

CORMIER PAUL J
Form 4
April 27, 2012

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CORMIER PAUL J

(Last) (First) (Middle)
C/O RED HAT, INC., 1801
VARSITY DRIVE
(Street)

RALEIGH, NC 27606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
RED HAT INC [RHT]

3. Date of Earliest Transaction
(Month/Day/Year)
04/25/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
EVP, Engineering

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	04/25/2012		A ⁽¹⁾		21,500	A	\$ 0	106,643	D
Common Stock	04/25/2012		A ⁽²⁾		11,907	A	\$ 0	118,550	D
Common Stock	04/25/2012		A ⁽³⁾		10,476	A	\$ 0	129,026	D
Common Stock	04/25/2012		F		18,301	D	\$ 59.23	110,725	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 3, 4, and 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CORMIER PAUL J C/O RED HAT, INC. 1801 VARSITY DRIVE RALEIGH, NC 27606			EVP, Engineering	

Signatures

/s/ Stephanie Trunk, Atty in Fact
UPOA

04/27/2012

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents the number of performance shares earned by the reporting person in connection with the third performance period under the Performance Share Unit Agreement between the reporting person and the Company dated May 26, 2009.
- (2) Represents the number of performance shares earned by the reporting person in connection with the second performance period under the Performance Share Unit Agreement between the reporting person and the Company dated May 28, 2010.
- (3) Represents the number of performance shares earned by the reporting person in connection with the first performance period under the Performance Share Unit Agreement between the reporting person and the Company dated May 31, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 001pt;">

3.5

3.8

4.1

4.4

4.7

Firm Value / LTM EBITDA

	\$	90.5
		8.3
x		10.5
		12.7
x		14.9
		17.1
x		19.3
		21.6
x		23.8
x		

Explanation of Responses:

	26.0
x	
	28.2
x	
	30.4
x	
	32.6
x	
	34.8
x	

N.B. All per share figures based on a fully diluted share count of 46.5mm; Market data as of 11/21/2005; Numbers in parentheses represent per share values.

(1) Based on closing stock price of \$60.00 as of 11/21/2005.

(2) Based on median price target of \$34.00.

[Original included vertical dotted lines under each of Median Price Target: \$1,580 and Current Market: \$2,788, with each dotted line extending through the upper portion of the table.]

Archipelago Comparable Companies Valuation

(Dollars in millions, except per share data) Company	Closing Price at 11/21/2005	% of LTM High	% Change since 4/19/2005	Market Value	Firm Value	FV / LTM EBITDA	Price to Earnings			Growth 05E -		PEG	
							2005E	2006E	2007E	07E	LTG	2006E	2007E
<u>Cash Equities</u>													
<u>Exchanges :</u>													
Nasdaq Stock Market, Inc.(1)	\$ 40.97	99%	278%	\$ 5,207	\$ 5,694	27.3x	46.6x	42.2x	24.0x	39.4%	15.0%	2.8x	1.6x
London Stock Exchange - Actual	10.35	99	34	2,634	2,347	11.1	20.8	18.1	16.4	12.7	14.0	1.3	1.2
London Stock Exchange - Adjusted(2)	8.63	82	44	2,197	1,909	9.0	17.3	15.1	13.7	12.7	14.0	1.1	1.0
Australian Stock Exchange	22.82	97	55	2,347	2,218	17.8	27.1	23.9	22.0	10.9	10.5	2.3	2.1
TSX Group	31.87	84	24	2,190	1,977	11.6	25.0	23.0	17.9	18.4	12.5	1.8	1.4
	Mean					15.4x	22.6x(3)	20.0x(3)	18.8x	18.8%	13.2%	1.9x	1.5x
	Median					11.6	22.9(3)	20.5(3)	17.9	12.7	14.0	1.8	1.4
<u>Options Exchanges :</u>													
International Securities Exchange	\$ 27.75	87%	18%	\$ 1,139	\$ 984	15.1x	30.2x	26.9x	22.9x	14.7%	17.0%	1.6x	1.3x
<u>Other Trading Companies :</u>													
<u>Investment</u>													
Technology Group	\$ 37.75	100%	114%	\$ 1,655	\$ 1,466	12.5x	26.0x	23.2x	20.1x	13.7%	14.3%	1.6x	1.4x
Knight Capital Group	10.38	85	12	1,119	876	8.2	22.3	17.3	14.5	24.0	12.5	1.4	1.2
LaBranche & Co Inc.	10.80	93	40	655	647	12.8	30.9	24.0	23.5	14.6	NA	NA	NA
eSpeed Inc.	8.55	65	(4)	431	247	6.1	59.0	50.3	61.1	NM	NA	NA	NA
	Mean					9.9x	34.5x	28.7x	29.8x	17.5%	13.4%	1.5x	1.3x
	Median					10.3	28.4	23.6	21.8	14.6	13.4	1.5	1.3
Memo: Archipelago - IBES	\$ 60.00	99%	255%	\$ 2,957	\$ 2,843	31.4x	67.4x	52.2x	42.9x	25.4%	10.3%	5.1x	4.2x
Memo: Archipelago - Management(4)	60.00						66.7	44.8	31.3	46.1			

Reference Multiple Range	2006E Net Income	
	Low	High
Archipelago Statistic(4)	19.0x	21.0x
Implied Equity Value Range	\$ 1,183	\$ 1,308
Add: After-tax Wave Proceeds(4)	25	25
Total Equity Value Range	\$ 1,208	\$ 1,333

Comparable Companies Analysis:	
Reference Equity Value Range	\$1,200 - \$1,350
Per Share	\$25.83 - \$29.06

Explanation of Responses:

N.B. Estimates based on median IBES estimates. Based on 46.5 million fully diluted shares outstanding.

