

## Acquisition of Bridgewell plc

Creating a leading integrated investment bank for mid caps in the UK

17 May 2007

Sigurjón Þ. Árnason

CEO Landsbanki

## Landsbanki to acquire Bridgewell

- Landsbanki to acquire Bridgewell, a UK broker and investment bank
- The offer values Bridgewell at £60.3 million on a fully diluted basis
- Each Bridgewell ordinary share is valued at 125 pence
  - 12,5 pence to be paid in cash
  - 112,5 pence to be paid with new Landsbanki shares

The number of Landsbanki shares will be determined as the offer becomes effective and will depend on the closing price of Landsbanki and the GBP/ISK exchange rate at that time
- The offer has been unanimously recommended by the board of Bridgewell
- Shareholders representing in excess of 23% have given irrevocable undertakings in favour of the transaction
- Key employees have confirmed their commitment to continue being part of the enlarged team
- The deal is contingent upon regulatory approval in Iceland and UK
- Transaction expected to complete end of July
- Strengthens Landsbanki's existing position in the UK mid cap sector

## Bridgewell in brief

- Bridgewell is a UK broker and investment bank, with particular focus on UK small and mid cap corporates
- Bridgewell research covers 10 industry sectors and c. 200 companies.
- Bridgewell research was ranked 4th overall in the Thomson Extel 2006 UK Small and Mid Caps Report and top 3 in five sectors:
  - no. 1 in Financials
  - no. 1 in Construction
  - no. 2 in Media
  - no. 2 in Technology
  - no. 3 in Life Sciences
- Retained financial adviser and/or corporate broker to 83 quoted companies at year end 2006 (half on LSE's main list, thereof 9 on FTSE 250 and half quoted on AIM)
- Average market cap of clients is c. £ 200 million



