

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

	Three Months Ended			Nine Months Ended	
	September 30, 2005	June 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
Revenues					
Market Services	\$ 164.6	\$ 163.6	\$ 73.3	\$ 453.4	\$ 218.4
Issuer Services	55.8	56.1	50.7	166.7	153.9
Other	-	-	-	0.2	0.1
Total revenues	<u>220.4</u>	<u>219.7</u>	<u>124.0</u>	<u>620.3</u>	<u>372.4</u>
Cost of revenues					
Liquidity rebates	64.8	69.2	7.5	169.4	7.5
Brokerage, clearance and exchange fees	25.0	20.1	1.7	63.6	1.7
Total cost of revenues	<u>89.8</u>	<u>89.3</u>	<u>9.2</u>	<u>233.0</u>	<u>9.2</u>
Gross margin	<u>130.6</u>	<u>130.4</u>	<u>114.8</u>	<u>387.3</u>	<u>363.2</u>
Expenses					
Compensation and benefits	36.2	36.9	38.1	110.4	112.4
Marketing and advertising	1.5	2.0	2.8	4.8	9.0
Depreciation and amortization	13.6	14.9	18.9	46.8	55.0
Professional and contract services	7.4	7.0	6.7	21.4	16.6
Computer operations and data communications	15.4	15.9	22.6	47.5	81.3
Provision for bad debts	0.1	(0.7)	0.8	-	1.3
Occupancy	7.2	7.1	7.1	21.3	21.3
General and administrative	7.4	10.6	15.6	23.4	23.8
Total direct expenses	<u>88.8</u>	<u>93.7</u>	<u>112.6</u>	<u>275.6</u>	<u>320.7</u>
Support costs from related parties, net	10.5	10.4	11.1	31.3	34.3
Total expenses	<u>99.3</u>	<u>104.1</u>	<u>123.7</u>	<u>306.9</u>	<u>355.0</u>
Operating income (loss)	31.3	26.3	(8.9)	80.4	8.2
Interest income	4.0	3.1	1.5	8.5	4.6
Interest expense	(4.7)	(4.6)	(2.9)	(12.2)	(8.6)
Minority interest	0.1	-	-	0.1	-
Pre-tax operating income (loss)	30.7	24.8	(10.3)	76.8	4.2
Income tax provision (benefit)	12.9	10.8	(4.8)	32.3	0.3
Net income (loss)	<u>\$ 17.8</u>	<u>\$ 14.0</u>	<u>\$ (5.5)</u>	<u>\$ 44.5</u>	<u>\$ 3.9</u>
Net income (loss) applicable to common stockholders:					
Net income (loss)	\$ 17.8	\$ 14.0	\$ (5.5)	\$ 44.5	\$ 3.9
Preferred stock:					
Dividends declared	(0.7)	(0.8)	(1.0)	(2.5)	(7.3)
Accretion of preferred stock	(0.7)	(1.5)	-	(3.0)	-
Net income (loss) applicable to common stockholders	<u>\$ 16.4</u>	<u>\$ 11.7</u>	<u>\$ (6.5)</u>	<u>\$ 39.0</u>	<u>\$ (3.4)</u>
Basic and diluted earnings (loss) per share:					
Basic	\$ 0.20	\$ 0.15	\$ (0.08)	\$ 0.49	\$ (0.04)
Diluted	<u>\$ 0.16</u>	<u>\$ 0.13</u>	<u>\$ (0.08)</u>	<u>\$ 0.42</u>	<u>\$ (0.04)</u>
Weighted average common shares outstanding for earnings (loss) per share:					
Basic	81.2	79.4	78.6	79.9	78.6
Diluted	119.4	109.9	78.6	107.4	78.6
Other Drivers					
Average daily share volume	1,628	1,781	1,562	1,800	1,779
Percentage of share volume of NASDAQ-listed securities reported to the NASDAQ Market Center	56.0%	55.7%	48.4%	55.5%	49.1%
Initial Public Offerings	46	25	41	91	105
Secondary Offerings	50	50	46	145	181
Number of Listed Companies	3,214	3,241	3,287	3,214	3,287

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

	September 30, 2005	December 31, 2004
Assets	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 288.8	\$ 58.2
Investments:		
Available-for-sale, at fair value	225.9	174.9
Held-to-maturity, at amortized cost	30.6	28.6
Receivables, net	133.3	104.3
Receivables from related parties	-	3.2
Deferred tax asset	11.2	24.2
Other current assets	56.4	12.8
Total current assets	746.2	406.2
Held-to-maturity investments, at amortized cost	-	2.0
Property and equipment:		
Land, buildings and improvements	60.8	97.3
Data processing equipment and software	184.5	205.3
Furniture, equipment and leasehold improvements	119.2	140.0
	364.5	442.6
Less accumulated depreciation and amortization	(238.1)	(268.8)
Total property and equipment, net	126.4	173.8
Non-current deferred tax asset	57.1	48.8
Goodwill	143.8	141.4
Intangible assets, net	38.0	40.8
Other assets	1.7	1.8
Total assets	\$ 1,113.2	\$ 814.8
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 56.2	\$ 40.2
Accrued personnel costs	37.6	49.4
Deferred revenue	84.6	59.5
Other accrued liabilities	49.3	42.5
Payables to related parties	20.5	16.7
Total current liabilities	248.2	208.3
Senior notes	25.0	25.0
Convertible notes	442.3	240.0
Accrued pension costs	25.0	25.7
Non-current deferred tax liability	28.3	29.5
Non-current deferred revenue	94.3	89.8
Other liabilities	33.5	39.9
Total liabilities	896.6	658.2
Minority interest	1.2	-
Mezzanine equity		
Warrants underlying common stock	10.2	-
Stockholders' equity		
Common stock	1.3	1.3
Preferred stock, Series B and C	94.7	130.1
Additional paid-in capital	363.5	356.0
Common stock in treasury, at cost	(625.0)	(662.0)
Accumulated other comprehensive loss	(0.8)	(1.1)
Deferred stock compensation	(2.8)	(1.0)
Common stock issuable	4.6	2.6
Retained earnings	369.7	330.7
Total stockholders' equity	205.2	156.6
Total liabilities, minority interest, mezzanine and stockholders' equity	\$ 1,113.2	\$ 814.8