

# Euronext and BVLP launch their merger offer



Euronext and BVLP – Bolsa de Valores de Lisboa e Porto launched their merger offer on 20 December 2001. Following the announcement on 13 December 2001, that Euronext N.V. ("Euronext") and BVLP had agreed the financial terms of their merger, the Supervisory Board of Euronext N.V. and the Board of Directors of BVLP are pleased to announce that they have agreed the other terms of their merger and that Euronext today launches the cash and share offer to the shareholders of BVLP. The merger is to be conducted by way of an offer of 0.806475 new Euronext Shares and euros 5.833333 in cash for each BVLP Share. In aggregate, Euronext is proposing to offer BVLP Shareholders 4,838,850 new Euronext Shares (equivalent to 4 per cent of the fully diluted and enlarged share capital of Euronext) and euros 35 million in cash for the entire share capital of BVLP. The Management and Supervisory Boards of Euronext and the Board of Directors of BVLP believe that the proposed merger will offer improved services to investors, intermediaries and issuers and, by doing so, enhance value for their shareholders. Upon full integration, Euronext and BVLP will provide single trading, clearing and settlement platforms, offering enhanced liquidity, a central counterparty facilitating the netting of both cash and derivatives trades and streamlined clearing and settlement. Commenting on the merger, Jean-François Théodore, Chairman and Chief Executive Officer of Euronext, said: "We are delighted to announce the merger of Euronext and BVLP which represents another important strategic step towards the achievement of Euronext's vision to be one of the leading global exchanges. BVLP has an excellent business with top quality staff and this merger further demonstrates the success and openness of the Euronext model." Commenting on the merger, Manuel Alves Monteiro, Chief Executive Officer of BVLP, said: "Euronext's leading position in the European marketplace and attractive market model means that we have made the right choice. BVLP's integration into Euronext will offer significant value-added opportunities to our financial intermediaries, listed companies and investors. The merger will have a notable effect on the national capital market's infrastructure and will play a vital role in the future of the Portuguese Exchange". Euronext is being advised by ABN AMRO and BVLP is being advised by Schroder Salomon Smith Barney. Details of the merger are set out in Part I of this announcement. Information on Euronext and BVLP is contained in Parts II and III respectively. Appendix I contains definitions of certain terms used in this announcement.

## PART I – DETAILS OF THE MERGER

### 1. MERGER RATIONALE AND INTEGRATION

#### 1.1 MERGER RATIONALE

Euronext and BVLP believe that the continuing internationalisation of the financial markets and the developing requirements of issuers, intermediaries and investors will act to reduce the significance of national boundaries and promote the consolidation of existing exchanges. The Merger between Euronext and BVLP is intended to ensure that both organisations continue to offer improved services to their users and create value for their shareholders. Having reviewed each other's businesses and organisations, Euronext and BVLP believe that their skills, competencies and strengths are largely complementary, and that their market models are to a great extent compatible. Euronext and BVLP therefore believe that the integration of BVLP into Euronext will bring benefits to both. Upon full integration of their markets, Euronext and BVLP will become the first exchange to offer users a fully integrated cross-border trading, clearing and settlement solution on a European basis. The enlarged exchange will provide:

- a unified trading platform for cash products;
- a unified trading platform for derivatives products;
- a central counterparty, netting and clearing house for all trades executed on the exchanges, using Clearing 21® technology;
- a unified platform for the settlement and custody of financial instruments; and
- regulatory harmonisation, unified rule books and a co-ordinated marketing policy.

Euronext and BVLP believe that the Merger will bring significant benefits to both the users and shareholders of BVLP, arising from the following:

- securities of companies listed on BVLP will be automatically traded in all of Euronext's locations, increasing their visibility and deepening their liquidity;
- domestic investors and financial intermediaries of BVLP will have improved low-cost access to all investment products traded on Euronext;
- Euronext's clearing system will provide BVLP market participants with a central counterparty allowing secure and flexible trading;
- BVLP market participants will benefit from the quality of the technology, marketing, innovations, and proximity services of Euronext;
- BVLP will benefit from the technological expertise and support of Euronext's IT services joint venture, ATOS-Euronext;
- BVLP shareholders will benefit from the increase in activity resulting from the enhanced liquidity of listed companies and the extended product range offered to members and investors;
- BVLP shareholders will benefit from the increase in scale of their company;
- BVLP shareholders will become shareholders of a growing and profit-oriented company, with shares that can easily be traded as a result of Euronext's listing; and
- via Euronext, BVLP shareholders will be part of further potential, perhaps global, integration and alliances of exchanges, which may ultimately lead to the creation of a global market in all the principal time zones.

