FINDEX COM INC
Form 10QSB/A
September 30, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB/A
Amendment No. 1

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004.

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to _________.

Commission File Number: 0-29963

FINDEX.COM, INC.
(Exact name of small business issuer as specified in its charter)

Nevada	88-0379462
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11204 Davenport Street, Suite 100, Omaha, Nebraska	68154
(Address of principal executive offices)	(Zip Code)

(402) 333-1900
(Issuer’s telephone number, including area code)

NA.
(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [X] No [_]**

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. **Yes [_] No [_]**

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer’s classes of common equity, as of the latest practicable date: 48,619,855 common shares as of September 29, 2005.

Transitional Small Business Disclosure Format (check one): **Yes [_] No [X]**

Explanatory Note

We are filing this Amendment Number 1 to our Quarterly Report on Form 10-QSB for the three and nine months ended September 30, 2004 to restate our financial statements for the quarter then ended to reflect certain issues identified during a regulatory review of our financial statements associated with a certain registration statement filed with the SEC on November 22, 2004 on Form SB-2 and which is pending effectiveness as of the date of this filing of Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2004. There was no net effect on either cash provided or used by operating activities, cash used by investing activities or cash provided or used by financing activities as a result of the corrections to the financial statements for the period covered by this report. Our management and our board of directors have concluded that these restatements are necessary to reflect the following changes.

Revisions affecting our condensed consolidated statements of operations:

· In June 1999 we entered into a certain software license agreement with Parsons Technology, Inc. to manufacture, distribute and sell a variety of software titles, including QuickVerse®and Membership Plus®, by far our two largest selling titles. During the quarter ended June 30, 2002, we reached a tentative settlement agreement in an arbitration arising out of the 1999 license with The Learning Company ("TLC"), the licensor-assignee at the time. The tentative settlement agreement forgave the final, unpaid installment due on the 1999 license and extended the term from 10 years to 50 years. We originally recorded the final, unpaid installment ($1,051,785) as an offset against the recorded historical cost of the 1999 license, and recalculated the amortization based on this reduced amount and the extension of the useful life to 50 years. Although paragraph 6 of Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*, which guides the recognition and measurement of intangible assets, provides that the measurement of an asset in which the consideration given is cash is measured by the amount of cash paid, our management has since concluded that too much time had passed between the date of the 1999 license and the date of the tentative settlement agreement for such an offset to be appropriate. Therefore, we have recognized the extinguishment of the liability owed to TLC as income in our consolidated statement of operations for the year ended December 31, 2002. This adjustment reduced our retained deficit at September 30, 2003 and 2004 which was originally reported but had no effect on our condensed consolidated statements of operations or consolidated statements of cash flows for the periods then ended.

· During the quarter ended December 31, 2003, we reached a final settlement agreement in a second dispute arising out of the 1999 license with Zondervan and TLC. This final settlement extended the life of the 1999 license, and the trademarks included therein, indefinitely. We originally reassessed the useful life of the 1999 license to be indefinite, based on the guidelines provided by paragraphs 11 and 53 of SFAS No. 142, *Goodwill and Other Intangible Assets*. Our management has since concluded a 10 year life is appropriate on the basis of our going concern opinions for the years ended December 31, 2002 and 2003. Therefore, we have restored the estimated economic useful life to the original 10 years and have recalculated annual amortization accordingly. This adjustment increased our retained deficit at September 30, 2003 (for the prior years' amortization and related income tax effects) and decreased our net income for the three and nine months ended September 30, 2004. There was no net effect on our consolidated statements of cash flows for the nine months ended September 30, 2003 and 2004, respectively.

Revisions resulting in reclassifications or clarification with no net effect on our condensed consolidated statements of operations:

· During the year ended December 31, 2003, we decided to no longer provide support for and to destroy all remaining inventory of certain of our products. We originally recorded this as a non-recurring item in the "Other income (expense)" section of our consolidated statements of operations for the year ended December 31, 2003. We have revised our condensed consolidated statements of operations for the three and nine months ended September 30, 2003 to reflect this obsolete inventory in the "Cost of Sales" section.

- During the year ended December 31, 2003, we reached a final settlement agreement in our dispute with Zondervan and TLC. As part of the settlement process, we conducted an internal audit (verified by an independent auditor provided by TLC) of the accrued royalties owed Zondervan. The audit revealed that accrued royalties had been overstated due to the 2001 bad debt recognition of TLC's trade accounts receivable balance. The amount by which the accrued royalties had been overstated remained part of our dispute with Zondervan and as such remained in our liabilities until a final settlement agreement was reached. We originally had reported the adjustment as a non-recurring item in the "Other income (expense)" section of our consolidated statements of operations. The revised condensed consolidated statements of operations for the three and nine months ended September 30, 2003 reflects the adjustment as "Other income" in the "Other income (expense)" section.

· During the year ended December 31, 2003, we reclassified loan proceeds, and the corresponding accrued interest payable, that were previously recorded as an unsecured note payable. The proceeds were initially recorded as an unsecured note payable in 1999, based on an oral understanding with an employee of a third-party consultant. We had historically accrued interest on the outstanding balance at 9%, the rate deemed reasonable by our management at the time of the oral agreement. We continued to accrue interest on the proceeds until we made the determination to reclassify the proceeds and accumulated accrued interest based on the fact that (i) the obligation exists, if at all, solely pursuant to an oral loan agreement made in 1999 in the State of North Carolina with a representative of the party to whom the obligation was believed to have been owed, (ii) no party has ever made any demand for repayment thereof despite the fact that no payments have ever been made on the obligation, (iii) the party believed to be owed the obligation, upon inquiry, claims no record of any such obligation, and (iv) the State of North Carolina statute of limitations applicable to oral agreements, believed to govern the continued enforceability of the obligation, had expired. We originally reported the reclassification as a non-recurring item in the "Other income (expense)" section of our consolidated statements of operations for the year ended December 31, 2003. We have revised our condensed consolidated statements of operations for the three and nine months ended September 30, 2003 to reflect the adjustment as "Other income" in the "Other income (expense)" section.

· During the three months ended March 31, 2004, and as a direct result of the final settlement agreement with Zondervan and TLC, we wrote-off certain inventory containing Zondervan-owned content. Though not technologically obsolete, we were unable to sell the inventory under the terms of the final settlement agreement. We originally recorded this event as a non-recurring item in the "Other income (expense)" section of our condensed consolidated statements of operations. We have revised our condensed consolidated statement of operations for the three and nine months ended September 30, 2004 to reflect this inventory adjustment in the "Cost of Sales" section.

· During the three months ended September 30, 2004, we settled a dispute for early termination arising out of an agreement with Swartz Private Equity. In connection therewith, we issued 295,692 shares of common stock valued at $0.10 per share and paid a cash lump sum of $125,000. We originally had recorded this transaction as expenses incurred in a withdrawn public offering and reflected it as a non-recurring item in our condensed consolidated statements of operations. We have revised our condensed consolidated statement of operations for the three and nine months ended September 30, 2004 to reflect this transaction as "Other expenses" in the "Other income (expense)" section.

· During the three months ended September 30, 2004, we negotiated a settlement agreement for debt extinguishment with several of our creditors. The debt extinguishment was originally reported as an extraordinary item, net of income tax effects, on our condensed consolidated statements of operations. We have revised our condensed consolidated statement of operations for the three and nine months ended September 30, 2004 to reflect this transaction in the "Other income" section.

· We had previously, and erroneously, treated our 2004 rebates reserve adjustment as an expense recovery in operating expenses. The more appropriate presentation should have been, and is now, an adjustment to revenue, in accordance with EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products).*

- We have also reclassified various expense items in our condensed consolidated statements of operations for the three and nine months ended September 30, 2004 and 2003 to conform with the presentation in our statements of operations for the years ended December 31, 2004 and 2003. There was no net effect on our net income (loss) for the three and nine months ended September 30, 2004 and 2003 as a result of our correction of these errors.

A discussion of the restatement for the quarter ended September 30, 2004 is included in Note 15 of our condensed consolidated financial statements included in this Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2004. Changes have also been made to the following items as a result of the restatement:

Part I Item 1 Financial Statements.
Item 2 Management's Discussion and Analysis of Financial Condition or Plan of Operations.

