



THE NYSE CONGRATULATES MARSH CARTER (LEFT) ON HIS APRIL 7 ELECTION AS BOARD CHAIRMAN.



JOHN THAIN AND JERRY PUTNAM, CEO OF THE ARCHIPELAGO EXCHANGE, JOIN FORCES TO CREATE NYSE GROUP, A PUBLIC, FOR-PROFIT ENTITY.

“The NYSE—  
Archipelago merger  
would combine the  
world’s leading equities  
market with the most  
successful, fully open  
electronic exchange.”

The Exchange is proud to welcome Marshall Carter as NYSE chairman, effective April 7. Marsh, a senior fellow at Harvard’s Kennedy School of Government and a former CEO of State Street, has been an NYSE director since December 2003 and chairman of our board’s Regulatory Oversight Committee. He brings tremendous experience and insight to his new role. We look forward to continuing to work with Marsh during this exciting, important period for the Exchange and our nation’s equities markets.

The NYSE also was delighted to welcome last month three new board members: former Maryland securities commissioner Ellyn L. Brown, former Clinton administration budget director Alice M. Rivlin and former vice chairman and CFO of PepsiCo Inc. Karl von der Heyden.

We owe a great deal of thanks and appreciation to John Reed for his tenure as chairman. John came to the Exchange with a strong sense of public purpose and took bold action during a difficult and challenging time. He made a positive and lasting difference at the NYSE and for all those we serve.

#### NYSE AND ARCHIPELAGO AGREE TO MERGE

On April 20 the NYSE board approved a plan to merge with Archipelago Holdings, Inc., the owner and operator of the Archipelago Exchange (ArcaEx). Upon closing of the transaction, the merger will lead to the combined entity, NYSE Group, becoming a publicly traded, for-profit entity. Current Archipelago shareholders will hold 30 percent of the new company’s shares, and current NYSE owners 70 percent (on a fully diluted basis). Three independent Archipelago directors will join me and the existing 10 independent NYSE directors on the NYSE Group board. If approved by regulators, NYSE members and ArcaEx shareholders, the world’s leading equities market will combine at the closing with the most successful, fully open electronic exchange. We expect the merger to close late this year or early in 2006.

As a public company, all investors, both institutions and individuals, will be able to participate in our success and growth. We will boost our global competitiveness, enhancing the depth and resilience of America’s capital marketplace. And we will continue our vital role as the heart of the U.S. financial system. The NYSE is the world’s largest, most liquid, most reliable equity marketplace, serving 2,760 listed companies and more than 90 million investors. The NYSE has strengthened America’s leadership at the center of global capitalism.

As we look to the future, and to the challenge of competing globally in a high-speed, electronically connected world, it is clear that we must do more. To provide superior service to our customers in 21st-century markets, the NYSE must compete and lead with greater efficiency and innovation. This transaction is the next step in that process.

The combination of the New York Stock Exchange and Archipelago will be good for investors and for America. It will create a dynamic and innovative enterprise capable of meeting the demands of investors and issuers worldwide. We will be stronger, more diversified and better able to deliver growth and profitability. We will offer our customers more choice. We will maintain the highest standards of integrity, transparency and disclosure. And we will be a model for best practices in corporate governance.

Our combination with Archipelago also will strengthen its competitiveness in the over-the-counter market; provide a deep and effective electronic platform for trading exchange-traded funds (ETFs), options and fixed-income securities; and build a listings business for those companies that do not qualify to list on the NYSE. In addition, the transaction has opportunities for greater innovation and efficiencies. We look forward to working together to make our combined operation more productive and cost effective.

## REGULATION REMAINS INDEPENDENT

Our regulatory activities will continue to be conducted by a separate non-public, not-for-profit entity governed by the chief regulatory officer (CRO) and a board made up of independent directors in addition to the CRO. NYSE Regulation will fund its operations from dedicated regulatory fees and long-term regulatory service contracts. This structure will ensure that NYSE Regulation is independent yet has the proximity to the marketplace necessary to provide effective investor protection.