Exchange Rates as of November 21, 2005.

(1) Pro forma for acquisition of Instinet.

(2) Based on estimated unaffected share price. Adjusted to exclude estimated takeover premium.

(3) Mean and median P/E ratios for Cash Equities Exchanges exclude Nasdaq for 2005E and 2006E.

(4) Source: Archipelago Management.

Archipelago Adjusted Stock Price Analysis

Comparable Companies Stock Price Performance

Archipelago Stock Price Performance

(Dollars in millions)

Index	Percent Change in Index	Implied Unaffected Archipelago Share Price(1)	Implied Unaffected Archipelago Equity Value
Other Trading Companies	97%	\$ 33.24	\$ 1,544
Cash Equities Exchanges	80	30.38	1,411
Options Exchanges	18	19.96	927
Nasdaq Index	16	19.61	911
S & P 500	9	18.40	855

Adjusted Stock Price Analysis:

Reference Equity Value Range

\$1,150 - \$1,400

Per Share

\$24.75 - \$30.13

N.B. Based on 46.5 million fully diluted shares outstanding.

(1) The implied unaffected Archipelago share price equals the closing stock price of \$16.90 per share on 4/19/05 grown by the percent change in the respective index.

Archipelago Standalone Discounted Cash Flow Valuation

(Dollars in millions, except per share amounts)

Cost of Equity(1)	Terminal P/E Multiple Range					
	19.0x	19.5x	20.0x	20.5x	21.0x	
	Equity Value as of 12/31/2005					
10.0%	\$ 1,960	\$ 2,001	\$ 2,041	\$ 2,082	\$ 2,122	
10.5%	1,920	1,960	1,999	2,039	2,079	
11.0%	1,881	1,920	1,959	1,997	2,036	
11.5%	1,844	1,881	1,919	1,957	1,995	
12.0%	1,807	1,843	1,880	1,917	1,954	
	Equity Value per Share as of 12/31/2005					
10.0%	\$ 42.20	\$ 43.07	\$ 43.94	\$ 44.81	\$ 45.68	
10.5%	41.33	42.19	43.04	43.89	44.74	
11.0%	40.50	41.33	42.16	42.99	43.82	
11.5%	39.68	40.49	41.31	42.12	42.93	
12.0%	38.88	39.68	40.47	41.27	42.06	

Discounted Cash Flow Analysis - Standalone:

Reference Equity Value Range	\$1,800 - \$2,100
<i>Per Share</i>	<i>\$38.74 - \$45.20</i>

N.B. Based on 46.5 million fully diluted shares outstanding; Projections as per Archipelago management.

(1) See Appendix for detail of cost of equity calculations.

Archipelago Discounted Cash Flow Valuation with Synergies(1)

(Dollars in millions, except per share amounts)

Cost of Equity(2)	Terminal P/E Multiple Range				
	19.0x	19.5x	20.0x	20.5x	21.0x
	Equity Value as of 12/31/2005				
10.0%	\$ 2,709	\$ 2,765	\$ 2,822	\$ 2,878	\$ 2,934
10.5%	2,653	2,708	2,764	2,819	2,874
11.0%	2,599	2,653	2,707	2,761	2,815
11.5%	2,547	2,599	2,652	2,704	2,757
12.0%	2,495	2,547	2,598	2,650	2,701
	Equity Value per Share as of 12/31/2005				
10.0%	\$ 58.31	\$ 59.52	\$ 60.73	\$ 61.94	\$ 63.15
10.5%	57.11	58.30	59.48	60.67	61.85
11.0%	55.95	57.11	58.26	59.42	60.58
11.5%	54.81	55.94	57.08	58.21	59.34
12.0%	53.71	54.81	55.92	57.03	58.14

Discounted Cash Flow Analysis with Synergies:

Reference Equity Value Range	\$2,500 - \$2,950
Per Share	\$53.81 - \$63.49

N.B. Based on 46.5 million fully diluted shares outstanding; Projections as per Archipelago management.

(1) See Appendix for detail of transaction synergies. Source: Archipelago / NYSE management.

(2) See Appendix for detail of cost of equity calculations.

Archipelago Precedent Transactions Analysis

(Dollars in millions, except per share data)

Date Announced	Acquirer	Target	Equity	Firm Value / LTM		Equity Value / LTM
			Value	Revenues	EBITDA	Net Income
Exchanges						
12/13/04	Deutsche Boerse(1)	London Stock Exchange	\$ 2,591	5.1x	10.8x	22.0x
11/15/04	OMX	Copenhagen	214	3.9	8.3	18.2
ECNs						
4/22/05	Nasdaq(2)	INET	\$ 935	4.7x	19.6x	NM
5/25/04	Nasdaq	Brut	190	1.0	NA	NA
6/10/02	Instinet	Island	508	2.9	12.4	26.0
	Mean			3.5x	12.8x	22.1x
	Median			3.9	11.6	22.0
	Reference Multiple Range				12.0x - 15.0x	20.0x - 25.0x
	Archipelago LTM Statistic (Excluding Wave)				\$90	\$47
	Implied Reference Equity Range				\$1,086 - \$1,357	\$932 - \$1,165
	Add: After-tax Wave Proceeds(3)				25	25
	Total Equity Value Range				\$1,111 - \$1,382	\$957 - \$1,190
	Precedent Transactions Analysis:					
	Reference Equity Value Range				\$950 - \$1,375	
	Per Share				\$20.45 - \$29.59	

Source: SEC filings, research reports, and press releases.