This Amendment Number 1 to Form 10-QSB for the quarter ended September 30, 2004 does not otherwise change or update the disclosures set forth in the Form 10-QSB as originally filed and does not otherwise reflect events occurring after the filing of the form 10-QSB. For a description of our business and the risks related to our business, see our Annual Report on Form 10-KSB/A for the year ended December 31, 2004.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

		September 30, 2004 (Restated)		September 30, 2003 (Restated)
Assets				
Current assets:				
Cash and cash equivalents	**$**	**539,399**	$	38,265
Accounts receivable, trade		**296,850**		141,173
Inventory		**162,800**		252,700
Other current assets		**139,495**		42,464
Total current assets		**1,138,544**		474,602
Property and equipment, net		**61,518**		68,507
Software license, net		**2,391,660**		2,895,168
Software development, net		**602,276**		474,385
Restricted cash		**50,354**		50,000
Other assets		**86,301**		58,610
Total assets	**$**	**4,330,653**	$	4,021,272
Liabilities and stockholders' equity				
Current liabilities:				
Notes payable	**$**	**240,000**	$	749,999
Accrued royalties		**236,949**		1,616,556
Accounts payable, trade		**410,179**		582,648
Current maturities of long-term notes payable		**34,070**		140,008
Other current liabilities		**411,706**		1,494,412
Total current liabilities		**1,332,904**		4,583,623
Long-term note payable		**---**		92,537
Non-current deferred taxes		**808,083**		773,765
Commitments and contingencies				
Stockholders' equity:				
Preferred stock		**---**		51
Common stock		**46,153**		21,011
Paid-in capital		**8,937,547**		7,080,629
Retained (deficit)		**(6,794,034)**		(8,530,344)
Total stockholders' equity		**2,189,666**		(1,428,653)
Total liabilities and stockholders' equity	**$**	**4,330,653**	$	4,021,272

See accompanying notes.

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Three and Nine Months Ended September 30
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2004	2003	**2004**	2003
	(Restated)	(Restated)	**(Restated)**	(Restated)
Revenues, net of reserves and allowances	**$ 1,010,207**	$ 746,468	**$ 3,788,322**	$ 2,579,150
Cost of sales	**397,652**	272,498	**1,137,721**	833,641
Gross profit	**612,555**	473,970	**2,650,601**	1,745,509
Operating expenses:				
Sales and marketing	**287,909**	186,841	**798,410**	521,441
General and administrative	**512,721**	392,700	**1,684,295**	1,206,773
Bad debt provision	**8,566**	4,893	**11,066**	4,893
Depreciation and amortization	**141,607**	137,039	**416,246**	411,041
Total operating expenses	**950,803**	721,473	**2,910,017**	2,144,148
Earnings (loss) from operations	**(338,248)**	(247,503)	**(259,416)**	(398,639)
Other income	**1,008,682**	2,803	**1,009,798**	587,464
Other expenses, net	**(161,220)**	(21,467)	**(192,854)**	(58,871)
Income (loss) before income taxes	**509,214**	(266,167)	**557,528**	129,954
Provision for income taxes	**(31,095)**	56,616	**(92,417)**	169,848
Net income (loss)	**$ 478,119**	$ (209,551)	**465,111**	299,802
Retained (deficit) at beginning of year			**(7,255,020)**	(8,830,146)
Preferred stock dividend			**(4,125)**	---
Retained (deficit) at end of period			**$ (6,794,034)**	$ (8,530,344)
Net earnings (loss) per share:				
Basic	**$ 0.01**	$ (0.01)	**$ 0.02**	$ 0.01
Diluted	**$ 0.01**	$ (0.01)	**$ 0.01**	$ 0.01
Weighted average shares outstanding:				
Basic	**46,153,189**	21,011,438	**30,146,980**	20,211,438
Diluted	**49,278,388**	21,011,438	**32,817,096**	22,365,438

See accompanying notes.

F-2

Findex.com, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended September 30		**2004**		2003
		(Restated)		(Restated)
Cash flows from operating activities:				
Cash received from customers	**$**	**3,607,255**	$	3,092,147
Cash paid to suppliers and employees		**(4,368,409)**		(2,661,410)
Other operating activities, net		**(34,235)**		36,479
Net cash provided (used) by operating activities		**(795,389)**		467,216
Cash flows from investing activities:				
Acquisition of property and equipment		**(25,332)**		(8,047)
Software development costs		**(415,197)**		(366,101)
Website development costs		**(31,836)**		(30,373)
Deposits (refunded) made		**50,016**		(50,500)
Net cash (used) by investing activities		**(422,349)**		(455,021)
Cash flows from financing activities:				
Proceeds from (payments on) line of credit, net		**(20,933)**		24,918
Payments made on long-term notes payable		**(202,551)**		(37,499)
Proceeds from convertible notes payable		**240,000**		---
Stock offering costs paid		**(51,047)**		---
Proceeds from issuance of common stock and warrants		**1,750,000**		---
Net cash provided (used) by financing activities		**1,715,469**		(12,581)
Net increase (decrease) in cash and cash equivalents		**497,731**		(386)
Cash and cash equivalents, beginning of year		**41,668**		38,651
Cash and cash equivalents, end of period	**$**	**539,399**	$	38,265
Reconciliation of net income to cash flows from operating activities:				
Net income	**$**	**465,111**	$	299,802
Adjustments to reconcile net income to net cash provided by operating activities:				
Software development costs amortized		**397,627**		172,217
Provision for bad debts		**11,066**		4,893
Common stock and warrants issued for services		**73,700**		52,750
Depreciation and amortization		**416,245**		411,041
Debt forgiveness		**(1,000,662)**		---
Loss on disposal of property and equipment		**141**		---
Change in assets and liabilities:				
Decrease in accounts receivable		**57,887**		82,175
Decrease in inventories		**109,800**		164,000
(Increase) decrease in refundable income taxes		**(2,948)**		47,950
(Increase) in prepaid expenses		**(114,629)**		(3,716)
(Decrease) in accrued royalties		**(381,677)**		(514,057)
(Decrease) in accounts payable		**(407,683)**		(324,916)
(Decrease) in income taxes payable		**(950)**		---
Increase (decrease) in deferred taxes		**90,931**		(169,848)
Increase (decrease) in other liabilities		**(509,348)**		244,925
Net cash provided (used) by operating activities	**$**	**(795,389)**	$	467,216

See accompanying notes.

F-3

FindEx.com, Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004 and 2003
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. The results of operations for such periods are not necessarily indicative of the results expected for the full fiscal year or for any future period. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Findex.com, Inc. included in our Form 10-KSB/A for the fiscal year ended December 31, 2003.

Inventory

Inventory, including out on consignment, consists primarily of software media, manuals and related packaging materials and is recorded at the lower of cost or market value, determined on a first-in, first-out basis and adjusted on a per-item basis.

Amortization

In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, intangible assets with an indefinite useful life are not amortized. Intangible assets with a finite useful life are amortized on the straight-line method over the estimated useful lives. Our software license was originally amortized over an estimated useful life of 10 years. During the year ended December 31, 2002, the Company reached a tentative settlement agreement with TLC which called for the extension of the estimated life of the license from 10 years to 50 years. On October 20, 2003, the Company reached settlement in a dispute with The Zondervan Corporation and TLC. The settlement, amongst other things, extended the life of the agreement indefinitely and provides the Company with the exclusive worldwide right to market, sell, and continue to develop those titles it covers. This effectively changed the substance from an amortizable intangible asset with a finite useful life to an unamortizable intangible asset with an indefinite useful life.

Software Development Costs

In accordance with SFAS No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed*, software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until the product is available for general release to customers. Capitalized costs are amortized on a product-by-product basis using the greater of the straight-line method over the estimated product life or on the ratio of current revenues to total projected product revenues. The Company generally considers technological feasibility is established with the release of a beta version for testing. Total capitalized software development costs at September 30, 2004 were $1,374,901, less accumulated amortization of $772,625. Research and development costs incurred and charged to expense were $532 and $18,500 for the three months ended September 30, 2004 and 2003, respectively and $44,228 and $116,294 for the nine months ended September 30, 2004 and 2003, respectively.

NOTE 2 - INVENTORIES (Restated)

At September 30, 2004 and 2003, inventories consisted of the following:

		2004		2003
Raw materials	$	**73,100**	$	53,000
Finished goods		**89,700**		199,700
	$	**162,800**	$	252,700

During the quarters ended March 31, 2004 and 2003 and September 30, 2003, the Company wrote-off distinctly different categories of obsolete inventory with a carried cost totaling $32,396, $31,892 and $28,900, respectively. The 2004 obsolete inventory was a direct result of the March 2004 settlement with The Zondervan Corporation. These have been recognized as Cost of sales.

See Note 15 - Restatement and Reclassification.

