



The NASDAQ Stock Market

Investor Presentation - November, 2005

NASDAQ[®]

Forward Looking Statement

Forward-looking statements in this Investor Presentation are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, The Nasdaq Stock Market, Inc.'s ("NASDAQ") ability to implement its strategic initiatives, competition, economic, political, and market conditions and fluctuations, government and industry regulation, interest rate risk and other factors that are more fully described under the caption "Risk Factors" in NASDAQ's Form 10-K filed with the Securities and Exchange Commission and other periodic reports. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of date hereof. In addition, these statements are based on a number of assumptions that are subject to change and do not include results of INET ECN and are subject to change if the INET ECN transaction is consummated. Accordingly, actual results may be materially higher or lower than those projected. The inclusion of such projections herein should not be regarded as a representation by NASDAQ that the projections will prove to be correct. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events, or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.



Key Investment Highlights

Premier U.S. Equities Marketplace

Strong, Improving Operating Leverage

Diverse and Recurring Revenue Streams

Strategy Designed to Drive Growth

Experienced, Innovative Management Team

**POISED TO
EXCEL IN A
POST-REG NMS
ENVIRONMENT**

The NASDAQ Stock Market – Who We Are

ISSUER SERVICES

(43% Of Q305 Gross Margin)

REVENUE GENERATION

WHAT WE DO

- List shares of approximately 3,214 public issuers
- Trademark financial products, including NASDAQ-100 (QQQ)
- Provide information services and products to listed companies

- Listing, annual renewal, and additional share fees
- Licensing revenues
- Corporate services fees

MARKET SERVICES

(57% Of Q305 Gross Margin)

REVENUE GENERATION

WHAT WE DO

- Collect, process and disseminate price quotes, trade and financial market information
- Operate routing and trade execution systems

- Market Access monthly subscription fees
- Transaction execution fees
- Monthly user fees
- Monthly and annual data distributor fees



Premier U.S. Marketplace

Strong Brand and Reputation

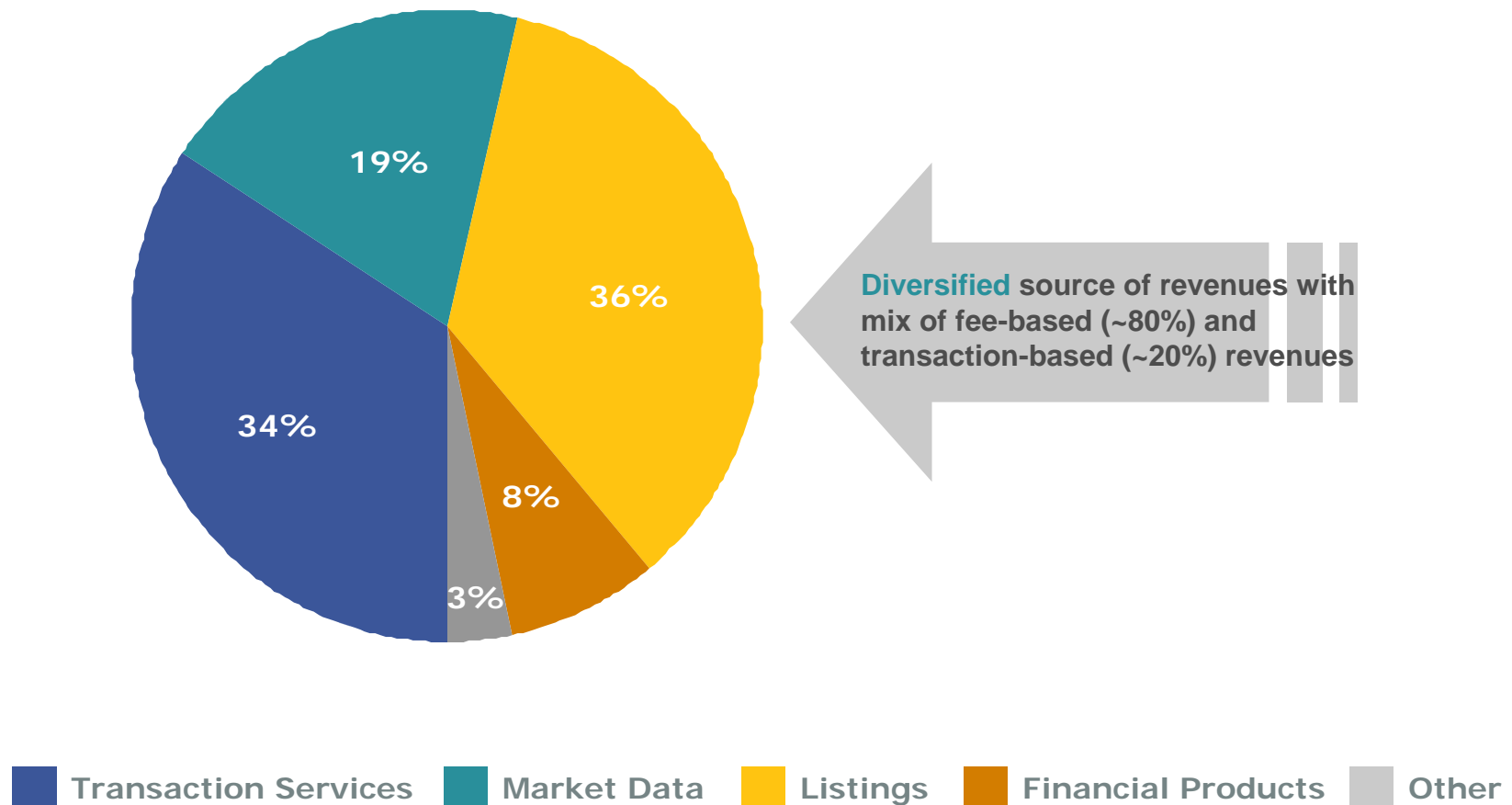
- Trusted brand name among market participants, institutions and public companies
- Premier equity listing venue for both industry leaders and growth companies
- Home to the NASDAQ-100 index, the basis of the QQQs ETF, the most heavily traded listed equity security in the United States
- Fast, efficient, reliable, marketplace open to all participants



