



The Nasdaq Stock Market, Inc.
One Liberty Plaza
New York, New York 10006

Press Release

For Release: April 22, 2005

NASDAQ to Acquire Instinet

- Acquisition Expected to be Accretive to NASDAQ Shareholders within One Year of Closing –
NASDAQ to Retain INET ECN,
Silver Lake Partners to Acquire Instinet Institutional Broker, Bank of New York to Acquire Lynch
Jones Ryan
- Press Conference at MarketSite and Call to Discuss Transaction on Friday, April 22 at 1:30 p.m. -

New York, N.Y. — The Nasdaq Stock Market, Inc. (NASDAQ[®]; NASDAQ: NDAQ), announced today that it has entered into a definitive agreement to acquire Instinet Group Incorporated and that it has concurrently entered into a definitive agreement to sell Instinet's Institutional Broker division to Silver Lake Partners. As a result of these transactions, NASDAQ will own INET ECN. Instinet has also entered into a definitive agreement to sell its Lynch, Jones & Ryan (LJR) subsidiary to Bank of New York prior to consummation of the NASDAQ transaction.

Instinet stockholders will receive approximately \$1.878 billion in cash, comprised of approximately \$934.5 million from NASDAQ, approximately \$207.5 million from Silver Lake and the balance from INET's available cash, including approximately \$174 million from Bank of New York.

The combination of NASDAQ with the INET ECN will provide all investors with a technologically superior trading platform that is positioned to compete effectively in a post-Regulation NMS environment. NASDAQ expects to realize significant savings with the help of the INET technology. It also expects the transaction to reduce clearing costs and corporate expenses associated with the combined entity. NASDAQ anticipates this transaction will be accretive to NASDAQ shareholders within 12 months of closing.

Bob Greifeld, president and CEO of NASDAQ, commented, "This transaction will allow NASDAQ to compete more effectively with other U.S. and international market centers by making our technological platform more competitive, which will result in greater cost efficiencies and improved quality of execution in our market -- qualities that today's individual and institutional investors demand. NASDAQ will continue to innovate and will also have the ability to tap new opportunities in other asset classes."

He added, "Regulation NMS has defined the new competitive landscape by calling for all market centers to be mutually accessible. With this move we maintain our status as the low cost provider and at the same time provide increased order interaction for both NASDAQ and exchange listed securities. We also believe this further enhances our ability to attract new listings. We want to thank all of our partners for their combined efforts on this transaction. Additionally, we are pleased that Glenn Hutchins of Silver Lake Partners will be joining the NASDAQ board, and we look forward to his strategic contributions."

To finance the transaction, NASDAQ has obtained commitments for the following:

- \$750 million in 6-year senior term debt, with JPMorgan and Merrill Lynch acting as joint

lead arrangers and joint bookrunners.

□ \$205 million in convertible notes to Hellman & Friedman LLC and Silver Lake Partners. The notes carry a coupon of 3.75% and will be convertible into NASDAQ stock at a price of \$14.50 per share. Silver Lake Partners and Hellman & Friedman will also receive 1.56 and

0.65 million warrants, respectively, to purchase NASDAQ stock at a price of \$14.50.

In order to facilitate the transaction, Hellman & Friedman LLC also has restructured the terms of NASDAQ's existing \$240 million convertible notes, extending the maturity date to May, 2012, lowering the interest coupon rate to 3.75% from 4%, and lowering the notes' conversion price to \$14.50 from \$20.00. Hellman & Friedman LLC also will receive 2.75 million warrants to purchase NASDAQ stock at a price of \$14.50 per share.

Patrick Healy, Managing Director of Hellman & Friedman LLC and a NASDAQ Board member, stated: "As NASDAQ's largest shareholder, Hellman & Friedman is pleased to support Bob Greifeld and the NASDAQ management team in the acquisition of INET. We believe this transaction will allow NASDAQ to further optimize and enhance its electronic trading environment to benefit all investors, while maintaining its status as the low cost provider."