NOTE 3 - NOTES PAYABLE

At September 30, 2004 and 2003, notes payable consisted of the following:

		2004		2003
Unsecured demand note payable to a corporation, with interest at 9%.	$	**---**	$	650,000
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,666 restricted common shares.		**---**		33,333
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,666 restricted common shares.		**---**		33,333
Note payable to a corporation, due May 31, 2003, with interest compounded monthly at 1.5%. Unsecured. Convertible at the option of the holder into 666,666 restricted common shares.		**---**		33,333
Note payable to an individual, due August 2005, with annual interest at 7.5%. Unsecured. Convertible at the option of the holder into 1,000,000 restricted common shares.		**120,000**		---
		120,000		---

Note payable to an individual, due August 2005, with annual interest at 7.5%. Unsecured. Convertible at the option of the holder into 1,000,000 restricted common shares.				
	$	**240,000**	$	749,999

NOTE 4 - LONG-TERM NOTES PAYABLE

At September 30, 2004 and 2003, long-term notes payable consisted of the following:

	2004	2003
Unsecured term note payable to a corporation due October 2004 in monthly installments of $5,285, including interest at 8%.	**$ 34,070**	$ 68,545
Term note payable to a corporation due December 2005 in monthly installments of $6,833, including interest at 8%. Secured by inventory.	**---**	164,000
	34,070	232,545
Less current maturities	**34,070**	140,008
	$ ---	$ 92,537

F-5

NOTE 5 - STOCKHOLDERS' EQUITY (Restated)

Common Stock

In April 2004, the Company issued a total of 1,519,349 restricted common shares to the executive management team as payment of the 2003 accrued performance bonus.

In April 2004, the Company resolved to issue 637,500 restricted common shares to the non-executive employees as additional compensation pursuant to an incentive and retention bonus program. In July, 2004, the Company removed 2,500 restricted common shares from the resolution due to voluntary separation from service by a part-time employee. These shares were valued at $.022 per share.

In June 2004, the Company issued 324,074 restricted common shares to the outside Board of Directors in lieu of cash compensation for the period from July 2003 through August 2004. These shares were valued at $.081 per share.

In July 2004, the holders of 11,400 shares of Preferred Series A and the holders of 40,000 shares of Preferred Series B elected to convert such shares into 218,000 common shares and 266,667 common shares, respectively. In addition, the holders converted $4,125 unpaid accumulated Preferred Series A dividends into 56,353 common shares.

In July 2004, the Company issued 295,692 non-restricted common shares in settlement of an agreement with an institutional private equity investor. These shares were valued at $.10 per share. A warrant dated March 26, 2001 to purchase 510,000 common shares exercisable at $0.23 per share was cancelled in the settlement.

In July 2004, the Company issued 21,875,000 restricted common shares for proceeds of $1,750,000 through a private placement with a New York based private investment partnership. In connection with this issuance, we incurred $51,047 in legal and other direct costs. In addition, according to the terms of the agreement, the investor is entitled to receive two warrants to purchase common stock. The first warrant would entitle the investor to purchase up to 10,937,500 common shares at an initial price of $0.18 per share, and the second warrant would entitle the investor to purchase up to 10,937,500 additional common shares at an initial price of $0.60 per share.

In July 2004, the Company removed 48,387 previously resolved but un-issued common shares associated with an unexecuted 2001 stock subscription agreement.

Common Stock Options

In June 2003, we granted an employee 500,000, fully vested stock options with an exercise price of $0.05 per share. These options expire in June 2013. In addition, 667 unvested stock options with an exercise price of $1.00 and 6,250 unvested stock options with an exercise price of $0.11 were forfeited upon termination and 16,250 vested stock options with an exercise price of $1.00 and 30,000 vested stock options with an exercise price of $0.11 expired after termination. There was no effect on the financial statements resulting from these transactions. In July 2004, we cancelled 190,200 vested stock options with an exercise price of $1.00 per share and 525,000 vested stock options with an exercise price of $1.03 per share. In addition, 100,000 vested stock options with an exercise price of $0.11 were voluntarily forfeited by management and 1,333 vested stock options with an exercise price of $1.00 and 38,750 vested stock options with an exercise price of $0.11 expired after termination. We apply APB Opinion No. 25 and related interpretations in accounting for our stock options. Accordingly, no compensation cost has been recognized for these stock options and therefore, there was no effect on the financial statements resulting from these cancellations. We did not grant any options or other stock-based awards to any of the individuals for which the options were canceled, during the six months prior to and after the option cancellation.

Common Stock Warrants

In April 2004, we issued a warrant for 150,000 shares of common stock with an exercise price of $0.022 per share to our corporate counsel as payment for $3,300 of accrued legal services.

In May 2004, we issued a warrant for 600,000 shares of common stock with an exercise price of $0.15 per share to a consultant for corporate business planning, financing, and merger and acquisition assistance. This warrant was valued at $63,215 using the Black-Scholes method and recorded as an expense.

In July 2004, we cancelled a warrant for 510,000 shares of common stock with an exercise price of $0.23 per share with an institutional private equity investor in connection with a settlement in which 295,692 non-restricted shares of common stock were issued.

See Note 15 - Restatement and Reclassification.

NOTE 6 - OTHER INCOME AND EXPENSES (Restated)

During the quarter ended September 30, 2004, the Company settled an agreement with an institutional private equity investor for early termination of the agreement. The Company issued 295,692 common shares valued at $.10 per share and paid a cash lump sum of $125,000. A total of $154,569 has been treated as expenses incurred in a withdrawn public offering and included in Other expenses, net in the condensed consolidated statements of operations.

During the quarter ended September 30, 2004, we settled with various vendors and content providers for lump-sum payments ranging from approximately 17% to approximately 60% of balances owed. The difference between the balance owed and the settlement amount, totaling $1,000,662, has been treated as gain from extinguishment of debt in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and classified as Other income in the condensed consolidated statements of operations.

During the quarter ended June 30, 2003, we recorded an adjustment to the balance of accrued royalties in the amount of $583,628. This adjustment resulted from the settlement with Zondervan and TLC. The adjustment was related to sales we made to TLC that remained in dispute until verified by an independent third-party audit of the sales and related royalty calculations. The disputed sales were part of the calculation of the June 30, 2001 bad debt provision totaling $2,391,000. This has been included in other income.

See Note 15 - Restatement and Reclassification.

NOTE 7 - REBATE RESERVE ADJUSTMENT (Restated)

During the year ended December 31, 2004, we recorded an adjustment to the rebates reserve in the amount of $266,301. The reserve balance properly reflects open rebate programs and the estimated balance of each that management expects to pay. This adjustment resulted from an internal review of the amount owed and our ability to reach the intended rebate recipients and properly reflects historical response rates. This has been recognized as an adjustment to revenue in accordance with EITF Issue No. 01-09.

See Note 15 - Restatement and Reclassification.

NOTE 8 - INCOME TAXES

We compute our provision for or benefit from income taxes by applying the estimated annual effective tax rate to income or loss from recurring operations and other taxable items. Our effective tax rate for each of the three and nine

months ended September 30, 2003 was approximately 6%. Our effective tax rates for the three and nine months ended September 30, 2004 were approximately 5% and 24%. Our effective tax rates for these periods differed from the federal statutory rate primarily due to the net effects of the benefits received from software development costs, website costs, and software license fees.

NOTE 9 - EARNINGS (LOSS) PER COMMON SHARE (Restated)

Earnings per common share are computed by dividing net income by the weighted average number of common shares and common stock equivalents outstanding during the year. Common stock equivalents are the net additional number of shares that would be issuable upon the exercise of the outstanding common stock options and warrants, assuming that the Company reinvested the proceeds to purchase additional shares at market value. A total of 2,440,000 and 5,058,200 potentially dilutive securities for the three and nine months ended September 30, 2004 and 2003, respectively, have been excluded from the computation of diluted earnings per share, as their inclusion would be anti-dilutive.

The following table shows the amounts used in computing earnings per share and the effect on income and the average number of shares of dilutive potential common stock:

Three months ended September 30		**2004**		2003
Net income (loss)	**$**	**478,119**	$	(209,551)
Preferred stock dividends		**(4,125)**		---
Available to common shareholders	**$**	**473,994**	$	(209,551)
Basic weighted average shares outstanding		**46,153,189**		21,011,438
Dilutive effect of:				
Stock options		**808,924**		---
Convertible notes payable		**2,000,000**		---
Convertible preferred series A		**---**		---
Convertible preferred series B		**---**		---
Warrants		**316,275**		---
Diluted weighted average shares outstanding		**49,278,388**		21,011,438
Earnings (loss) per share:				
Basic	**$**	**0.01**	$	(0.01)
Diluted	**$**	**0.01**	$	(0.01)

Nine months ended September 30		**2004**		2003
Net income	**$**	**465,111**	$	299,802
Preferred stock dividends		**(4,125)**		---
Available to common shareholders	**$**	**460,986**	$	299,802
Basic weighted average shares outstanding		**30,146,980**		20,211,438
Dilutive effect of:				
Stock options		**425,288**		---
Convertible notes payable		**2,000,000**		2,000,000
Convertible preferred series A		**---**		114,000
Convertible preferred series B		**---**		40,000
Warrants		**244,828**		---
Diluted weighted average shares outstanding		**32,817,096**		22,365,438
Earnings per share:				
Basic	**$**	**0.02**	$	0.01
Diluted	**$**	**0.01**	$	0.01

See Note 15 - Restatement and Reclassification.

