

NASDAQ-100 Index Tracking Stock Product Description

NASDAQ-100 Index Tracking Stock is Interest in a Unit Investment Trust

NASDAQ-100 Index Tracking Stock[®] is a security that represents an interest in the portfolio of equity securities held by a unit investment trust ("Trust"), but that trade like shares of common stock. The Trust underlying Index Tracking Stock is formed by Nasdaq Financial Products Services, Inc., as Sponsor, a wholly owned subsidiary of The Nasdaq Stock Market, Inc. ("NASDAQ[®]"), and is intended to provide investment results that generally correspond to the price and yield performance of the NASDAQ-100 Index[®] ("Index")¹. The trustee of the Trust is The Bank of New York ("Trustee"). The distributor for the Trust is ALPS Distributors, Inc. ("Distributor"), a registered broker-dealer.

NASDAQ-100 Index Tracking Stock is Based on a Broad Market Index

The Trust Sponsor selected the Index as the basis for NASDAQ-100 Index Tracking Stock because it constitutes a broadly diversified segment of the largest and most actively traded securities listed on NASDAQ. The Index was first published in January 1985, and includes companies across a variety of major industry groups, including computer and office equipment, computer and software services, telecommunications, retail/wholesale trade and biotechnology. The Index is calculated under a "modified capitalization weighted" methodology, which is a hybrid between equal weighting and conventional capitalization weighting. Current information regarding the market value of the Index is available from NASDAQ as well as numerous market information services. The Index is determined, comprised, and calculated by NASDAQ without regard to the Sponsor, the Trust, or the beneficial owners of NASDAQ-100 Index Tracking Stock.

1 The "NASDAQ-100 Index[®]", "NASDAQ-100[®]", "NASDAQ[®]", "The NASDAQ Stock Market[®]", "NASDAQ-100 Index Tracking Stock[®]", "NASDAQ-100 TrustSM" and QQQ[®] are trademarks and/or service marks of The Nasdaq Stock Market, Inc., and have been licensed for use for certain purposes by Nasdaq Financial Products Services, Inc. pursuant to a License Agreement with NASDAQ.

The current value of the Index will ordinarily continue to be reported even when trading is interrupted in some or all of its component securities. In that event, the reported Index level will be based on the current market price of those stocks still being traded (if any) and the last reported prices for those stocks that are not currently trading. As a result, reported Index levels may at times be based on non-current price information with respect to some or even all of the stocks in the Index.

Trust Shares are Created and Redeemed with an Actual Portfolio of Securities and in “Creation Units” Comprising 50,000 Trust Shares

Most holders of shares of NASDAQ-100 Index Tracking Stock purchase and sell them in the secondary trading market. However, NASDAQ-100 Index Tracking Stock is initially created when issued by the Trust to a person or entity who, after placing a creation order with the Distributor, deposits with the Trustee a specified portfolio of Index securities, as well as in some cases a cash payment generally equal to accumulated dividends, if any, of the securities net of accrued expenses and liabilities up to the time of deposit. Conversely, the Trust will deliver an Index portfolio (based on the net asset value of the Trust), together, in some cases, with a cash payment (generally equal to accumulated dividends, if any, net of accrued expenses and liabilities as of the date of redemption) to a holder upon tender of an established minimum number of Trust shares to the Trust. While NASDAQ-100 Index Tracking Stock can be traded in lots of any size like ordinary shares of stock, NASDAQ-100 Index Tracking Stock is issued by the Trust only in specified large-sized minimum numbers; for example, 50,000 (or multiples thereof), which are referred to as “Creation Units.” Similarly, NASDAQ-100 Index Tracking Stock can be redeemed only by tendering to the Trust 50,000 NASDAQ-100 Index Tracking Stock (or multiples thereof) — the same Creation Unit-sized minimum number. Procedures to be followed when engaging in these creation and redemption transactions are set forth in the NASDAQ-100 Trust, Series 1 prospectus.

To maintain the correlation between the composition of securities held by the Trust and that of the Index securities, the Trust securities will be adjusted by the Trustee from time to time to conform to periodic changes in the identity and/or capitalization weights of Index securities.