NASDAQ

Diverse Revenue Streams

NASDAQ's revenues are derived from a variety of sources



Source: Company filings as of 6/30/05. Results reflect Gross Margin, or revenues less cost of revenues.



Strategic Acquisitions

NASDAQ's investment discipline requires that acquisitions be accretive to shareholders within one year and strategically fit with corporate mission



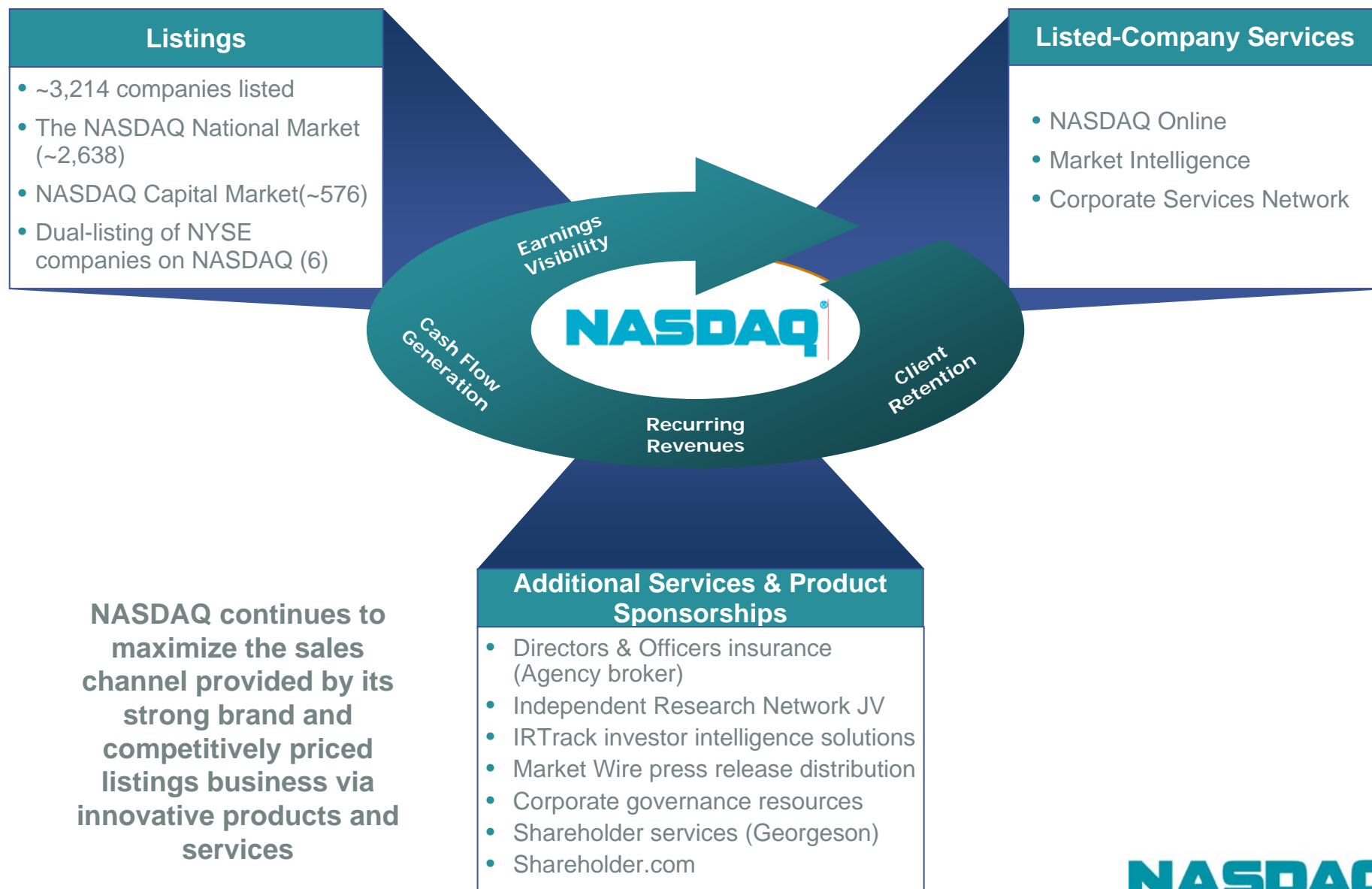
- \$190mm cash acquisition of Brut in September 2004
- Brut acquisition had a significant impact:
 - > Provided deeper pools of liquidity and routing to other liquidity pools
 - > Direct connectivity with customers who did not historically access the NASDAQ system
 - > Enhanced routing capabilities, including routing for listed securities
 - > Combined order books of the NASDAQ Market Center and Brut, giving customers the benefit of one liquidity pool
 - > Synergies further strengthen operating margins and profitability



