

# NASDAQ<sup>®</sup>



**Jeff Singer**

**Regional Vice President**

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**Managing Director, LATAM**

**July 22, 2005**

The best market for companies.  
The best market for shareholders.

## *The Nasdaq and the Nasdaq...*



**Where it really happens**



**What the public sees...**



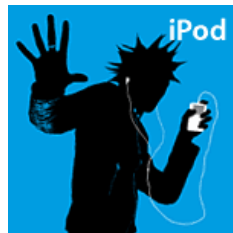
# The NASDAQ Overview

## Four lines of Businesses:

1. Securities Listing
2. Transaction
3. Market Information
4. Financial Products



# A Brief History



First market to launch television advertising campaign and Web Site

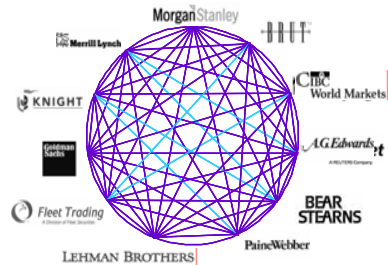


First trading day on February 8th, with quotes on 2,500 securities



Apple and Microsoft list

MarketSite, MID Super Montage Dual Lists



And most recently...

Google™

NASDAQ  
INSURANCE AGENCY™

NASDAQTrader.com



Sears

Opening & Closing Cross



2004

2005



BRUT Acquisition

QQQQ



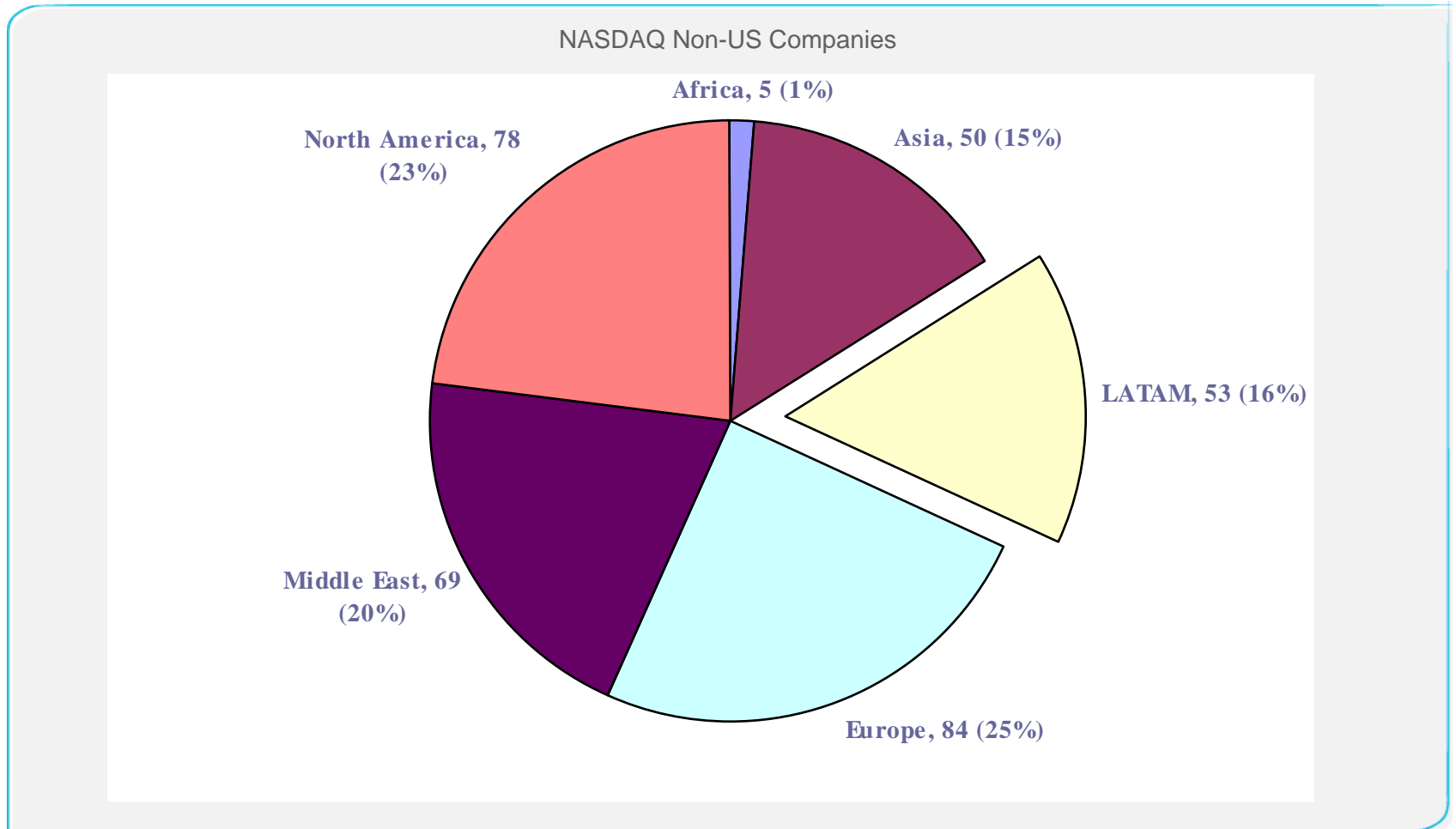
QQQ

Moved the Q's



NASDAQ®

# NASDAQ's Non-US Companies: Geographical Breakdown



Source: NASDAQ

# Non-US Companies Listed NASDAQ

NASDAQ's non-US companies include:



Company Name	Country	Industry
Teva Pharmaceutical Industries Limited	Israel	Pharmaceuticals
LM Ericsson Telephone Company	Sweden	Communications Equipment
Ryanair Holdings plc	Ireland	Airlines
Akzo Nobel N.V.	Netherlands	Chemicals
Trinity Biotech plc	Ireland	Health Care Equipment & Supplies
