



JOINT PRESS RELEASE - ASX and SGX combine to create the premier international exchange in Asia Pacific - the heart of global growth

25 October 2010 – ASX Limited and Singapore Exchange (SGX) today announced that they have entered into a merger implementation agreement to combine to enable customers globally to capitalise on listing, trading, clearing and settlement opportunities created through the expanded platforms, leveraging on the importance of Asia Pacific as the driver of global growth.

This combination will bring together the complementary businesses of two successful exchanges in the Asian time zone, with internationally recognised regulatory standards. The combination leverages the strengths of ASX through its listings, stock options and fixed income franchises, with SGX, the Asian gateway for international listings, equity futures and OTC clearing, to create the region's pre-eminent exchange group.

The combined group will augment Australia's financial market and funds management industry through direct participation in Asian growth, and increase ASX's and SGX's competitiveness in a changing global markets landscape. As proven platforms for raising capital and managing price risk for the resource sector, ASX and SGX will build on existing distribution and clearing capabilities, and intend to play an important role in establishing price discovery for global commodities in Asia Pacific.

The combined exchange group, ASX-SGX Limited, will have pro forma revenues of approximately US\$1.1 billion and pro forma earnings before interest and income tax of approximately US\$700 million, based on the audited financial statements of ASX and SGX, each for the financial year ended 30 June 2010 ("FY2010") .

Together ASX and SGX will offer access to:

- second largest listing venue in Asia Pacific with over 2,700 listed companies from over 20 countries, including over 200 listings from Greater China;
- world's second largest cluster of companies in the resource sector (more than 900 listings), the largest REITs sector (over 80 listings) and the largest number of ETFs (over 100) in Asia Pacific ;
- world's widest range of Asia Pacific equity, fixed income and commodity derivatives with over 400 contracts from over 10 countries, including Australia, Greater China, India and Japan, and covering a range of commodities including metals, energy and agricultural products;
- Asia Pacific 's largest and the world's second largest base of institutional investors with combined assets under management of over US\$2.3 trillion from existing superannuation, institutional and sovereign wealth funds;
- global distribution network with over 90 securities market participant firms and over 170 derivatives market participant firms on a combined basis; and
- leading exchange technology, including the proposed introduction of the world's fastest trading platform with the lowest trading latency and flexible data and connectivity solutions.

ASX and SGX will remain separate legal and locally regulated entities, and will maintain their existing brands. This will allow the two exchanges to maintain their existing iconic identities, which are well established in their home markets and internationally, while enabling customers to benefit from cross-market synergies and the greater scale, diversity and broader expertise of the combined group.

The combination of ASX and SGX will diversify the product and customer bases of the two exchanges and create cross-access opportunities for market participant firms. Listed companies will benefit from the increased profile of the listing platform among the global investing community and be able to benefit from an enlarged liquidity pool of investable funds.

The combined group will be able to harness an expanded and compatible reservoir of skills to further develop and grow the Australian and Singapore marketplaces. The combined group will also enhance its attractiveness as a partner of choice for future exchange industry collaboration and consolidation opportunities to tap into strong regional growth.

While ASX and SGX currently achieve a high level of operational efficiency, pre-tax cost synergies and other transaction-related cost savings - comprising IT and non-IT related savings - are estimated to be US\$30 million annually based on existing cost structures .

In addition, given the complementary nature of the two businesses and their existing organic growth prospects, growth opportunities are expected to be derived from the introduction of new products and services in both markets. This will arise

through leveraging expanded capabilities, opportunities to cross-sell services and grow trading activity from access to an enlarged member and investor base, and a greater ability to attract international listings as a result of an improved competitive positioning.

The pro forma market capitalisation of the combined group was approximately US\$12.3 billion [1] as at 22 October 2010, creating the world's fifth largest listed exchange group with a broad international shareholder base. The combined group is expected to have an increased weight in selected benchmark indices and will have added visibility among institutional investors globally.

Transaction Structure and Terms

Pursuant to a Merger Implementation Agreement ("MIA") entered into between ASX and SGX today, it is proposed that SGX will acquire all the issued ordinary shares in ASX by way of a Scheme of Arrangement (the "Scheme") under Section 411 of the Australian Corporations Act 2001 ("Corporations Act").

Under the terms of the Scheme, ASX shareholders will be paid a combination of A\$22.00 (S\$28.04) in cash and 3.473 new ordinary SGX shares for each existing ASX ordinary share ("Scheme Consideration").

Based on SGX's last traded price of S\$9.54 and using the exchange rate of S\$1=A\$0.7847, this values ASX at S\$10.7 billion (A\$8.4 billion) or A\$48.00 per ASX share.

The value of the Scheme Consideration represents:

- a premium of 37.3 percent to the last traded price of ASX shares on 22 October 2010;
- a premium of 47.0 percent to the 3- month volume-weighted average price ("VWAP") of ASX shares based on the 3- month VWAP of SGX shares; and
- a premium of 45.2 percent to the 6-month VWAP of ASX shares based on the 6-month VWAP of SGX shares.

The transaction is also expected to create substantial value for SGX shareholders and to be accretive to SGX's earnings per share by approximately 20 percent, based on FY2010 pro forma financial results and before taking into account estimated cost synergies.

Given the expected increase in SGX's earning per share from the proposed combination (based on FY2010 pro forma financial results), barring unforeseen circumstances, SGX currently expects that its shareholders should be able to enjoy higher absolute dividends per SGX share in the medium term with a minimum dividend payout ratio of 70% of net profit after tax for the combined group.