N.B. Based on 46.5 million fully diluted shares outstanding.

(1) Not consummated.

(2) Pending.

(3) Source: Archipelago management.

Archipelago Premiums Paid Analysis

(Dollars in millions, except per share amounts)

	Comparable Companies Analysis		Adjusted Stock Price Analysis	
	Low	High	Low	High
Aggregate Reference Range	\$ 1,200	\$ 1,350	\$ 1,150	\$ 1,400
Implied Value Assuming:				
Median Premium 24.4%(1)	\$ 1,492	\$ 1,679	\$ 1,430	\$ 1,741
High Premium 59.6%(1)	1,915	2,154	1,835	2,234
Premiums Paid Analysis:				
		Low	High	
Reference Range Based on Median Premia:				
Reference Equity Value Range		\$ 1,450	\$ 1,750	
<i>Per Share</i>		\$ 31.21	\$ 37.67	
Reference Range based on High Premia:				
Reference Equity Value Range		\$ 1,850	\$ 2,250	
<i>Per Share</i>		\$ 39.82	\$ 48.43	

N.B. Based on 46.5 million fully diluted shares outstanding.

(1) Premia based on all U.S. transactions between \$1.0 billion and \$5.0 billion from 1/1/2002 to date, excluding the top and bottom 5 transactions. Source: SDC Platinum as of 11/21/2005.

3

NYSE

NYSE Historical Seat Pricing Summary**NYSE Historical Seat Sale Prices and Lease Rate****NYSE Historical Seat Sales by Period**

(Dollars in millions)

Time Period	Number of Seats Sold	Percent of Total Seats	Average	High	Low
1999	7	0.5%	\$ 2.414	\$ 2.650	\$ 2.000
2000	9	0.7	1.822	2.000	1.650
2001	5	0.4	2.220	2.300	2.000
2002	6	0.4	2.388	2.550	2.000
2003	14	1.0	1.677	2.000	1.300
2004	30	2.2	1.262	1.515	1.030
01/01/05 - 04/19/05	17	1.2	1.373	1.620	0.975
04/20/05 - 11/19/05	45	3.3	2.581	3.250	1.800

Source: NYSE management.

N.B. The most recent seat sale, as of November 21, 2005, was \$3.25 million on November 17, 2005. The last seat sale prior to the announcement of the merger was for \$1.62 million on April 5, 2005.

[Original included a vertical dotted line through the graph at April 19, 2005.]

NYSE Comparable Companies Overview

		Australian Stock Exchange(1)	Cash Equities Exchanges Toronto Stock Exchange	London Stock Exchange	Nasdaq(2)	Archipelago	Other Trading Companies Investment Technology Group	Deutsche Boerse	Universal Exchanges Euronext
Revenue Breakdown									
Listing	31%	26%	30%	20%	25%	0%			6%
Cash									
Transactions	12	42	39	42	75(3)	87	95%	16%(4)	24
Derivatives									
Transactions		16	6	3				30	34
Market Data	15	11	23	33		13		8	10
Clearing, Settlement and Custody									
Regulatory	12		3					39	4
Processing	16								
Other(5)	14	5	0	3			5	8	22
	100%	100%	100%	100%	100%	100%	100%	100%	100%
EBITDA Margin									
LTM	17%	58%	61%	47%	25%	27%	30%	49%	35%
2006E	24	62	57	49	35	33	41	50	38
CAGRs									
Net Revenue:									
2000 - 2004	2%(6)	9%	8%	7%	(10)%	54%	2%	22%	4%
2004 - 2005E	(1)	8	6	10	50	0(8)	16	15	4
2005E - 2007E	4	5	9	6	9	34(8)	14	5	5
Net Income:									
2000 - 2004	(9)%(6)	16%	6%	34%	(16)%	NM	(10)%	17%	4%
2004 - 2005E(7)	74	(5)	5	29	NM	0%(8)	52	64	29
2005E - 2007E(7)	87	11	18	13	39	46(8)	14	10	11
Long Term Growth									
2005E	NA	11	13	14	15	10	14	17	10
P / E									
2005E	NA	27.1x	25.0x	20.8x	46.6x	67.4x	26.0x	21.4x	22.6x
2006E	NA	23.9	23.0	18.1	42.2	52.2	23.2	19.0	19.8
2007E	NA	22.0	17.9	16.4	24.0	42.9	20.1	17.5	18.3

Source: Historical information based on public company filings; projected information based on IBES estimates, except Archipelago, which is based on Archipelago management projections and NYSE, which is based on NYSE management projections. Financial data as of September 30, 2005 unless noted otherwise.

N.B. Revenue breakdown is per latest quarterly segment data. Based on revenues net of liquidity payments.