BRIDGEWELL

Corp. Finance Advisory

Corporate Broking

Equity Capital Markets

Research

Equity Sales & Trading

Market Making

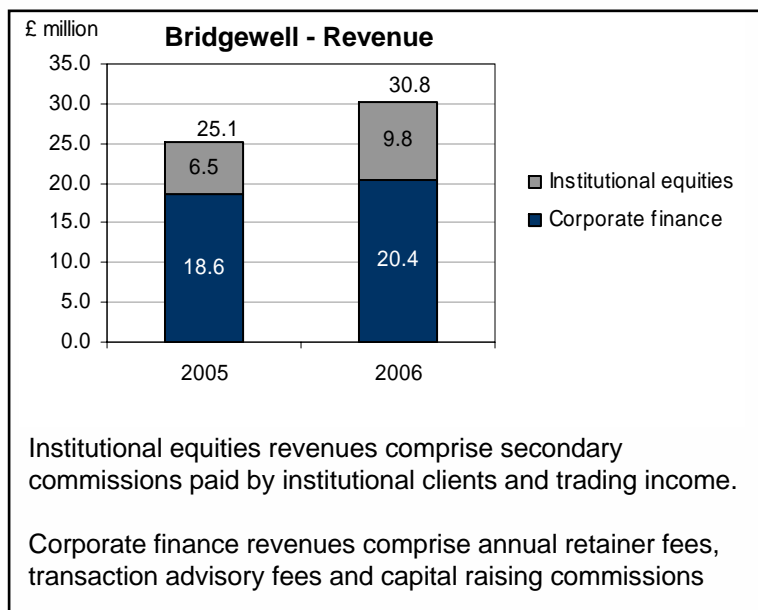
Inv. Relations services

# Bridgewell – key figures

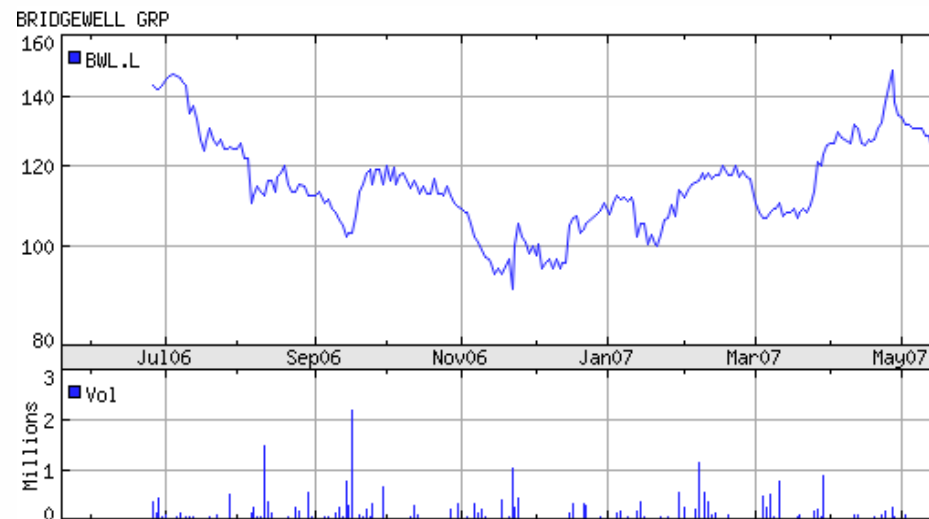
Key Figures (£ million)	2005	2006
Revenue	25.1	30.8
Profit Before Tax	3.4	1.0
Profit After Tax	2.3	-0.3
Underlying Profit Before Tax <sup>3)</sup>	4.8	4.5
Shareholder's Equity	19.0	27.3

**Notes:**

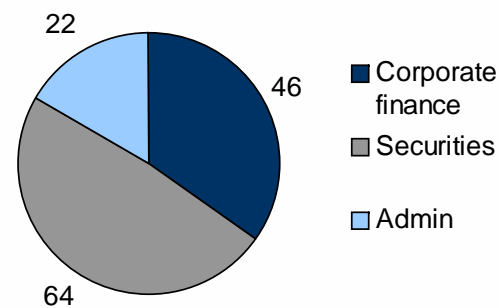
<sup>3)</sup> Adjusting Profit Before Tax for reorganisation, redundancy costs and share-based payment charges gives the Underlying Profit Before Tax. In 2005 Bridgewell acquired R. W. Baird.



## Share price development



## 132 Employees at year end 2006



# Bridgewell – Corporate Finance Review



## Positive momentum....

- Client size ranges from £15 million to +£2 billion market cap.  
Average market cap c. £ 200 million
- Bridgewell acted on a broad range of transactions in 2006
  - 16 M&A transactions with an aggregate value of over £1.47 billion
  - 7 IPOs raising a total of £582 million for clients
  - 18 share placings raising a total of over £366 million
- Bridgewell has won 9 brokerships over recent months

## Selected new client relationships

 <p><b>£422m</b> Market Cap</p> <p>Appointed February 2007</p> <p>Nomad &amp; Joint Broker</p>	 <p><b>£150m</b> Market Cap</p> <p>Appointed February 2007</p> <p>Nomad &amp; Broker</p>	 <p><b>£67m</b> Market Cap</p> <p>Appointed February 2007</p> <p>Financial Adviser &amp; Broker</p>	 <p><b>£761m</b> Market Cap</p> <p>Appointed November 2006</p> <p>Broker</p>
 <p><b>£452m</b> Market Cap</p> <p>Appointed November 2006</p> <p>Financial Adviser &amp; Broker</p>	 <p><b>£432m</b> Market Cap</p> <p>Appointed October 2006</p> <p>Joint Broker</p>	 <p><b>£340m</b> Market Cap</p> <p>Appointed September 2006</p> <p>Financial Adviser &amp; Joint Broker</p>	 <p><b>£752m</b> Market Cap</p> <p>Appointed September 2006</p> <p>Broker</p>