By merging with BVLP, Euronext, which is structured to ensure its openness to expansion and alliances at every stage of its operational chain, will, *inter alia*:

- gain access to an additional market and distribution network;
- increase its scale and extend the use of its trading and clearing systems; and
- reinforce its position in the European exchange sector as well as further demonstrate that it is an expandable concept.

Through the Euronext Merger between the Paris, Amsterdam and Brussels exchanges, this Merger, the acquisition of LIFFE and other international alliances with other exchanges, Euronext believes it is the leader in exchange consolidation and is well-positioned to establish new agreements with other exchanges.

#### 1.2 POST-MERGER BUSINESS INTEGRATION

##### CASH TRADING PLATFORM AND LISTING

Euronext and BVLP expect that Euronext's single cash trading platform based on NSC and successfully implemented in France in April 2001, in Belgium in May 2001 and in the Netherlands in October 2001, will also be implemented in Portugal and will thus replace the version of NSC currently used by BVLP. The implementation of the same NSC based platform in all Euronext and BVLP locations will provide all trading members, irrespective of the entry point through which they have become members, with access to all financial instruments traded on Euronext and BVLP markets, and enable them to enter their orders into a single, central order book. Upon implementation of the single cash trading platform in Portugal, a company seeking listing on Euronext (including BVLP) will be able to choose one of the four entry points in Paris, Amsterdam, Brussels or Lisbon.

##### DERIVATIVES TRADING PLATFORM

Euronext and BVLP expect to adopt a single trading platform for derivatives products, thus creating a seamless derivatives market accessible to trading members via all four (and possibly five including LIFFE) entry points. In Portugal, this single platform is expected to replace the existing Portuguese system. If, as expected, LIFFE becomes a partner and subsidiary of Euronext, the single derivatives trading system adopted will be LIFFE CONNECT. Otherwise, Euronext and BVLP will develop a common derivatives trading platform based on Euronext's SWITCH and NSC-VF trading systems.

##### CLEARING

Following the Merger, BVLP expects to use Clearing 21® as its single clearing system. Currently, because of its Clearing 21® technology, Clearnet is the only cross-border pan-European clearing house acting as a central counterparty capable of clearing and netting cash and derivatives trades in real-time. Euronext and BVLP intend to establish a single clearing house and consequently expect to adopt the clearing model of Clearnet and to centralise risk management at Clearnet.

##### MIGRATION

Euronext and BVLP expect the information technology migration to be undertaken in three overlapping phases. First the cash trading and clearing platforms, second the derivatives trading and clearing platforms and finally the migration of the settlement systems. The migration process will start in 2002 by the implementation of the following steps:

- consultation of Portuguese users with respect to the whole migration process;
- the transfer of the clearing assets of BVLP to Clearnet, which will become the central counterparty of the Portuguese derivatives market;
- the progressive implementation of certain amendments to the Portuguese trading market model in order to ensure a smooth convergence towards the unified Euronext market model; and
- the examination of a temporary remote membership solution for Portuguese members who wish to access the Paris, Amsterdam and Brussels cash trading markets before the migration of the Portuguese cash market to the Euronext cash trading and clearing platforms.

Euronext and BVLP anticipate the simultaneous migration to the unified cash trading and clearing platforms to be completed in the first quarter of 2003, and the simultaneous migration to the unified derivatives trading and clearing platforms to be completed in the third quarter of 2003.

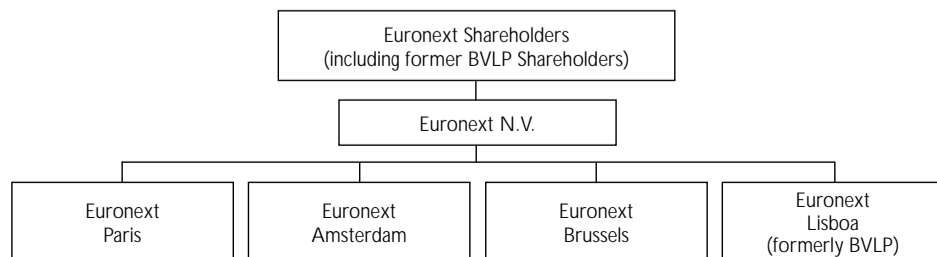
#### 1.3 POST-MERGER CORPORATE GOVERNANCE

As soon as practicable after Closing, certain BVLP nominees will be appointed to the various corporate bodies of Euronext N.V. and its subsidiaries. The Supervisory Board of Euronext will appoint one person nominated by BVLP to the Supervisory Board of Euronext and one person nominated by BVLP to the Management Board of Euronext.