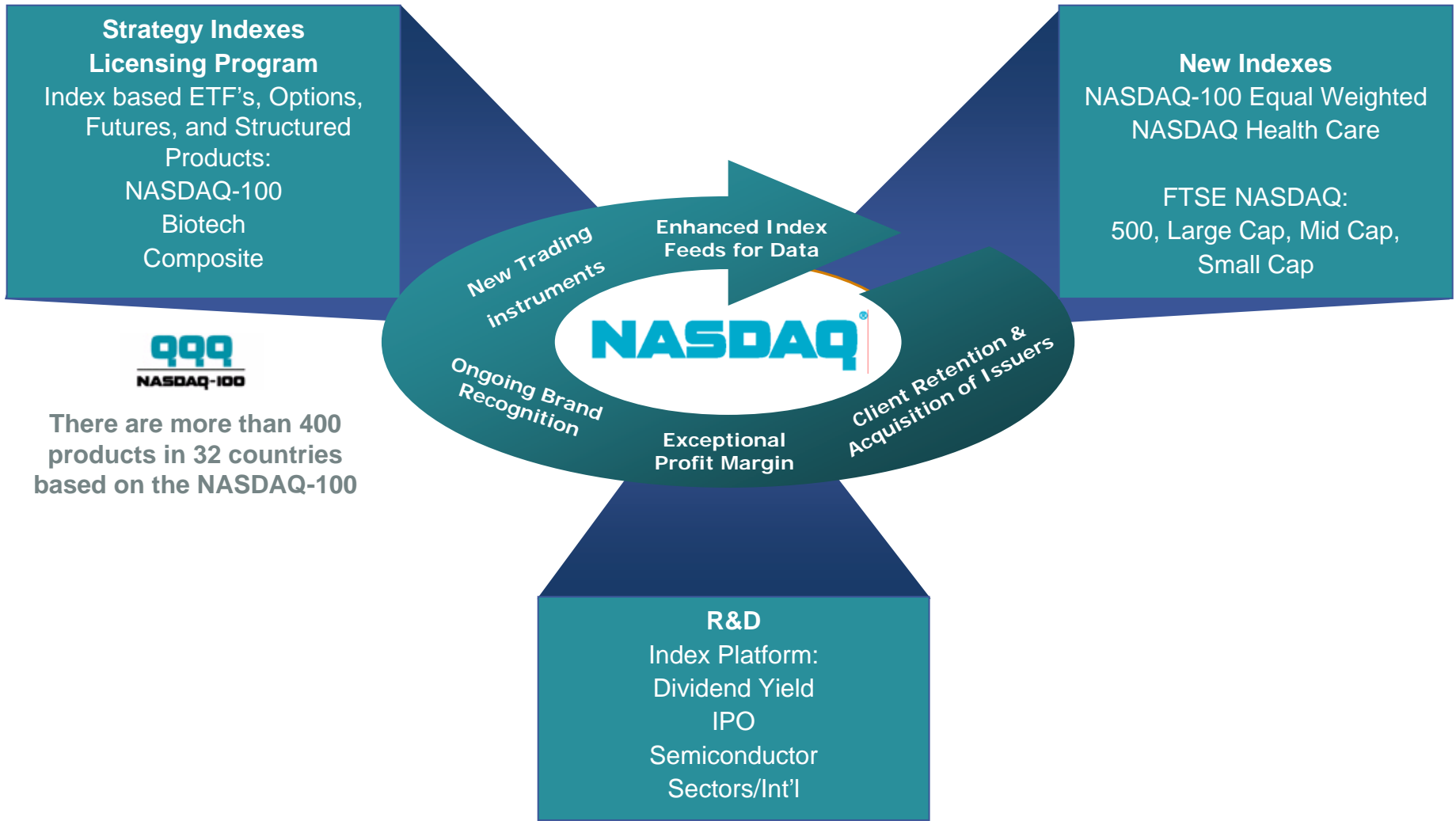
- \$934.5mm cash acquisition announced April 22, 2005
- Deal, subject to regulatory approvals and other customary closing conditions, will provide:
 - > Superior execution opportunities for customers
 - > Consolidation on to one trading platform in same timeframe as standalone
 - > Efficient combined company with low cost structure to deliver returns to investors
 - > Platform for future innovation and growth
 - > Strong competitor in post NMS world



