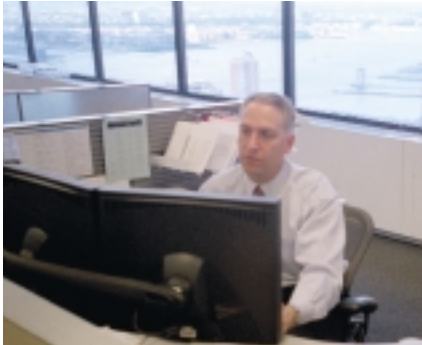


MARKET INTELLIGENCE

Companies are using NASDAQ's Market Intelligence Desk for up-to-the-minute

Right: Using market experience and state-of-the-art technology, the MID team provides a service for NASDAQ-listed companies throughout the working day.



How should a stock market be deploying its expertise to support a fair and open investment process? On one side – and much debated recently – is the market's duty to ensure investors have access to buy and sell stock at the best possible price. On the other, is its ability to support listed companies in their efforts to understand what is happening to their stock, so that they can provide timely information to the investment community.

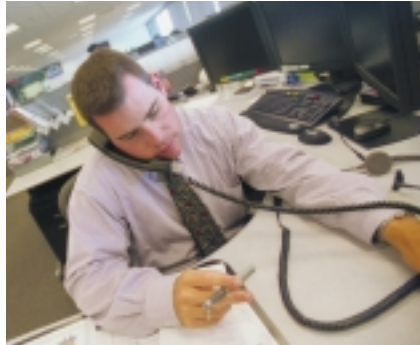
As part of its commitment to providing a fair market for investors, NASDAQ has developed its well-received SuperMontage trading platform. Less well known, perhaps, is the level of support NASDAQ offers to all its listed companies through its Market Intelligence Desk.

KROLL INC. | TIMELY INFORMATION

The MID's value is "its ability to interpret events", says Steven Ford, chief financial officer of **Kroll Inc.** (NASDAQ: KROL), the global risk consulting company. "It has the data to provide us with additional insight into what is happening," he adds.

Alerting the Kroll management team to unusual trading activity in the company's stock and in relation to the sector as a whole is a key part of the service, says Ford. "Generally, we don't expect a high degree of volatility in our stock, but if there's a significant variance from the norm we need to know about it. While the senior management team all cover this area, we also have to run the company, which makes a service like this very useful to us."

The company always needs to communicate with the financial community as part of its efforts to attract investment and achieve future growth, he notes. "Secondary offerings, acquisitions and earnings reports are all events that can have an impact on the stock," Ford concludes. "Another reason why timely information can be so important to us."



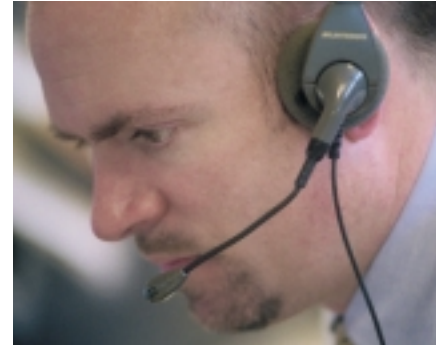
"Staff on the desk are drawing on their expertise from a variety of backgrounds in the support they give to companies," explains Bob Power, senior vice president in charge of the MID. "This can range from a former Market Maker who understands the mechanics of trading to those with a background in merchant banking and capital markets."

The depth of market knowledge available within NASDAQ's MID team ensures that the service can be tailored to the needs of an individual company, be it a call and discussion when the stock moves outside certain parameters to a wider analysis of market commentary and trends.

To this end, the MID is structured in dedicated teams to cover NASDAQ's main industry sectors: technology; telecomms, banking, energy, transportation and manufacturing; and consumer and life sciences. To support them, says Power: "We are using the type of communications and information vendor systems which simply aren't available on other markets."

Continuous communications

Each member of the MID has access to this state-of-the-art technology, which kicks in as soon as a company is called or if a call is received via a company's individual toll-free number. "For incoming calls, we have a highly sophisticated call routing system which means that no-one should be kept waiting," says Parminder Singh, operations director responsible for MID technology. "Calls are routed directly to the person responsible for that company, but if they are out of the office or away from their desk, the call will automatically be routed to another member of the calling company's dedicated team without even ringing."



Whoever answers the call has immediate access to the latest company information via links to a **Siebel** (NASDAQ: SEBL) customer relationship management database and a tri-panel display system which acts as a feed for such information vendors as Bloomberg, Thomson Financial and Wall Street Source.

"Through the knowledge of our people and our use of technology, we are creating a consistent approach to at least

"We were encouraged to move to NASDAQ because of the type of service provided"

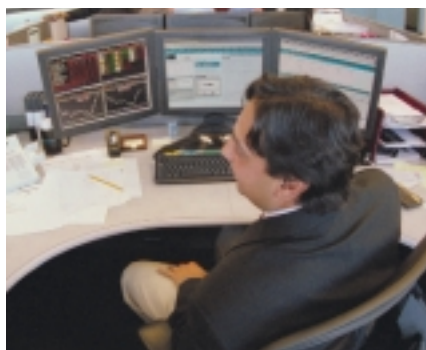
Michael Gorin, Aeroflex president

evaluating each stock," says Power. "Individuals can then tailor information to the companies they cover. Analyst ratings, briefings, press releases etc. can all be programmed in to ensure teams are up to speed with the companies they cover."

