

PRESS RELEASE

28 February 2000

**EXCHANGE LAUNCHES EUROPEAN EXPANSION WITH ACQUISITION OF SWEDEN'S LEADING ON-LINE FUND SUPERMARKET - FONDEX**

The eXchange Holdings plc ('the eXchange') today announced it's first European acquisition. The eXchange will acquire 100% of the capital of Fondex ([www.fondex.se](http://www.fondex.se)), Scandinavia's leading online fund 'supermarket.' The initial consideration will be met through the allotment of shares in the eXchange at 229.9p per share, valuing the business at 300 million Swedish Krona (£21.65m).

The total consideration for the acquisition includes a deferred consideration in eXchange shares up to a maximum value of 36.8 million Swedish Krona (£2.65m), at current market value. This will be paid in two instalments, to the executive shareholders of Fondex, subject to the achievement of a series of performance objectives on closure of fiscal years 2000 and 2001. The non-executive shareholders shall receive deferred consideration in call options on eXchange shares at a strike price equal to 459.8p per share upon signature.

Fondex was founded by Fredrik Arnander in 1998 and launched in May 1999, backed by the leading Nordic venture capital firm IT Provider, and recently GE Equity. It is Scandinavia's first independent and leading online supermarket for fund distribution on the Internet. The range of mutual funds offered by Fondex represents over 70% of all funds in the Swedish market. In December 1999, Fondex launched its new online nominee account service, enabling customers to buy and sell funds through a Fondex account.

Fondex has now established offices in both Finland and Norway and expects to launch services in those countries within the next 6 months.

Today, Fondex's Internet service in Sweden offers:

- Ranking and performance of Swedish mutual funds and fund management groups
- Portfolio modelling services
- Fast online dealing and settlement for Swedish mutual funds
- Nominee services and a custody account
- Independent research and news on markets and funds

The CEO and founder of Fondex is Fredrik Arnander. He has substantial background in Internet business, most recently at Icon Medialab. The senior management team of Fondex has solid experience in marketing, finance, technology and mutual funds. Fredrik and all the other Fondex directors and employees will remain with the business following the acquisition.

Carlo Baravalle, eXchange Managing Director, International, explains:

“Both the fund market and Internet usage are growing rapidly in Scandinavia making this deal very significant for us. Scandinavia leads Europe in Internet penetration, with an estimated two million people already banking on-line. We are very excited about this deal and the significant opportunities it presents. Building on Fondex existing market position we plan to launch a moneyXtra into the Scandinavian market this year, with the objective of becoming the leading personal financial portal in the region. Additionally we plan to rapidly bring the Fondex platform into the UK enabling us to offer Unit Trust transaction services through both our intermediary and moneyextra distribution channels. Fondex will also play a major role in the groups strategy in other European countries

Fredrik Arnander, CEO of Fondex, comments:

“The eXchange will bring Fondex technology, know how, and resources that will enable Fondex to further strengthen its leading edge in Scandinavia, both in the online fund

market and in other personal financial areas. We will stay competitive by offering even more consumer value over the Internet. The real winners will be our customers."

The Fondex acquisition represents the first of several pan-European projects in the pipeline for the eXchange, owners of leading personal finance web sites, moneyXtra.com and MoneyWorld.co.uk. Together these services attract almost half a million visitors and produce almost 18 million page views every month.

Paul Lindsey, Chief Executive Officer of the eXchange, comments:

"Our pan-European strategy is progressing ahead of schedule. Fondex is an established business with significant market knowledge and strong management, giving us real first-mover advantage in the fund supermarket arena. Its experience in leading edge technologies, such as wireless applications, will also prove very useful as our European and UK ventures develop further. This acquisition further compliments our existing management team, while providing cross-over technology into the UK."

## **ENDS**

### **The eXchange Holdings plc**

Paul Lindsey, chief executive officer	+44 1483 776775
David Chislett, chief finance officer	+44 1483 776775
Nicola Mitchell, group marketing communications director	+44 1483 738388

### **Fondex International AB**

Fredrik Arnander, chief executive officer	+46 8 545 165 00
---	------------------

### **Brunswick Group**

James Garthwaite	+44 171 404 5959
Frank De Maria	
Caroline Chartier	

Notes to editors:

### **Overview of The eXchange Holdings plc**

The Group is the UK's leading online personal financial services infomediary for the business to business community and has established a rapidly growing personal financial services destination website for consumers. In the twelve months ended 31 December 1998, the Group generated total revenues of £16.6 million.. The Group's business model is based primarily on transaction fees related to the volume of product quotations. Quotation volume has increased each year since 1991, rising to over 45 million in 1998. During the same period, average annual revenue generated by each active Independent Intermediary account has grown from £180 in 1991 to £1,409 in 1998, reflecting a compound annual growth rate of 34 per cent.

In April 1999, the Group launched an online consumer service (moneyeXtra.com) that utilises the Group's leading market position in the UK business to business channel, proven online expertise and long standing relationships with UK financial institutions and IFAs. moneyeXtra.com is one of the UK's leading personal finance websites. It enables visitors to run personalised searches to find the investment, loan, savings and insurance products to suit their requirements. The service is free of charge and available 24 hours a day, seven days a week on the Internet at [www.moneyeXtra.com](http://www.moneyeXtra.com).

In October 1999, the eXchange acquired another leading and fast growing personal financial services web site MoneyWorld.co.uk, which gave the group improved coverage of investment related services. Moneyworld and moneyeXtra in aggregate, achieved 17.8 million page impressions during January, up from 6.7 million during September 1999, an increase of 166%. In addition, unique users have almost doubled from an estimated 250,000 in September to 484,000 in January. In November 1999, the eXchange launched its emfinance.com business that is the first provider of full online mortgage processing in the UK. These services can be found at [www.moneyworld.co.uk](http://www.moneyworld.co.uk) and [www.emfinance.com](http://www.emfinance.com).

### **Overview of Fondex**

Fondex is Scandinavia's leading independent supermarket for distribution of third-party funds on the Internet. The Internet service consists of two parts; an account service for portfolio management and mutual funds trading, and a comprehensive information service which offers screening and search tools, news, analysis, interactive education and micro web sites covering funds and fund companies.

Fondex has agreements with fund companies to distribute their funds to retail fund investors. The major source of revenue comes from commissions from the fund companies.

Fondex was founded in April 1998 and launched in May 1999 as Scandinavia's first independent online marketplace for mutual funds. In December 1999 an electronic account and trading system was introduced, further increasing convenience and speed for customers. The customer base is growing rapidly.

Fondex is already a well-established brand name in the Swedish financial online market. The company has offices in Stockholm and Helsinki with 22 employees. The business is expecting to launch its Finish service shortly.

The Swedish mutual funds market represents over 5 million retail fund investors, over 60% of the population, with accumulated fund assets of over SEK 750 billion (around £57 billion). Around 50% of the Swedish population uses the Internet on a regular basis, around 25% of all Internet users have shopped online and there are close to one million Swedish Internet banking customers. Mobile phone penetration is among the highest in the world making putting Sweden at the forefront in wireless Internet development and online financial wireless services.