Issuer Services – Listings Business



Issuer Services – Financial Products



There are more than 400 products in 32 countries based on the NASDAQ-100

NASDAQ is the Innovation Leader in Financial Products



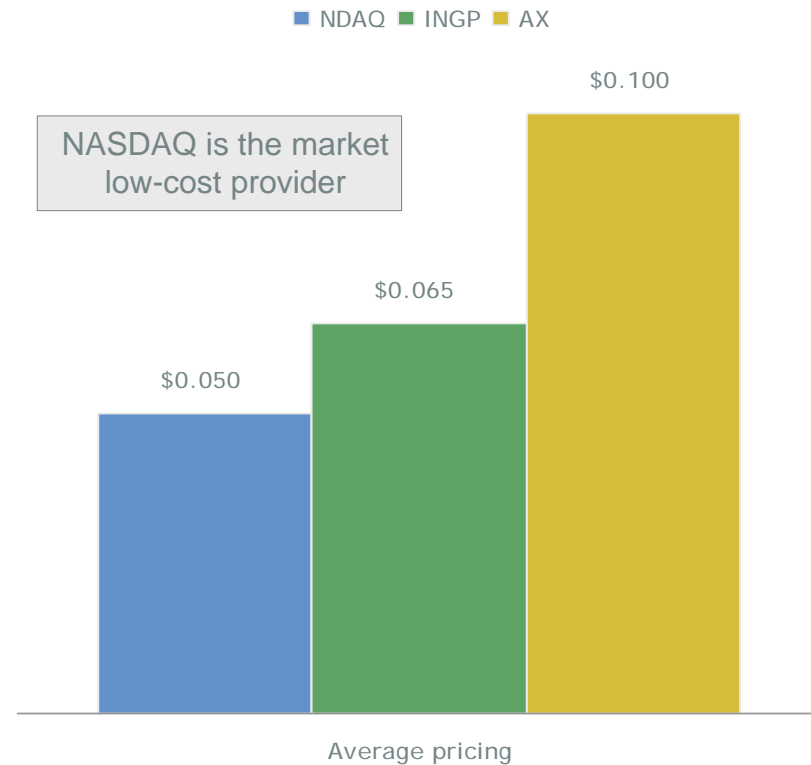
NASDAQ Market Center

NASDAQ continues to drive efficiencies to remain the low cost provider

Competition

- Established price leadership for execution services in 2004¹
- System availability is 99.9+%
- Improved execution quality (speed and fill rates)
- Improved functionality to drive customer order flow
 - Market Making Functionality
 - Automatic Execution
 - Attributed Quotes
 - Opening and Closing Auction
 - Routing
 - FIX
 - Post-trade anonymity
 - Enhanced Order Types

Average transaction fee (per 100 shares traded)

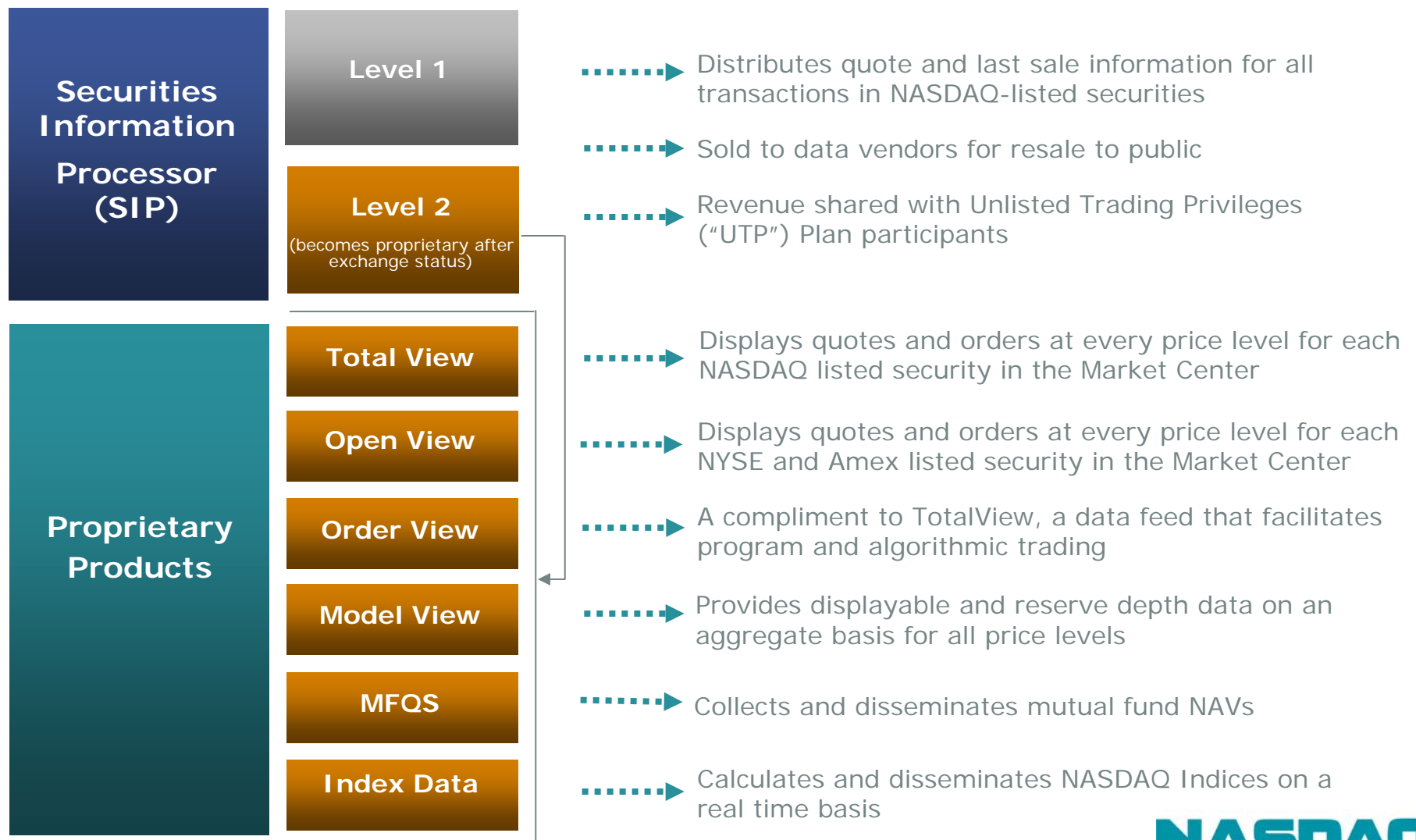


Source: NASDAQ estimate for 2005 calendar year.