(1) Financial data for the twelve months ended June 30, 2005. Cash and derivative transactions include respective clearing and settlement fees.

(2) 2005E - 2007E pro forma for Instinet acquisition.

(3) Includes market data revenues.

Explanation of Responses:

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(4) May include listing fees.

(5) Includes member fees where applicable.

(6) 2002 - 2004 CAGR.

(7) Based on IBES EPS estimates, except for Archipelago and NYSE, which are based on management net income estimates.

(8) 2004 - 2005E and 2005E - 2007E growth data excludes Wave Securities. 2004 - 2005E net income growth based on pre-tax income.

NYSE Summary Valuation

(Dollars in millions)	NYSE Equity Value										Current Equity Value(2):		
	\$2,700	\$3,100	\$3,500	\$3,900	\$4,300	\$4,700	\$5,100	\$5,500	\$5,900	\$6,300	\$6,700	\$7,100	\$6,636
Seat-Based Value(4):					\$4,440								
Comparable Companies Valuation:	\$(2.196)	\$ 3,000		\$ 3,250	\$ (2.379)								
Discounted Cash Flow Valuation:	\$ (2.343)	\$ 3,200		\$ 3,700	\$ (2.709)								
	NYSE Reference	\$2,700	\$3,100	\$3,500	\$3,900	\$4,300	\$4,700	\$5,100	\$5,500	\$5,900	\$6,300	\$6,700	\$7,100
Implied Firm Value(1)	\$ 2,181	\$ 2,581	\$ 2,981	\$ 3,381	\$ 3,781	\$ 4,181	\$ 4,581	\$ 4,981	\$ 5,381	\$ 5,781	\$ 6,181	\$ 6,581	
Implied Equity Value per Seat	1,366	\$ 1,977	\$ 2,269	\$ 2,562	\$ 2,855	\$ 3,148	\$ 3,441	\$ 3,734	\$ 4,026	\$ 4,319	\$ 4,612	\$ 4,905	\$ 5,198
Premium / (Disc.) to Last Seat Sale Price	\$ 3,250	(39.2)%	(30.2)%	(21.2)%	(12.2)%	(3.1)%	5.9%	14.9%	23.9%	32.9%	41.9%	50.9%	59.9%
Premium / (Disc.) to Current Equity Value(2)	6,636	(59.3)	(53.3)	(47.3)	(41.2)	(35.2)	(29.2)	(23.1)	(17.1)	(11.1)	(5.1)	1.0	7.0
Equity Value / 2006E Net Income(3)	\$ 129	20.9x	24.0x	27.1x	30.1x	33.2x	36.3x	39.4x	42.5x	45.6x	48.7x	51.8x	54.9x
Equity Value / 2007E Net Income(3)	184	14.6	16.8	19.0	21.2	23.3	25.5	27.7	29.8	32.0	34.2	36.3	38.5
Firm Value / 2005E EBITDA	\$ 152	14.4x	17.0x	19.7x	22.3x	24.9x	27.6x	30.2x	32.8x	35.5x	38.1x	40.7x	43.4x

N.B. Numbers in parentheses represent per seat values. Based on 1,366 seats.

(1) Equity value net of excess cash of \$519 million (\$300,000 consideration per seat plus estimated permitted dividend of \$80,000 per seat).

(2) Based on 158 million pro forma shares; 70% ownership and \$60.00 closing stock price of Archipelago on November 21, 2005.

(3) Source: NYSE management.

(4) Based on 1,366 NYSE seats at the most recent sale price, as of November 21, 2005, of \$3.25 million on November 17, 2005.

[Original included vertical dotted lines under each of Seat-Based Value: \$4,440 and Current Equity Value: \$6,636, with each dotted line extending through the upper portion of the table.]

NYSE Comparable Companies Valuation

(Dollars in millions, except per share data)	Closing Price		% Change since		Market Value	Firm Value	FV / LTM EBITDA	Price to Earnings			Growth		PEG	
	11/21/2005	% of LTM High	4/19/2005					2005E	2006E	2007E	05E - LTG	2006E	2007E	
Cash Equities Exchanges														
Nasdaq Stock Market, Inc.(1)	\$ 40.97	99%	278%	\$ 5,207	\$ 5,694	27.3x	46.6x	42.2x	24.0x	39.4%	15.0%	2.8x	1.6x	
London Stock Exchange - Actual	10.35	99	34	2,634	2,347	11.1	20.8	18.1	16.4	12.7	14.0	1.3	1.2	
London Stock Exchange - Adjusted(2)	8.63	82	44	2,197	1,909	9.0	17.3	15.1	13.7	12.7	14.0	1.1	1.0	
Australian Stock Exchange	22.82	97	55	2,347	2,218	17.8	27.1	23.9	22.0	10.9	10.5	2.3	2.1	
TSX Group	31.87	84	24	2,190	1,977	11.6	25.0	23.0	17.9	18.4	12.5	1.8	1.4	
	Mean					15.4x	22.6x(3)	20.0x(3)	18.8x	18.8%	13.2%	1.9x	1.5x	
	Median					11.6	22.9(3)	20.5(3)	17.9	12.7	14.0	1.8	1.4	
Universal Exchanges														
Deutsche Boerse	\$ 97.90	100%	40%	\$ 10,251	\$ 10,103	10.5x	21.4x	19.0x	17.5x	10.5%	16.8%	1.1x	1.0x	
Euronext	43.89	100	40	4,997	4,424	12.3	22.6	19.8	18.3	11.2	10.0	2.0	1.8	
	Mean					11.4x	22.0x	19.4x	17.9x	10.9%	13.4%	1.6x	1.4x	
	Median					12.3	22.6	19.8	18.3	11.2	16.8	2.0	1.8	
Other Trading Companies														
Investment Technology Group	\$ 37.75	100%	114%	\$ 1,655	\$ 1,466	12.5x	26.0x	23.2x	20.1x	13.7%	14.3%	1.6x	1.4x	