## 2. THE EXCHANGE OFFER

### 2.1 INTRODUCTION

On 13 June 2001, Euronext and BVLP signed a memorandum of understanding regarding a possible merger. On 20 December 2001, Euronext and BVLP signed a Merger Agreement, and Euronext launched the Exchange Offer for BVLP. Euronext and BVLP intend to implement the Merger through the Exchange Offer made by Euronext for all issued and outstanding BVLP Shares, in exchange for newly issued Euronext Shares and a cash payment. For that purpose, Euronext has invited all BVLP Shareholders to transfer their BVLP Shares, free from all liens, encumbrances and other security interests by way of contribution in kind, in exchange for the relevant number of Euronext Shares, newly issued at par, and the relevant amount of cash. After implementation of the Merger, the simplified corporate structure of Euronext may be represented graphically as shown below.



### 2.2 EXCHANGE OFFER STRUCTURE

BVLP Shareholders are invited to exchange their BVLP Shares on the following terms and conditions, and in the manner described below.

1. In exchange for each BVLP Share, BVLP Shareholders are offered 0.806475 Euronext Shares and a cash payment of EUR 5.833333.
2. All Euronext Shares issued in connection with the Merger will be issued at par, credited as fully paid, free from any pledge or other right or encumbrance and will entitle the holder to dividend payments or other distributions on the Euronext Shares, if any, made or payable in respect of the financial year ending 31 December 2001 and subsequent years as from the date of issuance of such shares.
3. BVLP Shareholders are requested to make known their acceptance of the Exchange Offer by returning a duly completed and signed acceptance form on the last day of the Acceptance Period, being 28 January 2002.
4. The Exchange Offer is conditional upon fulfillment of, *inter alia*, the conditions set forth in section 2.3 hereafter ("Conditions to the Exchange Offer").
5. Euronext may decide, after consultation with BVLP, to extend the Acceptance Period in the manner and under the terms described in section 2.4 ("Extension of the Acceptance Period"). Such extension will be communicated in writing to BVLP Shareholders by no later than the second Euronext Trading Day after the initial Exchange Offer Expiration Date.
6. Subject to the extension of the Acceptance Period, on the initial Exchange Offer Expiration Date expected to take place on 28 January 2002 or ultimately on the second Euronext Trading Day thereafter, Euronext and BVLP will announce, and communicate in writing to the BVLP Shareholders who have returned duly completed and signed (and not withdrawn) acceptance forms, whether or not the Exchange Offer is declared unconditional. If the Exchange Offer is declared unconditional, Euronext and BVLP will complete the Exchange Offer and implement the Merger as soon as practicable thereafter.
7. Netherlands law applies to the Exchange Offer, acceptances thereof, the Merger and the issuance of Euronext Shares in connection therewith, except that Portuguese law applies to corporate and regulatory aspects concerning BVLP, and to the transfer of BVLP Shares in connection with the Merger.

### 2.3 CONDITIONS TO THE EXCHANGE OFFER

The Exchange Offer is made subject to, *inter alia*, the Conditions set out below.

1. on or before the Exchange Offer Expiration Date, BVLP Shareholders representing, in aggregate, more than 75 per cent of the issued share capital of BVLP shall have accepted the Exchange Offer;
2. the Decree-Law N° 394/99 dated 13 October 1999, containing various provisions relating to the operation of exchange undertakings in Portugal, shall have been amended in a form reasonably acceptable to Euronext, in order to allow the acquisition by Euronext of up to all outstanding BVLP Shares and to allow amendment of the BVLP bylaws in order to remove the current 15 per cent voting limitation;
3. the Portuguese Minister of Finance shall have approved the acquisition of over 50 per cent of BVLP Shares by Euronext, if and to the extent required pursuant to the Decree-Law N° 394/99 dated 13 October 1999, when amended as described in Condition 2 above;
4. the BVLP bylaws shall have been amended in order to allow the acquisition by Euronext of up to all outstanding BVLP Shares and to remove the current 15 per cent voting rights limitation, in a form reasonably acceptable to Euronext;
5. the Netherlands Ministry of Finance shall have issued the requisite declaration of no-objection regarding the Merger and the implementation thereof; and
6. the Portuguese Minister of Economy or the Secretary of State for Industry, Trade and Services shall have issued a declaration of no-opposition regarding the notification of the Merger and the implementation thereof.

### 2.4 EXTENSION OF THE ACCEPTANCE PERIOD

In the event one or more of the Conditions shall not have been satisfied or waived (if capable of being waived) by the time of issuance of the notice referred to in Section 2.2(5) above, Euronext N.V. will be entitled to extend, after consultation with BVLP, the Exchange Offer and consequently the Acceptance Period, provided, however, that the Closing, if proceeded with, shall have to occur on or before 31 March 2002.