## Bridgewell - Recent Advisory



**John Laing  
plc**

Recommended  
offer by  
Henderson

£1,004m

Broker

**PlusNet plc**

Recommended  
offer by BT Group  
plc

£67m

Financial Adviser

**GWR Group plc**

Merger with  
Capital Radio plc

£328m

Financial Adviser



**NES Group  
Ltd**

Sale by  
Bridgepoint

£86m

Financial Adviser

**Scottish Radio  
Holdings plc**

Recommended  
offer by EMAP plc

£391m

Broker

**CODASciSys  
plc**

Demerger of  
CODASciSys plc

£133m

Financial Adviser

**Huntsworth plc**

Disposal of  
marketing  
services division

£55m

Financial Adviser

**Genus plc**

Recommended  
offer for Sygen  
International plc

£188m

Financial Adviser

**Ottakar's plc**

Offer by HMV Group  
plc and Bookstore  
Acquisitions Ltd

£96m

Financial Adviser

**Tyco  
International  
Ltd**

Sale of UK plastics  
division

Undisclosed

Financial Adviser



## Bridgewell - Recent Fund Raisings



**Acencia Debt Strategies Ltd**

Placing  
June 2006 and February 2007

**£149m raised**

Financial Adviser and Broker



**Polar Capital Holdings plc**

£121m IPO  
February 2007

**£18m raised**

Nomad and Broker



**Warner Estate Holdings plc**

Placing  
January 2007

**£21m raised**

Broker




**UK Coal PLC**

Placing  
November 2006

**£30m raised**

Broker



**Plaza Centers N.V.\***

£514m IPO  
October 2006

**£154m raised**

Co-lead



**Dunelm Group Ltd\***

£340m IPO  
October 2006

**£113m raised**

Co-lead



**Inspicio plc**

Placing  
July 2006

**£32m raised**

Nomad and Broker



**Ingenious Media Active Capital Ltd**

£150m IPO  
April 2006

**£150m raised**

Nomad and Broker



**Atlas Estates Ltd\***

Global Offer  
March 2006

**£101m raised**

Joint Advisor and Broker



**Falcon Oil & Gas Ltd\***

Placing  
March and August 2006

**\$250m raised**

Syndicate Broker

\* Includes the full value of transactions in which Bridgewell was a joint underwriter

## Strategic rationale

- The businesses of Bridgewell and Teather & Greenwood | Landsbanki are complementary
  - Research-driven institutional brokers in the small to mid-cap market
  - Integrated corporate finance is a key part of the service offering
  - Limited overlap among corporate clients
  - Research coverage is broadly complementary
- The combination of the two companies
  - Strengthens Landsbanki's position in the UK mid-cap market
  - Accelerates Landsbanki's progress towards developing its integrated corporate and investment banking offering to European mid-caps
  - Increases operational scale
  - Gives enhanced leverage in Corporate Finance, based on the combined group of retained corporate clients
  - Leads to a wider sector coverage and stronger positioning
  - Provides clients with a comprehensive offering of financial services
- Significantly stronger strategic position in the mid-cap sector