1. NASDAQ believes that its average execution fee per share is the most competitive in the industry.

Market Services – Market Information Business

NASDAQ is an industry innovator providing real-time and historical market information



NASDAQ is prepared to compete for listed trading

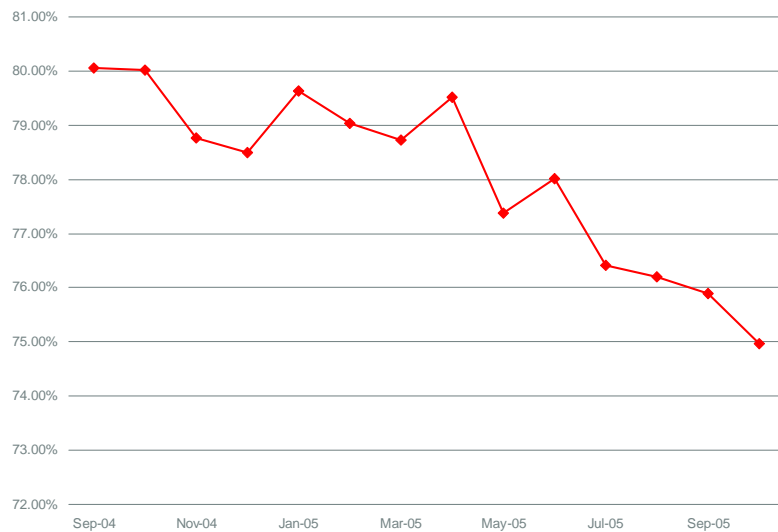
Regulation NMS is designed to level the playing field and increase competition

- Implementation of Regulation NMS will result in trade through protection for automated quotes, requiring NYSE to compete electronically
- Current NYSE plans require continued operation of the floor and development of a hybrid model
- It is expected that trading volumes in NYSE listed stocks will increase as activity becomes more electronic
- As NYSE restructures, NASDAQ will continue to compete aggressively to win more of the trading in shares of NYSE-listed companies
 - NASDAQ is already capturing increased trading volumes in NYSE listed stocks through the recent introduction of anonymous routing to NYSE floor
 - When Regulation NMS is implemented, NYSE must interact with market centers offering best price before it can execute a trade at an inferior price on its systems
 - We believe that market participants will be encouraged to route order flow to the market center offering better execution certainty and faster trading

Total NYSE Market Share is Declining even before Reg NMS

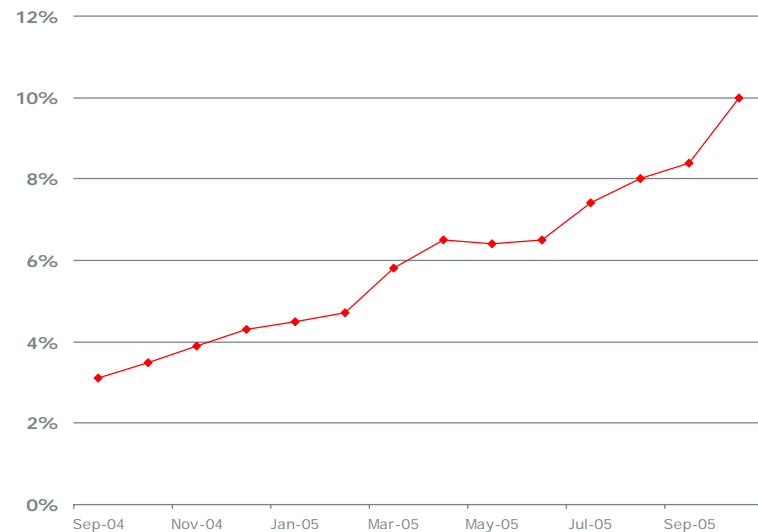
Market share in trading of NYSE listed stocks

NYSE Market Share



Source: NYSEData.com. Reflects market share of consolidated tape volume. Off-floor Includes all volume in NYSE-listed securities not reported by the NYSE

Off-Floor Electronic Markets



Source: NASDAQ

Data includes NASDAQ, Brut, ARCA, INET, and other electronic matching venues. Does not include routing or internalized trade reports.



Focused on Growth

Strong Competitive Position>

- Price leadership in a competitive environment
- Fast, scalable, and reliable trading platform
- Ancillary services (e.g., D&O insurance) for listed companies

Positioned for Growth>

- Introduction of innovative new proprietary data products
- Introduction of value added execution services
- Aggressively competing for listed trading market share
- Leveraging Issuer sales channel

Continued Expense Reduction>

- Significantly reducing run-rate operating expenses
- Low risk – majority of projected cost savings for next three years already identified and projects in place to achieve targets
- Increasing operating leverage

**DESIGNED TO
IMPROVE
PROFITABILITY**

NASDAQ[®]

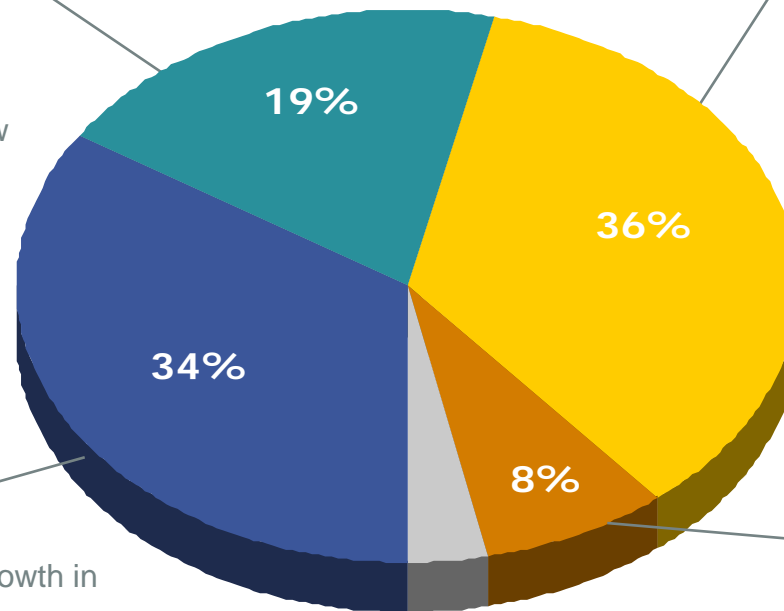
Potential Revenue Growth Drivers

Market Data Services

- Full retention of Level II revenues following exchange registration
- Conversion of existing customers to value added products such as Total View and Open View
- New proprietary data products, including Model View