In the Q&A with NYSE CRO Rick Ketchum on page 42, you'll read about the major strides taken during the past year to enhance the NYSE regulatory program and investor protection. We remain committed to a vigorous and independent program carried out with the highest standards of ethics and integrity.

## REG NMS IS APPROVED

Another recent development in the U.S. securities markets is the SEC's approval of Regulation NMS (aptly renamed the "best price rule"), which establishes a new structure for our national market system, including an extension of the trade-through rule to all markets. In doing so, the SEC is ensuring the protection of the investing public while effectively advancing the competitive landscape of the U.S. equities marketplace.

Over the course of more than a year, this discussion has involved complex issues and significant input from the full array of market participants. The NYSE thanks Sen. Chuck Schumer and the many other elected officials and market professionals for their steadfast work in putting the interests of American investors first. Reg NMS is a major step forward for investors and markets, creating a fair and level playing field and a sound framework for the U.S. equities marketplace to grow, compete and uphold its position as the world's best.

## MOVING FORWARD WITH EFFICIENCY AND INNOVATION

This edition of *nyse magazine* examines many of the issues facing companies as they seek to grow and compete on the world stage. From the CEO Roundtable on shareholder value (page 14) to the Technovations piece on supply-chain management (page 37) to the For Stakeholders column on customer relations (page 44), we hope this issue provides useful insights for moving your business forward with efficiency and innovation. A special look at three leading enterprises in the financial sector—our cover story on AXA (page 26) and profiles of Countrywide Financial (page 32) and E\*Trade Financial (page 20)—also emphasizes innovation to better serve customers' needs.

At the Exchange, customers continue to be our focus. On behalf of the NYSE board of directors, board of executives and my colleagues, we look forward to working with the Archipelago team to strengthen our position as a world-class competitor and to provide our customers with the highest levels of market quality and service. We are committed to greater innovation across the breadth of our businesses, and we look forward to continuing to better serve you.

Sincerely,



“The SEC’s approval of Regulation NMS ensures investor protection and advances the competitive landscape of the U.S. equities market.”

**Important Acquisition Information:** In connection with the proposed merger of Archipelago Holdings and the New York Stock Exchange, the parties intend to file relevant materials with the SEC, including a joint proxy statement/prospectus regarding the proposed transaction. Such documents, however, are not currently available. INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Archipelago and NYSE without charge, at the SEC's website (<http://www.sec.gov>) once such documents are filed with the SEC. Copies of the joint proxy statement/prospectus will also be available, without charge, once they are filed with the SEC by directing a request to NYSE at 11 Wall Street, New York, NY 10005 or calling (212) 656-2062 or directing a request to Archipelago, Attention: Investor Relations, at 100 South Wacker Drive, Suite 1800, Chicago, Illinois 60606 or calling (888) 514-7284.

NYSE, Archipelago and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from Archipelago shareholders in respect of the proposed transaction. Information regarding Archipelago's directors and executive officers is available in Archipelago's proxy statement for its 2005 annual meeting of stockholders, dated March 31, 2005. Additional information regarding the interests of such potential participants will be included in the joint proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

**Forward-Looking Statements:** Certain statements in this article may contain forward-looking information regarding Archipelago Holdings, the New York Stock Exchange and the combined company after the completion of the transactions that are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, the benefits of the business combination transaction involving Archipelago and NYSE, including future financial and operating results, the new company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of Archipelago's and NYSE's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of Archipelago shareholders or NYSE members to approve the transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues; social and political conditions such as war, political unrest or terrorism; general economic conditions and normal business uncertainty. Additional risks and factors are identified in Archipelago's filings with the Securities Exchange Commission, including its Report on Form 10-K for the fiscal year ending December 31, 2004, which is available on Archipelago's website at <http://www.Archipelago.com>.

You should not place undue reliance on forward-looking statements, which speak only as of April 25, 2005. Except for any obligation to disclose material information under the Federal securities laws, Archipelago undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this press release.