Glenn Hutchins, a co-Founder and managing member of Silver Lake Partners, said, "This investment is an opportunity to work with one of the world's most prominent technology-driven equity markets, led by Bob Greifeld and his world-class management team, and we look forward to contributing to NASDAQ's continuing success as a value-added partner. Separate from our investment in NASDAQ we are equally pleased that this transaction allows us to welcome Instinet, with its leading edge technology solutions for institutional brokerage customers, back into Silver Lake's portfolio. We are extremely pleased to join Hellman & Friedman as investors in NASDAQ and in facilitating this transaction."

NASDAQ Chief Financial Officer, David Warren, commented, "This transaction is designed to combine INET and NASDAQ's businesses while allowing NASDAQ to continue to execute its cost reduction program. In structuring this transaction, we carefully considered all financing options. Given NASDAQ's management's proven ability to successfully integrate acquisitions, the transaction's expected cost synergies, and the accomplishments achieved to date under our own cost reduction program, we are comfortable that NASDAQ is creating a business model designed to generate strong cash flows while building sufficient operational flexibility to support this transaction."

NASDAQ's board of directors has approved this transaction. Reuters (NASDAQ: RTRSY), which owns approximately 62% of Instinet Group, has agreed to vote its shares in NASDAQ in favor of the transaction. NASDAQ's purchase of Instinet is subject to customary closing conditions and regulatory approval, including approval by Instinet shareholders.

Thomas Weisel Partners LLC acted as exclusive financial advisor to NASDAQ. Skadden, Arps, Slate, Meagher & Flom LLP was NASDAQ's outside legal counsel, and Keefe, Bruyette & Woods, Inc. rendered a fairness opinion to the NASDAQ Board of Directors with respect to the convertible notes issued by NASDAQ.

Conference Call Friday, April 22 at 1:30 p.m. EST.

NASDAQ will conduct a conference call to discuss this announcement at 1:30 p.m. EST. To listen to the call, please dial 800-857-7403 and reference Leader: Bob Greifeld, and Password: NASDAQ PRESS.

All participants can access the conference via Internet webcast through the NASDAQ Investor Relations website at www.nasdaq.com/investorrelations/ir_home.stm. Senior management will be available for questions from shareholders and the media following prepared remarks.

An audio replay of the conference will be available approximately one hour after the call on the NASDAQ Investor Relations website or by dialing 800-857-7403.

About NASDAQ

NASDAQ[®] is the largest electronic screen-based equity securities market in the United States. With approximately 3,250 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market. It is home to category-defining companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology industries. For more information about NASDAQ, visit the NASDAQ Web site at www.nasdaq.com or the NASDAQ Newsroom at www.nasdaq.com/newsroom/.

About Instinet Group

Instinet Group, through affiliates, is the largest global electronic agency securities broker and has been providing investors with electronic trading solutions and execution services for more than 30 years. We operate our two major businesses through Instinet, LLC, The Unconflicted Institutional Broker, and Inet ATS, Inc., The electronic marketplace.

INET, The electronic marketplace, represents the consolidation of the order flow of the former Instinet ECN and former Island ECN, providing its U.S. broker-dealer customers one of the largest liquidity pools in NASDAQ-listed securities.

About Hellman & Friedman LLC

Hellman & Friedman LLC is a San Francisco-based private equity investment firm with additional offices in New York City and London. Since its founding in 1984, the Firm has raised and managed over \$8 billion of committed capital and invested in approximately 50 companies. The Firm's strategy is to invest in superior business franchises and to be a value-added partner to management in select industries including financial services, media, professional services, energy, and information services. Since its initial investment in 2001, Hellman & Friedman is the largest shareholder of NASDAQ. The firm has pursued investments in the financial services sector for over 15 years; representative investments include Arch Capital Group Limited (ACGL), Franklin Resources, Inc., MidOcean Limited, and Mondrian Investment Partners Ltd. For more information on Hellman & Friedman, visit www.hf.com.