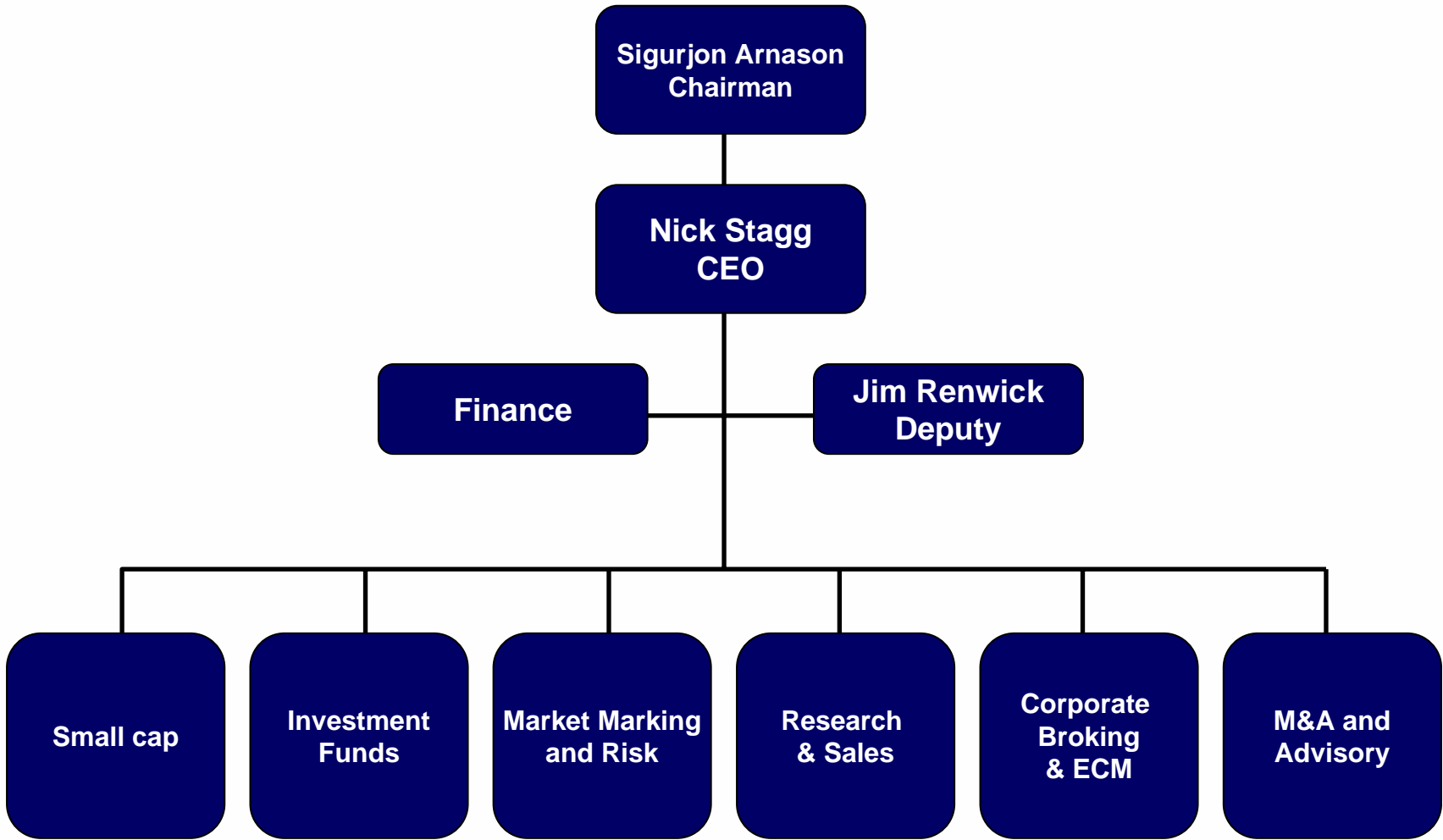


## Creating a leading integrated investment bank for mid caps in the UK



- Landsbanki's proposed acquisition of Bridgewell and its integration with Teather & Greenwood | Landsbanki, operating in parallel with Landsbanki's London Branch, creates a leading integrated investment bank focused on UK small to mid-cap companies
- The combined company will have a stronger and broader product range than most peers, in particular:
  - Integrated corporate finance with proactive approach
  - Research led institutional broker backed by a broader industry coverage of around 350 corporates in the UK out of the 850 corporates that the Landsbanki Group covers in Europe.
  - Various debt facilities and securities & structured finance capabilities
  - European and USA distribution capability through the 8 local offices in Europe and a N.Y. office
- The enlarged business will be called Landsbanki Securities UK Ltd. and trade as Landsbanki

# Organization Chart – Combined Company



## Strong ranking in the UK small to mid-cap arena (Stockbrokers by number of clients)



AIM Clients	Small Cap-Fledgling LSE	Stock Market Clients	FTSE 250 Clients
<b>1 Landsbanki ( 111 )</b>	<b>1 JP Morgan Cazenove ( 73 )</b>	<b>1 JP Morgan Cazenove ( 220 )</b>	<b>1 JP Morgan Cazenove ( 79 )</b>
2 Collins Stewart ( 90 )	<b>2 Landsbanki ( 43 )</b>	<b>2 Landsbanki ( 198 )</b>	2 UBS Investment Bank ( 53 )
2 Seymour Pierce ( 90 )	2 Investec Securities ( 43 )	3 UBS Investment Bank ( 138 )	3 Hoare Govett ABN Amro ( 35 )
4 KBC Peel Hunt ( 89 )	4 UBS Investment Bank ( 42 )	4 Brewin Dolphin ( 128 )	4 Merrill Lynch ( 33 )
5 Corporate Synergy ( 87 )	5 Hoare Govett ABN Amro ( 38 )	5 KBC Peel Hunt ( 119 )	5 Dresdner Kleinwort ( 25 )
6 Brewin Dophin Securities ( 70 )	6 Dresdner Kleinwort ( 37 )	6 Collins Stewart ( 116 )	6 Citigroup ( 24 )
7 Evolution Securities ( 69 )	7 Panmure Gordon ( 36 )	7 Hoare Govett ABN Amro ( 103 )	7 Credit Suisse ( 16 )
8 WH Ireland ( 68 )	8 Winterflood Investment ( 34 )	8 Evolution Securities ( 99 )	7 Deutsche Bank ( 16 )
9 Numis Securities ( 62 )	9 Numis Securities ( 28 )	9 Numis Securities ( 98 )	9 Morgan Stanley ( 13 )
10 Canaccord Adams ( 58 )	10 Brewin Dolphin ( 25 )	10 Seymour Pierce ( 95 )	<b>10 Landsbanki ( 9 )</b>
11 Charles Stanley ( 48 )	11 Evolution Securities ( 24 )	11 Panmure Gordon ( 94 )	11 HSBC ( 8 )
11 Panmure Gordon ( 48 )	12 KBC Peel Hunt ( 22 )	12 Corporate Synergy ( 92 )	11 Lehman Brothers ( 8 )
13 Arbutnot Securities ( 45 )	13 Arbutnot Securities ( 21 )	13 Dresdner Kleinwort ( 80 )	14 Investec Securities ( 7 )
14 Ellis Stockbroker ( 41 )	14 Collins Stewart ( 18 )	13 Investec Securities ( 80 )	15 Brewin Dolphin ( 6 )
15 Daniel Stewart ( 37 )	15 Piper Jaffrey ( 12 )	15 Arbutnot Securities ( 72 )	16 KBC Peel Hunt ( 5 )