ARM Holdings, plc	United Kingdom	Semiconductors & Semiconductor Equipment
Grupo Financiero Galicia S.A.	Argentina	Commercial Banks
Stolt-Nielsen S.A.	United Kingdom	Marine
Stolt Offshore S.A.	Luxembourg	Energy Equipment & Services
Nissan Motor Co., Ltd.	Japan	Automobiles
Business Objects S.A.	France	Software
Anglo American plc	South Africa	Metals & Mining
Reuters Group PLC	United Kingdom	Media
NEC Corporation	Japan	Computers & Peripherals
Infosys Technologies Limited	India	IT Services
Kirin Brewery Company, Limited	Japan	Beverages
Millea Holdings Inc. ADR	Japan	Insurance
Netease.com, Inc.	Cayman Islands	Internet Software & Services
STET Hellas Telecommunications S.A.	Greece	Wireless Telecommunication Services
CruceII NV	Netherlands	Biotechnology
ICON plc	Ireland	Health Care Providers & Services
Cresud S.A.C.I.F. y A.	Argentina	Food Products
COLT Telecom Group plc	United Kingdom	Diversified Telecommunication Services
Ctrip.com International, Ltd.	Cayman Islands	Hotels Restaurants & Leisure
CRH PLC	Ireland	Construction Materials
Signet Group plc	United Kingdom	Specialty Retail
Amcor Limited	Australia	Containers & Packaging
Makita Corp.	Japan	Household Durables
Telefonos de Mexico SA de CV	Mexico	Telecommunication Services
Santos, Ltd.	Australia	Oil & Gas
NET Servicos de Comunicacao S.A.	Brazil	Media
Fuji Photo Film Co., Ltd.	Japan	Leisure Equipment & Products
Mitsui & Company, Ltd.	Japan	Trading Companies & Distributors