About Silver Lake Partners

Silver Lake Partners is the leading private equity firm focused exclusively on large-scale investing in technology and related growth industries. Silver Lake seeks to achieve superior returns by investing with the strategic insight of an experienced industry participant, the operating skill of a world-class manager, and the financial expertise of a disciplined private equity investor. Specifically, Silver Lake's mission is to function as a value-added partner to the management teams of the world's leading technology franchises. Its portfolio companies include technology industry leaders such as Ameritrade, Business Objects, Flextronics, Gartner, Network General, Seagate Technology, SunGard, Thomson and UGS. For more information: www.silverlake.com.

Cautionary Note Regarding Forward-Looking Statements

Statements about future results made in this release, including the projections, constitute forward-looking statements that are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. The NASDAQ Stock Market, Inc. (the "Company") cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

Such forward-looking statements include projections, which have not been reviewed by independent auditors of the Company. Forward-looking statements involve a number of risks, uncertainties or other factors beyond the control of the Company. These factors include, but are not limited to, the Company's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors detailed in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"). In addition, these

statements are based on a number of assumptions that are subject to change. For example, these projections assume that Regulation NMS, which is a proposal currently before the SEC, would, if adopted, not have a material impact on the Company. We cannot say with certainty what, if any, rule the SEC will eventually adopt in this area, and accordingly, cannot predict with certainty the ultimate impact Regulation NMS will have on the Company. 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 the Company that the projections will prove to be correct. We undertake no obligation to release any revisions to any forward-looking statements.

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INSTINET GROUP

Instinet Institutional Broker to be Independent Firm; Silver Lake Partners Joins with Instinet Management

NEW YORK, Apr 22, 2005 (BUSINESS WIRE) -- Instinet, The Institutional Broker, today announced that it will be acquired from The Nasdaq Stock Market, Inc. (NASDAQ: NDAQ) by a group led by Silver Lake Partners and Instinet senior management following NASDAQ's acquisition of Instinet Group Incorporated. Ed Nicoll, Chief Executive Officer, Instinet Group Incorporated, will become the CEO of Instinet.

"We are excited by the opportunity to be both owners and operators of one of the leading independent institutional brokers in the world", said Mr. Nicoll. "We will focus like a laser on serving the needs of our global customers through a commitment to service, value, transparency, and independence. We intend to build on Instinet's legacy and expertise in institutional trading by offering both sophisticated electronic trading platforms and hands-on trading solutions."

"In an industry where institutional investors struggle with brokers' conflicting models offering opaque, bundled services, Instinet's fully transparent agency model offers a striking and attractive alternative to help meet customer demands for technologically advanced solutions for their trading needs. This is possible because we have no business interests that compete with the trading performance of our clients." said Mr. Nicoll.

Glenn Hutchins, a co-founder and managing member of Silver Lake Partners, said, "We are extremely pleased to have this opportunity to partner with Ed Nicoll and his exceptional leadership team. Instinet has a rich 30-year legacy of bringing leading edge technology solutions to the institutional brokerage arena. We are committed to working closely with Ed and his team as they continue to enhance and extend Instinet's commitment to delivering the mission-critical technologies upon which a growing array of customers in North America and around the globe have come to depend."

"I look forward to continuing to work with Ed and the rest of the senior management team in delivering Instinet's superior products and services to our institutional customers around the world," said Mike Plunkett, President of Instinet, North America.

Instinet has been recognized for its execution quality in large size block trades, small trades, as well as trading in small-cap securities. According to Plexus Group, Instinet ranked No. 1 in "value-added," a measure of execution quality, for all block trades from 10,000 shares to 50,000 shares for the past five consecutive quarters. Similar Plexus Group studies evidenced that Instinet delivered better "value-added" execution quality for its clients' smaller trades, less than 2,000 shares, and ranked No.1 in execution quality for trading small-cap stocks (less than \$1 billion).

