

NASDAQ STOCK MARKET INC  
Form S-4  
August 07, 2007  
Table of Contents

As filed with the Securities and Exchange Commission on August 7, 2007

Registration No. 333-

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM S-4**  
**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

---

**THE NASDAQ STOCK MARKET, INC.**

(Exact name of registrant as specified in its charter)

---

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>6200</b> (Primary Standard Industrial Classification Code Number)	<b>52-1165937</b> (I.R.S. Employer Identification Number)
<b>One Liberty Plaza New York, New York 10006 (212) 401-8700</b>		

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

---

**Edward S. Knight, Esq. Executive Vice President and General Counsel One Liberty Plaza New York, New York 10006 (212) 401-8700**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

*Copies to:*

<b>Eric J. Friedman, Esq.</b>	<b>Magnus Billing, Esq.</b>	<b>William F. Gorin, Esq.</b>
<b>Skadden, Arps, Slate, Meagher &amp; Flom LLP</b>	<b>General Counsel</b>	<b>Christopher E. Austin, Esq.</b>
<b>Four Times Square</b>	<b>OMX AB</b>	<b>Cleary Gottlieb Steen &amp; Hamilton LLP</b>
<b>New York, New York 10036</b>	<b>Tullvaktsvägen 15</b>	<b>One Liberty Plaza</b>
<b>(212) 735-3000</b>	<b>105 78 Stockholm, Sweden</b>	<b>New York, New York 10006</b>
	<b>(46) 8-405-60-00</b>	<b>(212) 225-2000</b>

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon consummation of the transactions described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Title of each class of securities to be registered	Amount to be registered	Proposed Maximum Offering Price per share	Proposed	
			aggregate offering price	Amount of Registration fee
Common Stock, par value \$0.01 per share	60,561,515(1)	N/A	\$2,008,500,736.26(2)	\$61,660.97

(1) Represents the maximum number of shares of The Nasdaq Stock Market, Inc. common stock issuable if all shares of OMX AB are tendered based on an exchange ratio equivalent to 0.502 shares of Nasdaq common stock for each share of OMX.

(2) Pursuant to Rule 457(c) and Rule 457(f) under the Securities Act, and solely for the purpose of calculating the registration fee, the market value of the securities to be received was calculated as the product of (i) 120,640,467 shares of OMX AB (publ), a public corporation organized under the laws of Sweden and (ii) the average of the high and low sale prices of OMX shares as reported on the Nordic Exchange on July 31, 2007 (SEK 204.5) (equivalent to \$30.46 based on the July 31, 2007 applicable exchange rate of SEK 6.7147/\$), minus \$1,665,673,166, the estimated maximum aggregate amount of cash to be paid by Nasdaq in the offer.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**



---

**Table of Contents**

**The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer, solicitation or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION DATED AUGUST [•], 2007**

**PROXY STATEMENT/PROSPECTUS**

Dear Holders of Nasdaq Voting Securities and U.S. OMX Shareholders:

On behalf of the Board of Directors of The Nasdaq Stock Market, Inc., we are pleased to deliver this Proxy Statement/Prospectus relating to the proposed combination of OMX AB (publ), a public corporation organized under the laws of Sweden, with Nasdaq. The consideration offered by Nasdaq is equivalent to 0.502 shares of Nasdaq Common Stock and SEK 94.3 in cash for each OMX share that is validly tendered and not properly withdrawn. Nasdaq is also offering OMX shareholders who accept the Offer prior to the Offer being declared unconditional a mix and match facility, which will enable OMX shareholders to elect to exchange a higher proportion of their OMX Shares in return for cash or to exchange a higher proportion of their OMX Shares in exchange for Nasdaq Common Stock, subject to matching elections by other OMX shareholders.

The combination of Nasdaq and OMX:

will create the world's premier exchange company;

will bring together two companies with a common culture and vision of innovation, competitiveness and pioneering technological expertise, uniting Nasdaq's leading global brand, highly efficient electronic trading platform and track record of customer focused innovation with OMX's global technology services platform and customer base, efficient Nordic Exchange, multi-asset class capabilities and track record of successful cross-border exchange integrations;

is expected to create significant value for the combined company's shareholders through the realization of pre-tax annual cost and revenue synergies of approximately \$150 million (SEK 1,025 million) from 2010; and

is expected to be accretive to earnings per share in 2009.

The combination of Nasdaq and OMX also provides a unique opportunity for the Nordic markets by placing them at the heart of the rapid consolidation of the exchange sector and becoming a key component of a world-leading company in the exchange industry. The OMX regulatory model will be unaffected by the combination and the combined company will be well-positioned as an attractive partner with the capacity to compete effectively with other exchanges and to continue consolidation across Europe and globally. We currently estimate that approximately 28% of the shares of Nasdaq Common Stock outstanding after completion of the Offer will be held by current OMX shareholders and that approximately 72% of the shares of Nasdaq Common Stock outstanding after completion of the Offer will be held by current Nasdaq shareholders. The receipt of cash and shares of Nasdaq Common Stock in exchange for OMX shares pursuant to the Offer will be a taxable transaction to OMX shareholders who are U.S. holders for U.S. federal income tax purposes.

The combination of Nasdaq and OMX is being effected through an offer for all of the outstanding shares of OMX, which we refer to as the Offer. Completion of the Offer requires the approval by holders of Nasdaq voting securities of the issuance of up to 60,561,515 shares of Nasdaq Common Stock to complete the Offer. We also are seeking the approval of holders of Nasdaq voting securities for an amendment to our Restated Certificate of Incorporation to change our name to The NASDAQ OMX Group, Inc. upon completion of the Offer. Nasdaq's Board of Directors has scheduled a Special Meeting of holders of Nasdaq voting securities to obtain these approvals on [•], 2007. Approval of the issuance of Nasdaq Common Stock requires the affirmative vote of at least a majority of the votes present in person or represented by proxy at the Special

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Meeting and entitled to vote thereon, provided that a quorum consisting of the holders of at least a majority (greater than 50%) of the votes entitled to be cast by holders of Nasdaq voting securities is present in person or by proxy. Approval of the amendment to our Restated Certificate of Incorporation requires the affirmative vote of at least a majority of our outstanding voting power.

Our obligation to complete the Offer is also subject to the other conditions listed under Conditions to the Offer. This Proxy Statement/Prospectus also provides information about us, about OMX and about our proposed combination with OMX that holders of Nasdaq voting securities should know when they vote and that OMX shareholders in the United States and OMX shareholders that are U.S. persons should know when they decide whether or not to tender their shares in the Offer. **The section entitled Risk Factors beginning on page 21 contains a description of some of the risks that you should consider in evaluating our proposed combination with OMX. We urge you to read this entire Proxy Statement/Prospectus carefully.**

---

**Table of Contents**

Nasdaq's Board of Directors has unanimously approved the Offer and the issuance of Nasdaq Common Stock pursuant to the Offer. Accordingly, Nasdaq's Board of Directors unanimously recommends that holders of Nasdaq voting securities vote for approval of the issuance of up to 60,561,515 shares of Nasdaq Common Stock pursuant to the Offer and for approval of the amendment to Nasdaq's Restated Certificate of Incorporation to change Nasdaq's name to The NASDAQ OMX Group, Inc.

OMX's Board of Directors has announced that it has unanimously recommended that shareholders of OMX accept the Offer.

If you are a holder of Nasdaq voting securities, whether or not you plan to attend the Special Meeting, your vote is very important. Please sign and submit your proxy as soon as possible so that your securities can be voted at the Special Meeting in accordance with your instructions. Record holders of Nasdaq voting securities can vote via the Internet, by telephone, or by mailing the enclosed proxy card (beneficial owners may vote over the Internet, by telephone, or by mailing the enclosed voting instructions). Instructions for using these convenient services appear on the instructions on the enclosed proxy card or voting instructions. On behalf of Nasdaq, we look forward to seeing holders of Nasdaq Voting Securities at the Special Meeting and we thank you for your support.

Sincerely,

Robert Greifeld

*Chief Executive Officer and President*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.

The Offer is governed by and construed in accordance with the laws of Sweden. The Swedish Act Concerning Public Takeover Bids in the Stock Market (Sw: *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) applies in relation to the Offer. Furthermore, the OMX Nordic Exchange Stockholm AB Rules Concerning Public Takeover Bids in the Stock Market (Sw: *OMX Nordic Exchange Stockholm AB:s regler rörande offentliga uppköpserbjudanden på aktiemarknaden*) and the Swedish Securities Council's (Sw: *Aktiemarknadsnämnden*) rulings regarding interpretation and application of the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market (including its rulings with respect to the Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee) apply in relation to the Offer. Furthermore, in accordance with the Swedish Act Concerning Public Takeover Bids in the Stock Market, Nasdaq has contractually agreed with the OMX Nordic Exchange Stockholm AB to comply with the Takeover Rules and to submit to any sanctions imposed by the OMX Nordic Exchange Stockholm AB upon breach of the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market. The courts of Sweden have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm will be the court of first instance, although this may not preclude claims under the U.S. securities laws regarding the disclosures made herein from being brought in U.S. courts.

The date of this Proxy Statement/Prospectus is [•], 2007, and it is first being mailed or otherwise delivered to holders of Nasdaq Voting Securities and to those OMX shareholders that are in the United States or that are U.S. persons on or about [•], 2007.

In addition to this Proxy Statement/Prospectus, an offer document and prospectus has been filed for registration with the Swedish Financial Supervisory Authority in accordance with Chapter 2a of the Swedish Financial Instruments Trading Act (1991:980). The Swedish Securities Council has extended the time period for filing this offer document and prospectus with the Swedish Financial Supervisory Authority from four weeks to ten weeks from announcement of the Offer (see ruling AMN 2007:19) and, subsequently, by a further extension of 20 weeks from announcement of the Offer (see ruling AMN 2007: 26). That offer document and prospectus will only be delivered to OMX shareholders who are non-U.S. persons and who are not located in the United States, Australia, Canada, Japan

or the Republic of South Africa, among other jurisdictions.

**Table of Contents**

The Nasdaq Stock Market, Inc.

One Liberty Plaza

New York, New York 10006

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [•], 2007**

To the holders of Voting Securities of The Nasdaq Stock Market, Inc.:

A Special Meeting of the holders of Voting Securities of The Nasdaq Stock Market, Inc., will be held at [•], on [•], 2007 at [•], local time, for the following matters:

1. To approve the issuance of up to 60,561,515 shares of Nasdaq's common stock, par value \$0.01 per share, pursuant to our proposed combination with OMX AB (publ), a public corporation organized under the laws of Sweden, such combination to be effected through an offer for all the outstanding shares of OMX.
2. To approve an amendment to Nasdaq's Restated Certificate of Incorporation to change Nasdaq's name to The NASDAQ OMX Group, Inc. upon completion of our offer for all the outstanding shares of OMX.

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof. Only holders of Nasdaq Voting Securities at the close of business on [•], 2007, which we refer to as the Record Date, are entitled to notice of and to vote at the Special Meeting. A list of such holders as of the Record Date will be available during normal business hours for examination by any such holder for a period of ten days prior to [•], 2007, at the principal executive offices of The Nasdaq Stock Market, Inc., One Liberty Plaza, New York, New York 10006.

All holders of Nasdaq Voting Securities are urged to attend the meeting in person or by proxy. **Your vote is important. Whether or not you expect to attend the meeting in person, please sign and submit your proxy as soon as possible so that your securities can be voted at the Special Meeting in accordance with the instructions on the enclosed proxy card (beneficial owners may vote over the Internet, by telephone, or by mailing the enclosed voting instructions).** The proxy is revocable and will not affect your right to vote in person in the event you attend the Special Meeting. You may revoke your proxy at any time before it is voted. If you receive more than one proxy card because your securities are registered in different names or at different addresses, please sign and return each proxy card so that all of your securities will be represented at the Special Meeting.

By Order of the Board of Directors,

Robert Greifeld  
*Chief Executive Officer and President*  
New York, New York

[•], 2007



**Table of Contents**

**IMPORTANT**

Nasdaq files annual, quarterly and special reports, proxy statements and other information with the S.E.C. under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. You may read and copy these reports and other information filed by Nasdaq at the Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the S.E.C. at 1-800-SEC-0330.

The S.E.C. also maintains an Internet worldwide web site that contains reports, proxy statements and other information about issuers, like Nasdaq, who file electronically with the S.E.C. through the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. The address of this site is <http://www.sec.gov>.

This Proxy Statement/Prospectus incorporates by reference important business and financial information about Nasdaq that is not included in or delivered with this Proxy Statement/Prospectus. You may request this information, which includes copies of Nasdaq's annual, quarterly and special reports, proxy statements and other information, from Nasdaq, without charge, excluding all exhibits, unless we have specifically incorporated by reference an exhibit in this Proxy Statement/Prospectus. Holders of Nasdaq Voting Securities and U.S. OMX shareholders may obtain documents incorporated by reference in this Proxy Statement/Prospectus by requesting them from Nasdaq in writing or by telephone at the following address or telephone number:

The Nasdaq Stock Market, Inc.

One Liberty Plaza

New York, NY 10006

Phone: (212) 401-8742

**To obtain timely delivery, holders of Nasdaq Voting Securities must request any information no later than five business days before [•], 2007 and OMX's U.S. shareholders must request any information no later than five business days before [•], 2007.**

In addition, Nasdaq provides copies of its Forms 8-K, 10-K, 10-Q, Proxy Statement and Annual Report at no charge to investors upon request and makes electronic copies of its most recently filed reports available through its website at <http://ir.nasdaq.com/sec.cfm> as soon as reasonably practicable after filing such material with the S.E.C.

For a more detailed description of the information incorporated by reference into this Proxy Statement/Prospectus and how you may obtain it, see "Where You Can Find More Information" on page 210 and "Incorporation by Reference" on page 210.

Holders of Nasdaq Voting Securities who have questions about the Special Meeting or how to vote or revoke their proxy, or who need additional copies of this Proxy Statement/Prospectus, should contact Mellon Investor Services LLC toll-free at 1-866-374-7270.

U.S. OMX shareholders who have questions about the Offer should contact:

[•]

**If you would like to request additional copies of the Proxy Statement/Prospectus from Nasdaq, please do so before [•], 2007 in order to receive them before the Special Meeting.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS</u>	vi
<u>SUMMARY OF THE OFFER</u>	1
<u>The Nasdaq Stock Market, Inc.</u>	1
<u>OMX AB (publ)</u>	1
<u>The Offer</u>	2
<u>Why You are Receiving this Proxy Statement/Prospectus</u>	3
<u>Nasdaq's and OMX's Reasons for the Offer</u>	3
<u>What OMX Shareholders will Receive in the Offer</u>	3
<u>Mix and Match Facility</u>	3
<u>Principal Agreements</u>	3
<u>Approval by Holders of Nasdaq Voting Securities</u>	4
<u>Opinions of Financial Advisors</u>	4
<u>Risk Factors</u>	5
<u>Conditions to the Offer</u>	5
<u>Termination of the Transaction Agreement</u>	5
<u>Payment of Termination Fee</u>	5
<u>No Solicitation of Transactions</u>	5
<u>Interests of Certain Persons in the Offer</u>	6
<u>Material U.S. Federal Income Tax Consequences</u>	6
<u>Anticipated Accounting Treatment</u>	6
<u>Regulatory Matters</u>	6
<u>Directors and Management of the Combined Company Following the Completion of the Offer</u>	6
<u>Appraisal Rights</u>	6
<u>Compulsory Acquisition Proceedings</u>	7
<u>Comparison of Shareholder Rights</u>	7
<u>SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION OF NASDAQ</u>	8
<u>SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION OF OMX</u>	10
<u>EXCHANGE RATE INFORMATION</u>	15
<u>SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF THE COMBINED COMPANY</u>	16
<u>COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA</u>	17
<u>Nasdaq Historical</u>	17
<u>OMX Historical</u>	17
<u>Combined Company Pro Forma</u>	17
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	18
<u>Dividend Policy</u>	19
<u>FORWARD-LOOKING STATEMENTS</u>	20
<u>RISK FACTORS</u>	21
<u>Risks Related to the Offer</u>	21
<u>Risks Relating to the Combined Company's Business</u>	26
<u>Risks Relating to an Investment in Nasdaq Common Stock</u>	39
<u>THE SPECIAL MEETING OF HOLDERS OF NASDAQ VOTING SECURITIES</u>	42
<u>Time, Place and Purpose of the Nasdaq Special Meeting</u>	42
<u>Who Can Vote at the Nasdaq Special Meeting</u>	42
<u>Quorum</u>	42
<u>Required Vote</u>	43
<u>Adjournments</u>	43
<u>Manner of Voting</u>	43

**Table of Contents**

	<b>Page</b>
<u>Broker Non-Votes</u>	44
<u>Solicitation of Proxies</u>	44
<u>PROPOSALS TO BE CONSIDERED AND VOTED UPON BY HOLDERS OF NASDAQ VOTING SECURITIES AT THE SPECIAL MEETING</u>	45
<u>Proposal One</u>	45
<u>Proposal Two</u>	46
<u>THE OFFER</u>	47
<u>Background of the Offer</u>	47
<u>Nasdaq's and OMX's Reasons for the Offer</u>	49
<u>Recommendation of Nasdaq's Board of Directors</u>	52
<u>Recommendation of OMX's Board of Directors</u>	53
<u>Opinion of J.P. Morgan Securities Inc. Financial Advisor to Nasdaq</u>	55
<u>Opinions of Morgan Stanley &amp; Co. Limited and Credit Suisse Securities (Europe) Limited Financial Advisors to OMX</u>	63
<u>Interests of Certain Persons in the Offer</u>	70
<u>Material U.S. Federal Income Tax Considerations</u>	71
<u>Material Swedish Tax Considerations</u>	75
<u>Certain Tax Issues for Shareholders Resident Outside of Sweden</u>	79
<u>Anticipated Accounting Treatment of the Offer</u>	79
<u>Appraisal Rights</u>	79
<u>Restrictions on Sales of Nasdaq Common Stock Received by OMX Affiliates</u>	79
<u>Financing of the Offer</u>	80
<u>Regulatory Matters</u>	81
<u>Principal Agreements</u>	82
<u>Directors and Management of the Combined Company Following the Completion of the Offer</u>	86
<u>TERMS OF THE OFFER</u>	87
<u>Cost of Transfer</u>	87
<u>Conditions to the Offer</u>	88
<u>Mix and Match Facility</u>	89
<u>Participation in the Offer Through This Proxy Statement/Prospectus</u>	91
<u>Acceptance Period</u>	92
<u>Right to Extend the Acceptance Period</u>	92
<u>Acceptance Procedure</u>	92
<u>Right to Withdrawal of Acceptance</u>	95
<u>Transfer Restrictions</u>	96
<u>Settlement</u>	96
<u>Fractional Shares</u>	98
<u>Rights Pertaining to the Shares of Nasdaq Common Stock</u>	99
<u>Directly Registered Shares in Nasdaq</u>	99
<u>Application to List the Nasdaq Shares on the OMX Nordic Exchange Stockholm AB</u>	99
<u>Trading in Nasdaq Common Stock on the Nasdaq Global Select Market</u>	99
<u>Dividends</u>	99
<u>Meetings of Shareholders</u>	100
<u>Stock Market Reporting</u>	100
<u>Governing Law</u>	100
<u>Share Ownership Information</u>	100
<u>Special Considerations</u>	101
<u>DESCRIPTION OF NASDAQ CAPITAL STOCK</u>	102
<u>Nasdaq Common Stock</u>	102
<u>Preferred Stock</u>	102

**Table of Contents**

	<b>Page</b>
<u>Certain Provisions of the Restated Certificate of Incorporation and By-Laws</u>	102
<u>Authorized But Unissued Shares</u>	103
<u>Delaware Business Combination Statute</u>	103
<u>INFORMATION ABOUT OMX</u>	105
<u>Introduction</u>	105
<u>Competition</u>	105
<u>Customers</u>	106
<u>History</u>	106
<u>The OMX Timeline</u>	107
<u>Business Model and Strategy</u>	107
<u>Customer Offerings</u>	109
<u>Three Business Areas</u>	110
<u>Nordic Marketplaces</u>	110
<u>Information Services &amp; New Markets</u>	113
<u>Market Technology</u>	117
<u>Research and Development</u>	120
<u>Intellectual Property</u>	120
<u>Real Estate</u>	121
<u>Insurance</u>	121
<u>Legal Proceedings</u>	122
<u>Management</u>	122
<u>Compensation Discussion and Analysis</u>	128
<u>Summary Compensation Table</u>	131
<u>Outstanding Equity Awards at Fiscal Year-End</u>	133
<u>Retirement Plans</u>	134
<u>Potential Payments on Termination of Employment or Change in Control</u>	134
<u>Director Compensation</u>	139
<u>Compensation Committee Interlocks and Insider Participation</u>	140
<u>Certain Relationships and Related Party Transactions</u>	140
<u>Beneficial Ownership of Management</u>	140
<u>Major Shareholders and Affiliates</u>	141
<u>SELECTED HISTORICAL FINANCIAL DATA OF OMX</u>	142
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OMX</u>	147
<u>Overview</u>	147
<u>Sources of Revenue and Principal Expense Items</u>	147
<u>Results of Operations for Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006</u>	150
<u>Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005</u>	154
<u>Results of Operations for the Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004</u>	158
<u>Liquidity and Capital Resources</u>	161
<u>Debt and Minority Put Options</u>	162
<u>Contractual Obligations</u>	163
<u>Off Balance Sheet Arrangements</u>	163
<u>Critical Accounting Policies</u>	163
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	164
<u>Currency Exposure</u>	167
<u>Summary of Material Differences between IFRS and U.S. GAAP</u>	169

**Table of Contents**

	<b>Page</b>
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF THE COMBINED COMPANY</u>	170
<u>NASDAQ S SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	178
<u>SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT OF NASDAQ</u>	179
<u>COMPARISON OF RIGHTS OF HOLDERS OF NASDAQ COMMON STOCK AND OMX SHARES</u>	184
<u>EXPERTS</u>	208
<u>LEGAL MATTERS</u>	208
<u>FUTURE NASDAQ STOCKHOLDER PROPOSALS</u>	208
<u>IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS</u>	209
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	210
<u>INCORPORATION BY REFERENCE</u>	210
<u>OTHER MATTERS</u>	211
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF OMX	FIN-1
ANNEX A Transaction Agreement	
ANNEX B Form of Irrevocable Undertaking	
ANNEX C Form of Voting Agreement	
ANNEX D Opinion of J.P. Morgan Securities Inc.	
ANNEX E Opinion of Morgan Stanley & Co. Limited	
ANNEX F Opinion of Credit Suisse Securities (Europe) Limited	

**Table of Contents**

**CERTAIN FREQUENTLY USED TERMS**

Unless otherwise specified or if the context so requires:

Charter Amendment refers to an amendment to Nasdaq's Restated Certificate of Incorporation to change Nasdaq's name to The NASDAQ OMX Group, Inc. upon completion of the Offer as set forth in this Proxy Statement/Prospectus, and is also referred to as Proposal Two ;

combined company refers to Nasdaq after the completion of the Offer and the combination of Nasdaq and OMX, and is also referred to as The NASDAQ OMX Group, Inc. ;

Irrevocable Undertakings refers to the three Irrevocable Undertakings, each dated as of May 25, 2007, between each of Investor AB, Nordea Bank AB and Magnus Böcker, on the one hand, and Nasdaq, on the other hand;

Irrevocable Undertakings Parties refers to Investor AB, Nordea Bank AB and Magnus Böcker;

Nasdaq refers to The Nasdaq Stock Market, Inc., a Delaware corporation, and we, us, our and similar phrases refer to Nasdaq (before the completion of the Offer) or the combined company (after the completion of the Offer);

Nasdaq Common Stock refers to Nasdaq's common stock, par value \$0.01 per share;

Nasdaq Voting Notes refers to, collectively, Nasdaq's 3.75% Series A convertible notes due 2012 and 3.75% Series B convertible notes due 2012;

Nasdaq Voting Securities refers to, collectively, Nasdaq Common Stock and Nasdaq Voting Notes;

Nordic Exchange means, collectively, the OMX Nordic Exchange Stockholm, the OMX Nordic Exchange Copenhagen, the OMX Nordic Exchange Helsinki, the OMX Nordic Exchange Iceland, the Tallinn Stock Exchange, the Riga Stock Exchange and the Vilnius Stock Exchange;

Offer refers to the offer by Nasdaq to acquire all of the outstanding shares of OMX;

OMX refers to OMX AB (publ), a public corporation organized under the laws of Sweden;

OMX Shares refers to shares of OMX;

S.E.C. refers to the United States Securities and Exchange Commission;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

SEK, Swedish Krona, Krona, Swedish Kronor or Kronor refers to the lawful currency of Sweden;

Share Issuance refers to the issuance of up to 60,561,515 shares of Nasdaq Common Stock as set forth in this Proxy Statement/Prospectus, and is also referred to as Proposal One ;

Special Meeting refers to the special meeting of the holders of Nasdaq Voting Securities to which this Proxy Statement/Prospectus relates;

Takeover Rules refers to the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market (Sw. *OMX Nordic Exchange Stockholm AB s regler rörande offentliga uppköpserbjudanden på aktiemarknaden (2007-04-01)*) and the Swedish Securities Council s (Sw. *Aktiemarknadsnämnden*) rulings regarding the interpretation and application thereof, with which Nasdaq has, in a written undertaking to OMX Nordic Exchange Stockholm AB, agreed to comply;

The NASDAQ Stock Market refers to The NASDAQ Stock Market LLC, a wholly-owned subsidiary of Nasdaq;

Transaction Agreement refers to the Transaction Agreement, dated as of May 25, 2007, between Nasdaq and OMX;

USD , \$, U.S. dollars or U.S. \$ refers to the lawful currency of the United States of America;

## **Table of Contents**

Voting Agreements refers to the three Voting Agreements, each dated as of May 25, 2007, between affiliates of Hellman & Friedman LLC, affiliates of Silver Lake Partners and Nasdaq's Chief Executive Officer, Robert Greifeld, on the one hand, and OMX on the other hand; and

Voting Agreement Parties refers to affiliates of Hellman & Friedman LLC, affiliates of Silver Lake Partners and Nasdaq's Chief Executive Officer, Robert Greifeld.

## **QUESTIONS AND ANSWERS**

### **Questions and Answers About the Nasdaq Special Meeting**

#### ***What is the proposed transaction to which this Proxy Statement/Prospectus relates?***

This Proxy Statement/Prospectus relates to the proposed combination of Nasdaq and OMX, which is being effected through the Offer. Completion of the Offer requires the approval by holders of Nasdaq Voting Securities of the issuance of up to 60,561,515 shares of Nasdaq Common Stock. We are also seeking the approval of holders of Nasdaq Voting Securities for an amendment to our Restated Certificate of Incorporation to change our name to The NASDAQ OMX Group, Inc. upon completion of the Offer.

#### ***When and where will the Special Meeting be held and what business will occur at the meeting?***

The Special Meeting will be held at [•], on [•], 2007, at [•]. At the Special Meeting, holders of Nasdaq Voting Securities will consider and vote upon the Share Issuance and the Charter Amendment. You do not need to be present at the Special Meeting to have your vote counted. By utilizing any one of the various voting procedures described in this Proxy Statement/Prospectus prior to the date of the Special Meeting, your vote will be counted and included in the final results.

#### ***How does Nasdaq's Board of Directors recommend that holders of Nasdaq Voting Securities vote with respect to the proposals?***

Nasdaq's Board of Directors recommends a vote for approval of the Share Issuance and for approval of the Charter Amendment. Please see the sections entitled Proposal One and Proposal Two.

#### ***Why is it important for holders of Nasdaq Voting Securities to vote?***

Nasdaq cannot complete the Offer unless the Share Issuance is approved by the affirmative vote of at least a majority of the votes present in person or represented by proxy at the Special Meeting and entitled to vote thereon.

#### ***Why are holders of Nasdaq Voting Securities being asked to approve the Share Issuance and the Charter Amendment?***

Assuming that all outstanding OMX Shares are tendered into the Offer, we currently estimate that up to 60,561,515 shares of Nasdaq Common Stock, or approximately 28% of the Nasdaq Common Stock outstanding after completion of the Offer (calculated on a fully diluted basis using the treasury method), will be issued to OMX shareholders in connection with the Offer. The NASDAQ Stock Market rules require the approval of holders of Nasdaq Voting Securities prior to the issuance of additional shares of Nasdaq Common Stock in any transaction if:

1. the common stock has, or will have upon issuance, voting power in excess of 20% of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock; or



## **Table of Contents**

2. the number of shares of common stock to be issued is, or will be upon issuance, in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock.

Therefore, your approval is required for the Share Issuance (Proposal One).

In addition, as part of our agreement with OMX, we have committed to seek the vote of holders of Nasdaq Voting Securities to approve a change in our corporate name to The NASDAQ OMX Group, Inc. upon completion of the Offer to better reflect the combined company's expanded global reach. The approval of the Charter Amendment (Proposal Two) is not required, however, to complete the Offer.

### ***Who may vote at the Special Meeting?***

Only holders of record listed on the books of Nasdaq at the close of business on [●], 2007, which we refer to as the Record Date, of the following Nasdaq securities will be entitled to notice of, and to vote at, the Special Meeting:

Nasdaq Common Stock; and

Nasdaq Voting Notes.

As of the Record Date, there were outstanding [●] shares of Nasdaq Common Stock (including shares of restricted Nasdaq Common Stock entitled to vote at the Special Meeting). As of the Record Date, the Nasdaq Voting Notes were convertible into [●] shares of Nasdaq Common Stock.

### ***Are there different voting procedures depending on how I hold my Nasdaq Voting Securities?***

Many holders of Nasdaq Voting Securities hold their Nasdaq Voting Securities through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between Nasdaq Voting Securities held of record and those owned beneficially.

#### ***Holder of Record***

If your Nasdaq Voting Securities are registered directly in your name with Nasdaq's transfer agent, Mellon Investor Services, you are considered, with respect to those Nasdaq Voting Securities, the holder of record, and these proxy materials are being sent directly to you by Nasdaq. As the holder of record, you have the right to grant your voting proxy directly to Nasdaq or to vote in person at the Special Meeting. Nasdaq has enclosed a proxy card for you to use.

#### ***Beneficial Owner***

If your Nasdaq Voting Securities are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of securities held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those securities, the holder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the Special Meeting. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your securities. The voting instruction card provides various alternative voting methods, such as via the Internet, by telephone or by mail.

### ***How many votes may a holder of Nasdaq Voting Securities cast?***

Each share of Nasdaq Common Stock has one vote, subject to the voting limitation in our Restated Certificate of Incorporation that generally prohibits a holder from voting in excess of 5% of the total voting

## **Table of Contents**

power of Nasdaq. The holder of each Voting Note is entitled to the number of votes equal to the number of shares of Nasdaq Common Stock into which that Voting Note could be converted on the Record Date, subject to the 5% voting limitation contained in our Restated Certificate of Incorporation. The enclosed proxy card shows the number of Nasdaq Voting Securities that you are entitled to vote. Your individual vote is confidential and will not be disclosed to third parties.

### ***How can I vote my securities in person at the Special Meeting?***

Securities held directly in your name as the holder of record may be voted in person at the Special Meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the Special Meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the Special Meeting. Securities held in street name may be voted in person by you only if you obtain a signed proxy from the record holder giving you the right to vote the securities in person.

### ***How can I vote my Nasdaq Voting Securities without attending the Special Meeting?***

Whether you hold securities directly as the holder of record or beneficially in street name, you may direct your vote without attending the Special Meeting. You may vote your directly held securities by granting a proxy or, for securities held in street name, by submitting voting instructions to your broker, bank or nominee following the instructions on the form included with this package by the deadline indicated on that form.

### ***What vote is required to approve each item?***

In order to conduct business at the Special Meeting, a quorum must be present. The presence of the holders of at least a majority (greater than 50%) of the votes entitled to be cast by holders of the Nasdaq Voting Securities constitutes a quorum. We will treat Nasdaq Voting Securities represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the Special Meeting for the purposes of determining the existence of a quorum. If a quorum is not present, it is expected that the Special Meeting will be adjourned or postponed to solicit additional proxies.

Approval of the Share Issuance requires the affirmative vote of at least a majority of the votes present in person or represented by proxy at the Special Meeting and entitled to vote thereon.

Approval of the Charter Amendment requires the affirmative vote of at least a majority of our outstanding voting power.

### ***What does it mean if I receive more than one proxy or voting instruction card?***

It means that your securities are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

### ***May I change my vote after I have given it?***

You may change your proxy instructions and your vote at any time prior to the vote at the Special Meeting. For securities held directly in your name, you may accomplish this by granting a new proxy bearing a later date, which automatically revokes the earlier proxy, and delivering such new proxy to the Secretary of Nasdaq either by mail or by calling the phone number, or accessing the Internet address, listed on the proxy card or by attending the Special Meeting and voting in person. Attendance at the Special Meeting will not cause your previously granted proxy to be revoked unless you specifically request to do so. For securities held beneficially by you, you may accomplish this by submitting new voting instructions to your broker, bank or nominee by the deadline indicated in the instructions sent to you by your broker, bank or nominee.

## **Table of Contents**

### ***Who bears the cost of soliciting proxies?***

We will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. We have retained the services of Mellon Investor Services LLC to aid in the solicitation of proxies from banks, brokers, nominees and intermediaries. We estimate that we will pay Mellon Investor Services LLC a fee of \$12,500 for its services, plus out of pocket expenses. We will also, upon request, reimburse brokerage firms and other persons representing beneficial owners of Nasdaq Voting Securities for their expenses in forwarding solicitation materials to such beneficial owners.

### ***How are votes counted?***

For both proposals, you may vote **for**, **against** or **abstain**. If you **abstain**, it has the same effect as a vote **against** both the Share Issuance and the Charter Amendment. If you do not sign and send in your proxy card, do not vote using the telephone or Internet, or do not vote at the Special Meeting, it will have no effect on the vote on the Share Issuance, assuming that there is a quorum, but it will have the effect of a vote **against** the Charter Amendment. If you sign your proxy card or broker voting instruction card with no further instructions, your Nasdaq Voting Securities will be voted in accordance with the recommendations of the Board of Directors described in this proxy. Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

### ***If my securities are held in Street Name by my broker, will my broker vote my Nasdaq Voting Securities for me?***

Included with this package, you should have received from your broker a voting instruction card with instructions on how to vote your securities and how to provide instructions to your broker on how you want your securities voted. If you have any questions regarding the procedures necessary for your broker to vote your securities, you should contact your broker directly. Please instruct your broker as to how you would like him or her to vote your securities following the procedures on the instruction card.

### ***What are Broker non-votes ?***

Broker non-votes are securities held by banks, brokers or nominees for which, with respect to any item to be voted upon, voting instructions have not been received from the beneficial owners or the persons entitled to vote those securities and with respect to which the bank, broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Broker non-votes, if any, will have no effect on the vote on the Share Issuance, assuming that there is a quorum, but will have the effect of a vote **against** the Charter Amendment.

### ***What do holders of Nasdaq Voting Securities need to do now?***

After carefully reading and considering the information contained in this Proxy Statement/Prospectus, you should either complete, sign and date your proxy card and voting instructions and return them in the enclosed postage-paid envelope, vote by phone or by the Internet as provided for on the voting instruction card included in this package, or vote in person at the Special Meeting. You can simplify your voting and save Nasdaq expense by either voting via the Internet or calling the toll-free number listed on the proxy card. Please vote your securities as soon as possible so that your securities will be represented at the Special Meeting.

### ***Where can I find the voting results of the Special Meeting?***

We may be able to announce preliminary voting results at the Special Meeting and we may issue a press release with the final results after the Special Meeting is completed. In addition, we intend to publish the final results in our quarterly report on Form 10-Q for the third quarter of fiscal year 2007.

## **Table of Contents**

### ***What will happen if Proposal One or Proposal Two is not approved?***

If Proposal One is not approved, the Offer cannot proceed. If Proposal Two is not approved, the Offer may proceed, but Nasdaq is obligated under the terms of its agreement with OMX to take such actions as reasonably requested by OMX to ensure that Nasdaq Common Stock trades under the name NASDAQ OMX Group following completion of the Offer.

### ***Are there risks associated with the Offer that holders of Nasdaq Voting Securities should be aware of?***

Yes. The combined company may not achieve the expected benefits because of the risks and uncertainties discussed in the section entitled Risk Factors. In deciding whether to approve the Share Issuance or the Charter Amendment, Nasdaq urges you to carefully read and consider the risk factors contained in the section entitled Risk Factors.

### ***Who should I contact if I have questions about the Special Meeting?***

If you have questions about the Special Meeting, please contact Mellon Investor Services LLC toll-free at 1-866-374-7270.

## **Questions and Answers About the Offer**

### ***What will OMX shareholders receive in the Offer?***

Nasdaq is offering each OMX shareholder:

In respect of 45.32% of the total number of OMX Shares tendered by such shareholder, SEK 208.1 per OMX Share in cash; and

In respect of the remaining 54.68% of the number of OMX Shares tendered by such shareholder, 0.918 new shares of Nasdaq Common Stock per OMX Share.

We refer to this combination of consideration in respect of the OMX Shares held by each OMX shareholder as the Basic Alternative. As an alternative, OMX shareholders who on May 31, 2007 were registered in the register of shareholders kept by the Swedish VPC AB, the Danish Værdipapircentralen A/S, the Finnish Suomen Arvopaperikeskus Oy or the Icelandic Verðbréfasráning Íslands hf. as holders of 200 or fewer OMX Shares and who accept the Offer are entitled to elect to receive a guaranteed cash consideration of SEK 208.1 per OMX Share as consideration for their entire holding (and not parts of their holding) of OMX Shares, which we refer to as the Cash Guarantee. For the avoidance of doubt, if such OMX shareholders acquire additional shares after May 31, 2007, these shareholders will not be entitled to elect to receive the Cash Guarantee with respect to the additional shares so acquired.

Nasdaq is also offering OMX shareholders who accept the Offer prior to the Offer being declared unconditional a mix and match option, which we refer to as the Mix and Match Facility. The Mix and Match Facility will enable OMX shareholders to elect to exchange a higher proportion of their OMX Shares in return for cash or to exchange a higher proportion of their OMX Shares in exchange for Nasdaq Common Stock, subject to matching elections by other OMX shareholders.

Please note that certain numbers used throughout this Proxy Statement/Prospectus have been rounded. The actual numbers that will be used to calculate the entitlement of accepting OMX shareholders are: (i) for the rounded number of 45.32%, the actual number will be 45.3153567130646%; (ii) for the rounded number of 54.68%, the actual number will be 54.6846432869354%; and (iii) for the rounded number of 0.918 new shares of Nasdaq Common Stock, the actual number will be 0.917990810264518 new shares of Nasdaq Common Stock.

### ***Does OMX's Board of Directors recommend that OMX shareholders accept the Offer?***

OMX's Board of Directors has unanimously recommended that the OMX shareholders accept the Offer. Please see the section entitled Recommendation of OMX's Board of Directors on page 53.



## **Table of Contents**

### ***How do OMX shareholders tender their shares in the Offer?***

OMX shareholders that are either located in the United States or that are U.S. persons must carefully read the section of this Proxy Statement/Prospectus entitled **Terms of the Offer** and must complete the acceptance form which is attached as an exhibit to this Proxy Statement/Prospectus.

### ***Are there any conditions to the Offer?***

The Offer is subject to certain conditions more fully described in the section **Conditions to the Offer** on page 88.

### ***How will Nasdaq acquire any OMX Shares that remain outstanding after the completion of the Offer?***

Assuming that Nasdaq holds more than 90% of the outstanding OMX Shares following completion of the Offer, Nasdaq intends to initiate compulsory acquisition proceedings under Swedish law to acquire the OMX Shares that were not acquired in the Offer. For a detailed discussion of Swedish compulsory acquisition proceedings, please see the section entitled **Special Considerations Compulsory Acquisition Proceedings, Subsequent Share Purchases and De-listing** on page 101.

### ***How much of Nasdaq will current OMX shareholders own upon completion of the Offer?***

Immediately following the completion of the Offer, assuming that all outstanding OMX Shares are tendered into the Offer and based upon the number of outstanding shares of Nasdaq Common Stock and OMX Shares, we estimate that OMX shareholders will hold approximately 28% of the total shares of Nasdaq Common Stock outstanding after the Offer calculated on a fully diluted basis using the treasury method.

### ***When do you expect the Offer to expire?***

This Proxy Statement/Prospectus is being mailed to U.S. OMX shareholders on [●], 2007, and the Offer will expire at 5:00 p.m. Central European Time, which we refer to as CET, on [●], 2007, subject to extension. Nasdaq reserves the right to extend the acceptance period for the Offer in accordance with the Takeover Rules. Promptly following the expiration of the Offer, Nasdaq will issue a press release notifying the public of the outcome of the Offer. For a more complete discussion of the timing of the Offer, please see the section entitled **The Offer** on page 47.

### ***Are there risks associated with the Offer that OMX shareholders should be aware of?***

Yes. The combined company may not achieve the expected benefits because of the risks and uncertainties discussed in the section entitled **Risk Factors** beginning on page 21. In deciding whether to accept the Offer, Nasdaq urges you to carefully read and consider the risk factors contained in the section entitled **Risk Factors**.

### ***How do I participate in the Offer?***

For detailed information on how U.S. OMX shareholders can participate in the Offer, please see the section entitled **Acceptance Procedure** beginning on page 92.

### ***Who should I contact if I have questions about the Offer?***

If you have questions about the Offer, please contact [●].

**Table of Contents**

**SUMMARY OF THE OFFER**

*This section highlights selected information from this Proxy Statement/Prospectus and may not contain all of the information that is important to you. To better understand the proposed transactions, you should read this entire Proxy Statement/Prospectus carefully, as well as those additional documents to which we refer you. You may obtain more information by following the instructions in the section entitled "Where You Can Find More Information" on page 210. We have included page references to direct you to more complete descriptions of the topics presented in this summary.*

**The Nasdaq Stock Market, Inc.**

We are a holding company that operates The NASDAQ Stock Market as a wholly-owned subsidiary and operates certain other related businesses through other subsidiaries. We became a holding company on August 1, 2006 when The NASDAQ Stock Market commenced operations as a registered national securities exchange for Nasdaq-listed securities.

We, through our subsidiaries, are a leading provider of securities listing, trading, and information products and services. Our revenue sources are diverse and include revenues from transaction services, market data products and services, listing fees, insurance products, shareholder and newswire services and financial products. The NASDAQ Stock Market is the largest electronic equity securities market in the United States, both in terms of number of listed companies and traded share volume. As of June 30, 2007, The NASDAQ Stock Market was home to approximately 3,200 listed companies with a combined market capitalization of over \$4.6 trillion. We also operate, through The NASDAQ Stock Market, The Nasdaq Market Center, which provides our market participants with the ability to access, process, display and integrate orders and quotes in The NASDAQ Stock Market and other national securities exchanges in the United States. Transactions involving 349.9 billion equity securities were executed on or reported to our systems in the first six months of 2007, 20% higher than the same period in 2006.

For the six months ended June 30, 2007, based on financial statements prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, Nasdaq generated \$1,120.1 million in total revenues and \$74.4 million in net income.

Nasdaq Common Stock is listed on the Nasdaq Global Select Market under the symbol NDAQ. We maintain our principal executive offices at One Liberty Plaza, New York, New York 10006. Its telephone number is (212) 401-8700, and its Internet address is [www.nasdaq.com](http://www.nasdaq.com). Information contained on our website does not constitute part of this Proxy Statement/Prospectus.

**OMX AB (publ) (Page 105)**

OMX owns and operates exchanges in Sweden, Finland, Denmark, Iceland, Estonia, Latvia and Lithuania and provides technology solutions to exchanges and other marketplaces. OMX was established as OM Gruppen AB in 1984 in Stockholm, Sweden and today over 800 companies are traded on the Nordic Exchange (including its alternative market, First North). OMX's technology solutions enable efficient securities transactions for more than 60 marketplaces in over 50 countries.

OMX operates in three business areas: Nordic Marketplaces, Information Services & New Markets and Market Technology. The Nordic Marketplaces business area constituted approximately 46% of OMX's revenues for the year ended December 31, 2006 (calculated based on the revenues for the business area in question divided by the sum of revenues for all three business areas) and comprises OMX's exchange operations in Sweden, Finland, Denmark and Iceland. The Information Services & New Markets business area constituted approximately 20% of OMX's revenues for the year ended December 31, 2006 and comprises OMX's

## **Table of Contents**

information services, its exchanges and central securities depositories, which we refer to as CSDs, in the Baltic States and its business unit Broker Services. The Market Technology business area constituted approximately 34% of OMX's revenues for the year ended December 31, 2006 and comprises the delivery of technology and services to marketplaces throughout the world.

For the six months ended June 30, 2007, based on financial statements prepared in accordance with International Financial Reporting Standards, which we refer to as IFRS, OMX generated SEK 2,079 million in revenues and SEK 603 million in net profit.

OMX Shares are listed on the Nordic Exchange under the symbol OMX. The address of OMX's registered office is SE-105 78, Stockholm, Sweden, and its telephone number is +46 8 405 60 00. Its website is [www.omxgroup.com](http://www.omxgroup.com). Information contained on OMX's website does not constitute part of this Proxy Statement/Prospectus.

## **The Offer (Page 47)**

Nasdaq and OMX have proposed to combine their businesses in a strategic transaction in which Nasdaq will acquire all of the outstanding OMX Shares. In respect of 45.32% of the total number of OMX Shares tendered by each OMX shareholder, we are offering SEK 208.1 per OMX Share in cash, which we refer to as the Cash Consideration, and in respect of the remaining 54.68% OMX Shares tendered by each OMX shareholder, we are offering 0.918 new shares of Nasdaq Common Stock per OMX Share, which we refer to as the Share Consideration (which number of shares of Nasdaq Common Stock had a value of approximately SEK 208.1 on May 23, 2007, the last full trading day before the announcement of the Offer, based on the closing price of Nasdaq Common Stock of \$33.19 per share and a SEK/USD exchange rate of 6.83). Nasdaq is offering OMX shareholders who accept the Offer prior to the Offer being declared unconditional the Mix and Match Facility, which will enable OMX shareholders to elect to exchange a higher proportion of their OMX Shares in return for the Cash Consideration or the Share Consideration, subject to matching elections by other OMX shareholders. As an alternative, OMX shareholders who on May 31, 2007 were registered in the register of shareholders kept by the Swedish VPC AB, the Danish Værdipapircentralen A/S, the Finnish Suomen Arvopaperikeskus Oy or the Icelandic Verðbréfasíkráning Íslands hf. as holders of 200 or fewer OMX Shares and who accept the Offer are entitled to elect to receive the Cash Guarantee of SEK 208.1 per OMX Share as consideration for their entire holding (and not parts of their holding) of OMX Shares. For the avoidance of doubt, if such OMX shareholders acquire additional OMX Shares after May 31, 2007, these shareholders will not be entitled to elect to receive the Cash Guarantee with respect to the additional OMX Shares so acquired.

In this Proxy Statement/Prospectus, Nasdaq is offering to acquire all of the outstanding OMX Shares held by persons that are either located in the United States or U.S. persons, wherever located. This Proxy Statement/Prospectus is not authorized to be distributed to, nor is the Offer made pursuant to this Proxy Statement/Prospectus capable of being accepted by, anyone that is not either located in the United States or a U.S. person. Certification to that effect will be required in the acceptance form required to be submitted by U.S. OMX shareholders to accept the U.S. offer.

Assuming that all outstanding OMX Shares are tendered into the Offer, we currently estimate that approximately 28% of the shares of Nasdaq Common Stock outstanding after completion of the Offer will be held by current OMX shareholders and that approximately 72% of the shares of Nasdaq Common Stock outstanding after completion of the Offer will be held by current Nasdaq shareholders, in both cases calculated on a fully diluted basis using the treasury method.