Listings

- Increased IPO opportunities
- New client services (Independent Research Network)
- Dual-listings and switches



Transaction Services

- Incremental market share growth in NASDAQ listed equities
- Increased share of trading in exchange-listed securities
- Product innovation (Opening and Closing Cross)
- Introduction of value-added products that leverage technology and distribution channel (options routing)

Financial Products

- Increase in 3rd party licensing activities
- Globalization of QQQ
- Expansion of structured products
- New indexes

Source: Company filings as of 6/30/2005.

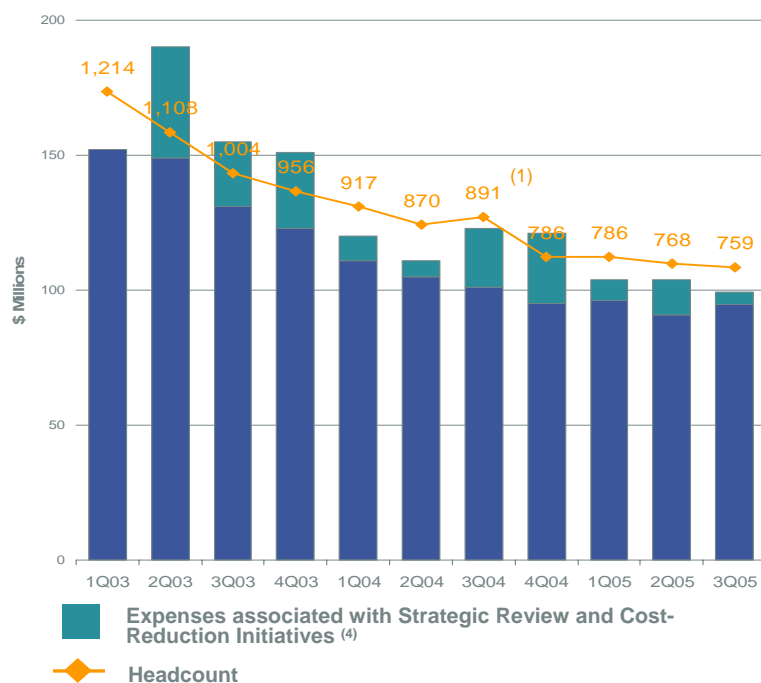


Cost Reduction Objectives

A strategic review was performed in 2003. The intent was to refocus the organization and reduce operating expenses.

When the INET transaction was announced in April 2005 we stated that we would be able to achieve 2007 spending targets even with the acquisition of INET ECN.

Quarterly Total Expenses



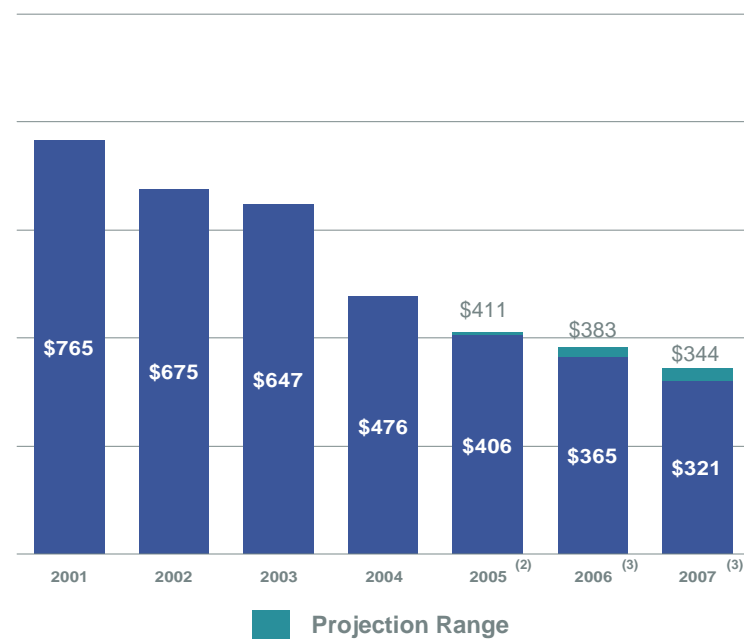
(1) Headcount includes Brut employees.

(2) 2005 range based on guidance per 8-K filed on 10/26/05.

(3) 2006 and 2007 ranges derived by assuming reductions in expenses of 10% to 12% each year (per guidance in 8-K filed 1/25/05).

(4) 2003 and 2004 expenses associated with the strategic review are detailed in the company's filings for those periods. Cost reduction expenses for 2005 are detailed in the company's quarterly earnings releases for each respective period. 2Q05 cost reduction expenses also include \$7.4 million pre-tax charge related to restructuring \$240 million subordinated notes.