NOTE 10 - STOCK-BASED COMPENSATION (Restated)

The Stock Incentive Plan (the "Plan") authorizes the issuance of various forms of stock-based awards including incentive and nonqualified stock options, stock appreciation rights attached to stock options, and restricted stock awards to directors, officers and other key employees of the Company. Stock options are granted at an exercise price

as determined by the Board at the time the Option is granted and shall not be less than the par value of such shares of Common Stock. Stock options vest quarterly over three years and have a term of ten years.

The Company applies APB Opinion No. 25 and related interpretations in accounting for its stock options. Accordingly, no compensation cost has been recognized for outstanding stock options. Had compensation cost for the Company's outstanding stock options been determined based on the fair value at the grant date (calculated using the Black-Scholes Option-Pricing Model) for those options consistent with SFAS No. 123, the Company's net income and primary and diluted earnings per share would have differed as reflected by the pro forma amounts indicated below:

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	**2004**	2003
Net income (loss), as reported	**$ 478,119**	$ (209,551)	**$ 465,111**	$ 299,802
Pro Forma compensation charge under SFAS No. 123	**---**	(14,323)	**(26,519)**	(47,219)
Pro Forma net income (loss)	**$ 478,119**	$ (223,874)	**$ 438,592**	$ 252,583
Earnings (loss) per share:				
Basic - as reported	**$ 0.01**	$ (0.01)	**$ 0.02**	$ 0.01
Basic - pro forma	**$ 0.01**	$ (0.01)	**$ 0.01**	$ 0.01
Diluted - as reported	**$ 0.01**	$ (0.01)	**$ 0.01**	$ 0.01
Diluted - pro forma	**$ 0.01**	$ (0.01)	**$ 0.01**	$ 0.01

See Note 15 - Restatement and Reclassification.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

In March 2004, the Company finalized the settlement with The Zondervan Corporation and TLC. The Settlement Agreement was effective October 20, 2003 and called for FindEx to pay Zondervan a total of $500,000, plus 5% simple interest, in installments of $150,000, plus interest, due November 15, 2003 and January 30, 2004, and installments of $100,000, plus interest, due April 30, 2004 and July 30, 2004, all of which have been paid. This agreement was secured by all rights, title and interest in QuickVerse® together will all proceeds produced by QuickVerse®. In addition, according to the agreement, the term of the software license agreement with Parsons Technology, Inc., a subsidiary of TLC, has been extended indefinitely and provides the Company with the exclusive worldwide right to market, sell, and continue to develop those titles it covers.

The Company was in arrears with the Internal Revenue Service for back payroll taxes and had been paying the payroll taxes in monthly installments previously approved by the Internal Revenue Service. In July of 2004, the Company paid all back payroll taxes that were due to the Internal Revenue Service and remain current with all payroll tax deposits and filings.

NOTE 12 - RISKS AND UNCERTAINTIES

The Company's future operating results may be affected by a number of factors. The Company is dependent upon a number of major inventory and intellectual property suppliers. If a critical supplier had operational problems or ceased

making material available to the Company, operations could be adversely affected. The Company is also dependent upon a few major customers. If any of these customers experienced operational problems or ceased placing orders with the Company, operations could also be adversely affected.

NOTE 13 - GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has a negative current ratio and total liabilities in excess of total assets. Those factors create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has secured investment capital, reduced liabilities, and is pursuing further development of the Company's flagship software titles. The ability of the Company to continue as a going concern is dependent on the success of the Company's flagship software titles and the successful development of new titles and platforms. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 14 - SUBSEQUENT EVENTS

In October 2004, the Company filed Schedule 14C with the Securities and Exchange Commission to increase the number of our authorized common shares from 50,000,000 to 120,000,000.

In November 2004, the holders of the promissory notes exercised their option to convert their notes into 2,000,000 restricted common shares.

NOTE 15 - RESTATEMENT AND RECLASSIFICATION

We have restated our financial statements for the three and nine months ended September 30, 2004 and 2003 to reflect issues identified during a regulatory review of our financial statements associated with a registration statement filing on Form SB-2 that is pending effectiveness as of the date of this 10-QSB/A filing. Management and the board of directors concluded these restatements were necessary to reflect the changes described below.

Revisions affecting the condensed consolidated statements of operations:

· During the quarter ended June 30, 2002, we reached a tentative settlement agreement in our arbitration with TLC. The tentative settlement agreement forgave the final, unpaid installment due on the 1999 Software License Agreement ("SLA") and extended the SLA term from 10 years to 50 years. We originally recorded the final, unpaid installment ($1,051,785) of the SLA as an offset against the recorded historical cost of the SLA and recalculated the amortization based on this reduced amount and the extension of the useful life to 50 years. Although paragraph 6 of SFAS No. 141, *Business Combinations*, which guides the recognition and measurement of intangible assets, provides that the measurement of assets in which the consideration given is cash are measured by the amount of cash paid, our management has since concluded that too much time had passed between the date of the 1999 license (June 1999) and the date of the tentative settlement agreement (May 2002) for such an offset to be appropriate. Therefore, we recognized the extinguishment of the liability owed to TLC as income in the consolidated statement of operations for the year ended December 31, 2002. This adjustment reduced the retained deficit at September 30, 2003 and 2004 from that originally reported and had no effect on the condensed consolidated statements of operations or consolidated statements of cash flows for the periods then ended.

· During the quarter ended December 31, 2003, we reached a final settlement agreement in our dispute with Zondervan and TLC. This final settlement extended the life of the SLA, and the trademarks included therein, indefinitely. We originally reassessed the useful life of the SLA to be indefinite, based on the guidelines provided by paragraphs 11 and 53 of SFAS No. 142, *Goodwill and Other Intangible Assets*. Our management has since concluded a 10 year life is appropriate based on our going concern opinion for 2002 and 2003. Therefore, we restored the estimated economic useful life to the original 10 years and have recalculated annual amortization accordingly. This adjustment increased the retained deficit at September 30, 2003 (for the prior years' amortization and related income tax effects) and decreased net income for the three and nine months ended September 30, 2004. There was no net effect on the consolidated statements of cash flows for the nine months ended September 30, 2003

and 2004, respectively.

F-10

Revisions resulting in reclassifications or clarification with no net effect on the condensed consolidated statements of operations:

- During the year ended December 31, 2003, we made the decision to no longer provide support for certain of our products and destroyed all remaining inventory of those products. We originally recorded this as a non-recurring item in the "Other income (expense)" section of the consolidated statements of operations. We revised the condensed consolidated statements of operations for the three and nine months ended September 30, 2003 to reflect this obsolete inventory in cost of sales.

- During the year ended December 31, 2003, we reached a final settlement agreement in our dispute with Zondervan and TLC. As part of the settlement process, we conducted an internal audit (which was verified by an independent auditor provided by TLC) of the accrued royalties owed Zondervan. The audit provided that accrued royalties were overstated due to the 2001 bad debt recognition of the trade accounts receivable balance of TLC. The amount overstated had remained part of the dispute with Zondervan and remained in our liabilities until the final settlement was reached. We originally reported the adjustment as a non-recurring item in the "Other income (expense)" section of the consolidated statements of operations. The revised condensed consolidated statements of operations for the three and nine months ended September 30, 2003 reflects the adjustment as "Other income" in the "Other income (expense)" section.

- During the year ended December 31, 2003, we reclassified loan proceeds, and the corresponding accrued interest payable, that were previously recorded as an unsecured note payable. The proceeds were initially recorded as an unsecured note payable based on an oral understanding with an employee of a third-party consultant in 1999. We had historically accrued interest on the outstanding balance at 9%, the rate deemed reasonable by management at the time of the oral agreement. We continued to accrue interest on the proceeds until we made the determination to reclassify the proceeds and accumulated accrued interest. The determination to reclassify the obligation, and related accrued interest, was made on the basis of the combined facts that (i) the obligation exists, if at all, solely pursuant to an oral loan agreement made in 1999 in the State of North Carolina with a representative of the party to whom the obligation was believed to have been owed, (ii) no party has ever made any demand for repayment thereof despite the fact that no payments have ever been made on the obligation, (iii) the party believed to be owed the obligation, upon inquiry, claims no record of any such obligation, and (iv) the State of North Carolina Statute of Limitations applicable to oral agreements, believed to govern the continued enforceability of the obligation, had expired. We originally reported the reclassification as a non-recurring item in the "Other income (expense)" section of the consolidated statements of operations. The revised condensed consolidated statements of operations for the three and nine months ended September 30, 2003 reflects the adjustment as "Other income" in the "Other income (expense)" section.

- During the three months ended March 31, 2004, and as a direct result of the settlement with Zondervan and TLC, we wrote-off inventory containing content from Zondervan. Though not technologically obsolete, we were unable to sell the inventory under the terms of the settlement. We originally recorded this as a non-recurring item in the "Other income (expense)" section of the condensed consolidated statements of operations. The revised condensed consolidated statement of operations for the three and nine months ended September 30, 2004 reflects this inventory adjustment in cost of sales.