Please note that certain numbers used throughout this Proxy Statement/Prospectus have been rounded. The actual numbers that will be used to calculate the entitlement of accepting OMX shareholders are: (i) for the rounded number of 45.32%, the actual number will be 45.3153567130646%; (ii) for the rounded number of 54.68%, the actual number will be 54.6846432869354%; and (iii) for the rounded number of 0.918 new shares of Nasdaq Common Stock, the actual number will be 0.917990810264518 new shares of Nasdaq Common Stock.



## **Table of Contents**

### **Why You are Receiving this Proxy Statement/Prospectus**

#### *Holder of Nasdaq Voting Securities (Page 45)*

In order to complete the Offer, at the Special Meeting to be held on [●], 2007, holders of Nasdaq Voting Securities must approve the Share Issuance and will also be asked to approve the Charter Amendment.

#### *U.S. OMX Shareholders (Page 91)*

This Proxy Statement/Prospectus also describes the Offer and provides OMX shareholders that are located in the United States or that are U.S. persons the means to tender their shares in connection with the Offer.

### **Nasdaq's and OMX's Reasons for the Offer (Page 49)**

#### *Holder of Nasdaq Voting Securities*

Based on the reasons for the Offer described in this Proxy Statement/Prospectus, Nasdaq's Board of Directors has unanimously recommended that holders of Nasdaq Voting Securities vote for the Share Issuance and for the Charter Amendment.

#### *U.S. OMX Shareholders*

Based on the reasons for the Offer described in this Proxy Statement/Prospectus, OMX's Board of Directors has unanimously recommended that shareholders of OMX accept the Offer.

### **What OMX Shareholders will Receive in the Offer (Page 87)**

We are offering consideration equivalent to 0.502 shares of Nasdaq Common Stock and SEK 94.3 for each OMX Share that is validly tendered and not properly withdrawn. In particular, in respect of 45.32% of the total number of OMX Shares tendered by each OMX shareholder, we are offering SEK 208.1 per OMX Share in cash and in respect of the remaining 54.68% OMX Shares tendered by each OMX shareholder, we are offering 0.918 new shares of Nasdaq Common Stock per OMX Share (which number of shares of Nasdaq Common Stock had a value of approximately SEK 208.1 on May 23, 2007, the last full trading day before the announcement of the Offer, based on the closing price of Nasdaq Common Stock of \$33.19 per share and a SEK/USD exchange rate of 6.83). Fractional shares of Nasdaq Common Stock will not be issued to OMX shareholders; instead, such fractional shares will be sold in the public markets and the net proceeds will be distributed proportionally to the OMX shareholders concerned. As an alternative, OMX shareholders who on May 31, 2007 held 200 or fewer OMX Shares are entitled to elect to receive a guaranteed cash consideration of SEK 208.1 per OMX Share in exchange for those OMX Shares held on May 31, 2007.

### **Mix and Match Facility (Page 89)**

Nasdaq is offering OMX shareholders who accept the Offer prior to the Offer being declared unconditional the Mix and Match Facility, which will enable OMX shareholders to elect to exchange a higher proportion of their OMX Shares in return for Cash Consideration or Share Consideration, subject to matching elections by other OMX shareholders.

### **Principal Agreements (Page 82)**

We and OMX have entered into the Transaction Agreement, which sets forth the terms and conditions of the Offer, as well as the composition of the board of directors and management team for the combined company. The Transaction Agreement also contains certain prohibitions against the solicitation or entertainment of competing proposals on the part of both Nasdaq or OMX.

## **Table of Contents**

In connection with the Offer, Investor AB, Nordea Bank AB and Magnus Böcker have executed the Irrevocable Undertakings in favor of Nasdaq, pursuant to which Investor AB, Nordea Bank AB and Magnus Böcker have agreed, among other things, to tender their shares in the Offer, elect to receive Nasdaq Common Stock under the Mix and Match Facility and support the Offer.

In connection with the Offer, affiliates of Hellman & Friedman LLC, affiliates of Silver Lake Partners and Nasdaq's Chief Executive Officer, Robert Greifeld, have executed the Voting Agreements in favor of OMX, pursuant to which they have agreed, among other things, to vote in favor of the Share Issuance and the Charter Amendment.

### **Approval by Holders of Nasdaq Voting Securities (Page 45)**

Approval of the Share Issuance requires the affirmative vote of at least a majority of the votes present in person or represented by proxy at the Special Meeting and entitled to vote thereon. Approval of the Charter Amendment requires the affirmative vote of at least a majority of our outstanding voting power.

At the close of business on the Record Date, directors and executive officers of Nasdaq and their affiliates beneficially owned and were entitled to vote approximately [●]% of the [●] votes attributable to Nasdaq Voting Securities outstanding on that date and directors and executive officers of OMX and their affiliates beneficially owned and were entitled to vote approximately [●]% of the [●] OMX Shares on that date.

### **Opinions of Financial Advisors**

#### *Opinion of J.P. Morgan Securities Inc. (Page 55)*

At a meeting of Nasdaq's Board of Directors on May 24, 2007, J.P. Morgan Securities Inc., which we refer to as JPMorgan, rendered its oral opinion to Nasdaq's Board of Directors that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid by Nasdaq in the Offer was fair, from a financial point of view, to Nasdaq. JPMorgan confirmed its oral opinion by delivering to Nasdaq's Board of Directors a written opinion dated May 24, 2007. The full text of the written opinion of JPMorgan, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan in connection with its opinion, is attached to this Proxy Statement/Prospectus as Annex D and is incorporated in this Proxy Statement/Prospectus by reference. Holders of Nasdaq Voting Securities should read this opinion carefully and in its entirety. JPMorgan's opinion is directed to Nasdaq's Board of Directors and addresses only the fairness, from a financial point of view, of the consideration to be offered by Nasdaq in the Offer. JPMorgan's opinion does not address the underlying decision by Nasdaq to make the Offer and is not a recommendation as to how any holder of Nasdaq Voting Securities should vote with respect to the Offer or any other matter or whether any OMX shareholder should accept the Offer.

#### *Opinions of Morgan Stanley & Co. Limited and Credit Suisse Securities (Europe) Limited (Page 63)*

In connection with the Offer, OMX's Board of Directors received separate written opinions from OMX's financial advisors, Morgan Stanley & Co. Limited, which we refer to as Morgan Stanley, and Credit Suisse Securities (Europe) Limited, which we refer to as Credit Suisse, that the consideration to be received by the holders of OMX Shares pursuant to the Offer was fair, from a financial point of view, to such holders. The full text of the written opinions of Morgan Stanley and Credit Suisse, each dated May 24, 2007, are included as Annex E and Annex F, respectively, to this document and are incorporated herein by reference. Holders of OMX Shares should read the opinions carefully in their entirety for descriptions of the assumptions made, the matters considered and limitations on the reviews undertaken. Morgan Stanley and Credit Suisse addressed their opinions to OMX's Board of Directors, and the opinions do not constitute recommendations to any shareholder as to

## **Table of Contents**

whether such shareholder should tender OMX Shares in the Offer, or any election such shareholder should make in connection with the Mix and Match Facility, or any other action that a shareholder should take relating to the Offer.

### **Risk Factors (Page 21)**

In deciding how to vote your Nasdaq Voting Securities on the matters described in this Proxy Statement/Prospectus or whether to tender your OMX Shares in the Offer, you should carefully consider the risks related to the Offer and Nasdaq's and OMX's businesses, respectively.

### **Conditions to the Offer (Page 88)**

The Offer is subject to a number of conditions described in more detail later in this Proxy Statement/Prospectus.

### **Termination of the Transaction Agreement (Page 84)**

The Transaction Agreement:

may be terminated by written consent of both Nasdaq and OMX;

may be terminated by either OMX or Nasdaq if the Offer lapses or is withdrawn;

may be terminated by either OMX or Nasdaq if the Offer is not declared unconditional by February 29, 2008; and

will automatically terminate if either the recommendation of OMX's Board of Directors (with respect to the Offer) or the recommendation of Nasdaq's Board of Directors (with respect to approval of the Share Issuance or the Charter Amendment) is withdrawn in accordance with the Transaction Agreement.

### **Payment of Termination Fee (Page 84)**

If either party is in breach of its obligations under the Transaction Agreement (other than in immaterial respects), it must pay the other party's costs, fees and expenses incurred in connection with the Offer up to a maximum of \$15,000,000.

### **No Solicitation of Transactions (Page 82)**

Each of Nasdaq and OMX has agreed that it will not, among other things:

solicit, initiate, encourage, induce or facilitate an alternative acquisition proposal for itself;

furnish information regarding itself to a third party in connection with or in response to an alternative acquisition proposal or an inquiry or indication of interest that could reasonably be expected to lead to an alternative acquisition proposal; or

engage in any discussions or negotiations with any third party with respect to an alternative acquisition proposal, unless, in the case of the second and third bullets above, a party receives a bona fide unsolicited written alternative acquisition proposal and:

such party and its representatives have not violated any of the non-solicitation provisions in the Transaction Agreement;

## **Table of Contents**

a majority of such party's board of directors (after consultation with its financial advisors and outside legal counsel) determines that such proposal is or is reasonably likely to result in a superior proposal to the transactions contemplated by the Transaction Agreement; and

such party's board of directors concludes, after consultation with its financial advisors and outside legal counsel, that a failure to take such action would reasonably be likely to be inconsistent with the party's board's fiduciary obligations to its shareholders.

### **Interests of Certain Persons in the Offer (Page 70)**

Certain directors and executive officers of OMX have interests in the Offer that may be in addition to or different from those of OMX shareholders as described in more detail in this Proxy Statement/Prospectus.

### **Material U.S. Federal Income Tax Consequences (Page 71)**

The receipt of cash and shares of Nasdaq Common Stock in exchange for OMX Shares pursuant to the Offer will be a taxable transaction to OMX shareholders who are U.S. holders for U.S. federal income tax purposes.

### **Anticipated Accounting Treatment of the Offer (Page 79)**

The acquisition of OMX Shares by Nasdaq in the Offer (and in any subsequent transaction such as compulsory acquisition proceedings) will be accounted for under the purchase method of accounting in accordance with U.S. GAAP. From the date of the completion of the Offer, the combined company's results of operations will include OMX's operating results and OMX's assets and liabilities, including identifiable intangible assets, at fair value with the excess allocated to goodwill.

### **Regulatory Matters (Page 81)**

Certain approvals from, or filings with, regulatory authorities are required in connection with the Offer.

### **Directors and Management of the Combined Company Following the Completion of the Offer (Page 86)**

Following completion of the Offer, Nasdaq's Chief Executive Officer (currently Robert Greifeld) will serve as Chief Executive Officer of the combined company and OMX's Chief Executive Officer (currently Magnus Böcker) will serve as President of the combined company. Following completion of the Offer, the combined company's board of directors will consist of fifteen directors, comprised of (i) nine individuals from (or nominated by) Nasdaq's Board of Directors as of immediately prior to completion of the Offer, (ii) Nasdaq's Chief Executive Officer and (iii) five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to completion of the Offer.

### **Appraisal Rights (Page 79)**

Under Delaware law and Nasdaq's Restated Certificate of Incorporation, holders of Nasdaq Voting Securities are not entitled to any rights to seek appraisal of their securities or to exercise any preemptive rights in connection with the proposal to issue shares of Nasdaq Common Stock in connection with the Offer. Under Swedish law and OMX's Articles of Association, OMX shareholders are not entitled to any rights to seek appraisal of their OMX Shares or to exercise any preemptive rights in connection with the Offer, though certain related rights exist in connection with the compulsory acquisition proceedings described on page 101.

**Table of Contents**

**Compulsory Acquisition Proceedings (Page 101)**

Pursuant to Swedish law, if Nasdaq acquires more than 90% of the outstanding OMX Shares, Nasdaq intends to initiate compulsory acquisition proceedings under Swedish law to acquire the OMX Shares that were not tendered in the Offer.

**Comparison of Shareholder Rights (Page 184)**

Nasdaq is incorporated in the State of Delaware, and the rights of Nasdaq shareholders are governed by the Delaware General Corporation Law and by Nasdaq's Restated Certificate of Incorporation and By-Laws. OMX is organized under the laws of Sweden and the rights of OMX shareholders are currently governed by Swedish law and OMX's Articles of Association. After the completion of the Offer, shareholders of OMX who receive Nasdaq Common Stock in the Offer will become shareholders of the combined company, and will become subject to the Restated Certificate of Incorporation and By-Laws of Nasdaq.

**Table of Contents****SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION OF NASDAQ**

The following table sets forth summary selected historical consolidated financial data of Nasdaq, which should be read in conjunction with the consolidated financial statements of Nasdaq and the notes thereto and the discussion under Management's Discussion and Analysis of Financial Condition and Results of Operations included as part of Nasdaq's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 incorporated by reference into this Proxy Statement/Prospectus. The financial data for the five years ended December 31, 2006 has been derived from the audited consolidated financial statements of Nasdaq. The financial data as of and for the six months ended June 30, 2007 and 2006 has been derived from the unaudited condensed consolidated financial statements of Nasdaq included as part of Nasdaq's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007 incorporated by reference into this Proxy Statement/Prospectus. In the opinion of Nasdaq's management, the unaudited information has been prepared on substantially the same basis as the consolidated financial statements appearing elsewhere in this Proxy Statement/Prospectus and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the unaudited consolidated data for the six months ended June 30, 2007 and 2006. The historical financial and operating information may not be indicative of our future performance.

	Year Ended December 31,					Six Months Ended	
	2006	2005	2004	2003	2002	2007	June 30, 2006
	(in thousands, except share and per share amounts)					(unaudited)	
<b>Statements of Income:</b>							
Total revenues <sup>(1)</sup>	\$ 1,657,776	\$ 879,919	\$ 540,441	\$ 589,845	\$ 787,154	\$ 1,120,147	\$ 807,478
Cost of revenues <sup>(1)</sup>	(970,381)	(353,908)	(55,845)			(729,401)	(474,310)
Revenues less liquidity rebates, brokerage, clearance and exchange fees	687,395	526,011	484,596	589,845	787,154	390,746	333,168
Total expenses	473,306	412,348	476,413	647,159	675,307	210,445	255,028
Net income (loss) from continuing operations	127,893	61,690	1,804	(45,112)	65,021	74,445	34,632
Net income (loss) from discontinued operations, net of taxes <sup>(2)</sup>			9,558	(60,335)	(21,893)		
Net income (loss)	127,893	61,690	11,362	(105,447)	43,128	74,445	34,632
Net income (loss) applicable to common shareholders	127,203	55,093	(1,826)	(113,726)	33,363	74,445	33,942
Basic and diluted earnings (loss) per share:							
Basic earnings (loss) per share:							
Continuing operations	\$ 1.22	\$ 0.68	\$ (0.14)	\$ (0.68)	\$ 0.66	\$ 0.66	\$ 0.35
Discontinued operations			0.12	(0.77)	(0.26)		
Total basic earnings (loss) per share	\$ 1.22	\$ 0.68	\$ (0.02)	\$ (1.45)	\$ 0.40	\$ 0.66	\$ 0.35
Diluted earnings (loss) per share:							
Continuing operations	\$ 0.95	\$ 0.57	\$ (0.14)	\$ (0.68)	\$ 0.66	\$ 0.52	\$ 0.28
Discontinued operations			0.12	(0.77)	(0.26)		
Total diluted earnings (loss) per share	\$ 0.95	\$ 0.57	\$ (0.02)	\$ (1.45)	\$ 0.40	\$ 0.52	\$ 0.28
<b>Weighted average common shares outstanding for earnings (loss) per share:</b>							
Basic	104,311,040	80,543,397	78,607,126	78,378,376	83,650,478	112,591,524	96,584,440
Diluted	144,228,855	111,913,715	78,607,126	78,378,376	84,073,381	151,827,867	137,049,831
	2006	2005	December 31, 2004	2003	2002	2007	June 30, 2006
	(in thousands)					(unaudited)	
<b>Balance Sheets:</b>							
Cash and cash equivalents and available-for-sale investments <sup>(3)</sup>	\$ 1,950,204	\$ 344,606	\$ 233,099	\$ 334,633	\$ 423,588	\$ 2,269,982	\$ 1,704,342
Total assets <sup>(4)</sup>	3,716,452	2,046,786	814,820	851,254	1,175,914	4,005,313	3,415,234

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Total long-term liabilities <sup>(4)</sup>	1,798,466	1,467,453	449,941	452,927	636,210	1,780,053	1,894,669
Total shareholders' equity <sup>(4)</sup>	1,457,355	253,007	156,563	160,696	270,872	1,602,972	1,178,791

- (1) Pursuant to Emerging Issues Task Force, which we refer to as EITF, of the Financial Accounting Standards Board, which we refer to as FASB, Issue No. 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, which we refer to as EITF 99-19, we record execution revenues from transactions on a gross basis in revenues and record related expenses such as liquidity rebate payments and



**Table of Contents**

execution costs as cost of revenues. We have recorded execution revenues related to the Brut and INET platforms on a gross basis since the related acquisitions, as Brut and INET have historically had risk as principal on transactions executed through their respective platforms. On February 1, 2006, Brut and INET merged together into a single broker-dealer, Brut, LLC, which was later renamed, Nasdaq Execution Services, LLC. Starting with the second quarter of 2005, we have reported execution revenues from transactions on our legacy platform on a gross basis in revenues and reported related expenses as cost of revenues, as we have certain risk associated with trade execution, subject to rule limitations and caps, as a result of our Limitation of Liability Rule, pursuant to which we may provide compensation for losses due to malfunctions of our order-execution systems. This change in presentation was implemented on a prospective basis beginning April 1, 2005 as required under U.S. GAAP as a direct result of the rule change. This rule change did not have a material impact on the consolidated financial position or results of operations of Nasdaq.

- (2) Net of tax provision (benefit) for income taxes of \$5,595 in 2004, \$(3,663) in 2003 and \$128 in 2002.
- (3) Includes our investment in the London Stock Exchange Group plc, which we refer to as the LSE, accounted for in accordance with Statement of Financial Accounting Standards, which we refer to as SFAS, No. 115 Accounting for Certain Investments in Debt and Equity Securities, which we refer to as SFAS 115, at December 31, 2006. See Note 7, Investments, to the consolidated financial statements in our Form 10-K for the year ended December 31, 2006 which are incorporated by reference in this Proxy Statement/Prospectus for further discussion.
- (4) Includes continuing and discontinued operations for 2003 and 2002.

**Table of Contents**

**SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION OF OMX**

The following table sets forth summary selected historical consolidated financial data of OMX, which should be read in conjunction with the consolidated financial statements of OMX and the notes thereto and the discussion under Management's Discussion and Analysis of Financial Condition and Results of Operations of OMX included in this Proxy Statement/Prospectus. The selected balance sheet data as of December 31, 2004, 2005 and 2006 and the selected income statement data for each of the years in the three-year period ended December 31, 2006 have been derived from the audited consolidated financial statements and related notes set forth on pages FIN-17 to FIN-90. The selected balance sheet data as of June 30, 2007 and selected income statement data for the six months ended June 30, 2006 and 2007 have been derived from the unaudited consolidated financial statements and related notes set forth on pages FIN-2 to FIN-15. The selected balance sheet data as of December 31, 2002 and 2003 and the selected income statement data for each of the years in the two-year period ended December 31, 2003 have been derived from audited consolidated financial statements and related notes not included in this Proxy Statement/Prospectus. The selected balance sheet data as of June 30, 2007 and the operating data for the six months ended June 30, 2006 and 2007 include, in the opinion of OMX's management, all adjustments considered necessary for a fair statement of such data. The results of operations for the six months ended June 30, 2007 and 2006 are not necessarily indicative of results that may be expected for the entire year, nor is the information below necessarily indicative of OMX's future performance.

OMX's consolidated financial statements have been prepared in accordance with IFRS, which differ in certain material respects from U.S. GAAP. For a description of the principal differences between IFRS and U.S. GAAP as they relate to OMX and to its consolidated subsidiaries, and for a reconciliation of OMX's shareholders' equity and net income to U.S. GAAP, see Note 36 to the audited consolidated financial statements on pages FIN-84 to FIN-90, and Note 8 to the unaudited interim condensed consolidated financial statements on pages FIN-9 to FIN-15. All financial data for 2003 and 2002 are presented in accordance with Swedish GAAP. U.S. GAAP shareholders' equity and net income data presented in the following tables has been derived from these Notes. Other U.S. GAAP data presented in the following tables has been derived from unaudited analyses prepared by OMX from its accounting records.

**Table of Contents**

(IFRS)	Six months ended		Year ended December 31,		
	June 30, 2007 <sup>(1)</sup>	2006 <sup>(1)</sup>	2006 <sup>(1)</sup>	2005 <sup>(1)(8)</sup>	2004 <sup>(1)</sup>
<b>Results of Operations:</b>					
Results of Operations from Continuing Operations:					
Revenues					
Net sales	1,899	1,643	3,313	2,969	2,576
Own work capitalized	79	48	68	125	74
Other revenues	101	22	105		119
<b>Total revenues</b>	<b>2,079</b>	<b>1,713</b>	<b>3,486</b>	<b>3,094</b>	<b>2,769</b>
Expenses:					
Premises expenses	(88)	(101)	(204)	(189)	(308)
Marketing expenses	(31)	(23)	(63)	(40)	(38)
Consultancy expenses	(183)	(150)	(310)	(253)	(195)
Operations and maintenance, IT	(117)	(102)	(239)	(225)	(254)
Other external expenses	(121)	(78)	(167)	(201)	(302)
Personal expenses	(663)	(548)	(1,083)	(1,049)	(1,017)
Depreciation and impairment	(132)	(106)	(216)	(225)	(228)
Items effecting comparability <sup>(2)</sup>					
<b>Total expenses</b>	<b>(1,335)</b>	<b>(1,108)</b>	<b>(2,282)</b>	<b>(2,182)</b>	<b>(2,342)</b>
Participation in earnings of associated companies	24	29	46	15	9
<b>Operating income</b>	<b>768</b>	<b>634</b>	<b>1,250</b>	<b>927</b>	<b>436</b>
Financial items:					
Financial income	48	19	48	48	40
Financial expenses	(77)	(48)	(101)	(112)	(90)
<b>Total financial items</b>	<b>(29)</b>	<b>(29)</b>	<b>(53)</b>	<b>(64)</b>	<b>(50)</b>
<b>Income after financial items</b>	<b>739</b>	<b>605</b>	<b>1,197</b>	<b>863</b>	<b>386</b>
Tax for the year	(136)	(141)	(240)	(303)	(162)
<b>Net profit from continuing operations for the period</b>	<b>603</b>	<b>464</b>	<b>957</b>	<b>560</b>	<b>224</b>
<b>Net profit (loss) from discontinuing operations for the period<sup>(3)</sup></b>	<b>(39)</b>	<b>(20)</b>	<b>(46)</b>	<b>(17)</b>	<b>159</b>
<b>Net profit from continuing and discontinuing operations for the period</b>	<b>564</b>	<b>444</b>	<b>911</b>	<b>543</b>	<b>383</b>
of which, attributable to shareholders in OMX	560	442	907	538	382
of which, attributable to minority interests	4	2	4	5	1
Average number of shares, millions	120.640	118.474	118.671	118.108	115.547
Number of shares, millions	120.640	118.474	120.640	118.474	115.547
Average number of shares after dilution, millions	120.640	118.760	118.886	118.394	115.833
Number of shares after dilution, millions	120.640	118.760	120.640	118.760	115.833
Earnings per share, basic SEK <sup>(4)</sup>	4.64	3.73	7.64	4.56	3.31
Earnings per share from continuing operations, basic SEK <sup>(4)</sup>	4.97	3.90	8.03	4.70	1.94
Earnings per share after dilution, SEK <sup>(4)</sup>	4.64	3.73	7.64	4.56	3.31
Earnings per share after dilution from continuing operations, SEK <sup>(4)</sup>	4.97	3.90	8.03	4.70	1.94
Proposed dividend per share, SEK <sup>(5)</sup>			6.50	6.50	



**Table of Contents**

	Year ended December 31,	
	2003 <sup>(7)(9)</sup>	2002 <sup>(7)</sup>
(Swedish GAAP)	(in millions of SEK, except per share amounts)	
<b>Results of Operations:</b>		
Results of Operations from Continuing Operations		
Revenues:		
Net sales	2,469	2,557
Own work capitalized	86	80
Other revenues	100	
<b>Total revenues</b>	<b>2,655</b>	<b>2,637</b>
Expenses:		
Premises expenses	(340)	(214)
Marketing expenses	(42)	(53)
Consultancy expenses	(258)	(273)
Operations and maintenance, IT	(343)	(244)
Other external expenses	(233)	(231)
Personal expenses	(1,406)	(1,154)
Depreciation and impairment	(559)	(319)
Items effecting comparability <sup>(2)</sup>		(57)
<b>Total expenses</b>	<b>(3,181)</b>	<b>(2,545)</b>
Participation in earnings of associated companies	21	38
<b>Operating income</b>	<b>(505)</b>	<b>130</b>
Financial items:		
Financial income	98	115
Financial expenses	(128)	(146)
<b>Total financial items</b>	<b>(30)</b>	<b>(31)</b>
<b>Income (loss) after financial items</b>	<b>(535)</b>	<b>99</b>
Tax for the year	54	(15)
<b>Net profit (loss) from continuing operations for the period</b>	<b>(481)</b>	<b>84</b>
<b>Net profit (loss) from discontinuing operations for the period<sup>(3)</sup></b>	<b>50</b>	<b>(155)</b>
<b>Net loss from continuing and discontinuing operations for the period</b>	<b>(431)</b>	<b>(71)</b>
of which, attributable to shareholders of OMX	(431)	(71)
of which, attributable to minority interests		
Average number of shares, millions	99.738	84.041
Number of shares, millions	115.547	84.041
Average number of shares after dilution, millions	100.644	84.819
Number of shares after dilution, millions	116.325	84.819
Earnings per share, basic SEK <sup>(4)</sup>	(4.32)	(0.84)
Earnings per share from continuing operations, basic SEK <sup>(4)</sup>	(4.82)	1.00
Earnings per share after dilution, SEK <sup>(4)</sup>	(4.32)	(0.84)
Earnings per share after dilution from continuing operations, SEK <sup>(4)</sup>	(4.82)	1.00
Proposed dividend per share, SEK <sup>(5)</sup>		



**Table of Contents**

(IFRS)	June 30, 2007 <sup>(1)</sup>	December 31, 2006 <sup>(1)</sup>	2005 <sup>(1)(8)</sup>	2004 <sup>(1)</sup>
	(in millions of SEK)			
<b>Balance Sheet:</b>				
Intangible assets	4,704	4,350	3,832	2,385
Tangible fixed assets	303	321	355	366
Financial fixed assets	729	720	1,094	1,228
Short-term receivables	8,530	6,139	4,026	1,264
Financial assets available for sale	481	519	724	705
Cash equivalents	275	409	519	672
Assets held for sale	69	70	62	
Total current assets	9,355	7,137	5,331	2,641
Total assets	15,091	12,528	10,612	6,620
Equity attributable to shareholders in parent company	4,540	4,597	4,735	3,805
Total shareholders' equity	4,562	4,614	4,749	3,835
Total long-term liabilities	1,654	1,643	1,608	808
Total short-term liabilities	8,875	6,271	4,255	1,977

(Swedish GAAP)	December 31, 2003 <sup>(7)(9)</sup>		2002 <sup>(7)</sup>
	(in millions of SEK)		
<b>Balance Sheet:</b>			
Intangible assets		2,234	1,247
Tangible fixed assets		465	475
Financial fixed assets		968	852
Short-term receivables		1,209	1,071
Financial assets available for sale			
Short-term investments		1,012	993
Cash equivalents		350	282
Assets held for sale		508	
Total current assets		3,079	2,346
Total assets		6,746	4,920
Equity attributable to shareholders in parent company		3,533	2,017
Total shareholders' equity		3,535	2,017
Total long-term liabilities		827	354
Total short-term liabilities		2,384	2,549

**Table of Contents**

(U.S. GAAP) <sup>(6)</sup>	Six months ended		Year ended	
	June 30, 2007	2006	2006	2005
	(in millions of SEK, except per share data)			
<b>Results of Operations:</b>				
Revenues	1,883	1,635	3,318	2,963
Operating expenses	(1,294)	(1,143)	(2,294)	(2,259)
Operating income	589	492	1,024	704
Net income	528	382	859	390
Net income from continuing operations	567	402	905	407
Net loss from discontinued operations	(39)	(20)	(46)	(17)
Net income per share:				
Basic	4.38	3.23	7.24	3.30
Diluted	4.38	3.22	7.22	3.29
Net income per share from continuing operations				
Basic	4.70	3.40	7.62	3.44
Diluted	4.70	3.39	7.61	3.44
Weighted average shares outstanding (in thousands):				
Basic	120,640	118,474	118,671	118,108
Diluted	120,640	118,760	118,886	118,394
Dividends declared per share:				
Krona			6.50	6.50
US\$			0.95	0.82

(U.S. GAAP) <sup>(6)</sup>	June 30,	December 31,	
	2007	2006	2005
	(in millions of SEK)		
<b>Balance Sheet:</b>			
Property and equipment	303	321	355
Intangible assets	4,504	4,213	3,775
Short-term financial investments / cash and cash equivalents	756	928	1,243
Total assets	14,826	12,345	10,480
Current financial liabilities	598	398	498
Non-current financial liabilities	1,359	1,360	1,409
Total liabilities	10,704	8,120	6,097
Shareholders equity	4,122	4,225	4,383

(1) Effective January 1, 2005, OMX reports in accordance with IFRS. Restatement of comparison figures was made for 2004 in respect of all standards, except for IAS 39 (Financial instruments), which was applied for the first time in 2005. Furthermore, from January 1, 2006, OMX applies hedge accounting of hedging of internally forecasted flows in foreign currency. Income from cash-flow hedges are reported in shareholders' equity.

(2) Items affecting comparability amounted to SEK (57) million, which related to expenses incurred, as a result of a group-wide cost-reduction program.

(3) The years 2002 to 2006 have been reclassified for comparison purposes due to the disclosure of discontinued operations, relating to OMX's UK sales operations in securities administration services.

(4) Earnings per share are calculated on the basis of the weighted average number of shares during the year. The amount is based on OMX's shareholders' portion of net profit/loss for the period including or excluding discontinuing operations.

(5) Dividends are set forth in the above table under the year to which they relate. In accordance with general practice in Sweden, the dividends are declared and paid in the year following the financial period.



## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (6) For further details, see Note 36 in OMX's audited financial statements. For the periods ending June 30, 2006 and 2007 see Note 8 in OMX's unaudited interim consolidated financial statements.
- (7) The reported figures have been prepared in accordance with Swedish GAAP. Swedish GAAP differs in certain material respects from IFRS and U.S. GAAP.
- (8) Copenhagen Stock Exchange was consolidated in OMX from January 1, 2005.
- (9) HEX (Finnish exchange organization) was consolidated in OMX from July 1, 2003.

**Table of Contents****EXCHANGE RATE INFORMATION**

The following tables show, for the periods indicated, information concerning the exchange rate between the Swedish Krona and the U.S. dollar. The average rates for the monthly periods presented in these tables were calculated by taking the simple average of the daily Euro foreign exchange reference rates at 2:15 p.m. CET, as published by the European Central Bank. The average rates for the interim periods and annual periods presented in these tables were calculated by taking the simple average of the daily Euro foreign exchange reference rates at 2:15 p.m. CET during the relevant period. This information is provided solely for your information, and neither Nasdaq nor OMX represents that Swedish Kronor could be converted into U.S. dollars at these rates or at any other rate. These rates are not the rates used by OMX in the preparation of its consolidated financial statements included in this Proxy Statement/Prospectus. On May 23, 2007, the last full trading day for OMX Shares prior to the announcement of the Offer, the exchange rate was SEK 6.83 to \$1.00. On [•], 2007, the last practicable day before the date of this Proxy Statement/Prospectus, the exchange rate was SEK [•] to \$1.00.

	<b>Period-end Rate<sup>(1)</sup></b>	<b>Average Rate<sup>(2)</sup></b>	<b>High</b>	<b>Low</b>
<b>Recent Monthly Data</b>				
July 2007	6.7046	6.6965	6.8189	6.6324
June 2007	6.8512	6.9526	7.0864	6.8512
May 2007	6.9089	6.8138	6.9273	6.7151
April 2007	6.7272	6.8349	7.0094	6.7020
March 2007	7.0177	7.0228	7.1320	6.9512
February 2007	7.0216	7.0287	7.1078	6.9428
January 2007	6.9878	6.9855	7.0670	6.8007
December 2006	6.8644	6.8403	6.9154	6.7871
November 2006	6.8683	7.0663	7.2131	6.8683
October 2006	7.2558	7.3377	7.4013	7.2402
September 2006	7.3299	7.2808	7.3307	7.2232
<b>Interim Period Data</b>				
Three months ended June 30, 2007	6.8512	6.8673	7.0864	6.7020
Three months ended June 30, 2006	7.2670	7.3924	7.8086	7.0916
Six months ended June 30, 2007	6.8512	6.9407	7.1320	6.7020
Six months ended June 30, 2006	7.2670	7.5907	7.9683	7.0916
<b>Annual Data (Year ended December 31,)</b>				
2006	6.8644	7.3793	7.9683	6.7871
2005	7.9584	7.4780	8.2562	6.6453
2004	6.6226	7.3453	7.7688	6.5921
2003	7.1892	8.0838	8.7625	7.1892
2002	8.7278	9.7194	10.7572	8.7278

(1) The period-end rate is derived from the Euro foreign exchange reference rates at 2:15 p.m. CET on the last business day of the applicable period.

(2) The average rates for the monthly, interim, and annual periods were calculated by taking the simple average of the daily Euro foreign exchange reference rates at 2:15 p.m. CET of each business day in the period, as published by the European Central Bank.

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF THE COMBINED COMPANY**

The following table sets forth selected information about the pro forma financial condition and results of operations, including per share data, of The NASDAQ OMX Group after giving effect to the completion of the Offer. The table sets forth selected unaudited pro forma condensed combined statements of income for the six months ended June 30, 2007 and the fiscal year ended December 31, 2006, as if the Offer had been completed on January 1, 2006, and the selected unaudited pro forma condensed combined balance sheet data as of June 30, 2007, as if the Offer had been completed on that date. The information presented below was derived from the consolidated historical financial statements of Nasdaq and OMX, and should be read in conjunction with these financial statements and the notes thereto, included or incorporated by reference elsewhere in this Proxy Statement/Prospectus and the other unaudited pro forma financial data, including related notes, included elsewhere in this Proxy Statement/Prospectus.

The unaudited pro forma financial data is based on estimates and assumptions that are preliminary and does not purport to represent the financial position or results of operations that would actually have occurred had the Offer been completed as of the dates or at the beginning of the periods presented or what the combined company's results will be for any future date or any future period. See also Forward-Looking Statements and Risk Factors. For purposes of the pro forma condensed combined financial information, OMX financial information has been translated from Swedish Kronor into U.S. Dollars and is presented in accordance with U.S. GAAP. The pro forma condensed combined financial information is unaudited and is presented for informational purposes only.

	<b>Year Ended December 31, 2006</b>	<b>Six Months Ended June 30, 2007</b>
	<b>(in thousands, except per share amounts)</b>	
Total revenues	\$ 2,142,914	\$ 1,390,967
Income from continuing operations	\$ 180,336	\$ 116,389
Basic earnings per share from continuing operations	\$ 1.09	\$ 0.67
Diluted earnings per share from continuing operations	\$ 0.93	\$ 0.57
		<b>As of June 30, 2007</b>
		<b>(in thousands)</b>
Total assets		\$ 9,753,762
Total liabilities		\$ 6,147,579
Stockholders' equity		\$ 3,602,972

**Table of Contents****COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table presents audited basic and diluted income per share data for the year ended December 31, 2006, unaudited basic and diluted income per share data for the six months ended June 30, 2007 and unaudited cash dividends and net book value per share data for the year ended December 31, 2006 and the six months ended June 30, 2007 for each of Nasdaq and OMX on a historical basis, unaudited basic and diluted per share data for the year ended December 31, 2006 and the six months ended June 30, 2007 and unaudited cash dividends and net book value per share data for the combined company on a pro forma basis for the six months ended June 30, 2007. The per share data for the combined company on a pro forma basis presented below is not necessarily indicative of the financial position of the combined company had the Offer been completed on June 30, 2007 and the operating results that would have been achieved by the combined company had the Offer been completed as of the beginning of the period presented, and should not be construed as representative of future financial position or operating results. The per share data for the combined company on a pro forma basis presented below has been derived from the Unaudited Pro Forma Condensed Combined Financial Data of the Combined Company included in this Proxy Statement/Prospectus. The balance sheet of OMX as of June 30, 2007 has been translated using a SEK/USD exchange rate of 6.8512 to 1. The statement of income of OMX for the year ended December 31, 2006 and the six months ended June 30, 2007 have been translated using an average SEK/USD exchange rate of 6.8403 to 1 and 6.9526 to 1, respectively.

This information is only a summary and should be read in conjunction with the selected historical financial data of Nasdaq and OMX, the Nasdaq and OMX Unaudited Pro Forma Condensed Combined Financial Data of the Combined Company, and the separate historical financial statements of Nasdaq and OMX and related notes included in, or incorporated by reference into, this Proxy Statement/Prospectus.

**Nasdaq Historical**

<b>(U.S. GAAP)</b>	<b>Year Ended December 31, 2006</b>	<b>Six Months Ended June 30, 2007</b>
Basic income per share	\$1.22	\$0.66
Diluted income per share	\$0.95	\$0.52
Cash dividends per share		
Net book value per share	\$12.98	\$14.20

**OMX Historical**

<b>(IFRS)</b>	<b>Year Ended December 31, 2006</b>	<b>Six Months Ended June 30, 2007</b>
Basic income per share from continuing operations	\$1.17	\$0.71
Diluted income per share from continuing operations	\$1.17	\$0.71
Cash dividends per share	\$0.95	
Net book value per share	\$5.59	\$5.44

**Combined Company Pro Forma**

<b>(U.S. GAAP)</b>	<b>Year Ended December 31, 2006</b>	<b>Six Months Ended June 30, 2007</b>
Basic income per share	\$1.09	\$0.67
Diluted income per share	\$0.93	\$0.57
Cash dividends per share		
Net book value per share		\$20.76

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

Nasdaq Common Stock is listed on the Nasdaq Global Select Market under the symbol NDAQ. OMX shares are listed on the Nordic Exchange in Stockholm, Sweden, Helsinki, Finland, Copenhagen, Denmark and Iceland under the symbol OMX. Prior to 2004, the Symbol for OMX was OM. From July 1, 2002 to February 9, 2005 Nasdaq was quoted on the OTCBB under the symbol NDAQ. As of June 30, 2007, there were approximately 1,565 holders of record of Nasdaq Common Stock and approximately 10,922 holders of record of OMX Shares. The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share of Nasdaq Common Stock and OMX Shares, as reported on the Nasdaq Global Select Market, the OTCBB or the OMX Nordic Exchange Stockholm AB, as applicable.

Calendar Quarter	OMX Shares (SEK)		Nasdaq Common Stock (\$)	
	High	Low	High	Low
<b>2002</b>				
First Quarter	151.50	107.50	NA	NA
Second Quarter	126.00	55.50	NA	NA
Third Quarter	71.00	31.50	13.75	9.05
Fourth Quarter	66.50	24.00	11.20	6.25
<b>2003</b>				
First Quarter	49.80	32.10	10.40	6.75
Second Quarter	59.00	35.30	8.55	5.15
Third Quarter	89.50	58.50	10.05	6.75
Fourth Quarter	89.50	74.00	9.35	8.05
<b>2004</b>				
First Quarter	120.50	88.50	12.60	8.55
Second Quarter	118.50	84.00	8.80	6.30
Third Quarter	92.00	76.00	7.00	5.53
Fourth Quarter	91.50	80.50	10.50	6.40
<b>2005</b>				
First Quarter	87.25	77.50	11.86	7.60
Second Quarter	91.25	78.50	20.00	9.81
Third Quarter	102.00	88.25	25.75	18.80
Fourth Quarter	110.50	92.00	45.23	25.33
<b>2006</b>				
First Quarter	155.00	108.00	46.75	34.83
Second Quarter	167.00	109.50	45.00	23.91
Third Quarter	143.75	104.00	32.49	25.33
Fourth Quarter	143.50	123.25	42.37	28.90
<b>2007</b>				
First Quarter	147.00	123.75	37.45	26.57
Second Quarter	230.50	144.50	34.96	29.05
Third Quarter (through August 5, 2007)	222.50	199.00	34.10	29.37

The following table shows, as of May 23, 2007, the last full trading day before the announcement of the Offer, and [•], 2007, the last practicable day before the date of this Proxy Statement/Prospectus, the closing price per share of Nasdaq Common Stock on the Nasdaq Global Select Market and the closing price per OMX Share on the OMX Nordic Exchange Stockholm AB. This table also includes the implied equivalent price per OMX Share on those dates. This implied equivalent per share price reflects the value of 0.502 shares of Nasdaq Common Stock and SEK 94.3 that OMX shareholders will receive for each OMX Share that is exchanged for the Basic Alternative using the closing sale price of Nasdaq Common Stock on those dates. The table assumes an exchange rate of SEK 6.83 to \$1.00 on May 23, 2007 and SEK [•] to \$1.00 on [•], 2007.

	Nasdaq		Implied Equivalent Value of OMX Share
	Common Stock	OMX Shares	
May 23, 2007	\$ 33.19	SEK 174.5	SEK 208.1
[•], 2007	\$ [•]	SEK [•]	SEK [•]



**Table of Contents**

The market price of Nasdaq Common Stock or OMX Shares could change significantly. Because the consideration to be paid in the Offer will not be adjusted for changes in the market price of Nasdaq Common Stock or OMX Shares, the consideration that holders of OMX Shares may receive in the Offer may vary significantly from the market value of the Nasdaq Common Stock that holders of OMX Shares would have received if the Offer was completed on May 23, 2007, the last full trading day before the announcement of the Offer, or on the date of this Proxy Statement/Prospectus.

**Dividend Policy**

To date, Nasdaq has not paid cash dividends on Nasdaq Common Stock and does not intend to pay any cash dividends in the foreseeable future.

For 2006, OMX paid a dividend in the total amount of SEK 6.50 per OMX Share. OMX's current dividend policy is that the ordinary dividend will, in the future, grow in pace with OMX's earnings per share, taking OMX's long term capital requirements into account.

Following completion of the Offer, the holders of Nasdaq Common Stock would be entitled to receive any dividends as may be declared by the combined company's board of directors from funds legally available therefor. The dividend policy of the combined company will be determined by the board of directors of the combined company.

---

**Table of Contents**

**FORWARD-LOOKING STATEMENTS**

The S.E.C. encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. These forward-looking statements include all matters that are not historical facts. This Proxy Statement/Prospectus and documents incorporated by reference contain these types of statements. Words such as anticipates, estimates, expects, projects, intends, plans, believes, may, will or should and words or terms of similar substance used in connection with any discussion of operating results or financial performance identify forward-looking statements.

These forward-looking statements involve certain known and unknown risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the following factors:

our operating results, which may be lower than expected;

our ability to implement our strategic initiatives and any consequences from our pursuit of our corporate strategy, including the Offer;

competition, economic, political and market conditions and fluctuations, including interest rate risk;

government and industry regulation; or

adverse changes that may occur in the securities markets generally.

See also Risk Factors beginning on page 21 and the risk factors disclosed in Nasdaq's Annual Report on Form 10-K for the fiscal year ended December 31, 2006. These risks and uncertainties are not exhaustive. Other sections of this Proxy Statement/Prospectus describe additional factors that could adversely impact the combined company's business and financial performance. Moreover, the combined company will operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact that these factors will have on the combined company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the uncertainty and any risk resulting from such uncertainty in connection with any forward-looking statement that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Proxy Statement/Prospectus in the case of forward-looking statements contained in this Proxy Statement/Prospectus, or the dates of the documents incorporated by reference into this Proxy Statement/Prospectus in the case of forward-looking statements made in those incorporated documents. Readers should carefully review this Proxy Statement/Prospectus in its entirety, including, but not limited to, our Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the accompanying notes thereto, both of which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and incorporated by reference herein, and the risks described in Risk Factors, in this Proxy Statement/Prospectus. Readers should also review OMX's Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and the accompanying notes thereto in this Proxy Statement/Prospectus. Except for our ongoing obligations to disclose material information under U.S. federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.

**Nasdaq expressly qualifies in their entirety all forward-looking statements attributable to Nasdaq, OMX or the combined company, or any person acting on their behalf, by the cautionary statements contained or referred to in this section.**



**Table of Contents**

**RISK FACTORS**

*In deciding how to vote your Nasdaq Voting Securities on the matters described in this Proxy Statement/Prospectus or whether to tender your OMX Shares in the Offer, you should carefully consider the risks set forth below in addition to the other information contained in this Proxy Statement/Prospectus.*

**Risks Related to the Offer**

*We may not be able to successfully combine the Nasdaq and OMX businesses.*

Rationalizing and coordinating the operations of Nasdaq and OMX will involve complex technological, operational and personnel-related challenges. This process will be time-consuming and expensive and may disrupt the business of the combined company. The difficulties, costs and delays that could be encountered may include:

unforeseen difficulties, costs or complications in combining the companies' operations, which could lead to the combined company not achieving the synergies we anticipate;

unanticipated incompatibility of systems and operating methods;

inability to use capital assets efficiently to develop the business of the combined company;

the difficulty of complying with government-imposed regulations in both the United States and Europe, which may be different from each other;

resolving possible inconsistencies in standards, controls, procedures and policies, business cultures and compensation structures between Nasdaq and OMX;

the diversion of management's attention from ongoing business concerns and other strategic opportunities;

the integration of Nasdaq's and OMX's respective businesses, operations and workforces;

the retention of key employees and the management of OMX and Nasdaq;

the implementation of disclosure controls, internal controls and financial reporting systems at OMX to comply with the requirements of U.S. GAAP and U.S. securities laws and regulations required as a result of the combined company's status as a reporting company under the Exchange Act;

the coordination of geographically separate organizations;

the coordination and consolidation of ongoing and future research and development efforts;

possible tax costs or inefficiencies associated with integrating the operations of the combined company;

possible modification of OMX's operating control standards in order for the combined company to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder, which is required as a result of the combined company's status as a reporting company under the Exchange Act;

the retention and recruitment of employees to support existing and new aspects of the combined company's business and new technology development;

the pre-tax restructuring and revenue investment costs, which are estimated at \$150 million to be incurred in the two years following completion of the Offer;

the retention of strategic partners and attracting new strategic partners;

negative impacts on employee morale and performance as a result of job changes and reassignments; and

regulatory issues, including with respect to the regulatory approvals necessary to complete the Offer.

## **Table of Contents**

For these reasons, the combined company may not achieve the anticipated financial and strategic benefits, including cost savings from operational efficiencies and synergies, from the combination of the businesses of Nasdaq and OMX, and any actual cost savings and synergies may be lower than we currently expect and may take a longer time to achieve than we currently anticipate, and we may fail to realize any of the anticipated benefits of the combination of the two companies.