About Instinet

Instinet, The Institutional Broker, offers institutional customers advanced technology trading tools and sales-trading expertise to interact with global securities markets, improve trading performance and lower overall transaction costs. Through Instinet's electronic platforms, customers can access other U.S. trading venues, including NASDAQ and the NYSE, and almost 30 securities markets throughout the world. Instinet acts solely as an agent for its customers, including institutional investors, such as mutual funds, pension funds, insurance companies and hedge funds.

About Silver Lake Partners

Silver Lake Partners is the leading private equity firm focused exclusively on large-scale investing in technology and related growth industries. Silver Lake Partners seeks to achieve superior returns by investing with the strategic insight of an experienced industry participant, the operating skill of a world-class manager, and the financial expertise of a disciplined private equity investor. Specifically, Silver Lake Partners' mission is to function as a value-added partner to the management teams of the world's leading technology franchises. Silver Lake Partners recently announced the \$11.3 billion acquisition of SunGard Data Systems, expected to close later this year, in conjunction with several consortium partners. Silver Lake Partners' current portfolio of companies includes technology industry leaders such as Ameritrade, Business Objects, Flextronics, Gartner, Network General, Seagate Technology, Thomson and UGS. For more information: www.silverlake.com

Where to Find Additional Information about Instinet, NASDAQ and the Merger

Instinet Group intends to file a proxy statement of Instinet Group in connection with the proposed merger. Instinet Group stockholders should read the proxy statement and other relevant materials when they become available, because they will contain important information about Instinet Group, NASDAQ and the proposed merger. In addition to the documents described above, Instinet Group and NASDAQ file annual, quarterly and current reports, proxy statements and other information with the SEC. The proxy statement and other relevant materials (when they become available), and any other documents filed with the SEC by Instinet Group or NASDAQ are available without charge at the SEC's website, at www.sec.gov, or from the companies' websites at <http://www.institutgroup.com> and <http://www.nasdaq.com>, respectively.

Instinet Group, NASDAQ and their respective officers and directors may be deemed to be participants in the solicitation of proxies from Instinet Group stockholders in connection with the proposed merger. A description of certain interests of the directors and executive officers of Instinet Group is set forth in the Instinet Group proxy statement for its 2005 annual meeting which was filed with the SEC on April 15, 2005. A description of certain interests of the directors and officers of NASDAQ is set forth in NASDAQ's proxy statement for its 2005 annual meeting, which was filed with the SEC on April 11, 2005. Additional information regarding the interests of such potential participants will be included in the definitive proxy statement and other relevant documents to be filed with the SEC in connection with the proposed merger.

This news release may be deemed to include forward-looking statements relating to Instinet Group. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are included in Instinet Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and other documents filed with the SEC and available on the Company's website at www.investor.institutgroup.com

Instinet, The Institutional Broker, represents Instinet, LLC and its affiliates, not including the direct subsidiaries of Inet Holding Company, Inc. and Lynch, Jones & Ryan, Inc.

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SOURCE: Instinet Instinet Group Incorporated

INSTINET GROUP

Instinet Group to be Acquired by Nasdaq; Silver Lake Partners to Acquire Instinet, The Institutional Broker; The Bank of New York to Acquire Lynch, Jones & Ryan

NEW YORK, Apr 22, 2005 (BUSINESS WIRE) -- Instinet Group Incorporated (NASDAQ: INGP), the largest global electronic agency securities broker, today announced that it has entered into a definitive agreement pursuant to which The Nasdaq Stock Market Inc. (NASDAQ: NDAQ) will acquire Instinet Group. NASDAQ will acquire all outstanding shares of Instinet Group for an aggregate purchase price of approximately \$1.88 billion in cash, or \$5.44 per share(1)(on a fully diluted basis).