- During the three months ended September 30, 2004, we settled an agreement with Swartz Private Equity for early termination. In connection therewith, we issued 295,692 shares of common stock valued at $0.10 per share and paid a cash lump sum of $125,000. We originally recorded this transaction as expenses incurred in a withdrawn public offering and reflected it as a non-recurring item in the condensed consolidated statements of operations. The revised condensed consolidated statement of operations for the three and nine months ended September 30, 2004 reflects this transaction as "Other expenses" in the "Other income (expense)" section.

- During the three months ended September 30, 2004, we negotiated settlement with several of our creditors. The debt extinguishment was originally reported as an extraordinary item, net of income tax effects, on the condensed consolidated statements of operations. The revised condensed consolidated statement of operations for the three and nine months ended September 30, 2004 includes this transaction in “Other income”.

- We had previously and erroneously treated the 2004 rebates reserve adjustment as an expense recovery in operating expenses. The more appropriate presentation should have been, and is now, an adjustment to revenue, as provided by EITF 01-09, *Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor’s Products).*

A summary of the effects of these changes is as follows:

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Assets				
Current assets:				
Cash and cash equivalents	$ 589,753	$ 539,399	$ (50,354)	(a)
Accounts receivable, trade	296,850	296,850	---	
Inventory	162,800	162,800	---	
Other current assets	139,495	139,495	---	
Total current assets	1,188,898	1,138,544	(50,354)	
Property and equipment, net	61,518	61,518	---	
Software license, net	2,513,158	2,391,660	(121,498)	(b)
Software development, net	602,276	602,276	---	
Restricted cash	---	50,354	50,354	(a)
Other assets	86,301	86,301	---	
Total assets	$ 4,452,151	$ 4,330,653	$ (121,498)	
Liabilities and stockholders' equity				
Current liabilities:				
Notes payable	$ 240,000	$ 240,000	$ ---	
Accrued royalties	236,949	236,949	---	
Accounts payable, trade	410,179	410,179	---	
Current maturities of long-term notes payable	34,070	34,070	---	
Other current liabilities	411,706	411,706	---	
Total current liabilities	1,332,904	1,332,904	---	
Non-current deferred taxes	1,271,643	808,083	(463,560)	(c)
Commitments and contingencies				
Stockholders' equity:				
Common stock	46,153	46,153	---	
Paid-in capital	8,989,778	8,937,547	(52,231)	(d)
Retained (deficit)	(7,188,327)	(6,794,034)	394,293	
Total stockholders' equity	1,847,604	2,189,666	342,062	
Total liabilities and stockholders' equity	$ 4,452,151	$ 4,330,653	$ (121,498)	

(a) Reclassification of restricted cash with merchant banker as non-current asset.

(b) Net change from reclassification of forgiveness of final installment and additional amortization from returning the estimated economic useful life from indefinite to 10 years.
(c) Decrease from recalculation of deferred income taxes resulting from changes to the software license agreement.
(d) Correction of error recording preferred stock dividend converted into common stock.

Findex.com, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2003
(Unaudited)

	As Originally Reported	As Restated	Change	
Assets				
Current assets:				
Cash and cash equivalents	$ 88,265	$ 38,265	$ (50,000)	(a)
Accounts receivable, trade	141,173	141,173	---	
Inventory	252,700	252,700	---	
Other current assets	42,464	42,464	---	
Total current assets	524,602	474,602	(50,000)	
Property and equipment, net	68,507	68,507	---	
Software license, net	2,516,147	2,895,168	379,021	(b)
Software development, net	474,385	474,385	---	
Restricted cash	---	50,000	50,000	(a)
Other assets	58,610	58,610	---	
Total assets	$ 3,642,251	$ 4,021,272	$ 379,021	
Liabilities and stockholders' equity				
Current liabilities:				
Notes payable	$ 749,999	$ 749,999	$ ---	
Accrued royalties	1,616,556	1,616,556	---	
Accounts payable, trade	681,594	582,648	(98,946)	(c)
Current maturities of long-term notes payable	140,008	140,008	---	
Other current liabilities	1,494,412	1,494,412	---	
Total current liabilities	4,682,569	4,583,623	(98,946)	
Long-term note payable	92,537	92,537	---	
Non-current deferred taxes	1,058,794	773,765	(285,029)	(d)
Commitments and contingencies				
Stockholders' equity:				
Preferred stock	51	51	---	
Common stock	21,011	21,011	---	
Paid-in capital	7,080,629	7,080,629	---	
Retained (deficit)	(9,293,340)	(8,530,344)	762,996	
Total stockholders' equity	(2,191,649)	(1,428,653)	762,996	
Total liabilities and stockholders' equity	$ 3,642,251	$ 4,021,272	$ 379,021	

(a) Reclassification of restricted cash with merchant banker as non-current asset.

(b) Net change from reclassification of forgiveness of final installment and additional amortization from returning the estimated economic useful life from indefinite to 10 years.
(c) Decrease from restatement of 2000 error correction discovered in 2004.
(d) Decrease from recalculation of deferred income taxes resulting from changes to the software license agreement.

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Nine Months Ended September 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 3,526,492	$ 3,788,322	$ 261,830	(a)
Cost of sales	999,770	1,137,721	137,951	(b)
Gross profit	2,526,722	2,650,601	123,879	
Operating expenses:				
Sales and marketing	791,249	798,410	7,161	(c)
General and administrative	1,801,483	1,684,295	(117,188)	(d)
Nonrecurring items	186,965	---	(186,965)	(e)
Rebate reserve adjustment	(266,301)	---	266,301	(f)
Bad deb provision	11,066	11,066	---	
Depreciation and amortization	38,615	416,246	377,631	(g)
Total operating expenses	2,563,077	2,910,017	346,940	
Earnings from operations	(36,355)	(259,416)	(223,061)	
Other income	9,135	1,009,798	1,000,663	(h)
Other expenses, net	(38,285)	(192,854)	(154,569)	
Income (loss) before income taxes	(65,505)	557,528	623,033	
Provision for income taxes	15,700	(92,417)	(108,117)	(i)
Income (loss) before extraordinary item	(49,805)	465,111	514,916	
Extraordinary item	763,162	---	(763,162)	(h)
Net Income	$ 713,357	$ 465,111	$ (248,246)	
Net earnings per share:				
Basic	$ 0.03	$ 0.02	$ (0.01)	
Diluted	$ 0.02	$ 0.01	$ (0.01)	
Weighted average shares outstanding:				
Basic	30,146,980	30,146,980	---	
Diluted	32,880,085	32,817,096	(62,989)	(j)

(a) Increase from reclassification of rebate reserve adjustment from Sales and marketing expenses and reclassify cost of estimated returns to Cost of sales.
(b) Increase from reclassification of non-capitalized technical support wages from General and administrative expenses, reclassification of fulfillment costs from Sales and marketing expenses, reclassification of Inventory write down expense from operating expenses, and reclassification of cost of estimated returns from net revenues.

(c) Increase from reclassification of rebate reserve adjustment to Revenues and reclassification of fulfillment costs to Cost of sales.
(d) Decrease from reclassification of non-capitalized technical support wages to Cost of sales.
(e) Decrease from reclassification of inventory write-down to Cost of sales.
(f) Increase from reclassification as an adjustment to revenue.
(g) Increase from effects of additional amortization of the software license agreement.
(h) Reclassification of debt forgiveness as other income from net extraordinary item.
(i) Income tax effects of additional software license amortization.
(j) Decrease due to correction of error in calculation of potentially dilutive common stock warrants.

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended September 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 1,027,277	$ 1,010,207	$ (17,070)	(a)
Cost of sales	368,979	397,652	28,673	(b)
Gross profit	658,298	612,555	(45,743)	
Operating expenses:				
Sales and marketing	294,200	287,909	(6,291)	(c)
General and administrative	552,177	512,721	(39,456)	(d)
Nonrecurring items	154,569	---	(154,569)	(e)
Bad debt provision	8,566	8,566	---	
Depreciation and amortization	15,729	141,607	125,878	(f)
Total operating expenses	1,025,241	950,803	(74,438)	
Earnings (loss) from operations	(366,943)	(338,248)	28,695	
Other income	8,019	1,008,682	1,000,663	(g)
Other expenses, net	(6,651)	(161,220)	(154,569)	(e)
Income (loss) before income taxes	(365,575)	509,214	874,789	
Provision for income taxes	18,005	(31,095)	(49,100)	(h)
Income (loss) before extraordinary item	(347,570)	478,119	825,689	
Extraordinary item	763,162	---	(763,162)	(g)
Net Income	$ 415,592	$ 478,119	$ 62,527	
Net earnings per share:				
Basic	$ 0.01	$ 0.01	$ 0.00	
Diluted	$ 0.01	$ 0.01	$ 0.00	
Weighted average shares outstanding:				
Basic	46,153,189	46,153,189	---	
Diluted	48,886,294	49,278,388	392,094	(i)

(a) Increase from reclassification of rebate reserve adjustment from Sales and marketing expenses and reclassify cost of estimated returns to Cost of sales.
(b) Increase from reclassification of non-capitalized technical support wages from General and administrative expenses, reclassification of fulfillment costs from Sales and marketing expenses, reclassification of Inventory write down expense from operating expenses, and reclassification of cost of estimated returns from net revenues.
(c) Decrease from reclassification of fulfillment costs to Cost of sales.