***The benefits of the combination of Nasdaq and OMX may not be achieved if we cannot effect the compulsory acquisition of all of the issued and outstanding OMX Shares.***

Under Swedish law, to effect the compulsory acquisition of OMX Shares for which valid acceptances have not been received under the Offer, we are required to have acquired more than 90% of the outstanding OMX Shares. The Offer is subject to a condition that the Offer is accepted to such an extent that Nasdaq becomes the owner of shares representing more than 90% of the outstanding OMX Shares on a fully diluted basis. We may waive the 90% condition without the consent of OMX if, when the condition is waived, the Offer is accepted to such an extent that Nasdaq becomes the owner of OMX Shares representing at least 67% of the outstanding OMX Shares on a fully diluted basis. We may waive the 90% condition only with the consent of OMX if, when the condition is waived, the Offer is accepted to such an extent that Nasdaq becomes the owner of OMX Shares representing less than 67% of the outstanding OMX Shares on a fully diluted basis. As a result, it is possible that, at the end of the Offer period, we will not have acquired a sufficient number of OMX Shares under the Offer to effect a compulsory acquisition of the remaining outstanding OMX Shares. This will prevent or delay us from realizing the anticipated benefits (including synergies) from the integration of our operations with OMX's operations.

***We will need to invest in our operations to integrate OMX and prior transactions and to maintain and grow our business, and we may need additional funds to do so.***

We depend on the availability of adequate capital to maintain and develop our business. We believe that we can meet our current capital requirements from internally generated funds, cash in hand and available borrowings. If the combined company is unable to fund its capital requirements as currently planned, however, it would have a material adverse effect on the combined company's business, financial condition and operating results.

In addition to our debt service obligations, we will need to continue to invest in our operations through 2010 to integrate OMX. If the combined company does not achieve the expected operating results, we will need to reallocate our cash resources. This may include borrowing additional funds to service debt payments, which may impair our ability to make investments in our business or to integrate OMX.

Should the combined company need to raise funds through incurring additional debt, the combined company may become subject to covenants even more restrictive than those contained in our current debt instruments. Furthermore, if we issue additional equity, our equity holders will suffer dilution. Thus, there can be no assurance that additional capital will be available on a timely basis, on favorable terms or at all.

***Regulatory authorities may delay or impose conditions on approval of the Offer, which may diminish the anticipated benefits of the completion of the Offer.***

The completion of the Offer requires the receipt of certain approvals from public authorities or other regulatory bodies. Failure to obtain these approvals in a timely manner may delay the completion of the Offer, possibly for a significant period of time. In addition, regulatory authorities may attempt to condition their approval of the Offer on the imposition of conditions that may have a material adverse effect on the combined company's operating results or the value of Nasdaq Common Stock after the Offer is completed. Any delay in the completion of the Offer may diminish anticipated benefits or may result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the completion of the Offer.

## **Table of Contents**

### ***Factors affecting the trading price of Nasdaq Common Stock may differ from the factors affecting the price of OMX Shares.***

Upon completion of the Offer, holders of OMX Shares that receive Nasdaq Common Stock as consideration of the Offer will become holders of Nasdaq Common Stock. The combined company's business differs from that of OMX, and the combined company's results of operations, as well as the trading price of Nasdaq Common Stock, may be affected by factors different from those affecting OMX's results of operations and the price of OMX Shares.

### ***Charges to earnings resulting from acquisition, restructuring and integration costs may materially adversely affect the market value of Nasdaq Common Stock following the completion of the Offer.***

In accordance with U.S. GAAP, the combined company will account for the completion of the Offer using the purchase method of accounting. The combined company will allocate the total estimated purchase price to OMX's net tangible assets, amortizable intangible assets and non-amortized intangibles, and based on their fair values as of the date of completion of the Offer, record the excess of the purchase price over those fair values as goodwill. The combined company's financial results, including earnings per share, could be adversely affected by a number of financial adjustments required by U.S. GAAP including the following:

the combined company will incur additional amortization expense over the estimated useful lives of certain of the intangible assets acquired in connection with the Offer during such estimated useful lives;

the combined company may have additional depreciation expense as a result of recording purchased tangible assets at fair value, in accordance with U.S. GAAP, as compared to book value as recorded by OMX;

to the extent the value of goodwill or intangible assets with indefinite lives becomes impaired, the combined company may be required to incur material charges relating to the impairment of those assets; and

the combined company will incur certain adjustments to reflect OMX's financial condition and operating results under U.S. GAAP and U.S. dollars.

We expect to incur costs associated with the Offer, including financial advisors' fees and legal and accounting fees. In addition, we expect to incur costs associated with realizing synergies from the Offer. These costs may be substantial and may include those related to the severance and stock option acceleration provisions of employee benefit plans, which could be triggered by the completion of the Offer as well as other exit costs. We face potential costs related to employee retention and deployment of physical capital and other integration costs. We have not yet determined the amount of these costs. We expect to account for costs directly related to the Offer, including financial advisors' costs, legal and accounting fees, and certain exit costs associated with OMX's operations as purchase related adjustments when the Offer is completed, as proscribed under U.S. GAAP. These items will reduce cash balances for the periods in which those costs are paid. Other costs that are not directly related to the Offer, including retention and integration costs, will be recorded as incurred and will negatively impact earnings, which could have a material adverse effect on the price of Nasdaq Common Stock.

In addition, from the date of the completion of the Offer, the combined company's results of operations will include OMX's operating results, presented in accordance with U.S. GAAP. OMX's historical consolidated financial statements for 2004 through 2007 have been prepared in accordance with IFRS, which differ in certain material respects from U.S. GAAP. For instance, U.S. GAAP will require OMX to recognize revenue under certain of its technology contracts over the term of the contract rather than at the beginning of the contract. Accordingly, the U.S. GAAP presentation of OMX's results of operations may not be comparable to its historical financial statements.

---

**Table of Contents**

***The combined company's indebtedness following completion of the Offer will limit financial flexibility.***

Our indebtedness as of June 30, 2007 was approximately \$1.5 billion. After giving effect to the Offer (as described in "The Offer Financing of the Offer") the combined company's pro forma indebtedness as of June 30, 2007 is approximately \$3.4 billion. The combined company's leverage after completion of the Offer will be higher than Nasdaq's and OMX's combined existing indebtedness. As a result of the increase in debt, demands on the cash resources of the combined company will increase after completion of the Offer, which could have important effects on an investment in Nasdaq Common Stock, including reducing funds available to the combined company for its operations and general corporate purposes or for capital expenditures as a result of the dedication of a substantial portion of the combined company's consolidated cash flow from operations to the payment of principal and interest on the combined company's indebtedness; increasing the combined company's vulnerability to a downturn in general economic conditions; placing the combined company at a competitive disadvantage compared with its competitors with less debt; and affecting the combined company's ability to obtain additional financing in the future for refinancing indebtedness, acquisitions, working capital, capital expenditures or other purposes.

The anticipated incurrence of this debt resulted in the downgrading of our credit rating outlook by Moody's after the announcement of the Offer in May 2007. An increase in debt relating to the Offer may result in additional credit rating downgrades.

***OMX shareholders receiving Nasdaq Common Stock in the Offer will become shareholders in a Delaware corporation, which will change the rights and privileges of such shareholders in comparison to the rights and privileges of a shareholder in a Swedish company.***

We are governed by the laws of the United States and the State of Delaware and by our Restated Certificate of Incorporation and By-Laws. The Delaware General Corporation Law extends to shareholders certain rights and privileges that may not exist under Swedish law and, conversely, does not extend certain rights and privileges that an OMX shareholder may have as a shareholder of a company governed by Swedish law. We have adopted certain provisions that have the effect of discouraging a third party from acquiring control of us. For example, under our Restated Certificate of Incorporation any shareholder who beneficially owns, directly or indirectly, more than 5% of the then outstanding stock that is generally entitled to vote may not vote those shares in excess of 5%. Such provisions could limit the price that some investors might be willing to pay in the future for shares of Nasdaq Common Stock. These provisions may also have the effect of discouraging or preventing certain types of transactions involving an actual or a threatened change in control of us, including unsolicited takeover attempts, even though such a transaction may offer our shareholders the opportunity to sell their Nasdaq Common Stock at a price above the prevailing market price.

***The market price of Nasdaq Common Stock may decline as a result of the completion of the Offer.***

The market price of Nasdaq Common Stock may decline as a result of the completion of the Offer if:

the combination of Nasdaq's and OMX's businesses is unsuccessful;

we do not achieve the expected benefits of the combination with OMX as rapidly or to the extent anticipated by financial analysts or investors; or

the effect of the Offer on our financial results is not consistent with the expectations of financial analysts or investors.

***Nasdaq shareholders and OMX shareholders will have a reduced ownership and voting interest after the completion of the Offer and will exercise less influence over management.***

After the completion of the Offer, Nasdaq shareholders and OMX shareholders will own a smaller percentage of the combined company than they currently own of Nasdaq and OMX, respectively. Upon

## **Table of Contents**

completion of the Offer, and assuming that all of the outstanding OMX Shares are validly tendered in the Offer and not withdrawn, former Nasdaq shareholders and former OMX shareholders will own approximately 72% and 28%, respectively, of the outstanding Nasdaq Common Stock of the combined company immediately after the completion of the Offer calculated on a fully diluted basis using the treasury method. Consequently, Nasdaq shareholders, as a group, will have reduced ownership and voting power in the combined company compared to their current ownership and voting power in Nasdaq, and OMX shareholders, as a group, will have reduced ownership and voting power in the combined company compared to their current ownership and voting power in OMX.

***The consideration to be paid in the Offer to OMX shareholders who accept the Offer and receive cash is based on a fixed amount of Swedish Kronor and, therefore, we are subject to currency fluctuations until the payment date.***

Because any cash paid to holders of OMX Shares in connection with the Offer will be paid in Swedish Kronor, we may have to buy Swedish Kronor with U.S. dollars at the prevailing exchange rate on the payment date. As a result, the actual amount of U.S. dollars required to buy a sufficient amount of Swedish Kronor to pay the cash portion of the consideration to such holders will depend upon the exchange rate prevailing on the business day on which the funds are made available by us to the receiving agent.

***If the Offer is completed, but some OMX Shares remain outstanding, the liquidity and market value of these OMX Shares held by the public could be adversely affected by the fact that they will be held by a small number of holders.***

In the event that not all of OMX's Shares are acquired pursuant to the Offer, the number of OMX shareholders and the number of OMX Shares held by individual holders will be greatly reduced. As a result, the closing of the Offer will adversely affect the liquidity and may adversely affect the market value of the remaining OMX Shares held by the public.

If the Offer is completed but some OMX Shares remain outstanding, holders of OMX Shares who do not tender their OMX Shares in the Offer will be investors in a company that will have a controlling shareholder, Nasdaq. If this occurs, Nasdaq's ownership of OMX Shares will allow Nasdaq to determine or significantly influence any vote requiring a majority or supermajority of OMX's outstanding shares, such as a vote to elect members of OMX's Board of Directors, make certain amendments to OMX's Articles of Association or approve a proposed business combination. In addition, the combined company may not be able to fully realize the synergies it expects if Nasdaq is unable to acquire all of the outstanding OMX Shares.

OMX Shares are currently listed on the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Copenhagen A/S, the OMX Nordic Exchange Helsinki Ltd. and the OMX Nordic Exchange Iceland. Depending upon the number of OMX Shares tendered in the Offer, following the successful completion of the Offer, OMX Shares may no longer meet the requirements for continued listing on such exchanges. Moreover, to the extent permitted under applicable law and stock exchange regulations, the combined company intends to request the delisting of OMX Shares.

If OMX Shares are delisted from the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Copenhagen A/S, the OMX Nordic Exchange Helsinki Ltd. or the OMX Nordic Exchange Iceland but the compulsory acquisition proceedings have not yet been (or are never able to be) completed and certain OMX Shares remain outstanding, the market for OMX Shares could be adversely affected. Although it is possible that OMX Shares would be traded in over-the-counter, which we refer to as OTC, markets prior to the compulsory acquisition proceedings, this alternative trading may not occur. In addition, the extent of the public market for OMX Shares and the availability of market quotations would depend upon the number of holders and/or the aggregate market value of OMX Shares remaining at such time, as well as the interest in maintaining a market in OMX Shares on the part of securities firms. If OMX Shares are delisted, OMX could also cease making

## **Table of Contents**

disclosures and reports required for listed or publicly-traded companies, which could further impact the value of the OMX Shares. To the extent the availability of such continued listings or quotations depends on steps taken by OMX or the combined company, OMX or the combined company may or may not take such steps. Therefore, you should not rely on any OTC listing, quotation or trading being available.

### **Risks Relating to the Combined Company's Business**

#### ***The securities market business is highly competitive.***

Nasdaq and OMX face, and the combined company will face, competition from numerous entities in the securities market industry, including competition for trading services, listings, and financial products from other exchanges and market centers. This competition includes both product and price competition and could increase as a result of the registration of new exchanges and market centers in the United States and Europe.

In addition, the liberalization and globalization of world markets have resulted in greater mobility of capital, greater international participation in local markets and more competition. Both in the U.S. and in other countries, the competition among exchanges and other execution venues has become more intense.

In the last several years, the structure of the securities industry has changed significantly through demutualizations and consolidations. In response to growing competition, many marketplaces in both Europe and the United States have demutualized to provide greater flexibility for future growth. The securities industry is also experiencing consolidation, creating a more intense competitive environment. In addition, a high proportion of business in the securities market is becoming increasingly concentrated in a smaller number of institutions and the combined company's revenue may therefore become concentrated in a smaller number of customers.

Examples of these new competitive forces include:

since the fall of 2006, eight investment banks have announced that they intend to set up a multilateral trading facility in Europe, also known as Project Turquoise;

since the fall of 2006, 14 investment banks have announced that they intend to set up a multilateral trade reporting facility in Europe, also known as Project Boat;

alternative trading platforms such as Equiduct, Chi-X and Plus Markets;

alternative trade reporting platforms such as Reuters Trade Publication;

the proposed combination of Deutsche Börse AG and International Securities Exchange Holdings, Inc.;

electronic trading systems specializing in large volume trades, such as LiquidNet, Pipeline Trading and Investment Technology Group's POSIT platform;

the creation of NYSE Euronext, Inc. in April 2007 (see discussion below);

the Boston Stock Exchange, Inc., the Chicago Stock Exchange, Inc., the Philadelphia Stock Exchange, Inc, the National Stock Exchange, the International Securities Exchange LLC, and the Chicago Board Options Exchange all have investment agreements

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

with other participants in the securities industry;

new ECNs operating in the U.S. cash equities trading market, such as Direct Edge, Lava Flow and BATS; and

the International Securities Exchange's and the Chicago Board Options Exchange's launch of cash equities exchanges in September 2006 and March 2007, respectively;

If these or other trading venues are successful, the combined company's business, financial condition and operating results could be adversely affected.



---

## **Table of Contents**

Because of these market trends, we face intense competition. Competitors may develop market trading platforms that are more competitive than ours. If we are unable to compete successfully in this environment, our business, financial condition and operating results will be adversely affected.

### ***Price competition has affected and could continue to affect the business of Nasdaq and OMX.***

The securities trading industry in the United States is characterized by intense price competition. We have in the past lowered prices and increased rebates for trade executions to attempt to gain or maintain market share. These strategies have not always been successful and have at times hurt operating performance. Additionally, we have also been, and may once again be, required to adjust pricing to respond to actions by competitors, which adversely impacts operating results. We have recently taken steps to unify pricing for trading of securities listed on different exchanges. This rationalization of our pricing may adversely affect our market share. OMX is subject to potential price competition from new competitors and potentially from new and existing regulated markets and multilateral trading facilities.

The securities trading industry also competes with respect to the pricing of market data. In addition, we are subject to price competition with respect to proprietary products for pre-trade book data and for post-trade last sale data. In the future our competitors may offer market data rebates for quotes and trades on their systems. The success of competitors for trade executions, pressure from users for lower data fees and regulatory changes could also affect OMX's market data business.

Our trade reporting facility (which we operate jointly with the Financial Industry Regulatory Authority, which we refer to as FINRA and which was formerly known as the National Association of Securities Dealers or the NASD, for the purpose of accepting reports of off-exchange trades) faces competition from the trade reporting facilities operated jointly with FINRA by the National Stock Exchange, the Boston Stock Exchange and the NYSE. Our trade reporting facility also faces competition from FINRA's alternative display facility. Our competitors' market data rebate programs for trade reporting could lead to a loss of market share and decreased revenues.

### ***The NYSE's recent mergers and acquisitions activity has created a strong competitor in our industry that has a similar strategy to that of the combined company.***

The combination of the NYSE and Euronext creates strong competition for the combined company. The combination makes NYSE Euronext more competitive in attracting new listings. NYSE Euronext is also enhancing its electronic trading capabilities, which compete directly with ours and may result in NYSE Euronext's trading volume increasing to our detriment. If NYSE Euronext succeeds in attracting disproportionately more trading volume or additional listings, this may have a negative impact on the combined company's business, financial condition and operating results.

### ***We face significant competition in our securities trading business, which could reduce Nasdaq's and OMX's transactions, trade reporting and market information revenues and negatively impact our financial results.***

We compete for trading of Nasdaq-, NYSE- and Amex-listed securities and OMX competes for trading of securities listed on the Nordic Exchange and the Baltic Market. Any decision by market participants to quote, execute or report their trades in the U.S. through other exchanges, ECNs or the Alternative Display Facility maintained by NASD, could have a negative impact on our share of quotes and trades in securities traded through The Nasdaq Market Center. Any decision by market participants to quote, execute or report their trades in Northern Europe through another regulated market or multilateral trading facility could have a negative impact on OMX's share of quotes and trades in securities traded through the Nordic Exchange.

Although we trade a large percentage of securities of NASDAQ-listed companies, we face strong competition from other exchanges and emerging players in the market. For non-NASDAQ-listed securities, the other national exchanges collectively offer greater liquidity than we do. Accordingly, we face greater obstacles in

## **Table of Contents**

trying to attract trading volume in non- NASDAQ-listed securities. OMX has had a history of trading a greater percentage of the securities of several of the largest OMX-listed companies than its nearest competitors although it does face trade execution competition from other European and U.S. markets.

Our responses to competition may not be sufficient to regain lost business or prevent other market participants from shifting some of their quoting and/or trade reporting to other industry participants. We may need to reduce prices to remain competitive.

### ***Nasdaq and OMX must adapt to significant competition in their listing businesses.***

Nasdaq and OMX must adapt to significant competition in their respective listing businesses from other exchanges. Historically, the NYSE has been our largest competitor, and we have competed with the NYSE primarily for listings of larger domestic and international companies. OMX faces competition from various European exchanges for new secondary listings. In addition, on occasion, issuers may transfer their listings from Nasdaq and OMX to other venues. While the reduction in initial listings or the loss of one or more large issuers could decrease the combined company's listing revenues, it could cause an even more significant decrease in revenues from the quoting, reporting and trading of those issuers securities.

### ***Our revenues may be affected by competition in the business for financial products.***

We have grown our financial products business, which creates indices and licenses them for Nasdaq-branded financial products. Nasdaq-sponsored financial products are subject to intense competition from other ETFs, derivatives and structured products as investment alternatives. Our revenues may be adversely affected by increasing competition from competitors' financial products designed to replicate or correlate with the performance of our financial products. In addition, the legal and regulatory climate, which supports the licensing of these financial products, has changed in a manner which is likely to adversely impact our ability to successfully license our products. Further, many other entrants have recently emerged who not only compete with us for future growth opportunities, but who may also introduce products that erode the position of our current offerings, thereby adversely affecting our business, financial conditions and operating results.

### ***A decrease in trading volume will decrease the combined company's trading revenues.***

Trading volume is directly affected by economic and political conditions, broad trends in business and finance, changes in price levels of securities and the overall level of investor confidence. Weak economic conditions or a reduction in securities prices could result in a decline in trading volume. A decline in trading volume would lower revenues and may adversely affect the combined company's operating results. In addition, investor confidence and trader interest, and thus trading volume, can be affected by factors outside Nasdaq's or OMX's control, such as the publicity surrounding investigations and prosecutions for corporate governance or accounting irregularities at listed companies.

### ***Declines in the initial public offering market could have an adverse effect on Nasdaq's and OMX's revenues.***

Stagnation or decline in the initial public offering market will impact the number of new listings on The NASDAQ Stock Market and the Nordic Exchange, and thus our related revenues. We recognize revenue from new listings on a straight-line basis over an estimated six-year service period.

### ***The combined company may experience fluctuations in its operating results.***

The financial services industry is risky and unpredictable and is directly affected by many national and international factors beyond our control. Any one of these factors could have a material adverse effect on the combined company's business, financial condition and operating results by causing a substantial decline in the financial services markets and reduced trading volume.

## **Table of Contents**

Additionally, since borrowings under the credit facility that we entered into in connection with the Offer bear interest at variable rates and we do not have interest rate hedges in place on this debt, any increase in interest rates will increase the combined company's interest expense and reduce its cash flow. Other than variable rate debt, we believe our business has relatively large fixed costs and low variable costs, which magnifies the impact of revenue fluctuations on the combined company's operating results. As a result, a decline in our revenue may lead to a relatively larger impact on operating results. A substantial portion of the combined company's operating expenses will be related to personnel costs, regulation and corporate overhead, none of which can be adjusted quickly and some of which cannot be adjusted at all. The combined company's operating expense levels will be based on our expectations for future revenue. If actual revenue is below management's expectations, or if the combined company's expenses increase before revenues do, both revenues less liquidity rebates, brokerage, clearance and exchange fees and operating results would be materially and adversely affected. Because of these factors, it is possible that the combined company's operating results or other operating metrics may fail to meet the expectations of stock market analysts and investors. If this happens, the market price of Nasdaq Common Stock is likely to decline.

***The combined company's results of operations may differ significantly from the unaudited pro forma condensed combined financial data included in this Proxy Statement/Prospectus.***

This Proxy Statement/Prospectus includes unaudited pro forma condensed combined financial statements to illustrate the effects of the Offer on the historical financial position and operating results of Nasdaq and OMX. The unaudited pro forma condensed combined statements of income combine the historical consolidated financial statements of income of Nasdaq and OMX, giving effect to the Offer as if it had been completed on January 1, 2006. The unaudited sheet pro forma condensed combined balance sheet combines the historical consolidated balance sheets of Nasdaq and OMX, giving effect to the Offer as if it occurred on June 30, 2007. This pro forma financial information is presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Offer been completed at the beginning of the periods presented, nor is it indicative of the results of operations in future periods or the future financial position of the combined company.

***The combined company must control its costs to remain profitable.***

We base our cost structure on historical and expected levels of demand for our products and services. A decline in the demand for the combined company's products and services may reduce the combined company's revenues without a corresponding decline in its expenses since the combined company may not be able to adjust its cost structure on a timely basis. The combined company's failure to achieve its goals on cost savings will have an adverse impact on the combined company's results of operations. The combined company may fail in its initiatives to increase its business.

***The combined company may not be able keep up with rapid technological and other competitive changes affecting its industry.***

The markets in which the combined company will compete are characterized by rapidly changing technology, evolving industry standards, frequent enhancements to existing products and services, the introduction of new services and products and changing customer demands. If the Nasdaq or OMX platforms fail to function as expected, the combined company's business would be negatively affected. In addition, the combined company's business, financial condition and operating results may be adversely affected if the combined company cannot successfully develop, introduce or market new services and products or if it needs to adopt costly and customized technology for its services and products. Further, the combined company's failure to anticipate or respond adequately to changes in technology and customer preferences, or any significant delays in product development efforts, could have a material adverse effect on its business, financial condition and operating results.

## **Table of Contents**

### ***System limitations, failures or security breaches could harm the combined company's business.***

Nasdaq's and OMX's businesses depend on the integrity and performance of the computer and communications systems supporting it. If the combined company's systems cannot expand to cope with increased demand or otherwise fail to perform, we and OMX could experience unanticipated disruptions in service, slower response times and delays in the introduction of new products and services. These consequences could result in lower trading volumes, financial losses, decreased customer service and satisfaction and regulatory sanctions. Nasdaq and OMX have experienced occasional systems failures and delays in the past and could experience future systems failures and delays.

If Nasdaq's or OMX's trading volume increases unexpectedly, the combined company will need to expand and upgrade its technology, transaction processing systems and network infrastructure. We do not know whether it will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade its systems and infrastructure to accommodate any increases in a timely manner.

Nasdaq's and OMX's systems and operations also are vulnerable to damage or interruption from human error, natural disasters, power loss, sabotage or terrorism, computer viruses, intentional acts of vandalism and similar events. We have active and aggressive programs in place to identify and minimize our exposure to these vulnerabilities and work in collaboration with the technology industry to share corrective measures with our business partners. Although we currently maintain and expect to maintain multiple computer facilities that are designed to provide redundancy and back-up to reduce the risk of system disruptions and have facilities in place that are expected to maintain service during a system disruption, such systems and facilities may prove inadequate. Any system failure that causes an interruption in service or decreases the responsiveness of the combined company's services could impair its reputation, damage its brand name and negatively impact its business, financial condition and operating results.

### ***The implementation of MiFID may increase competition for quoting, trade execution and reporting revenues in Europe.***

The combined company's competitive position could be adversely affected by legislation and regulation implementing the European Markets in Financial Instruments Directive, which we refer to as MiFID, which requires all European Union countries to have MiFID regulation in force by November 1, 2007. MiFID is intended to create a unified European financial services market, with common regulation regarding investments and trading in European Union countries. MiFID is intended to enable greater transparency and competition among exchanges (regulated markets), investment firms and banks who internalize their order flow (systematic internalizers), and multilateral trading facilities. MiFID encourages competition for quotation, trade execution, trade reporting and market data distribution and introduces a European-wide requirement for best execution by requiring investment firms to establish and publish execution policies for all traded instruments.

MiFID provides that trades may be executed (in addition to regulated exchange trading) on multilateral trading facilities via over-the-counter trading, or through systematic internalization. As a result, MiFID creates an opportunity for new multilateral trading facilities, over-the-counter and internalization arrangements to be developed on either a single country or a pan-European basis, thereby removing entry barriers and facilitating entry of alternative off-exchange trading facilities and increasing the attractiveness of such alternative facilities to users. In addition, investment firms will have to ensure that they obtain the best execution conditions for their clients, and will therefore have to direct orders to the most favorable execution venue, without any regulatory incentive to favor established regulated markets.

Taken together, these changes to the regulatory environment are likely to make it easier for multilateral trading facilities to establish themselves in Europe as low-cost alternatives to regulated exchanges, thereby increasing the level of competition with and between market operators. OMX will face competition from other exchanges as well as from multilateral trading facilities and alternative trading systems (including a move toward greater systematic internalization by member firms outside OMX's exchanges) and this competition may

## **Table of Contents**

intensify in the near future especially as technological advances create pressure to reduce the costs of trading. Increased competition from alternative trading facilities and operators could cause the combined company to lose market share or to lower its fees in order to remain competitive, either of which could lead to lower revenues and/or lower margins, harming profitability.

### ***The adoption and implementation of Regulation NMS by the S.E.C. could adversely affect our business.***

On April 6, 2005, the S.E.C. adopted Regulation NMS. Regulation NMS's four primary components are: the Order Protection Rule, the Access Rule, the Market Data Rule and the Sub-Penny Rule. We have incurred technological and other costs in changing our systems and operations so that we can comply with these rules. Although the major provisions of Regulation NMS have largely been phased in over the course of 2007, the impact of Regulation NMS is hard to predict and there may be problems or competitive challenges that we do not foresee that adversely affect our business as Regulation NMS is implemented. Regulation NMS may increase competition in securities listed on The NASDAQ Stock Market or other exchanges from existing or new competitors.

### ***Regulatory changes and changes in market structure could have a material adverse effect on our business.***

Nasdaq and OMX operate in a highly regulated industry. In recent years, the securities trading industry and, in particular, the securities markets, have been subject to significant regulatory changes. Moreover, the securities markets have been the subject of increasing governmental and public scrutiny in response to a number of recent developments and inquiries. Any of these factors or events may result in future regulatory or other changes, although we cannot predict the nature of these changes or their impact on our business at this time. The combined company's market participants also operate in a highly regulated industry. The S.E.C., the Swedish Financial Supervisory Authority, which we refer to as the SFSA, and other regulatory authorities could impose regulatory changes that could impact the ability of Nasdaq's and OMX's market participants to use The Nasdaq Market Center or the Nordic Exchange or could adversely affect The NASDAQ Stock Market or the Nordic Exchange. Regulatory changes by the S.E.C., the SFSA or other regulatory authorities could result in the loss of a significant number of market participants or a reduction in trading activity on The NASDAQ Stock Market or the Nordic Exchange.

### ***The regulatory framework under which Nasdaq and OMX operate and new regulatory requirements or new interpretations of existing regulatory requirements could require substantial time and resources for compliance, which could make it difficult and costly for the combined company to operate the businesses.***

Under current U.S. federal securities laws, changes in Nasdaq's rules and operations, including our pricing structure, must be reviewed, and in many cases explicitly approved by the S.E.C. The S.E.C. may approve, disapprove, or recommend changes to proposals that Nasdaq submits. In addition, the S.E.C. may delay either the approval process or the initiation of the public comment process.

OMX is subject to regulatory oversight in all the countries in which it operates regulated businesses, such as operating exchanges or CSDs. The countries in which OMX is currently regulated are Sweden, Finland, Denmark, Iceland, Estonia, Lithuania and Latvia.

OMX has, in all the aforementioned countries, received authorization from the relevant authorities to conduct its regulated business activities. The authorities may revoke this authorization if OMX does not suitably carry out its regulated business activities. The authorities are also entitled to request that OMX adopt measures in order to ensure that OMX continues to fulfill the authorities' requirements.

Furthermore, OMX holds minority stakes in other regulated entities. OMX owns approximately 10% of the Oslo Stock Exchange, approximately 24% of the United Kingdom derivatives exchange EDX London, 3% of the Bulgarian Stock Exchange and approximately 33% of the International Exchange St. Petersburg.

---

**Table of Contents**

In addition, certain of OMX's customers also operate in a highly regulated industry. Regulatory authorities with jurisdiction over OMX and the exchanges it operates could impose regulatory changes that could impact the ability of OMX's customers to use one or more of the exchanges operated by OMX. The loss of a significant number of customers or a reduction in trading activity on any of the exchanges comprising the Nordic Exchange as a result of such changes could have a material adverse effect on the combined company's business, financial condition and operating results. Certain of OMX's customers are themselves exchanges which outsource certain technology functions to OMX, and thus the combined company would be particularly exposed to regulatory or other events impacting the global exchange industry.

***Nasdaq is subject to extensive regulation that may harm its ability to compete with less regulated entities.***

Under current U.S. federal securities laws, changes in our rules and operations, including our pricing structure, must be reviewed, and in many cases explicitly approved by the S.E.C. The S.E.C. may approve, disapprove or recommend changes to proposals that we submit. In addition, the S.E.C. may delay the initiation of the public comment process or the approval process. This delay in approving changes, or the altering of any proposed change, could have an adverse effect on Nasdaq's business, financial condition and operating results. We must compete not only with ECNs that are not subject to the same S.E.C. approval process but also with other exchanges that have lower regulation and surveillance costs than us. There is a risk that trading will shift to exchanges that charge lower fees because, among other reasons, they spend significantly less on regulation.

In addition, Nasdaq's registered broker-dealer subsidiaries, Nasdaq Execution Services, LLC and NASDAQ Option Services, LLC are subject to regulation by the S.E.C., FINRA and other self-regulatory organizations. Any failure to comply with these broker-dealer regulations could have a material effect on the operation of our business, financial condition and operating results. These subsidiaries are subject to regulatory requirements intended to ensure their general financial soundness and liquidity, which require that they comply with certain minimum capital requirements. The S.E.C. and FINRA impose rules that require notification when net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the Uniform Net Capital Rule and NYSE and FINRA rules impose certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the S.E.C., the NYSE and FINRA for certain withdrawals of capital.

***Nasdaq has self-regulatory obligations and also operates for-profit businesses, and these two roles may create conflicts of interest.***

We have obligations to regulate and monitor activities on The NASDAQ Stock Market and ensure compliance with applicable law and the rules of our market by market participants and Nasdaq-listed companies. The S.E.C. staff has expressed concern about potential conflicts of interest of for-profit markets performing the regulatory functions of a self-regulatory organization. Although Nasdaq outsources the majority of its market regulation functions to FINRA, Nasdaq does perform regulatory functions related to its listed companies and its market. In addition, as part of Nasdaq's application for exchange registration, Nasdaq has agreed that 20% of the directors of its exchange subsidiary will be elected by members of the exchange rather than the equity holders of the subsidiary. Any failure by Nasdaq to diligently and fairly regulate its market or to otherwise fulfill its regulatory obligations could significantly harm its reputation, prompt S.E.C. scrutiny and adversely affect the combined company's business and reputation.

***OMX's reputation depends on the diligent performance of its self-regulatory obligations.***

The Nordic Exchange monitors trading on the Nordic Exchange and compliance with listing standards. It also monitors the listing of equities and other financial instruments. The prime objective with such monitoring activities is to maintain confidence in the exchanges among the general public. The monitoring functions within the Nordic Exchange are the responsibility of the Surveillance Committees. The Surveillance Committees are

## **Table of Contents**

established by the Board of Directors of the OMX Nordic Exchange Stockholm AB in order to strengthen the integrity of and confidence in the Nordic Exchange and to avoid conflicts of interest. Each of the Surveillance Committees consist of five members, three of whom are independent of OMX or qualified owners of OMX. Any failure by OMX to diligently and fairly regulate its market could significantly harm its reputation, prompt scrutiny from its regulators and adversely affect its business and reputation.

### ***Recent S.E.C. rulemaking has liberalized the foreign private issuer deregistration rules.***

In March 2007, the S.E.C. adopted rules that make it easier for foreign private issuers to deregister and terminate their S.E.C. reporting obligations. Under the new deregistration rule, a foreign private issuer can deregister equity securities if its average U.S. trading volume over a 12-month period represents 5% or less of its worldwide trading volume, so long as it meets certain requirements. Once a foreign private issuer's securities are deregistered and the issuer ceases its Exchange Act reporting, those securities are no longer eligible for trading on any public exchange in the U.S. As a result, we may face the loss of listing and trading services revenues associated with foreign private issuers who chose to deregister under the new S.E.C. rules.

### ***Regulatory recognition of foreign exchanges may harm the combined company's ability to compete with less regulated entities.***

Under current U.S. federal securities laws, foreign exchanges seeking to operate in the U.S. must meet substantially all of the regulatory requirements we face. The S.E.C. has the authority to exempt foreign exchanges from these requirements and currently has granted one foreign exchange, Tradepoint LLC, an exemption based on low volume and other restrictions. Consequently, Virt-x (the successor to Tradepoint) is the only foreign exchange able to operate in the U.S. without meeting all the regulatory requirements we face. Recently, the S.E.C. has begun discussing the possibility of reciprocal recognition of exchanges operating under comparable regulatory regimes. Based on the extent and manner in which the S.E.C. pursues reciprocal recognition, there is a possibility that other foreign exchanges may enter the U.S. market without meeting all the regulatory requirements we meet. The entry of foreign exchanges into the U.S. market without complying with U.S. regulatory obligations would create additional competitive pressure on the combined company, particularly in the trading of dual-listed foreign securities.

### ***The legal and regulatory environment in the United States may make it difficult for The NASDAQ Stock Market to attract the secondary listings of non-U.S. companies.***

The combined company's U.S. exchange, The NASDAQ Stock Market, will continue to compete to obtain the listing of non-U.S. issuer securities (in addition to the listing of U.S. issuer securities). However, the legal and regulatory environment in the United States, as well as the perception of this environment, has made and may continue to make it more difficult for Nasdaq to attract these listings and adversely affect the combined company's competitive position. For example, the Sarbanes-Oxley Act of 2002 imposes a stringent set of corporate governance, reporting and other requirements on publicly listed companies in the U.S. Significant resources are necessary for issuers to come into and remain in compliance with the requirements of the Sarbanes-Oxley Act, which has had, and may continue to have, an impact on the ability of Nasdaq to attract and retain listings. At the same time, international companies are increasingly seeking access to the U.S. markets through private transactions that do not require listing or trading in the U.S. public markets, such as through Rule 144A transactions. Non-U.S. issuers may choose to list with non-U.S. securities exchanges exclusively without a secondary listing in the United States because they perceive the U.S. regulatory requirements and the U.S. litigation environment as too cumbersome and costly. If Nasdaq is unable to successfully attract the listing business of non-U.S. issuers, the perception of The NASDAQ Stock Market as a premier listing venue may be diminished, and the combined company's competitive position may be adversely affected or its operating results could suffer.

## **Table of Contents**

Following the completion of the Offer, the combined company's Nordic Exchange will not be subject to this constraint. In addition, we believe, based on the S.E.C.'s Fact Sheet on Potential Cross-Border Exchange Mergers, dated June 16, 2006, that listed companies on the Nordic Exchange are not, and will not become as a consequence of the completion of the Offer, subject to the requirements of the Sarbanes-Oxley Act unless they otherwise choose to list or register their securities in the United States. However, there can be no assurances that non-U.S. issuers that do not list on The NASDAQ Stock Market will elect to list on the Nordic Exchange rather than other non-U.S. exchanges.

### ***The combined company will be exposed to clearing risk.***

OMX clears a range of equity-related and fixed-income-related derivative products. OMX assumes the counterparty risk for all transactions that are cleared through its markets and guarantees that its cleared contracts will be honored. As protection against the risks that are associated with its derivatives clearing business, OMX enforces minimum financial and operational criteria for membership eligibility, requires members and investors to provide collateral, and maintains established risk policies and procedures to ensure that the counterparty risks are properly monitored and pro-actively managed, but none of these measures provide absolute assurance against defaults by OMX's counterparties on their obligations. Moreover, while collateralizing member and investor risk exposures is designed to ensure that sufficient collateral is maintained to compensate for the default risk incurred, no guarantee can be given that the collateral provided will at all times be sufficient. Although OMX maintains, and the combined company will maintain, clearing capital resources to serve as an additional layer of protection to help ensure that the combined company is able to meet its obligations, these resources may not be sufficient. Indebtedness to be incurred by the combined company in connection with the Offer could limit the combined company's flexibility in operation of its clearing business.

### ***Failure to attract and retain key personnel may adversely affect the combined company's ability to conduct its business.***

The combined company's future success depends, in large part, upon its ability to attract and retain highly qualified professional personnel. Competition for key personnel in the various localities and business segments in which the combined company will operate is intense. The combined company's ability to attract and retain key personnel, in particular senior officers, will be dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. There is no guarantee that the combined company will have the continued service of key employees who will be relied upon to execute its business strategy and identify and pursue strategic opportunities and initiatives. In particular, the combined company may have to incur costs to replace senior executive officers or other key employees who leave, and the combined company's ability to execute its business strategy could be impaired if it is unable to replace such persons in a timely manner.

The combined company will be highly dependent on the continued services of Robert Greifeld, our current President and Chief Executive Officer and the anticipated Chief Executive Officer of the combined company, Magnus Böcker, the current Chief Executive Officer of OMX and the anticipated President of the combined company, and other executive officers and key employees who possess extensive financial markets knowledge and technology skills. Other than employment agreements with Mr. Greifeld and Nasdaq's general counsel, we do not have employment agreements with key executive officers, which would prevent them from leaving and competing with us. We do not maintain key person life insurance policies on any of our executive officers, managers, key employees or technical personnel. The loss of the services of these persons for any reason, or the loss of the services of similarly-positioned, key OMX employees, as well as any negative market or industry perception arising from those losses, could have a material adverse effect on the combined company's business, financial condition and operating results.



---

**Table of Contents**

***We are subject to risks relating to litigation and potential securities laws liability.***

Many aspects of our business potentially involve substantial liability risks. Although we are immune from private suits for self-regulatory organization activities, this immunity only covers certain of our activities, and we and our broker-dealer affiliates could be exposed to liability under federal and state securities laws, other federal and state laws and court decisions, and rules and regulations promulgated by the S.E.C. and other regulatory agencies. In addition, the combined company will be subject to liability under the laws of certain foreign jurisdictions. These risks include, among others, potential liability from disputes over the terms of a trade, or claims that a system failure or delay cost a customer money, that we entered into an unauthorized transaction or that we provided materially false or misleading statements in connection with a securities transaction. As we intend to defend any such litigation actively, significant legal expenses could be incurred.

In addition, Nasdaq is subject to oversight by the S.E.C. The S.E.C. regularly examines Nasdaq and its broker-dealer affiliates for compliance with Nasdaq's obligations under the securities laws. In the case of non-compliance with our obligations under those laws, Nasdaq or its broker-dealer affiliates could be subject to investigation and judicial or administrative proceedings that may result in substantial penalties.

OMX is regulated both at the national level in several countries and at the European Union level. Implementation and application of these regulations may be undertaken by one or more regulatory authorities, which may challenge compliance with one or more aspects of such regulations. If a regulatory authority makes a finding of non-compliance, conditional fines can be imposed and OMX's license can be revoked.

***Failure to protect Nasdaq's and OMX's intellectual property rights could harm the combined company's brand-building efforts and ability to compete effectively.***

To protect Nasdaq's and OMX's intellectual property rights, we rely, and the combined company will rely, on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with its affiliates, clients, strategic partners and others. The protective steps that the combined company will take may be inadequate to deter misappropriation of its proprietary information. The combined company may be unable to detect the unauthorized use of, or take appropriate steps to enforce, its intellectual property rights. Nasdaq has registered, or applied to register, its trademarks in the United States and in over 50 foreign jurisdictions and has pending U.S. and foreign applications for other trademarks. Nasdaq also maintains copyright protection on its Nasdaq-branded materials and pursues patent protection for Nasdaq-developed inventions and processes. OMX claims copyright to the software products developed by OMX, and holds a number of patents, patent applications and licenses, including the names OMX, OMX Nordic Exchange, Genium, OMX Nordic Exchange Stockholm AB, OMX Exchange and Helsinki Stock Exchange. Effective trademark, copyright, patent and trade secret protection may not be available in every country in which we offer or the combined company intends to offer its services. Failure to protect Nasdaq's and OMX's intellectual property adequately could harm the combined company's brand and affect its ability to compete effectively. Further, defending the combined company's intellectual property rights could result in the expenditure of significant financial and managerial resources.

***Damage to the combined company's reputation could have a material adverse effect on its businesses.***

One of the combined company's competitive strengths will be its strong reputation and brand name. Various issues may give rise to reputational risk, including issues relating to:

the representation of the combined company's business in the media;

the accuracy of the combined company's financial statements and other financial and statistical information;

the quality of the combined company's corporate governance structure; and

**Table of Contents**

the quality of the combined company's products, including the reliability of its transaction-based business, the accuracy of the quote and trade information provided by its market information services business and the accuracy of calculations used by its financial products business for indices and unit investment trusts.

Damage to the combined company's reputation could cause some issuers not to list their securities on the combined company's exchanges, as well as reduce the trading volume on the combined company's exchanges or cause it to lose customers in its market information services or financial products businesses. This, in turn, may have a material adverse effect on the combined company's business, financial condition and operating results.

***We are a holding company that depends on cash flow from our subsidiaries to meet our obligations.***

As of August 1, 2006, Nasdaq is a holding company with no direct operating businesses other than the equity interests of our subsidiaries. The combined company will retain a holding company structure and, accordingly, all our operations will be conducted by our subsidiaries. As a holding company, the combined company will require dividends and other payments from its subsidiaries to meet cash requirements or to pay dividends. If the combined company's subsidiaries are unable to pay it dividends and make other payments to it when needed, it will be unable to satisfy its obligations.

OMX shareholder approval is required for the payment of dividends or distributions; however, no prior approval from any regulatory body is necessary for such payment. Nevertheless, minimum capital requirements mandated by financial supervisory authorities having jurisdiction over the exchanges operated by OMX, which we refer to as FSAs, indirectly restrict the amount of any dividend paid. Failure to satisfy minimum capital requirements can result in revocation of the licenses of the exchanges operated by OMX. Minimum capital requirements vary between the different FSAs. In Iceland, the minimum capital requirement is approximately 60 million Icelandic Kronor. In Denmark, the minimum capital requirement is 40 million Danish Kronor, which will be decreased to 8 million Danish Kronor in November 2007. FSAs in other jurisdictions in which OMX operates generally only require that capital be sufficient for exchange and clearing operations. To the extent the applicable FSA does not permit the companies operating the Nordic Exchange or the Baltic Market to dividend or distribute their earnings upstream, the combined company will be subject to increased demands on its cash resources from its other operations, which could have a material adverse effect on the combined company's business, financial condition and operating results.

***Future acquisitions, partnerships and joint ventures may require significant resources and/or result in significant unanticipated losses, costs, or liabilities.***

Over the past three years, acquisitions including the acquisitions of INET and Nasdaq Execution Services, LLC (formerly Brut, LLC) and the proposed combination with OMX, have been a significant factor in Nasdaq's growth. Although we cannot predict the combined company's rate of growth as the result of acquisitions with complete accuracy, we believe that additional acquisitions or entering into partnership and joint ventures will be important to the combined company's growth strategy. Many of the other potential purchasers of assets in our industry have greater financial resources than we have. Therefore, we cannot be sure that we will be able to complete future acquisitions on terms favorable to us.

We may finance future acquisitions by issuing additional equity and/or debt. The issuance of additional equity in connection with any such transaction could be substantially dilutive to existing shareholders. The issuance of additional debt could increase our leverage substantially. In addition, announcement or implementation of future transactions by us or others could have a material effect on the price of our stock. We could face financial risks associated with incurring additional debt, particularly if the debt resulted in significant incremental leverage. Additional debt may reduce our liquidity, curtail our access to financing markets, impact our standing with the credit agencies and increase the cash flow required for debt service. Any incremental debt incurred to finance an acquisition could also place significant constraints on the operation of our business.

## **Table of Contents**

These equity, debt and managerial commitments may impair the operation of our businesses. Furthermore, any future acquisitions of businesses or facilities could entail a number of additional risks, including:

problems with effective integration of operations;

the inability to maintain key pre-acquisition business relationships;

increased operating costs;

the diversion of our management team from its other operations;

problems with regulatory bodies;

exposure to unanticipated liabilities;

difficulties in realizing projected efficiencies, synergies and cost savings; and

changes in our credit rating and financing costs.

***OMX operates in various emerging markets that are subject to greater political, economic, and social uncertainties than developed countries.***

The operations of OMX are subject to the risk inherent in international operations, including but not limited to, risks with respect to operating in Central and Eastern Europe, the Middle East and Asia. Some of these economies are perceived to be subject to greater political, economic and social uncertainties than countries with more developed institutional structures. Political, economic or social events or developments in one or more of these countries could adversely affect OMX's operations and its related financial results and, in turn, the operations and financial results of the combined company.

***OMX has invested substantial capital in system platforms, including Genium, and a failure to successfully implement such systems could adversely affect OMX's business.***

In its technology operations, OMX invests substantial amounts in the development of system platforms. Although investments are carefully planned, there can be no assurance that the demand for such platforms will justify the related investments and that the future levels of orders will be sufficient to generate an acceptable return on such investments. In particular, OMX's Market Technology business area has invested substantial capital in its development of next-generation information technology for marketplaces called Genium. If OMX is unable to successfully implement Genium, or if OMX fails to generate adequate revenue from planned system platforms, or if it fails to do so within the envisioned timeframe, it could have an adverse effect on the combined company's results of operations and financial condition.

***If the Offer is completed, OMX's technology operations may be negatively affected.***

If the Offer is completed, certain current or potential customers of OMX's technology operations, who do not currently view OMX as a competitor, may view the combined company as a competitor. As a result, these customers may limit or eliminate their use of OMX's technology operations, and, as a result, the performance of OMX's technology operations may suffer.

***After completion of the Offer, the combined company will be exposed to greater currency risk.***

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

After completion of the Offer, the combined company will have operations in the U.S. and several of the Nordic and Baltic markets and will thus have significant exposure to exchange rate movements between the Swedish Krona, Danish Krone, Icelandic Króna, Euro, U.S. dollar and other foreign currencies. Significant inflation or disproportionate changes in foreign exchange rates with respect to one or more of these currencies could occur as a result of general economic conditions, acts of war or terrorism, changes in governmental monetary or tax policy or changes in local interest rates. While we have certain currency hedges in place, these hedges may not be effective and, as a result, fluctuations in exchange rates may increase the amount of U.S. dollars we are required to pay for OMX Shares.