Source: NASDAQ, FactSet Research Systems, Inc., December 2004



## The NASDAQ is the largest electronic market in the world

Stock Exchange	# Listed Companies	Trading Volume (billions)	Trading Value (\$US billions)
<b>NASDAQ</b>	<b>3,222<sup>1</sup></b>	<b>452<sup>2</sup></b>	<b>9,251<sup>2</sup></b>
London Stock Exchange	2,837 <sup>2</sup>	2,679 <sup>1</sup>	6,598 <sup>3</sup>
New York Stock Exchange	2,779 <sup>3</sup>	376	12,399 <sup>1</sup>
Tokyo Stock Exchange	2,306	378 <sup>3</sup>	3,196
Australian Stock Exchange	1,583	267	538
Euronext	1,333	105	1,969
Deutsche Borse	866	85	1,489
ArcaEx	5	138	3,867

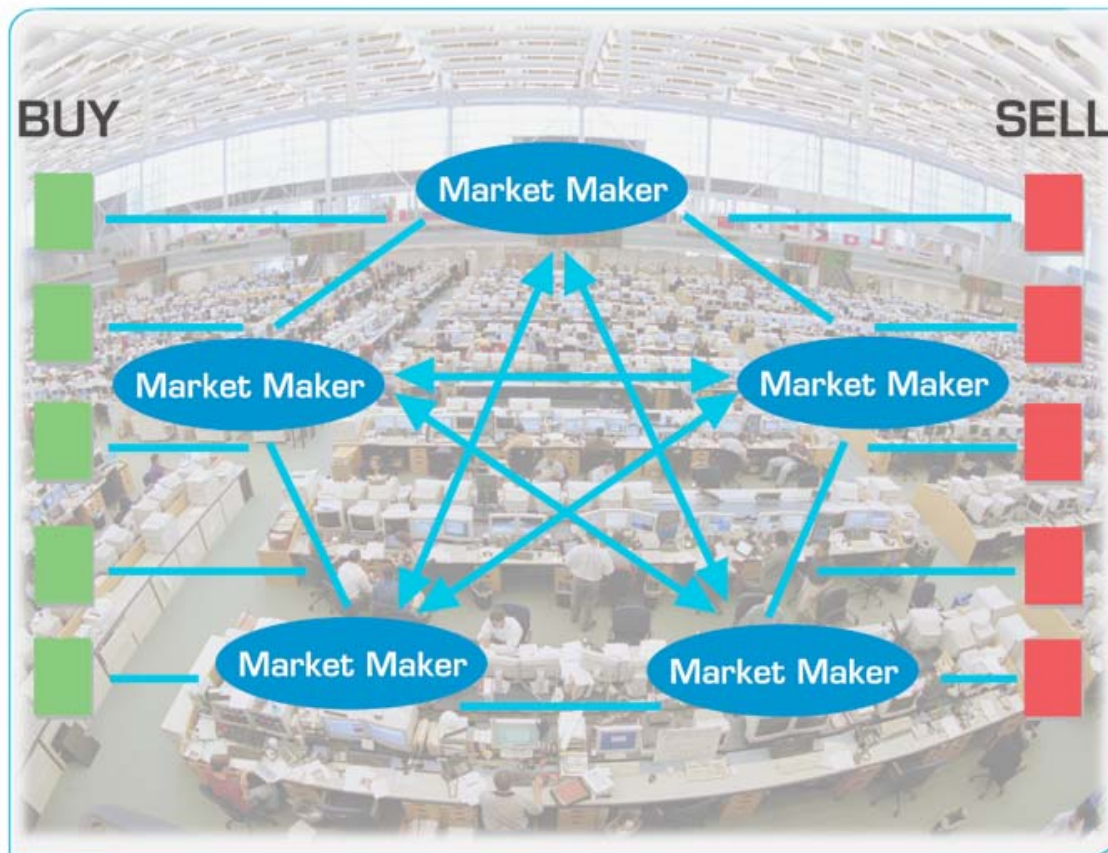
### 1,2,3 Global Market Position

NASDAQ is the equities market leader in the # of listed companies and the 2nd largest in trading volume and value