	2006E Net Income		2007E Net Income	
	Low	High	Low	High
Reference Multiple Range	19.0x	21.0x	17.0x	19.0x
NYSE Statistic	\$113.5(4)		\$166.0(5)	
Implied Equity Value Range	\$ 2,160	\$ 2,388	\$ 2,824	\$ 3,156
Less: Capitalized Value of License Fees(6)	(150)	(150)	(150)	(150)
Plus: Excess Cash Distributed	519	519	519	519
Total Equity Value Range	\$ 2,529	\$ 2,757	\$ 3,193	\$ 3,525

Comparable Companies

Analysis:

Reference Equity Value Range \$3,000 - \$3,250

Per Seat \$2.196 - \$2.379

N.B. Estimates based on median IBES estimates. Based on 1,366 Seats.

Exchange Rates as of November 21, 2005.

Explanation of Responses:

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LTM - Last Twelve Months.

- (1) Pro forma for acquisition of Instinet.
- (2) Based on estimated unaffected share price. Adjusted to exclude estimated takeover premium.
- (3) Mean and median P/E ratios for Cash Equities Exchanges exclude Nasdaq for 2005E and 2006E.
- (4) Represents NYSE 2006E net income of \$129.4 million less foregone interest of \$25.8 million (pre-tax) associated with projected cash distribution (\$519 million). Source: NYSE management.
- (5) Represents NYSE 2007E net income of \$184.4 million less foregone interest of \$30.5 million (pre-tax) associated with projected cash distribution (\$519 million). Source: NYSE management.
- (6) Based on 10-year discounted analysis of 1,000 annual licenses at \$40,000 per license, discount rate of 10% and a tax rate of 40%. Source: NYSE management.

NYSE Standalone Discounted Cash Flow Valuation

(Dollars in millions)

	Terminal P/E Multiple Range				
	16.0x	16.5x	17.0x	17.5x	18.0x
Cost of Equity(1)	Equity Value as of 12/31/2005				
9.0%	\$ 2,365	\$ 2,436	\$ 2,507	\$ 2,578	\$ 2,649
9.5%	2,318	2,387	2,456	2,526	2,595
10.0%	2,272	2,339	2,407	2,475	2,543
10.5%	2,227	2,293	2,359	2,425	2,492
11.0%	2,183	2,248	2,312	2,377	2,442
Cost of Equity(1)	Implied Equity Value per Seat as of 12/31/2005(2)				
9.0%	\$ 1.732	\$ 1.783	\$ 1.835	\$ 1.887	\$ 1.939
9.5%	1.697	1.747	1.798	1.849	1.900
10.0%	1.663	1.713	1.762	1.812	1.861
10.5%	1.630	1.679	1.727	1.776	1.824
11.0%	1.598	1.645	1.693	1.740	1.788

Discounted Cash Flow Analysis:

Reference Equity Value Range	\$3,200 - \$3,700
<i>Per Seat</i>	<i>\$2.343 - \$2.709</i>

N.B. Based on 1,366 seats. Projections as per NYSE management.

(1) See Appendix for details on cost of equity calculations.

(2) All values are net of \$150 million of capitalized license seat payments since such revenue is included in stand-alone NYSE projections. Based on 10-year discounted analysis of 1,000 annual licenses at \$40,000 per license, discount rate of 10% and a 40% tax rate.

4 PRO FORMA ANALYSES

Standalone Contribution Analysis

Net Revenue

EBIT

Pre-Tax Income(1)

Source: Archipelago and NYSE management projections.

N.B. Archipelago net revenue is net of liquidity payments. Archipelago statistics in 2005 exclude Wave.

(1) NYSE pre-tax income excludes foregone interest income of \$25.8m in 2006 and \$30.5m in 2007 associated with distribution of excess cash of \$519 million.

Explanation of Responses:

Value Contribution Analysis

Valuation Ranges	NYSE(1)	Archipelago		Contribution
Comparable Companies Analysis(2)	\$2,481	\$2,731	\$1,200	\$1,350
Standalone Discounted Cash Flow Analysis(3)	\$2,681	\$3,181	\$1,800	\$2,100

N.B. Excludes transaction synergies. Contribution based on mid-point of range.

(1) NYSE standalone valuation range reduced by \$519 million of cash attributable to cash consideration/distribution paid to NYSE members in the merger.

(2) See page 21 and page 12, respectively for detailed analyses.

(3) See page 22 and page 14, respectively for detailed analyses.

