



Media release

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Tradepoint signs agreements with SWX Swiss Stock Exchange and Tradepoint Consortium relating to the creation of the virt-x market for pan-European blue chip stocks

Tradepoint Financial Networks plc ("Tradepoint") today announced that it has signed a number of agreements, which implement the heads of agreement announced on 10 July 2000, with SWX Swiss Stock Exchange ("SWX") and the Tradepoint Consortium relating to the creation of virt-x, a new pan-European blue chip market. Full details of the transaction will be set out in a circular to Tradepoint shareholders to be mailed shortly.

The key terms of the transaction are as follows:

- Tradepoint will be renamed virt-x plc;
- from the date that virt-x is operational on the EBS platform, SWX will cease to offer trading facilities for all its Swiss blue chip shares. These shares will then be traded on virt-x and, based on a current average daily volume of CHF 4 billion, would generate revenues of approximately CHF 97.5 million (£39 million*) on an annualised basis for virt-x;
- virt-x will have exclusive use of SWX's EBS Trading Platform for the trading of European blue chip equities under service operation and licence agreements costing approximately CHF 55.0 million (£22.0 million*) for the first year;
- as part of the overall IT operational agreements, virt-x will commission SWX to provide at least CHF 22.5 million (£9.0 million*) a year of its resource (equivalent to approximately 75 man years of effort) to further develop the EBS Trading Platform on behalf of virt-x;
- virt-x will issue 108,445,243 new shares to SWX, representing approximately 38.9% of the fully diluted share capital, in consideration of the benefit to virt-x of SWX's undertaking to cease trading Swiss blue chips;
- the transaction is conditional upon the Takeover Panel waiving the requirement for a general offer to shareholders, regulatory consent and shareholder approval;
- it is currently anticipated that the EBS platform will be fully operational for virt-x by the end of March 2001;
- the Tradepoint Consortium will exercise all its outstanding warrants raising a total of £15.26 million for virt-x, following the exercise of all the warrants and the issue of shares to SWX, the Consortium will also hold 38.9% of virt-x;
- the Consortium members will agree to make available to virt-x limited recourse loans of up to £23.5 million to be set against the individual member's future

trading fees. Any outstanding loans will be forfeit if not used to offset trading fees within a fixed period.

The advantages of virt-x will be:

- direct trading in the constituents of all major European indices on one exchange, with one rule book and within a single regulatory environment, supervised by the FSA;
- an electronic anonymous order book;
- exclusive use of the EBS trading platform for pan-European equities;
- a fully integrated trading, clearing and settlement model with a central counterparty for cross border trading provided by the London Clearing House;
- significant scope for cost savings; and
- multi-currency capability.

Background to and reasons for the transaction

The launch in July 2000 of Tradepoint's pan-European exchange, together with its integrated clearance and settlement platform supported by Crest, Euroclear and LCH marked the creation of the first truly pan-European market for blue chip securities. Average daily volumes on Tradepoint have increased from £41 million to £73 million since pan-European trading commenced.

The pace of change in the European equity market is accelerating and by linking up with an established exchange Tradepoint will be well placed to take advantage of this and to generate the volume of trade which should bring virt-x rapidly to profitability.

The creation of virt-x will combine the advantages of Tradepoint as an established London based RIE and operator of an integrated pan-European platform with the expertise of SWX and its world class EBS trading platform. Assuming trade in all of the Swiss blue chip stocks transfers onto virt-x, the new exchange would have immediate critical mass within the rapidly expanding pan-European blue chip equity market.

virt-x will be based in London, and have a Board of Directors consisting of representatives of SWX, the Tradepoint Consortium, together with a number of independent directors and executive management.

Peter Stevens will continue as non-executive Chairman. Richard Kilsby, the current Chief Executive of Tradepoint, and Duncan Paterson, the current Chief Operating Officer of the Tradepoint Consortium, will be Vice Chairmen. Antoinette Hunziker-Ebnetter, the current Chief Executive of SWX, will head the management team as CEO.

Other board members are:

Doug Atkin, Instinet