(d) Decrease from reclassification of non-capitalized technical support wages to Cost of sales.
(e) Reclassification of expenses incurred in a withdrawn public offering to Other expenses, net.
(f) Increase from effects of additional amortization of the software license agreement.
(g) Reclassification of debt forgiveness as other income from net extraordinary item.
(h) Income tax effects of additional software license amortization.
(i) Decrease due to correction of error in calculation of potentially dilutive common stock warrants.

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Nine Months Ended September 30, 2003
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 2,588,820	$ 2,579,150	$ (9,670)	(a)
Cost of sales	709,772	833,641	123,869	(b)
Gross profit	1,879,048	1,745,509	(133,539)	
Operating expenses:				
Sales and marketing	511,726	521,441	9,715	(c)
General and administrative	1,289,237	1,206,773	(82,464)	(d)
Nonrecurring items	(522,836)	---	522,836	(e)
Bad debt provision	4,893	4,893	---	
Depreciation and amortization	74,659	411,041	336,382	(f)
Total operating expenses	1,357,679	2,144,148	786,469	
Earnings (loss) from operations	521,369	(398,639)	(920,008)	
Other income	3,838	587,464	583,626	(g)
Other expenses, net	(58,871)	(58,871)	---	
Income before income taxes	466,336	129,954	(336,382)	
Provision for income taxes	26,100	169,848	143,748	(h)
Net income	$ 492,436	$ 299,802	$ (192,634)	
Net earnings per share:				
Basic	$ 0.03	$ 0.01	$ (0.02)	
Diluted	$ 0.03	$ 0.01	$ (0.02)	
Weighted average shares outstanding:				
Basic	20,211,438	20,211,438	---	
Diluted	22,345,438	22,365,438	20,000	(i)

(a) Increase from reclassification of rebate reserve adjustment from Sales and marketing expenses and reclassify cost of estimated returns to Cost of sales.
(b) Increase from reclassification of non-capitalized technical support wages from General and administrative expenses, reclassification of fulfillment costs from Sales and marketing expenses, reclassification of Inventory write down expense from operating expenses, and reclassification of cost of estimated returns from net revenues.
(c) Increase from reclassification of rebate reserve adjustment to Revenues and reclassification of fulfillment costs to Cost of sales.
(d) Decrease from reclassification of non-capitalized technical support wages to Cost of sales.

(e) Reclassification of Inventory write down to Cost of sales and royalty adjustment to Other income.
(f) Increase from additional amortization of software license agreement from returning the economic useful life to 10 years.
(g) Reclassification of royalty adjustment from nonrecurring item and miscellaneous income from Other expenses, net.
(h) Income tax effects of additional software license amortization.
(i) Increase from correction of potentially dilutive convertible notes payable.

Findex.com, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended September 30, 2003
(Unaudited)

	As Originally Reported	As Restated	Change	
Revenues, net of reserves and allowances	$ 756,489	$ 746,468	$ (10,021)	(a)
Cost of sales	223,133	272,498	49,365	(b)
Gross profit	533,356	473,970	(59,386)	
Operating expenses:				
Sales and marketing	189,839	186,841	(2,998)	(c)
General and administrative	420,188	392,700	(27,488)	(d)
Nonrecurring items	28,900	---	(28,900)	(e)
Bad debt provision	4,893	4,893	---	
Depreciation and amortization	24,912	137,039	112,127	(f)
Total operating expenses	668,732	721,473	52,741	
Earnings (loss) from operations	(135,376)	(247,503)	(112,127)	
Other income	2,803	2,803	---	
Other expenses, net	(21,467)	(21,467)	---	
Income (loss) before income taxes	(154,040)	(266,167)	(112,127)	
Provision for income taxes	8,700	56,616	47,916	(g)
Net loss	$ (145,340)	$ (209,551)	$ (64,211)	
Net earnings (loss) per share:				
Basic	$ (0.01)	$ (0.01)	$ 0.00	
Diluted	$ (0.01)	$ (0.01)	$ 0.00	
Weighted average shares outstanding:				
Basic	21,011,438	21,011,438	---	
Diluted	21,011,438	21,011,438	---	

(a) Increase from reclassification of rebate reserve adjustment from Sales and marketing expenses and reclassify cost of estimated returns to Cost of sales.
(b) Increase from reclassification of non-capitalized technical support wages from General and administrative expenses, reclassification of fulfillment costs from Sales and marketing expenses, reclassification of Inventory write down expense from operating expenses, and reclassification of cost of estimated returns from net revenues.
(c) Decrease from reclassification of rebate reserve adjustment to Revenues and reclassification of fulfillment costs to Cost of sales.
(d) Decrease from reclassification of non-capitalized technical support wages to Cost of sales.
(e) Decrease from reclassification of inventory write-down to Cost of sales.

(f) Increase from additional amortization of software license agreement from returning the economic useful life to 10 years.
(g) Income tax effects of additional software license amortization.

Findex.com, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2004
(Unaudited)

	As Originally Reported	As Restated	Change	
Cash flows from operating activities:				
Cash received from customers	$ 3,607,255	$ 3,607,255	$ ---	
Cash paid to suppliers and employees	(4,368,409)	(4,368,409)	---	
Other operating activities, net	(34,235)	(34,235)	---	
Net cash (used) by operating activities	(795,389)	(795,389)	---	
Cash flows from investing activities:				
Acquisition of property and equipment	(25,332)	(25,332)	---	
Software development costs	(415,197)	(415,197)	---	
Website development costs	(31,836)	(31,836)	---	
Deposits refunded	16	50,016	50,000	(a)
Net cash (used) by investing activities	(472,349)	(422,349)	50,000	
Cash flows from financing activities:				
Proceeds from (payments on) line of credit, net	(20,933)	(20,933)	---	
Payments made on long-term notes payable	(202,551)	(202,551)	---	
Proceeds from convertible notes payable	240,000	240,000	---	
Stock offering costs paid	(51,047)	(51,047)	---	
Proceeds from issuance of common stock and warrants	1,750,000	1,750,000	---	
Net cash provided by financing activities	1,715,469	33.4%		

Regulatory Fees - For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, regulatory fees increased $10.6 million, or 35.6%, to $40.4 million. For the three months ended March 31, 2006, NYSE Arca contributed regulatory fees of $0.8 million. The remaining $9.8 million increase was due to higher reported Gross FOCUS revenues ($61.1 billion compared to $37.8 billion period over period).

Regulatory services provided to Market - For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, regulatory services - Market increased $8.5 million or 30.9%. The increase reflects the additional headcount within Regulation and technology to support the regulation function.

Market Segment Results - Expenses

Dollars (in Millions)	Three months ended March 31, 2006	2005	Percent Increase (Decrease)
Section 31 fees	$139.2	$92.9	49.8%
Compensation	73.1	45.7	60.0%
Liquidity payments	19.0	-	100.0%
Routing and clearing fees	6.2	-	100.0%
Regulatory services provided to Market	35.9	27.4	30.9%
Systems and communications	10.1	9.3	8.5%
SIAC support (1)	53.8	59.7	(9.9)%
Professional services	21.8	17.4	25.4%
Depreciation and amortization	18.8	15.0	26.1%
Occupancy	8.0	7.0	14.1%
Marketing and other	15.9	11.1	42.7%
Total expenses	$401.8	$285.5	40.7%

(1) Market's SIAC Support expense will not equal SIAC Services' revenues from Data Processing Fees - NYSE as certain fees billed to the NYSE by SIAC relate to software developed for the NYSE's internal use, and as a result a portion of these fees incurred during the application development stage has been capitalized.

Market Compensation

Dollars (in Millions)	Three Months Ended March 31, 2006	2005	Percent Increase (Decrease)
Salaries and bonus	$35.6	$30.4	17.1%
Stock-based compensation	21.1	-	100.0%
Benefits and other	16.4	15.3	7.2%
	$73.1	$45.7	60.0%

For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, compensation was up $27.4 million, or 60.0%. The employees of NYSE Arca accounted for $4.3 million of this increase following the completion of the merger on March 7, 2006. Excluding the impact of NYSE Arca's consolidation during the three months ended March 31, 2006, compensation increased by $23.1 million. This increase was primarily due to the $21.0 million charge recorded at the time of the merger following the immediate vesting of certain restricted stock units granted to NYSE Market employees. NYSE Group did not record any stock-based compensation in the same period a year ago.