Member Accretion Analysis

(Dollars in millions)

	2006E	2007E
Standalone:		
Standalone NYSE Pre-Tax Income	\$ 222.5	\$ 316.0
Less: Aggregate License Fees Paid by Members(1)(2)	(37.1)	(40.0)
NYSE Members Share of Standalone Pre-Tax Income	\$ 185.4	\$ 276.0
Pro Forma:		
Pro Forma NYSE Group Pre-Tax Income	\$ 327.4	\$ 497.9
Share to NYSE Members(3)	69.2%	69.2%
NYSE Members Share of Pro Forma Pre-Tax Income	\$ 226.6	\$ 344.6
Plus: Foregone Interest Income on Cash Distribution to Members(4)	25.8	30.5
Less: Aggregate License Fees Paid by Members(2)	(37.1)	(40.0)
NYSE Members Share of Pro Forma Pre-Tax Income	\$ 215.3	\$ 335.1
Incremental Pre-Tax Income to NYSE Members	\$ 29.9	\$ 59.1
<i>% Increase versus Standalone</i>	<i>16.1%</i>	<i>21.4%</i>

Source: Archipelago and NYSE management.

(1) Per NYSE management, 1,000 annual licenses at \$40,000 per license are included in NYSE standalone projections.

(2) Assumes existing members to pay license fees post merger.

(3) Reflects dilution attributable to allocation of 0.8% of NYSE Group shares to NYSE employees.

(4) Assumes members earn same interest rate on distributed cash as contained in current NYSE projections.

Pro Forma Summary Valuation

(Dollars in millions, except per share amounts)	Last Seat Sale(1):												Current Mkt Val(2):	
	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000	\$6,342	\$6,500	\$7,000	\$7,500	\$8,000	\$8,500	\$9,000	\$9,480	
						Pro Forma Value								
Comparable Companies Analysis		\$ 4,850		\$ 5,350										
Discounted Cash Flow Analysis				\$ 5,700			\$ 6,700							
	Pro Forma Reference	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000	Pro Forma Value						\$9,500	
Implied Value per NYSE Group Share		\$ 25.32	\$ 28.48	\$ 31.65	\$ 34.81	\$ 37.97	\$ 41.14	\$ 44.30	\$ 47.47	\$ 50.63	\$ 53.80	\$ 56.96	\$ 60.13	
Premium / (Discount) to Last Seat Sale	\$	6,342	(36.9)%	(29.0)%	(21.2)%	(13.3)%	(5.4)%	2.5%	10.4%	18.3%	26.1%	34.0%	41.9%	49.8%
Premium / (Discount) to Current Archipelago Price	\$	60.0	(57.8)	(52.5)	(47.3)	(42.0)	(36.7)	(31.4)	(26.2)	(20.9)	(15.6)	(10.3)	(5.1)	0.2
Equity Value / 2006E(3)	\$	192.4	20.8x	23.4x	26.0x	28.6x	31.2x	33.8x	36.4x	39.0x	41.6x	44.2x	46.8x	49.4x
Equity Value / 2007E(3)		293.6	13.6	15.3	17.0	18.7	20.4	22.1	23.8	25.5	27.2	28.9	30.7	32.4

(1) Based on most recent NYSE seat sale price, as of November 21, 2005, of \$3.25 million on November 17, 2005 and 1,366 seats.

(2) Based on 158 million pro forma shares and \$60.00 closing stock price of Archipelago on November 21, 2005.

(3) Based on Archipelago and NYSE management projections.

[Original included vertical dotted lines under each of Last Seat Sale: \$6,342 and Current Mkt Val: \$9,480, with each dotted line extending through the upper portion of the table.]

Pro Forma Comparable Companies Analysis

(Dollars in millions, except per share data)

Company	Closing	% of LTM High	% Change since	Market Value	Firm Value	EV / LTM	Price to Earnings			Growth	PEG		
	Price 11/21/2005		4/19/2005			EBITDA	2005E	2006E	2007E	05E LTG	2006E	2007E	
<u>Cash Equities</u>													
<u>Exchanges</u>													
Nasdaq Stock Market, Inc.(1)	\$ 40.97	99%	278%	\$ 5,207	\$ 5,694	27.3x	46.6x	42.2x	24.0x	39.4%	15.0%	2.8x	1.6x
London Stock Exchange - Actual	10.35	99	34	2,634	2,347	11.1	20.8	18.1	16.4	12.7	14.0	1.3	1.2
London Stock Exchange - Adjusted(2)	8.63	82	44	2,197	1,909	9.0	17.3	15.1	13.7	12.7	14.0	1.1	1.0
Australian Stock Exchange	22.82	97	55	2,347	2,218	17.8	27.1	23.9	22.0	10.9	10.5	2.3	2.1
TSX Group	31.87	84	24	2,190	1,977	11.6	25.0	23.0	17.9	18.4	12.5	1.8	1.4
	Mean					15.4x	22.6x(3)	20.0x(3)	18.8x	18.8%	13.2%	1.9x	1.5x
	Median					11.6	22.9(3)	20.5(3)	17.9	12.7	14.0	1.8	1.4
<u>Universal</u>													
<u>Exchanges</u>													
Deutsche Boerse	\$ 97.90	100%	40%	\$ 10,251	\$ 10,103	10.5x	21.4x	19.0x	17.5x	10.5%	16.8%	1.1x	1.0x
Euronext	43.89	100	40	4,997	4,424	12.3	22.6	19.8	18.3	11.2	10.0	2.0	1.8
	Mean					11.4x	22.0x	19.4x	17.9x	10.9%	13.4%	1.6x	1.4x
	Median					11.4	22.0	19.4	17.9	10.9	13.4	1.6	1.4
<u>Options</u>													
<u>Exchanges</u>													
International Securities Exchange	\$ 27.75	87%	18%	\$ 1,139	\$ 984	15.1x	30.2x	26.9x	22.9x	14.7%	17.0%	1.6x	1.3x