### 2.5 THE TRANSACTION TIMETABLE

The Merger is presently expected to be implemented according to the following timetable (subject to extension of the Acceptance Period and an Extended Offer Expiration Date being set):

20 December 2001	Information Memorandum made available to BVLP Shareholders
On or about 15 January, 2002	General meeting of BVLP Shareholders
28 January 2002	Exchange Offer Expiration Date Deadline for return of acceptance forms by BVLP Shareholders
Ultimately 30 January 2002:	Announcement Date
As soon as practicable after the Announcement date:	Closing Date

The Announcement Date and the Closing Date may or may not coincide.

### 2.6 Euronext N.V. RESOLUTION TO ISSUE SHARES

By shareholders resolution adopted on 15 September 2000, the power to resolve to issue Euronext Shares and to exclude pre-emptive rights was granted to the Euronext Management Board for the maximum period of five years. On 18 December 2001, the Euronext Management Board resolved to issue up to 4,838,850 Euronext Shares and to exclude pre-emptive rights of existing Euronext Shareholders with respect to the issuance of the newly issued Euronext Shares to the BVLP Shareholders that shall have accepted the Exchange Offer in connection with the Merger. This resolution was previously duly approved in advance by the Supervisory Board of Euronext in its meeting held on 13 December 2001.

### 2.7 TRANSFER OF THE Euronext SHARES ISSUED IN CONNECTION WITH THE MERGER

The Euronext Shares issued to BVLP Shareholders that have accepted the Exchange Offer will be issued to BVLP Shareholders as soon as possible after the Closing Date but no later than ten days thereafter.

### 2.8 LISTING

The Euronext Shares issued in connection with the Merger will also be admitted to listing (and trading) on the Premier Marché of Euronext Paris, and admitted to trading on Euronext Amsterdam and Euronext Brussels.

### 2.9 ACCOUNTING FOR THE MERGER

Under International Accounting Standards, Euronext will account for the Merger under purchase accounting. The goodwill on the acquisition will be amortized over 20 years starting from completion of the Merger.

### 2.10 SUMMARY OF VALUATION METHODOLOGY

The Exchange Ratio was agreed by the Supervisory Board of Euronext and the Board of Directors of BVLP following a period of discussion and negotiation between the two companies and their respective financial advisers. As Euronext is a listed company with a market valuation, this negotiation was primarily based on the value of BVLP. The BVLP business, prospects and 5 year business plan prepared by BVLP were analysed and formed the basis of this valuation. A number of valuation methodologies were used, including, *inter alia*, DCF and comparable companies multiples.

### 2.11 FAIRNESS OPINION

The Exchange Ratio has been reviewed by ABN AMRO who issued a fairness opinion to the Supervisory Board of Euronext concluding that the Exchange Offer is fair from a financial point of view to the shareholders of Euronext. A copy of this fairness opinion may be obtained by any shareholder of Euronext, free of cost, upon request to Euronext (Attention: Herman Genet, Euronext N.V. at Beursplein 5, 1012 JW Amsterdam, the Netherlands).

### 2.12 CONSEQUENCES OF THE ISSUE FOR THE CURRENT SHAREHOLDERS OF Euronext

As at 30 June 2001, Euronext's consolidated shareholders' equity was EUR 908.5 million and the shareholders' equity per share was EUR 9.2. Following the initial public offering on 5 July 2001, Euronext's consolidated shareholders' equity increased to EUR 1273.8 million and the shareholders' equity per share increased to EUR 11.0. On a pro-forma basis, after the Exchange Offer is completed, Euronext's shareholders' equity will increase to EUR 1368.2 million and equity per share to EUR 11.3.

	Shareholders' equity EUR millions	Number of Euronext shares Millions	Shareholders' equity per share EUR
Euronext as at 30 June 2001 (1)	908.5	98.8	9.2
Adjusted for the IPO (2)	365.3	17.3	
	1,273.8	116.1	11.0
Exchange Offer (3)	94.4	4.8	
	1,368.2	121.0	11.3

(1) As disclosed in Euronext's unaudited interim financial statement as at 30 June 2001.

(2) Assuming net proceeds of EUR 365 million raised in the IPO and adjusted for the total number of Euronext shares in issue as at December, 2001.

(3) Based on the Euronext share price of EUR 19.51 at the close of business on 18 December, 2001 and 4,838,850 new Euronext shares issued (i.e. a capital increase equal to EUR 4,838,850).

N.B.: The above analysis does not account for movements in the shareholders' equity of Euronext as a result of Euronext's operations since 30 June 2001.

