



## **LSE nabs Italian exchange for \$2.6b**

25th June 2007, 8:45 WST

The London Stock Exchange Group has agreed to buy Italy's Borsa Italiana for €1.6 billion (\$2.6 billion) in shares as increased competition forces equity markets to consolidate.

The UK exchange, Europe's third-biggest, will offer 4.9 of its own shares for each share of the Milan-based operator of the Italian stockmarket.

The transaction values each Borsa share at €100.70, giving the enlarged LSE a market value of about €5.8 billion (\$9.2 billion). By comparison, Australia's sharemarket operator, ASX, is worth \$8.6 billion.

Rival stock exchanges worldwide have announced more than \$76 billion of purchases and ventures since 2005 amid pressure from shareholders to form alliances.

The LSE itself has rejected five takeover attempts in two years, including efforts by Nasdaq Stock Market which holds a 30 per cent stake in the London exchange.

Borsa's shareholders, who include Italian banks UniCredit and Intesa Sanpaolo, will own 28 per cent of the enlarged LSE. Nasdaq's stake will fall to about 22 per cent.

"It's a step forward for LSE," said Christopher Kummer, director of the Institute of Mergers, Acquisitions and Alliances at Webster University in Vienna.

"It puts pressure on the competition. Exchanges realise it's probably better to move first."

Analysts said they believed the Borsa takeover would make it harder for Nasdaq to buy the remainder of the LSE. NYSE Euronext would also have to sell its share in a joint venture with the Borsa that dominates European government bond trading.

The Borsa refused an offer to join NYSE Euronext and ended talks with Deutsche Börse last year.

LSE and Borsa said they expected savings of about €29 million a year, to be achieved from 2010, while similar sales synergies were forecast from 2011.

The combination will boost earnings by at least 10 per cent in 2009.

ELISA MARTINUZZI  
LONDON