## **Table of Contents**

In addition, these exchange rate differences will also affect the translation of OMX's results of operations and financial condition into U.S. dollars as part of the preparation of the combined company's consolidated financial statements.

*We may be required to pay a higher price for some OMX Shares as a result of compulsory acquisition proceedings under Swedish law.*

In the event that Nasdaq obtains more than 90% of the OMX Shares, Nasdaq intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining OMX Shares.

The purchase price for the OMX Shares acquired through a compulsory acquisition procedure will be determined by an arbitration tribunal. The Swedish Companies Act provides that the purchase price for the remaining OMX Shares will be equivalent to the value of the consideration in the Offer, unless there are any special circumstances at hand that call for a different price. It may take up to two years or more from initiation of the compulsory acquisition procedure until the arbitration tribunal decides on the purchase price. Thereafter, the purchase price will be distributed to the shareholders whose OMX Shares were acquired through the compulsory acquisition procedure, together with interest earned at a market rate set by the Swedish Central Bank pursuant to Swedish law.

Nasdaq may elect to request advance title to the OMX Shares to be acquired in the compulsory acquisition procedure, in accordance with the Swedish Companies Act. Advance title means that full ownership is obtained by Nasdaq with respect to the remaining OMX Shares before the arbitration proceedings regarding the purchase price have been completed. The arbitration tribunal's granting of advance title would be subject to Nasdaq providing satisfactory security for payment of the purchase price and the accrued interest thereon.

Nasdaq may also purchase any OMX Shares that remain outstanding after completion of the Offer for cash in market or private transactions. However, if Nasdaq purchases OMX Shares within a period of nine months after payment has commenced in the Offer on terms which are more favorable than the terms of the Offer, the OMX Nordic Exchange Stockholm AB Rules Concerning Public Takeover Bids in the Stock Market provide that Nasdaq must make a corresponding increased payment to the OMX shareholders who tendered their OMX Shares in the Offer.

As a result of the compulsory acquisition proceedings under Swedish law, we may ultimately have to pay, in the aggregate, a higher price per OMX Share in order to purchase the remaining OMX Shares that are outstanding after completion of the Offer.

*Holders of OMX Shares that do not accept the Offer and whose OMX Shares are acquired in the compulsory acquisition proceedings may not receive payment for a significant period after completion of the Offer.*

As described above, in the event that Nasdaq obtains more than 90% of the OMX Shares, Nasdaq intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining OMX Shares.

It may take up to two years or more from initiation of the compulsory acquisition procedure until the arbitration tribunal decides on the purchase price. Thereafter, the purchase price will be distributed to the holders of OMX Shares acquired through the compulsory acquisition procedure, together with interest thereon at a market rate set by the Swedish Central Bank pursuant to Swedish law.

If, as described above, advance title to the OMX Shares is obtained by Nasdaq, Nasdaq may be required to make payment for part of the compulsory acquisition price prior to completion of the arbitration proceedings. In particular, following an award of advance title and at the request of a party to the proceedings or the legal representative for the minority shareholders, the arbitration tribunal may, but is not required to, issue a separate award in respect of that portion of the purchase price that is not disputed by Nasdaq. In that case, Nasdaq would be obliged to pay such portion prior to the final arbitration award. There is no guarantee, however, that such early payment will be awarded.

## **Table of Contents**

As a result, holders of OMX Shares that do not accept the Offer and whose OMX Shares are subsequently acquired in the compulsory acquisition proceedings may not receive payment for a significant period after completion of the Offer.

*The value of our LSE investment could decline due to fluctuations in the LSE's stock price, the foreign currency exchange rate and payment of dividends.*

Our investment in the LSE will become an investment of the combined company. The market value of our investment in the LSE is subject to market price volatility. We currently do not have any market value hedges on our investments, including our investment in the LSE. To the extent that we have not hedged our exposure to a decrease in the value of these securities, the value of our LSE investment could decrease. To the extent we are not entirely hedged with respect to exchange rate fluctuations, we also are subject to the risk of fluctuations in the exchange rate related to our investment.

Although we recorded dividend income of \$14.5 million for the six months ended June 30, 2007, there is no assurance that the LSE will pay dividends to shareholders in future periods or that any dividends will be in comparable amounts. In addition, there is no assurance that we will retain our LSE shares.

*The LSE is subject to certain risks.*

The LSE is subject to many of the same risks we suffer. To the extent these risks affect the future performance of the LSE businesses and, in turn, the market price of LSE share capital, the value of our investment in the LSE could be materially affected. In addition, the LSE recently announced its intention to acquire the Borsa Italiana SpA. If this acquisition is successfully consummated, the LSE could be subject to a variety of additional risks, including the risk that the integration of the Borsa Italiana SpA's operations with the LSE's operations will not be successful. As a result, the value of our investment in the LSE could be materially affected.

### **Risks Relating to an Investment in Nasdaq Common Stock**

*Volatility in our stock price could adversely affect our shareholders.*

The market price of Nasdaq Common Stock is likely to be volatile. Broad market and industry factors may adversely affect the market price of Nasdaq Common Stock, regardless of its actual operating performance. Factors that could cause fluctuations in our stock price may include, among other things:

actual or anticipated variations in our quarterly operating results;

changes in financial estimates by us or by any securities analysts who might cover Nasdaq Common Stock;

conditions or trends in our industry, including trading volumes, regulatory changes or changes in the securities marketplace;

announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;

announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;

additions or departures of key personnel; and

sales of Nasdaq Common Stock, including sales of Nasdaq Common Stock by our directors and officers or our strategic investors.

*The market price of Nasdaq Common Stock could be negatively affected by sales of substantial amounts of Nasdaq Common Stock in the public markets.*

Sales of a substantial number of shares of Nasdaq Common Stock in the public markets following the Offer, or the perception that these sales might occur, and the issuance of new shares of Nasdaq Common Stock in connection with the Offer, could cause the market price of Nasdaq Common Stock to decline or could impair our

---

**Table of Contents**

ability to raise capital through a future sale of, or pay for acquisitions using, our equity securities. As of June 30, 2007, there were 112,921,954 shares of Nasdaq Common Stock outstanding. The number of freely transferable shares of Nasdaq Common Stock will increase by up to 60,561,515 shares if all of the OMX Shares are tendered in the Offer. In addition, the number of freely transferable shares of Nasdaq Common Stock will increase upon any exercise of outstanding options pursuant to our stock compensation and stock award plan for our employees. There were 5,115,606 options exercisable as of June 30, 2007 at a weighted average exercise price of \$9.11. The number of shares of Nasdaq Common Stock outstanding will also increase upon any conversion of the Nasdaq Voting Notes, which are convertible at a conversion price of \$14.50 per share into approximately 30.7 million shares of Nasdaq Common Stock, or any exercise of warrants held by Silver Lake Partners and Hellman & Friedman LLC or their respective affiliates, which are exercisable at a price of \$14.50 per share into approximately 5.0 million shares of Nasdaq Common Stock. The Nasdaq Voting Notes and the Nasdaq Common Stock underlying the Nasdaq Voting Notes and the warrants may only be sold pursuant to a registration statement or an exemption from registration. We have granted Silver Lake Partners and Hellman & Friedman LLC and their affiliates demand and piggyback registration rights with respect to the Nasdaq Voting Notes and the shares of Nasdaq Common Stock underlying those notes and warrants. Upon the sale of the shares or Nasdaq Voting Notes under a registration statement, those shares of Nasdaq Common Stock or Nasdaq Voting Notes will be freely transferable. In connection with the transactions contemplated by the Offer, we agreed with certain of the parties to the Voting Agreements that, except as required by law, while the Voting Agreements are in effect, we will not defer or delay any registration for sale under the U.S. securities laws of the Nasdaq Voting Securities (or any shares of Nasdaq Common Stock underlying the Nasdaq Voting Securities) held by such parties or discontinue any such registration.

***We may not pay dividends on Nasdaq Common Stock in the immediate future.***

Our current credit facilities limit our ability to pay dividends to shareholders. In the past, before our credit facilities were put in place, it was not our policy to declare or pay cash dividends on our shares. We intend to retain any future earnings for funding the combined company's growth and meeting its obligations.

***Provisions of our Restated Certificate of Incorporation and approved exchange rules, including provisions included to address S.E.C. concerns, and Delaware law could delay or prevent a change in control of us and entrench current management.***

Our organizational documents place restrictions on the voting rights of certain shareholders. Our Restated Certificate of Incorporation limits the voting rights of persons (either alone or with related parties) owning more than 5% of the then outstanding votes entitled to be cast on any matter, other than NASD or any other person as may be approved by Nasdaq's Board of Directors prior to the time such person owns more than 5% of the then outstanding votes entitled to be cast on any matter. Any change to the 5% voting limitation requires S.E.C. approval.

In response to the S.E.C.'s concern about a concentration of our ownership, our approved exchange rules include a rule prohibiting any member of the securities exchange operated by The NASDAQ Stock Market or any person associated with such a member beneficially owning more than 20% of our outstanding voting interests. S.E.C. consent is required for an exception or change in this rule. Exchange rules also require the S.E.C.'s approval of any business ventures with one of our members, subject to exceptions.

In addition, our organizational documents contain provisions that may be deemed to have an anti-takeover effect and may delay, deter or prevent a change of control of us, such as a tender offer or takeover proposal that might result in a premium over the market price for Nasdaq Common Stock. Additionally, certain of these provisions make it more difficult to bring about a change in the composition of Nasdaq's Board of Directors, which could result in entrenchment of current management.



**Table of Contents**

In addition, our Restated Certificate of Incorporation and By-Laws:

require supermajority shareholder approval to remove directors;

do not permit shareholders to act by written consent or to call special meetings;

require certain advance notice for director nominations and actions to be taken at annual meetings;

require supermajority shareholder approval with respect to certain amendments to our Restated Certificate of Incorporation and By-Laws (including in respect of the provisions set forth above); and

authorize the issuance of undesignated preferred stock, or blank check preferred stock, that could be issued by Nasdaq's Board of Directors without shareholder approval.

Section 203 of the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more (or, in some cases, a holder who previously held 15% or more) of the common stock. In general, Delaware law prohibits a publicly held corporation from engaging in a business combination with an interested stockholder for three years after the stockholder becomes an interested stockholder, unless the corporation's board of directors and shareholders approve the business combination in a prescribed manner.

---

**Table of Contents**

**THE SPECIAL MEETING OF HOLDERS OF NASDAQ VOTING SECURITIES**

**Time, Place and Purpose of the Nasdaq Special Meeting**

The special meeting of holders of Nasdaq Voting Securities is scheduled to be held on [•], 2007, at [•] a.m., Eastern Standard Time, at [•]. The purpose of the Special Meeting is:

to approve the issuance of up to 60,561,515 shares of Nasdaq Common Stock, pursuant to our proposed combination with OMX, such combination to be effected through an offer for all the outstanding OMX Shares;

to approve an amendment to Nasdaq's Restated Certificate of Incorporation to change Nasdaq's name to The NASDAQ OMX Group, Inc. upon completion of our offer for all the outstanding OMX Shares; and

to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Nasdaq's Board of Directors recommends that you vote **for** the Share Issuance and **for** the Charter Amendment. For the reasons for this recommendation, see The Offer Nasdaq's and OMX's Reasons for the Offer.

**Who Can Vote at the Nasdaq Special Meeting**

Only holders of record listed on the books of Nasdaq at the close of business on the Record Date of the following Nasdaq securities will be entitled to notice of, and to vote at, the Special Meeting:

Nasdaq Common Stock; and

Nasdaq Voting Notes.

As of the Record Date, there were outstanding [•] shares of Nasdaq Common Stock (including shares of restricted Nasdaq Common Stock entitled to vote at the Special Meeting). As of the Record Date, the Nasdaq Voting Notes were convertible into [•] shares of Nasdaq Common Stock.

The [•] shares of Nasdaq Common Stock outstanding as of the Record Date were held by approximately [•] holders of record. Each share of Nasdaq Common Stock has one vote, subject to the voting limitation in our Restated Certificate of Incorporation that generally prohibits a holder from voting in excess of 5% of the total voting power of Nasdaq. The holder of each Nasdaq Voting Note is entitled to the number of votes equal to the number of shares of Nasdaq Common Stock into which that Nasdaq Voting Note could be converted on the Record Date, subject to the 5% voting limitation contained in our Restated Certificate of Incorporation. The enclosed proxy card shows the number of Nasdaq Voting Securities that you are entitled to vote. Your individual vote is confidential and will not be disclosed to third parties. If you own Nasdaq Voting Securities through a broker, bank or other nominee and attend the Special Meeting, you should bring a letter from your broker, bank or other nominee identifying you as the beneficial owner of the Nasdaq Voting Securities and authorizing you to vote.

Shares that are held in Nasdaq's treasury are not entitled to vote at the Special Meeting.

**Quorum**

In order to conduct business at the Special Meeting, a quorum must be present. The presence of the holders of at least a majority (greater than 50%) of the votes entitled to be cast by holders of the Nasdaq Voting Securities constitutes a quorum. We will treat shares of Nasdaq Common Stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the Special Meeting for the purposes of determining the existence of a quorum. If a quorum is not present, it is expected that the Special Meeting will be adjourned or postponed to solicit additional proxies.



## **Table of Contents**

### **Required Vote**

Approval of the Share Issuance requires the affirmative vote of at least a majority of the votes present in person or represented by proxy at the Special Meeting and entitled to vote thereon.

Approval of the Charter Amendment requires the affirmative vote of at least a majority of our outstanding voting power.

For both proposals, you may vote **for**, **against** or **abstain**. If you **abstain**, it has the same effect as a vote **against** either the Share Issuance or the Charter Amendment. If you do not sign and send in your proxy card, do not vote using the telephone or Internet, or do not vote at the Special Meeting, it will have no effect on the vote on the Share Issuance, assuming that there is a quorum, but it will have the effect of a vote **against** the Charter Amendment. If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of Nasdaq's Board of Directors described in this proxy.

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of Nasdaq's Board of Directors. With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by Nasdaq's Board of Directors or, if no recommendation is given, in their own discretion.

### **Adjournments**

If a quorum is not present at the Special Meeting, the Special Meeting may be adjourned from time to time until a quorum is present or represented. In addition, adjournments of the Special Meeting may be made for the purpose of soliciting additional proxies in favor of the Share Issuance or the Charter Amendment. Pursuant to our By-Laws, the chairman of the Special Meeting has the right and authority to adjourn the Special Meeting in the chairman's sole discretion and without a vote of holders of Nasdaq Voting Securities, which adjournment may be for up to 30 days without further notice (unless a new record date is fixed for the adjourned Special Meeting) other than by an announcement made at the Special Meeting.

### **Manner of Voting**

If you are a holder of Nasdaq Voting Securities and you hold your Nasdaq Voting Securities in your own name, you may submit your vote for or against the proposal submitted at the Special Meeting in person or by proxy. You may vote by proxy in any of the following ways:

by using the enclosed proxy card and mailing a completed and signed proxy card to the address listed on the proxy card using the provided self-addressed stamped envelope;

by telephone using the toll-free number shown on the enclosed proxy card; or

by visiting the website noted on the enclosed proxy card and voting through the Internet by no later than [•], Eastern Time, on [•], 2007.

Information and applicable deadlines for using the proxy card, or voting by telephone or through the Internet, are set forth in the enclosed proxy card instructions.

If your Nasdaq Voting Securities are registered in the name of a broker, bank or other nominee (which is also known as being held in street name), that broker, bank or other nominee has enclosed or will provide a voting instruction card for the holder to direct the broker, bank or other nominee how to vote its shares. Holders who hold securities in street name must return their instructions to their broker, bank or other nominee on how to vote their Securities. If a holder that holds securities in street name desires to attend the Special Meeting, the holder should bring a letter from its broker, bank or other nominee identifying the holder as the beneficial owner of such securities, confirming that such securities have not otherwise been voted and will not be voted via proxy, and authorizing the holder of Nasdaq Voting Securities to vote the securities or specifying how such securities had been voted.



## **Table of Contents**

All Nasdaq Voting Securities represented by properly executed proxies or voting instructions (including those given by phone or through the Internet) received in time for the Special Meeting will, unless revoked, be voted in accordance with the instructions indicated on those proxies or voting instructions. If no instructions are indicated on a properly executed proxy card, the Nasdaq Voting Securities will be voted in accordance with the recommendation of the Nasdaq Board Of Directors and, therefore, **for** both Proposal One and Proposal Two.

If you are a holder of Nasdaq Voting Securities and your proxy indicates instructions for some, but not all, of the proposals, your votes will be cast as indicated on the specified proposals and as described in the preceding sentence for any proposal for which no instructions are indicated.

If you return a properly executed proxy card or voting instruction card and have indicated that you have abstained from voting on a proposal, your Nasdaq Voting Securities represented by the proxy will be considered present at the Special Meeting for purposes of determining a quorum, but will have the same effect as a vote against the proposal. Nasdaq urges you to mark each applicable box on the proxy card or voting instruction card to indicate how to vote your Nasdaq Voting Securities.

You may revoke your proxy at any time before it is voted by:

submitting a later-dated proxy by mail, fax, telephone or through the Internet; or

attending the Special Meeting and voting by paper ballot in person.

Attendance at the Special Meeting will not, in and of itself, constitute revocation of a previously granted proxy. If the Special Meeting is adjourned or postponed, it will not affect the ability of holders of Nasdaq Voting Securities to exercise their voting rights or to revoke any previously granted proxy using the methods described above.

## **Broker Non-Votes**

Broker non-votes are securities held by banks, brokers or nominees for which, with respect to an item to be voted on, voting instructions have not been received from the beneficial owners or the persons entitled to vote those securities and with respect to which the bank, broker or nominee does not have discretionary voting power under rules applicable to broker-dealers. Broker non-votes, if any, will have no effect on the vote on the Share Issuance, assuming that there is a quorum, but will have the effect of a vote **against** the Charter Amendment.

## **Solicitation of Proxies**

Nasdaq will incur expenses in connection with the printing and mailing of this Proxy Statement/Prospectus. We have retained the services of Mellon Investor Services LLC to aid in the solicitation of proxies from banks, brokers, nominees and intermediaries. We estimate that we will pay Mellon Investor Services LLC a fee of \$12,500 for its services, plus out of pocket expenses. Nasdaq and its proxy solicitor also will request banks, brokers and other intermediaries holding Nasdaq Voting Securities beneficially owned by others to send this Proxy Statement/Prospectus to, and obtain proxies from, the beneficial owners and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone and other electronic means, advertisements and personal solicitation by the directors, officers or employees of Nasdaq. No additional compensation will be paid to Nasdaq directors, officers or employees for solicitation.

---

**Table of Contents**

**PROPOSALS TO BE CONSIDERED AND VOTED UPON BY HOLDERS OF NASDAQ VOTING SECURITIES AT THE SPECIAL MEETING**

The Special Meeting will be held on [●], 2007, at [●], local time, to consider the following items of business:

**Proposal One**

**Approval of the Issuance of up to 60,561,515 shares of Nasdaq Common Stock**

Nasdaq is seeking the approval of holders of Nasdaq Voting Securities for the issuance of up to 60,561,515 shares of Nasdaq Common Stock in the Offer as described in this Proxy Statement/Prospectus, as required by The NASDAQ Stock Market Marketplace Rule 4350(i)(1)(D)(ii).

Pursuant to the Voting Agreements, holders of an aggregate of [●] votes attributable to Nasdaq Voting Securities (including Nasdaq's Chief Executive Officer) as of the Record Date, representing approximately [●]% of Nasdaq's voting power as of the Record Date, have agreed to vote their shares for the Share Issuance. Pursuant to Nasdaq's governing documents, Nasdaq's Board of Directors has approved the submission of an application to the S.E.C. seeking to allow up to 12% of Nasdaq's voting power owned by the Voting Agreement Parties to be voted in accordance with the Voting Agreements. The Voting Agreements will not be legally effective until the time, if any, as such approval is granted.

***NASDAQ Requirements***

The NASDAQ Stock Market rules require the approval of holders of Nasdaq Voting Securities prior to the issuance of additional shares of Nasdaq Common Stock in any transaction if:

1. the common stock has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock; or
2. the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock.

As of the Record Date, there were [●] shares of Nasdaq Common Stock outstanding and [●] shares reserved or issued for options. If we were to acquire 100% of the outstanding OMX Shares, it is currently estimated that up to 60,561,515 shares of Nasdaq Common Stock would be issued, representing an increase of up to [●]% over the number of outstanding shares of Nasdaq Common Stock as of the Record Date. The issuance of the shares of Nasdaq Common Stock will allow us to conduct and complete the Offer discussed in this Proxy Statement/Prospectus.

***Impact of Issuance on Existing Shareholders***

Nasdaq's existing common shareholders will have rights which are equal to those of the holders of the newly-issued Nasdaq Common Stock. In determining whether to vote for this proposal, shareholders should consider that they are subject to the risk of substantial dilution of their interests which will result from the issuance of shares of Nasdaq Common Stock, and that as a result of the issuance of such Nasdaq Common Stock, the current shareholders will own a smaller percentage of the outstanding Nasdaq Common Stock. Immediately following the completion of the Offer with OMX, assuming that all outstanding OMX Shares are tendered into the Offer, we estimate that OMX shareholders will hold approximately 28% of Nasdaq Common Stock outstanding after the Offer calculated on a fully diluted basis using the treasury method.

***Recommendation of Nasdaq's Board of Directors***

Nasdaq cannot complete the Offer unless the Share Issuance is approved by the required vote. **Nasdaq's Board of Directors recommends a vote for approval of Proposal One, the Share Issuance.**

**Table of Contents**

**Proposal Two**

**Approval of an Amendment to Nasdaq's Restated Certificate of Incorporation to Change**

**Nasdaq's Name to The NASDAQ OMX Group, Inc.**

Nasdaq's Restated Certificate of Incorporation currently provides that Nasdaq's name is The Nasdaq Stock Market, Inc. As part of our agreement with OMX, we have committed to seeking the approval of our shareholders to change the name of the combined company to The NASDAQ OMX Group, Inc. upon completion of the Offer. We believe this name better reflects the expanded global reach of the combined company and best leverages the significant brand equity in the Nasdaq and OMX names. If holders of Nasdaq Voting Securities approve this proposal, Article First of Nasdaq's Restated Certificate of Incorporation would be amended to read in its entirety as follows:

The name of the corporation is The NASDAQ OMX Group, Inc.

If holders of Nasdaq Voting Securities do not approve this proposal, Nasdaq will not be prevented from completing the Offer as described in this Proxy Statement/Prospectus. As part of our agreement with OMX, however, if this proposal is not approved, we must take such actions as reasonably requested by OMX to ensure that after the closing of the Offer, Nasdaq trades under the name NASDAQ OMX Group. If holders of Nasdaq Voting Securities approve this proposal, we intend to file an amendment to our Restated Certificate of Incorporation reflecting the name change with the Secretary of State of the State of Delaware as promptly as practicable following completion of the Offer.

Pursuant to the Voting Agreements, holders of an aggregate of [●] votes attributable to Nasdaq Voting Securities (including Nasdaq's Chief Executive Officer) as of the Record Date, representing approximately [●]% of Nasdaq's voting power as of the Record Date, have agreed to vote their shares **for** the Charter Amendment. Pursuant to Nasdaq's governing documents, Nasdaq's Board of Directors has approved the submission of an application to the S.E.C. seeking to allow up to 12% of Nasdaq's voting power owned by the Voting Agreement Parties to be voted in accordance with the Voting Agreements. The Voting Agreements will not be legally effective until the time, if any, as such approval is granted.

***Recommendation of Nasdaq's Board of Directors***

At a meeting held on May 24, 2007, Nasdaq's Board of Directors adopted a resolution setting forth the proposed name change and declaring it advisable. **Nasdaq's Board of Directors recommends a vote for Proposal Two, the Charter Amendment.**



**Table of Contents**

**THE OFFER**

To effect the proposed combination of Nasdaq and OMX, Nasdaq is offering consideration equivalent to 0.502 of a newly issued share of Nasdaq Common Stock plus SEK 94.3 for each OMX Share outstanding. See the section entitled "Terms of the Offer" on page 87.

Assuming that all outstanding OMX Shares are tendered into the Offer, Nasdaq currently estimates that approximately 60,561,515 shares of Nasdaq Common Stock will be issued to OMX shareholders and approximately \$1,665,673,166 in cash will be paid. The issuance of shares of Nasdaq Common Stock is subject to approval by holders of Nasdaq Voting Securities at the Special Meeting.

Based on the closing price of Nasdaq Common Stock on The NASDAQ Stock Market on [•], 2007, the last practicable day before the date of this Proxy Statement/Prospectus, of \$[•] and an exchange rate of SEK [• ] to \$1.00 on [•], 2007, the Offer corresponds to a value of approximately SEK [•] for each OMX Share tendered. The Offer represents:

A premium of 19% over SEK 174.5, the closing price of OMX Shares on May 23, 2007, the last full trading day prior to the announcement of the Offer, and a SEK/USD exchange rate of 6.83 to 1 on May 23, 2007; and

A premium of 25% over the volume weighted average price of SEK 165.9 per OMX Share over the 20 trading days up to and including May 23, 2007, the last full trading day prior to the announcement of the Offer.

The complete terms and conditions for the Offer are set forth on pages 87 through 89.

The Board of Directors of OMX has unanimously recommended that holders of OMX Shares accept the Offer. As a result of the Offer, assuming acceptance by all holders of OMX Shares, holders of OMX Shares will hold approximately 28% of the combined company, calculated on a fully diluted basis using the treasury method.

Nasdaq does not own or control, and during the six-month period immediately preceding the announcement of the Offer, has not acquired ownership or control of any OMX Shares or other securities entitling it to acquire OMX Shares. See the description of the Irrevocable Undertakings under "The Offer - Principal Agreements" on page 82 for a description of the Irrevocable Undertakings.

**Background of the Offer**

Nasdaq's Board of Directors and OMX's Board of Directors continually review their respective companies' results of operations and competitive positions in the industries in which they operate, as well as their strategic alternatives. In connection with these reviews, each of Nasdaq and OMX from time to time has evaluated potential transactions that would further its strategic objectives. In addition, OMX regularly has contact with other exchange companies to discuss areas of possible collaboration, including strategic transactions. In connection with these reviews and discussions, OMX has regularly engaged Credit Suisse since 2002 to act as its financial advisor with respect to evaluating possible strategic transactions.

On August 1 and 2, 2006, members of management of Nasdaq and OMX met in person in New York for a general introduction. Similar meetings were held on September 21 and 22, 2006 in Amsterdam.

On October 20, 2006, Robert Greifeld met with members of OMX's Board of Directors and management for a general introduction and discussion regarding Nasdaq's business, and in December 2006, Magnus Böcker met with members of Nasdaq's Board of Directors for a general introduction and discussion regarding OMX's business.

**Table of Contents**

During February, March and April 2007, representatives of Nasdaq and OMX, as well as JPMorgan, Morgan Stanley (which had been engaged by OMX in March 2007 as co-financial advisor with Credit Suisse in connection with a potential combination of Nasdaq and OMX) and Credit Suisse, had ongoing discussions regarding a potential combination of Nasdaq and OMX.

On March 23, 2007, Nasdaq's Board of Directors met and was presented with an update regarding discussions between Nasdaq and OMX, including a discussion of the financial and strategic effects of a potential combination of OMX with Nasdaq.

On April 12 and April 23, 2007, OMX's Board of Directors was presented with an update on the discussions between Nasdaq and OMX, including a discussion of the financial and strategic effects of a potential combination of OMX with Nasdaq.

On April 18, 2007, Nasdaq's Board of Directors met and was presented with an update regarding discussions between Nasdaq and OMX.

On April 19, 2007, representatives of JPMorgan, Nasdaq, Hellman & Friedman LLC and Silver Lake Partners met to discuss a possible combination of Nasdaq with OMX.

On April 24, 2007, representatives of Nasdaq, Hellman & Friedman LLC and Silver Lake Partners met to discuss a possible combination of Nasdaq with OMX.

On April 26, 2007, Robert Greifeld and Magnus Böcker conducted in-person discussions in Amsterdam regarding the proposed transaction.

On April 28, 2007, representatives of Nasdaq and OMX, including representatives of JPMorgan and Morgan Stanley, discussed a potential transaction, including potential terms, documentation and timing. Over the next two weeks, the parties discussed various terms of the proposed transaction and exchanged term sheets regarding a proposed combination of Nasdaq and OMX, and engaged in due diligence.

On May 3, 2007, representatives of JPMorgan, Nasdaq, Hellman & Friedman LLC and Silver Lake Partners met to discuss a possible combination of Nasdaq with OMX.

On May 7 and May 13, 2007, Nasdaq's Board of Directors met and was presented with an update regarding discussions between Nasdaq and OMX.

On May 16, 2007, Nasdaq's legal counsel distributed a draft of the Transaction Agreement to OMX. From May 16 to May 24, 2007, OMX and Nasdaq, together with their financial and legal advisors, negotiated the terms of the Transaction Agreement and press release announcing the Offer.

On May 17 and May 18, 2007, Robert Greifeld and Magnus Böcker conducted in-person discussions in New York regarding the proposed transaction. Significant progress on open issues between the parties was made during these discussions, and, as a result, the parties decided to pursue definitive documentation with respect to a combination of Nasdaq and OMX in parallel with continued discussions.

In the second and third weeks of May, 2007, the Voting Agreement Parties were made aware that OMX desired that they enter into voting agreements in connection with any announcement of the Offer. During this time period, there were informal discussions among OMX, the Voting Agreement Parties and Nasdaq regarding these potential voting agreements. From May 22 to May 24, 2007, OMX and the Voting Agreement Parties negotiated the terms of the proposed voting agreements.

In the second and third weeks of May, 2007, the Irrevocable Undertakings Parties were made aware that Nasdaq desired that they enter into irrevocable undertakings in connection with any announcement of the Offer. During this time period, there were informal discussions among Nasdaq, the Irrevocable Undertakings Parties and OMX regarding these potential irrevocable undertakings. From May 19 to May 24, 2007, Nasdaq and the Irrevocable Undertakings Parties negotiated the terms of the proposed Irrevocable Undertakings.

On May 23, 2007, members of Nasdaq's management, along with their financial and legal advisors, traveled to Stockholm, Sweden to continue discussions with OMX's management and their financial and legal advisors relating to a possible transaction. Also on May 23, 2007, Nasdaq's Board of Directors met and was presented with an update regarding discussions between Nasdaq and OMX.

---

**Table of Contents**

On May 24, 2007, Nasdaq's Board of Directors met and was presented with the Transaction Agreement and Irrevocable Undertakings for approval. At that meeting, Nasdaq's management gave a presentation to Nasdaq's Board of Directors regarding the Offer and related matters and JPMorgan reviewed with Nasdaq's Board of Directors its financial analysis of the Offer. JPMorgan also delivered its oral opinion, subsequently confirmed in writing, that, as of May 24, 2007, and based upon and subject to the factors and assumptions stated in its opinion, the consideration to be paid by Nasdaq in the Offer was fair, from a financial point of view, to Nasdaq. At that meeting, Nasdaq's Board of Directors unanimously approved the Transaction Agreement and the Irrevocable Undertakings and resolved to:

approve the Offer upon the terms and subject to the conditions in the press release announcing the Offer;

recommend that holders of Nasdaq Voting Securities vote in favor of the Share Issuance and the Charter Amendment;

authorize the public announcement of the recommendation of Nasdaq's Board of Directors in the press release announcing the Offer; and

approve the submission of an application to the S.E.C. seeking to allow up to 12% of Nasdaq's voting power owned by the Voting Agreement Parties to be voted in accordance with the Voting Agreements.

On May 24, 2007, OMX's Board of Directors met and considered the Transaction Agreement and Voting Agreements for approval. At that meeting, the management of OMX and its legal and financial advisors made presentations regarding various aspects of the proposed Offer, including the financial and strategic effects of a potential combination of OMX with Nasdaq. Each of Morgan Stanley and Credit Suisse reviewed the financial analyses performed by each of them in connection with their evaluation of the consideration to be received by the holders of OMX Shares pursuant to the Offer. Each of Morgan Stanley and Credit Suisse also rendered an oral opinion, subsequently confirmed in writing, to the effect that, as of May 24, 2007, and based upon and subject to the matters stated in their respective opinions, the consideration to be received by the holders of OMX Shares pursuant to the Offer was fair, from a financial point of view, to such holders. At that meeting, OMX's Board of Directors unanimously approved the Transaction Agreement and the Voting Agreements and resolved to recommend that holders of OMX Shares accept the Offer.

On May 25, 2007, Nasdaq and OMX executed the Transaction Agreement and the Irrevocable Undertakings and the Voting Agreements were executed. Shortly thereafter, Nasdaq and OMX issued a joint press release announcing the Offer and the recommendation of the combination by OMX's Board of Directors and Nasdaq's Board of Directors. On June 5, 2007, OMX issued an additional press release confirming that OMX's Board of Directors unanimously recommended that OMX shareholders accept the Offer.

**Nasdaq's and OMX's Reasons for the Offer**

On May 24, 2007, Nasdaq's Board of Directors approved the Transaction Agreement, the Irrevocable Undertakings and the making of the Offer. Nasdaq's Board of Directors recommends that holders of Nasdaq Voting Securities vote **for** the Share Issuance and the Charter Amendment at the Special Meeting.

On May 24, 2007, OMX's Board of Directors approved the Transaction Agreement and the Voting Agreements and recommended that OMX shareholders accept the Offer.

In reaching these decisions, the Board of Directors of each company consulted with its management and its financial and legal advisors and considered a variety of factors, including the material factors described below. In light of the number and wide variety of factors considered in connection with its evaluation of the transaction, neither Board of Directors considered it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors that it considered in reaching its determination. Each Board of Directors viewed its position as being based on all of the information available and the factors presented to and considered by it. In addition, individual directors may have given different weight to different factors. This explanation of

## **Table of Contents**

each company's reasons for the proposed combination and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under Forward-Looking Statements.

The factors described in this section, in Recommendation of Nasdaq's Board of Directors and in Recommendation of OMX's Board of Directors were all of the material factors generally supporting each Board of Directors' decision to approve the Transaction Agreement and to make the Offer, in the case of Nasdaq's Board of Directors, or to recommend that OMX shareholders accept the Offer, in the case of OMX's Board of Directors. The factors included those set forth below, which were the factors set out in the joint press announcement of Nasdaq and OMX that was released on May 25, 2007 in connection with the announcement of the Offer.

That the combined company would create the premier global exchange company with an average daily trading volume of 7.4 million trades, representing a value of approximately \$61 billion, and with approximately 4,000 listed companies from 39 countries with an aggregate market capitalization of approximately \$5.5 trillion;

That the combined company would have many of the world's largest companies listed on its marketplaces, with a leading market share of listings in the technology, software, telecommunication and pulp and paper industries worldwide, and that issuers listing with the combined company would be associated with an innovative, future-focused global exchange company with blue-chip peers in all industry sectors and would have access to a broad base of investors and deep pools of liquidity;

That the combined company's liquidity pools, advanced speed of execution and integrated cross-border trading capabilities would provide issuers with increased visibility and access to global equity capital;

That the combined company would be the world-leading provider of exchange technology, since:

OMX has been a pioneer in creating a truly integrated cross-border stock market and also has created a world-renowned technology customer base of equity, debt and derivatives exchanges with its systems being used by over 60 marketplaces in more than 50 countries worldwide, including Hong Kong, Singapore, Australia and the U.S.; and

Nasdaq pioneered electronic trading and has continued to innovate over the last thirty years and now has the fastest, most efficient trading platform in the U.S.;

That, together, Nasdaq and OMX would provide the technology for the world's increasingly competitive and demanding capital markets;

That OMX's extensive experience and expertise in providing state-of-the-art exchange technology worldwide to a sophisticated and global customer base, matched with Nasdaq's technology excellence and global brand and advanced services and support for innovative growth companies, provides a powerful opportunity to grow and enhance the combined technology business;

That the focus of the combined company on technology leadership and the combination of Nasdaq's and OMX's expertise and brands would generate growth opportunities and additional sales of technology and related services globally;

That the combined company would provide a highly competitive derivatives market considering:

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

the Nordic Exchange is Europe's third largest marketplace for trading and clearing equity-related derivatives with an annual trading volume of approximately 140 million equity related derivatives contracts;

OMX's Nordic distribution network is extended through an international network of links to cooperating exchanges and clearinghouses; and

OMX's technology solutions are also being used by other leading derivatives exchanges around the world and would be a key asset in the combined company's opportunities to capture the high growth in derivatives trading globally;

**Table of Contents**

That the combined company would feature an enhanced data business with richer content and improved global distribution;

That the combined company would leverage the strength of each organization's distribution capabilities to broaden the customer base for Nasdaq's and OMX's existing data products and to provide enhanced data tailored with value-added services to market participants;

That through Nasdaq's distribution network of over 250 data vendors and OMX's over 100 data vendors, the combined company would be able to enhance its global market transparency;

That the market data generated by the combined company would lever its product expertise and develop innovative data products and combined indices incorporating global complementary Nasdaq and OMX stocks and derivatives;

That the combined company would have enhanced strategic opportunities, including that:

the combined company would be the partner of choice for future cooperation and consolidation opportunities with increased financial and managerial resources;

the combined company would be well positioned to drive organic growth and to continue to take a proactive role in sector consolidation in Europe, emerging markets, the Americas and Asia; and

both Nasdaq and OMX would benefit from increased geographic, product and sector diversification and each would benefit from the other's strategic holdings in the industry;

That the combined company would have significant synergy potential given that the completion of the Offer is anticipated to create substantial value for shareholders, with total pre-tax annual synergies estimated at \$150 million (of which \$100 million constitutes estimated cost synergies and \$50 million estimated revenue synergies);

That cost synergies would be realized through the rationalization of IT systems and data centers, rationalization of non-IT functions, and reduced capital and procurement expenditure;

That revenue synergies would be achieved through the creation of deeper liquidity pools, increased cross-border trading, increased international listings, packaged data products and enhanced technology sales;

That investors and members would benefit from deeper pools of liquidity and higher trading volumes, a common IT infrastructure and interface for both exchange companies, access to more products and positive portfolio diversification;

That issuers would benefit from increased visibility and direct access to the largest investor base in the world, and increased trading activity and liquidity is also expected to reduce the cost of capital for issuers;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

That technology customers would continue to benefit from the market insight the combined company derives from its direct participation in capital markets, and combined expertise would accelerate the development of the next generation of exchange technology at a time when investors and members are increasingly demanding multi-asset class trading platforms;

That data providers and vendors would receive richer content and improved global distribution and the market data would allow the combined company to leverage its product expertise and develop a range of combined indices incorporating complementary stocks and derivatives from existing indices; and

That employees of both Nasdaq and OMX would have enhanced career opportunities as employees of the combined company given the combined company's strategy to grow volume and broaden its customer base.

## **Table of Contents**

In addition to the foregoing factors, Nasdaq's Board of Directors also considered the following material factors in connection with its decision to approve the Transaction Agreement and to make the Offer:

The opinion of JPMorgan that, as of May 24, 2007, and based upon and subject to the factors and assumptions stated in its opinion, the consideration to be paid by Nasdaq in the Offer is fair, from a financial point of view, to Nasdaq, which opinion addresses the fairness of the consideration to be offered by Nasdaq in the Offer only as it relates to Nasdaq and does not address the underlying decision by Nasdaq to make the Offer or constitute a recommendation to the shareholders of Nasdaq or the shareholders of OMX with respect to the Offer, including how to vote with respect thereto (such opinion is described under "Opinion of J.P. Morgan Securities Inc. Financial Advisor to Nasdaq" beginning on page 55 and is set forth in its entirety on Annex D);

The structure of the Offer, the terms of the transaction, the dilution effects on common shareholders of Nasdaq, the Irrevocable Undertakings, the Voting Agreements, the non-solicitation provisions of the Transaction Agreement and expected capital structure of the combined company; and

The historical and current market prices of Nasdaq Common Stock and OMX Shares, which provided a baseline for Nasdaq's Board of Directors to evaluate whether the value to be paid in connection with the Offer was reasonable in light of Nasdaq's Board of Directors judgment of the potential benefits from the completion of the Offer.

In addition to the foregoing factors, OMX's Board of Directors also considered the written opinion of each of Morgan Stanley and Credit Suisse to the effect that, as of May 24, 2007 and based upon the factors and subject to the assumptions set forth in its written opinion, the consideration to be received by the holders of OMX Shares pursuant to the Offer was fair, from a financial point of view, to such shareholders and the factors described below under "Recommendation of OMX's Board of Directors."

There can be no assurance that the potential synergies or opportunities considered by either party's Board of Directors will be achieved through completion of the transaction. See the section entitled "Risk Factors" on page 21.

### **Recommendation of Nasdaq's Board of Directors**

Nasdaq's Board of Directors believes that the Offer is advisable, fair to and in the best interests of Nasdaq and holders of Nasdaq Voting Securities and recommends that holders of Nasdaq Voting Securities vote **for** the Share Issuance and the Charter Amendment.

In connection with its deliberations, Nasdaq's Board of Directors considered certain potential risks associated with the Offer and the business of Nasdaq, OMX and the combined company described in the section entitled "Risk Factors" on page 21, as well as the following additional potential risks associated with the Offer:

The risks and costs to Nasdaq if the Offer is not completed, including the potential diversion of management and employee attention, potential employee attrition and the potential effect on business and customer relationships;

The risk that holders of Nasdaq Voting Securities may fail to approve the Share Issuance or that an insufficient number of OMX shareholders would tender their OMX Shares into the Offer;

The fees and expenses associated with completing the Offer; and

The potential impact of the non-solicitation provisions of the Transaction Agreement on Nasdaq.





## **Table of Contents**

### **Recommendation of OMX's Board of Directors**

OMX's Board of Directors unanimously recommends that OMX shareholders accept the Offer. OMX issued a press announcement on June 5, 2007 that contained the recommendation of its Board of Directors with respect to the Offer. The full text of the press announcement is as follows:

#### **OMX's Board of Directors unanimously recommends the public offer from NASDAQ**

*Statement of the Board of Directors of OMX AB (publ) in relation to the public offer from The NASDAQ Stock Market, Inc.*

### **Background**

This statement is issued by the Board of Directors of OMX AB (publ) (OMX) pursuant to II.14 of the Stockholm Stock Exchange Takeover Rules.

On 25 May 2007, The NASDAQ Stock Market, Inc. (NASDAQ) announced a recommended offer to the shareholders in OMX to be effected through a cash and share tender offer by NASDAQ for all outstanding shares in OMX (the Offer). As set forth in the joint press release announcing the Offer released by OMX and NASDAQ on 25 May 2007, the Board of Directors of OMX has unanimously resolved to recommend the OMX shareholders to accept the Offer. The below full statement reflects the Board's considerations in connection with making its recommendation.

The consideration offered is equivalent to 0.502 new NASDAQ shares plus SEK 94.3 in cash for each OMX share (the Offer Consideration). Based on NASDAQ's closing price on 23 May 2007 of USD 33.19, the last full trading day prior to the announcement of the Offer, and a SEK/USD exchange rate of 6.83, the Offer values OMX at SEK 208.1 per share, equivalent to SEK 25.1 billion, and represents a premium of 19 per cent to the closing price of SEK 174.5 per OMX share on 23 May 2007, the last full trading day prior to the announcement of the Offer, and a premium of 25 per cent to the volume weighted average price of SEK 165.9 per OMX share over the 20 trading days up to and including 23 May 2007.

Investor AB, Nordea Bank AB and Magnus Böcker, Chief Executive Officer of OMX, holding in aggregate approximately 16.6 per cent of all the outstanding shares and votes in OMX, have irrevocably undertaken, subject to certain conditions, to tender all their OMX shares in the Offer.

For more details on the Offer and related issues we refer to the joint press release announcing the Offer released by OMX and NASDAQ on 25 May 2007.

At NASDAQ's request, the Board of Directors of OMX has permitted NASDAQ to perform limited due diligence prior to the announcement of the Offer, since the Board of Directors judged that a public offer from NASDAQ would be of interest for OMX shareholders to assess. Equally OMX has also performed similar limited due diligence on NASDAQ.

### **Board of Directors' recommendation**

Over the past years, OMX has improved its performance significantly, both strategically, operationally and financially, been in the forefront of industry cross border consolidation and recorded the highest profit in history in 2006. Despite the strong historical performance, OMX faces several operational and strategic challenges for growth and profitability going forward, including changing regulatory environment, intensifying competition, rapid pace of consolidation within the industry, etc. In this context, the Board of Directors of OMX has evaluated several potential strategic alternatives, including a stand-alone alternative with continued focus on developing the Nordic markets and technology business, and come to the conclusion that the proposed combination with NASDAQ is the strongest available option.

---

**Table of Contents**

The combined company, to be called The NASDAQ OMX Group, combines two highly complementary businesses, uniting NASDAQ's leading global brand and highly efficient electronic trading platform with OMX's global technology services platform and customer base, efficient Nordic Exchange and derivatives capabilities. The combination will provide significant benefits for customers, shareholders and other stakeholders in both companies. It will also strengthen the Nordic region as a financial center. The combined group's strategy will be to grow volume and broaden its customer base, combining the strengths of both companies. In this context, the proposed transaction will create enhanced career opportunities for employees of the combined group. The Board of Directors currently does not foresee any significant staff reductions as a consequence of the combination.

The NASDAQ OMX Group will be the largest global network of exchanges and exchange customers linked by technology and will be well positioned to drive organic growth and to continue to take a proactive role in the sector consolidation. The combined group will have pro forma 2006 revenues of SEK 8.3 billion (USD 1.2 billion)<sup>(1)</sup> and 2,349 employees in 22 countries.

Both OMX and NASDAQ believe the combination will create substantial value for shareholders, with total pre-tax annual synergies estimated at SEK 1 billion (USD 150 million), of which SEK approximately 670 million (USD 100 million) constitutes estimated cost synergies and SEK 330 million (USD 50 million) estimated revenue synergies. The combination is expected to be accretive to earnings per share in 2009.

Accordingly, the Board of Directors' recommendation is based on factors that the Board of Directors considers relevant for the Offer, including but not limited to the evaluation of OMX's and NASDAQ's current and estimated future development of business operations and financial results, estimated synergies, OMX's market position in the rapidly changing and consolidating exchange industry, and other strategic alternatives available to OMX. The Board's views in the aforesaid respects are further reflected in the joint press release released by OMX and NASDAQ on 25 May 2007.

OMX's Board of Directors has been advised by financial and other advisers in connection with the Offer and the Board's assessment thereof. The Board of Directors' financial advisers are Morgan Stanley, Lenner & Partners Corporate Finance AB and Credit Suisse. The Board of Directors' legal advisers are Advokatfirman Vinge KB and Cleary Gottlieb Steen & Hamilton LLP.

Based on the above the OMX Board of Directors unanimously recommends that OMX's shareholders accept the Offer<sup>(2)</sup>

This statement shall be governed by and construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of, or in connection with, this statement shall exclusively be settled by the Swedish courts.

Stockholm, 4 June 2007

Board of Directors

OMX AB (publ)

In connection with its deliberations, OMX's Board of Directors considered certain potential risks associated with the Offer and the business of Nasdaq, OMX and the combined company described in the section entitled "Risk Factors" on page 21.

- 
- 1 Subsequently it was determined that pro forma revenues for the year ended December 31, 2006 would amount to \$2.14 billion. See Unaudited Pro Forma Condensed Combined Financial Data of the Combined Company on page 170.
  - 2 OMX board members Lars Wedenborn, who is also Chief Financial Officer of Investor AB, and Markku Pohjola, who is also Deputy Group CEO and Head of Group Processing and Technology of Nordea Bank AB, participated in the Board's resolution.