## PART II – INFORMATION REGARDING Euronext

Please refer to Euronext website for more information on Euronext: [www.euronext.com](http://www.euronext.com)

Euronext, which was created in September 2000 by the merger of the Amsterdam, Brussels and Paris stock exchanges, is the first European cross-border exchange organization for the trading of financial instruments including equities, bonds, derivatives as well as commodities. Through its exchanges, Euronext manages both regulated and unregulated markets and offers a complete and varied range of services encompassing all exchange activity, including listing of financial instruments, trading in securities and derivatives, clearing, settlement and custody of securities. As of 30 June 2001, Euronext was Europe's largest exchange organization in terms of cash trading volumes through the central order book and the second largest exchange organization in terms of both number and total market capitalization of listed companies. Euronext shares were listed on Euronext Paris and Euronext Brussels (with trading facilities on Euronext Amsterdam) on 5 July 2001.

Since its creation, Euronext has been integrating the operational and technical aspects of the exchanges that it manages, harmonizing its internal rules and, through its efforts with Dutch, Belgian and French regulators, working to harmonize the regulatory environment in which its members operate. Upon completion of this process, Euronext will:

- offer, both for cash and derivatives trading, a unified trading platform through the use of a single central order book for each financial instrument;
- provide netting and guarantee in real-time via a central counterparty for both cash and derivatives through its clearing house, Clearnet; and
- provide a unified platform for the settlement and custody of financial instruments through its arrangements with Euroclear.

For the year ended 31 December 2000, consolidated pro forma revenues of Euronext were EUR 752 million and net income was EUR 127 million. Revenues for the six months ended 30 June 2001 were EUR 354 million and net income was EUR 109 million. Revenues for the nine months ended 30 September 2001 were EUR 523 million. Euronext is organized as a single entity for operational purposes and is split into functional business lines across its three component exchanges. It offers the following six principal business lines (with percentage of total revenue as at 30 September, 2001): cash trading (24.5 per cent),

clearing (24.7 per cent), derivatives trading (12.7 per cent), information services (9.7 per cent), listing (6.9 per cent), and settlement and custody (4.5 per cent). In addition, Euronext has a substantial technology licensing business which generated 13.6 per cent of total revenue during the first nine months of 2001. Its NSC cash trading platform has been sold to 14 exchanges throughout the world. As of 30 November 2001, 1,559 companies were listed on Euronext regulated markets representing a market capitalisation of EUR 1,947 billion. From January to November 2001, a total of 372 million futures and options contracts were traded on Euronext markets.

#### Recommended cash offer for LIFFE

On 29 October 2001, Euronext announced a recommended cash offer valuing the entire share capital of LIFFE at £555 million. On 4 December 2001, Euronext announced that valid acceptances of the cash offer made by Euronext for LIFFE had been received in respect of 19,315,730 existing shares of LIFFE, representing approximately 71.8 per cent of the current issued share capital of LIFFE. In addition, between the announcement of the offer and 3 December 2001, Euronext has purchased 2,198,470 shares of LIFFE, representing approximately 8.2 per cent of LIFFE's current issued share capital.

Therefore, on 3 December 2001, Euronext either held, or had received acceptances in respect of, a total of 21,514,200 shares of LIFFE, representing approximately 80.0 per cent. of the current issued share capital. Consequently, Euronext announced that the offer is unconditional as to acceptances and that the offer has been extended to 24 December 2001. The offer remains subject to the other conditions set out in the offer document issued to the LIFFE shareholders on 12 November 2001.

### PART III – INFORMATION REGARDING BVLP

Please refer to BVLP website for additional information on BVLP: [www.bvlp.pt](http://www.bvlp.pt)

#### 1 CORPORATE INFORMATION REGARDING BVLP

BVLP was incorporated on 22 February 2000 as a securities exchange management company with limited liability within the meaning of Decree-Law No. 394/99 of 13 October 1999 as a result of the merger between the Lisbon Stock Exchange Association (ABVL) and the Porto Derivatives Exchange Association (ABDP). Before the merger, ABVL operated the cash market and ABDP operated the derivatives market and provided OTC services, such as repos and securities lending.

The main objective of BVLP is the management of securities exchanges, although BVLP is also allowed to manage other securities markets and settlement systems, as well as to render other services related to the issue and trade of securities, as long as these services do not constitute intermediary activity. In addition, BVLP is authorised to render services to its members in order to enable them to be active on markets managed by a similar entity in Portugal or in another country with which BVLP has concluded an agreement.

