

28 January 2003

Exchange to offer new market data services with purchase of Proquote

London Stock Exchange today announced that it has agreed terms to acquire Proquote Limited (Proquote), a supplier of financial market software and data services, in a strategic move that will enhance its range of products.

Proquote, established three years ago, is a growing business supplying competitively priced, internet-based products that allow market professionals to access real time price data and market information, as well as trade online.

The acquisition will give the Exchange:

- immediate entry into the financial market software and data services business;
- the opportunity to develop Proquote's business and grow it more rapidly; and
- the ability to promote existing, and offer new, information products and trading services directly to market professionals through Proquote's online service.

The Exchange believes that, with Proquote having now successfully developed its offering and built credibility with customers, there is potential for significant growth. The Exchange's backing – with its strong business, international reputation, equity market expertise, and existing customer relationships – will help to secure this growth.

As well as developing Proquote's existing business, the acquisition gives the Exchange the opportunity to offer additional information products and trading services directly to market professionals.

The provision of direct access software is also expected to bring significant strategic benefits, including the potential to recruit new member firms, particularly those outside of the UK, by offering them a low-cost terminal product that gives direct access to the Exchange's markets.

Clara Furse, the Exchange's Chief Executive, said:

"This acquisition enhances the Exchange's range of products and further diversifies our Information Services income.

"Proquote has achieved strong growth by capturing customer demand for a low-cost, but highly functional, data and trading service. There is excellent growth potential for this type of product in the market and, given the Exchange's product knowledge, financial backing and customer network, Proquote will be well-placed to further accelerate its sales."

The Exchange will acquire Proquote for an initial payment of £10.9 million. A further £1.7 million will be payable to Daron Lee, Proquote's founder and Managing Director, subject to certain sales targets being met, together valuing the company at approximately £12.6 million. Additional consideration of up to £9.4 million would become payable subject to specified sales targets being met for the financial years ending March 2004 and March 2005, which would result in a maximum possible payout of £22 million.

Proquote's revenues in the year ended 31 May 2002 were £0.5 million and in the first seven months of the current year, £0.6 million. The transaction is expected to be broadly earnings neutral (pre-goodwill amortisation) for the Exchange in its 2003/04 financial year.

Daron Lee will continue as Managing Director reporting into the Exchange's Information Services business, which is headed by Chief Information Officer David Lester. Proquote will operate from its current headquarters in Cheshire, although the Exchange will provide additional sales, product management and marketing support.

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Notes:

- The Exchange has received irrevocable undertakings in respect of 108,078 shares, representing 86.3 per cent of the issued share capital. The offer is conditional upon valid acceptances of not less than 90 per cent of the ordinary shares to which the offer relates.

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About Proquote

Proquote is a mass market product licensed to deliver comprehensive financial market information via a public network, enabling it to offer an on-line service to private and professional investors.

Proquote's main business is the aggregation and distribution of real-time equity data and other market data to professional investors and the provision of trading software to professional brokers over the Internet or direct leased lines to web browsers, dynamically updating information as it changes. By combining live price and stock market information with the flexibility and global accessibility of the Internet, Proquote's service is similar to terminal based systems used by stockbrokers, financial institutions and professional users, at a fraction of the price without geographical constraints.

Proquote's service includes:

- Real-time Level 1 and Level 2 London Stock Exchange pricing information;
- Individual order details for all SETS traded stocks;
- Real-time news supplied by AFX News and Regulatory News Service (RNS);
- Live global market indices from FTSE International, Dow Jones, NASDAQ and others;
- Detailed, comprehensive fundamental analysis data; and
- LIFFE futures and options information.

Visit the [Proquote website](#).