Reference Multiple Range	2006E Net Income		2007E Net Income	
	Low	High	Low	High
Reference Multiple Range	20.0x	22.0x	18.0x	20.0x
Pro Forma Statistic	\$192.4		\$293.6	
Implied Equity Value Range	\$ 3,848	\$ 4,232	\$ 5,285	\$ 5,873

Pro Forma Comparable Companies

Analysis:

Reference Equity Value Range \$4,850 - \$5,350

N.B. Estimates based on median IBES estimates.

Exchange Rates as of November 21, 2005.

LTM - Last Twelve Months.

(1) Pro forma for acquisition of Instinet.

Explanation of Responses:

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- (2) Based on estimated unaffected share price. Adjusted to exclude estimated takeover premium.
- (3) Mean and median P/E ratios for Cash Equities Exchanges exclude Nasdaq for 2005E and 2006E.

Pro Forma Discounted Cash Flow Valuation

(Dollars in millions)

Cost of Equity(1)	Terminal P/E Multiple Range				
	18.0x	18.5x	19.0x	19.5x	20.0x
	Equity Value as of 12/31/05				
8.5%	\$ 6,180	\$ 6,313	\$ 6,447	\$ 6,580	\$ 6,713
9.0%	6,052	6,182	6,312	6,443	6,573
9.5%	5,927	6,054	6,181	6,309	6,436
10.0%	5,805	5,929	6,054	6,178	6,303
10.5%	5,686	5,808	5,930	6,051	6,173

Pro Forma Discounted Cash Flow Analysis:
Reference Equity Value Range **\$5,700 - \$6,700**

N.B. Projections as per managements of Archipelago and NYSE.

(1) See Appendix for detail of cost of equity calculations.

Pro Forma Value Creation

(Dollars in millions)	Comparable Companies Approach	DCF Approach
Standalone:		
Mid-point Standalone Value of NYSE	\$ 3,125	\$ 3,450
Pro Forma:		
Mid-point Pro Forma Value of NYSE	\$ 5,100	\$ 6,200
70% Share to NYSE Members	3,570	4,340
Less:		
Employee Incentives(2)	(65)	(65)
Estimated Present Value of License Payments(1)(2)(3)	(150)	(150)
Plus:		
Cash Distribution at Close(4)	410	410
Estimated Permitted Dividends at Close(2)(5)	109	109
Pro Forma Value to NYSE Members	\$ 3,874	\$ 4,644
\$ Increase vs. Standalone Value of NYSE	\$ 749	\$ 1,194
% Increase vs. Standalone Value of NYSE	24.0%	34.6%

(1) Reflects capitalized license seat lease payments. Estimated based on 10-year discounted analysis of 1,000 annual licenses at \$40,000 per license. Discount rate of 10% and a tax rate of 40%. Source: NYSE management.

(2) Source: NYSE management.

(3) Assumes existing members to pay license fee, post merger.

(4) \$300,000 per seat.

(5) \$80,000 per seat.

APPENDIX

Details of Synergies

(Dollars in millions)	2006E	2007E
Revenue Dis-Synergies:		
Transaction Revenue	\$ 0.0	\$ (5.6)
Market Data	(3.2)	(5.1)
	(3.2)	(10.7)
Expense Synergies:		
Marketing	5.0	11.0
G&A	3.3	7.3
Compensation	17.9	39.4
Technology	7.5	16.5
Occupancy	1.0	2.2
Depreciation	2.0	4.4
Amortization	(8.6)	(8.6)
	28.1	72.2
Operating Impact	24.9	61.5
Foregone Interest Income	(25.8)	(30.5)
Total Pre-tax Impact	\$ (0.9)	\$ 31.0

Run Rate Cash Expense Savings equals 9.5% of NYSE Standalone 2008 Cash Expenses.

Source: Archipelago and NYSE management.

Archipelago Cost of Equity Analysis

	Low	High
U.S. Risk Free Rate (30 Year U.S. Treasury)	4.57%	4.57%
Equity Market Risk Premium	4.00%	6.00%
Adjusted Beta	1.25	1.25
Adjusted Equity Market Risk Premium	5.00%	7.50%
Cost of Equity	9.6%	12.1%

Company	Beta based on earlier of 30 days post IPO or 5.0 yrs
Exchange	
Australian Stock Exchange	1.07
TSX Group	1.12
London Stock Exchange	NM
Nasdaq Stock Market, Inc.	NM
International Securities Exchange	NM
Trade	
eSpeed	1.49
Investment Technology Group	1.16
Knight Trading	1.51
LaBranche	1.34
Median	1.25
Mean	1.28

Source: Beta as per Bloomberg.