---

**Table of Contents**

**Opinion of J.P. Morgan Securities Inc. Financial Advisor to Nasdaq**

Pursuant to an engagement letter dated May 23, 2007, Nasdaq retained JPMorgan as its financial advisor in connection with the Offer and to deliver a fairness opinion in connection with the Offer.

At a meeting of Nasdaq's Board of Directors on May 24, 2007, JPMorgan rendered its oral opinion to Nasdaq's Board of Directors that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid by Nasdaq in the Offer was fair, from a financial point of view, to Nasdaq. JPMorgan confirmed its oral opinion by delivering to Nasdaq's Board of Directors a written opinion dated May 24, 2007. Nasdaq's Board of Directors did not limit the investigations made or the procedures followed by JPMorgan in giving its oral or written opinion.

**The full text of the written opinion of JPMorgan, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan in connection with its opinion, is attached to this Proxy Statement/Prospectus as Annex D and is incorporated in this Proxy Statement/Prospectus by reference. Holders of Nasdaq Voting Securities should read this opinion carefully and in its entirety.**

JPMorgan provided its advisory services and opinion for the information and assistance of Nasdaq's Board of Directors in connection with its consideration of the Offer. Neither its opinion nor the related analyses constituted a recommendation of the Offer to Nasdaq's Board of Directors. The description of the JPMorgan opinion is qualified in its entirety by reference to the full text of the opinion set forth in Annex D.

JPMorgan's opinion is directed to the Board of Directors of Nasdaq and addresses only the fairness, from a financial point of view, to Nasdaq of the consideration to be paid in connection with the Offer and does not address the underlying decision by Nasdaq to make the Offer. Moreover, JPMorgan has expressed no opinion as to the price at which Nasdaq Common Stock or OMX Shares will trade at any future time. JPMorgan was not asked to, and did not, recommend the specific consideration payable in the Offer, which consideration was determined through negotiations between Nasdaq and OMX. The JPMorgan opinion is not a recommendation as to how any holder of Nasdaq Voting Securities should vote with respect to the Offer or any other matter. JPMorgan's opinion was one of many factors taken into consideration by Nasdaq's Board of Directors in making its determination to approve the Offer. Consequently, JPMorgan's analyses described below should not be viewed as determinative of the decision of Nasdaq's Board of Directors with respect to the fairness from a financial point of view of the consideration to be paid by Nasdaq in the Offer.

In arriving at its opinion, JPMorgan, among other things:

reviewed a draft dated May 23, 2007 of the Transaction Agreement;

reviewed a draft dated May 23, 2007 of the press release contemplated by the Transaction Agreement announcing the Offer;

reviewed certain publicly available business and financial information concerning OMX and Nasdaq and the industries in which they operate;

compared the proposed financial terms of the Offer with the publicly available financial terms of certain transactions involving companies that JPMorgan deemed relevant and the consideration received for such companies;

compared the financial and operating performance of OMX and Nasdaq with publicly available information concerning certain other companies that JPMorgan deemed relevant and reviewed the current and historical market prices of OMX Shares and Nasdaq Common Stock and certain publicly traded securities of such other companies;

**Table of Contents**

reviewed certain internal financial analyses and forecasts prepared by the managements of OMX and Nasdaq relating to the estimated amount and timing of the cost savings and related expense and revenue and other synergies expected to result from the Offer, which we refer to in this section as the Synergies, and compared the Synergies with publicly available information regarding cost savings and related expense and revenue and other synergies expected to be received in transactions involving companies JPMorgan deemed relevant;

reviewed with the managements of Nasdaq and OMX certain publicly available research analysts' financial forecasts and estimates of the future performance of OMX and Nasdaq and financial data extrapolated from such forecasts and estimates as directed by managements of Nasdaq and OMX; and

performed such other financial studies and analyses, and took into account such other information and matters as JPMorgan deemed appropriate for the purposes of its opinion.

JPMorgan also held discussions with certain members of the managements of OMX and Nasdaq with respect to certain aspects of the Offer, and the past and current business operations of OMX and Nasdaq, the financial condition and future prospects and operations of OMX and Nasdaq, the effects of the Offer on the financial condition and future prospects of Nasdaq and OMX, and certain other matters that JPMorgan believed necessary or appropriate to its inquiry.

JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with it by OMX and Nasdaq or otherwise reviewed by or for JPMorgan. JPMorgan did not conduct, nor was it provided with, any valuation or appraisal of any assets or liabilities, nor did it evaluate the solvency of OMX or Nasdaq under any state or federal laws relating to bankruptcy, insolvency or similar matters. In connection with its analyses, JPMorgan was directed by the managements of OMX and Nasdaq to utilize the publicly available research analysts' financial forecasts and estimates and the extrapolated financial forecasts and estimates referred to above relating to OMX and Nasdaq. In relying on such publicly available research analysts' financial forecasts and estimates and the extrapolated financial forecasts and estimates, JPMorgan was advised by the managements of OMX and Nasdaq, and JPMorgan assumed, at Nasdaq's direction, that they were a reasonable basis on which to evaluate the expected future results of operations and financial condition of OMX and Nasdaq. In relying on internal analyses and forecasts relating to the Synergies, JPMorgan assumed that the Synergies were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by OMX and Nasdaq management. JPMorgan expressed no view as to the foregoing analyses or forecasts (including the Synergies) or the assumptions on which they were based and assumed that they would be achieved at the times and in the amounts projected. JPMorgan also assumed that:

any cash consideration required to be paid to holders of OMX Shares who do not participate in the Offer would not change the mix or amount of the consideration in the Offer in any respect material to JPMorgan's analysis;

no additional stock or other equity securities of OMX would be issued after the date of JPMorgan's opinion and that the only OMX Shares that would be purchased pursuant to the Offer would be the OMX Shares outstanding as of the date of JPMorgan's opinion as specified in clause (A) of the recitals to the Transaction Agreement;

the Offer would have the tax consequences described in discussions with, and materials furnished to JPMorgan by, representatives of Nasdaq;

the transactions contemplated by the Transaction Agreement would be consummated as described in the Transaction Agreement, without any waiver of any of the conditions thereof (including those in the press release announcing the Offer); and

that the definitive Transaction Agreement and the definitive press release announcing the Offer would not differ in any material respects from the drafts thereof furnished to JPMorgan. JPMorgan relied as to all legal matters relevant to rendering its opinion upon the advice of counsel. JPMorgan further



## **Table of Contents**

assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Offer will be obtained without any adverse effect on OMX or Nasdaq or on the contemplated benefits of the Offer.

JPMorgan based its opinions on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of its opinion. Subsequent developments may affect its opinion, and JPMorgan has no obligation to update, revise or reaffirm its opinion.

In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. **The following is a summary of the material financial analyses that, JPMorgan used in providing its opinion and does not purport to be a complete description of the analyses underlying JPMorgan's opinion or the presentations made by JPMorgan to Nasdaq's Board of Directors. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by JPMorgan more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of JPMorgan's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by JPMorgan.**

### *Trading Comparables Analysis*

JPMorgan compared selected financial and market data of OMX and Nasdaq with similar data for the following companies:

#### *European Exchanges*

Deutsche Börse AG;

the LSE;

Bolsas y Mercados Españoles, Sociedad Holding De Mercados y Sistemas Financieros, S.A.;

Hellenic Exchanges S.A.;

Oslo Børs Holding ASA; and

Imarex Nos ASA.

#### *North American Exchanges*

NYSE Euronext;

The Chicago Mercantile Exchange Holdings Inc.;

NYMEX Holdings, Inc.;

CBOT Holdings, Inc.;

IntercontinentalExchange, Inc.;

TSX Group Inc.; and

International Securities Exchange Holdings, Inc.  
*Australian/Asian/African Exchanges*

ASX Limited

Hong Kong Exchanges and Clearing Limited;

Singapore Exchange Limited;

Bursa Malaysia Berhad; and

JSE Limited.



**Table of Contents**

JPMorgan calculated and compared various financial multiples and ratios based on publicly available financial data, information it obtained from filings with the S.E.C., information it obtained from Datastream, research analyst reports and I/B/E/S estimates, each as of May 21, 2007. With respect to the selected companies, JPMorgan presented:

price;

market capitalization;

firm value;

estimated 2007 and 2008 firm value to EBITDA ratio;

estimated 2007 and 2008 price to earnings ratio;

estimated 2007 and 2008 EBITDA margin;

estimated 2007 and 2008 EBITDA growth rate;

estimated 2007 and 2008 dividend yield; and

estimated 2007 and 2008 PEG ratio.

EBITDA means earnings before interest, taxes, depreciation and amortization. A PEG ratio is the ratio of a company's price to earnings ratio to the I/B/E/S consensus estimate of the annual growth rate of its earnings.

The median multiples for the price to earnings ratio relating to the trading comparables are set forth below.

**Trading Comparables Multiples**

	Measure	Median
<i>European Exchanges</i>		
2007 Estimated Price to Earnings Ratio		21.3x
2008 Estimated Price to Earnings Ratio		18.0x
<i>North American Exchanges</i>		
2007 Estimated Price to Earnings Ratio		38.5x
2008 Estimated Price to Earnings Ratio		30.3x
<i>Australian/Asian Exchanges</i>		
2007 Estimated Price to Earnings Ratio		28.0x
2008 Estimated Price to Earnings Ratio		24.8x

Based on its analysis, JPMorgan selected a reference range of 20.0x-22.0x 2007 EPS and 17.0-19.0x 2008 EPS for each of OMX and Nasdaq. These reference ranges implied a range of SEK 154.0 to SEK 169.4 and SEK 147.2 to SEK 164.5 per share for OMX Shares, respectively, based

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

on its 2007 and 2008 earnings per share. The implied range resulting from OMX's 2007 earnings per share reflects the exclusion of capital gains related to OMX's sale of its shares in Orc Software from its 2007 earnings per share. Based on Nasdaq's 2007 earnings per share and its 2007 adjusted earnings per share, the reference ranges implied a range per share for Nasdaq Common Stock of \$25.42 to \$27.97 and \$31.53 to \$34.69, respectively. Based on Nasdaq's 2008 earnings per share and its 2008 adjusted earnings per share, the reference ranges implied a range of \$29.65 to \$33.14 and \$35.36 to \$39.51, respectively. Nasdaq's adjusted earnings per share used by JPMorgan in connection with the analysis described above includes an estimate of Nasdaq's pro rata share of the LSE's earnings and an estimate of related identifiable intangible amortization expense and excludes the estimated impact of projected dividends resulting from Nasdaq's approximately 29% ownership of the LSE.

**Table of Contents****Comparable Transactions Analysis**

Using publicly available information, information it obtained from filings with the S.E.C., information it obtained from Datastream and research analyst reports, each as of May 21, 2007, JPMorgan examined the following transactions involving exchanges as a target company:

<b>Announcement Date</b>	<b>Acquiror</b>	<b>Target</b>
05/11/2007	Chicago Mercantile Exchange Holdings Inc.	CBOT Holdings, Inc.
04/30/2007	Eurex	International Securities Exchange Holdings, Inc.
03/15/2007	Intercontinental Exchange, Inc.	CBOT Holdings, Inc.
10/17/2006	Chicago Mercantile Exchange Holdings Inc.	CBOT Holdings, Inc.
09/15/2006	Intercontinental Exchange, Inc.	Board of Trade of the City of New York, Inc.
05/22/2006	NYSE Group, Inc.	Euronext N.V.
04/11/2006	Nasdaq	LSE
04/22/2005	Nasdaq	Instinet Group Incorporated
04/20/2005	NYSE Group, Inc.	Archipelago Holdings, Inc.

For each of these transactions, JPMorgan presented, among other measures, the following information:

ratio of the transaction value to the last twelve months, which we refer to as LTM EBITDA;

ratio of the transaction value to an estimate of the twelve months forward, which we refer to as NTM, EBITDA;

ratio of the equity value to LTM Earnings; and

ratio of equity value to NTM Earnings.

The median and mean multiples for certain measures relating to the comparable transactions are set forth below. The table also sets forth the reference range of multiples selected by JPMorgan based on a review of the comparable transaction multiples.

<b>Measure</b>	<b>Precedent Transaction Multiples</b>		
	<b>Mean</b>	<b>Median</b>	<b>Reference Range</b>
LTM EBITDA	22.0x	24.0x	16.0x-18.0x
NTM EBITDA	16.5x	17.8x	14.0x-16.0x
LTM Earnings	42.7x	47.4x	24.0x-27.0x
NTM Earnings	30.9x	33.5x	21.0x-23.0x

The reference range of LTM EBITDA implied a range of SEK 187.7 to SEK 211.9 per share for OMX Shares. The reference range of NTM EBITDA implied a range of SEK 179.2 to SEK 205.6 per share for OMX Shares. The reference range of LTM EPS implied a range of SEK 183.0 to SEK 205.9 per share for OMX Shares. The reference range of NTM EPS implied a range of SEK 169.8 to SEK 185.9 per share for OMX Shares.

**Discounted Cash Flow Analysis**

JPMorgan calculated ranges of implied equity value per share for both OMX Shares and Nasdaq Common Stock by performing discounted cash flow analyses for OMX and Nasdaq. For both OMX and Nasdaq, the discounted cash flow analysis assumed a valuation date of September 30, 2007. For OMX, JPMorgan also



**Table of Contents**

conducted a discounted cash flow analysis that took into account the effect of the impact of the value of the expected synergies that could be achieved by the combined company after taking into account the cost of achieving the synergies resulting in connection with the Offer.

A discounted cash flow analysis is a traditional method of evaluating a business by estimating the future cash flows of a business and taking into consideration the time value of money with respect to those future cash flows by calculating the present value of the estimated future cash flows of the business. Present value refers to the current value of one or more future cash payments, or cash flows, from a business and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions, estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Other financial terms utilized below are terminal value, which refers to the value of all future cash flows from a business beyond the end of a specific forecast period, and unlevered free cash flows, which refers to a calculation of the future cash flows of a business without including in such calculation any debt servicing costs.

In arriving at the estimated equity values per share of OMX Shares and Nasdaq Common Stock, JPMorgan applied a range of discount rates of 9.0% to 11.0% for OMX and a range of discount rates of 10.0% to 12.0% for Nasdaq to the unlevered free cash flows that OMX and Nasdaq were respectively projected to generate on an annual basis during the calendar year forecast period of 2007 through 2016. JPMorgan also calculated the terminal value as of December 31, 2016 for each of OMX and Nasdaq assuming perpetual free cash flow growth rates of 2.5% to 3.5% for both OMX and Nasdaq. JPMorgan's decision to use perpetual growth rates of 2.5% to 3.5% was based on its judgment of the long-term growth prospects of OMX, Nasdaq and the industry in which they participate as well as the long-term growth prospects of the overall economy. Based on these growth and discount rate assumptions, JPMorgan calculated the present value of the unlevered free cash flows of calendar years 2007 through 2016. JPMorgan then calculated the present value of the terminal values for OMX and Nasdaq using the discount rates specified above. For both OMX and Nasdaq, the present value of unlevered free cash flows and terminal values were added together in order to derive the unlevered enterprise values for each of OMX and Nasdaq, respectively. In arriving at the estimated equity values per share of OMX Shares and Nasdaq Common Stock, JPMorgan calculated the equity value for both OMX and Nasdaq by reducing the unlevered enterprise values of each of OMX and Nasdaq by the value of their respective indebtedness, and by adding the value of their respective cash and cash equivalents and marketable securities. The equity values for each of OMX and Nasdaq were divided by the number of fully diluted shares outstanding for each of OMX and Nasdaq, respectively, and treating the Nasdaq Voting Notes on an as converted basis. For purposes of Nasdaq's discounted cash flow analysis, the analysis excludes all earnings and dividends attributable to Nasdaq's proportional ownership of the LSE and includes the market value of such ownership.

Based on the assumptions set forth above, this analysis implied a range of SEK 159.8 to SEK 174.6 per share for OMX Shares, and a range of \$29.34 to \$34.10 per share for Nasdaq Common Stock. JPMorgan also calculated the implied value range per share of OMX Shares based on the after-tax present value of the expected synergies that could be achieved by the combined company after taking into account the cost of achieving the synergies. Assuming the achievement of such synergies, the analysis implied a range of SEK 217.5 to SEK 236.0 per share for OMX Shares.

***Relative Contribution Analysis***

JPMorgan reviewed the contribution of OMX and Nasdaq to the combined company relative to forecasted revenue, EBITDA, and net income of the combined company for the calendar years ending December 31, 2007 and December 31, 2008 as well as the market capitalization of OMX and Nasdaq as of May 21, 2007. The calendar year 2007 and 2008 forecasted revenue, EBITDA and net income for both OMX and Nasdaq were based on research analyst reports. The relative contribution analysis did not give effect to the impact of any synergies as a result of the proposed Offer and assumed OMX shareholders would receive only Nasdaq stock as consideration in connection with the Offer. JPMorgan adjusted the relative contribution percentages resulting from the estimated revenue and EBITDA for the calendar years ending December 31, 2007 and December 31,

**Table of Contents**

2008 to reflect the relative capital structures for each of OMX and Nasdaq. The relative contribution percentages resulting from such revenue and EBITDA figures were used to determine the implied pro forma ownership percentages, which we refer to as PF Ownership, of the combined company for the common shareholders of OMX and Nasdaq. The PF Ownership percentages were used to determine the implied exchange ratio of each OMX Share to Nasdaq Common Stock. Additionally, JPMorgan conducted a similar analysis based on the net income of the combined company for the calendar year ending December 31, 2007 and December 31, 2008 using equity value measures as well as the market capitalizations of OMX and Nasdaq. The following table presents the results of the relative contribution analysis:

	Percentage Implied Ownership of the Combined Company		Implied Exchange Ratio
	OMX Shareholders	Nasdaq Shareholders	
<b>Revenue</b>			
Calendar Year Ending December 31, 2007	48.4%	51.6%	1.1915x
Calendar Year Ending December 31, 2008	47.4%	52.6%	1.1443x
<b>EBITDA</b>			
Calendar Year Ending December 31, 2007	39.1%	60.9%	0.8181x
Calendar Year Ending December 31, 2008	36.8%	63.2%	0.7411x
<b>Net Income</b>			
Calendar Year Ending December 31, 2007	43.6%	56.4%	0.9816x
Calendar Year Ending December 31, 2008	36.3%	63.7%	0.7263x
<b>Market Capitalization</b>	38.1%	61.9%	0.7833x
<i>Relative Valuation Analysis</i>			

JPMorgan analyzed the consideration to be received by the holders of OMX Shares pursuant to the Offer by calculating the range of the implied exchange ratios of OMX Shares to Nasdaq Common Stock for the corresponding valuation methodology. In its analysis, JPMorgan compared the highest value per share of OMX Shares to the lowest value per share of Nasdaq Common Stock to derive the highest implied exchange ratio. JPMorgan also compared the lowest value per share of OMX Shares to the highest value per share of Nasdaq Common Stock to derive the lowest implied exchange ratio. Based on a Nasdaq share price of \$32.25, an OMX offer price of SEK 205 per share, a SEK/USD exchange rate of 6.84 to 1, and a 54%/46% nominal stock cash consideration mix, the implied exchange ratio for the Offer was 0.502x Nasdaq shares per OMX Share. The results of this analysis are as follows:

Valuation Methodology	Range of Implied Exchange Ratios
52-Week Natural Exchange Ratios	0.243x-0.467x
Public Comparables	0.351x-0.526x
Discounted Cash Flow	0.370x-0.470x
Discounted Cash Flow with Synergies	0.504x-0.635x
Contribution Analysis	0.393x-0.644x

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and therefore, is not readily susceptible to partial analysis or summary description. JPMorgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. No single factor or analysis was determinative of JPMorgan's fairness determination,

**Table of Contents**

and JPMorgan did not attribute any particular weight to any analysis or factor considered by it. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion and made its determination as to fairness based on its professional judgment and after considering the results of all of its analyses. JPMorgan based its analyses on assumptions that it deemed reasonable, including those concerning general business, economic, market and financial conditions, industry-specific factors, and other matters. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to OMX or Nasdaq, and none of the selected transactions reviewed was identical to the Offer. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of JPMorgan's analysis, may be considered similar to those of Nasdaq and OMX. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of JPMorgan's analysis, may be considered similar to the Offer. The analyses necessarily involve complex considerations and judgments concerning, with respect to the selected companies, differences in financial and operating characteristics of the comparable companies and other factors that could affect public trading values of such comparable companies and, with respect to the selected transactions, differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Nasdaq and OMX and the transactions compared to the Offer. Mathematical analysis (such as determining the median) is not by itself a meaningful method of using selected company or acquisition transaction data.

The terms of the Offer were determined through negotiations between Nasdaq and OMX and were approved by Nasdaq's Board of Directors. Although JPMorgan provided advice to Nasdaq during the course of the negotiations, the decision to enter into the Offer was solely that of Nasdaq's Board of Directors. As described above, the presentation and opinion of JPMorgan was only one of a number of factors taken into consideration by Nasdaq's Board of Directors in making its determination to approve and adopt the Offer and the transactions contemplated by the Offer.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan and its affiliates have provided, and in the future may continue to provide, for compensation, investment banking and other services to Nasdaq and its affiliates, including acting as joint lead arranger and joint bookrunner on senior secured credit facilities to finance Nasdaq's acquisition of INET ECN in 2005 and acting as joint bookrunner on the public offering of Nasdaq Common Stock in February 2006. In the ordinary course of business, JPMorgan and its affiliates may actively trade in the debt and equity securities of Nasdaq and OMX for their own accounts or for the accounts of their customers, and accordingly, may at any time hold a long or short position in such securities.

Nasdaq selected JPMorgan to advise it and deliver a fairness opinion with respect to the Offer on the basis of its experience and its familiarity with Nasdaq. Pursuant to its engagement letter with JPMorgan, Nasdaq has agreed to pay JPMorgan customary fees in connection with its services. In addition, Nasdaq has agreed to reimburse JPMorgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify JPMorgan against certain liabilities, including liabilities arising under federal securities laws.

**Table of Contents**

**Opinions of Morgan Stanley & Co. Limited and Credit Suisse Securities (Europe) Limited Financial Advisors to OMX**

OMX's Board of Directors retained Morgan Stanley and Credit Suisse to provide financial advisory services in connection with the transactions contemplated by the Transaction Agreement, including the Offer. The terms and conditions of the Offer are more fully set out in the Transaction Agreement.

At a meeting of OMX's Board of Directors on May 24, 2007, Morgan Stanley and Credit Suisse each rendered its oral opinion, subsequently confirmed in writing, to the effect that, as of May 24, 2007 and based upon and subject to the assumptions and limitations set forth in their opinions, the consideration to be received by the holders of OMX Shares pursuant to the Offer was fair, from a financial point of view, to such holders.

The full text of the written opinions of Morgan Stanley and Credit Suisse, each dated as of May 24, 2007, are attached to this document as Annex E and Annex F, respectively. The opinions set forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley and Credit Suisse in rendering their opinions. We encourage you to read the entire opinions carefully. Morgan Stanley's and Credit Suisse's opinions are directed to OMX's Board of Directors and address only the fairness, from a financial point of view, of the consideration to be received by the holders of OMX Shares pursuant to the Offer as of the date of the opinions. They do not address any other aspects of the Offer and do not constitute a recommendation as to whether such shareholder should tender OMX Shares in the Offer, or any election such shareholder should make in connection with the Mix and Match Facility or any other action that a shareholder should take relating to the Offer. The summaries of the opinions of Morgan Stanley and Credit Suisse set forth in this document are qualified in their entirety by reference to the full texts of the opinions.

***Opinion of Morgan Stanley***

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of OMX and Nasdaq, respectively;

reviewed certain internal financial statements and other financial and operating data concerning OMX and Nasdaq, respectively;

reviewed certain publicly available financial projections of OMX and Nasdaq, respectively;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the transaction, prepared by the managements of OMX and Nasdaq, respectively;

discussed the past and current operations and financial condition and the prospects of OMX, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of OMX;

discussed the past and current operations and financial condition and the prospects of Nasdaq, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of Nasdaq;

reviewed the pro forma impact of the transaction on Nasdaq's earnings per share, cash flow, consolidated capitalization and financial ratios;



## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

reviewed the reported prices and trading activity for OMX Shares and existing Nasdaq Common Stock;

compared the financial performance of OMX and Nasdaq and the prices and trading activity of OMX Shares and existing Nasdaq Common Stock with that of certain other publicly-traded companies comparable with OMX and Nasdaq, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

**Table of Contents**

participated in certain discussions and negotiations among representatives of OMX and Nasdaq and their financial and legal advisors;

reviewed the Transaction Agreement, the Joint Press Release and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to them by OMX and Nasdaq for the purposes of its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of OMX and Nasdaq. In addition, Morgan Stanley assumed that the Offer would be consummated in accordance with the terms set forth in the Transaction Agreement without any waiver, amendment or delay of any terms or conditions. In particular Morgan Stanley relied upon, without independent verification, the assessment by the managements of OMX and Nasdaq of:

the strategic, financial and other benefits expected to result from the transaction;

the timing and risks associated with the integration of OMX and Nasdaq;

their ability to retain key employees of OMX and Nasdaq, respectively; and

the validity of, and risks associated with, OMX and Nasdaq's existing and future technologies, intellectual property, products, services and business models.

Morgan Stanley are not legal, tax, or regulatory advisors. Morgan Stanley are financial advisors only and have relied upon, without independent verification, the assessment of Nasdaq and OMX and their legal, tax, or regulatory advisors with respect to legal, tax, or regulatory matters. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of OMX, nor were they furnished with any such appraisals. Morgan Stanley are not legal experts, and for purposes of their analysis did not make any assessment of the status of any outstanding litigation involving Nasdaq or OMX and excluded the effects of any such litigation in their analysis. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to them as of, the date of their opinion. Events occurring after the date of the opinion, may affect its opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. Furthermore, Morgan Stanley's opinion did not address the relative merits of the transaction as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or were available. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Offer, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Offer.

OMX's Board of Directors selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation and its knowledge of the business and affairs of OMX. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of its trading, brokerage, investment management and financing activities, Morgan Stanley or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of Nasdaq, OMX or any other company or any currency or commodity that may be involved in this transaction.

**Table of Contents**

In connection with the financial advisory services provided to OMX relating to the Offer, OMX has agreed to pay Morgan Stanley customary fees in connection with its services. OMX has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services and to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under federal securities laws, related to or arising out of Morgan Stanley's engagement and any related transactions. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for Nasdaq and have received fees in connection with such services. Morgan Stanley may also seek to provide such services to Nasdaq and OMX in the future and will receive fees for the rendering of these services.

***Opinion of Credit Suisse***

In arriving at its opinion, Credit Suisse reviewed a draft, dated May 20, 2007, of the Transaction Agreement and certain publicly available business and financial information relating to OMX and Nasdaq. Credit Suisse also reviewed certain other information relating to OMX and Nasdaq provided to or discussed with Credit Suisse by OMX and Nasdaq, including publicly available sellside analysts' consensus forecasts relating to OMX and Nasdaq, and met with OMX's and Nasdaq's managements to discuss OMX's and Nasdaq's business and prospects. At OMX's direction, financial forecasts for OMX and Nasdaq for calendar years 2010 through 2012, which we refer to as the Forecasts, were extrapolated from publicly available sellside analysts' consensus forecasts for calendar years 2007, 2008 and 2009 using assumptions and other guidance provided to or discussed with Credit Suisse by OMX's and Nasdaq's managements. Credit Suisse also considered certain financial and stock market data of OMX and Nasdaq, and compared that data with similar data for other publicly held companies in businesses Credit Suisse deemed similar to that of OMX and Nasdaq. Credit Suisse also considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions recently effected or announced. Credit Suisse also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

In connection with its review, Credit Suisse did not assume any responsibility for independent verification of any of the foregoing information and relied on such information being complete and accurate in all material respects. With respect to the publicly available financial forecasts for OMX and Nasdaq that Credit Suisse reviewed, including the Forecasts, Credit Suisse assumed, with OMX's consent, that such forecasts represented reasonable estimates as to the future financial performance of OMX and Nasdaq. With respect to certain estimates of strategic benefits and potential cost savings and other synergies anticipated by the managements of OMX and Nasdaq to result from the Offer, Credit Suisse assumed that such estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of OMX's and Nasdaq's managements and that such benefits and synergies will be realized in the amounts and at the times indicated. In addition, Credit Suisse relied upon, with OMX's consent and without independent verification, the assessments of OMX's and Nasdaq's managements as to:

their ability to retain key employees of OMX and Nasdaq;

their ability to integrate the business of OMX with Nasdaq; and

the existing technology, products and services of OMX and Nasdaq and the validity of, and risks associated with, the future technology, products and services of OMX and Nasdaq.

Credit Suisse also assumed, with OMX's consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Offer, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on OMX, Nasdaq or the Offer, and that the Offer would be consummated in accordance with the terms of the Transaction Agreement reviewed by Credit Suisse without waiver, modification or amendment of any material term, condition or agreement. Representatives of OMX advised Credit Suisse, and Credit Suisse further assumed, that the executed Transaction Agreement would conform to the draft reviewed by Credit Suisse in all respects material to its analysis.

## Table of Contents

Credit Suisse was not requested to, and did not, make an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of OMX or Nasdaq, and Credit Suisse was not furnished with any such evaluations or appraisals. Credit Suisse's opinion addressed only the fairness, from a financial point of view and as of the date of its opinion, of the consideration to be received by the holders of OMX Shares pursuant to the Offer, and did not address any other aspect or implication of the Offer or any other agreement, arrangement or understanding entered into in connection with the Offer or otherwise, including any agreement, arrangement or understanding that any holder of OMX Shares may enter into with Nasdaq or any of its affiliates. Credit Suisse was not requested to, and did not, solicit third party indications of interest in acquiring all or any part of OMX, nor was it requested to, and it did not, participate in the negotiation or structuring of the Offer. Credit Suisse's opinion was necessarily based upon information made available to it as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on the date of its opinion. Credit Suisse did not express any opinion as to what the actual value of Nasdaq Common Stock will be when issued to the holders of OMX Shares pursuant to the Offer or the prices at which Nasdaq Common Stock will trade at any time. Credit Suisse's opinion did not address the relative merits of the Offer as compared to alternative transactions or strategies that might be available to OMX, nor did it address the underlying business decision of OMX to proceed with the Offer. Except as described above, OMX imposed no other limitations on Credit Suisse with respect to the investigations made or procedures followed in rendering its opinion.

OMX selected Credit Suisse based on Credit Suisse's qualifications, experience, reputation and familiarity with OMX. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

OMX has agreed to pay Credit Suisse customary fees in connection with its services. In addition, OMX has agreed to reimburse Credit Suisse for its reasonable expenses, including reasonable fees and expenses of legal counsel, and to indemnify Credit Suisse and related parties against certain liabilities and other items, including liabilities under the federal securities laws, arising out of its engagement.

From time to time, Credit Suisse and its affiliates in the past have provided, currently are providing and in the future may provide investment banking and other financial services to OMX and Nasdaq, for which services Credit Suisse and its affiliates have received, and may receive, compensation. Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for its and its affiliates' own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of OMX, Nasdaq and any other entities that may be involved in the Offer, as well as provide investment banking and other financial services to such companies.

### *Summary of Financial Analyses of Morgan Stanley and Credit Suisse*

The following is a summary of the material financial analyses performed by Morgan Stanley and Credit Suisse in connection with their opinions, each dated May 24, 2007. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Morgan Stanley's and Credit Suisse's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses.**

## **Table of Contents**

### *52-week Common Stock Trading Range for OMX and Nasdaq*

Morgan Stanley and Credit Suisse analyzed the historical closing prices for OMX Shares for the period from May 24, 2006 to May 23, 2007. During that time, the lowest closing price for OMX Shares was SEK 104.00 per share, the highest closing price was SEK 188.50 per share and the average closing price was SEK 132.87 per share. Morgan Stanley and Credit Suisse also noted that the implied purchase price of OMX Shares, based on the closing price of Nasdaq Common Stock of \$33.19 per share on May 23, 2007, was SEK 208.1 per share.

Morgan Stanley and Credit Suisse also analyzed the historical closing prices for Nasdaq Common Stock for the period from May 24, 2006 to May 23, 2007. During that time, the lowest closing price for Nasdaq Common Stock was \$23.91 per share, the highest closing price was \$42.37 and the average closing price was \$31.47 per share.

### *Analyst Price Targets*

Morgan Stanley and Credit Suisse reviewed and analyzed future public market trading price targets for OMX Shares and Nasdaq Common Stock prepared and published by equity research analysts, for the period from February 1, 2007 to May 22, 2007. These targets reflect each analyst's estimate of the future public market trading price of OMX Shares and Nasdaq Common Stock, respectively. Based on these reports, the analyst price targets for OMX ranged from SEK 120.00 to SEK 190.00 per share, and the average of the analyst price targets for OMX was SEK 167.44 per share. The analyst price targets for Nasdaq ranged from \$30.00 to \$45.00, and the average of the analyst price targets for Nasdaq was \$37.14 per share. Morgan Stanley and Credit Suisse further noted that adding a 20-30% change of control premium to the average of the analyst price targets for OMX yielded a price target range of SEK 199.20 to 215.80 per share.

The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for OMX Shares and Nasdaq Common Stock and these estimates are subject to uncertainties, including the future financial performances of OMX and Nasdaq and future financial market conditions.

### *Comparable Companies Analysis*

Morgan Stanley and Credit Suisse compared certain financial information of OMX and Nasdaq with publicly available consensus earnings estimates for other companies that shared similar business characteristics to OMX and Nasdaq. The companies used in this comparison included the following companies:

Deutsche Börse AG;

the LSE;

Bolsas y Mercados Espanoles, Sociedad Holding De Mercados y Sistemas Financieros, S.A.;

Hellenic Exchanges S.A.;

NYSE Euronext;

Chicago Mercantile Exchange Holdings Inc.;

NYMEX Holdings Inc.;

CBOT Holdings Inc.;

IntercontinentalExchange Inc.;

TSX Group Inc.; and

International Securities Exchange Holdings, Inc.

**Table of Contents**

For purposes of this analysis, Morgan Stanley and Credit Suisse analyzed the following statistics of each of these companies for comparison purposes:

the ratio of price to estimated earnings for calendar year 2007; and

the ratio of price to estimated earnings for calendar year 2008.

Based on the resulting ratios, also referred to as the price to earnings multiples, derived from the comparable companies, Morgan Stanley and Credit Suisse derived a selected range of price to earnings multiples of the comparable companies and then applied this range of multiples to the relevant OMX or Nasdaq financial statistic. Estimated calendar years 2007 and 2008 earnings for the comparable companies, OMX and Nasdaq were based on publicly available equity research estimates. The following table summarizes the results of this analysis for OMX and Nasdaq's outstanding shares and options as of May 18, 2007:

Calendar Year Financial	Financial		Implied Per Share Equity Reference Range	
	Statistic (in millions)	Comparable Company Price to Earnings Multiple		
<b>OMX</b>				
Price to Estimated 2007 Earnings	SEK 939	19.0x 22.5x	SEK 147.89	SEK 175.05
Price to Estimated 2008 Earnings	SEK 1,036	17.5x 20.0x	SEK 150.28	SEK 171.80
<b>Nasdaq</b>				
Price to Estimated 2007 Earnings	\$239	19.0x 25.0x	\$29.52	\$38.84
Price to Estimated 2008 Earnings	\$316	15.0x 20.0x	\$30.87	\$41.15

No company utilized in the comparable company analysis is identical to OMX or Nasdaq. In evaluating comparable companies, Morgan Stanley and Credit Suisse made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of OMX or Nasdaq, such as the impact of competition on the businesses of OMX or Nasdaq and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of OMX or Nasdaq or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

*Precedent Transactions Analysis*

Morgan Stanley and Credit Suisse also analyzed the ratio of equity value, defined as market capitalization, to estimated next twelve month net income of 19 selected transactions in the exchange sector since 1997 and derived a selected range of price to net income multiples of the selected transactions. Morgan Stanley and Credit Suisse then applied this range of multiples to the relevant OMX financial statistic. Estimated net income for the target companies in the selected transactions and OMX were based on publicly available equity research estimates. The following table summarizes the results of this analysis:

Precedent Transaction Financial Statistics	OMX Financial Statistic	Precedent Transactions		Implied Per Share	
	(in millions)	Price to Net Income Multiple		Equity Reference Range	
Equity Value to Estimated Next Twelve Months Net Income	SEK 939	20.0x	25.0x	SEK 155.60	SEK 194.50

No company or transaction utilized in the precedent transaction analyses is identical to OMX or the Offer. In evaluating the precedent transactions, Morgan Stanley and Credit Suisse made judgments and assumptions with regard to general business, market and financial conditions and other matters, which are beyond the control of OMX and Nasdaq, such as the impact of competition on the business of OMX or the industry generally, industry growth and the absence of any adverse material change in the financial condition of OMX or the industry or in

the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared.



**Table of Contents***Discounted Cash Flow Analysis*

Morgan Stanley and Credit Suisse performed a discounted cash flow analysis for each of OMX and Nasdaq in order to derive implied per share equity reference ranges for OMX and Nasdaq. The financial information used in this analysis was based on a consensus of financial projections by equity research analysts covering OMX and Nasdaq, respectively. In each case, Morgan Stanley and Credit Suisse calculated the present value of the unlevered free cash flows for the period beginning March 31, 2007 and ending on December 31, 2012. Morgan Stanley and Credit Suisse then added to this amount the present value of a terminal value, which was calculated by dividing (x) the applicable company's projected free cash flow for 2012 by (y) the balance of estimated weighted average cost of capital, referred to as WACC, minus a perpetual growth rate. Morgan Stanley and Credit Suisse calculated terminal values for OMX by utilizing a WACC of 9.0% to 10.0% and a perpetual growth rate range of 2.5% to 3.5% and calculated terminal values for Nasdaq by utilizing a WACC of 10.0% to 11.0% and perpetual growth rate ranges of 2.5% to 3.5%. For purposes of this analysis, Morgan Stanley and Credit Suisse assumed a 25% tax rate for OMX and a 40% tax rate for Nasdaq. The following tables summarize the results of this analysis:

	<b>Discounted Cash Flow Analysis</b>	<b>Implied Per Share Equity Reference Range</b>	
OMX		SEK 120.53	SEK 162.13

Morgan Stanley and Credit Suisse further noted that giving effect to 50% of the capitalized value of revenue and cost synergies as estimated by Nasdaq's management resulted in an implied per share equity reference range for OMX of SEK 146.27 to SEK 187.87 per share.

	<b>Discounted Cash Flow Analysis</b>	<b>Implied Per Share Equity Reference Range</b>	
Nasdaq		\$26.35	\$32.56

In connection with the rendering of their opinions to OMX's Board of Directors, Morgan Stanley and Credit Suisse performed a variety of financial and comparative analyses. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at their opinions, Morgan Stanley and Credit Suisse made qualitative judgments as to the significance and relevance of each analysis and factor that they considered, and they considered the results of all of their analyses as a whole and did not attribute any particular weight to any analysis or factor considered. Accordingly, Morgan Stanley and Credit Suisse believe that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of these analyses, without considering all of them as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley and Credit Suisse may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis or combination of analyses described above should therefore not be taken to be Morgan Stanley's or Credit Suisse's view of the actual value of OMX and Nasdaq.

In performing their analyses, Morgan Stanley and Credit Suisse made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of OMX and Nasdaq. Any estimates contained in Morgan Stanley's and Credit Suisse's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by these estimates.

The analyses described above were prepared solely as a part of Morgan Stanley's and Credit Suisse's analyses of the fairness, from a financial point of view, of the consideration to be received by the holders of OMX Shares pursuant to the Offer, and in connection with the delivery by Morgan Stanley and Credit Suisse of their opinions, each dated May 24, 2007, to OMX's Board of Directors.

In addition, Morgan Stanley's and Credit Suisse's opinions did not in any manner address the prices at which Nasdaq Common Stock would trade following consummation of the Offer, and neither Morgan Stanley

---

## **Table of Contents**

nor Credit Suisse expressed an opinion or recommendation as to whether holders of OMX Shares should tender their OMX Shares in the Offer, or any election such shareholders should make in connection with the Mix and Match Facility, or any other action that such shareholders should take relating to the Offer.

The consideration offered to holders of OMX Shares in the Offer was determined through arm's-length negotiations between OMX and Nasdaq, and OMX's Board of Directors authorized OMX's entry into the Offer. Morgan Stanley and Credit Suisse did not recommend any consideration to OMX or that any given level of consideration constituted the only appropriate consideration for the Offer.

In addition, Morgan Stanley's and Credit Suisse's opinions and their joint presentation to OMX's Board of Directors was one of many factors taken into consideration by OMX's Board of Directors in deciding to recommend the Offer. Consequently, the analyses as described above should not be viewed as determinative of the decision of OMX's Board of Directors with respect to the Offer or of whether OMX's Board of Directors would have been willing to agree to different consideration in the Offer.

### **Interests of Certain Persons in the Offer**

In considering the approval by OMX's Board of Directors of the Transaction Agreement and the Voting Agreements and its recommendation that OMX shareholders accept the Offer, OMX shareholders should be aware that members of OMX's Board of Directors and OMX's executive management have relationships, agreements or arrangements that provide them with interests in the Offer that may be in addition to or different from those of the OMX shareholders. OMX's Board of Directors was aware of these relationships, agreements and arrangements during its deliberations on the merits of the Offer.

*Nasdaq OMX Directors.* Pursuant to the terms of the Transaction Agreement, the combined company's board of directors will include five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to completion of the Offer. The Deputy Chairman of the combined company's board of directors will for the two years following the completion of the Offer be one of the five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to the completion of the Offer. As of the completion of the Offer, OMX may elect to have one-third of the members of each committee of the combined company's board of directors be selected from the directors selected from (or proposed for nomination by) OMX's Board of Directors, subject to applicable law, regulation or stock exchange listing standard. As of the completion of the Offer, three individuals nominated by OMX will become members of the Nominating Committee of the combined company. For further information, see the section entitled "The Offer - Principal Agreements - Transaction Agreement" on page 82.

*Nasdaq OMX Management.* Pursuant to the Transaction Agreement, Nasdaq agreed that, following completion of the Offer, OMX's Chief Executive Officer (currently Magnus Böcker) will serve as President of the combined company.

*OMX Equity Compensation Awards.* In connection with the Offer, all equity compensation awards based on OMX Shares will vest as set forth in the Transaction Agreement and will be exercisable immediately prior to the completion of the Offer. For further information, see the section entitled "Information about OMX - Potential Payments on Termination of Employment or Change in Control - Change in Control Payments" on page 138.

Based on holdings as of August 7, 2007, the value of the outstanding restricted shares held by OMX's named executive officers that will so vest is anticipated, based upon the consideration set forth in the Transaction Agreement, to be as follows: Magnus Böcker, \$1,500,825; Kristina Schauman, \$364,994; Markus Gardien, \$268,633; Jukka Ruuska, \$576,691; and Hans-Ole Jochumsen, \$381,660. The estimated aggregate value for all executive officers and directors of such shares is \$3,092,803.

None of OMX's named executive officers holds outstanding unvested options as of August 7, 2007. However, Mr. Böcker holds unexercised, fully vested options to purchase 76,000 shares of OMX common stock that will be cashed out in accordance with the Transaction Agreement. The estimated value of such options is \$373,399, based on the exchange rate in effect on August 6, 2007, equal to SEK/USD 6.7167.

---

## **Table of Contents**

In addition, certain executives would become entitled to severance payments if they are terminated in connection with the Offer. Upon such termination, Mr. Böcker would be entitled to receive approximately \$364,980, and Mr. Ruuska would be entitled to receive approximately \$249,461.

*OMX Shares.* As of June 30, 2007, OMX's executive officers and directors owned an aggregate of 203,346 OMX Shares, all of which are subject to the Offer. Of this amount, Magnus Böcker owned 140,822 OMX Shares. Mr. Böcker has agreed, pursuant to the Irrevocable Undertaking he executed in favor of Nasdaq, to accept the Offer and tender all of his shares in the Offer immediately prior to, but conditioned upon, the Offer being declared unconditional and to elect to receive shares of Nasdaq Common Stock in the Offer if the Offer includes a mix and match facility such as the Mix and Match Facility. For further information, see the section entitled "The Offer - Principal Agreements - Irrevocable Undertakings" on page 84.

*Indemnification and Insurance.* The Transaction Agreement provides that, upon completion of the Offer, the combined company will, to the fullest extent permitted by law, indemnify and hold harmless, and provide advancement of expenses to, all current directors and senior officers of OMX in each case for acts or omissions occurring at or prior to the completion of the Offer in connection with the approval of the Transaction Agreement and the consummation of the transactions contemplated thereby (but in no case for acts or omissions resulting from gross negligence or willful misconduct).

The Transaction Agreement also provides that the combined company will maintain for a period of six years after completion of the Offer the current directors' and officers' liability insurance policies maintained by OMX, or policies with the same coverage and containing terms and conditions that are not materially less advantageous in the aggregate than the current policies, in each case with respect to matters arising on or before the completion of the Offer, although the combined company will not be required to make annual premium payments in excess of 200% of the annual premiums currently paid by OMX for directors' and officers' liability insurance. The combined company may elect to purchase a six-year tail prepaid policy on the same terms and conditions and subject to the same annual premium expenditure limitation.

*OMX Directors.* Lars Wedenborn, a member of OMX's Board of Directors, is also Chief Financial Officer of Investor AB, and Markku Pohjola, a member of OMX's Board of Directors, is also Head of Group Processing and Technology of Nordea Bank AB. Both Investor AB and Nordea Bank AB are parties to the Irrevocable Undertakings.

## **Material U.S. Federal Income Tax Considerations**

The following is a general discussion of certain U.S. federal income and estate tax consequences of the Offer. This discussion is based upon the provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code, the Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as of the date hereof, all of which are subject to change, possibly with retroactive effect. This discussion is limited to OMX shareholders that hold their shares as capital assets for U.S. federal income tax purposes. Furthermore, this discussion does not address all aspects of U.S. federal income and estate taxation that may be applicable to investors in light of their particular circumstances, or to investors subject to special treatment under U.S. federal income or estate tax law, such as banks, financial institutions, insurance companies, tax-exempt organizations, entities that are treated as partnerships for U.S. federal tax purposes, dealers in securities or currencies, expatriates, persons deemed to sell their OMX Shares under the constructive sale provisions of the Internal Revenue Code, persons who are subject to alternative minimum tax, persons who acquired their OMX Shares upon the exercise of stock options or otherwise as compensation and persons that hold their OMX Shares as part of a straddle, hedge, conversion transaction or other integrated investment. Furthermore, this discussion does not address any U.S. federal gift tax consequences or any state, local or foreign tax consequences. Prospective investors should consult their tax advisors regarding the U.S. federal, state, local and foreign income, estate and other tax consequences of the Offer.

## **Table of Contents**

For purposes of this summary, the term **U.S. holder** means a beneficial owner of OMX Shares that is, for U.S. federal income and estate tax purposes:

a citizen or resident of the United States;

a corporation or other entity subject to tax as a corporation for such purposes that is created or organized under the laws of the United States or any political subdivision thereof;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (B) that has made a valid election to be treated as a U.S. person for such purposes.

For purposes of this summary, the term **non-U.S. holder** means a beneficial owner (other than a partnership) of OMX Shares that is not a U.S. holder. If a partnership (including any entity or arrangement treated as a partnership for such purposes) owns OMX Shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that owns OMX Shares should consult their tax advisors as to the particular U.S. federal income and estate tax consequences applicable to them.

