

News Release

For Immediate Release



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Contact: Diana DeSocio, NYSE  
212-656-5448  
(ddesocio@nyse.com)

Margaret Nagle  
312-442-7083  
(margaret@archipelago.com)

**New York Stock Exchange and Archipelago Exchange Agree to Merge  
—NYSE Group, Inc. Will Become a Publicly Held Company—**

*Better serves investors and all customers • Supports growth and competitive position of the Exchange and U.S. in the increasingly challenging global financial marketplace • Creates a diverse platform for the trading of listed and over-the-counter equities, options and other derivative products including ETF's • Produces efficiencies, drives innovation, and creates new business and revenue opportunities*

- *Enables public to own shares in the world's leading securities market*

New York, April 20 – The New York Stock Exchange (NYSE) and the Archipelago Exchange (ArcaEx), with approval of their boards of directors, today announced that they have entered a definitive merger agreement that will lead to the combined entity, NYSE Group, Inc., becoming a publicly-held company. If approved by regulators, NYSE members and Archipelago shareholders, the merger will represent the largest-ever among securities exchanges and combine the world's leading equities market with the most successful totally open, fully electronic exchange, creating long-term shareholder value.

“This combination will be good for investors and for America. It will create a strong, dynamic and innovative enterprise capable of meeting the demands of investors and issuers throughout the world in the decades ahead,” said John A. Thain, CEO of the NYSE. “As we look to the future and to the challenge of competing globally in a high-speed electronically connected world, it is clear that we must do more. This transaction will mean we will be more diversified and transparent, and better able to compete, grow and serve our customers.

“It will also enhance the depth and resilience of America's capital marketplace by bringing together the strength of NYSE's auction market and the speed and entrepreneurialism of Archipelago. Today, publicly held exchanges such as those in London, Frankfurt, Toronto and Sydney are aggressively competing to expand their reach and share of market in the new global arena. On behalf of the NYSE board of directors, board of executives and my colleagues, we look forward to working with the Archipelago team to strengthen our position as a world-class competitor and to provide the highest levels of market quality and service to our customers.”

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“We are thrilled to join forces with the New York Stock Exchange to create a truly world-class securities marketplace,” said Jerry Putnam, CEO of Archipelago. “This combination benefits investors by providing a stronger and broader platform for trading and strengthens our abilities to expand into new products and services. It will also benefit the U.S. capital markets, as NYSE Group, Inc. becomes a leading player in global markets. And we believe this merger creates Archipelago shareholder value through expense synergies and revenue growth opportunities.”

#### **Agreement Terms and Structure**

The transaction is subject to approval by members of the NYSE and shareholders of Archipelago as well as certain government approvals, including the Securities and Exchange Commission and the expiration of the applicable Hart-Scott-Rodino waiting period. If approved, the NYSE and Archipelago will become part of a group under a newly formed for-profit and publicly traded holding company, NYSE Group, Inc. The NYSE and Archipelago will be combined in a “stock for membership” merger, in which NYSE members will receive consideration in the form of cash and stock in the new company while Archipelago shareholders will receive stock. Current shareholders of Archipelago will hold 30 percent of the shares of the NYSE Group, Inc., and current NYSE owners will hold 70 percent. The merger is expected to close in either the fourth quarter of 2005 or the first quarter of 2006.

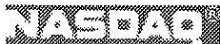
Three independent Archipelago directors will join the existing 11 independent New York Stock Exchange directors as directors of the NYSE Group, Inc. The NYSE’s John Thain will become Chief Executive Officer of the NYSE Group, Inc. Archipelago CEO Jerry Putnam will join the NYSE’s Catherine R. Kinney and Robert G. Britz as NYSE Group, Inc. Co-Presidents. Amy Butte, NYSE CFO, will be Executive Vice President of Strategy and Product Development. Archipelago CFO Nelson Chai will be the CFO and Archipelago General Counsel Kevin O’Hara will be the Co-General Counsel of the NYSE Group, Inc.

