



Press release

Major new partnership between Borsa Italiana & Euronext to acquire MTS

Amsterdam, Brussels, Lisbon, London, Milan, Paris, 1 July 2005

Euronext, the pan-European exchange and Borsa Italiana, the Italian securities and derivatives markets organisation, are pleased to announce that a majority of *Società per il Mercato dei Titoli di Stato* S.p.A. ("MTS") shareholders has accepted their joint offer to acquire at least 51% of MTS shares.

This transaction will support the strategy of Borsa Italiana and Euronext by enlarging their geographical footprint and asset classes and enable them to participate to the electronic revolution of bond markets.

MTS

MTS is a leading electronic trading platform for European wholesale fixed-income securities, in particular for government and sovereign bonds. MTS has succeeded in a short time frame in building a cross-border, truly pan-European business, improving simultaneously its technology and its user-friendly platform.

In 2004, MTS generated revenues of EUR 60.7 million and an EBITDA of EUR 8.5 million. Following a recent renegotiation, by MTS, of its IT contract with its supplier, EBITDA is expected to grow to around EUR 20 million by 2006.

Euronext and Borsa Italiana offer

Both Euronext and Borsa Italiana are extremely enthusiastic and confident that the combination of their respective strengths and expertise will further accelerate MTS' expansion and represents a unique, complementary and natural partnership for MTS, its users, shareholders, issuers and management.

Euronext and Borsa Italiana are committed to subscribe to at least 51% of the share capital of MTS, and then up to 100% through the purchase of existing shares through a 51:49 joint venture, majority owned by Euronext.

The offer values 100% of MTS at EUR 245 million, or approximately EUR 322 per share. The joint venture will be debt free and Borsa Italiana and Euronext will respectively pay EUR 56 million and EUR 69 million for the minimum 51% stake in MTS. The acquisition will be technically realized via a capital increase of MTS subscribed by the joint venture and the proceeds will be distributed to the historical shareholders.

The remaining 49% of MTS shares will be subject to a preemptive rights subscription and sale mechanism first between the historical shareholders and MTS dealers, and then to the joint venture. As a result of the above mechanism, the joint venture will own at least 51%

and up to 100% of MTS shares. Any additional participation of the joint venture in MTS above the 51% threshold will be financed by Borsa Italiana and Euronext according to the same funding ratio in the acquisition of the first 51% stake.

The closing of the acquisition is expected by the end of November 2005, since it remains subject to the right of users to retain or add to existing interests, or to acquire an interest if they do not already have one, as well as to usual regulatory and Antitrust approval, where necessary.

It has been agreed between Borsa Italiana and Euronext that, for a period of five years after the closing, Borsa Italiana will have the right to sell its interest in the joint venture to Euronext, for the first 3 years at a price linked to the price paid by Borsa Italiana pursuant to its initial transaction and to MTS's performance, and then for the two following years at a price only correlated to MTS' financial performance.

Governance

Euronext and Borsa Italiana offer is a compelling value proposition that shall strengthen relations with users, thanks to a simple and clear governance structure, and shall enable MTS to implement ambitious projects in cooperation with its users. Euronext and Borsa Italiana commit to further build on users' feedback, as they are part of the overall governance structure proposed and will be involved in the development of MTS. Both Borsa Italiana and Euronext wish to reiterate that users will be strongly represented at each level of the MTS corporate structure.

The offer guarantees that MTS' current regulatory structure will remain unchanged. MTS' operations will be regulated by its existing applicable regulatory regimes, with the holding MTS SpA under Italian law, its headquarters in Rome and Milan and the local MTS' markets in Europe under their respective current domestic regulatory regimes.

Ambition for MTS

Considering their product and geographic complementarities and extensive distribution network, Borsa Italiana and Euronext have high expectations and ambitions regarding the future development of MTS and are committed to building a major European network with a global reach.

Borsa Italiana and Euronext have undertaken to develop MTS' role as the European hub for all government bonds as well as for other fixed-income products.

The combination of MTS with two recognized exchanges, both experienced in operating efficient multi-technology trading platforms in a neutral way, for the benefit of users and issuers, will enable each partner company to apply and to cross fertilize its know-how to develop the business, in particular:

- the consolidation of MTS' fast-growing existing business especially towards end users, which will benefit from being part of a wider group with strong local roots and an international distribution network (e.g. boosting the development of BondVision by leveraging Borsa Italiana and Euronext knowledge of end users);

- the connectivity of an electronic distribution network to develop MTS as the one-stop shop for fixed-income cash and derivatives, providing MTS and its users with a unique competitive edge;
- the development of correlated derivatives and underlying product pairs traded on LIFFE.CONNECT® and IDEM® and the launch of new assets such as corporate bonds and structured products;
- new products will be developed in consultation with users (e.g. new indices based on bonds traded on MTS).

Jean-François Théodore, Chairman of the Managing Board and CEO of Euronext, said: "We welcome the decision taken by MTS shareholders, and in particular their support for our joint venture with Borsa Italiana. The move will lend fresh impetus to the already impressive development of MTS by offering a range of innovative products on trading platforms open to international investors. This new initiative also represents an additional source of diversification of the business and revenue of Euronext, and as such should benefit both our clients and our shareholders".

Massimo Capuano, President and CEO of Borsa Italiana, said: "We are very pleased by the outcome of this transaction which has been strongly supported by both international and domestic stakeholders. Borsa Italiana's effort to create value for both shareholders and users will be enhanced by this exceptional opportunity to expand growth in a complementary asset class with a truly international reach. I am confident that the partnership between Borsa Italiana and Euronext in this venture will be successful in creating the European hub for fixed income products at the benefit of issuers and market users".

For the purposes of the transaction, Euronext was assisted by ABN AMRO; Borsa Italiana was assisted by Credit Suisse First Boston and Mediobanca.

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