### ***Tax Consequences to U.S. Holders***

#### ***Consequences of the Offer***

The receipt of cash and shares of Nasdaq Common Stock, if any, in exchange for OMX Shares pursuant to the Offer will be a taxable transaction for United States federal income tax purposes. In general, a U.S. holder who receives cash and shares of Nasdaq Common Stock in exchange for OMX Shares pursuant to the Offer will recognize capital gain or loss for United States federal income tax purposes equal to the difference, if any, between:

the amount realized by such U.S. holder as described in the succeeding sentence; and

such U.S. holder's adjusted tax basis in the shares of OMX exchanged therefor.

The amount realized generally will be the sum of:

the fair market value of the shares of Nasdaq Common Stock received pursuant to the Offer; and

the US dollar value of the Swedish Kronor received pursuant to the Offer.

For this purpose the fair market value of the shares will be determined on the settlement date of the Offer, in the case of a cash basis U.S. holder, and the date of sale, in the case of an accrual basis U.S. holder. An accrual basis U.S. holder, if it elects, may determine the US dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the Offer. If an accrual basis U.S. holder does not make such an election, such accrual basis U.S. holder may have foreign currency exchange gain or loss because of differences between the US dollars/Swedish Kronors exchange rates prevailing on the date of sale and on the settlement date. Any such currency gain or loss would be treated as ordinary income or loss and would be in addition to gain or loss realized by the U.S. holder on the disposition of OMX Shares. Gain or loss must be calculated separately for each block of OMX Shares (i.e. shares acquired at the same cost in a single transaction) exchanged for cash and shares of Nasdaq Common Stock in the exchange. Except with respect to foreign currency gain or loss, any such gain or

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

loss generally would be long-term capital gain or loss if the holding period for the OMX Shares exceeded one year. Long-term capital gains of noncorporate taxpayers are generally taxable at reduced rates. The deductibility of capital losses is subject to limitations.

## **Table of Contents**

### *Backup Withholding*

Backup withholding may apply to payments made in connection with the Offer. Backup withholding will not apply, however, to a U.S. holder who (1) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute form W-9 or successor form, or (2) is otherwise exempt from backup withholding. Backup withholding is not an additional tax. Any amounts that are withheld under the backup withholding rules from a payment to a U.S. holder will be refunded or credited against the holder's U.S. federal income tax liability, if any, provided that certain required information is furnished to the Internal Revenue Service.

### *Tax Consequences to Non-U.S. Holders*

#### *Consequences of the Offer*

A non-U.S. holder generally will not be taxed upon the completion of the Offer unless:

the non-U.S. holder is an individual who holds OMX Shares as a capital asset, is present in the United States for 183 days or more during the taxable year of the disposition and meets certain other conditions; or

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if certain income tax treaties apply, is attributable to a non-U.S. holder's permanent establishment in the United States.

Individual non-U.S. holders who are subject to U.S. federal income tax because the holders were present in the United States for 183 days or more during the year of the Offer are taxed on their gains (including the gain from the disposition of the OMX Shares and net of applicable U.S. losses from sales or exchanges of other capital assets recognized during the year) at a flat rate of 30% or such lower rate as may be specified by an applicable income tax treaty. Other non-U.S. holders subject to U.S. federal income tax with respect to gain recognized in connection with the Offer generally will be taxed on any such gain on a net income basis at applicable graduated U.S. federal income tax rates and, in the case of foreign corporations, may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

#### *Consequences of Ownership of Shares of Nasdaq Common Stock Dividends*

Dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the manner of claiming the benefits of such treaty. A non-U.S. holder that is eligible for a reduced rate of withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service. Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States and, if certain income tax treaties apply, that are attributable to a non-U.S. holder's permanent establishment in the United States are not subject to the withholding tax described above but instead are subject to U.S. federal income tax on a net income basis at applicable graduated U.S. federal income tax rates. A non-U.S. holder must satisfy certain certification requirements for its effectively connected dividends to be exempt from the withholding tax described above. Dividends received by a foreign corporation that are effectively connected with its conduct of a trade or business in the United States may be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

---

**Table of Contents**

*Consequences of Ownership of Shares of Nasdaq Common Stock Gain on Disposition of Shares of Nasdaq Common Stock*

A non-U.S. holder generally will not be taxed on gain recognized on a disposition of shares of Nasdaq Common Stock unless:

the non-U.S. holder is an individual who holds shares of Nasdaq Common Stock as a capital asset, is present in the United States for 183 days or more during the taxable year of the disposition and meets certain other conditions;

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if certain income tax treaties apply, is attributable to a non-U.S. holder's permanent establishment in the United States; or

Nasdaq is or has been a United States real property holding corporation for U.S. federal income tax purposes at any time within the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. holder held shares of Nasdaq Common Stock. Nasdaq does not believe that it has been, currently is, or will become, a United States real property holding corporation. If Nasdaq were or were to become a United States real property holding corporation at any time during the applicable period, however, any gain recognized on a disposition of shares of Nasdaq Common Stock by a non-U.S. holder that did not own (directly, indirectly or constructively) more than 5% of the outstanding shares of Nasdaq Common Stock during the applicable period would not be subject to U.S. federal income tax, provided that such shares of Nasdaq Common Stock are regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Internal Revenue Code).

Individual non-U.S. holders who are subject to U.S. federal income tax because the holders were present in the United States for 183 days or more during the year of disposition are taxed on their gains (including gains from the sale of shares of Nasdaq Common Stock and net of applicable U.S. losses from sales or exchanges of other capital assets recognized during the year) at a flat rate of 30% or such lower rate as may be specified by an applicable income tax treaty. Other non-U.S. holders subject to U.S. federal income tax with respect to gain recognized on the disposition of shares of Nasdaq Common Stock generally will be taxed on any such gain on a net income basis at applicable graduated U.S. federal income tax rates and, in the case of foreign corporations, the branch profits tax discussed above also may apply.

*Federal Estate Tax*

Shares of Nasdaq Common Stock that are owned or are treated as owned by an individual who is a non-U.S. holder at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, and, therefore, U.S. federal estate tax may be imposed with respect to the value of such stock, unless an applicable estate tax or other treaty provides otherwise.

*Information Reporting and Backup Withholding*

In general, backup withholding will apply to dividends on shares of Nasdaq Common Stock paid to a non-U.S. holder, unless the holder has provided the required certification that it is a non-U.S. holder and the payor does not have actual knowledge (or reason to know) that the holder is a U.S. person. Generally, information will be reported to the Internal Revenue Service regarding the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. These information reporting requirements apply even if no tax was required to be withheld. A similar report is sent to the recipient of the dividend.

In general, backup withholding and information reporting will apply to the payment of proceeds from the disposition of shares of Nasdaq Common Stock by a non-U.S. holder through a U.S. office of a broker or through the non-U.S. office of a broker that is a U.S. person or has certain enumerated connections with the United States, unless the holder has provided the required certification that it is a non-U.S. holder and the payor does not have actual knowledge (or reason to know) that the holder is a U.S. person.

## **Table of Contents**

Backup withholding is not an additional tax. Any amounts that are withheld under the backup withholding rules from a payment to a non-U.S. holder will be refunded or credited against the holder's U.S. federal income tax liability, if any, provided that certain required information is furnished to the Internal Revenue Service. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

### **Material Swedish Tax Considerations**

The following is a summary of certain Swedish tax consequences related to the Offer for OMX shareholders that are residents of Sweden for tax purposes, unless otherwise stated. The summary below is not intended to be exhaustive and does not cover cases where OMX Shares or Nasdaq Common Stock are held as current assets in business operations or by a partnership. For certain categories of taxpayers (for instance, investment companies, mutual funds and non-resident persons), special tax rules may be applicable.

The tax consequences for each shareholder depend partly on the shareholder's specific situation. Each shareholder should therefore consult a tax advisor concerning the tax consequences that the Offer may have in his or her case, including the applicability and effect of non-Swedish tax regulations, provisions of tax treaties and any other rules.

### ***Disposal of Shares***

#### ***General Information***

For shareholders of OMX who accept the Offer, a taxable capital gain or a deductible capital loss generally will arise. Exceptions apply to individuals (and estates of deceased) who sell their OMX Shares in exchange for shares of Nasdaq Common Stock and limited liability companies which elect deferral of taxation. See further below concerning **Individuals Roll-over Relief** and **Limited Liability Companies Deferred Capital Gains Taxation**.

A capital gain or a capital loss will be calculated as the difference between the sales price (minus sales expenses) and the tax base (acquisition value) of the shares disposed of. Under the share exchange alternative according to the Offer, the sale price is the fair market value of the shares of Nasdaq Common Stock received at the time of the disposal.

Nasdaq intends to apply to the Swedish Tax Agency for a general advisory in order to have the sale price and acquisition cost ascertained. Information regarding the Tax Agency's general advisory will be provided by advertisement in the Swedish daily press, the Tax Agency's website ([www.skatteverket.se](http://www.skatteverket.se)) and/or in any other way that Nasdaq deems suitable.

The tax base is calculated according to the average method, which means that the acquisition value per share is regarded as being the tax base value for all shares of the same class and type, adjusted for changes in the holding that have occurred. Since the OMX Shares are listed, the acquisition value may, as an alternative, be determined as 20% of the net sales proceeds in accordance with the so-called standard method.

The time for the disposal occurs when a legally binding agreement exists between the parties.

#### ***Individuals and Estate of Deceased***

For individuals (and Swedish estates of deceased), capital gains are taxed as capital income at a rate of 30%. In the case of roll-over relief on the share exchange, no capital gains taxation will occur. See below concerning **Individuals Roll-over Relief**.



## **Table of Contents**

A capital loss is deductible against capital gain income and other income from capital (e.g. interest, dividends). A capital loss on listed shares may be fully offset against taxable capital gains on listed shares and other listed securities that are taxed as shares (except units in Swedish mutual funds containing only receivables denominated in the Swedish currency, known in Sweden as *räntefonder*) as well as against taxable capital gains on shares that are not listed. Seventy percent of a loss in excess of such gain will be deductible from other income from capital (e.g. interest, dividends).

If a net loss should arise in the capital income category in a given year, such net loss may reduce the tax on income from employment and business operations as well as property tax. This tax reduction is granted at 30% of the net loss that does not exceed SEK 100,000 and at 21% of any exceeding net loss. A net capital loss or a tax reduction may not be saved until a later tax year.

### *Limited Liability Companies*

Limited liability companies are taxed for capital gains as business income at a rate of 28%. See below concerning Limited Liability Companies Deferred Capital Gains Taxation.

Capital losses on shares may be offset only against capital gains on shares and other securities that are taxed as shares. If a capital loss cannot be deducted by the company that has realized the loss, it may be deducted in the same year against another company's capital gains on shares and other securities that are taxed as shares, provided these companies are eligible to consolidate for tax purposes by means of group contributions. A net capital loss on shares may be carried forward and be offset against capital gains on shares and other securities that are taxed as shares during subsequent tax years without any limitation in time.

For limited liability companies, capital gains on shares that are held for business purposes are tax-exempt and capital losses on such shares are non-deductible. Listed shares are considered held for business purposes provided that the holding represents at least 10% of the voting rights or if it can be established that the shares are held for business reasons, but only if the shares have been held consecutively for at least one year. This also means that losses on shares that do not fulfill this holding requirement are deductible, subject to the above restrictions.

When determining the holding period for shares of the same type and class that have been acquired at different dates, shares acquired on a later date are considered to have been sold prior to shares acquired earlier according to a last-in-first-out principle. When applying the average method, shares that have been held for one year or more are not considered to be of the same type and class.

### *Exchange of Shares*

#### *Individuals Roll-over Relief*

For a Swedish tax resident individual (or a Swedish estate of deceased) that accepts the Offer and thereby exchanges his or her OMX Shares for shares of Nasdaq Common Stock, no taxable capital gain or deductible capital loss is realized where the individual qualifies for roll-over relief. This requires that the individual is a tax resident of Sweden due to having his or her private residence (Sw: *bostad*) in Sweden or due to his or her consecutive stay (Sw: *stadigvarande vistelse*) in Sweden. It should be noted that the roll-over relief is not available to individuals that are a tax resident of Sweden due to so-called essential connection (Sw: *väsentlig anknytning*) to Sweden.

The shares of Nasdaq Common Stock received are considered to have been acquired for the same tax base as applicable to the divested OMX Shares; see also below The Mix and Match Facility. The exchange of shares will normally not be declared in the tax return.

## **Table of Contents**

Holders of OMX Shares will not receive fractions of shares of Nasdaq Common Stock. Instead, these fractions will be sold on behalf of the shareholder. The sale of the fraction of a share of Nasdaq Common Stock will be subject to capital gain taxation.

In order for the rules for roll-over relief to apply, amongst other things, it is required that Nasdaq will own more than 50% of the voting power of OMX at the end of the calendar year when the disposal takes place. Provided that the Offer is completed, Nasdaq intends to hold shares in OMX in such manner that this requirement will be met. In addition, it is possible that Nasdaq may obtain from the Swedish Board for Advance Tax Rulings a confirmation that roll-over relief will apply regardless of whether the 50% voting power requirement is met. If so, Nasdaq may deviate from this requirement.

If an individual moves out of Sweden to a country which is not a member of the European Economic Area, the capital gain that arose from the share exchange will become taxable.

### *Limited Liability Companies Deferred Capital Gains Taxation*

If a limited liability company that exchanges OMX Shares for shares of Nasdaq Common Stock under the Offer realizes a taxable capital gain, a tax deferral, if desired, for such gain may be claimed in the tax return if certain conditions are met.

In order for the deferral provision to apply it is necessary, among other things, that Nasdaq own more than 50% of the voting power of OMX at the end of the calendar year when the disposal takes place. Provided that the Offer is completed, Nasdaq intends to hold shares in OMX in such manner that this requirement will be met unless the Swedish Board for Advance Tax Rulings has confirmed that the rules for deferred capital gains will apply even if the holding requirement is not met and this ruling has become binding. Moreover, it is required that the cash consideration received for the shares does not exceed the capital gain realized.

Shareholders who wish to obtain a deferral of taxation must report the gain in their tax return for the divestment year and request a deferral of taxation. If a deferral is granted, the capital gain will be determined by the local tax agency in its tax assessment, in the form of a deferred tax amount, which must be allocated among the shares of Nasdaq Common Stock received.

If a tax deferral is granted, the deferred capital gain amount will be taxable at the latest when the shares of Nasdaq Common Stock are transferred to a new owner or when the shares cease to exist. However, this will not apply if the shares received are divested through a subsequent share exchange that qualifies for the tax deferral to continue. The deferred capital gain amount may also become taxable should the shareholder so desire by stating this in its tax return in any future tax year.

### *The Mix and Match Facility*

#### *Individuals*

Any capital gain on shares sold for cash will be subject to immediate capital gains taxation. The capital gain is calculated as the difference between the cash proceeds, after deduction for sales expenses, and the acquisition cost for the shares divested for cash. See also above Disposal of Shares Individuals and Estates of Deceased.

Shares that are exchanged for shares will not give rise to any immediate capital gains taxation. The acquisition cost attributable to such shares will form the tax basis for the shares received. See also above Exchange of Shares Individuals Roll-over Relief.

## **Table of Contents**

### *Limited Liability Companies*

Any capital gain on shares sold for cash will be subject to immediate capital gains taxation. The capital gain is calculated as above. See also above Disposal of Shares Limited Liability Companies.

Any tax on capital gain attributable to shares exchanged for shares will, on request of the shareholder, be deferred. See also above Disposal of Shares Limited Liability Companies Deferred Capital Gains Taxation.

The tax base for held OMX Shares will be divided between shares divested for cash and shares exchanged for shares of Nasdaq Common Stock. This can be illustrated with the following example. A Shareholder owns 100 OMX Shares. He accepts the Basic Alternative. Hence, he will receive cash in exchange for 45 OMX Shares and new shares of Nasdaq Common Stock for 55 OMX Shares tendered. The tax base is assumed to be SEK 15,000. Of such total tax base, SEK 6,750 (0.45 multiplied by 15,000) must be used as the tax base for the shares divested for cash. The remaining tax base will be attributable to the exchange of shares.

### ***Holding of Shares of Nasdaq Common Stock By Swedish Residents***

#### *Cash Dividends*

A distribution paid by Nasdaq will be treated as a dividend for United States federal income tax purposes to the extent of Nasdaq's current or accumulated earnings and profits (as determined under the Internal Revenue Code). Nasdaq generally will be required to withhold United States federal income tax at a rate of 30% on the gross amount of any dividend paid to a shareholder who is a resident of Sweden. However, the rate of United States withholding tax generally is reduced to 15% if the shareholder is entitled to the benefits of the Sweden-United States income tax treaty and complies with certain certification requirements (generally by completing and delivering an IRS Form W-8BEN to Nasdaq).

The gross dividend is also taxable in Sweden as income from capital at a 30% rate for individuals and as income from business operations at a rate of 28% for corporations.

A credit for U.S. withholding tax must be requested in the Swedish tax return. If a tax credit for foreign withholding tax cannot be utilized in a given year, the credit may be carried forward and be utilized in any of the following three years. Alternatively, the withholding tax may be deducted as an expense (rather than a credit) when the taxable income of the shareholder is computed. Individuals (and estate of deceased) should make the deduction under the category income from capital and corporations under the category income from business operations.

#### *Net Wealth Taxation*

The shares of Nasdaq Common Stock are listed on the Nasdaq Global Select Market which means that they are subject to Swedish net wealth tax. The Swedish Government, however, has announced that it will abolish the Swedish net wealth tax in 2007.

### ***Disposal of Shares of Nasdaq Common Stock Received in the Offer***

#### *Individuals*

When a shareholder disposes of the shares of Nasdaq Common Stock received under the Offer, a taxable capital gain or a deductible capital loss will arise. If the rules for roll-over relief have been applied in conjunction with the Offer, the shares of Nasdaq Common Stock received are regarded as having been acquired for the same tax base as applicable to the divested OMX Shares.

## **Table of Contents**

### *Limited Liability Companies*

For limited liability companies, the shares of Nasdaq Common Stock received are considered, for tax purposes, to have been acquired at the fair market value at the time of acquisition, whether a deferral has been granted or not. Nasdaq intends to seek General Advisory with the tax authorities to have the sales price and acquisition value ascertained.

If a deferral has been granted as described above, the deferred capital gain amount will also become taxable after disposal of the shares of Nasdaq Common Stock received due to the share exchange.

If a deferral is granted and the seller, on the date of the share exchange, owned shares of the same class and type as the shares of Nasdaq Common Stock received, or acquires such shares after the exchange, the shares of Nasdaq Common Stock will be deemed to have been disposed of in the following order: (1) shares acquired prior the Offer, (2) shares acquired through the Offer, (3) shares acquired after the Offer.

### **Certain Tax Issues for Shareholders Resident Outside of Sweden**

Shareholders not resident in Sweden for tax purposes will normally not be liable for capital gains taxation in Sweden upon disposal of shares. However, see below concerning certain exceptions. Such shareholders may, however, be liable for tax in their country of residence.

Individuals not resident in Sweden for tax purposes may be liable for capital gains taxation in Sweden upon disposal of Swedish shares if they have been resident in Sweden due to having private residence (Sw: *bostad*) in Sweden or due to a consecutive stay (Sw: *stadigvarande vistelse*) in Sweden at any time during the year of disposal or the ten calendar years preceding the disposal. This right of taxation may, however, be limited by an applicable tax treaty.

A corporation not resident in Sweden may be subject to capital gains taxation in Sweden upon disposal of shares if the corporation has a permanent establishment or fixed base in Sweden to which these shares are effectively connected.

### **Anticipated Accounting Treatment of the Offer**

The acquisition of OMX Shares by Nasdaq in the Offer (and in any subsequent transaction such as compulsory acquisition proceedings) will be accounted for under the purchase method of accounting in accordance with U.S. GAAP. From the date of the completion of the Offer, the combined company's results of operations will include OMX's operating results and OMX's assets and liabilities, including identifiable intangible assets, at fair value with the excess allocated to goodwill.

### **Appraisal Rights**

Under Delaware law and our Restated Certificate of Incorporation, Nasdaq shareholders are not entitled to any rights to seek appraisal of their Nasdaq Common Stock or to exercise any preemptive rights in connection with the proposals to approve the Charter Amendment or the Share Issuance. Under Swedish law and OMX's Articles of Association, OMX shareholders are not entitled to any rights to seek appraisal of their OMX Shares or to exercise any preemptive rights in connection with the Offer, though certain related rights exist in connection with the compulsory acquisition proceedings described under Terms of the Offer Special Considerations.

### **Restrictions on Sales of Nasdaq Common Stock Received by OMX Affiliates**

All shares of Nasdaq Common Stock issued in connection with the Offer will be freely transferable unless you are considered an affiliate of either OMX or Nasdaq (as such term is defined in the Securities Act), in which case you will be permitted to sell the shares of Nasdaq Common Stock you receive in the Offer only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This Proxy Statement/Prospectus does not register the resale of stock held by affiliates.

---

**Table of Contents**

**Financing of the Offer**

To finance the Offer, Nasdaq entered into an Interim Loan Agreement, dated August 1, 2007, by and among Nasdaq, as Borrower, the financial institutions that are or may from time to time become parties thereto as Lenders, and Bank of America, N.A., as Administrative Agent, Banc of America Securities LLC and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Bookrunners, and JPMorgan Chase Bank N.A., as Syndication Agent.

The Offer is not subject to any conditions concerning the availability of financing and the Interim Loan Agreement will provide Nasdaq with the certainty of funds necessary to complete the Offer. However, any drawdown pursuant to the Interim Loan Agreement is subject to:

conditions to the completion of the Offer being satisfied in all material respects in accordance with the Transaction Agreement without any waiver by the Borrower that is materially adverse to the lenders (unless the Administrative Agent and the Syndication Agent consent to such waiver, such consent not to be unreasonably withheld); and

the Offer being accepted such that the Borrower becomes the owner of shares representing more than 90% of the outstanding OMX Shares on a fully diluted basis.

Otherwise, the Interim Loan Agreement does not include any conditions relating to OMX or its business and is subject only to conditions which Nasdaq and its shareholders in practice control, including:

solvency of Nasdaq and its subsidiaries on a consolidated basis;

delivery of customary closing documentation including board resolutions, legal opinions and Uniform Commercial Code filings; and

payment of fees and expenses of the Lenders.

Pursuant to the Interim Loan Agreement, Nasdaq may borrow up to \$3,370,000,000 to pay for OMX Shares exchanged in the Offer, transaction costs related to the Offer, and to repay Nasdaq bank indebtedness under its existing credit facilities as well as certain existing indebtedness of OMX. Loans made pursuant to the Interim Loan Agreement will be made on the date that the conditions to drawdown are satisfied and will mature thirty business days thereafter.

The interest rate on loans made under the Interim Loan Agreement will be, at Nasdaq's option, either:

the higher of (a) the federal funds rate plus  $\frac{1}{2}$  of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by the Administrative Agent as its prime rate, plus, in either case, 0.75% per annum; or

the rate per annum equal to the British Bankers Association LIBOR Rate, plus 1.75% per annum.

Loans made under the Interim Loan Agreement will refinance in full both Nasdaq's existing credit agreement, dated as of April 11, 2006 and amended and restated as of May 19, 2006, among Nasdaq, as Borrower, the financial institutions that are or may from time to time become parties thereto as Lenders, Bank of America, N.A., as Administrative Agent, Swingline Lender and Issuing Bank, and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager (including amounts borrowed under the incremental facility amendment described below), and Nasdaq's existing term loan credit agreement, dated as of April 11, 2006 and amended and restated as of May 19, 2006, among Nasdaq, as Borrower, Nightingale Acquisition Limited, as Additional Borrower, the financial institutions that are or may from time to time become parties thereto as Lenders, Banc of America Bridge LLC, as Administrative Agent, and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Nasdaq's obligations under the Interim Loan Agreement will be guaranteed by all of its material U.S. domestic subsidiaries, excluding the regulated broker-dealer subsidiaries, the insurance-related subsidiaries and certain other subsidiaries. Nasdaq's obligations under the Interim Loan Agreement and the subsidiary guarantees will be secured by a security interest in and liens upon substantially all of the assets of Nasdaq and the subsidiary

## **Table of Contents**

guarantors, excluding the regulated broker-dealer subsidiaries, the insurance-related subsidiaries and certain other subsidiaries. Subject to certain exceptions, the shares of each of Nasdaq's subsidiaries will be pledged, provided that no more than 65% of the voting shares of any foreign subsidiary will be pledged, and the shares of subsidiaries that are not directly owned by Nasdaq or any of its subsidiary guarantors will not be pledged.

The Interim Loan Agreement contains a covenant, which we refer to as the Offer Covenant, which requires Nasdaq to give notice to the Administrative Agent if at any time the Offer is terminated or withdrawn without being successful. Immediately following such termination or withdrawal, all commitments of the Lenders under the Interim Loan Agreement shall be cancelled and the Lenders shall be under no further obligation to extend credit thereunder.

The Interim Loan Agreement also contains:

customary affirmative covenants, including delivery of financial statements, notice of material events and defaults, maintenance of existence, properties and insurance, compliance with laws and limitations on use of proceeds;

customary events of default; and

an event of default upon the Borrower's failure to comply with the Offer Covenant.

The Interim Loan Agreement permits Nasdaq to repay borrowings thereunder at any time in whole or in part. The Interim Loan Agreement will provide Nasdaq with the certainty of funds necessary to complete the Offer.

In addition, Nasdaq has executed a Commitment Letter, dated May 24, 2007, delivered by Bank of America, N.A., Banc of America Securities LLC, J.P. Morgan Securities Inc. and JPMorgan Chase Bank, N.A., including a Summary of Terms and Conditions, which, together with any amendments thereto, we refer to as the Commitment Letter. In accordance with the Commitment Letter, Nasdaq anticipates that it will enter into new credit agreements to replace the Interim Loan Agreement prior to the consummation of the Offer, which new credit agreements will have similar terms and conditions to drawdown as those under the Interim Loan Agreement.

## **Regulatory Matters**

The completion of the Offer is conditioned upon Nasdaq obtaining certain regulatory approvals. In addition, certain regulatory filings are required to be made in connection with the Offer. These approvals and filings include:

prior approval by the SFSA of the indirect acquisition of the OMX Nordic Exchange Stockholm AB (Sw: *Stockholmsbörsen AB*) and OMX Broker Services AB pursuant to chapter 11 section 2a of the Securities Exchange and Clearing Operations Act (1992:543) and chapter 6 section 3a of the Securities Operations Act (1991:981), which was requested on July 3, 2007;

prior approval by the Danish Financial Supervisory Authority (Da: *Finanstilsynet*) of the indirect acquisition of the Copenhagen Stock Exchange (Da: *Københavns Fondsbørs A/S*) (now called the OMX Nordic Exchange Copenhagen A/S) pursuant to Sections 7 and 10 in the Act on Securities Trading etc, which was requested on July 3, 2007;

notification to the Finnish Financial Supervision Authority (Fi: *Rahoitustarkastus*) of the indirect acquisition of the Helsinki Stock Exchange (Fi: *Helsingin Pörssi Oy*) (now called the OMX Nordic Exchange Helsinki Ltd.) pursuant to chapter 3, section 2 d and chapter 4 a, section 3 a of the Securities Markets Act and chapter 2, section 3 a of the Act on Trading in Standardized Options and Futures, which was made on June 29, 2007;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

notification to the Icelandic Financial Supervisory Authority (Is: *Fjármáláeftirlitið*) of the indirect acquisition of the Iceland Stock Exchange (Is: *Kauphöll Íslands hf.*) (now called the OMX Nordic



---

## **Table of Contents**

Exchange Iceland) and the Icelandic Securities Depository (Is: *Verðbréfasráning Íslands hf.*) pursuant to article 6 of Act no 34/1998 on Activities of Stock Exchanges and Regulated OTC Markets and article 5 of Act no 131/1997 on Electronic Registration of Title to Securities, which was made on July 2, 2007;

prior approval by the Estonian Financial Supervisory Authority (Et: *Finantsinspeksioon*) of the indirect acquisition of the Estonian Central Register of Securities (Et: *AS Eesti Väärtpaberikeskus*) pursuant to article 28 (3) and (5) of the Estonian Central Register of Securities Act and the Regulation of the Minister of Finance No. 21, dated February 2, 2001 Procedure of applying for and review of approval for acquiring qualifying holding in the registrar, which was requested on July 3, 2007 and granted on August 2, 2007;

prior approval by the Latvian Financial and Capital Market Commission (Lv: *Finansu un kapitāla tirgus komisija*) of the indirect acquisition of the Riga Stock Exchange (Lv: *Rīgas Fondu birža*) and the Latvian Central Securities Depository (Lv: *Latvijas Centrālais depozitārijs*) pursuant to part one and two of article 9, part one and two of article 11 and part one and two of article 12 of the Law on Financial Instruments Market, which was requested on June 26, 2007; and

prior approval by the Lithuanian Securities Commission (Lt: *Lietuvos Respublikos vertybiniu popieriu komisija*) of the indirect acquisition of the Vilnius Stock Exchange (Lt: *Vilniaus vertybiniu popieriu birza*) and the Lithuanian Central Securities Depository (Lt: *Lietuvos Centrinis Vertybiniu Popieriu Depozitoriumas*) pursuant to article 51 of the Law on Markets of Financial Instruments, which was requested on July 3, 2007.

In addition, prior approval by the S.E.C. is required in order to allow up to 12% of Nasdaq's voting power owned by the Voting Agreement Parties to be voted in accordance with the Voting Agreements.

In addition to this Proxy Statement/Prospectus, an offer document and prospectus has been prepared in accordance with the Takeover Rules, the Swedish Financial Instruments Trading Act (Sw: *lagen (1991:980) om handel med finansiella instrument*) and the Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and the Council. This offer document and prospectus has been registered by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) in accordance with the Swedish Financial Instruments Trading Act.

### **Principal Agreements**

The descriptions of the agreements set forth in this section are summaries only and are qualified in their entirety by reference to the complete form of agreements attached to this Proxy Statement/Prospectus as Annexes A through C. Readers of this Proxy Statement/Prospectus should not view the existence of a representation and warranty, or the description of it in this Proxy Statement/Prospectus, as a representation to the readers of this Proxy Statement/Prospectus that all facts are as represented and warranted.

### ***Transaction Agreement***

The Transaction Agreement provides that the Offer is subject to satisfaction of the conditions set forth in the press release issued by Nasdaq and OMX on May 25, 2007. A description of those conditions, Nasdaq's ability to withdraw the Offer in the event any Offer condition is not fulfilled or cannot be fulfilled and Nasdaq's ability to waive any Offer condition are set forth under "Terms of the Offer" "Conditions to the Offer" below.

Pursuant to the Transaction Agreement, each of Nasdaq and OMX has agreed that it will not, among other things:

solicit, initiate, encourage, induce or facilitate an alternative acquisition proposal for itself;

furnish information regarding itself to a third party in connection with or in response to an alternative acquisition proposal or an inquiry or indication of interest that could reasonably be expected to lead to an alternative acquisition proposal; or

**Table of Contents**

engage in any discussions or negotiations with any third party with respect to an alternative acquisition proposal unless, in the case of the second and third bullets above, a party receives a bona fide unsolicited written alternative acquisition proposal and:

such party and its representatives have not violated any of the non-solicitation provisions in the Transaction Agreement;

a majority of such party's board (after consultation with its financial advisors and outside legal counsel) determines that such proposal is or is reasonably likely to result in a superior proposal to the transactions contemplated by the Transaction Agreement; and

such party's board concludes, after consultation with its financial advisors and outside legal counsel, that a failure to take such action would reasonably be likely to be inconsistent with the party's board's fiduciary obligations to its shareholders.

Pursuant to the Transaction Agreement, the recommendation by OMX's Board of Directors of the Offer may only be withdrawn or substantially changed if:

OMX has complied in all material respects with the non-solicitation provisions in the Transaction Agreement and a superior proposal to the Offer is made;

a material adverse change has occurred with respect to Nasdaq; or

information made public by Nasdaq or disclosed by Nasdaq to OMX is materially inaccurate, incomplete or misleading, or Nasdaq has failed to make public any material information which should have been made public by it, and in any such case OMX's Board of Directors determines, after consultation with financial advisors and outside legal counsel, that not withdrawing or changing its recommendation of the Offer would reasonably be likely to be inconsistent with OMX's Board of Directors' fiduciary obligations to its shareholders.

Pursuant to the Transaction Agreement, the recommendation of Nasdaq's Board of Directors that holders of Nasdaq Voting Securities approve the issuance of the Nasdaq Common Stock in connection with the Offer may only be withdrawn or substantially changed if a material adverse change has occurred with respect to OMX, and as a result Nasdaq's Board of Directors determines, after consultation with its outside financial and legal advisors, that not withdrawing or changing its recommendation would reasonably be likely to be inconsistent with Nasdaq's Board of Directors' fiduciary obligations to its shareholders.

Pursuant to the Transaction Agreement, upon completion of the Offer, the name of the combined company will be changed to The NASDAQ OMX Group, Inc., subject to approval by Nasdaq's shareholders of an amendment to Nasdaq's Restated Certificate of Incorporation to approve such change of name. Upon completion of the Offer, Nasdaq's Board of Directors will consist of fifteen directors, comprised of nine individuals from (or nominated by) Nasdaq's Board of Directors as of immediately prior to completion of the Offer, Nasdaq's Chief Executive Officer and five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to completion of the Offer. With respect to the individuals from (or proposed for nomination by) OMX's Board of Directors, such individuals must be reasonably acceptable to Nasdaq and four of such individuals must be independent for purposes of Nasdaq's director independence standards. Upon completion of the Offer, Nasdaq's Chief Executive Officer (currently Robert Greifeld) will serve as Chief Executive Officer of the combined company and OMX's Chief Executive Officer (currently Magnus Böcker) will serve as President of the combined company.

Pursuant to the Transaction Agreement, the Chairman of the combined company will represent the global span of the combined Nasdaq and OMX. Nasdaq and OMX will utilize Nasdaq's recruitment tool BoardRecruiting.com and a well-reputed search firm to identify internal and external candidates, it being the



**Table of Contents**

belief of Nasdaq and OMX that the appropriate size of Nasdaq's Board of Directors is 15 directors. OMX and Nasdaq will each have the right to nominate candidates for Chairman. The Deputy Chairman of Nasdaq's Board of Directors will for the two years following the completion of the Offer be one of the five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to the completion of the Offer. As of the completion of the Offer, OMX may elect to have one-third of the members of each committee of Nasdaq's Board of Directors be selected from the directors selected from (or proposed for nomination by) OMX's Board of Directors, subject to applicable law, regulation or stock exchange listing standard. As of the completion of the Offer, three individuals nominated by OMX will become members of the Nominating Committee of Nasdaq. The composition of the local Board of OMX Exchanges Ltd. will remain unchanged following the completion of the Offer. No changes to the governance of The NASDAQ Stock Market as a result of the completion of the Offer are anticipated.

With respect to termination, the Transaction Agreement:

may be terminated by written consent of both Nasdaq and OMX;

may be terminated by either OMX or Nasdaq if the Offer lapses or is withdrawn;

may be terminated by either OMX or Nasdaq if the Offer is not declared unconditional by February 29, 2008; and

will automatically terminate if either the recommendation of OMX's Board of Directors (with respect to the Offer) or Nasdaq's Board of Directors recommendation (with respect to approval of the issuance of the Nasdaq Voting Securities in connection with the Offer) is withdrawn in accordance with the Transaction Agreement.

Pursuant to the Transaction Agreement, if either party is in breach of its obligations under the Transaction Agreement (other than in immaterial respects), it must pay the other party's costs, fees and expenses incurred in connection with the Offer up to a maximum of \$15,000,000.

Pursuant to the Transaction Agreement, each of OMX and Nasdaq have agreed, among other things, not to acquire any shares or other securities in the other until the earlier of:

nine months following termination of the Transaction Agreement;

December 31, 2008; or

the completion of the Offer.

The above restriction does not apply to the Offer itself.

***Irrevocable Undertakings***

Investor AB, Nordea Bank AB and Magnus Böcker, which we refer to as the Irrevocable Undertakings Parties, which own in the aggregate 19,094,698 OMX Shares, representing approximately 16.6% of the outstanding OMX Shares, have each entered into irrevocable undertakings with Nasdaq, pursuant to which each Irrevocable Undertakings Party has agreed to:

accept the Offer and tender all of its shares in the Offer immediately prior to, but conditioned upon, the Offer being declared unconditional;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

elect to receive shares of Nasdaq Common Stock in the Offer if the Offer includes a mix and match facility which has an equalizing mechanism designed to achieve substantially similar value between the offered alternatives (see Terms of the Offer Mix and Match Facility for a description of the Mix and Match Facility of the Offer which satisfies this requirement); and

support Nasdaq to a reasonable extent and where capable of doing so (including by exercising voting rights) in Nasdaq's implementation of the Offer and oppose the taking of any action which may prejudice or frustrate the Offer.

**Table of Contents**

Additionally, each Irrevocable Undertakings Party has agreed not to:

offer, sell, transfer, charge, pledge or grant any option over or otherwise dispose of any of its OMX Shares, whether directly or indirectly, except to Nasdaq under the Offer;

accept any other offer in respect of any of its OMX Shares;

directly or indirectly solicit proposals or offers from third parties for the acquisition of all shares in OMX;

propose or vote in favor of any resolution for payment of dividends or other value distributions by OMX (whether in cash or otherwise and whether to the shareholders of OMX or to a third party), or propose or vote in favor of any other resolution, or take any action or make any statement, which could prejudice or frustrate the Offer; or

withdraw its acceptance of the Offer.

Each Irrevocable Undertaking will automatically terminate under certain circumstances, including if:

the Offer is not declared unconditional before December 15, 2007;

a material adverse change has occurred with respect to Nasdaq;

the recommendation of the Offer by OMX's Board of Directors is withdrawn;

prior to the Offer being declared unconditional, a bona fide unsolicited third party public offer is made for all of the OMX Shares which corresponds to an offer value in SEK equal to or exceeding SEK 220 per OMX Share; or

prior to the Offer being declared unconditional, the value of the Offer, as accepted by the Irrevocable Undertakings Parties, would equate to less than SEK 190 per share during a period of 15 consecutive trading days, based upon the volume weighted average price of Nasdaq Voting Securities during such period.

Pursuant to the Irrevocable Undertakings, Nasdaq has agreed to certain restrictions on its ability to transfer OMX Shares acquired from the Irrevocable Undertakings Parties for a period of nine months following the completion of the Offer.

***Voting Agreements***

In connection with the Offer, the Voting Agreement Parties have each entered into Voting Agreements with OMX, pursuant to which each Voting Agreement Party has agreed to:

vote those Nasdaq Voting Securities covered by the Voting Agreement in favor of the issuance of the Nasdaq Voting Securities in connection with the Offer and any other matter submitted to Nasdaq shareholders in connection with the Transaction Agreement; and

vote those Nasdaq Voting Securities covered by the Voting Agreement against any and all actions that OMX advises such Voting Agreement Party would reasonably likely delay, prevent or frustrate the transactions contemplated by the Transaction Agreement or the satisfaction of any of the conditions set forth in the Offer.

Each Voting Agreement will automatically terminate under certain circumstances, including if

the Transaction Agreement is terminated;

all of the securities subject to the Voting Agreement are transferred; or

the terms of the Offer are amended in a way that is adverse to Nasdaq's security holders, without the Voting Agreement Party's written consent.

## **Table of Contents**

The Voting Agreements do not restrict the transfer by the Voting Agreement Parties of their Nasdaq securities.

Pursuant to Nasdaq's governing documents, Nasdaq's Board of Directors has approved the submission of an application to the S.E.C. seeking to allow up to 12% of Nasdaq's voting power owned by the Voting Agreement Parties to be voted in accordance with the Voting Agreements. The Voting Agreements will not be legally effective until the time, if any, as such approval is granted.

### **Directors and Management of the Combined Company Following the Completion of the Offer**

Upon completion of the Offer, the combined company's board of directors will consist of fifteen directors, comprised of nine individuals from (or nominated by) Nasdaq's Board of Directors as of immediately prior to completion of the Offer, Nasdaq's Chief Executive Officer and five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to completion of the Offer. With respect to the individuals from (or proposed for nomination by) OMX's Board of Directors, such individuals must be reasonably acceptable to Nasdaq and four of such individuals must be independent for purposes of Nasdaq's director independence standards.

The Chairman of the combined company will represent the global span of the combined Nasdaq and OMX. The combined company will utilize Nasdaq's recruitment tool BoardRecruiting.com and a well-reputed search firm to identify internal and external candidates, it being the belief of Nasdaq and OMX that the appropriate size of Nasdaq's Board of Directors is 15 directors. OMX and Nasdaq will each have the right to nominate candidates for Chairman. The Deputy Chairman of the combined company's board of directors will for the two years following the completion of the Offer be one of the five individuals from (or proposed for nomination by) OMX's Board of Directors as of immediately prior to the completion of the Offer. As of the completion of the Offer, OMX may elect to have one-third of the members of each committee of the combined company's board of directors be selected from the directors selected from (or proposed for nomination by) OMX's Board of Directors, subject to applicable law, regulation or stock exchange listing standard. As of the completion of the Offer, three individuals nominated by OMX will become members of the Nominating Committee of the combined company.

The new directors will receive compensation as members of the combined company's board of directors, consistent with Nasdaq's policy to pay compensation to non-employee directors for their services as board members. For the period May 2006 to May 2007, Nasdaq's non-employee directors received an annual retainer fee of \$50,000 per year, payable in cash, equity or a combination of both, and an annual equity award valued at \$50,000, in both cases payable in quarterly installments. Nasdaq's chairman and the chairman of each committee of the Board of Directors received additional payments in recognition of their service.

Upon completion of the Offer, Nasdaq's Chief Executive Officer (currently Robert Greifeld) will serve as Chief Executive Officer of the combined company and OMX's Chief Executive Officer (currently Magnus Böcker) will serve as President of the combined company.

Information concerning directors and officers of Nasdaq and Nasdaq executive compensation is contained in Nasdaq's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and Nasdaq's Proxy Statement for its 2007 Meeting of Shareholders, and is incorporated herein by reference; see the section entitled "Where You Can Find More Information" on page 210.

Information concerning directors of OMX and certain relationships and related transactions is discussed in the section entitled "Information About OMX" on page 105.



---

**Table of Contents**

**TERMS OF THE OFFER**

The Offer consists of a mixture of cash and new Nasdaq Common Stock as consideration. Nasdaq is offering each OMX shareholder the Basic Alternative, which is:

In respect of 45.32% of the total number of OMX Shares tendered by such shareholder, SEK 208.1 per OMX Share in cash; and

In respect of the remaining 54.68% of the number of OMX Shares tendered by such shareholder, 0.918 new shares of Nasdaq Common Stock per OMX Share.

As an alternative, OMX shareholders who on May 31, 2007 were registered in the register of shareholders kept by the Swedish VPC AB, the Danish Værdipapircentralen A/S, the Finnish Suomen Arvopaperikeskus Oy and the Icelandic Verðbréfasráning Íslands hf. as holders of 200 or fewer OMX Shares and who accept the Offer are entitled to elect to receive the Cash Guarantee of SEK 208.1 per OMX Share as consideration for their entire holding (and not parts of their holding) of OMX Shares. For the avoidance of doubt, if such OMX shareholders acquire additional OMX Shares after May 31, 2007, these shareholders will not be entitled to elect to receive the Cash Guarantee with respect to the additional OMX Shares so acquired. Only OMX shareholders which are directly registered or registered in the name of an authorized nominee in accordance with the Swedish Act (1998:1479) on Record-Keeping of Financial Instruments, which we refer to as an Authorized Nominee, will be offered the Cash Guarantee. An OMX shareholder who holds shares through other nominees or custodians, which we refer to as an Unauthorized Nominee, will not be given any direct right to elect to receive the Cash Guarantee, even if such Unauthorized Nominee in turn has registered the shares in the name of a nominee who is an Authorized Nominee, and are referred to the right that its Unauthorized Nominee may have under the Cash Guarantee.

Nasdaq is also offering OMX shareholders who accept the Offer prior to the Offer being declared unconditional the opportunity to participate in the Mix and Match Facility described below.

Regardless of whether an OMX shareholder receives consideration under the Basic Alternative or through the Mix and Match Facility, only whole numbers of shares will be accepted as valid tenders for the Cash Consideration and Share Consideration. If the total number of OMX Shares tendered by an OMX shareholder multiplied by the percentage (which, in the case of the Basic Alternative, is 54.68%) of the OMX Shares tendered for new shares of Nasdaq Common Stock does not equal a whole number, the number of OMX Shares tendered for shares of Nasdaq Common Stock will be rounded up to the next highest whole number of OMX Shares and the number of OMX Shares tendered for cash will be rounded down to the next lowest whole number of OMX Shares. For example, an OMX shareholder owning 100 OMX Shares will receive, under the Basic Alternative, cash in exchange for 45 OMX Shares tendered and shares of Nasdaq Common Stock for 55 OMX Shares tendered.

Please note that certain numbers used throughout this Proxy Statement/Prospectus have been rounded. The actual numbers that will be used to calculate the entitlement of accepting OMX shareholders are: (i) for the rounded number of 45.32%, the actual number will be 45.3153567130646%; (ii) for the rounded number of 54.68%, the actual number will be 54.6846432869354%; and (iii) for the rounded number of 0.918 new shares of Nasdaq Common Stock, the actual number will be 0.917990810264518 new shares of Nasdaq Common Stock.

**Cost of Transfer**

No commission will be charged in respect of settlement of the Offer. However, if an OMX shareholder's securities are registered in the name of a nominee and the nominee charges a fee in connection with tendering these securities, the OMX shareholder will be responsible for the payment of any such fees.

**Table of Contents**

**Conditions to the Offer**

Completion of the Offer is conditional upon:

1. That the Offer is accepted to such an extent that Nasdaq becomes the owner of shares representing more than 90% of the outstanding shares of OMX on a fully diluted basis;
2. That Nasdaq's shareholders approve the issuance of the new Nasdaq Common Stock in connection with the Offer by the required vote under the applicable laws and Nasdaq exchange rules;
3. That the new Nasdaq Common Stock to be issued under the Offer are approved for listing on the Nasdaq Global Select Market;
4. That the recommendation by OMX's Board of Directors that OMX shareholders accept the Offer has not been withdrawn;
5. That Nasdaq's Registration Statement on Form S-4 in the United States, which will register the new Nasdaq shares, has become effective under the Securities Act of 1933, as amended, and is not the subject of any stop order or proceeding seeking a stop order by the S.E.C.;
6. That all necessary approvals from public authorities or other regulatory bodies, including competition authorities and FSAs, in connection with the Offer, its implementation or the acquisition of OMX by Nasdaq, have been obtained on terms reasonably acceptable to Nasdaq, or applicable deadlines or waiting periods in relation thereto have expired or been terminated, and there being no notice of any intention to revoke, suspend, restrict, impose any conditions in relation to, vary, amend or not renew any authorizations, certificates, licenses, permissions or approvals of OMX or any of its subsidiaries;
7. That neither the Offer, its implementation nor the acquisition of all outstanding shares in OMX has been rendered partially or wholly impossible or significantly impeded as a result of legislation, regulation, any decision of court, public authority or other regulatory body, or as a result of other comparable measures beyond Nasdaq's control in Sweden, the United States or elsewhere;
8. That no material adverse change in OMX's financial position or operations has occurred after the announcement of the Offer; such material adverse change that materially adversely affects, or could reasonably be anticipated to have such effect on, OMX's liquidity, sales, results or equity and which could not have been reasonably known or anticipated by Nasdaq at the time of the announcement of the Offer; provided, however, that the following shall not be considered in determining whether such a material adverse change has occurred: (A) any change or development in economic, business, political or securities markets conditions generally (including any such change or development resulting from acts of war, terrorism or natural disasters), except that any change or development that, relative to other participants in OMX's industry, disproportionately impacts the liquidity, sales, results or equity of OMX shall be so considered in determining whether a material adverse change has occurred, (B) any change or development to the extent resulting from the execution or announcement of the Offer or the transactions contemplated thereby, or (C) any changes in laws, rules or regulations.
9. That no information made public by OMX or disclosed by OMX to Nasdaq is materially inaccurate, incomplete or misleading, and that OMX has not failed to make public any material information which should have been made public by it.

