Fininvest CEO Sposito to quit in spring

By Fred Kapner in Milan

Claudio Sposito, chief executive of Fininvest, the holding company of Italian prime minister Silvio Berlusconi, plans to step down this spring in order to create Italy's largest private equity fund.

His departure is not expected to create a strategic shift at Fininvest and Mediaset, its publicly-traded television company, where the premier's daughter and son play increasingly important management roles.

Mr Sposito's exit, however, is likely to signal an end to speculation that Fininvest itself would become publicly traded, a move some of the premier's critics say would help Mr Berlusconi avoid potential conflicts of interests.

Mr Sposito, 47, had helped oversee the public offering for Mediaset in 1996 while working at Morgan Stanley, and his arrival at Fininvest late in 1998 sparked hopes that he would do the same for Fininvest.

A public offering, Mr Berlusconi's opponents believed, would make the group more accountable to institutional investors and market rules than to the personal interests and ambitions of Mr Berlusconi, who was elected prime minister in May 2001.

The premier himself said two years ago he was considering a flotation for Fininvest, and the group did examine a project that would have merged Fininvest with Mediaset and numerous other Fininvest-controlled assets before quoting Fininvest on the market.

According to one person, the project would have created some financial and fiscal benefits but was too complicated operationally.

Mr Sposito is seeking to raise €1.5bn ($1.6bn) from domestic investors, including possibly Fininvest, and is in contact with foreign investment banks to raise some €500m abroad, people familiar with his efforts said.

Should his fundraising succeed, he would head the largest Italian private equity group in the country at a time when several US investors, notably the Carlyle Group, are seeking to enter the market. Mr Sposito and Fininvest declined to comment.

Mr Sposito is believed to be seeking funds from the large number of bank foundations in Italy – entities created in recent years following the forced demutualisation of banks once controlled by local authorities.

The foundations have accumulated around €21bn cash, and they must reduce another €15bn in bank stock as a result of new legislation seeking to decrease their influence in bank boardrooms.