NASDAQ-100 Index Tracking Stock Trades on The NASDAQ Stock Market

Once issued to a depositor of securities, Trust shares of NASDAQ-100 Index Tracking Stock may be bought and sold in the secondary market like other equity securities at any time during

the trading day. The NASDAQ-100 TrustSM is listed for trading on The NASDAQ Stock Market (symbol: QQQQ) and NASDAQ-100 Index Tracking Stock is cleared through facilities of the National Securities Clearing Corporation ("NSCC"). Certificates will not be issued for NASDAQ-100 Index Tracking Stock, which will be held by The Depository Trust Company ("DTC") in book entry form only. NASDAQ-100 Index Tracking Stock is traded on NASDAQ in 100-share round lots, and can be traded in odd lots as well. Note that trading of NASDAQ-100 Index Tracking Stock on NASDAQ will be halted whenever exchange trading in equity securities generally is halted as a result of activation of market-wide "circuit breakers" which are tied to large decreases in the Dow Jones Industrial AverageSM. Trading in NASDAQ-100 Index Tracking Stock on NASDAQ may also be halted if NASDAQ officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors.

The performance history of NASDAQ-100 Index Tracking Stock shares, including information about the premiums and discounts at which the shares have traded, is available on www.NASDAQ.com/QQQ

NASDAQ-100 Trust Dividend Payments

NASDAQ-100 Index Tracking Stock holders as of the record dates may be paid a quarterly income net of expenses amount corresponding to the amount of any cash dividends or other income that accrue to the portfolio of securities in the Trust during the applicable period, net of fees and expenses of the Trust (as discussed below). If the fees and expenses of the Trust exceed the dividend and other income received by the Trust, the Trust may be required to pay any such excess expenses with the proceeds realized from the sale of Index securities. Based on historical dividend payment rates of securities in the Index and estimated ordinary operating expenses of the Trust, little or no such net dividend distributions are currently anticipated. The regular quarterly ex-dividend date for the Trust will be the third Friday in each of March, June, September and December, unless such date is not a business day, in which case the ex-dividend date will be the immediately preceding business day. There shall be no net dividend distribution in any given quarter, and any net dividend amounts will be rolled into the next quarterly accumulation period, if the aggregate net distribution would be in an amount less than 5/100 of one percent (0.05%) of the net asset value of the Trust as of the Friday in the week immediately preceding the ex-dividend date, unless the Trustee determines that a distribution is required for reasons set forth in the Trust prospectus. The Trust share holder should be aware of the tax consequences associated with Trust dividends, as well as those associated with Trust share sales or redemptions. Investors may wish to consult their tax advisers in this regard.

The Sponsor reserves the right to make the DTC Dividend Reinvestment Service ("Service") available in the future for use by

Trust share holders through DTC Participants for reinvestment of their periodic cash distributions, if any. In the event the Service is made available, not all DTC Participants may choose to utilize this Service, and an interested investor should consult his or her broker to ascertain the availability of dividend reinvestment through such broker as well as the specific procedures that apply.

Expenses of the Trust

Fees and expenses to be charged to the Trust are described in the NASDAQ-100 Trust prospectus. Such fees and expenses include the Trustee's fees; licensing fees; federal and state annual registration fees; expenses of the Sponsor relating to the printing and distribution of marketing materials; and certain other expenses and fees of the Trust, as described in the Trust prospectus. The expenses of the Trust will be accrued daily and reflected in the net asset value of the Trust.

Please note that secondary market purchases and sales of Trust shares are subject to ordinary brokerage commissions.

The Trustee Votes the Underlying Shares

The Trustee will have the right to vote any voting securities held by the Trust, and will vote the voting securities of each issuer in the same proportion as all other voting shares of that issuer are voted. Consequently, holders of Trust shares will not be able to vote the shares of the securities of the issuers of the underlying NASDAQ-100 Trust.

The NASDAQ-100 Trust has a Specified Lifetime Term

The mandatory termination date of the Trust will be the first to occur of (i) a specified date in 2124 or (ii) the date 20 years after the death of the last survivor of fifteen (15) persons named in the Trust Agreement. However, the Trust may terminate at an earlier time under certain circumstances, such as delisting of the NASDAQ-100 Trust from NASDAQ and no subsequent relisting on a national securities exchange or a quotation medium operated by a national securities association; if the license from NASDAQ is terminated; or if the Trustee, Sponsor, DTC, or NSCC are unable to perform their respective functions or duties with respect to operation of the Trust and a suitable successor entity is not available. In addition, the Sponsor may terminate the Trust if, after three years from inception, Trust net asset value is below \$350,000,000, as such dollar amount shall be adjusted annually for inflation. Trading of NASDAQ-100 Index Tracking Stock cannot occur after termination of the underlying Trust. However, on termination, the Trust will be liquidated and Trust share holders at that time will receive a distribution of their pro-rata share of the assets of the Trust, net of certain fees and expenses.