Nasdaq reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not fulfilled or cannot be fulfilled. However, the Offer may only be withdrawn with reference to the non-fulfillment of the conditions 3-9 above if the non-fulfillment is of material importance for Nasdaq's acquisition of the shares of OMX.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Nasdaq reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including with respect to condition 1 above, to complete the Offer at a lower level of acceptance; provided, however, that any waiver of conditions 1, 3 or 6 shall require the prior written consent of OMX (such consent not

## **Table of Contents**

to be unreasonably withheld or delayed), except that no waiver of condition 1 shall require such prior written consent of OMX if, when the condition is waived, the Offer is accepted to such an extent that Nasdaq becomes the owner of shares representing at least 67% of the outstanding shares of OMX on a fully diluted basis.

In connection with condition 2 above, Nasdaq has convened the Special Meeting to be held on [•], 2007.

The Swedish Securities Council (Sw. *Aktiemarknadsnämnden*) has in the ruling AMN 2007:18 stated that completion conditions such as condition 4 are consistent with good stock market practice under certain circumstances. Nasdaq and OMX agree that such circumstances are at hand.

Nasdaq will issue a press release once these conditions have been satisfied or waived, to the extent that they can be waived.

## **Mix and Match Facility**

OMX shareholders who accept the Offer prior to the Offer being declared unconditional are also being offered the Mix and Match Facility, allowing them to elect to exchange a higher proportion of their OMX Shares in return for Cash Consideration or Share Consideration, subject to matching elections from other OMX shareholders. Any OMX shareholder who accepts the Offer is eligible to make elections under the Mix and Match Facility only to the extent such holder does not elect to receive the Basic Alternative or the Cash Guarantee.

Holders of OMX Shares who accept the Offer after it has been declared unconditional or who accept the Offer prior to it being declared unconditional but who make no Mix and Match election or no proper Mix and Match election will receive the Basic Alternative, unless a proper election of the Cash Guarantee has been made.

Under the Mix and Match Facility, eligible OMX shareholders will be able to elect to receive either Cash Consideration or Share Consideration only or to apportion their shareholdings among elections for Cash Consideration and Share Consideration in any combination, subject to proration as described below. For example, an owner of 100 OMX Shares could elect to receive:

Cash Consideration in exchange for all 100 OMX Shares;

Share Consideration in exchange for all 100 OMX Shares; or

Cash Consideration in exchange for 50 OMX Shares and Share Consideration in exchange for 50 OMX Shares.

The total number of new shares of Nasdaq Common Stock to be issued in consequence of the Offer and the total amount of cash to be paid under the Offer will not be changed as a result of elections made under the Mix and Match Facility.

Elections to increase the proportion of OMX Shares tendered in return for Share Consideration made by eligible OMX shareholders in excess of their entitlements under the Basic Alternative will be satisfied in full where sufficient new shares of Nasdaq Common Stock are available as a result of other eligible OMX shareholders making matching elections for Cash Consideration in excess of their entitlements under the Basic Alternative, thereby releasing new shares of Nasdaq Common Stock to which they would otherwise be entitled under the Offer, and vice versa with respect to elections for additional Cash Consideration. To the extent elections cannot be satisfied in full, they will be scaled down on a pro rata basis.

The Offer includes a value equalization mechanism designed to ensure that regardless of whether an OMX shareholder elects to receive consideration under the Basic Alternative or to receive consideration through the Mix and Match Facility, the value of the consideration received as of the final day for acceptance prior to the

**Table of Contents**

Offer being declared unconditional by Nasdaq, which we refer to as the Final Valuation Date, will be substantially the same, regardless of the proportion of Share Consideration or Cash Consideration received by an OMX shareholder pursuant to such elections.

The reference value for the value equalization mechanism will be the per share value of the Basic Alternative determined by the average closing price per share of Nasdaq Common Stock as quoted on The Nasdaq Global Select Market for the five consecutive trading days ending on the Final Valuation Date, which we refer to as the Nasdaq Final Value, as well as the corresponding average SEK/USD exchange rate for the same period, which we refer to as the Final SEK/USD Rate. This rate will be derived from the European Central Bank's daily Euro foreign exchange reference rates at 2:15 p.m. CET on each of the five consecutive trading days ending on the Final Valuation Date. The per share value of the Basic Alternative as of the Final Valuation Date, will be calculated as (45.32% multiplied by SEK 208.1) plus (54.68% multiplied by 0.918 multiplied by Nasdaq Final Value multiplied by Final SEK/\$ Rate), which we refer to as the Final Offer Value per Share. Accordingly, the Final Offer Value per Share will depend upon the Nasdaq Final Value and the Final SEK/USD Rate.

The number of new shares of Nasdaq Common Stock per OMX Share and the amount of the cash consideration per OMX Share to be received under the Mix and Match Facility will depend on the Final Offer Value per Share and will be determined as follows:

if an OMX shareholder elects to tender a higher or lower proportion of OMX Shares in return for Share Consideration compared to the Basic Alternative, then the entire number of OMX Shares tendered for Share Consideration by such shareholder (subject to proration) will be satisfied with a ratio of new shares of Nasdaq Common Stock per OMX Share equal to: the Final Offer Value per Share divided by (Nasdaq Final Value multiplied by Final SEK/USD Rate), which we refer to as the Final Share Consideration; and

if an OMX shareholder elects to tender a higher or lower proportion of OMX Shares in return for Cash Consideration compared to the Basic Alternative, then the entire number of OMX Shares tendered for Cash Consideration (subject to proration) will be satisfied with an amount of cash per OMX Share equal to the Final Offer Value per Share, which we refer to as the Final Cash Consideration.

The following table shows a hypothetical range of Nasdaq Final Values (the five day average closing price per share for Nasdaq Common Stock for the period ending on the Final Valuation Date), the corresponding Final Offer Value per Share that an OMX shareholder would receive under the Basic Alternative and the corresponding Final Share Consideration and Final Cash Consideration for valid cash and share elections under the Mix and Match Facility.

Nasdaq Final Value (\$)	Final SEK/USD Rate	Final Offer Value per Share under the Basic Alternative (SEK)	Final Share Consideration (number of shares of Nasdaq Common Stock per OMX Share)	Value of Final Share Consideration per OMX Share (SEK)	Value of Final Cash Consideration per OMX Share (SEK)
24.00	6.83	176.6	1.0773x	176.6	176.6
26.00	6.83	183.4	1.0330x	183.4	183.4
28.00	6.83	190.3	0.9951x	190.3	190.3
30.00	6.83	197.2	0.9622x	197.2	197.2
32.00	6.83	204.0	0.9335x	204.0	204.0
34.00	6.83	210.9	0.9081x	210.9	210.9
36.00	6.83	217.7	0.8855x	217.7	217.7
38.00	6.83	224.6	0.8653x	224.6	224.6
40.00	6.83	231.4	0.8472x	231.4	231.4

For example, assuming a Nasdaq Final Value of \$32.00 and a Final SEK/USD Rate of 6.83, an eligible OMX shareholder would receive consideration with a value (calculated as of the Final Valuation Date) of

**Table of Contents**

approximately SEK 204.0 per share for each OMX Share held, regardless of whether an eligible OMX shareholder has elected to tender a higher proportion of OMX shares in return for Share Consideration or a higher proportion of OMX shares in return for Cash Consideration.

The table and the example above are illustrative only. The actual Nasdaq Final Value may be outside the range of the amounts set forth above, and as a result, the actual value of the Offer consideration may not be shown in the above table. In addition, discrepancies in the value provided to particular shareholders based on the proportions of Share and Cash Consideration received may result from differences between the Nasdaq Final Value and the Final SEK/USD Rate and the actual per share price of NASDAQ Common Stock and the SEK/USD exchange rate prevailing on the Final Valuation Date or the date on which shareholders receive consideration in connection with the Offer.

For example, if the Final Offer Value per Share were SEK 204.0, and the price of Nasdaq Common Stock increased to \$34.00 per share on or after the Final Valuation Date while the SEK/USD exchange rate remained constant at 6.83, then the implied value of the Share Consideration would increase to SEK 216.8 while the value of the Cash Consideration would remain SEK 204.0.

**Participation in the Offer Through This Proxy Statement/Prospectus**

In this Proxy Statement/Prospectus, Nasdaq is offering to acquire all of the outstanding OMX Shares held by persons that are either located in the United States or that are U.S. persons, wherever located. This Proxy Statement/Prospectus is not authorized to be distributed to, nor is the offer made pursuant to this Proxy Statement/Prospectus capable of being accepted by, anyone that is not either located in the United States or a U.S. person. Certification to that effect will be required in the acceptance form required to be submitted by U.S. OMX shareholders to accept the U.S. offer.

A U.S. person is defined in Rule 902 of the Securities Act to mean, with certain exceptions as set forth in Rule 902:

any natural person resident in the United States;

any partnership or corporation organized or incorporated under the laws of the United States;

any estate of which any executor or administrator is a U.S. person;

any trust of which any trustee is a U.S. person;

any agency or branch of a foreign entity located in the United States;

any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

any discretionary account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

any partnership or corporation if:

organized or incorporated under the laws of any foreign jurisdiction; and

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of the Securities Act) who are not natural persons, estates or trusts.

However, the following are not U.S. persons:

any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;

any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if:

## **Table of Contents**

an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and

the estate is governed by foreign law;

any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;

an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;

any agency or branch of a U.S. person located outside the United States if:

the agency or branch operates for valid business reasons; and

the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; and

the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

### **Acceptance Period**

The acceptance period commences on [●], 2007 and ends at 5:00 p.m. CET (11:00 a.m. Eastern Time) on [●], 2007, and which we refer to as the Acceptance Period.

### **Right to Extend the Acceptance Period**

Nasdaq reserves the right to extend the Acceptance Period in accordance with the Takeover Rules. If the Acceptance Period is extended prior to the satisfaction or waiver of conditions for the completion of the Offer, settlement will be postponed accordingly. Nasdaq will make a public announcement of any extension of the Acceptance Period, such announcement to be disseminated as promptly as practicable after the previously scheduled expiration of the Acceptance Period of the Offer together with the outcome of the Offer. Nasdaq or OMX may terminate the Transaction Agreement if the public announcement of the satisfaction or waiver of all conditions to the Offer has not been made by February 29, 2008. If the Acceptance Period is extended after the satisfaction or waiver of conditions for completion of the Offer, then holders of OMX Shares who accept the Offer during such extended Acceptance Period are only entitled to receive the Basic Alternative or, if applicable, the Cash Guarantee, but are not entitled to make elections under the Mix and Match Facility.

### **Acceptance Procedure**

#### ***Procedures for Tendering OMX Shares Registered with the Swedish Central Securities Depository***

Holders of OMX Shares who are directly registered with the Swedish Central Securities Depository, VPC AB, which we refer to as VPC, and who wish to accept the Offer pursuant to this Proxy Statement/Prospectus should complete and submit the preprinted acceptance form in the pre-paid, self-addressed envelope provided to you during the Acceptance Period to SEB Issues Department, which we refer to as SEB, at:

SEB Issues Department



R B6

SE-106 40 Stockholm

Sweden

92

## **Table of Contents**

The acceptance form may also be submitted to a bank or brokerage firm in Sweden for forwarding to SEB at the address stated above. Acceptance forms must be submitted or sent by mail in sufficient time prior to the final acceptance day in order to be received by SEB no later than 5:00 p.m. CET on [●], 2007. Incomplete or incorrectly completed acceptance forms, or acceptance forms which are received by SEB later than 5:00 p.m. CET on [●], 2007, may be disregarded.

The securities account where the OMX Shares are registered, which we refer to as the VP account, and the current holdings of OMX Shares are shown on the preprinted acceptance form. Requests for additional acceptance forms and other questions relating to the Offer may be addressed to SEB +46 8 639 2750.

Holders of OMX Shares who are directly registered with the VPC that accept the Offer thereby authorize SEB to:

deliver OMX Shares to Nasdaq according to the terms of the Offer and, to the extent required, to subscribe for shares of Nasdaq Common Stock; and

to the extent required, receive shares of Nasdaq Common Stock on behalf of the OMX shareholder.

### *Procedures for Tendering Nominee Registered Holdings*

Holders of OMX Shares registered with the VPC whose holdings are registered in the name of a nominee at a bank or other custodian will not receive this Proxy Statement/Prospectus or a preprinted acceptance form and should contact their bank or other nominee for assistance in tendering their OMX Shares in the Offer. Acceptance of OMX Shares registered in the name of a nominee will be made in accordance with instructions from the nominee of such holder.

### *Procedures for Tendering Pledged Securities*

In case OMX Shares registered with the VPC are pledged, both the holder of OMX Shares and the pledge holder must sign the acceptance form and confirm that the pledge will lapse upon completion of the Offer. The pledge must therefore be de-registered in the VPC system regarding the relevant OMX Shares when such OMX Shares are delivered to Nasdaq.

### *Procedures for Tendering OMX Shares Registered with the Danish Central Securities Depository*

Holders of OMX Shares who are directly registered with the Danish Central Securities Depository (Da: *Værdipapircentralen A/S*), which we refer to as the Danish VP, and who wish to accept the Offer pursuant to this Proxy Statement/Prospectus should use the preprinted acceptance form and pre-paid, self-addressed envelope and contact their own custodian bank or stockbroker, requesting that acceptance of the Offer communicated to the Danish settlement agent, SEB Enskilda Copenhagen:

SEB Enskilda

Silkegade 8

DK-1113 Copenhagen

Denmark

Holders of OMX Shares which are directly registered with the Danish VP and who wish to accept the Offer pursuant to this Proxy Statement/Prospectus should ensure that their acceptance is provided to their own custodian bank or stockbroker in time to allow the custodian bank or stockbroker to process and communicate the acceptance to SEB Enskilda Copenhagen no later than 5:00 p.m. CET on [●], 2007. Incomplete or incorrectly completed acceptance forms or acceptance forms which are received by SEB Enskilda Copenhagen later than 5:00 p.m. CET on [●], 2007 may be disregarded.

The securities account where the OMX Shares are registered and the current holdings of OMX Shares are shown on the preprinted acceptance form. Requests for additional acceptance forms and other questions relating to the Offer may be addressed to SEB Enskilda Copenhagen at

+45 36 97 70 00.

## **Table of Contents**

Holders of OMX Shares who are directly registered with Danish VP that accepts the Offer thereby authorizes SEB Enskilda Copenhagen to:

deliver OMX Shares to Nasdaq according to the terms of the Offer and, to the extent required, to subscribe for shares of Nasdaq Common Stock; and

to the extent required, receive shares of Nasdaq Common Stock on behalf of the OMX shareholder.

### *Procedures for Tendering Nominee Registered Holdings*

Holders of OMX Shares registered with Danish VP, whose holdings are registered in the name of a nominee at a bank or other custodian, will not receive this Offer Document or a preprinted acceptance form and should contact their bank or other nominee for assistance in tendering their OMX Shares in the Offer. Acceptance of OMX Shares registered in the name of a nominee will be made in accordance with instructions from the nominee of such holder.

### *Procedures for Tendering Pledged Securities*

In case OMX Shares registered with Danish VP are pledged, both the holder of OMX Shares and the pledge holder must sign the acceptance form and confirm that the pledge will lapse upon completion of the Offer. The pledge must therefore be de-registered in the Danish VP system regarding the relevant OMX Shares when such OMX Shares are delivered.

### *Procedures for Tendering OMX Shares Registered with the Finnish Central Securities Depository*

Holders of OMX Shares registered with the Finnish Central Securities Depository (Fi: *Suomen Arvopaperikeskus Oy*), which we refer to as the Finnish APK, will receive a notification of the Offer, including tender instructions and the relevant acceptance form together with a pre-paid, self addressed envelope, from the book entry account operators and asset managers to which such OMX shareholders are customers. Should the OMX shareholder not receive the tender instruction and/or relevant acceptance form and pre-paid envelope from his or her book-entry account operator or asset manager, the documents can be obtained from the Finnish settlement agent, SEB Enskilda Helsinki at 358 9 6162 8033.

An OMX shareholder whose OMX Shares are registered with the Finnish APK who wishes to tender his or her OMX Shares in the Offer shall submit the properly completed acceptance form to the account operator or asset manager managing the shareholder's book-entry account in accordance with instructions given by such account operator or asset manager or, in the case such account operator or asset manager declines to accept the acceptance form, such shareholder should first contact SEB Enskilda Helsinki at 358 9 6162 8033, follow the instructions given and send the acceptance form to:

SEB Enskilda

TCM Operations

P.O. Box 630

00101 Helsinki

Finland

Acceptance forms must be submitted or sent by mail in sufficient time prior to the final acceptance day in order to be received by SEB Enskilda Helsinki no later than 5:00 p.m. CET on [•], 2007. The relevant account operator or asset manager may however require that their clients submit acceptance forms earlier.

A shareholder whose OMX Shares are registered with the Finnish APK may tender his or her OMX Shares in the Offer only in relation to all of the OMX Shares registered on one book-entry account stated in the acceptance form at the time on which a transfer restriction with respect to such tender is registered.



## **Table of Contents**

Holders of OMX Shares who are registered with the Finnish APK that accepts the Offer thereby authorizes each of SEB Enskilda Helsinki, the account operator and the asset manager managing the shareholder's book-entry account (as applicable) to:

register a transfer restriction in respect of the OMX Shares on the relevant book-entry account;

deliver OMX Shares to Nasdaq according to the terms of the Offer and, to the extent required, to subscribe for shares of Nasdaq Common Stock;

to the extent required, receive shares of Nasdaq Common Stock on behalf of the OMX shareholder; and

to conduct other actions necessary to complete the Offer.

Holders of OMX Shares who are registered with the Finnish APK shall not be charged any fees nor payments relating to book-entry registrations for tendering in the Offer, fees relating to the removal of the transfer restrictions in connection with the acceptance of the Offer, sales and purchases of the OMX Shares tendered or payment of the Offer consideration. The relevant book-entry account operator is entitled to charge a fee for other services in connection with the Offer, as agreed between the OMX shareholder and such account operator. Such fees to be paid by the OMX shareholder include the fees charged for opening a book-entry account, for transferring shares to the book-entry system and for effecting withdrawals.

No Finnish asset transfer tax consequences arise in Finland since the shares of Nasdaq Common Stock offered as consideration are foreign shares.

Questions relating to the Offer may be addressed to SEB Enskilda Helsinki at 358 9 6162 8033 on banking days between 9:00 a.m. and 5:00 p.m. Eastern European Time.

### *Procedures for Tendering Nominee Registered Holdings*

Holders of OMX Shares registered with the Finnish APK, whose holdings are registered in the name of a nominee at a bank or other custodian, will not receive this Offer Document or a preprinted acceptance form and should contact their bank or other nominee for assistance in tendering their OMX Shares in the Offer. Acceptance of OMX Shares registered in the name of a nominee will be made in accordance with instructions from the nominee of such holder.

### *Procedures for Tendering Pledged Securities*

In case OMX Shares registered with the Finnish APK are pledged, both the holder of OMX Shares and the pledge holder must sign the acceptance form and confirm that the pledge will lapse upon completion of the Offer. The pledge must therefore be de-registered in the Finnish APK system regarding the relevant OMX Shares when such OMX Shares are delivered to Nasdaq.

### **Right to Withdrawal of Acceptance**

The holders of OMX Shares who have accepted the Offer have the right to withdraw their acceptances of the Offer during the Acceptance Period or during any extension thereof prior to announcement that the conditions for completing the Offer have been satisfied. To be valid, such withdrawal must be made in writing and must be received by the applicable recipient set forth below not later than 3:00 p.m. CET on the last day of the Acceptance Period or any extensions thereof (unless at the time of such extension the Offer has been declared unconditional). If any condition that Nasdaq has reserved the right to waive remains unfulfilled at that date and the Acceptance Period is extended, the right to withdrawal will also apply during the extended Acceptance Period, but if the Offer has been declared unconditional, the right to withdrawal will not apply. An OMX shareholder, who has withdrawn his or her acceptance, may re-tender his or her OMX Shares in the Offer prior to the expiration of the Acceptance Period.



## **Table of Contents**

### ***Withdrawal Procedure for Holders of OMX Shares Registered with the VPC***

Holders of OMX Shares registered with the VPC who wishes to withdraw their acceptances in accordance with the terms of the Offer shall submit a written notice of withdrawal to SEB at the address set forth above. Where the holding of OMX Shares is registered in the name of a nominee at a bank or other custodian, withdrawal of acceptance must be made through such nominee.

### ***Withdrawal Procedure for Holders of OMX Shares Registered with the Danish VP***

Holders of OMX Shares registered with the Danish VP who wishes to withdraw their acceptances in accordance with the terms of the Offer shall submit a written notice of withdrawal to [•]. Where the holding of OMX Shares is registered in the name of a nominee at a bank or other custodian, withdrawal of acceptance must be made through such nominee.

### ***Withdrawal Procedure for Holders of OMX Shares Registered with the Finnish APK***

Holders of OMX Shares registered with the Finnish APK who wishes to withdraw their acceptances in accordance with the terms of the Offer shall submit a written notice of withdrawal to the account operator or asset manager to which the original acceptance form was delivered. An OMX shareholder must comply with the instructions given by his or her book-entry account operator or asset manager. The book-entry account operator of the respective OMX shareholder is entitled to charge a fee for withdrawal as agreed between such shareholder and such book-entry account operator.

## **Transfer Restrictions**

### ***Transfer Restrictions for OMX Shares registered with the VPC***

Following receipt and registration by SEB of duly completed acceptance forms, OMX Shares registered with the VPC will be transferred to a newly opened blocked VP account in the name of the holder. In connection therewith, the VPC will send a confirmation notice showing the withdrawal from the original VP account and the deposit into the newly opened, blocked VP account. Holders of OMX Shares will not be able to transfer or otherwise dispose of any OMX Shares transferred to a blocked VP account unless a valid withdrawal notice is received pursuant to the instructions below, or the Offer is not completed.

If the relevant OMX Shares are registered in the name of a nominee, confirmation will be sent to the nominee. If the relevant OMX Shares are pledged, confirmation will only be sent to the holder of the pledge.

### ***Transfer Restrictions for OMX Shares registered with the Finnish APK***

Following receipt by the account operator, asset manager or SEB Enskilda Helsinki of duly completed acceptance forms, a transfer restriction in respect of the OMX Shares registered with the Finnish APK will be registered on the relevant book-entry account after the account operator, asset manager, or SEB Enskilda Helsinki has received a valid tender in accordance with the terms of the Offer. Such transfer restriction shall be removed when the OMX Shares have been transferred from the book-entry account of the tendering shareholder. If Nasdaq withdraws the Offer or if an OMX shareholder withdraws an acceptance of the Offer, in accordance with the terms and conditions of the Offer, the transfer restriction of OMX Shares will be removed as soon as possible and at the latest on or about the third banking day following the announcement by Nasdaq of such decision or the receipt of notice of withdrawal. OMX shareholders will not be paid any compensation and they will not be charged any fees or commissions for removal of the transfer restriction.

## **Settlement**

Provided that Nasdaq announces that the conditions for the completion of the Offer have been fulfilled, or that Nasdaq announces that the conditions for the completion of the Offer that may be waived by Nasdaq have



## **Table of Contents**

been waived, the Offer will close and settlement, which means payment of the consideration to the holders of OMX Shares, will begin promptly following such announcement. Assuming that the Acceptance Period has not been extended and that the announcement referred to in the preceding sentence is made on or about [●], 2007, it is expected that settlement may begin on or about [●], 2007. If the Acceptance Period is extended prior to the satisfaction or waiver of conditions for the completion of the Offer, settlement will be postponed accordingly.

Settlement of proceeds from any sale of fractional shares of new Nasdaq Common Stock will be made in accordance with the instructions under Fractional Shares below.

### ***Settlement Procedure for OMX Shares Registered with the VPC***

Settlement will be made by distribution of a contract note. Where the holding of OMX Shares are registered in the name of a nominee at a bank or other custodian, settlement will be made with the nominee.

A holder of OMX Shares registered with the VPC who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to new Nasdaq Common Stock as consideration, will receive VPC-registered Nasdaq Common Stock in his or her VP account, where the OMX Shares originally were held. In connection therewith, the holder of OMX Shares will receive a notice confirming the deposit of VPC-registered Nasdaq Common Stock into the VP account.

A holder of OMX Shares registered with the VPC who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to cash consideration, will receive such cash consideration in Swedish Krona into the yield account linked to his or her VP account. If there is no yield account, or if the yield account is a Bankgiro or Plusgiro account, payment will be made in accordance with instructions on the contract note.

In connection with settlement, the OMX Shares will be transferred from the blocked VP account which is thereby terminated. Holders of OMX Shares will not receive a confirmation of the transfer of OMX Shares from the blocked VP account.

### ***Settlement Procedure for OMX Shares Registered with the Danish VP***

Settlement will be made by distribution of a contract note. Where the holding of OMX Shares are registered in the name of a nominee at a bank or other custodian, settlement will be made with the nominee.

A holder of OMX Shares registered with the Danish VP who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to new Nasdaq Common Stock as consideration, will receive VPC-registered Nasdaq Common Stock to his or her VP account, where the OMX Shares originally were held. In connection therewith, the holder of OMX Shares will receive a notice confirming the deposit of VPC-registered Nasdaq Common Stock into the Danish VP account.

A holder of OMX Shares registered with Danish VP who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to cash consideration, will receive such cash consideration into the yield account linked to his or her Danish VP account. If there is no yield account, payment will be made in accordance with instructions on the contract note. Cash consideration will be converted from Swedish Krona to Danish Krone at the prevailing SEK/DKK exchange rate as derived from the European Central Bank on the date of payment of such cash consideration.

### ***Settlement Procedure for OMX Shares Registered with the Finnish APK***

Settlement will be made by distribution of a contract note. Where the holding of OMX Shares are registered in the name of a nominee at a bank or other custodian, settlement will be made with the nominee.

## **Table of Contents**

A holder of OMX Shares registered with the Finnish APK who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to new Nasdaq Common Stock as consideration, will receive VPC-registered Nasdaq Common Stock in the shareholders' account operators' nominee accounts in VPC, or the respective shareholders' own VP account, as the case may be. By accepting the Offer the holder of the OMX Shares consents to the delivery of the Nasdaq Common Stock in his or her Finnish account operator's nominee account at VPC. Alternatively, a holder of OMX Shares may instruct that the Nasdaq Common Stock shall be delivered to his or her VP account. Swedish shares registered in VPC can also, by using the link between the VPC and the Finnish APK, be transferred to the Finnish book-entry system. Shareholders may in this respect be charged additional fees. Information on such fees can be received from account operators.

A holder of OMX Shares registered with the Finnish APK who has accepted the Offer and who, in accordance with the acceptance made by the holder of the OMX Shares and the terms of the Offer, is entitled to cash consideration, will receive such cash consideration in the bank account announced by the tendering shareholder or by his or her account operator or asset manager at the latest on or about the sixth banking day following Nasdaq's announcement that the conditions for the completion of the Offer that may be waived by Nasdaq have been waived. Cash consideration will be converted from Swedish Krona to Euro at the prevailing SEK/Euro exchange rate as on the date of payment of such cash consideration.

Title to the OMX Shares tendered in the Offer will pass to Nasdaq upon settlement of the OMX Shares validly tendered. Title to the Nasdaq Common Stock issued pursuant to the Offer as consideration for the OMX Shares will pass to those OMX shareholders having accepted the Offer and being entitled to receive Nasdaq Common Stock, upon registration of the Nasdaq Common Stock in the book-entry system managed by VPC.

### **Fractional Shares**

Most holders of OMX Shares will be entitled to receive fractional shares of new Nasdaq Common Stock in connection with the Offer. These fractional shares will be combined into whole shares and automatically sold on behalf of the holders by SEB on a best-efforts basis after completion of the Offer. SEB will commence these sales promptly after the completion of the Offer. The sales proceeds will be divided in proportion to the fractional share to which each holder of OMX Shares is entitled. By accepting the Offer, holders of OMX Shares authorize SEB to sell such fraction of shares of new Nasdaq Common Stock to which they would otherwise be entitled. No commissions will be charged on the sale.

#### ***Procedures for Payment of Sales Proceeds for Holders of OMX Shares registered with the VPC***

Following the sale, holders of OMX Shares registered with the VPC who are entitled to fractional shares of new Nasdaq Common Stock will be sent a contract note indicating the fractional shares sold. The sales proceeds will be paid in Swedish Krona (rounded off to the nearest Swedish Krona according to current rounding-off rules) to the yield account linked to each shareholders' VP account. Shareholders who do not have a yield account or whose proceeds account is a Bankgiro or Plusgiro account will receive their proceeds in accordance with instructions on the contract note. Payment of the sales proceeds will be made promptly after the sales are completed. If OMX Shares are registered in the name of a nominee, proceeds will be paid to that nominee.

#### ***Procedures for Payment of Sales Proceeds for Holders of OMX Shares registered with the Danish VP***

Following the sale, holders of OMX Shares registered with the Danish VP who are entitled to fractional shares of new Nasdaq Common Stock will be sent a contract note indicating the fractional shares sold. The sales proceeds will be converted from Swedish Krona to Danish Krone at the prevailing SEK/DKK exchange rate on the date of payment of such proceeds (rounded off to the nearest Danish Krone according to current rounding-off rules) and will be paid to the yield account linked to each shareholders' VP account. Shareholders who do not have a yield account will receive their proceeds in accordance with instructions on the contract note. Payment of the sales proceeds will be made promptly after the sales are completed. If OMX Shares are registered in the name of a nominee, proceeds will be paid to that nominee.

## **Table of Contents**

### ***Procedures for Payment of Sales Proceeds for Holders of OMX Shares registered with the Finnish APK***

Following the sale, holders of OMX Shares registered with the Finnish APK who are entitled to fractional shares of new Nasdaq Common Stock will be sent a contract note indicating the fractional shares sold. The sales proceeds will be converted from Swedish Krona to Euro at the prevailing SEK/Euro exchange rate on the date of payment of such proceeds (rounded off to the nearest Euro according to current rounding-off rules) and will be paid to the bank account announced by the tendering shareholder or by his or her account operator or asset manager. Payment of the sales proceeds will be made promptly after the sales are completed. Payment of proceeds for the possible fractional entitlements, if any, will be effected on or about the fifteenth banking day following the aforementioned announcement.

### **Rights Pertaining to the Shares of Nasdaq Common Stock**

The shares of Nasdaq Common Stock to be issued under the Offer will rank in all respects *pari passu* with the other issued shares of Nasdaq Common Stock and will carry the right to any dividend paid to shareholders after the date of issuance. See the section entitled *Description of Nasdaq Capital Stock* on page 102 and *Comparison of Rights of Holders of Nasdaq Common Stock and OMX Shares* on page 184.

### **Directly Registered Shares in Nasdaq**

As part of the Offer, holders of OMX Shares who have accepted the Offer will receive VPC-registered shares in Nasdaq. To make this possible, these shares in Nasdaq will be registered by VPC in accordance with the Swedish Act (1998:1479) on Record-Keeping of Financial Instruments.

### **Application to List Shares of Nasdaq Common Stock on the OMX Nordic Exchange Stockholm AB**

As of the date of this Proxy Statement/Prospectus, Nasdaq Common Stock trades only on the Nasdaq Global Select Market in the United States, under the symbol *NDAQ*. Information on the share price performance may be found on Nasdaq's website, <http://www.nasdaq.com>.

Nasdaq has applied for a secondary listing of shares of Nasdaq Common Stock on the OMX Nordic Exchange Stockholm AB. Subject to the receipt of necessary approvals, the trading in the VPC-registered Nasdaq Common Stock is expected to commence on the OMX Nordic Exchange Stockholm AB as soon as practicable after settlement of the Offer. The size of the trading lot of Nasdaq Common Stock on the OMX Nordic Exchange Stockholm has not been decided.

### **Trading in Nasdaq Common Stock on the Nasdaq Global Select Market**

As of the closing of the Offer, all of the shares of Nasdaq Common Stock issued in the Offer will have been approved for listing on the Nasdaq Global Select Market and trading in such shares is expected to be effective upon issuance. Trading on the Nasdaq Global Select Market is conducted in U.S. Dollars. Holders of VPC-registered Nasdaq Common Stock who wish to trade their shares on the Nasdaq Global Select Market must make arrangements to first have their VPC-registered Nasdaq Common Stock transferable for settlement within DTC, the U.S. central securities depository. A holder of Nasdaq Common Stock wishing to trade his or her shares on the Nasdaq Global Select Market should contact his or her financial or brokerage institution for assistance in making the necessary arrangements. Certain limitations may apply to making such arrangements, for example in connection with record dates. Holders of VPC-registered Nasdaq Common Stock are responsible for and must bear all costs arising in connection with the above arrangements.

### **Dividends**

Nasdaq's existing credit facility limits our ability to pay dividends. It has not been Nasdaq's policy to declare or pay cash dividends on Nasdaq's Common Stock. To date, Nasdaq has not paid cash dividends on

---

## **Table of Contents**

shares of Nasdaq Common Stock, and Nasdaq does not intend to pay any cash dividends in the foreseeable future. However, payment of any approved dividend, when determined and payable, will be forwarded to holders of Nasdaq Common Stock, or where Nasdaq Common Stock is registered in the name of a nominee, in accordance with the routines of such nominee. Holders of non-VPC-registered Nasdaq Voting Securities will receive dividends in U.S. Dollars. Holders of VPC-registered Nasdaq Common Stock will receive dividends in Swedish Kronor after conversion from U.S. Dollars at the then current exchange rate and after deduction of withholding tax, and as the case may be, preliminary tax.

The shares of Nasdaq Common Stock carry the right to possible dividend and other shareholders rights paid or otherwise due after the date of issuance, regardless of the fiscal year to which the dividend refers.

### **Meetings of Shareholders**

Nasdaq will hold annual meetings of its shareholders at which it proposes to elect directors to hold office until its next annual meeting or until their successors are duly elected and qualified, and proposes such other business as may properly come before the meeting. Each Nasdaq shareholder is entitled to one vote per share of Nasdaq Common Stock held at every meeting of shareholders. Voting rights can be exercised only by those that are recorded in Nasdaq's share register on the record date for any given meeting as determined by Nasdaq's Board of Directors. Shareholders are entitled to participate and exercise their voting rights at the general meeting of shareholders in person or by proxy. The proxy can be in electronic form.

Nasdaq will distribute notices of shareholder meetings in English as well as other voting materials to holders of VPC-registered Nasdaq Common Stock as of the record date.

### **Stock Market Reporting**

As a U.S. public company listed on the Nasdaq Global Select Market, Nasdaq is, and will continue to be, subject to current quarterly and annual financial reporting requirements and files and will file public reports with the S.E.C. which are accessible (in English) on Nasdaq's website at [ir.nasdaq.com](http://ir.nasdaq.com) and at the S.E.C.'s website at [www.sec.gov](http://www.sec.gov).

### **Governing Law**

The Offer is governed by and construed in accordance with the laws of Sweden. The Swedish Act Concerning Public Takeover Bids in the Stock Market (Sw: *lagen (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) applies in relation to the Offer. Furthermore, the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market (Sw: *OMX Nordic Exchange Stockholm AB:s regler rörande offentliga uppköpserbjudanden på aktiemarknaden*) and the Swedish Securities Council's (Sw: *Aktiemarknadsnämnden*) rulings regarding interpretation and application of the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market (including its rulings with respect to the Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee) apply in relation to the Offer. Furthermore, in accordance with the Swedish Act Concerning Public Takeover Bids in the Stock Market, Nasdaq has contractually agreed with the OMX Nordic Exchange Stockholm AB to comply with the Takeover Rules and to submit to any sanctions imposed by the OMX Nordic Exchange Stockholm AB upon breach of the OMX Nordic Exchange Stockholm Rules Concerning Public Takeover Bids in the Stock Market. The courts of Sweden will have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm will be the court of first instance, although this may not preclude claims under the U.S. securities laws regarding the disclosures made herein from being brought in U.S. courts.

### **Share Ownership Information**

All shareholders of Nasdaq who, directly or indirectly, own more than 5% of the total outstanding shares of Nasdaq Common Stock are required to report such ownership to the S.E.C. pursuant to the Exchange Act. These

## **Table of Contents**

filings are made public by the S.E.C. Also, officers, directors and holders of 10% or more of Nasdaq Voting Securities are subject to the insider trading reporting requirements of Section 16 of the Exchange Act.

### **Special Considerations**

#### ***Statement of Opinion Obtained From the Swedish Securities Council***

The Offer was announced on May 25, 2007, by means of a press release. Under applicable Swedish rules, an offer document shall be submitted to the SFSA no later than four weeks following the date of the announcement of a public takeover offer. On May 24, 2007, the Swedish Securities Council (Sw: *Aktiemarknadsnämnden*) extended this time period in respect of the Offer to ten weeks from announcement of the Offer (Statement 2007:19). On August 3, 2007, the Swedish Securities Council granted a further extension of this time period to 20 weeks from announcement of the Offer (Statement 2007:26).

Statement 2007:18 of the Swedish Securities Council has been described above.

#### ***Compulsory Acquisition Proceedings, Subsequent Share Purchases and De-listing***

In the event that Nasdaq obtains more than 90% of the OMX Shares, Nasdaq intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining OMX Shares.

The purchase price for the OMX Shares acquired through a compulsory acquisition procedure will be determined by an arbitration tribunal. The Swedish Companies Act provides that the purchase price for the remaining OMX Shares will be equivalent to the value of the consideration in the Offer, unless there are any special circumstances at hand that call for a different price. It may take up to two years or more from initiation of the compulsory acquisition procedure until the arbitration tribunal decides on the purchase price. Thereafter, the purchase price will be distributed to the shareholders whose OMX Shares were acquired through the compulsory acquisition procedure, together with interest earned at a market rate set by the Swedish Central Bank pursuant to Swedish law.

Nasdaq may elect to request advance title to the OMX Shares to be acquired in the compulsory acquisition procedure, in accordance with the Swedish Companies Act. Advance title means that full ownership is obtained by Nasdaq with respect to the remaining OMX Shares before the arbitration proceedings regarding the purchase price have been completed. The arbitration tribunal's granting of advance title would be subject to Nasdaq providing satisfactory security for payment of the purchase price and the accrued interest thereon.

If, as described above, advance title to the OMX Shares is obtained by Nasdaq, Nasdaq may be required to make payment for part of the compulsory acquisition price prior to completion of the arbitration proceedings. In particular, following an award of advance title and at the request of a party to the proceedings or the legal representative for the minority shareholders, the arbitration tribunal may, but is not required to, issue a separate award in respect of that portion of the purchase price that is not disputed by Nasdaq. In that case, Nasdaq would be obliged to pay such portion prior to the final arbitration award. There is no guarantee, however, that such early payment will be awarded.

Nasdaq may also purchase any OMX Shares that remain outstanding after completion of the Offer for cash in market or private transactions. However, if Nasdaq purchases OMX Shares within a period of nine months after payment has commenced in the Offer on terms which are more favorable than the terms of the Offer, the OMX Nordic Exchange Stockholm AB Rules Concerning Public Takeover Bids in the Stock Market provide that Nasdaq must make a corresponding increased payment to the OMX shareholders who tendered their OMX Shares in the Offer.

Following the completion of the Offer, Nasdaq intends to propose a de-listing of the OMX Shares from the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Copenhagen A/S, the OMX Nordic Exchange Helsinki Ltd. and the OMX Nordic Exchange Iceland where OMX Shares are currently listed.

**Table of Contents**

**DESCRIPTION OF NASDAQ CAPITAL STOCK**

The following description of our capital stock and provisions of our Restated Certificate of Incorporation and By-Laws are summaries. You should refer to the copies of these organizational documents that have previously been filed with the S.E.C.

Our authorized capital stock consists of 300,000,000 shares of common stock, par value \$.01 per share and 30,000,000 shares of preferred stock. As of June 30, 2007, we had 130,713,703 shares of common stock issued and 112,921,954 shares outstanding.

**Nasdaq Common Stock**

The holders of Nasdaq Common Stock are entitled to one vote per share on all matters to be voted upon by the shareholders except that any person, other than FINRA or any other person as may be approved for such exemption by Nasdaq's Board of Directors prior to the time such person owns more than 5% of the then outstanding shares of Nasdaq Common Stock, who otherwise would be entitled to exercise voting rights in respect of more than 5% of the then outstanding shares of Nasdaq Common Stock will be unable to exercise voting rights in respect of any shares in excess of 5% of the then outstanding shares of Nasdaq Common Stock. At any meeting of our shareholders, a majority of the votes entitled to be cast will constitute a quorum for such meeting. In response to the S.E.C.'s concern about a concentration of our ownership, our Restated Certificate of Incorporation prohibits any member of Nasdaq or a person associated with such member from beneficially owning more than 5% of the outstanding shares of Nasdaq Common Stock.

Under the Restated Certificate of Incorporation, our Board of Directors may waive the application of the 5% voting limitation to persons other than brokers, dealers, their affiliates, and persons subject to statutory disqualification under Section 3(a)(39) of the Exchange Act, subject to approval by the S.E.C.

Holders of Nasdaq Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by Nasdaq's Board of Directors out of funds legally available for them. In the event of liquidation, dissolution, or winding up of Nasdaq, the holders of Nasdaq Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. Nasdaq Common Stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to Nasdaq Common Stock. All outstanding shares of Nasdaq Common Stock are fully paid and non-assessable.

**Preferred Stock**

The Board of Directors may provide by resolution for the issuance of preferred stock, in one or more series, and to fix the powers, preferences, and rights, and the qualifications, limitations, and restrictions thereof, of this preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund provisions, if any, and the number of shares constituting any series or the designation of such series. The issuance of preferred stock could have the effect of decreasing the market price of Nasdaq Common Stock and could adversely affect the voting and other rights of the holders of Nasdaq Common Stock.

As of June 30, 2007, there were 30,000,000 shares of preferred stock authorized, none of which were issued or outstanding.

**Certain Provisions of the Restated Certificate of Incorporation and By-Laws**

Some provisions of our Restated Certificate of Incorporation and By-Laws, which provisions are summarized above and in the following paragraphs, may be deemed to have an anti-takeover effect and may delay, defer, or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

## **Table of Contents**

### ***Advance Notice Requirements for Shareholder Proposals and Directors Nominations***

Our By-Laws provide that shareholders seeking to bring business before an annual meeting of shareholders, or to nominate candidates for election as directors at an annual meeting of shareholders, must provide timely notice in writing. To be timely, a shareholder's notice must be delivered to or mailed and received at our principal executive offices not less than 90 nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, that in the event that the annual meeting is called for a date that is not within 30 days before or 70 days after such anniversary date, notice by the shareholder in order to be timely must be received not earlier than 120 days prior to the meeting and not later than the later of 90 days prior to the meeting and the close of business on the 10th day following the date on which notice of the date of the annual meeting was first publicly announced by Nasdaq. In the case of a special meeting of shareholders called for the purpose of electing directors, notice by the shareholder in order to be timely must be received not earlier than 120 days prior to the meeting and later than the later of 90 days prior to the meeting and the close of business on the 10th day following the day on which public disclosure of the date of the special meeting and our nominees was first made. In addition, the By-Laws specify certain requirements as to the form and content of a shareholder's notice. These provisions may preclude shareholders from bringing matters before an annual meeting of shareholders or from making nominations for directors at an annual or special meeting of shareholders.

### ***Shareholder Action; Special Meeting of Shareholders***

Our Restated Certificate of Incorporation provides that shareholders are not entitled to act by written consent in lieu of a meeting. Delaware law vests the board of directors of a Delaware corporation with the authority to call special meetings of shareholders and permits us to authorize in our Restated Certificate of Incorporation or By-Laws other persons to also have such authority. Our Restated Certificate of Incorporation and By-Laws do not vest any other persons with such authority.

### ***Amendments; Supermajority Vote Requirements***

The General Corporation Law of the State of Delaware provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation, unless a corporation's certificate of incorporation requires a greater percentage. Our Restated Certificate of Incorporation imposes super majority (66 2/3%) voting requirements in connection with shareholder amendments to the By-Laws and in connection with the amendment of certain provisions of the Restated Certificate of Incorporation, including those provisions of the Restated Certificate of Incorporation relating to the limitations on voting rights of certain persons, the classified board of directors, removal of directors and prohibitions on shareholder action by written consent.

### ***Authorized But Unissued Shares***

The authorized but unissued shares of Nasdaq Common Stock and preferred stock will be available for future issuance without shareholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of Nasdaq Common Stock and preferred stock could render more difficult, or discourage, an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

### ***Delaware Business Combination Statute***

We are organized under Delaware law. Delaware law generally prohibits a publicly-held or widely-held corporation from engaging in a business combination with an interested stockholder for three years after the stockholder becomes an interested stockholder. An interested stockholder is a person who, together with

**Table of Contents**

affiliates and associates, owns (or, in some cases, within three years, did own) directly or indirectly 15% or more of the corporation's outstanding voting stock. A business combination includes a merger, asset sale or other transaction that results in a financial benefit to the interested stockholder. However, Delaware law does not prohibit these business combinations if:

1. before the stockholder becomes an interested stockholder the corporation's board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
2. after the transaction that results in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the corporation's outstanding voting stock (excluding certain shares); or
3. the corporation's board approves the business combination and the holders of at least two-thirds of the corporation's outstanding voting stock that the interested stockholder does not own authorize the business combination at a meeting of stockholders.



**Table of Contents****INFORMATION ABOUT OMX**

*The information provided in the following section does not take into account the effect of the combination between OMX and Nasdaq. Risks related to OMX's business operations which could have a material effect on the combined company's operations and financial position are presented in the section entitled Risk Factors Risks Relating to the Combined Company's Business.*

**Introduction**

In Northern Europe, OMX owns and operates the largest securities marketplace, including markets in Sweden, Denmark and Finland, and provides marketplace services and solutions to financial, securities and other markets. OMX operates three business areas: Nordic Marketplaces, Information Services & New Markets and Market Technology. The Nordic Marketplaces business area constituted approximately 46% of OMX's revenues for the year ended December 31, 2006 and approximately 45% of OMX's revenues for the six months ended June 30, 2007 (calculated based on the revenues for the business area in question divided by the sum of revenues for all three business areas), and comprises OMX's exchange operations in Sweden, Finland, Denmark and Iceland. The Information Services & New Markets business area constituted approximately 20% of OMX's revenues for the year ended December 31, 2006 and approximately 17% of OMX's revenues for the six months ended June 30, 2007, and comprises OMX's information services, its exchanges in the Baltic States and OMX's business unit Broker Services. The Market Technology business area constituted approximately 34% of OMX's revenues for the year ended December 31, 2006 and approximately 38% of OMX's revenues for the six months ended June 30, 2007, and comprises the delivery of technology and services to marketplaces throughout the world. For further information on the three business areas, see Nordic Marketplaces, Information Services & New Markets and Market Technology.