Annual Total Expenses

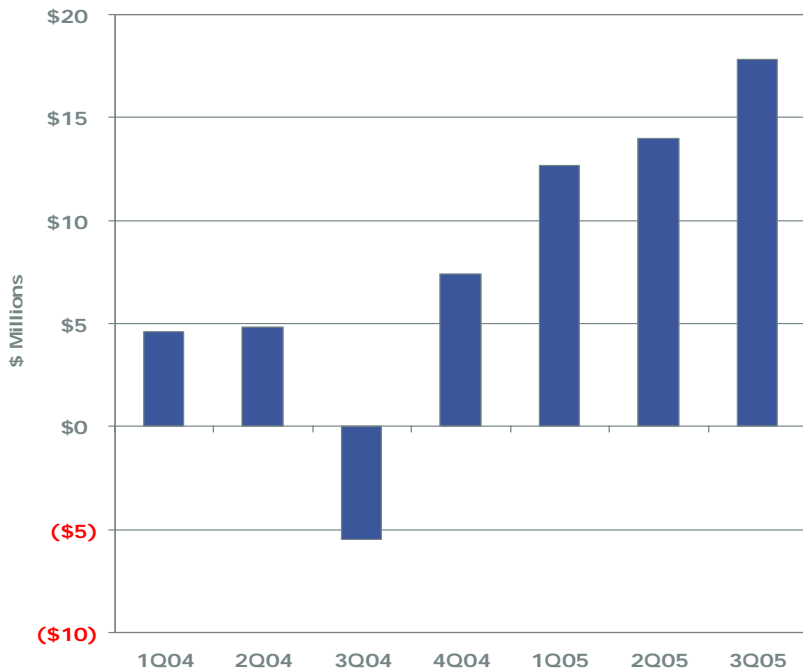


Improvements to Profits and Top-line

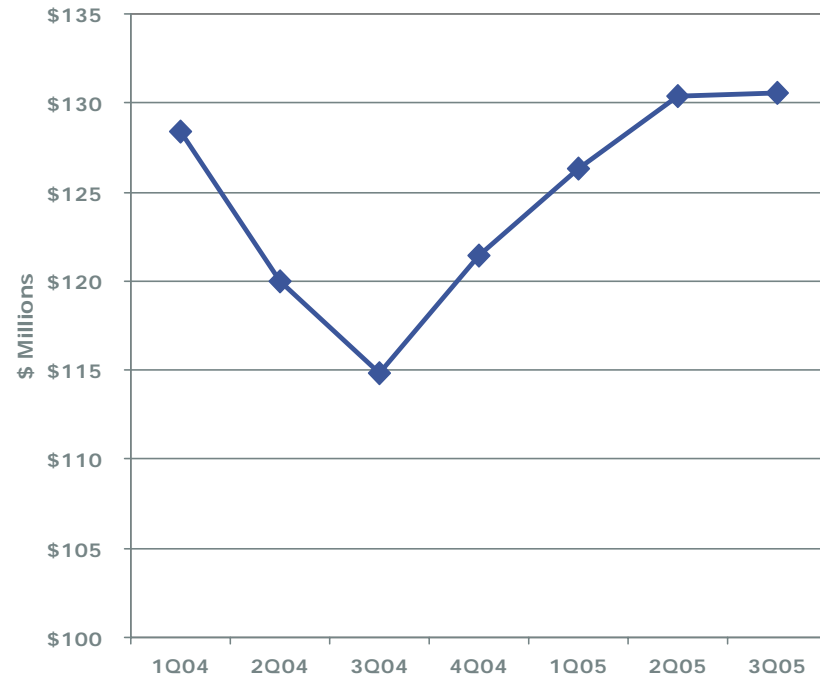
Net income and gross margin have improved for four consecutive quarters.

NASDAQ was able to grow both the top-line and net income in the second and third quarters, despite sequential decreases of 11.0% and 8.5% in average daily share volume

Net Income



Gross Margin



Quarterly Earnings and Guidance Update (\$ in millions, except per share values)

	Q3 Results	FY 2005 Guidance
Gross Margin	\$130.6	\$510 – \$515
Total Expenses	\$99.3	\$406 – \$411
Net Income	\$17.8	\$57 – \$60
EPS (Diluted)	\$0.16	\$0.54 – \$0.56
Cost Reduction and Debt Restructure	\$4.5	\$28 – \$31

Source: 8K filed on 10/26/2005



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Appendix

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NASDAQ financial snapshot

Income statement (\$mm)			
	2002	2003	2004
Total revenues	\$787.2	\$589.8	\$540.4
Gross margin	787.2	589.8	484.6
Total expenses	\$675.3	\$647.2	\$476.4
Operating income	111.8	(57.3)	8.2
Earnings before tax	\$105.9	(\$66.4)	\$2.6
Net income	43.1	(105.4)	11.4

Balance sheet (\$mm)			
	2002	2003	2004
Cash and equivalents ¹	\$423.6	\$334.6	\$233.1
Total assets	1,175.9	851.3	814.8
Senior notes	\$175.0	\$25.0	\$25.0
Subordinated notes	240.0	240.0	240.0
Total liabilities	911.5	690.6	658.3
Equity	\$270.9	\$160.7	\$156.6

¹ Includes available-for-sale securities

Cash flow (\$mm)			
	2002	2003	2004
Cash from operating act.	\$154.6	\$105.3	\$117.0
Cash used in investing	(\$86.5)	(\$0.2)	(\$201.3)
Cash used in financing	(\$147.8)	(\$157.6)	(\$6.5)
Beg. cash & equivalents	\$281.1	\$201.5	\$148.9
End cash & equivalents	201.5	148.9	58.2