NASDAQ-100 Index Tracking Stock Should Track the Value of the Underlying Stocks

The value of NASDAQ-100 Index Tracking Stock will fluctuate in relation to changes in the value of the portfolio of securities held by the Trust, and a significant decline in the value of the Trust portfolio can be expected to result in a similar decline in value of the corresponding shares. However, the market price of NASDAQ-100 Index Tracking Stock may not be equivalent to the pro-rata value of the Index securities. The portfolio of Index securities held by the Trust will be adjusted as necessary to track changes made to the Index from time to time by NASDAQ. The Trust Agreement contains directions to the Trustee specifying how those changes to the Index are to be replicated by the Trust.

Note to Investment Companies

NASDAQ-100 Index Tracking Stock shares are issued by a registered investment company, and the acquisition of NASDAQ-100 Trust shares by investment companies is subject to the restrictions of Section 12(d)(1) of the Investment Company Act of 1940, except as permitted by an exemptive order that permits registered investment companies to invest in NASDAQ-100 Trust shares beyond the limits in Section 12(d)(1)(A), subject to certain terms and conditions, including that the registered investment company enter into an agreement with the Trust regarding the terms of the investment.

Special Considerations and Risk Factors

NASDAQ-100 Index Tracking Stock is subject to the risks of an investment in a broadly based portfolio of equity securities, including the risk that the general level of stock prices may decline, thereby adversely affecting the value of such investment. Therefore, the value received upon sale of a NASDAQ-100 Index Tracking Stock may be less than the purchase price. Moreover, an investment in NASDAQ-100 Index Tracking Stock should be made with an understanding that the Trust may not be able to replicate exactly the performance of the Index because of transaction costs incurred by the Trust or because of the temporary unavailability of certain Index securities. NASDAQ-100 Index Tracking Stock is also subject to the risks of an investment in a portfolio of equity securities in which the index may be highly concentrated (e.g., technology) and, due to concentration in sectors characterized by relatively higher volatility in price performance, may be more volatile when compared to other broad-based stock index products. NASDAQ-100 Index Tracking Stock is also subject to the risks specific to the performance of a few individual component securities that currently represent a highly concentrated weighting in the NASDAQ-100 Index as described in the Trust's prospectus.

The identity of securities held by the Trust will change from time to time, based on changes in the Index. There can be no assurance that the issuers of securities held by the Trust will pay dividends, and distributions on such securities will generally depend upon the declaration of dividends by the issuers of those securities.

NASDAQ and its affiliates do not guarantee the accuracy and/or completeness of the NASDAQ-100 Index or any data included therein. NASDAQ and its affiliates make no warranty, express or implied, as to results to be obtained by any person or entity from the use of the NASDAQ-100 Index or any data included therein in connection with the rights licensed or for any other use. NASDAQ and its affiliates make no express or implied warranties, and disclaim all warranties of merchantability or fitness for a particular purpose with respect to the NASDAQ-100 Index or any data included therein. Without limiting any of the foregoing, in no event shall NASDAQ and its affiliates have any liability for any lost profits or special, punitive, incidental, indirect, or consequential damages, even if notified of the possibility of such damages. In addition, NASDAQ and its affiliates shall have no liability for any damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the NASDAQ-100 Index.

This product description is required to be provided to NASDAQ-100 Index Tracking Stock purchasers by NASDAQ and member organizations pursuant to NASDAQ rules. It is not to be construed as investment advice or as a recommendation to buy or sell NASDAQ-100 Index Tracking Stock. Upon request, your broker will furnish you with a copy of the NASDAQ-100 Trust prospectus, which provides more specific information with respect to these securities.

The NASDAQ-100 Trust prospectus may also be obtained by writing to NASDAQ, c/o Nasdaq Financial Products Services, Inc., 9513 Key West Avenue, Rockville, MD 20850, by calling 888.627.3837, or visit our Web site at www.NASDAQ.com/QQQ. If you have any questions about the NASDAQ-100 Trust, they should be addressed to your broker.