On average, the MID makes contact with 1,600 companies a month, and the number is rising. "This is where we see a lot of growth," says Singh, "and the technology is designed to cope with it."

Based at NASDAQ's forty-ninth-floor offices next to Wall Street, the MID is approaching its first full year of operation, and is providing the type of timely market information that is most useful to companies, explains Power. "To use a sporting analogy, we're well into our game and are making great strides – a state of affairs that our companies will attest to."

information and insight as they respond to the challenges of the marketplace.



And they do. "The service is giving me a lot of insight into what is happening to our stock," says Michael Gorin, president and chief financial officer of the test and measurement and microelectronics company **Aeroflex Incorporated** (NASDAQ: ARXX). "If there are stock movements above a certain percentage, we get a call."

Word from the Street

"We are working with some of NASDAQ's largest market cap companies and the call volume tends to be high," explains Charlie Brown, a team managing director. "These are companies that are pretty savvy about what is happening in their sector. One of the areas where we can add value is by giving them the Wall Street sentiment. This is in addition to alerting them to unusual trading activity and helping to put this in context through discussions on what is happening across the industry."

According to Jeff Kaplan, managing director in charge of a diversified industry group, the service can be adapted whatever the size of company or nature of its business. "Our companies welcome the extra insight we can give them. We are an objective source of market-wide information that they can depend on. We can provide updates on everything from Market Maker activity to the latest analyst ratings. Among our information sources, we have Shadow TV, which allows us to send out video clips of network interviews with CEOs and news stories about companies – another indication of how a company is getting its message across."

In addition to the established teams, says Power: "We've also just launched an emerging growth sector team to look after smaller stocks. We are continuing to

fine tune how we communicate with our issuers and the degree of communication they require."

Unbiased approach

KLA-Tencor (NASDAQ: KLAC) vice president for investor relations Cary Halsted believes: "It helps to have constant contact with someone external who watches the company closely, especially when this person is unbiased, and is someone you can trust. In many ways, the NASDAQ MID acts as our eyes and ears on the Street."

The role is an important one, agrees Power. "With the tools and insight we have we can determine in macro terms what's happening in the market and relate this to factors affecting companies. We also have a strong background in technical analysis for companies that want to focus on the fundamentals. This can involve looking at what's happening now to predicting future trading patterns."

Following his company's departure from the NYSE three years ago, Aeroflex president Gorin feels vindicated at the level of attention from the MID and from NASDAQ as a whole. "We were encouraged to move to NASDAQ because of the type of service provided and because we weren't getting enough attention on NYSE. We knew the decision would attract notoriety and it did, but that year our stock experienced one of the largest gains on the market."

Whatever the movements of a particular stock, the MID can provide insight and context, says Maria Perez, managing director of the consumer and life sciences team. "I know what a company's hot buttons are – whether it's price volatility at the end of the trading day, short interest or another factor. What we do is monitor these things and, if necessary, proactively call the company."

The process is rigorous and consistently applied, adds Perez. "We are continually

"In many ways, the NASDAQ MID acts as our eyes and ears on the Street" Cary Halsted, KLA-Tencor

TEAM SERVICE | MID'S MARKET EXPERTISE

Daily monitoring

Company-specific events ● Peer monitoring ● Trading activity and order flow ● Detailed trade-by-trade information ● Stock and volume price movements ● Fundamental and technical analysis ● Derivatives activity ● Analyst recommendation changes ● Rumors ● ShadowTV monitoring for clips on companies

Overview monitoring

World markets ● Exchange rates ● Economic releases

Industry-specific monitoring

● Technology – IT spending figures ● Airlines – passenger traffic and load factor news ● Transportation, Energy, Mining – commodity prices ● Life Sciences – FDA panel decisions ● Retail – consumer confidence ● Semiconductors – book-to-bill ratios ● Finance – construction and housing starts, interest rates

Expertise on the team

MID staff come from a variety of market backgrounds:

● Sell-side and buy-side trading ● Auction markets and specialist firms ● Equity research ● Portfolio management ● Investment banking/Equity capital markets ● Investor relations services ● NASDAQ StockWatch and listing qualifications ● Corporate financial management

monitoring developments that are likely to be important to our companies – anything from a new analyst report to an announcement by the FDA. It's all about exchanging information and monitoring what's important to our companies to give them a better understanding of what's happening in the market."

Working closely with NASDAQ field directors, MID staff regularly visit companies. "It's a consultative approach and it's a question of talking to our listed companies about exactly what it is they need," notes Power. "The priorities can range from a detailed stock analysis required by one of our highest-profile companies to more general market intelligence such as where stocks are less heavily traded."

The resulting service, he says, combines the benefits of an electronic marketplace with human expertise and many years experience in the world of finance. ■

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