Upon completion of the transaction, INET, Instinet Group's electronic marketplace, will be combined with NASDAQ's current operations. The Company's other major business, Instinet, The Institutional Broker, will be acquired by Silver Lake Partners from NASDAQ immediately following the NASDAQ acquisition. Certain members of Instinet management will participate in the Silver Lake Partners transaction. INET, The electronic marketplace trades about 25% of the NASDAQ-listed volume daily and is one of the largest liquidity pools in NASDAQ-listed securities. Instinet, The Institutional Broker, trades approximately 100 million shares daily in the U.S. in addition to serving clients in almost 30 securities markets around the world.

Separately, Instinet Group has also agreed to sell its subsidiary Lynch, Jones & Ryan, Inc. (LJR) to The Bank of New York for an estimated \$174 million in cash, subject to an additional \$5 million payment in an earnout based on a second quarter revenue target. The Bank of New York plans to operate LJR as a subsidiary of BNY Brokerage Inc., its agency brokerage and a member of BNY Securities Group. LJR is the pioneer and premier provider of commission recapture programs, with over 30 years experience in providing value-added trading services to institutional investors, comprising 1,400 funds with more than \$2.2 trillion in assets.

In addition to its approval of the Nasdaq and LJR transactions described above, Instinet's Board has approved the declaration of a dividend to all stockholders in an amount not to exceed the net proceeds of the LJR transaction, which dividend will be declared at the time the LJR transaction closes. Any dividend will result in a reduction in the merger consideration to be received by shareholders in the transaction with NASDAQ.

"Today's announcement means our broker-dealer customers can look forward to reaping the benefits of the combined INET and NASDAQ electronic marketplaces, drawing from the best of our technologies and customer service," said Ed Nicoll, Chief Executive Officer, Instinet Group Incorporated. "Equally important, this transaction is designed to help our buy-side customers benefit from the institutional broker's independence and singular focus on serving their needs. Instinet Group's senior management team and I are committed to delivering the most sophisticated, efficient, and transparent institutional execution services without compromise or conflict."

Transaction Details

The acquisition of Instinet by NASDAQ, and the subsequent Silver Lake Partners transaction, are subject to customary conditions, including the approval of the NASDAQ merger by Instinet Group's shareholders, the sale of LJR, as well as regulatory approvals. Reuters, with an approximate 62% stake in Instinet Group, has agreed to vote in favor of the NASDAQ merger. The parties have agreed to promptly seek all required regulatory approvals, including SEC approval and approval under the Hart-Scott Rodino Antitrust Improvements Act (HSR) and will make efforts to complete the transaction by year-end.

The sale of LJR is an independent transaction, which the Company anticipates completing by the end of June 2005. The transaction is subject to customary conditions, including regulatory approvals and other customary approvals.

UBS acted as exclusive financial advisor to Instinet Group. Wachtell, Lipton, Rosen & Katz was Instinet Group's legal counsel.

Preliminary First Quarter Results

Instinet Group Incorporated today announced preliminary results for the first quarter of 2005. Instinet Group expects to report net income of \$14 million or \$0.04 per diluted share for the first quarter of 2005 compared to net income of \$22 million or \$0.06 per diluted share for the first quarter of 2004 and net income of \$9 million or \$0.03 per diluted share for the fourth quarter of 2004. The first quarter 2005 results included \$3 million in net investment gains, a net \$1 million reversal of previously expensed severance charges and \$1 million in advisory fees. The first quarter of 2004 included a \$5 million investment gain and a \$5 million insurance recovery. The fourth quarter of 2004 included an impairment of goodwill of \$25 million related to Bridge Trading Company, severance expense of \$7 million and net fixed asset expense of \$1 million partially offset by a \$11 million investment gain. Prior period information has been restated to incorporate Bridge Trading Company which was acquired on March 31, 2005.

About Instinet Group

Instinet Group, through affiliates, is the largest global electronic agency securities broker and has been providing investors with electronic trading solutions and execution services for more than 30 years. We operate our two major businesses through Instinet, LLC, The Institutional Broker, and Inet ATS, Inc., The electronic marketplace.