The transaction will be subject to various conditions precedent including:

- approval from the Treasurer of the Commonwealth of Australia under Australia's foreign investment rules;
- regulatory approval from the Australian Securities and Investments Commission ("ASIC") as well as the necessary approval under the Corporations Act (or amendments to the Act), to allow an acquisition by SGX of - more than 15 percent of the shares in ASX ;
- regulatory approval from the Monetary Authority of Singapore;
- approvals by ASX and SGX shareholders;
- court approval for the Scheme;
- SGX being admitted to ASX and its shares being approved for official quotation on ASX; and
- other customary terms.

The MIA contains customary exclusivity provisions in favour of SGX, including no talk, no shop and no due diligence provisions. In addition, fixed break fee arrangements of A \$30 million apply in specified circumstances to each party. The MIA will be released to the market today.

Subject to the progress of the regulatory approval process, it is anticipated that the relevant shareholders' and court meetings will take place in the first half of 2011 and documents will be mailed to SGX and ASX shareholders ahead of that time, with the proposed combination expected to be implemented during the second quarter of 2011.

SGX has secured financing for the proposed combination through an 18-month bridge facility (the "Bridge Facility"), including an availability period of up to 10 months, arranged by Australia and New Zealand Banking Group Limited and Deutsche Bank AG, Singapore branch. The drawdown of the Bridge Facility is subject to customary conditions precedent for financings of this nature.

SGX currently intends to replace the Bridge Facility with longer-term debt instruments, to be determined by the Board of Directors of SGX (the "SGX Board"), prior to implementation of the Scheme.

SGX does not currently have a credit rating as it has not previously issued any debt securities. However, given the strategic importance of both businesses to Australia and Singapore, and the strong cash flows of the combined business, it is envisaged that the exchange group will be a strong investment grade company.

Subject to regulatory approval, SGX does not intend to raise equity prior to completion of the transaction.

Governance

ASX-SGX Limited will be the holding company of the combined group and will be listed on both the Singaporean and Australian exchanges. SGX will submit an application to ASIC for the listing and quotation of SGX shares on ASX, as CHESS Depository Interests (CDIs), being units of beneficial ownership in SGX shares.

The combined group will continue to operate out of Australia and Singapore and have approximately 1,100 employees. Centres of excellence will be created to leverage existing skill sets in both locations. This structure will create new international and cross border career opportunities for employees within a larger group with enhanced organisational capabilities.

Subject to regulatory approval, the combined group will have an international board comprising fifteen directors from five countries, including four directors drawn from ASX. The four directors from ASX will be David Gonski AC, Russell Aboud, Jillian Broadbent AO and Alan Cameron AM, the current Chairman of the Board of Directors of ASX Compliance Pty Ltd.

Chew Choon Seng, currently the Chairman-elect of SGX, is anticipated to become the non-executive Chairman of the combined group. David Gonski AC, currently the Chairman of ASX, is anticipated to become the Deputy Chairman of the combined group. Magnus Böcker, currently the Chief Executive Officer of SGX, is anticipated to become the Chief Executive Officer of the combined group. Peter Hiom, the current Deputy Chief Executive Officer of ASX, is anticipated to become the Chief Executive Officer of the ASX business of the combined group.

David Gonski AC will remain as the Chairman of the local ASX Board, which will comprise a majority of Australian resident directors currently serving as ASX directors. It is the intention of the parties that these arrangements will be ongoing. The ASX Board will provide governance oversight of all Australian licensed operating entities of the combined group.

Subject to regulatory approval, an intermediate holding company will be created for all the Singapore licensed operating entities of the combined group, which will have a board comprising representatives from the ASX-SGX Limited Board.

J Y Pillay, Chairman of SGX, commented: "We are privileged to partner ASX, which brings to SGX a strong brand, an established business franchise and enriched capabilities. This will be a highly competitive exchange group in an increasingly globalised world."

David Gonski AC, Chairman of ASX, said: "I am delighted to recommend this combination in the knowledge that it presents the opportunity for ASX to play its part in positioning Australia for growth within the region; and at the same time providing its ongoing role for Australian corporate governance and listed company oversight."

Magnus Böcker, Chief Executive Officer of SGX, commented: "The combination of ASX and SGX, offering innovative new products and services to the market, will allow customers to maximise future opportunities, where Asia Pacific takes centre stage globally as the source for capital, wealth creation and trading opportunities."

Robert Elstone, Managing Director and CEO of ASX, said: "In a period of profound structural change in financial markets, ASX has carefully considered its strategic options to enhance its future competitiveness. This combination delivers tangible value today and presents the opportunity for shareholders, customers, employees and other stakeholders to participate in the growth options that this broader based exchange group can make available in the future, whilst preserving strong governance and regulatory oversight in Australia."

The transaction is unanimously recommended by the Boards of Directors of each of ASX and SGX. All the directors of ASX and SGX have stated their intention to vote any shares they hold (directly or indirectly) in favour of the proposed combination. The support of the ASX directors is subject to an independent expert concluding that the Scheme is in the best interests of ASX shareholders and there being no superior proposal.

UBS is acting as financial advisor for ASX. Morgan Stanley is acting as financial advisor for SGX. Freehills and Stamford Law LLC are serving as legal advisors to ASX. Allen & Gledhill LLP and Clayton Utz are serving as legal advisors to SGX.