

Instinet Launches Wizard PRO Portfolio Optimization Algorithm

New Algo Reduces Implementation Shortfall for Portfolio Trades by Optimizing Trading Schedule Based on Stock Correlations and Natural Hedges

NEW YORK – January 22, 2007 – Instinet, a global agency broker, today launched Wizard PRO (Portfolio Risk Optimizer), a new implementation shortfall algorithm that optimizes a portfolio's trading schedule based on the correlations and natural hedges that exist among the component stocks. Like Instinet's Wizard algorithm, Wizard PRO relies on the well-known U.S. Short-term Equity Risk Model and Open Optimizer from Northfield Information Services, one of Wall Street's most respected providers of risk forecasting models and portfolio construction tools.

"Correlations and natural hedges exist among any group of stocks, no matter how small or dissimilar. Wizard PRO takes these into consideration in setting the trading schedule, whether for a portfolio of hundreds of stocks or a half dozen stocks, thereby reducing the implementation shortfall of the trade," said Michael Plunkett, President of North America at Instinet.

Like Wizard, Wizard PRO is available through Instinet's NewportTM and Instinet Trading Portal[®] front-ends and allows traders to set limit prices and start and end times for trades, as well as choose among four styles—passive, normal, aggressive and super-aggressive—depending on the desired execution timeframe. Using Northfield's 20-factor risk model and optimizer, Wizard PRO develops a customized trading schedule where each stock is traded according to projected market impact, volatility and correlation with the other names in the list. Users of Instinet's Newport front-end can also add additional data points, such as their own expectation of a portfolio's intra-day term alpha return, along with several other customizable parameters.

Portfolio traders often use cash balancing and sector neutrality as basic hedging techniques when executing a trade. Wizard PRO, however, takes this approach one step further by identifying hedges that might not be as apparent, such as those between airline and technology stocks, for example. Additionally, rather than taking a static view of risk, Wizard PRO builds a trading schedule that considers how different trading scenarios change the composition—and thereby the risk profile—of the portfolio as it is being traded. The algo will also re-optimize its trading schedule on the fly as users take advantage of block trading and crossing opportunities that arise during the day.

Wizard PRO becomes the eleventh algorithm in Instinet's suite of global trading strategies. These include scheduling algorithms, such as Wizard, Global VWAP or Volume Participation; investment strategy-specific algorithms for pairs trading and risk arbitrage; and intelligent access algorithms, such as BlockPegSM, Cobra and NighthawkSM.

About Instinet

Instinet, through its subsidiaries, acts as a global agency broker, providing the trading expertise and advanced technology necessary to successfully interact with more than 50 securities markets worldwide. Acting solely as an agent for its customers, which include international mutual funds, insurance companies, pension funds and hedge funds, Instinet seeks to improve institutional investment performance and lower overall trading costs through its various front-end trading systems, securities crossing networks, algorithms and investment research products. The company, which is majority owned by Silver Lake Partners, is headquartered in New York and maintains offices in North America, Europe and the Asia Pacific region. For more information, please visit www.instinet.com. Instinet conducts its U.S. institutional brokerage business primarily through Instinet, LLC, member NASD/SIPC.

©2007 Instinet, LLC. All rights reserved. INSTINET is a registered service mark in the United States and in other countries throughout the world. Instinet, LLC is a member of NASD/SIPC.