Liquidity payments. For the three months ended March 31, 2006, NYSE Arca incurred liquidity payments of $19.0 million. NYSE Group did not incur any similar expenses in the same period a year ago.

Routing and clearing fees. For the three months ended March 31, 2006, NYSE Arca incurred routing and clearing fees of $6.2 million. NYSE Group did not incur any similar expenses in the same period a year ago.

Regulatory services provided to Market. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, Regulation support costs increased $8.5 million or 30.9%. The increase reflects the additional headcount within Regulation and technology to support the regulation function.

Systems and SIAC Support. For the three months ended March 31, 2006, compared to three months ended March 31, 2005, systems related costs increased $0.8 million, or 8.5%. For the three months ended March 31, 2006, the newly acquired operations of NYSE Arca accounted for $1.7 million of the $10.1 million of systems and communications. Other systems and communications expenses decreased $0.9 million as a result of cost reduction initiatives. SIAC support costs decreased by 9.9% to $53.8 million due to structural cost effectiveness efforts, which resulted in lower data processing operations and systems development costs, lower headcount and increased utilization rates.

Professional Services. For the three months ended March 31, 2006, compared to the year ended March 31, 2005, professional services increased $4.4 million or 25.4%. This was primarily due to increased consulting fees related to our continued integration efforts as part of the merger with Archipelago.

Depreciation and Amortization. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, depreciation and amortization increased $3.8 million, or 26.1%. The operations of NYSE Arca represented $2.4 million of the increase following the March 7, 2006 completion of our merger. The remaining $1.4 million increase was chiefly associated with increased capital expenditures throughout 2005 on technology and infrastructure.

Occupancy. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, occupancy increased $1.0 million or 14.1%, which was primarily the result of the consolidation of NYSE Arca's operations following the completion of the March 7, 2006 merger.

Marketing and other. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, marketing and other expenses increased $4.8 million, or 42.7%, primarily as a result of increased advertising and promotion activity as part of the merger.

SIAC Services Segment Results - Expenses

Dollars (in Millions)	Three months ended March 31, 2006	2005	Percent Increase (Decrease)
Expenses:			
Compensation	$61.7	$57.3	7.6%
Systems and communications	19.5	22.2	(12.2)%
Professional services	10.0	11.2	(10.7)%
Depreciation and amortization	8.3	10.0	(17.5)%
Occupancy	8.3	7.6	9.9%
Marketing and other	1.9	2.1	(6.7)%
Total expenses	$109.7	$110.4	(0.7)%

SIAC Services Compensation

Dollars (in Millions)	Three months ended March 31, 2006	2005	Percent Increase (Decrease)
Salaries and bonus	$36.6	$42.1	(13.0)%
Stock-based compensation	13.6	-	100.0%
Benefits and other	11.5	15.2	(24.3)%
	$61.7	$57.3	7.6%

Compensation. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, compensation increased $4.4 million, or 7.6%. This increase was primarily due to a $13.6 million charge recorded in connection with the immediate vesting of certain restricted stock units granted to SIAC employees at the time of the merger, which was partially offset by a $9.2 million, or 16.1%, decrease of salaries, bonuses and benefits in connection with cost reduction initiatives and the resulting decrease in average headcount.

Systems and communications. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, systems and communication expenses decreased $2.7 million, or 12.2%, to $19.5 million, primarily as a result of cost containment initiatives.

Professional Services. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, professional services decreased $1.2 million, or 10.7%, to $10.0 million. Lower average contract staff and decreased temporary support for trading operations contributed to the reduction.

Depreciation and Amortization. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, depreciation and amortization expense decreased $1.7 million, or 17.5% period over period, to $8.3 million.

Occupancy. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, occupancy costs increased by $0.7 million, or 9.9%, to $8.3 million due to increased operating expenses.

Marketing and other. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, marketing and other expenses remained relatively flat period over period.

Regulation Segment Results - Expenses

Dollars (in Millions)	Three months ended March 31, 2006	2005	Percent Increase (Decrease)
Compensation	$34.8	$26.1	32.9%
Market services provided to Regulation	41.1	28.5	44.1%
Systems and communications	0.3	0.2	51.2%
Professional services	0.9	0.5	100.6%
Depreciation and amortization	1.1	1.3	(11.0)%
Occupancy	2.5	2.4	1.8%
Marketing and other	1.3	0.9	45.9%
Total expenses	$82.0	$59.9	36.9%

Regulation Compensation

Dollars (in Millions)	Three months ended March 31, 2006	2005	Percent Increase (Decrease)
Salaries and bonus	$22.6	$19.2	17.2%
Deferred compensation award	4.9	-	100.0%
Benefits and other	7.3	6.9	5.8%
	$34.8	$26.1	32.9%

Compensation. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, compensation increased $8.7 million, or 32.9%, to $34.8 million. This increase was primarily due to the $4.9 million charge recorded in relation to the immediate vesting and recognition of certain cash awards granted to NYSE Regulation employees at the time of the merger coupled with an increase in the average Regulation headcount.

Market services provided to Regulation. For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, market support costs increased $12.6 million, or 44.1%. These services are provided by Market to support the operations of Regulation. The increase was primarily driven by the additional investment in technology supporting Regulation.

Regulation's other operating expenses, including systems and communications, professional services, depreciation and amortization as well as marketing and general and administrative expenses, were relatively stable period over period.

Regulatory Fine Income

For the three months ended March 31, 2006, compared to the three months ended March 31, 2005, fine income decreased $3.7 million, or 18.1%. Regulatory fines results from actions taken by Regulation in its oversight of Market constituents and accordingly may vary period over period.

35

Investment and Other Income, Net

The components of investment and other income, net, were as follows:

Dollars (in Millions)	Three months ended March 31, 2006	2005
Investment income, net	$9.9	$6.7
Insurance claims	4.3	3.1
Other	3.0	0.8
Total	$17.2	$10.6

The increase in investment income, net, is primarily attributable to the increased interest rates on our cash balances and investment portfolio.

Gain on Sale of Equity Investment

On March 28, 2006, NYSE Group sold its shares of DTCC common stock for a $23.4 million cash payment. NYSE Group carried this investment at its $2.5 million cost and therefore realized a $20.9 million pre-tax gain that is included in gain on sale of equity investment in the condensed consolidated statement of income for the three months ended March 31, 2006. The after-tax impact of this gain was included in the cash dividend paid to each former NYSE member in connection with the merger of NYSE and Archipelago.

Income Taxes

The consolidated effective tax rate for the three months ended March 31, 2006 and March 31, 2005 was 39.0% and 42.8%, respectively. The decrease was primarily associated with the $20.9 million gain on sale of an equity investment during 2006, which was taxed at approximately 35%.

Liquidity and Capital Resources

Historically, NYSE Group's primary source of liquidity has been cash generated by the NYSE's operations and its liquidity requirements have been for working capital, capital expenditures and general corporate use.

NYSE Group's working capital was $488.6 million at March 31, 2006 and capital expenditures equaled $13.6 million for the three months ended March 31, 2006. Capital expenditures related primarily to the development and maintenance of corporate and regulatory systems and to trading technology, including expenditures relating to the development and implementation of NYSE Hybrid Market and compliance with Regulation NMS.

Cash and cash equivalents are generated primarily from listing services, sales of market information, collection of activity assessment fees (which are fully remitted to the SEC), data processing services provided by SIAC, collections of regulatory fees (which are based on FOCUS filing amounts), fees generated for trading (which are generally based on volume and commissions subject to certain caps), and investment income.

36

At March 31, 2006, NYSE Group had $206.6 million of cash and cash equivalents, an increase of $163.1 million from its cash and cash equivalents at December 31, 2005. Current assets readily convertible into cash include accounts receivable, securities purchased under agreements to resell and marketable securities. These assets totaled $983.0 million at March 31, 2006 and, when combined with cash and cash equivalents, represented 88.6% of NYSE Group’s current assets.

Under the terms of the operating agreement of the New York Stock Exchange, LLC, no regulatory fees, fines or penalties collected by NYSE Regulation may be distributed to NYSE Group or any entity other than NYSE Regulation. As a result, the use of regulatory fees, fines and penalties collected by NYSE Regulation may be considered restricted. As of March 31, 2006, NYSE Group did not have any significant restricted cash balance.