## *The NASDAQ is the best-performing market in the world*

***Floor-based trading will eventually emulate NASDAQ's efficient and competitive electronic model.***

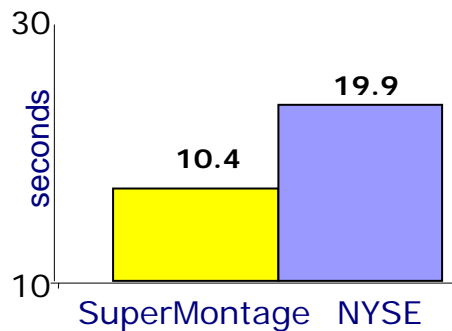


- ✓ **Electronic Network**
- ✓ **Competition**
- ✓ **Transparent & Open**

## What does market structure mean?

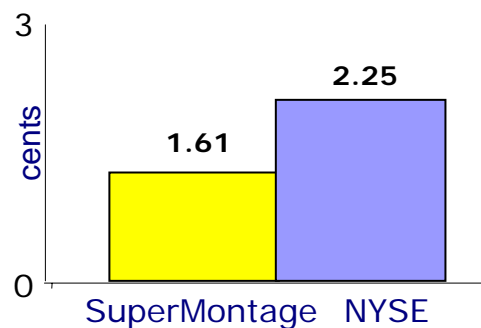
SEC execution quality statistics shows our competitive market model and superior technology result in the highest quality executions for investors

### Faster Trades



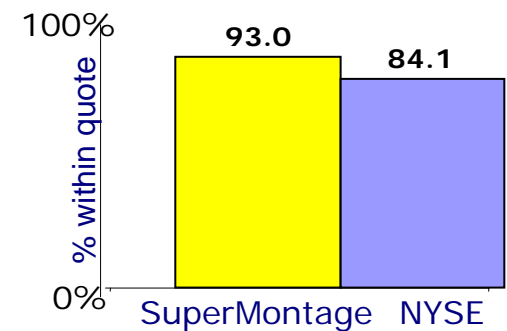
**NMC is 1.9 times faster**

### Tighter Spreads



**NMC is 39.7% better**

### Execution Certainty



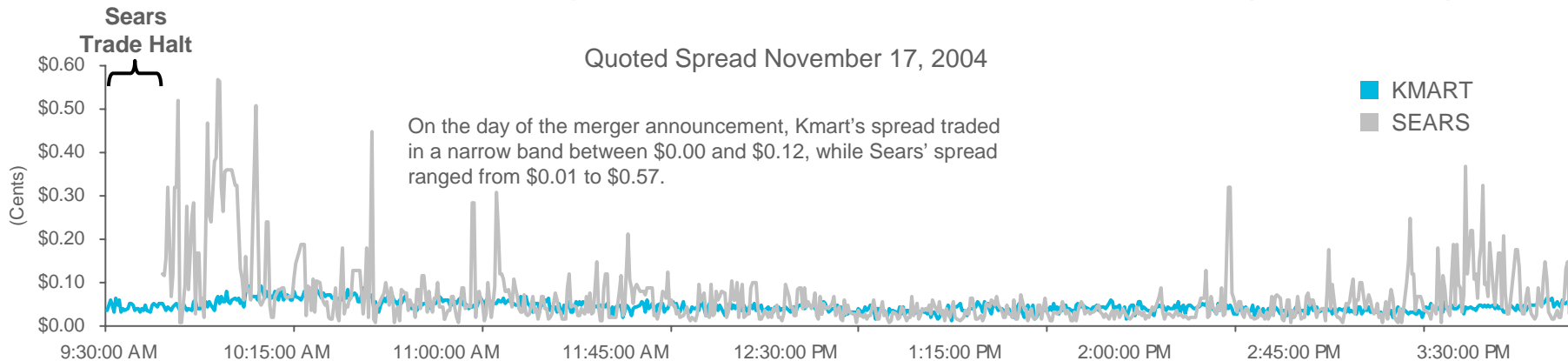
**NMC is 10.6% better**

Source: Market Systems, Inc. SEC Rule 11Ac1-5 data from March 2005.

