

Instinet forms Consortium to acquire 54% of Tradepoint for £14 Million

May 6, 1999

London - Reuters announced today that its subsidiary, Instinet Corporation, is forming a consortium to acquire a majority interest (54.4%) in Tradepoint Financial Networks PLC, the London-based electronic stock exchange, for £14 million.

Subject to Tradepoint shareholder and regulatory approval, the consortium will subscribe for 70 million new ordinary Tradepoint shares at 20p per share. Provision has been made for the consortium to increase its stake in Tradepoint to over 60%.

The consortium consists of Instinet (an agency broker), American Century (a leading US mutual fund manager), Archipelago (the US electronic communications network, in which Goldman Sachs and E*Trade are major investors), as well as J.P. Morgan and Morgan Stanley Dean Witter & Co (leading US investment banks). Other financial institutions have expressed an interest in joining the consortium.

Tradepoint is an electronic order-driven equities market for UK securities, with a fully transparent order book. Established in 1996 as a for-profit exchange, it currently has over 80 members, including institutions and broker-dealers.

Instinet, founded in 1969, is the largest global agency broker and a leader in electronic trading technology. It is a member of 17 exchanges in North America, Europe and Asia and offers equity trading, research, and direct electronic access to all operators in the global markets.

Douglas M Atkin, Instinet's chief executive, said: "Given the economics of the capital markets, the for-profit market model will be increasingly important to the future development and evolution of many exchanges. We believe Tradepoint represents a combination of visionary thinking and technology which complements Instinet's brokerage model as well as our work with exchanges worldwide to open the capital gateways to investors around the world."

Harold Bradley, senior vice president of American Century, said: "We see the Tradepoint investment as consistent with our mission to lower trading costs for our investors, to promote efficient markets and ultimately to increase investment returns for our mutual fund shareholders".

Jerker M Johansson, chief operating officer of Morgan Stanley Dean Witter's institutional equity division in Europe, said: "This investment is consistent with Morgan Stanley Dean Witter's continued commitment to provide our clients with innovative ways to access markets through the application of technology."

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Note to editors

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