Upon close of this transaction, regulation of NYSE Group, Inc. will be conducted by a separate non-public, not-for-profit entity governed by the Chief Regulatory Officer and a board made up of the independent directors. The non-profit SRO board will consist of independent members of the board of the holding company and will include unaffiliated directors. NYSE Regulation will fund its operation from dedicated regulatory fees and long-term regulatory service contracts. This structure will ensure that NYSE Regulation is independent yet has the proximity to the marketplace necessary to provide effective investor protection and safeguard market integrity.

Goldman Sachs & Co. acted as financial advisor to Archipelago and the NYSE. Greenhill and Co. provided a fairness opinion to Archipelago, Lazard Freres & Co. LLC provided a fairness opinion to the NYSE.

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当該合意の締結により、NYSEグループの規制業務は、最高規制役員及び社外取締役により構成された取締役会により統治される独立した民間・非営利組織により運営されることとなる。非営利自主規制機関の取締役会は、持株会社の取締役会から独立したメンバーで構成され、非関連取締役も含まれる。NYSEレギュレーションは、規制目的費用により資金を調達し規制サービスに係る長期間の契約に基づき運営される。この体制により、NYSEレギュレーションは、独立していながら、効率的に市場の統合性の実現及び投資家保護を行うために必要な市場との密接性を確保できる。



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US Market Closed

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NASDAQ 1927.44 -23.34 ▼ -1.2% | DJIA 10151.13 -91.34 ▼ -0.89% | S&P 1151.74 -10.36 ▼ -0.89%

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Press Releases
Press Kit
Market Statistics
Executive Team
Speeches / Presentations
Image Library
Broadcast Information
FAQs
News Alert/ Contact Us
Back Search

## Press Releases

[Back to Main](#)

[Back to 2005 Press Releases](#)



## Press Release

The Nasdaq Stock Market, Inc.  
One Liberty Plaza  
New York, New York 10006

**For Release:** April 22, 2005

**Media Contacts:** Bethany Sherman, NASDAQ  
212.401.8714  
Silvia Davi, NASDAQ  
646.441.5014

**Investor Contacts:** Vincent Palmiere, NASDAQ  
212.401.8742  
Jody Burfening/Carolyn Capaccio  
Lippert/Heilshorn

### NASDAQ to Acquire Instinet

- Acquisition Expected to be Accretive to NASDAQ Shareholders within One Year of Closing – NASDAQ to Retain INET ECN, Silver Lake Partners to Acquire Instinet Institutional Broker, Bank of New York to Acquire Lynch Jones Ryan
- Press Conference at MarketSite and Call to Discuss Transaction on Friday, April 22 at 1:30 p.m. -

New York, N.Y. — The Nasdaq Stock Market, Inc. (NASDAQ®; NASDAQ: NDAQ), announced today that it has entered into a definitive agreement to acquire Instinet Group Incorporated and that it has concurrently entered into a definitive agreement to sell Instinet's Institutional Broker division to Silver Lake Partners. As a result of these transactions, NASDAQ will own INET ECN. Instinet has also entered into a definitive agreement to sell its Lynch, Jones & Ryan (LJR) subsidiary to Bank of New York prior to consummation of the NASDAQ transaction.

Instinet stockholders will receive approximately \$1.878 billion in cash, comprised of approximately \$934.5 million from NASDAQ, approximately \$207.5 million from Silver Lake and the balance from INET's available cash, including approximately \$174 million from Bank of New York.

The combination of NASDAQ with the INET ECN will provide all investors with a technologically superior trading platform that is positioned to compete effectively in a post-Regulation NMS environment. NASDAQ expects to realize significant savings with the help of the INET technology. It also expects the transaction to reduce clearing costs and corporate expenses associated with the combined entity. NASDAQ anticipates this transaction will be accretive to NASDAQ shareholders within 12 months of closing.