-- Instinet, The Institutional Broker, gives its customers the opportunity to use its sales-trading expertise and advanced technology tools to interact with global securities markets, improve trading performance and lower overall transaction costs. Through Instinet's electronic platforms, customers can access other U.S. trading venues, including NASDAQ and the NYSE, and almost 30 securities markets throughout the world. Instinet acts solely as an agent for its customers, including institutional investors, such as mutual funds, pension funds, insurance companies and hedge funds. Lynch, Jones & Ryan, Inc., Instinet Group's commission recapture subsidiary is also a part of Instinet.

-- INET, The electronic marketplace, represents the consolidation of the order flow of the former Instinet ECN and former Island ECN, providing its U.S. broker-dealer customers one of the largest liquidity pools in NASDAQ-listed securities.

About NASDAQ

NASDAQ is the largest U.S. electronic stock market. With more than 3,200 companies, it lists more companies and, on average, trades more shares per day than any other U.S. market. It is home to companies that are leaders across all areas of business including technology, retail,

communications, financial services, transportation, media and biotechnology. NASDAQ is the primary market for trading NASDAQ-listed stocks. For more information about NASDAQ, visit the NASDAQ Web site at <http://www.nasdaq.com> or the NASDAQ Newsroom at <http://www.nasdaq.com/newsroom/>.

BNY Securities Group is an organization consisting of several broker-dealers and other companies. BNY Brokerage Inc., member NASD/NYSE/SIPC.

Where to Find Additional Information about Instinet, NASDAQ and the Merger

Instinet Group intends to file a proxy statement of Instinet Group in connection with the proposed merger. Instinet Group stockholders should read the proxy statement and other relevant materials when they become available, because they will contain important information about Instinet Group, NASDAQ and the proposed merger. In addition to the documents described above, Instinet Group and NASDAQ file annual, quarterly and current reports, proxy statements and other information with the SEC. The proxy statement and other relevant materials (when they become available), and any other documents filed with the SEC by Instinet Group or NASDAQ are available without charge at the SEC's website, at www.sec.gov, or from the companies' websites at <http://www.instinetwork.com> and <http://www.nasdaq.com>, respectively.

Instinet Group, NASDAQ and their respective officers and directors may be deemed to be participants in the solicitation of proxies from Instinet Group stockholders in connection with the proposed merger. A description of certain interests of the directors and executive officers of Instinet Group is set forth in the Instinet Group proxy statement for its 2005 annual meeting which was filed with the SEC on April 15, 2005. A description of certain interests of the directors and officers of NASDAQ is set forth in NASDAQ's proxy statement for its 2005 annual meeting, which was filed with the SEC on April 11, 2005. Additional information regarding the interests of such potential participants will be included in the definitive proxy statement and other relevant documents to be filed with the SEC in connection with the proposed merger.

This news release may be deemed to include forward-looking statements relating to Instinet Group. Certain important factors that could cause actual results to differ materially from those disclosed in such forward-looking statements are included in Instinet Group's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and other documents filed with the SEC and available on the Company's website at www.investor.instinetwork.com.

Instinet, The Institutional Broker, represents Instinet, LLC and its affiliates, not including the direct subsidiaries of Inet Holding Company, Inc. and Lynch, Jones & Ryan, Inc.

(C)2005 Instinet Group Incorporated and its affiliated companies. All rights reserved. INSTINET and INET are service marks in the United States. Instinet, LLC, member NASD/SIPC, branded as Instinet, The Institutional Broker, Inet ATS, Inc., member NASD/NSX/SIPC, branded as INET, The electronic marketplace, Lynch, Jones & Ryan, Inc., member NASD/SIPC and Bridge Trading Company, member NASD/SIPC are subsidiaries of Instinet Group Incorporated which is a member of the Reuters family of companies.

1) Based upon 345.4 million fully diluted shares (338.5 million shares outstanding at March 31, 2005 and an additional 6.8 million shares of stock equivalents related to outstanding employee stock options and performance share awards.)

SOURCE: Instinet Group Incorporated