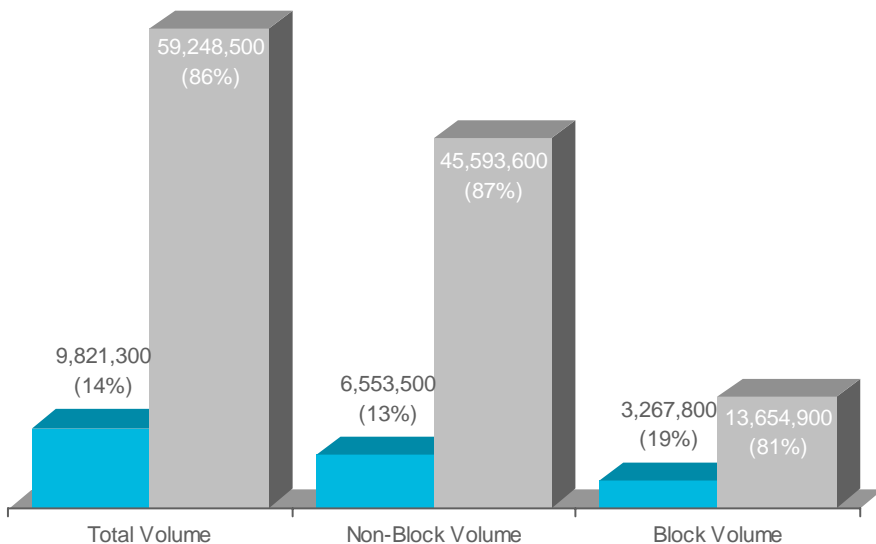
Notes: Data are for all sizes under 10,000 shares. Averages are share weighted by shares executed. 11Ac1-5 statistics only apply to market or limit orders received and executed by a market center during regular trading hours. They exclude orders that require special handling such as orders executed at market open or close, stop orders, orders to execute at full size, orders to be executed on a particular bid or tick, "not held" orders, orders for other than regular settlement, and orders to be executed at prices unrelated to the market price. .

# What does market structure mean to you? Market Reaction

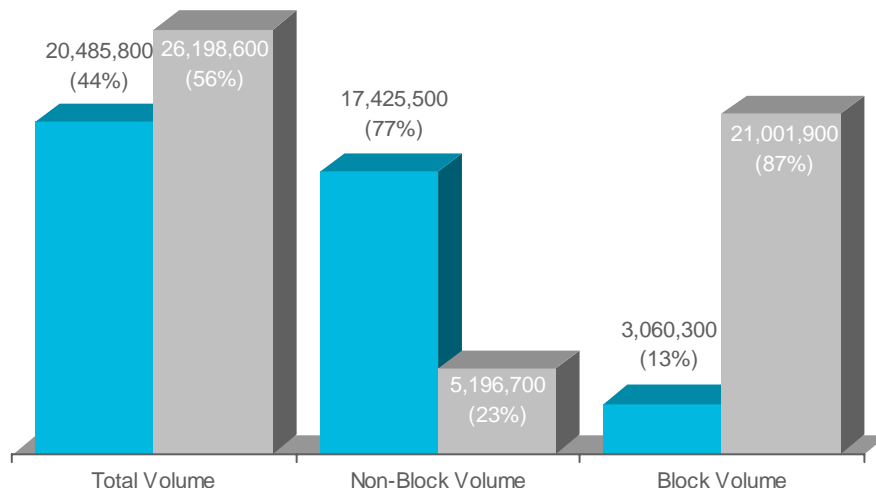
On November 17, 2004, Kmart Holding Corporation and Sears, Roebuck and Co agreed to merge.