Bob Greifeld, president and CEO of NASDAQ, commented, "This transaction will allow NASDAQ to compete more effectively with other U.S. and international market centers by making our technological platform more competitive, which will result in greater cost efficiencies and improved quality of execution in our market – qualities that today's individual and institutional investors demand. NASDAQ will continue to innovate and will also have the ability to tap new opportunities in other asset classes."

He added, "Regulation NMS has defined the new competitive landscape by calling for all market centers to be mutually accessible. With this move we maintain our status as the low cost provider and at the same time provide increased order interaction for both NASDAQ and exchange listed securities. We also believe this further enhances our ability to attract new listings. We want to thank all of our partners for their combined efforts on this transaction. Additionally, we are pleased that Glenn Hutchins of Silver Lake Partners will be joining the NASDAQ board, and we look forward to his strategic contributions."

To finance the transaction, NASDAQ has obtained commitments for the following:

- \$750 million in 6-year senior term debt, with JPMorgan and Merrill Lynch acting as joint lead

arrangers and joint bookrunners.

- \$205 million in convertible notes to Hellman & Friedman LLC and Silver Lake Partners. The notes carry a coupon of 3.75% and will be convertible into NASDAQ stock at a price of \$14.50 per share. Silver Lake Partners and Hellman & Friedman will also receive 1.56 and 0.65 million warrants, respectively, to purchase NASDAQ stock at a price of \$14.50.

In order to facilitate the transaction, Hellman & Friedman LLC also has restructured the terms of NASDAQ's existing \$240 million convertible notes, extending the maturity date to May, 2012, lowering the interest coupon rate to 3.75% from 4%, and lowering the notes' conversion price to \$14.50 from \$20.00. Hellman & Friedman LLC also will receive 2.75 million warrants to purchase NASDAQ stock at a price of \$14.50 per share.

The convertible notes and warrants have been issued today, and will be redeemed at par, subject to certain conditions, in the event the acquisition does not occur.

Patrick Healy, Managing Director of Hellman & Friedman LLC and a NASDAQ Board member, stated: "As NASDAQ's largest shareholder, Hellman & Friedman is pleased to support Bob Greifeld and the NASDAQ management team in the acquisition of INET. We believe this transaction will allow NASDAQ to further optimize and enhance its electronic trading environment to benefit all investors, while maintaining its status as the low cost provider."

Glenn Hutchins, a co-Founder and managing member of Silver Lake Partners, said, "This investment is an opportunity to work with one of the world's most prominent technology-driven equity markets, led by Bob Greifeld and his world-class management team, and we look forward to contributing to NASDAQ's continuing success as a value-added partner. Separate from our investment in NASDAQ we are equally pleased that this transaction allows us to welcome Instinet, with its leading edge technology solutions for institutional brokerage customers, back into Silver Lake's portfolio. We are extremely pleased to join Hellman & Friedman as investors in NASDAQ and in facilitating this transaction."

NASDAQ Chief Financial Officer, David Warren, commented, "This transaction is designed to combine INET and NASDAQ's businesses while allowing NASDAQ to continue to execute its cost reduction program. In structuring this transaction, we carefully considered all financing options. Given NASDAQ's management's proven ability to successfully integrate acquisitions, the transaction's expected cost synergies, and the accomplishments achieved to date under our own cost reduction program, we are comfortable that NASDAQ is creating a business model designed to generate strong cash flows while building sufficient operational flexibility to support this transaction."

NASDAQ's board of directors has approved this transaction. Reuters (NASDAQ: RTRSY), which owns approximately 62% of Instinet Group, has agreed to vote its shares in NASDAQ in favor of the transaction. NASDAQ's purchase of Instinet is subject to customary closing conditions and regulatory approval, including approval by Instinet shareholders.

Thomas Weisel Partners LLC acted as exclusive financial advisor to NASDAQ. Skadden, Arps, Slate, Meagher & Flom LLP was NASDAQ's outside legal counsel, and Keefe, Bruyette & Woods, Inc. rendered a fairness opinion to the NASDAQ Board of Directors with respect to the convertible notes issued by NASDAQ.