BVLP is the managing entity of five Portuguese regulated markets: the Main Market (Mercado de Cotações Oficiais); the Second Market (Segundo Mercado); the Derivatives Market (Mercado de Derivados); the New Market (Novo Mercado) and MEOG (Mercado Especial de Operações por Grosso). BVLP is also the managing entity of one unregulated market, the Unlisted Market (Mercado Sem Cotações), and provides OTC services such as repos and securities lending. On the derivatives market and in respect of the OTC services, BVLP also provides clearing and settlement services and acts as counterparty for trades in these products completed through BVLP.

With respect to its derivatives market, BVLP signed a cross-trading and clearing agreement with MEFF (the Spanish derivatives exchange). This agreement has been in force since 30 March 2001.

BVLP is only allowed to hold stakes in the share capital of other companies (Portuguese or foreign) managing regulated markets, in companies (Portuguese or foreign) managing settlement systems, central securities depositories and companies managing non-regulated markets.

BVLP's only subsidiary is Interbolsa (wholly-owned by BVLP), which is responsible for the management of the securities settlement and central securities system. Interbolsa also acts as a national numbering agency by issuing ISIN and CFI codes for Portuguese securities in accordance with ISO standards 6166 and 10962. Interbolsa was incorporated on 2 April 1993 as a non-profit civil association, under the terms of section 481 of the Securities Market Code (Código do Mercado de Valores Mobiliários), approved by Decree-Law No. 142-A/91 of 10 April 1991.

BVLP and Interbolsa are governed by their respective bylaws, Decree-Law No. 394/99 of 13 October 1999, the Securities Code (Código dos Valores Mobiliários) the Companies Code (Código das Sociedades Comerciais) and CMVM Regulation No. 4/2001.

#### CAPITAL STRUCTURE

The initial outstanding share capital of BVLP amounts to EUR 6,000,000 (six million), divided into 6,000,000 (six million) bearer and book-entry shares of EUR 1 (one) par value each, registered with the issuer. The initial share capital was fully paid-up in cash. On 25 October 2001, a general meeting of BVLP Shareholders approved an increase of the capital by converting reserves of the amount of EUR 2,750,000 into 2,750,000 BVLP Shares. This increase has not been effected yet, and will not be effected prior to the Closing Date.

#### BVLP SHAREHOLDERS

As at the date hereof, the share capital of BVLP was held by 48 BVLP Shareholders, which are all banks, brokers or dealers.

#### 2 THE BUSINESS OF BVLP

BVLP is the result of the merger of the former Lisbon Stock Exchange Association (ABVL) and Porto Derivatives Exchange Association (ABDP). Interbolsa, the Portuguese central securities depository, is a wholly-owned subsidiary of BVLP. BVLP operates four regulated cash markets, one regulated derivatives market, and one non-regulated market. In order to better position itself in the current European capital markets environment, BVLP has recently undergone a restructuring process, covering both organisational and operational aspects.

BVLP provides a broad range of services, supported by state-of-the-art IT systems. For the year ending 31 December 2000, BVLP's consolidated revenues of EUR 44.3 million were comprised as follows:

Business Line	Revenues (in EUR millions)	Percentage (%)
Cash market (1)	16.4	37.1
Derivatives market	2.6	6.0
OTC services (2)	1.7	3.9
Information services	3.5	7.8
Settlement and custody	14.9	33.6
Other income	5.1	11.6
<b>Total</b>	<b>44.3</b>	

(1) Includes listing fees, membership fees and trading fees from all regulated and unregulated cash markets, with the exception of off-exchange trades fees.

(2) Includes membership fees and transaction fees.

As of 30 November 2001, 112 companies were listed on BVLP markets representing a market capitalisation of EUR 96.838 billion. From January to November 2001 a total of 4.2 million futures and options contracts were traded on BVLP market.

#### SUMMARY FINANCIAL INFORMATION

As BVLP was incorporated on 22 February 2000, the summary financial information shown below has been extracted from the audited accounts for the period from 22 February to 31 December, 2000. This information is under Portuguese Generally Accepted Accounting Principles.

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER, 2000

(Values in EUR millions)

	Period From 22-02-2000 to 31-12-2000
Sales and services rendered	36.9
Cost of sales and services rendered	(17.9)
<b>Gross Profit/Loss</b>	<b>19.0</b>
Other operating income	0.2
Administration costs	(5.3)
Other operating costs	(2.4)
<b>Operating Profit/Loss</b>	<b>11.5</b>
Net financing cost	1.5
Earnings from affiliates	0.0
<b>Profit/Loss on ordinary activities</b>	<b>13.1</b>
Taxation	(4.7)
<b>Profit/Loss on ordinary activities after taxation</b>	<b>8.4</b>
Extraordinary profit/loss	0.2
Taxation on extraordinary profit/loss	(0.0)
<b>Net profit</b>	<b>8.6</b>

#### CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2000

(Values in EUR)

Assets	31-12-00	22-2-00
Fixed Assets	4,589,759	6,023,484
Inventories	94,108	103,645
Debtors	1,196,127	4,907,154
Others long term debtors	18,196	24,780
Bank deposits and cash	52,490,368	32,170,399
Accruals and deferrals	1,694,681	1,182,186
Total assets	<b>60,083,239</b>	<b>44,411,648</b>
<b>Shareholder's equity and liabilities</b>	<b>31-12-00</b>	<b>22-2-00</b>
Equity Subtotal	25,630,800	25,626,964
Net income	8,537,260	0
Total equity	34,168,060	25,626,964
Provisions for liabilities and charges	8,604,882	8,048,458
Creditors – Medium and long term	5,724,614	5,724,614
Creditors – Short term	8,554,898	2,950,963
Accruals and deferrals	3,030,786	2,060,649
Total liabilities	25,915,179	18,784,684
Total shareholder's equity and liabilities	<b>60,083,239</b>	<b>44,411,648</b>

On 22 November, 2001, BVLP paid a dividend of euros 10.3 million to its shareholders. For the six months ended 30 June 2001 (unaudited accounts), BVLP reported turnover of euros 18.8 million and operating profit of euros 5.4 million. BVLP had net assets of euros 35.1 million as at 30 June 2001.

BVLP's principal activities are described below.

#### CASH MARKET

The cash market services provided by BVLP comprises listing and trading of equities, bonds, warrants and other cash instruments on all its regulated and unregulated markets. BVLP generates revenues by charging:

- admission fees to issuers seeking a BVLP listing and annual fees in respect of securities that are already listed (some exemptions apply to specific issuers);

- admission and monthly fees for new membership (applicable from January 2001). The amount of the monthly fee charged to BVLP members depends on the trading activity of each member; and

- trading fees fixed as a percentage of the traded value and taking into account the type of the securities traded. Caps and floors apply only to warrant transactions.

#### Trading Platform

Trading on the BVLP cash markets occurs via one single platform using LIST, a fully automated system enhancing transparency, safety, flexibility and liquidity of the Portuguese stock market. Based on NSC, the Euronext trading system, LIST is an order-driven system that automatically matches introduced bid and ask offers, comparing prices, volumes and other features and thus generating deals.

#### DERIVATIVES MARKET

Derivatives market trading started in June 1996 with two listed contracts, a long-term interest rate futures contract and a stock index futures contract on the PSI-20 Index. The first options contracts were launched in 1999. As at the date hereof, five stock options and seven stock futures are traded on BVLP, as well as futures and options on the PSI-20 Index. Bond futures were delisted in 2000.

BVLP has been investing in the development of options trading having introduced a new, more aggressive market making programme in the first half of 2001.

Derivatives revenues are derived from:

- admission and monthly fees charged to members. Monthly membership fees are related to the trading activity and are defined as an income/fee floor per member; and

- single fixed fees per contract charged for trading and clearing derivatives contracts.

#### Trading Platform

Trading on the derivatives market occurs through SEND, an electronic trading system, which is the Portuguese version of MEFF's TRACKS trading system. SEND integrates trading and clearing, enabling real time control of positions and risk (e.g., accounting of profit and losses, margins, open interest and trades).

#### Agreement Between BVLP and MEFF

As far as the derivatives market is concerned, BVLP signed a cross-trading and clearing agreement with MEFF. This agreement has been in force since 30 March 2001, and allows BVLP members to trade and clear MEFF futures and options contracts on equities and indexes through BVLP, and MEFF members are allowed to trade and clear BVLP futures and options contracts through MEFF.

#### CLEARING AND OTC SERVICES

BVLP also performs a clearing house function. It acts as a central counterparty for both the exchange's derivatives business and the OTC services. BVLP's clearing house performs registration, clearing and settlement of repos and securities lending transactions.

The clearing house of BVLP (together with Interbolsa) also operates an automatic securities lending facility, designed to eliminate the inefficiencies that arise in the settlement procedure.

BVLP's clearing revenues are exclusively derived from OTC services, as there are no separate clearing fees charged in respect of cash or derivatives trading. BVLP charges fees dependent on the value and term of trades registered and cleared as well as admission and monthly membership fees.