Sears Share Volume October 2004



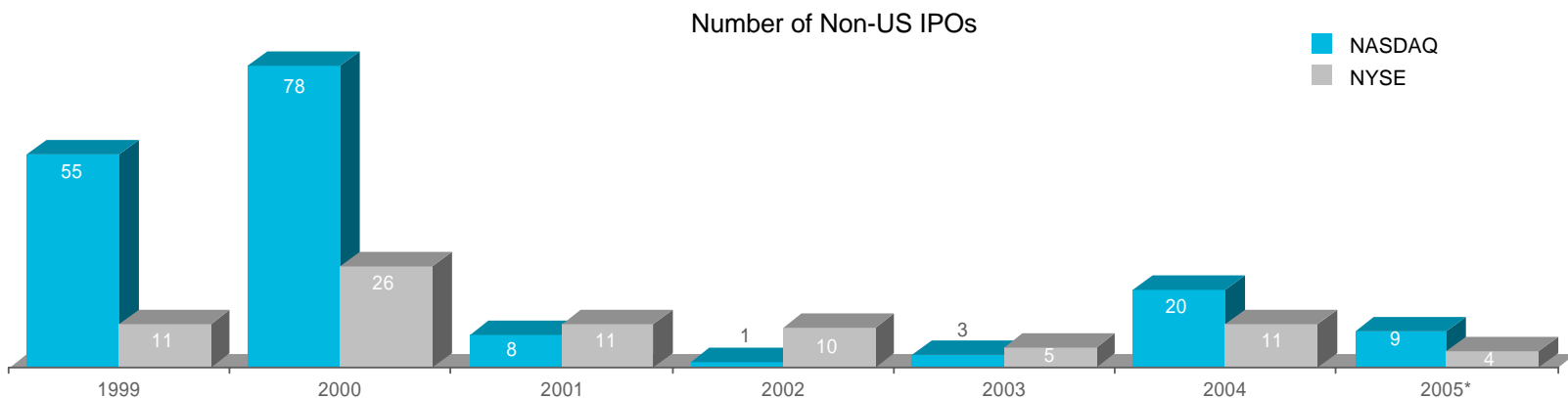
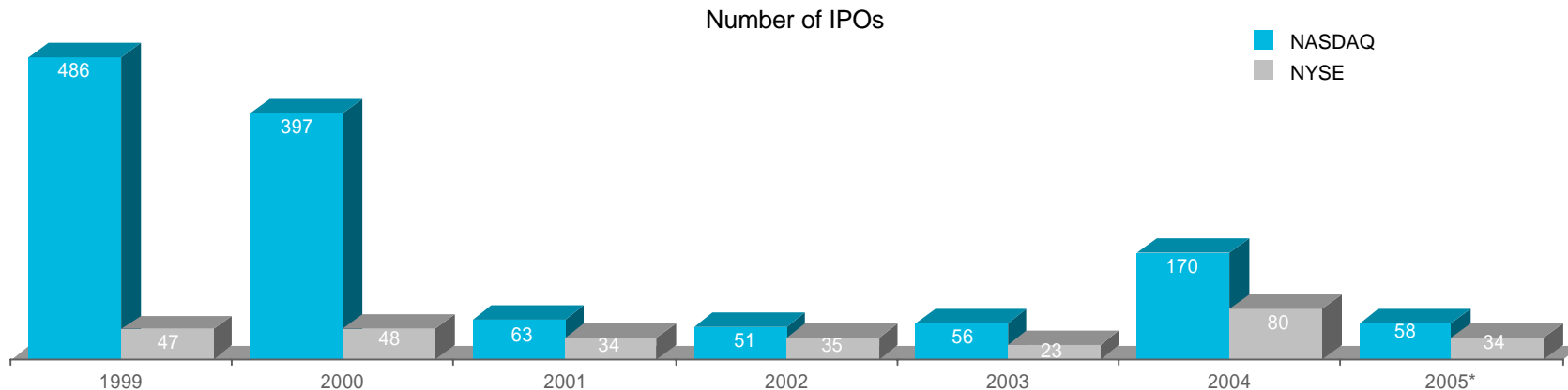
Sears Share Volume November 17, 2004



■ NASDAQ AND OTHER OFF-BOARD ■ NYSE

## NASDAQ Dominates the IPO Market

**83% of all IPOs choose to partner with NASDAQ recognizing our mission to enable corporate growth and entrepreneurship by providing listed companies with the highest-quality equity market in the world.**