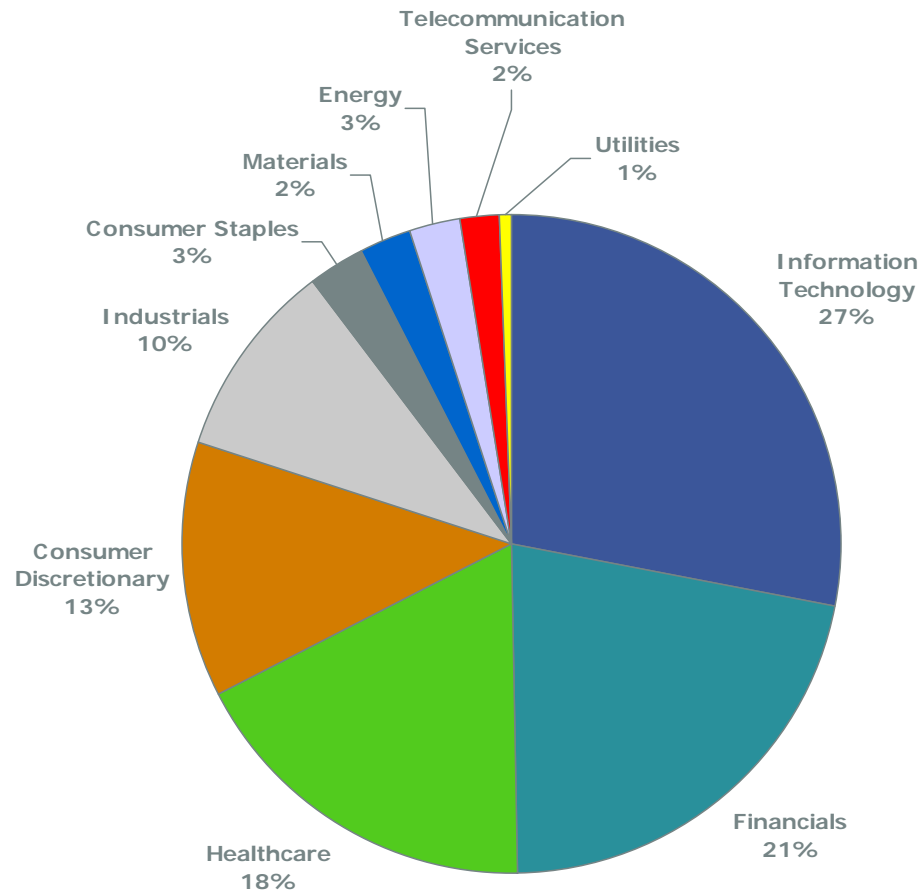
Market dynamics: Regulation NMS

- On April 6, 2005, the Securities and Exchange Commission voted to adopt Regulation NMS, which contains four interrelated proposals designed to modernize the regulatory structure of the U.S. equity markets
- Order Protection Rule
 - Requires trading centers to obtain the best price for investors when such price is represented by automated quotations that are immediately accessible
 - Specifically requires trading centers to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs, and, if relying on one of the rule's exceptions, which are reasonably designed to assure compliance with the exception
 - Protects the best bids and offers of each exchange, NASDAQ, and the NASD's ADF
 - The rule does not change a broker-dealer's existing duty to obtain best execution for customer orders
- Intermarket Access
 - Establishes a uniform market access rule that promotes non-discriminatory access to quotations displayed by SRO trading centers through a private linkage approach
 - Harmonizes the pricing of quotations across different trading centers
- Sub-Penny Pricing
 - Prohibits market participants from displaying, ranking, or accepting quotations in stocks that are priced in an increment of less than \$0.01, unless the price of the quotation is less than \$1.00. If the price of the quotation is less than \$1.00, the minimum increment is \$0.0001
 - This rule is intended to prevent sub-penny pricing from being used to "step-ahead" of customer limit orders for an economically insignificant amount which could, over time, discourage investors from placing limit orders, an important source of market liquidity
- Market Data
 - Regulation NMS updates the formulas for allocating revenues generated by market data fees to the various SROs to correct the flaws of the current formulas, which incent distortive behavior such as wash sales and trade shredding, and allocates revenues to SROs that contribute to public price discovery by dividing market data revenues equally between trading and quoting activity



Listings Base By Industry

NASDAQ enjoys a diverse base of listed companies across all industries



Source: NASDAQ as of 6/30/05.



Experienced, Innovative Management Team

- Over 140 years combined industry experience

NAME	TITLE	INDUSTRY EXPERIENCE	YEARS EXPERIENCE	YEAR JOINED
Robert Greifeld	CEO and President	SunGard Data Systems; Automated Securities Clearance	25	2003
David Warren	EVP and CFO	Long Island Power Authority	11	2001
Bruce Aust	EVP, Corporate Client Group	Fidelity Investments	18	1998
Chris Concannon	EVP, Transaction Services	Instinet; Island ECN	14	2003
John Jacobs	EVP of Nasdaq Financial Products and Worldwide Marketing	NASDAQ	21	1983
Adena Friedman	EVP, Market Data and Corporate Development	NASDAQ	11	1993
Steven Randich	EVP, Operations & Technology and Chief Information Officer	Chicago Stock Exchange	8	2000
Edward Knight	EVP, General Counsel	U.S. Department of the Treasury; The NASD	10	2000
Ronald Hassen	SVP, Controller, Principal Accounting Officer, and Treasurer	Deutsche Bank North America; Bankers Trust; JP Morgan	26	2002