NYSE Cost of Equity Analysis

	Low	High
U.S. Risk Free Rate (30 Year U.S. Treasury)	4.65%	4.65%
Equity Market Risk Premium	4.00%	6.00%
Adjusted Beta	1.07	1.07
Adjusted Equity Market Risk Premium	4.28%	6.42%
Cost of Equity	8.9%	11.1%

Company	Beta based on earlier of 30 days post IPO or 5.0 yrs
Exchange	
Australian Stock Exchange	1.07
TSX Group	1.12
London Stock Exchange	NM
Nasdaq Stock Market, Inc.	NM
Investment Technology Group	1.16
Deutsche Boerse	0.91
Euronext	0.93
Median	1.07
Mean	1.04

Source: Beta as per Bloomberg.

Pro Forma Cost of Equity Analysis

	Low	High
U.S. Risk Free Rate (30 Year U.S. Treasury)	4.57%	4.57%
Equity Market Risk Premium	4.00%	6.00%
Adjusted Beta	1.01	1.01
Adjusted Equity Market Risk Premium	4.03%	6.05%
Cost of Equity	8.60%	10.61%

Company	Beta based on earlier of 30 days post IPO or 5.0 yrs
Exchange	1.07
Australian Stock Exchange	1.12
TSX Group	NM
London Stock Exchange	NM
Nasdaq Stock Market, Inc.	NM
Investment Technology Group	0.91
Deutsche Boerse	0.93
Euronext	
Median	1.00
Mean	1.01

Source: Beta as per Bloomberg.

**AMENDMENT NO. 2
TO
AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER**

This AMENDMENT NO. 2, dated as of November 2, 2005 (this *Amendment*), to the Amended and Restated Agreement and Plan of Merger, dated as of July 20, 2005, as amended as of October 20, 2005 (the *Merger Agreement*), is by and among New York Stock Exchange, Inc., a New York Type A not-for-profit corporation (*NYSE*), Archipelago Holdings, Inc., a Delaware corporation (*Archipelago*), NYSE Group, Inc., a Delaware corporation (*NYSE Group*), NYSE Merger Sub LLC, a New York limited liability company (*NYSE Merger Sub LLC*), NYSE Merger Corporation Sub, Inc., a Delaware corporation (*NYSE Merger Corporation Sub*), and Archipelago Merger Sub, Inc., a Delaware corporation (*Archipelago Merger Sub*).

RECITALS

WHEREAS, the parties to the Merger Agreement desire to amend and supplement certain terms of the Merger Agreement as described herein; and

WHEREAS, all capitalized terms not defined or amended herein shall have the meaning ascribed to such terms in the Merger Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. *Conversion of NYSE Membership Interests.*

(a) The definition of *Archipelago Fully-Diluted Share Amount* in Section 5.1(a)(i)(A) of the Merger Agreement is amended and restated as follows (additional text is double underlined and deleted text is struck through):

Archipelago Fully-Diluted Share Amount means a number equal to the sum of: (i) the aggregate number of Archipelago Shares issued and outstanding as of the Determination Date, plus (ii) the aggregate number of Archipelago Shares that would be deemed outstanding for purposes of calculating earnings per share under the treasury stock method described in paragraphs 17-19 of FAS-128 as a result of ~~outstanding~~ Archipelago Options outstanding as of the Determination Date (*provided, however*, that, in applying the treasury stock method, (A) the average market price during the relevant period described in Paragraph 17.b. of FAS-128 shall be the Archipelago Post-Announcement Price, ~~and~~ (B) all issued and outstanding Archipelago Options, whether vested or unvested, shall be deemed to be vested as of the Determination Date and (C) the assumed proceeds from the exercise of any Archipelago Option shall be equal to the amount that the employee would have to pay under the terms of the Archipelago Option upon exercise of such Archipelago Option, and paragraph 21 of FAS-128 shall be disregarded), plus (iii) the

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aggregate number of Archipelago Shares underlying all Archipelago Awards as of the Determination Date, whether vested or unvested, plus (iv) 118,862 (which is the maximum number of restricted stock units with respect to Archipelago Shares that Archipelago may issue after the Determination Date and prior to the Effective Time as permitted under Sections 5.4 and 7.1(d)(ii)(B) of this Agreement) minus ~~(iv)~~ (v) the aggregate number of Archipelago Shares held by any wholly owned subsidiary of Archipelago as of the Determination Date.

(b) Section 5.1(a)(i)(C) of the Merger Agreement is amended and restated as follows (additional text is double underlined and deleted text is struck through):

(C) for each NYSE Membership Interest with respect to which a Stock Election has been made and not revoked or lost pursuant to Section 5.3, either (1) if the Unprorated Aggregate Cash Consideration is equal to or greater than \$409,800,000, a number of fully paid and nonassessable NYSE Merger Corporation Sub Shares equal to the Default Stock Election Amount, or (2) if the Unprorated Aggregate Cash Consideration is less than \$409,800,000, (i) a number of fully paid and nonassessable NYSE Merger Corporation Sub Shares equal to the sum of (x) the NYSE Exchange Ratio ~~Default Stock Election Amount~~ and (y) the Stock Oversubscription Amount; and (ii) a number of NYSE Merger Corporation Preference Shares (rounded to the nearest one-hundred millionth of a share) equal to the quotient obtained by dividing (I) the difference between (x) \$300,000 and (y) the product of the Stock Oversubscription Amount and the Archipelago Pre-Closing Price by (II) \$300,000.

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