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Press Releases

Instinet Completes Acquisition of ProTrader; Leveraging New Technology for Institutional Investors Gains Foothold in Active Trader Segment

NEW YORK, Oct 2, 2001 (BUSINESS WIRE) -- Instinet Group Incorporated (Nasdaq: INET), the world's largest electronic agency securities broker, today announced that it has completed the acquisition of ProTrader Group, LP, a provider of advanced trading technologies and electronic brokerage services primarily for retail active traders and hedge funds.

The acquisition excludes ProTrader's proprietary trading business. ProTrader's 2000 annual revenues exceeded \$83 million.

Under the terms of the agreement dated July 23, 2001, Instinet acquired ProTrader on October 1, 2001 for \$100 million in cash and 5.02 million shares of Instinet common stock valued at US \$50 million, based on the average share price of Instinet stock for the seven trading days prior to closing. We anticipate that the transaction will not be material to Instinet Group's 2001 financial results.

Instinet expects the acquisition to enhance its customer interface and order routing technology, which would advance the Company's strategy of further developing services for institutional investors. The acquisition also expands Instinet's reach into the hedge fund market and retail active trader segments by providing a full-service offering with front-end technology, quality executions, and back-office operations.

"The acquisition of ProTrader will allow Instinet to deliver on its strategy to customize its service offerings to its institutional clients in the US," said Doug Atkin, President and CEO of Instinet Group Incorporated. "Combining the power of Instinet's deep liquidity pool and broad range of value-added services with the proven direct access technology and trading software of ProTrader will give our customers the opportunity to improve execution performance in an increasingly complex trading environment. We are committed to providing the highest level of technology-supported trading tools and value-added brokerage services to our customers," he continued.

"We are delighted to be joining forces with such an industry leader as Instinet," said Jay McEntire, CEO of ProTrader. "ProTrader will continue to focus its efforts and services on supporting semi-professional and professional active traders, as well as actively traded hedge fund portfolios with less than \$100 million under management," he added.

"Combining the best of Instinet and ProTrader will provide Instinet's clients with more opportunities to maximize their success," said Jean-Marc Bouhelier, Executive Vice President, U.S. Institutional and Professional Business of Instinet. "As we provide more advanced technology solutions to our traditional institutional customers, we can also provide the comprehensive trading and clearing package sought by active traders and hedge funds."

As a wholly-owned subsidiary of Instinet Group Incorporated, ProTrader will retain its name and its headquarters in Austin, TX. Jay McEntire will remain CEO of ProTrader Group LP, reporting to Mr. Bouhelier. ProTrader has 184 employees at 17 locations across the U.S.

ProTrader's proprietary trading business has been spun off into two independent operations, namely Zone Trading Partners, LLC and Zone Equity Partners, LP.

In the fourth quarter, Instinet Clearing Services, Inc. (ICS) will become the correspondent clearing facility for ProTrader. The two proprietary entities will be customers of ProTrader and will enter into an agreement with ICS to clear their trades.

About ProTrader Group

The subsidiaries of Austin, Texas-based ProTrader Group, LP are ProTrader Securities Corporation, its licensed broker-dealer overseeing all aspects of the Company's 17 trading centers nationwide and its online trading operations; ProTrader Technologies, LP, its software development group that develops the firm's proprietary trading software and manages technology infrastructure; ProTrader Services, LP, its research division; and ProTrader.com, LP.

About Instinet

Instinet, through affiliates, is the world's largest electronic agency securities broker and has been providing investors with electronic trading solutions for more than 30 years. Instinet operates an e-financial marketplace where buyers and sellers worldwide can trade securities directly and anonymously with each other, and have the opportunity to lower their overall trading costs. Through its electronic platforms, customers can access 40 securities markets throughout the world. With major offices in New York, London, Paris, Frankfurt, Tokyo, and Hong Kong, Instinet provides its customers with access to research generated by Instinet and by third parties, as well as various informational and decision-making tools. For more information, please go to www.instinet.com.

This press release is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

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This news release may be deemed to include forward-looking statements relating to Instinet. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are described in Instinet's prospectus contained in its registration statement on Form S-1, filed with the SEC on May 17, 2001, under the heading 'Risk Factors', and other documents filed with the SEC and available on the Company's website. Certain information regarding Nasdaq trading volumes is also included in the registration statement and on the Company's website.

About Kershner Trading Group

Kershner Trading Group is a proprietary trading business where professional short-term traders can experience unlimited income potential. Kershner Trading provides full service, support and capital to our traders including state-of-the-art proprietary technology applications with direct market access to US markets. Our internally produced software is trader driven, extremely customizable by the trader, and provides the fastest quotes and executions available.

Kershner empowers traders to automate any or all parts of their trading process. We place a key emphasis on creating autotrading capabilities. Kershner traders can create highly adaptable strategies and execution methods without waiting for the technology team to hard code new functionality or strategies.

Since 1993, Kershner Trading Group has been built on the idea of shared success. Fueled by the combined efforts and teamwork of traders, technologists and support specialists, Kershner believes in rapidly converting innovative ideas into reality. Driven by a passion for the trading

business, Kershner remains today at the forefront of proprietary trading. Kershner Trading Group is headquartered in Austin, Texas with an office in Chicago and is a member of the NASD/SIPC. For more information, please go to www.kershnertrading.com.

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