Source: Hemscott. 2007. Corporate Advisers Rankings Guide, Issue 6.

Number of corporate clients included in brackets.

Landsbanki: combined client numbers for Teather & Greenwood | Landsbanki and Bridgewell

## Comprehensive Coverage of 13 Sectors in the UK

Sector	The combined company covers 13 sectors
General Retail	■
Media	■
Financial	■
Contracting, House Building	■
Support Services	■
Oil & Gas	■
Technology Software	■
Life Sciences	■
IT Hardware	■
Capital Goods	■
Mining	■
Healthcare	■
Travel & Leisure	■

# Significant Opportunities in Fragmented Competitive Landscape



## Global Players

ABN Amro	CSFB	Deutsche Bank	DRKW	Goldman Sachs
JPMorgan	Lehman	Merrill Lynch	Morgan Stanley	UBS

## Local Players

UK	Ireland	Germany	France	Spain	Netherlands	Switzerland	Italy	Iceland
Landsbanki	Landsbanki	Landsbanki	Landsbanki	Landsbanki	Landsbanki	Landsbanki	Landsbanki	Landsbanki
Peel Hunt	NCB	Berenberger	BNP Exane	SCH	Petercam	LODH	Intemonte	Glitnir
Panmure Gordon	Goodbody	Sal Oppenheim	Ixis Sevurities Societe	Fidentis	Rabobank	Bank am Bellevue	Euromobiliare	KB banki
Numis	Davy	Chevreur	General	BBVA	Chevreur	Vontobel		Straumur
Seymor Pierce Bloxham		Metzler	Chevreur	Chevraux	Fortis	Chevreur	Mediobanca	

# Operations in 15 countries



# International Platform Delivering Integrated Services



**Landsbanki's strategy: to provide highly proficient integrated corporate and investment banking services for mid-cap corporates, and expand through organic growth and acquisitions ...**

Corporate Banking	Corporate Finance	Capital Markets	Treasury & Deposits / FX & Derivatives	Asset Man. / Private Banking	Retail Banking Speciality Finance
Corporate Lending	Corporate Advisory	Equity Research	Securities Finance	Wealth Man.	Specialized SME Finance
Asset Backed Lending	M&A	Institutional Broker	Equity / FX Derivatives	Asset Man.	Specialized Mortgages
Structured Finance	Corporate Broker	Proprietary Trading	Structured Products	Tax Advisory	Standard Pension & Life
Trade Finance	Equity Capital Markets	Market Making	Wholesale Deposits	Structured Pension & Life	Retail Deposits

# Integrated Corporate & Investment Banking for European Mid-Caps



Mid-cap corporates in Europe  
EUR 100m - 2bn

	Capital Markets	Corporate Finance	Corporate Banking	Treasury & Deposits / FX & Derivatives	Asset Man. / Private Banking	Retail Banking Speciality Finance
Iceland	■	■	■	■	■	■
UK	■	■	■	■		■
Ireland	■	■			■	
Luxembourg	■			■	■	
Germany	■	■	■		■	
France	■	■				
Spain	■					
Italy	■					
Switzerland	■	■		■		
Netherlands	■	■	■	■		
US	■					
Canada			■			
Nordic			■			

