



INDIAN PRIME MINISTER MANMOHAN SINGH VISITED THE NYSE THIS FALL.

“New listings, new asset classes and our hybrid market are crucial to the success of our business strategy.”

As the year draws to a close, it is appropriate to reflect on our work on behalf of America’s 90 million investors and our 2,800 issuers from around the world. The New York Stock Exchange stands at the center of global capital formation and the forefront of investment opportunities around the world. And in 2004 we achieved significant progress on a number of fronts.

During recent visits to Japan, China, the U.K. and Mexico, I met with listed companies, companies aspiring to list and members of the global investment community. Here in New York we had the honor of welcoming Indian Prime Minister Manmohan Singh to the Exchange, where he appealed to a gathering of U.S. business and financial leaders for greater investment in his country. As the story on page 14 reveals, the NYSE is proud to have listed eight companies from India in the past four years alone.

With such tremendous growth in Asia, it is no surprise that more investors are seeking opportunities to participate in these markets. The Exchange is delighted to now offer the first mainland China-only exchange-traded fund: the iShares FTSE Xinhua China 25 Index (FXI), which tracks the 25 largest and most liquid Chinese companies available to foreign investors. This new listing is one of nearly 140 we expect to add in 2004, including a record number of IPOs. We are encouraged that more than 90 percent of the qualified IPO companies and proceeds choose to list on the NYSE. As listings increase and liquidity deepens, we strengthen our ability to provide customers the very best in market quality.

Adding to the NYSE’s growth and evolution is the expansion of our hybrid market. The genesis of expanding our NYSE Direct+[®] automatic order-execution service is to give our customers greater choices — to enable them to trade electronically, instantaneously and anonymously while keeping all the benefits of the auction market. We have submitted a detailed filing to the SEC, and our Website (www.nyse.com/direct) contains the filing and information about how the hybrid market will work. By offering more trading choices, we are confident that our market will benefit all customers — from small investors to large institutions.

As our CEO Roundtable participants express, the fact that we operate in an increasingly diverse world — where customers, employees, suppliers and other constituents come from all walks of life, all corners of the globe, all distinctions of race, age, ability and beliefs — cannot be overlooked. Some ways in which they establish and promote a diverse work force are found in the roundtable excerpts beginning on page 22. Additional CEO commentary on diversity can be found on our Website, at www.nyse.com/diversityfeature. Similarly, in the feature on page 34, philanthropic-minded corporate leaders make the business case for doing the right thing. The NYSE applauds their efforts. Good governance is more than transparency and efforts to ensure sustainable growth. It is also good corporate citizenship.

Sincerely,