

The Nasdaq Stock Market, Inc.
Condensed Consolidated Statements of Income
(Unaudited)
(in millions, except per share amounts)

| | Three Months Ended | | |
|---|---------------------------|---------------------|------------------|
| | March 31, | December 31, | March 31, |
| | 2005 | 2004 | 2004 |
| Revenues | | | |
| Market Services | \$ 125.1 | \$ 116.2 | \$ 76.1 |
| Issuer Services | 54.9 | 51.9 | 52.3 |
| Other | 0.2 | - | - |
| Total revenues | 180.2 | 168.1 | 128.4 |
| Cost of revenues | (53.9) | (46.7) | - |
| Gross margin | 126.3 | 121.4 | 128.4 |
| Expenses | | | |
| Compensation and benefits | 37.3 | 35.7 | 37.4 |
| Marketing and advertising | 1.3 | 3.8 | 2.6 |
| Depreciation and amortization | 18.2 | 21.3 | 19.6 |
| Professional and contract services | 7.0 | 7.1 | 5.2 |
| Computer operations and data communications | 16.2 | 17.7 | 31.2 |
| Provision for bad debts | 0.6 | (0.2) | 0.1 |
| Occupancy | 7.1 | 7.4 | 7.3 |
| General and administrative | 5.4 | 17.3 | 5.0 |
| Total direct expenses | 93.1 | 110.1 | 108.4 |
| Support costs from related parties, net | 10.4 | 11.3 | 11.4 |
| Total expenses | 103.5 | 121.4 | 119.8 |
| Operating income | 22.8 | - | 8.6 |
| Interest income | 1.4 | 1.2 | 1.4 |
| Interest expense | (2.9) | (2.9) | (2.9) |
| Pre-tax operating income (loss) from continuing operations | 21.3 | (1.7) | 7.1 |
| Income tax provision | 8.6 | 0.5 | 2.5 |
| Net income (loss) from continuing operations | \$ 12.7 | \$ (2.2) | \$ 4.6 |
| Net income from discontinued operations, net of tax | - | 9.6 | - |
| Net income | \$ 12.7 | \$ 7.4 | \$ 4.6 |
| Net income applicable to common stockholders: | | | |
| Net income | \$ 12.7 | \$ 7.4 | \$ 4.6 |
| Preferred stock: | | | |
| Dividends declared | (1.0) | (1.0) | (2.8) |
| Accretion of preferred stock | (0.9) | (0.9) | - |
| Loss on exchange of securities | - | (3.9) | - |
| Net income applicable to common stockholders | \$ 10.8 | \$ 1.6 | \$ 1.8 |
| Basic and diluted net earnings (loss) per share: | | | |
| Basic net earnings (loss) per share: | | | |
| Continuing operations | \$ 0.14 | \$ (0.10) | \$ 0.02 |
| Discontinued operations | - | 0.12 | - |
| Total basic net earnings per share | \$ 0.14 | \$ 0.02 | \$ 0.02 |
| Diluted net earnings (loss) per share: | | | |
| Continuing operations | \$ 0.13 | \$ (0.10) | \$ 0.02 |
| Discontinued operations | - | 0.12 | - |
| Total diluted net earnings per share | \$ 0.13 | \$ 0.02 | \$ 0.02 |
| Weighted average common shares outstanding for net earnings per share: | | | |
| Basic | 79.0 | 78.8 | 78.5 |
| Diluted | 92.6 | 79.3 | 79.3 |
| Other Drivers | | | |
| Average daily share volume (in billions) | 2.0 | 1.9 | 2.0 |
| NASDAQ market share | 29.4% | 28.5% | 15.3% |
| Percentage of share volume reported to NASDAQ's systems | 54.9% | 57.1% | 50.6% |
| NASDAQ UTP market share | 48.5% | 49.9% | 43.1% |
| Initial Public Offerings | 20 | 43 | 26 |
| Secondary Offerings | 45 | 52 | 76 |
| Number of Listed Companies | 3,248 | 3,271 | 3,311 |

The Nasdaq Stock Market, Inc.
Condensed Consolidated Balance Sheets
(in millions)

| | March 31, 2005 | December 31, 2004 |
|---|---------------------------|------------------------------|
| Assets | (unaudited) | |
| Current assets: | | |
| Cash and cash equivalents | \$ 84.0 | \$ 58.2 |
| Investments: | | |
| Available-for-sale, at fair value | 231.0 | 174.9 |
| Held-to-maturity, at amortized cost | 30.6 | 28.6 |
| Receivables, net | 108.0 | 104.3 |
| Receivables from related parties | - | 3.2 |
| Deferred tax asset | 22.7 | 24.2 |
| Other current assets | 19.3 | 12.8 |
| Total current assets | 495.6 | 406.2 |
| Investments: | | |
| Held-to-maturity, at amortized cost | - | 2.0 |
| Property and equipment: | | |
| Land, buildings and improvements | 97.0 | 97.3 |
| Data processing equipment and software | 214.5 | 205.3 |
| Furniture, equipment and leasehold improvements | 127.4 | 140.0 |
| | 438.9 | 442.6 |
| Less accumulated depreciation and amortization | (276.8) | (268.8) |
| Total property and equipment, net | 162.1 | 173.8 |
| Non-current deferred tax asset | 46.3 | 48.8 |
| Goodwill | 142.0 | 141.4 |
| Intangible assets, net | 40.5 | 40.8 |
| Other assets | 1.0 | 1.8 |
| Total assets | \$ 887.5 | \$ 814.8 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 42.8 | \$ 40.2 |
| Accrued personnel costs | 19.5 | 49.4 |
| Deferred revenue | 143.2 | 59.5 |
| Other accrued liabilities | 49.8 | 42.5 |
| Payables to related parties | 20.6 | 16.7 |
| Total current liabilities | 275.9 | 208.3 |
| Senior notes | 25.0 | 25.0 |
| Subordinated notes | 240.0 | 240.0 |
| Accrued pension costs | 27.4 | 25.7 |
| Non-current deferred tax liability | 25.2 | 29.5 |
| Non-current deferred revenue | 89.8 | 89.8 |
| Other liabilities | 35.6 | 39.9 |
| Total liabilities | 718.9 | 658.2 |
| Stockholders' equity | | |
| Common stock | 1.3 | 1.3 |
| Preferred stock, Series B and C | 131.1 | 130.1 |
| Additional paid-in capital | 356.2 | 356.0 |
| Common stock in treasury, at cost | (661.4) | (662.0) |
| Accumulated other comprehensive loss | (1.6) | (1.1) |
| Deferred stock compensation | (1.8) | (1.0) |
| Common stock issuable | 3.3 | 2.6 |
| Retained earnings | 341.5 | 330.7 |
| Total stockholders' equity | 168.6 | 156.6 |
| Total liabilities and stockholders' equity | \$ 887.5 | \$ 814.8 |