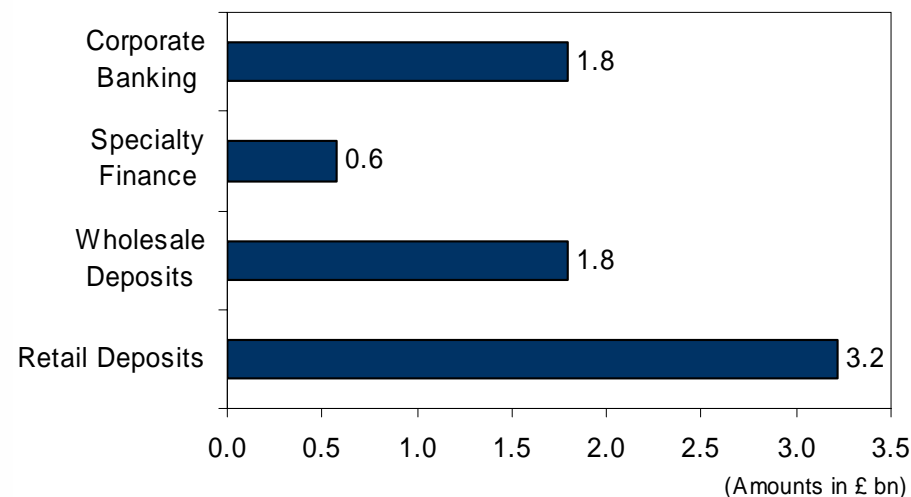


# Landsbanki – UK



- **Corporate Banking**
  - Structured Finance
  - Asset-Basket Lending
  - Structured Property Finance
- **Corporate Finance**
  - Advisory and M&A
  - Corporate Broking and ECM
- **Specialty Finance**
  - Specialty Mortgages
  - SME-Finance
- **Capital Markets - Instit. Brokerage**
  - Research, Equity Sales & Trading
  - Investment funds
  - Securities Finance and CFDs
  - Structure Products & Derivatives
- **Deposits**
  - Wholesale Deposits
  - Retail Deposits

**Landsbanki's Total Assets in UK £ 2.4 bn**  
**Total Deposits £ 5.0 bn**



**Landsbanki's UK employees will exceed 400 post the Bridgewell acquisition**

## Transaction summary

### Recommended cash and share offer for Bridgewell plc

- The offer values Bridgewell at £60.3 million on a fully diluted basis
- Each Bridgewell ordinary share is valued at 125 pence
  - 12,5 pence to be paid in cash
  - 112,5 pence to be paid with new Landsbanki shares

The number of new Landsbanki shares will be determined as the offer becomes effective and will depend on the closing price of Landsbanki and the GBP/ISK exchange rate at that time
- Offer to be implemented by way of scheme of arrangements (section 425 of the Companies Act 1985)
- Bridgewell Board unanimously recommends that Bridgewell shareholders accept the offer
- Shareholders representing in excess of 24% have given irrevocable undertakings in favor of the transaction
- Bridgewell plc to be delisted from the AIM
- The deal is contingent upon regulatory approval in Iceland and UK
- Transaction expected to complete end of July

## Disclaimer

- The information presented herein (the Information) is based on sources which Landsbanki regards as dependable. Furthermore, the Information and views presented are based on publicly available information gathered at the time of writing and may change without notice. Landsbanki Íslands hf. has given due care and attention to the preparation of the information, but can nevertheless not guarantee the accuracy or completeness of the information and accepts no responsibility for the accuracy of its sources. Landsbanki Íslands hf. is not obliged to make amendments or changes to this publication should errors be discovered or opinions or information change. Special attention should be given to the fact that projections can vary in both positive and negative ways and are subject to uncertainty and contingencies, many of which are outside of the control of Landsbanki Íslands hf.
- The Information shall not be interpreted as advice to customers on the purchase or sale of specific financial instruments. Landsbanki bears no responsibility in any instance for loss which may result from reliance on the Information.
- Landsbanki holds copyright to the Information, unless expressly indicated otherwise or this is self-evident from its nature. Written permission from Landsbanki is required to republish the Information on Landsbanki's or to distribute or copy such information. This shall apply regardless of the purpose for which it is to be republished, copied or distributed. Landsbanki's customers may, however, save the Information for their private use.
- Transactions with financial instruments by their very nature involve high risk. Historical price changes are not necessarily an indication of future price trends. Investors are encouraged to acquire general information from Landsbanki's or other expert advisors on the nature of securities trading, investment issues, taxation, etc. in connection with securities transactions.