**Conference Call Friday, April 22 at 1:30 p.m. EST.**

NASDAQ will conduct a conference call to discuss this announcement at 1:30 p.m. EST. To listen to the call, please dial 800-857-7403 and reference Leader: Bob Greifeld, and Password: NASDAQ PRESS.

All participants can access the conference via Internet webcast through the NASDAQ Investor Relations website at [www.nasdaq.com/investorrelations/ir\\_home.stm](http://www.nasdaq.com/investorrelations/ir_home.stm). Senior management will be available for questions from shareholders and the media following prepared remarks.

An audio replay of the conference will be available approximately one hour after the call on the NASDAQ Investor Relations website or by dialing 800-857-7403.

#### **About NASDAQ**

NASDAQ<sup>®</sup> is the largest electronic screen-based equity securities market in the United States. With approximately 3,250 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market. It is home to category-defining companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology industries. For more information about NASDAQ, visit the NASDAQ Web site at [www.nasdaq.com](http://www.nasdaq.com) or the NASDAQ Newsroom at [www.nasdaq.com/newsroom/](http://www.nasdaq.com/newsroom/).

#### **About Instinet Group**

Instinet Group, through affiliates, is the largest global electronic agency securities broker and has been providing investors with electronic trading solutions and execution services for more than 30 years. We operate our two major businesses through Instinet, LLC, The Unconflicted Institutional Broker, and Inet ATS, Inc., The electronic marketplace.

INET, The electronic marketplace, represents the consolidation of the order flow of the former Instinet ECN and former Island ECN, providing its U.S. broker-dealer customers one of the largest liquidity pools in NASDAQ-listed securities.

**About Hellman & Friedman LLC**

Hellman & Friedman LLC is a San Francisco-based private equity investment firm with additional offices in New York City and London. Since its founding in 1984, the Firm has raised and managed over \$8 billion of committed capital and invested in approximately 50 companies. The Firm's strategy is to invest in superior business franchises and to be a value-added partner to management in select industries including financial services, media, professional services, energy, and information services. Since its initial investment in 2001, Hellman & Friedman is the largest independent shareholder of NASDAQ. The firm has pursued investments in the financial services sector for over 15 years; representative investments include Arch Capital Group Limited (ACGL), Franklin Resources, Inc., MidOcean Limited, and Mondrian Investment Partners Ltd. For more information on Hellman & Friedman, visit [www.hf.com](http://www.hf.com).

**About Silver Lake Partners**

Silver Lake Partners is the leading private equity firm focused exclusively on large-scale investing in technology and related growth industries. Silver Lake seeks to achieve superior returns by investing with the strategic insight of an experienced industry participant, the operating skill of a world-class manager, and the financial expertise of a disciplined private equity investor. Specifically, Silver Lake's mission is to function as a value-added partner to the management teams of the world's leading technology franchises. Its portfolio companies include technology industry leaders such as Ameritrade, Business Objects, Flextronics, Gartner, Network General, Seagate Technology, SunGard, Thomson and UGS. For more information: [www.silverlake.com](http://www.silverlake.com).

**Cautionary Note Regarding Forward-Looking Statements**

Statements about future results made in this release, including the projections, constitute forward-looking statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. The NASDAQ Stock Market, Inc. (the "Company") cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Such forward-looking statements include projections, which have not been reviewed by independent auditors of the Company. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the control of the Company. These factors include, but are not limited to, the Company's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors detailed in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"). In addition, these statements are based on a number of assumptions that are subject to change. For example, these projections assume that Regulation NMS, which is a proposal currently before the SEC, would, if adopted, not have a material impact on the Company. We cannot say with certainty what, if any, rule the SEC will eventually adopt in this area, and accordingly, cannot predict with certainty the ultimate impact Regulation NMS will have on the Company. Accordingly, actual results may be materially higher or lower than those projected. The inclusion of such projections herein should not be regarded as a representation by the Company that the projections will prove to be correct. We undertake no obligation to release any revisions to any forward-looking statements.

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