#### INTERBOLSA'S SERVICES

Interbolsa is responsible for:

- operating the Portuguese central securities depository, the main functions of which are recording and controlling all book-entry securities as well as recording, controlling and safekeeping all fungible securities in certificated form; conducting the necessary procedures for the exercise of rights, inherent to all issues integrated; operating the system which connects the central depository with financial intermediaries, issuer entities, stock exchanges and the central bank; and ensure the settlement of all stock exchange transactions;

- operating the national clearing and settlement system. In short, this system is responsible for the physical and financial settlement of stock exchange transactions, protecting both buyers and sellers, by means of 'delivery versus payment' procedures; and

- acting as National Numbering Agency for the assignment of ISIN and CFI codes; the system used by Interbolsa, satisfies ISO Standards 6166 and 10962, as prescribed by the International Organisation for Standardisation.

Interbolsa's revenue structure is mainly composed of fees charged to both members and issuers for processing corporate actions, namely dividend, interest and capital redemption payments. Unlike other Central Securities Depositories, Interbolsa does not charge custody fees.

### APPENDIX 1

#### DEFINITIONS

##### ABN AMRO

ABN AMRO Corporate Finance (France) S.A.

##### Acceptance Period

The period commencing 20 December, 2001 and ending 28 January 2002, unless extended in the manner set out in Section 2.4 ("Extension of the Acceptance Period") hereof.

##### Announcement Date

The date on which Euronext N.V. and BVLP will jointly announce that the Exchange Offer is declared unconditional and that the parties will proceed with the implementation of the Merger.

##### BVLP Share

An ordinary share of EUR 1 par value in the capital of BVLP.

##### BVLP Shareholder

Any holder of one or more BVLP Shares.

##### Closing

The execution of the necessary documents of transfer of BVLP Shares and the deeds of issue of Euronext Shares delivered to BVLP Shareholders that shall have accepted the Exchange Offer, the payment of the cash element of the Exchange Ratio, and the execution of all such other deeds or documents necessary for or conducive to the implementation of the Exchange Offer and the Merger.

##### Closing Date

The date on which the Closing occurs.

##### CMVM

Comissão do Mercado de Valores Mobiliários, the Portuguese securities and capital markets authority.

##### Condition

Each condition some of which are shown in Section 2.3 ("Conditions to the Exchange Offer") hereof, to which the Exchange Offer is subject.

##### Euronext

Euronext N.V. together with its subsidiaries, including but not limited to Euronext Paris, Euronext Brussels and Euronext Amsterdam and/or the markets operated by such entities.

##### Euronext Management Board

The Management Board of Euronext N.V., presently consisting of Jean-François Théodore (Chairman), George Möller (Member) and Olivier Lefebvre (Member).

##### Euronext Merger

The merger between AEX, BXS and SBF which was completed on 22 September 2000.

##### Euronext N.V.

Euronext N.V., the entity making the Exchange Offer described herein.

##### Euronext Paris

Euronext Paris S.A. (formerly SBF).

##### Euronext Share

An ordinary share of EUR 1 par value in the capital of Euronext N.V.

##### Euronext Trading Day

Each day on which the Euronext Paris markets are open for trading.

##### Exchange Offer

The offer made by Euronext N.V. for all issued and outstanding BVLP Shares in exchange for newly issued Euronext Shares and a cash amount as described in section 2 (The Exchange Offer) which, when declared unconditional and implemented in accordance with the terms hereof, will result in the Merger.

##### Exchange Offer Expiration Date

The day on which the Acceptance Period closes.

##### Exchange Ratio

The ratio of 0.806475 Euronext Shares and euros 5.833333 in cash which each BVLP Shareholder who shall have accepted the Exchange Offer shall receive upon successful completion of the Merger in exchange for each BVLP Share.

##### Extended Offer Expiration Date

The date to which Euronext N.V. may extend the Acceptance Period in the manner as described in Section 2.4 ("Extension of the Acceptance Period") in the event that not all Conditions are fulfilled (or waived) on the Exchange Offer Expiration Date.

##### Information Memorandum

The Shareholders' Information Memorandum dated 20 December 2001 describing the Exchange Offer, the conditions to the Exchange Offer and the Merger.

##### LIFFE

LIFFE (Holdings) Plc

##### MEFF

MEFF Sociedad Holding de Productos Financieros Derivados, S.A., the Spanish options and futures exchange.

##### Merger

The transfer of the share capital and voting rights in BVLP to Euronext N.V. in connection with the Exchange Offer resulting in BVLP becoming a subsidiary of Euronext N.V.

##### Merger Agreement

An agreement signed by BVLP and Euronext N.V. describing (i) the terms and conditions of the Merger, (ii) the implementation of the Merger through the Exchange Offer, and (iii) certain principles and covenants underlying the Merger.

##### NDS

Next Derivatives System, a derivatives trading system.

##### NSC

Nouveau Systeme de Cotation, the cash trading system used by Euronext.

##### NSC-VF

A version of NSC designed for futures trading.

##### OTC

Over-the-counter.

