

Acting as broker to 198 UK companies, Landsbanki will be the second largest broker to listed companies on the London Stock Exchange, as measured by number of clients. It will rank tenth for FTSE250 companies by the same measure, and will also be the retained financial adviser to 112 corporate clients.

Nick Stagg, CEO of Teather & Greenwood | Landsbanki, will head the joint entity, with Jim Renwick, Bridgewell's CEO, as deputy head. Bridgewell's senior management and key employees have confirmed their commitment to continue being part of the enlarged team.

The consideration of GBP 60,3 million is made up of cash (10%) and new issued Landsbanki shares (90%). The offer will be implemented by way of a scheme of arrangement under section 425 of the UK Companies Act 1985. Landsbanki has received irrevocable undertakings from Bridgewell's shareholders representing in excess of 23% in favour of the transaction. The acquisition is expected to be completed in July 2007. The transaction will not have a material effect on Landsbanki's 2007 income or balance sheet. Restructuring and transaction costs are estimated at GBP 10 million. The transaction is contingent upon regulatory approval in Iceland and the UK.

Landsbanki was advised by Teather & Greenwood | Landsbanki. Bridgewell was advised by N. M. Rothschild & Sons. Sigurjón Th. Árnason, Landsbanki CEO said:

The acquisition is an excellent strategic fit to our current operations in the UK. It further strengthens our base for organic growth in our corporate and investment banking activities. We have a high regard for the Bridgewell team and the quality of its client list. This acquisition is an important step in Landsbanki's growth strategy as a European investment and corporate bank focused on servicing mid-cap corporate clients.

Further information on the terms of the acquisition can be found in the Rule 2.5 Announcement which is published on the London Stock Exchange and OMX Nordic Exchange Iceland. We also refer to Rule 2.10 Announcement published on the London Stock Exchange and OMX Nordic Exchange Iceland.

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About Landsbanki

Landsbanki was founded in 1876 in Iceland. It is the leading provider of financial services in the Icelandic markets while a majority of its revenues now originate outside its domestic markets. Landsbanki is one of the ten largest banks in Scandinavia measured by market cap. It provides its clients with reliable and pro-active corporate banking services across Europe.

Landsbanki's growth in recent years is primarily organic, based upon strategically acquired platforms in the UK, Ireland and Continental Europe. As a result Landsbanki now has operations in 15 countries, including all the major financial centres in Europe. It has some of the most extensive research coverage of European stocks, covering more than 800 companies locally. Landsbanki also offers UK savers a consistently competitive rate on its Icesave deposit account.

Landsbanki has a market cap of EUR 4.3 billion and total assets of approximately EUR 26.4 billion. The bank's after-tax profit in 2006 amounted to EUR 444 million. Landsbanki currently has 2,200 employees.

About Bridgewell

Bridgewell was founded in 2000 to offer corporate advisory, broking, equity research, market making and investor relations services. The company was listed on the AIM market in 2006. Bridgewell's research has earned several accolades including fourth place in the Thomson Extel survey 2006 UK Small Caps Report. Bridgewell has 130 employees. Bridgewell's total revenues amounted to £30.8 million in 2006 with underlying profit in 2006 before tax reported to be £4.5 million.

Rule 2.5 Announcement

hugin.info/136348/R/1127471/209648.pdf

Rule 2.10 Announcement

hugin.info/136348/R/1127471/209649.pdf

Bridgewell Acquisition

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