*Includes domestic and foreign IPOs, best-efforts and bank demutualizations. Excludes unit investment trusts, and fully classified closed-end funds.*

*\* 2005 is as of July 1, 2005.*

*Source: EquiDesk, FactSet Research Systems, Inc., Bloomberg, NASDAQ Economic Research*

# NASDAQ is a Market of Industry Leaders

NASDAQ lists leaders in all business areas, including retail, technology, communications, transportation, financial services, media, and biotechnology



# *Where it happens...*



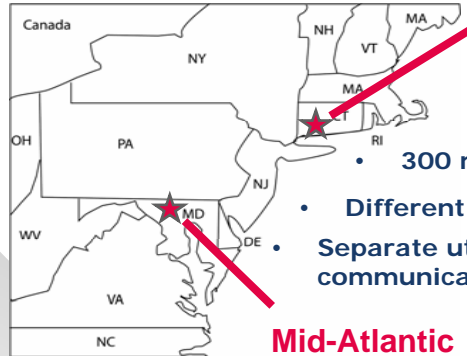
# Technology Quick Facts

Two Data Centers with same capacity, reliability and functionality



400 technology personnel

Systems development and testing for 100 applications with 652 releases in 2004



North-East Data Center

Mid-Atlantic Data Center

- 300 mile separation
- Different geologic zones
- Separate utility and data communications providers