With respect to investment activities, the boards of directors of the NYSE and SIAC have separately approved investment policies for externally managed portfolios. The goals of these policies are to preserve principal, maintain adequate liquidity at all times to fund budgeted operating and capital requirements, and to maximize returns relative to investing guidelines and market conditions. The NYSE's current policies prevent it from investing directly in any equity type investment, however, this policy can be modified at the discretion of the chief executive officer and chief financial officer of NYSE Group, based on the delegation of authority by the board of directors. SIAC's policies permit investing in equity funds. Participants in supplemental executive savings and other deferred compensation plans are permitted to invest in equity funds. Under the NYSE's policies, it may invest only in securities that are rated AA or better by two nationally recognized rating organizations and that are in U.S. dollar denominations. A portion of SIAC's portfolio is used to fund its non-qualified benefit obligations. The average duration of the portfolios for both the NYSE and SIAC must not exceed two years. Both the NYSE and SIAC periodically review their respective policies and investment managers.

As of March 31, 2006, NYSE Group had no outstanding short-term or long-term debt.

NYSE Group believes that cash flows from operating activities and financing capabilities along with future cash flows from operations are sufficient to meet the needs of its current operations. If existing cash balances are insufficient, NYSE Group intends to seek additional financing. NYSE Group may not be able to obtain additional financing on acceptable terms or at all.

Net cash used in operating activities equaled $7.0 million for the three months ended March 31, 2006, consisting of net income of $30.3 million and the effects of non-cash items, such as depreciation, which does not adversely affect cash flows. Also, during the first quarter of 2006, NYSE Group remitted $232.1 million to the SEC for Section 31 fees.

Net cash provided by investing activities equaled $677.7 million for the three months ended March 31, 2006. NYSE Group acquired $218.2 million of cash in connection with the merger. Net sales in investment securities of $449.6 million were liquidated to fund the $409.8 million distribution to NYSE former members.

As part of the merger, NYSE Group’s financing activities included a total cash distribution of $506.2 million (consisting of a $409.8 million cash distribution and a $96.4 million dividend) to the NYSE’s former members during the three months ended March 31, 2006.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in quantitative and qualitative disclosures about market risk from those reported by the NYSE and Archipelago in NYSE Group's annual report on Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this report, we evaluated, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, the effectiveness of the design and operation of the disclosure controls and procedures of NYSE Group and its subsidiaries. Based upon that evaluation, our chief executive officer and chief financial officer concluded that the design and operation of the disclosure controls and procedures were effective as of the end of the period covered by this report. No significant changes were made in our internal control over financial reporting or in other factors that could significantly affect our internal control over financial reporting subsequent to the date of their evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For the three months ended March 31, 2006, there were no material developments with regard to our previously reported matters and no other matters were reportable during the period with the exception of the following matters:

In re NYSE Specialists Securities Litigation

On February 17, 2006, the U.S. District Court for the Southern District of New York entered a final judgment in favor of the NYSE. Plaintiffs have appealed that judgment.

Merger Related Litigation

On July 12, 2005, Allison L. Wey filed a complaint in New York Supreme Court against the NYSE and the chief executive officer of the NYSE, John A. Thain, alleging causes of action for fraud, negligent misrepresentation and breach of fiduciary duty, and seeking unspecified compensatory damages. Ms. Wey, a former NYSE member, alleges that in connection with the sale of her NYSE membership on March 21, 2005, she relied to her detriment on statements that Mr. Thain allegedly made to certain NYSE members on February 15, 2005 regarding the NYSE's intention to "go public". The NYSE and Mr. Thain believe that the claims are without merit. The NYSE and Mr. Thain filed an answer to the complaint on December 23, 2005; the case presently is in discovery.

On March 2, 2006, Janet Hyman, a former NYSE member, filed a complaint in New York Supreme Court against the NYSE and Mr. Thain. The complaint seeks compensatory damages for alleged breach of fiduciary duty based on a purported duty of defendants to disclose NYSE's merger discussions with Archipelago prior to Ms. Hyman's sale of her NYSE membership on March 1, 2005.

On March 15, 2006, Sylvia Lief, another former NYSE member who is represented by the same law firm as plaintiff Janet Hyman, filed a similar complaint in New York Supreme Court against the

NYSE and Mr. Thain that also seeks compensatory damages for alleged breach of fiduciary duty based on a purported duty of defendants to disclose NYSE's merger discussions with Archipelago prior to Ms. Lief's sale of her NYSE membership on March 2, 2005.

On April 24, 2006, the NYSE and Mr. Thain filed motions to dismiss each of the complaints filed by Ms. Hyman and Ms. Lief, on the ground, among others, that they had no legal duty to make the disclosures alleged by plaintiffs.

Compensation-Related Matters

In January 2006, Kenneth Langone moved for summary judgment on the single cause of action asserted against him by the New York Attorney General; the court stated at a hearing that Mr. Langone's motion would not be considered until depositions have been completed. On March 15, 2006, the court denied Richard A. Grasso's motion to dismiss four of the six causes of action alleged by the New York Attorney General; Mr. Grasso has filed an appeal of that decision.

Employment Related Litigation

On April 20, 2006, Graciela Dasilva, Vjoca Selmanovic and Robin Max Morris filed a complaint in the U.S. District Court for the Southern District of New York against NYSE Group, BMS and five unnamed corporations, seeking compensatory and punitive damages for alleged gender discrimination and retaliation in violation of federal and local laws. Plaintiff DaSilva currently is employed as a porter by NYSE Group; Mr. Morris previously was employed by NYSE as a supervisor of porters. Mr. Selmanovic previously was employed as a porter by BMS. NYSE Group is evaluating the complaint, including its available defenses.

Listing Claim Letter

On September 7, 2005, the NYSE postponed commencement of trading of the stock of LSR on the NYSE. On or about April 5, 2006, NYSE Group received a letter from counsel for LSR enclosing a draft complaint alleging breach of alleged agreements with LSR, including to list LSR stock, and seeking specific performance, damages, and other relief. The letter expressed LSR's interest in resolving the matter without litigation. Neither the likelihood of LSR's actually commencing a lawsuit nor the ultimate outcome of such a suit reasonably can be determined at this time.

NYSE Group is defending a number of other actions and investigations, the ultimate outcome of which cannot reasonably be determined at this time. In the opinion of management and legal counsel, the aggregate of all possible losses from all such other actions and investigations should not have a material adverse effect on the consolidated financial condition or results of operations of NYSE Group.

ITEM 6. EXHIBITS

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of April 20, 2005, as amended and restated as of July 20, 2005, by and among New York Stock Exchange, Inc., Archipelago Holdings, Inc., NYSE Merger Sub LLC, NYSE Merger Corporation Sub, Inc. and Archipelago Merger Sub, Inc.[1]
2.2	Amendment No. 1, dated as of October 20, 2005, to the Amended and Restated Agreement and Plan of Merger, by and among New York Stock Exchange, Inc., Archipelago Holdings, Inc., NYSE Merger Sub LLC, NYSE Merger Corporation Sub, Inc. and Archipelago Merger Sub, Inc.[1]
2.3	Amendment No. 2, dated as of November 2, 2005, to the Amended and Restated Agreement and Plan of Merger, by and among New York Stock Exchange, Inc., Archipelago Holdings, Inc., NYSE Merger Sub LLC, NYSE Merger Corporation Sub, Inc. and Archipelago Merger Sub, Inc.[1]
3.1	Amended and Restated Certificate of Incorporation of NYSE Group, Inc. [2]
3.2	Amended and Restated Bylaws of NYSE Group, Inc.[3]
10.1	NYSE Group, Inc. 2006 Stock Incentive Plan[4]
10.2	NYSE Group, Inc. 2006 Annual Performance Bonus Plan[5]
10.3	Amendment No. 4 to the New York Stock Exchange, Inc. Supplemental Executive Savings Plan[6]
10.4	New York Stock Exchange. Inc. Severance Pay Plan[7]
31.1	Certification of the principal executive officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
31.2	Certification of the principal financial officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
32	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350

---

[1] Incorporated by reference to Annex A to the registrant's registration statement of Form S-4 (File No. 333-126780) filed on July 21, 2005.
[2] Incorporated by reference to Exhibit 3.1 to the registrant's registration statement on Form 8-A (File No. 1-32829) filed on March 7, 2006.
[3] Incorporated by reference to Exhibit 3.2 to the registrant's registration statement on Form 8-A (File No. 1-32829) filed on March 7, 2006.

[4] Incorporated by reference to Exhibit 99.1 to the registrant's registration statement on Form S-8 (File No. 333-132284) filed on March 8, 2006.
[5] Incorporated by reference to Exhibit 10.22 to the registrant's registration statement on Form S-1 (File No. 333-132390) filed on March 13, 2006.
[6] Incorporated by reference to Exhibit 10.32 to the registrant's annual report on Form 10-K (File No. 1-32829) filed on March 31, 2006.
[7] Incorporated by reference to Exhibit 10.43 to the registrant's annual report on Form 10-K (File No. 1-32829) filed on March 31, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, NYSE Group has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

Date: May 15, 2006 NYSE Group, Inc.

By: /s/ Nelson Chai
Nelson Chai
Chief Financial Officer

41