"MarketSite" Media Center in Times Square

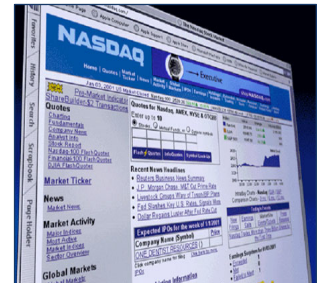


State-of-the-Art technology platforms with Wintel, Sun, and HP NonStop

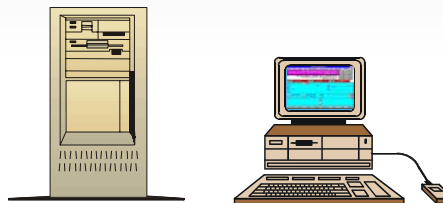


Market Operations and Participant Services

Handles over 150,000 calls and emails/faxes annually



44 external and internal facing websites and applications

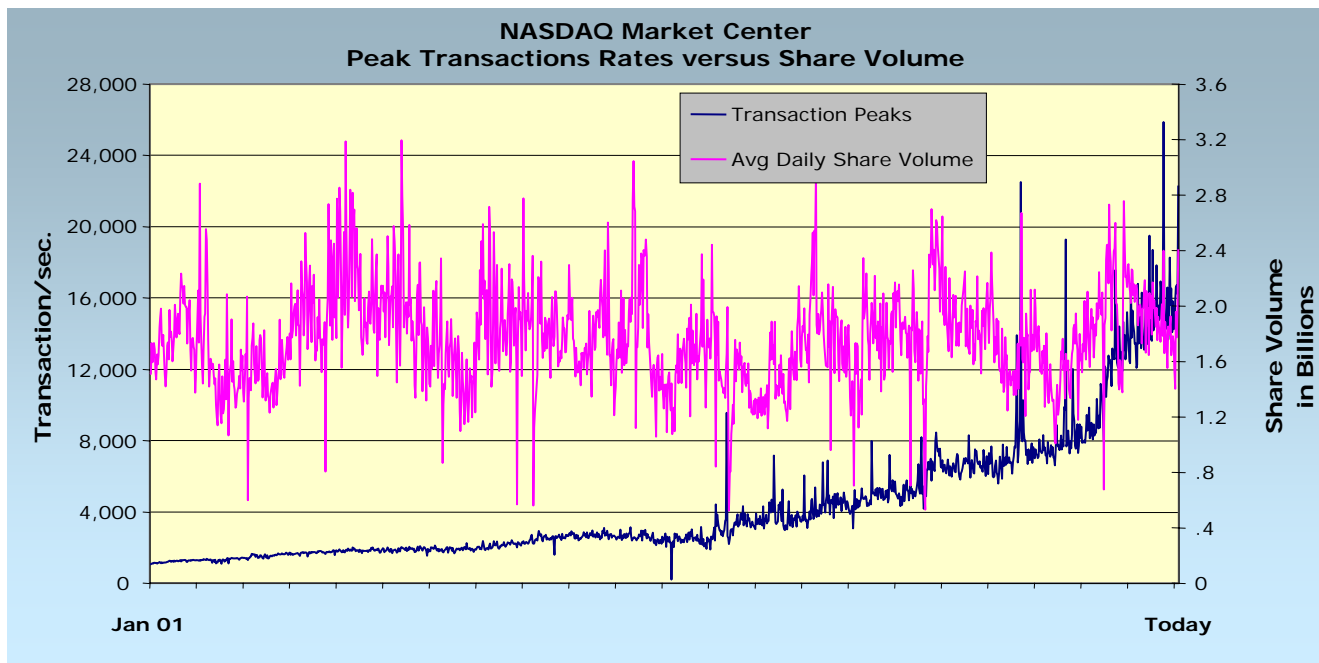




## *NASDAQ's Performance Parameters*

- **NASDAQ's network connects thousands of traders in hundreds of firms dispersed throughout North America**
  - data is received from more than 350,000 terminals and workstations
  - more than 2 million users in 83 countries have access to screens displaying NASDAQ data
- **On a typical day NASDAQ systems process:**
  - 83 million quote changes
  - 59 million orders and cancels
  - 13 million trades
- **Each day at market open and close, NASDAQ systems:**
  - handle processing peaks in excess of 20,000 tps
  - maintain 1/100th of a second transaction response time
  - provide 99.99+ % uptime for our core systems

# Key Challenge: Transaction Rates up 25-fold since 2001, while ADV is unchanged.



	April 2004	April 2005	Percent Change
<b>Market Center</b>			
Input Transactions	17.8M	57.2M	221%
Executions	831K	1,041K	24%
Share Volume (venue)	269M	243M	9.6%
<b>Brut</b>			
Input Transactions	16.2M	36.1M	122%
Executions	1.5M	2.4M	59%
Share Volume (venue)	166M	256M	54%
<b>NASDAQ Overall Share Volume</b>	1.929B	1.827B	5.3%

## NASDAQ Primary Data Center

- Built in 1997 and upgraded in 2001
- Seismic bracing and construction
- Alternate Power with four 1500 KW Detroit Diesel Generators providing a total capacity of 6000 Kilowatts
- Three fuel tank N+1 configuration providing enough onsite fuel to support the entire facility for one week without refill
- Six 675 Kilowatt Rotary UPS motor/generator systems
- 184 tons of batteries for instantaneous backup



# NASDAQ Backup Data Center

- **NASDAQ has maintained a backup data center since 1986**
  - 300 mile separation from primary facility to minimize risk of impact from a single catastrophic event
- **All market participants have full connectivity to the backup data center and no single point of failure**
- **We are currently co-locating our backup capability to an off-site data operations center, owned by a third party**
  - This is part of NASDAQ's multi-year roadmap that includes infrastructure and platform consolidation, facilities consolidation, co-locating disaster recovery, and product retirements



# Physical Security

- 300 foot vehicle buffer zone
  - 1,900 foot steel reinforced concrete perimeter wall
  - Emergency Hydraulic Vehicle Arrest Devices (VAD's) at all entrances
- Onsite Security Management Team
- 60 CCTV Color Surveillance System
- Geoffrey key card entry system
- Metal detector scanning
- Offsite mail screening
- Fingerprinting and FBI based criminal records check of all employees and contractors



## *Conclusion*

### **Nasdaq is:**

- **The market for innovation and growth companies**
- **The largest, best-performing market in the world**
- **World-class:**
  - ✓ **trading systems**
  - ✓ **testing procedures and processes**
  - ✓ **physical infrastructure**



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