**Competition**

*Nordic Marketplaces.* Competition in trading relates mainly to equities, derivatives and bonds. The main competitors among the exchanges in Europe include NYSE Euronext, Deutsche Börse AG, the LSE, Borsa Italiana S.p.A., the Spanish Exchanges (BME) and SWX Swiss Exchange. Other major exchanges around the world include The NASDAQ Stock Market, the American Stock Exchange, the Tokyo Stock Exchange, the Korea Exchange, the Hong Kong Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, the Sydney Stock Exchange, the Bombay Stock Exchange, the Sao Paulo Stock Exchange and the Toronto Stock Exchange. Competition also comes from broker-dealers and from off-board or OTC trading in the U.S. and elsewhere. In bond trading, OMX competes with alternative marketplaces such as MTS. For derivatives products, competition comes in the form of trading and clearing that takes place through OTC trading, usually through banks and brokerage firms or through trading and clearing with other exchanges. The competitive significance in Europe of these varied alternative trading venues is likely to increase substantially in the future, with the regulatory environment in Europe becoming more favorable to off-exchange trading as a result of the reforms required by MiFID.

Competition for listings relates to the exchange choices available to companies considering a new or secondary listing. In addition to the larger exchanges, companies are able to consider smaller markets and quoting facilities, such as OMX's First North, LSE's Alternative Investment Market, Euronext's Alternext, Deutsche Börse's Entry Standard, Borsa Italiana's Expandi Market, PLUS Markets plc, the Pink Sheets LLC, and the Over-the-Counter Bulletin Board. Other exchanges in Sweden include the Nordic Growth Market and Aktietorget, which primarily serve companies with smaller market capitalizations. A well-functioning financial market also offers many different sources of capital in addition to a listing, including bank loans or financing via private equity.

*Information Services & New Markets.* Information Services are based to a large extent on the information originating on the Nordic Exchange. The more the information is refined, the more competition increases as other companies provide similar services. The main competitors for the recently launched Company News Service, a comprehensive communication service for listed companies, are Cision and Hugin, the latter of which is owned by NYSE Euronext.

## **Table of Contents**

With respect to the Baltic Market, exchanges compete with each other for trading and listings. There are also other options for raising capital, including bank loans and private equity financing. The loan market has long been a competitive alternative in the Baltic States for companies wishing to finance growth and expansion. In recent years, private equity funds have also increased their presence and activities in the region.

With respect to broker services, the primary alternative for back-office services is the customers' own in-house operations. In addition, there are a number of smaller players who offer some or all of the services. In systems solutions, there are a number of global as well as regional competitors.

*Market Technology.* Many exchanges have traditionally developed their own technology systems for trading internally, often assisted by consulting companies and local suppliers of components. Competitors who provide trading solutions include Atos Euronext Market Solutions and Accenture. Examples of competitors in the market for the operation of exchange systems are Accenture, HP and IBM.

As far as technology solutions for clearing and settlement are concerned, the majority of the exchanges, clearing houses and securities depositories have traditionally developed their own systems, often assisted by consulting companies and local suppliers of components. Competitors who provide clearing and settlement solutions include Atos Euronext Market Solutions, Tata Consultancy Services and Clearstream.

Many exchanges and other marketplaces have traditionally developed their own technology systems for information dissemination, often assisted by consulting companies and local suppliers of components. In addition, there are a number of companies delivering general information systems that can be used by marketplaces.

## **Customers**

*Nordic Marketplaces.* With respect to listing, OMX's customers are organizations such as companies, funds or governments that issue and list securities on the Nordic Exchange. One indicator of market activity is the number of new companies added during a year. In 2006, the number of new companies doubled compared with 2005. A total of 103 new companies were listed, of which 58 joined the main market and 45 joined First North.

*Information Services & New Markets.* With respect to information services, OMX supplies information to a large number of customers. The most important customers include exchange members (banks and securities brokers), information vendors and to a certain extent private investors for market and analyst information, and listed companies for communications services. The Baltic Market's customers include exchange members (banks and securities brokers), issuers, fund managers, account operators and information vendors. The broker services customers include Nordic and international banks, securities brokers and asset managers with institutional trading operations, private banking and custody services in the Nordic region.

*Market Technology.* OMX's trading solutions are utilized by a number of securities exchanges and alternative marketplaces in addition to the Nordic Exchange, while the technology solutions for clearing and settlement have an international customer base comprised of clearing organizations and securities depositories. OMX's information dissemination solutions are currently utilized by a number of securities exchanges, including the Nordic Exchange.

## **History**

OMX was originally founded as OM, a limited liability company (Sw: *aktiebolag*) in 1984 by Olof Stenhammar. Olof Stenhammar was appointed in 2007 by the OMX Board of Directors, and endorsed by OMX's shareholders, Honorary Chairman of OMX for his unique entrepreneurial contribution to OMX and the Swedish financial market. In 1985, OMX developed the Nordic Baltic region's first derivatives exchange and in 1987 OMX became the first exchange in the world to be listed on a securities exchange. In 1990, OMX developed and sold the world's first electronic exchange system for derivatives trading. In 1995, OMX developed and sold the trading system used by the world's first electricity exchange. In 1998, OMX merged with the Stockholm Stock

## **Table of Contents**

Exchange (now called the OMX Nordic Exchange AB). In 2002, OMX and the LSE formed EDX London, an international marketplace for trading and clearing of equity derivatives. In 2003, OMX merged with HEX, the owner of the stock exchanges and CSDs, in Finland, Estonia and Latvia. In 2004, OMX acquired Vilnius Stock Exchange and part of the Lithuanian CSD. In 2005, OMX merged with the Copenhagen Stock Exchange (now called the OMX Nordic Exchange Copenhagen A/S), and in 2006, it merged with the Iceland Stock Exchange (now called the OMX Nordic Exchange Iceland) and CSD. Today, over 800 companies are traded on the Nordic Exchange (including its alternative market, First North).

## **The OMX Timeline**

## **Business Model and Strategy**

Through ownership and operation of exchanges in Northern Europe, OMX utilizes its knowledge and experience to drive OMX's business model which focuses on exchange operation and providing technology and systems operations for global exchange customers. This focus creates substantial competitive advantages relative to other technology providers.

## ***Business Model***

OMX's business model is based on three cornerstones:

The Nordic Exchange. The integration of OMX's Nordic and Baltic exchanges into one single offering makes it possible for the whole region to compete at a global level. Proprietary exchanges give OMX in-depth know-how regarding exchange operations and are crucial reference markets for OMX's development and sale of systems and exchange technology worldwide. The experience and knowledge that OMX gains from its proprietary exchanges contributes to the success of its technology operations.

## **Table of Contents**

**Exchange Technology.** Technology is central to the operations of marketplaces and other organizations in the exchange industry. A well-functioning technology solution facilitates efficient operations and is essential for competitiveness. OMX is a leader in developing, delivering, integrating, maintaining and operating technology solutions for exchanges and marketplaces, clearing organizations and central securities depositories.

**Global Customer Base.** A common feature in OMX's technology operations and the Nordic Exchange is the global nature of the customer base. It includes leading international financial institutions and operators of infrastructure. These customers provide global insight and perspective as well as the scale required for OMX to maintain a leading market position.

### ***Strategy***

Utilizing the three cornerstones in the business model, OMX aims to exceed the increasingly rigorous market demands for efficient securities transactions. OMX focuses on the strategic areas below.

***The Nordic Exchange.*** Through the integration and development of the Nordic Exchange, OMX set the stage for a broader consolidated marketplace that could promote regional economic growth and compete in the global landscape. To this end, the task has been to achieve ease of access and lower trading costs as well as true harmonization by sharing the same trading system, providing common listing and index structures, enabling efficient cross-border trading and settlement, offering cross-membership and providing one market source of information.

As a result of the mergers with the Helsinki Stock Exchange (now called the OMX Nordic Exchange Helsinki Ltd.), the Copenhagen Stock Exchange (now called the OMX Nordic Exchange Copenhagen A/S) and the Iceland Stock Exchange (now called the OMX Nordic Exchange Iceland), and the acquisitions in the Baltics, over 800 companies are traded on the Nordic Exchange (including the alternative market, First North).

***Expansion of Information Operations.*** To meet the growing demand for information services and maintain a strong customer focus, OMX aims to expand its information operations through the launch of new products and services, and through efforts to enhance customer relations.

***Genium Next Generation of Technologies.*** As the pace and complexity of trading increases, faster and more efficient systems are required for different types of marketplaces. OMX aims to meet the demands of the future with regard to speed, security and adaptability in a cost-efficient manner through standardized access and modular building blocks. Accordingly, OMX expects to introduce Genium as its next generation of technology for the exchange industry. Genium is intended to be the world's most efficient trading system, to standardize access for trading and market data and to provide solutions for the distribution and processing of market data. Genium provides standardized access solutions for trading and market data based on the FIX (Financial Information eXchange) and FAST (FIX Adapted for Streaming) protocols. Genium is expected to first be implemented at the Nordic Exchange starting in 2007 at which time FIX access will be provided to equity market data. In 2008 FIX access will be provided to equity and derivatives trading. Thereafter, the Nordic Exchange plans to move cash and derivatives trading to a Genium-based solution.

***Participation in the Development of Regional Markets.*** Smoothly functioning securities markets are important to the growth of countries and regions because the more efficient the transaction chain among exchanges, clearing organizations, securities depositories and banks and brokerages, the greater the potential for more active trading in a region. The more active the trading, the easier it is to distribute risk and for businesses to find the capital required for investment and growth.

OMX aims to continue developing the markets in the Baltic region so that they become a distinctive and attractive part of the Nordic Exchange offering. In addition, in Eastern Europe, many marketplaces are faced with

## **Table of Contents**

numerous challenges in the form of consolidation, privatization and change of corporate structure. OMX's expertise within the exchange industry provides a firm base from which to participate in the transformation of these exchanges through advisory services, technology or other types of cooperation.

*Transforming Changes in Regulations into Business Opportunities.* Recent directives from the European Union have focused on the harmonization of regulation with respect to financial services, offering, listing and trading of securities and market abuse. These directives are in turn providing opportunities for companies such as OMX. As the regulatory environment continues to change and related opportunities arise, OMX intends to use its position in the industry to continue product development, and ensure that OMX's marketplaces maintain favorable liquidity and offer efficient trading.

### **Customer Offerings**

OMX has two main customer offerings, the Nordic Exchange, which offers access to securities trading in the Nordic and Baltic financial markets, and technology operations, which offer systems and operating solutions for exchanges and marketplaces worldwide.

*The Nordic Exchange.* The Nordic Exchange comprises the exchange operations in Sweden, Finland, Denmark, Iceland, Estonia, Latvia and Lithuania. In addition to trading in equities, bonds and derivatives, the offering also includes services to listed companies and information services to participants in the financial markets. As well as the main market, the Nordic Exchange also encompasses the alternative marketplace First North, which is offered for growth companies. The Nordic Exchange is currently Europe's fifth largest exchange, measured in the number of transactions annually.

*The Global Technology Operations.* OMX's global technology operations enable efficient securities transactions for more than 60 marketplaces in over 50 countries. The offering consists of technology solutions for trading, clearing and settlement, as well as the distribution of market information. In addition to systems solutions, OMX offers advisory services, systems integration, and operation (facility management) and support of all components included in a turnkey IT solution for a marketplace. OMX currently manages operations for 16 marketplaces, and accordingly, it is the world's largest exchange operator measured in the number of operating hours. Because of its respected status in the exchange industry, demand is also rising for OMX's advisory services, often at the point where OMX proprietary exchange experience converges with the development of technology for exchanges worldwide. OMX is able to offer these customers analysis and advisory services on efficiency, as well as operational security and support in the creation of regional marketplaces.

## **Table of Contents**

### **Three Business Areas**

As indicated above, OMX operates three distinct business areas: Nordic Marketplaces, Information Services & New Markets and Market Technology.

### **Nordic Marketplaces**

The Nordic Marketplaces business area encompasses OMX's exchanges in Sweden, Finland, Denmark and Iceland. The exchanges have one main market and an alternative marketplace called First North. The operations encompass products and services in trading, clearing and listing of securities. The joint offering of trading, listing and information services and the exchanges in Estonia, Latvia and Lithuania are marketed as the Nordic Exchange.

OMX's strategy is to continue integration in the Nordic market and to increase its range of services through the Nordic Exchange. This will create a strong Nordic market with simpler and more efficient trading across national borders. By enhancing visibility and access to Nordic companies internationally, OMX will contribute to increased trading and development of the region's financial market that will, in turn, strengthen the Nordic Exchange's competitiveness.

### ***Recent Developments***

For the Nordic Marketplaces business area, 2006 was characterized by record high levels of activity in trading and listings. Major efforts were devoted to the launch of the Nordic Exchange on October 2, 2006. In order to make it easier to find and compare companies in the Nordic Exchange's main market, Swedish, Danish, Finnish and Icelandic companies are now presented together, classified by market capitalization, sector and in alphabetical order. Other important developments includes expanding First North to encompass Finland, Denmark, Iceland and the Baltics, harmonizing listing requirements for the main markets in Sweden, Finland,

**Table of Contents**

Denmark and Iceland and the introduction of a common Nordic exchange membership, which enables members to trade on the Nordic Exchange in Sweden, Finland, Denmark and Iceland with a single membership fee. The Iceland Stock Exchange (now called the OMX Nordic Exchange Iceland) and the Icelandic Securities Depository were acquired in November 2006. With that acquisition, OMX has merged seven exchanges in three years. In December 2006, it was announced that trading fees for reported equity transactions would be harmonized and reduced by approximately 50% by April 2, 2007. Based on trading revenues during the twelve months ended September 30, 2006, the fee reduction would have had a negative impact on OMX revenues of approximately SEK 50 million on a yearly basis. On May 3, 2007, the Nordic Exchange reached a record of share turnover of EUR 9,706 million. For the six months ended June 30, 2007, the Nordic Marketplaces business area accounted for SEK 1,066 million in revenues and SEK 549 million in operating income.

***Trading and Clearing***

*Products and Services.* Trading on the Nordic Exchange takes place through its members. These member banks and securities brokers provide a broad distribution network that contributes to the liquidity of the traded financial instruments. Trades are made on behalf of the exchange members themselves and for the exchange members' customers, i.e., investors in the form of institutions or private individuals.

OMX offers its members cash trading in Nordic securities such as equities and depository receipts, warrants, convertibles, rights, fund units, options, exchange-traded funds, bonds and other interest-related products. Settlement and registration of cash trading takes place in Sweden and Finland via the Nordic Central Securities Depository (NSCD), and in Denmark and Iceland via the VP and ISD securities depositories, respectively.

Members can also trade in derivatives, such as stock options and futures, index options and futures, fixed-income options and futures and stock loans. OMX offers clearing services in these products by serving as the central counterparty. In doing so, OMX guarantees the completion of the transaction and market participants can thereby limit their counterparty risk. OMX also acts as the counterparty for certain transactions that take place outside the exchange, known as OTC trading. The transactions are reported electronically prior to central counterparty clearing and OMX thereby guarantees the completion of the transaction. Products included in this service are fixed-income options and futures, non-standardized stock options and futures and non-standardized index options and futures.

Following the completion of a transaction, settlement takes place between parties with the exchange of the securities and funds. The transfer of ownership is registered and the securities are stored on the owner's behalf.

*Market.* In 2006, OMX saw a sharp increase in turnover in the securities market. Compared with the previous year, the number of equity transactions on the Nordic Exchange increased by 46% and the total value of equity trading rose by 36%. The number of traded derivatives contracts increased during the same period by 15%.

Measured by the number of transactions for 2006, the Nordic Exchange is the fifth largest exchange operation in Europe with a market share of 7%. In terms of trading in equity-related derivatives products, OMX operates Europe's third largest exchange with a market share of approximately 8% in 2006. Trading in equities or derivatives products tends to center on the marketplaces that offer the highest possible liquidity. For example, in recent years, trading in Ericsson and Nokia shares has risen substantially on the Nordic Exchange compared with the other exchanges on which these companies are listed.

A method of measuring the efficiency of exchange operations is the turnover rate, which is the portion of the exchange's total market capitalization that is traded over one year. The turnover rate for the Nordic Exchange during 2006 increased to 132% compared to 117% for the prior year.

## **Table of Contents**

During 2006, 21 members joined the Nordic Exchange in Sweden, Finland, Denmark and Iceland. As of June 30, 2007, the Nordic Exchange had a total of 160 members. Cooperation between the Nordic Exchange and exchange members has led to an increasing number of members that have a standardized price list for trading in Nordic securities.

*Revenue Model.* Trading revenues include revenue from trading in equities, bonds and derivatives, as well as from the clearing of derivatives and bonds. The size of trading fees is a function of both volume and value and these are charged to exchange members. The two most important parameters for revenue from equities trading are the value of equity turnover and the number of transactions. The most important parameter for trading and clearing of derivatives products is the number of traded contracts. The size of option premiums also has a certain degree of significance to revenues for trading and clearing in Swedish stock options.

### ***Listing***

*Products and Services.* OMX offers listings on the Nordic Exchange in Sweden, Finland, Denmark and Iceland. The customers issue securities in the form of equities and depository receipts, warrants, fund units, exchange-traded funds, convertibles, rights, options, bonds and other interest-related products.

As an example of services to listed companies, the Nordic Exchange in Sweden and Finland offers a service guaranteeing liquidity for companies with a low level of trading. By engaging a liquidity provider, most often a bank or brokerage firm, companies can secure more accurate pricing for their shares. At year-end 2006, 127 companies on the Nordic Exchange had liquidity providers.

For growth companies, the Nordic Exchange offers access to the financial market through the alternative marketplace First North, with a simpler regulatory framework than OMX's main market.

*Market.* The market for listing services is primarily dependent on the economy, access to and costs for alternative sources of financing as well as the perception of the attractiveness of exchange listing and financing. The total market capitalization for companies on the Nordic Exchange at year-end 2006 was SEK 8,306 billion, making it the sixth largest among Europe's marketplaces, based on the market capitalization of its listed companies. At the same time, the Nordic Exchange is a world leader in certain sectors. Measured in terms of the market capitalization of listed companies, the Nordic Exchange is the largest marketplace in Europe for IT companies, the largest marketplace in the world for the paper industry, the second largest marketplace in the world for retail fashion and third largest marketplace in the world for industrial machinery.

*Revenue Model.* Revenues for listing services comprise the initial fee and the ongoing fees each company pays for being listed. The fee is determined by the market capitalization of the company. The revenue model for First North works in the same way as for the main market, although companies on First North are generally smaller, generating lower revenues.

### ***Cooperation and Partnerships***

Through cooperation and partnerships, OMX participates actively in the development of both the national and international capital markets. LEC (Linked Exchanges and Clearing) is the trading and clearing link for derivatives products, established in London and Oslo. OMX also owns 24% of the EDX London derivatives exchange (jointly owned by the LSE) which, via LEC, offers trading in Nordic and Russian equity-related derivatives with local clearing in the UK. Via EUREX, OMX cooperates on trading in the most traded Finnish derivatives contracts as well as in options and futures on OMXH25.



## **Table of Contents**

### ***Systems and Technology***

OMX's technology solutions were essential for creating the Nordic Exchange and ensuring efficient securities transactions. Given OMX's global expertise in exchange technology, the Nordic Exchange has been able to manage the substantial growth in trading volume in recent years and today rates highly in technological stability, performance, capacity and functionality. The Nordic Exchange is one of OMX's most demanding and challenging technology customers and, in combination with OMX's other major customers, plays a distinct role as the driver of developments in existing and new systems.

### ***Market Regulation***

Confidence in capital markets is paramount for trading to function properly. The Nordic Exchange carries out market regulation through an independent unit that is separated from the business operations. OMX Surveillance consists of three Surveillance Departments, one at each of the OMX Nordic Exchange in Sweden, Finland and Denmark, and separate surveillance functions at the OMX Nordic Exchange Iceland. These departments are in turn organized into two groups or functions: one for the listing of instruments and surveillance of companies (Issuer Surveillance) and one for surveillance of trading (Trading Surveillance). In Iceland, the surveillance activities are carried out by specially appointed persons. In addition, there are special personnel who carry out surveillance activities at each of the three Baltic Exchanges. Currently, there are two Surveillance Committees at the Nordic Exchange, one in Sweden and one in Finland. In Sweden and Finland, decisions to list new companies are made by the Surveillance Committees of the exchanges. In Denmark and Iceland, listing decisions are made by the President of the exchange, a duty delegated by the board of the OMX Nordic Exchange Copenhagen A/S and the OMX Nordic Exchange Iceland, respectively.

If there is suspicion that a listed company or member has acted in breach of exchange regulations, the matter is dealt with by the market regulation division. Serious breaches are considered by the respective disciplinary committee in Sweden and Finland. In Denmark and Iceland, all matters are dealt with by the market regulation division. Suspected insider trading is reported to the appropriate authorities in the respective country or countries.

OMX continues the harmonization of the structure and processes for market regulation in the Nordic region. When the Nordic Exchange was launched, the listing requirements for OMX's exchanges in Sweden, Denmark and Finland were harmonized. OMX Nordic Exchange Iceland adopted the harmonized requirements in April 2007. There are plans for a company committee and disciplinary committee to be established in Denmark and Iceland during 2007. In conjunction with this, the listing process will also be harmonized for the Nordic Exchange in Sweden, Finland, Denmark and Iceland. A harmonized set of regulations for listed companies is expected to come into effect in 2008.

### ***Information Services & New Markets***

The Information Services & New Markets business area contains Information Services, the Baltic Market and OMX's Broker Service operations in securities administration. This business area also aims to identify business opportunities with a high level of growth, both in terms of products, services and geographic markets. The Nordic Exchange concept groups the trading and listing services in the Baltic countries provided by the Baltic Market with the exchange operations in the Nordic region, which are included in the Nordic Marketplaces business area, and also incorporates information sales from all of OMX's marketplaces. For the six months ended June 30, 2007, the Information Services & New Markets business area accounted for SEK 409 million in revenues and SEK 122 million in operating income.

### ***Recent Developments***

For this business area, 2006 was characterized by high levels of market activity and a focus on product and service development. Information operations in 2006 were primarily focused on the Nordic Exchange launch. Information products and communications services that were previously defined by specific countries have been

## **Table of Contents**

replaced by pan-Nordic solutions. Combined with the harmonization of the contract structure, this is intended to ensure that all customers on the Nordic Exchange are offered the same conditions. In addition, these developments mean that individual customers now have only one point of contact and one contract with OMX. Important advances in this business area during 2006 include the launch of the Nordic index family, the introduction of Nordic real-time products and the launch of pan-Nordic and Baltic communications services.

In the Baltic Market, integration and development of the Baltic marketplace has continued. A new Baltic index family was introduced in 2006. In order to facilitate better investment decisions, the Baltic exchanges launched the web-based service Baltic Fund Center with a compilation of information on Baltic funds. During 2006, settlement timing was harmonized across the Baltic States.

In Broker Services, OMX has increased its focus on sales and the development of internal processes. Danish securities services for Swedish members were also introduced in 2006. At the beginning of 2007, operations were expanded to include systems for securities administration in conjunction with an outsourcing systems development agreement with the Indian company, HCL Technologies.

At the end of 2006, OMX announced its bid on all of the shares in the Ljubljana Stock Exchange in Slovenia. The bid expired on January 22, 2007 at which point no owners had yet taken up a final position. In March 2007, OMX strengthened its index business through the acquisition of Findata AB, a leading supplier of information on Nordic companies offering customized indexes. In April 2007, OMX announced that it had signed a letter of intent with the Central Bank of Armenia and the Government of Armenia regarding acquisition of the Armenian Stock Exchange and the Central Depository of Armenia.

In the first quarter of 2007, OMX entered into a partnership with the St. Petersburg Exchange and RX, a group of venture capitalists, to create the International Exchange St. Petersburg, or IXSP, a stock exchange of international standard in St. Petersburg. IXSP will offer Russian companies access to international capital without having to seek a listing on exchanges outside Russia. OMX will deliver the platform for trading and market data dissemination, and provide its expertise in marketplace services. OMX, the St. Petersburg Exchange and RX will each own one third of the new company.

Following the successful launch of the First North in the Nordic countries, OMX is extending the concept of First North to the Baltic region in 2007.

### ***Information Services***

Information Services encompasses all of OMX's information products. Information is an increasingly important factor to participants on the Nordic Exchange. The business area develops the Nordic and Baltic range of products and services intended to enhance transparency and enable local investors to more easily ascertain the investment opportunities in the entire region and, at the same time, give international investors greater insight into the Nordic and Baltic securities market.

*Products and Services.* Information products and services are based on the trading information from the Nordic Exchange for three classes of securities: equities, bonds and derivatives instruments. Based on raw and processed data, OMX provides information in real-time, with a time delay or in batches. The products and services are packaged for market professionals as well as for private individuals, and include real-time information on order books, specific transactions and share-price trends, the compilation and calculation of reference information such as indexes and the presentation of statistics. Information Services also helps listed companies to instantaneously distribute sensitive share-price information to the media, analysts, investors and other stakeholders. The information-related products and services encompass information from seven exchanges.

This business area also includes OMX's training services for brokers and courses in equity and derivatives trading for professional and private investors.

## **Table of Contents**

OMX also recently launched a new comprehensive communications service for listed companies, Company News Service, in response to the additional informational and disclosure requirements imposed on issuers and investors by the European Union in its Directive 2004/109/EC, also known as the Transparency Directive. This new service was launched during the first quarter of 2007 and is being implemented in the Nordic countries during 2007.

*Market.* The exchange industry is developing rapidly and the use of market information has increased substantially in recent years. There is extensive demand from investors to receive high quality information in order to make as informed an investment decision as possible. Since an increasingly large portion of trading today is automated and takes place at a rate that exceeds human capacity, requirements for the speed of information delivery are also escalating. As a result of increased information delivery needs, there are excellent opportunities to improve the quality of the marketplaces, increase volumes and revenues and generate competitive advantages.

Changing laws and regulations and increasing demand from investors for rapid and reliable information are driving the development of the market for communications tools. Companies use these tools to distribute information to the media, analysts, professional traders and private investors in an efficient manner. The market is subject to intense competition with a number of large international companies and smaller, local niche players. OMX endeavors to be the first choice for these services in the Nordic and Baltic regions.

*Revenue Model.* OMX's revenues from Information Services are generated primarily through sales and distribution of market information based on the number of end-users. In addition, Information Services sells communications services to information vendors, exchange members, issuers and professional investors. Revenue is also generated by the training courses that OMX provides.

### ***Baltic Market***

The Baltic Market operations comprise the Tallinn Stock Exchange in Estonia, Riga Stock Exchange in Latvia and the Vilnius Stock Exchange in Lithuania. OMX has a 93% ownership interest in the exchanges in Latvia and Lithuania, while OMX's ownership of the Tallinn Stock Exchange amounts to 62%. OMX also owns the central securities depositories in Estonia and Latvia, and 40% of the central securities depository in Lithuania. Through the Baltic Market, OMX aims to minimize the differences between these three national exchanges and to make these markets a distinctive and attractive part of the Nordic Exchange.

*Products and Services.* In the Baltic markets, Nordic Exchange offers its members trading, clearing, payment and custody services. Issuers, primarily large companies, are offered listing and a distribution network for their various securities. The securities traded are mainly equities, bonds and treasury bills. Clearing, payment and custody services are offered through the wholly owned central securities depositories in Estonia and Latvia, and part ownership of the central securities depository in Lithuania. In addition, in Estonia and Latvia, OMX provides registry maintenance of the fund units included in the obligatory pension funds, and in Estonia, the maintenance of shareholder registers for listed companies if desired.

OMX intends to strengthen the Baltic Market's position by expanding its offering with a wider range of Baltic services and instruments to private and institutional customers. The launch of an alternative marketplace for growth companies is expected to occur as well as a new presentation model for listed companies that meets international standards.

*Market.* During 2006, the three Baltic States that compose the Baltic Market had the highest economic growth rate in the EU. Growth was based on continued strong domestic demand in all three countries, primarily in such areas as construction, property, business and trade. Strong growth in the financial sector was driven by increased trading in the region and an increased number of listed companies and educated investors. At the end of 2006, 98 companies and 68 bond issues were listed on the Baltic Market exchanges. The number of equity transactions per day increased from 903 in 2005 to 996 in 2006. The total market capitalization of listed companies rose from SEK 113 billion in 2005 to SEK 129 billion in 2006.

## **Table of Contents**

*Revenue Model.* Similar to the Nordic Exchange, OMX's revenues from the Baltic Market are generated from trading, clearing and settlement, fees from issuers, membership fees and from the sale of market information. Revenues also include income from the central securities depositories in Estonia and Latvia, in which the number of registered accounts and transactions are the most important parameters.

### ***Broker Services***

As of January 1, 2007, OMX has integrated its technology and service units in securities administration into one unit. Through Broker Services, OMX provides administration and settlement services for securities trading on the Nordic Exchange.

To further develop administration systems solutions and services, OMX has signed an outsourcing agreement with HCL Technologies which will carry out a large part of the development work. Offering competitive back-office and custody services is part of OMX's strategy for the Nordic Exchange. Broker Services comes under the supervision of the SFSA.

*Products and Services.* Broker Services comprise a number of offerings. Back Office for Hire is targeted toward financial participants who want to entirely or partly outsource their back-office securities administration. Remote Member Service offers remote members on the Nordic exchanges settlement and custody services. Through Account Operator Service, account-handling services are provided for financial participants holding accounts with the Nordic central securities depositories. Corporate Finance Administration offers financial participants administrative services for exchange listings, share issues and registration with securities depositories. For financial participants with active operations in the Nordic market, System Solutions offers securities administration systems solutions for mid- and back-office and custody. Systems solutions are offered as either total solutions including operational services or as license services.

*Market.* Many financial participants active in the Nordic market have chosen not to administer the settlement and depository of securities and/or operate their securities systems themselves. This may be due to insufficient volumes or strategic choices in resource allocation. Many participants have operations throughout the Nordic region, which imposes certain demands on services and administration.

*Revenue Model.* Revenues in Broker Services are based on a fixed basic fee for administration or licensing, maintenance and operations, and a variable portion that depends on the number of transactions completed. For pure licensing services, a license fee and a monthly maintenance fee are charged.

### ***New Markets***

OMX continues to focus on entirely new securities markets, primarily in Eastern Europe. Many exchanges are considering partnerships, upgrading technology solutions and taking other measures to further the development of their marketplaces. With its experience in developing the Nordic market and as a leading provider of exchange technology, OMX is in a strong position to take an active role in transforming these exchanges. Depending on the situation, activities could range from advisory services and technology partnerships to joint ventures and ownership.

### ***Cooperation and Partnership***

OMX is continuously expanding its offering through cooperation and partnership. In 2006, the Nordic Exchange developed the VINX index together with Oslo Børs and the OMX Nordic Exchange Iceland. For Company News Service, OMX also works together with PR Newswire, a leading international company in news and information distribution services. Since January 2007, OMX has been working together with the Indian software company, HCL Technologies, in the development and operation of securities administration systems.

## **Table of Contents**

### ***Systems and Technology***

OMX's technology solutions were essential for creating the Nordic Exchange, and its leading expertise in exchange technology enables the development of new information services. Experience gained through OMX's global customer base ensures the continued development of technology and services.

### **Market Technology**

Through this business area, OMX develops and delivers solutions for securities trading, clearing and settlement and information dissemination. OMX solutions enable efficient securities transactions for more than 60 marketplaces in over 50 countries. OMX is the world's largest supplier of technology solutions to the exchange industry. For the six months ended June 30, 2007, the Market Technology business area accounted for SEK 903 million in revenues and SEK 133 million in operating income.

### ***Recent Developments***

During 2006, the Market Technology business area strengthened its focus on exchanges, clearing organizations and central securities depositories. Activities in the market intensified and widespread interest in OMX's solutions from existing and new customers resulted in an increase in order intake of 57% compared to 2005.

Several new agreements with existing and new customers were signed during 2006. OMX's order intake includes orders from Dubai Financial Market for a new trading system and from the Saudi Stock Market Tadawul for the design, delivery and support of a complete trading and clearing system. Other examples of recent orders include Borsa Italiana for the total operation of its derivatives market, a long-term licensing agreement with ISE and the delivery of technology solutions to a number of alternative trading systems, such as the Italian company TLX.

OMX's acquisition of Computershare's Markets Technology business was completed in January 2006. Adding a large customer base and additional customer offerings, the acquisition has also strengthened OMX's positions in the Middle East and North Africa. In addition, in the first quarter of 2006, a joint initiative was taken with Deutsche Börse to create a uniform communications standard for exchange trading and information dissemination.

In 2007, OMX signed a contract with Plus Markets Group, which we refer to as PMG, in the United Kingdom to provide a new trading and market surveillance platform as well as IT operations. Under the terms of the contract, OMX will be the system provider for the license, customization and implementation of its trading platform, as well as a market surveillance platform supplied by SMARTS. In addition, OMX will provide full IT operations to support PMG's technology infrastructure. PMG is an independent UK provider of primary and secondary equity market services and currently trades over 850 small and mid-cap company shares, representing a combined market capitalization of over £150bn. The total order value is at least £7.2m over a number of years.

An agreement was signed with BIDS Trading, L.P. (Block Interest Discovery Service) in March 2007. Under the terms of the agreement, OMX will provide hosting capabilities for the BIDS ATS. BIDS Trading, L.P. is a newly formed alternative trading system designed to increase competition and liquidity in U.S. equity block trading.

Hong Kong Exchanges and Clearing Limited, which we refer to as HKEx, extended its technology system partnership with OMX in June 2007 by signing a five-year support and maintenance agreement for HKEx's derivatives trading, and clearing and settlement systems, known as HKATS and DCASS. HKEx has been using OMX's technology solutions for its HKATS trading system for over twelve years, allowing HKEx to smoothly handle the rapid growth in its derivatives market.

## **Table of Contents**

There are three primary sources of revenues in the Market Technology business area: license, project and support revenues, facility management revenues and other revenues. The customer licenses the right to utilize a systems solution from OMX. The license revenue OMX receives is often fixed, but may also be transaction-based.

Development and integration work for making adaptations to customers' specific functionality and capacity requirements generates project revenue that is invoiced based on the percentage of completion. Most projects are initiated by OMX to prepare customer-specific solutions, based on OMX's expertise and intellectual assets, in the form of systems and services. When a systems solution has been delivered, OMX undertakes to maintain and develop it for a number of years, for which it receives ongoing support revenue.

### ***Technology Solutions for Trading***

*Products and Services.* OMX's technology solutions are sold throughout the world and are utilized by exchanges, alternative-trading venues and banks and securities brokers with marketplace offerings of their own. The systems support many types of instruments, ranging from cash equities trading to complex derivatives products. Furthermore, the systems can handle all asset classes, for example currencies, different types of interest-bearing securities and energy.

*Market.* The technology market for exchanges is characterized by an accelerating rate of change. The ability to quickly manage change has become a highly significant success factor for exchanges. Particular focus has been on industry consolidation, the effects of new laws and regulations, capacity and performance.

OMX's solutions are mainly purchased by established exchanges. Trading and information volumes are increasing, through such developments as consolidation, new trading patterns, algorithmic trading and growing direct market access. Upgrading or replacing existing systems to meet growing demands for flexibility and efficiency are often the primary driving forces for investment decisions. Many exchanges have traditionally developed their own systems internally. However, the current trend is clearly toward standardized systems that can be adapted to the customer's specific situation to meet all requirements. At the same time, there is a trend in establishing new exchanges, particularly in developing countries, which have immense needs for support in creating and developing a functioning financial market. From a systems perspective, proven solutions that can quickly be put into operation without the need for extensive adaptations are desirable.

New legislation and regulations that aim to stimulate competition and enhance transparency in exchange trading are becoming increasingly important in the exchange industry. Such regulations also permit new, less regulated marketplaces that can function in parallel to the main exchanges. These new marketplaces are launched by established exchanges, banks and securities brokers and by new players. Characteristic of this market segment is a high demand for turnkey solutions, with performance and costs largely governed by investment decisions.

### ***Technology Solutions for Clearing & Settlement***

*Products and Services.* In the post trade area, OMX offers integrated systems solutions for clearing (risk management) and settlement (settlement and delivery) of both cash equities and derivatives. OMX also offers the systems for handling the administration of securities in securities depositories. These systems have been designed to be able to communicate with various trading systems and with other clearing or securities systems. They can handle the administration of all classes of assets such as currencies, different types of interest-bearing securities or energy.

*Market.* The market for clearing, settlement and central custody of securities is characterized by rigorous demands for efficiency from customers, since the costs for clearing and settlement, expressed as a percentage of the total transaction costs, remain high.

## **Table of Contents**

The clearing and settlement market also provide opportunities for information dissemination products because information dissemination solutions are mainly purchased by established exchange organizations that also offer clearing and settlement services. An increasingly important factor for the investment decision is the possibility of being able to easily integrate clearing, settlement and custody services with trading systems.

Legislative and regulatory initiatives are currently underway with the aim of strengthening post trade competition. Growing cross-border trading also increases the need for system functionality that supports different currencies and foreign securities. Many clearing organizations and securities depositories are continuing to develop their own systems solutions. As demand for efficiency grows so does the need for standardized systems solutions adapted to the demands of a majority of customers.

### ***Technology Solutions for Information Dissemination***

*Products and Services.* OMX offers standardized systems for disseminating raw data, for example concerning prices, trades and order amounts and also refined data such as indexes to meet the extensive need for data for trading.

*Market.* Market data has become an increasingly important source of revenue for exchange companies and plays a central role in a well-functioning marketplace. To further grow these operations, many companies are now faced with the challenge of creating new information products.

OMX's solutions are purchased primarily by established exchanges in Europe and the US. Demands in the speed of information transfers are increasing in line with the growth in automated and algorithmic trading. New regulations, such as the Transparency Directive, also promote intensified competition in this area. Accordingly, this leads to a greater need for flexible systems and substantially higher requirements on capacity and performance.

### ***Facility Management, Integration and Advisory Services***

*Products and Services.* OMX offers operation and support for the applications, systems platforms, networks and other components included in a turnkey IT solution. By transferring the operation and support of systems to OMX, the customer can focus on its core operations and reduce its operational risk level. At the same time, economies of scale can be achieved, by allowing the customer access to existing, effective technology and infrastructure.

A central part of many projects is integration and advisory services. These services are based on OMX's many years of experience in operating and implementing change projects involving both technical infrastructure and ongoing operations. Through its integration services, OMX can assume total responsibility for projects involving migration to a new system and the establishment of entirely new marketplaces. Through its advisory services, OMX can contribute to a client's business development process by assisting in identifying new opportunities.

*Revenue model.* OMX Facility Management Services generates annual recurring revenue that can be both fixed and volume based. Outsourcing services accounted for approximately 33% of revenues in the business area during 2006. Other revenues, including advisory services, represented approximately 6% of the business area's revenues in 2006. License, support and project revenue comprised a total of approximately 60% of revenues for the business area in 2006.

### ***Cooperation and Partnerships***

OMX supports and supplements its technology operations through cooperation and partnerships. OMX is the largest owner, currently holding slightly more than 25%, of Orc Software, which is listed on the Nordic Exchange in Stockholm. Orc Software is a software company that develops and sells trading solutions to banks

## **Table of Contents**

and securities brokers. OMX and Orc Software initiated an active partnership during 2006 regarding the development and sale of systems solutions for securities trading and handling orders for market players. OMX has also signed a strategic partnership agreement with HCL Technologies, one of India's leading IT companies focused on technology and outsourcing for research and development. The partnership involves the outsourcing, development and maintenance of certain OMX systems solutions.

### ***The Nordic Exchange***

The Nordic Exchange was launched quickly due to OMX's technical expertise. Since OMX is a pioneer in integrating marketplaces, its unique experience can now be applied to other exchanges worldwide. High internal efficiency demands, technical stability, performance and capability combined with technical expertise have made OMX the world's leading supplier of exchange technology.

### **Research and Development**

OMX invests continuously in the development of new and existing products to ensure its position as a market leader and driving force in the exchange industry. Investment decisions are made based on customer need and general market trends.

During 2006 and the first six months of 2007, OMX conducted research and development activities in its next generation technology, Genium. The objective has been to create solutions that can meet future demands for flexibility, efficiency, stability and performance. Key efforts were also focused on contributing to the continued standardization of protocols and interfaces in the securities market.

OMX's investments in research and development totaled SEK 215 million, SEK 208 million, SEK 263 million and SEK 120 million for the six months ended June 30, 2007, and the years ended December 31, 2006, 2005 and 2004, respectively.

### **Intellectual Property**

OMX has trademark registrations for the most important names of the OMX companies, and for the indexes and services OMX provides. Many of OMX's trademarks are registered in a number of countries. For example, the OMX trademark has been registered worldwide.

The following is a sample of the registered trademarks that OMX owns:

OMX;

OMX Nordic Exchange;

Genium;

Click;

Saxess;

Secur; and

X-Stream.

OMX's patent department focuses on gaining patent protection for the software functionality that OMX develops in order for OMX to fully benefit from its research and development investments.



## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

OMX's patent department accomplishes this through the evaluation of inventions, the preparation, filing and prosecution of patent applications for inventions deemed worthwhile to pursue, the maintenance of granted patents, the coordination of information within the organization about patents and the monitoring of competitors for possible use of patented information.

## **Table of Contents**

### **Real Estate**

OMX's registered office is located at SE-105 78 Stockholm, Sweden. OMX occupies 34,000 square meters of space at this site, which it leases. Other material, long-term property leases held by OMX include 6,566 square meters at 141 Finsbury Pavement, London, England and 4,425 square meters at 131 Broadway, New York, New York.

OMX has also established local headquarters in each of the other European countries where it operates an exchange, as set forth below:

Fabianinkatu 14, Helsinki. OMX occupies 2,837 square meters at this site;

Nikolaj Plads 6, Copenhagen. OMX occupies 3,294 square meters at this site;

Valnu Iela 1, Riga. OMX occupies approximately 500 square meters at this site;

Konstitucijos pr. 7, Floor 15, Vilnius. OMX occupies 524 square meters at this site;

Tartu Mnt. 2, Tallinn. OMX occupies 646 square meters at this site; and

Laugavegi 182, Reykjavik. OMX occupies approximately 733 square meters at this site.

In addition to the premises above, OMX has smaller leased office space at:

Level 31, 259 George Street, Sydney, Australia;

7th Floor, 530 8 Avenue SW, Calgary, Canada;

18/F 100 Queen's Road Central, Hong Kong;

Via Silvio Pellico, 12 (3rd floor), Milan, Italy; and

30 Cecil Street, #15-00 Prudential Tower, Singapore.

For further information related to OMX's owned and leased real estate, see note 12 to OMX's 2006 consolidated financial statements included herein.

### **Insurance**

OMX maintains a comprehensive insurance program, which is intended to cover its commercial and operational risks. All of its main insurance policies are consolidated at the group level in order to ensure consistency of coverage across the group and to reduce premiums through economies of scale. OMX's insurance policies generally fall into three categories:

financial policies, which cover directors and officers liability, professional indemnity and criminal acts;

general policies, which cover property, theft, equipment damage, business interruption, civil and product liability; and

local policies, which cover employer liability with respect to workers compensation, travel, motor vehicles, etc.

The scope of risks covered pursuant to these insurance policies is determined by reference to OMX's activities, while coverage limits are based on OMX's total assets and revenues. OMX's insurance brokers advise the group on insurance-related matters, and all underwriters are analyzed from a credit rating perspective. OMX has also developed risk management procedures and business continuity plans to complement its insurance coverage.

## **Table of Contents**

### **Legal Proceedings**

OMX is involved from time to time in various legal proceedings in the ordinary course of business. OMX does not believe that any of the legal proceedings in which OMX is currently involved will have a material adverse effect on OMX's results of operations, liquidity or financial condition.

#### ***Finnish Value-Added Tax Dispute***

During the second quarter of 2004, OMX rejected a legal claim for additional repayment of VAT amounting to approximately EUR 5 million, excluding interest. On June 9, 2006, the Helsinki City Court gave an interim ruling in the matter in favor of OMX. The City Court also found that OMX was entitled to receive compensation for its legal costs. The court's ruling was appealed by the plaintiffs, but on May 31, 2007 the Helsinki Court of Appeal rejected the plaintiffs' appeal. The plaintiffs did not file for leave to appeal with the Helsinki Supreme Court within the statutory period and accordingly relinquished their right to appeal. The lawsuit in the district court still continues between two banks and brokerage firms (as claimants) and OMX, OMX Nordic Exchange Helsinki Ltd. and APK. The amount claimed by these two claimants is about EUR 493,000 plus interest.

#### ***System Delivery***

A dispute regarding a system delivery amounting to approximately \$9.5 million is in progress in the Market Technology business area. In May 2006, OMX initiated arbitration proceedings that are expected to be concluded in the latter half of 2007.

#### ***Swedish Value-Added Tax Dispute***

OMX Nordic Exchange Stockholm AB (formerly the Stockholm Stock Exchange (Sw: *Stockholmsbörsen AB*)) subsidiary received a ruling from the Swedish Tax Board in 2004 pursuant to which the company will be subject to a value added tax surcharge for the support and operation services it purchases from other companies within the OMX consolidated group. OMX Nordic Exchange Stockholm AB intends to appeal the ruling. New practice from the Swedish Supreme Administrative Court and standpoints from the Swedish Tax Board in a similar case have reduced the likelihood of a successful appeal. OMX is currently analyzing the consequences of this. Should the Swedish Tax Board's opinion ultimately be upheld, this would give rise to a cost for OMX of approximately SEK 100 to 125 million based on the situation at December 31, 2006, and increase ongoing tax expenses by SEK 3 million per month.

### **Management**

#### ***OMX's Board of Directors***

OMX's Articles of Association provide that OMX's Board of Directors may comprise up to eight members. There are currently seven members, each of whom is elected annually. As of the date of this Proxy Statement/Prospectus, OMX's Board of Directors consists of:

Urban Bäckström (Chairman);

Bengt Halse;

Birgitta Kantola;

Birgitta Klasén;

Hans Munk Nielsen;

Markku Pohjola; and

Lars Wedenborn.

**Table of Contents**

Biographical information about each of these directors as of the date of this Proxy Statement/Prospectus is set forth below.

Name	Age	<b>Present Principal Occupation or Employment, Five-Year Employment History and other Directorships</b>
Urban Bäckström	53	<p>Mr. Bäckström has been Chairman of OMX's Board of Directors since April 2007 and a Board Member since 2005. Between April 2005 and April 2007, he served on the Audit Committee and in April 2007, he was appointed to the Remuneration Committee. He is currently also Managing Director of the Confederation of Swedish Enterprise (Sw: <i>Svenskt Näringsliv</i>).</p> <p>Between 1991 and 1993, Mr. Bäckström was State Secretary in the Ministry of Finance in Sweden. From 1994 to December 31, 2002, Mr. Bäckström was Chairman and Governor of the Swedish Central Bank (Sw: <i>Riksbank</i>). During that period he also served on the Board of the Bank for International Settlement, as a Board Member from 1994 to 1999 and as Chairman from 1999 to 2002. He also represented Sweden as Governor of the International Monetary Fund, in the Group of Ten, in the European Monetary Institute (the forerunner to the European Central Bank (ECB)) between 1995 and 1998 and in the General Council of ECB between 1999 and 2002. Mr. Bäckström was, in accordance with the Swedish Central Bank Act, restricted from seeking employment for ten months after leaving the Central Bank. From 2003 to 2005, he was the Chief Executive Officer of Skandia Liv, one of the largest life insurers in Sweden.</p> <p>Mr. Bäckström received his Bachelor of Science in Economics from Stockholm University in 1979 and studied Ph.D. courses in economics at Stockholm University and the Stockholm School of Economics between 1979 and 1981.</p>
Bengt Halse	64	<p>Dr. Halse has been a member of OMX's Board of Directors since 2003. In April 2006, he was appointed to the Remuneration Committee. Dr. Halse is also a member of the Board of TietoEnator Oyj, Denel (Pty) Ltd., ISD Technologies AB and Golf Engineers AB. He is a member of the Royal Swedish Academy of Engineering Sciences (IVA) and the Royal Swedish Academy of War Sciences as well as an honorary member of the Royal Swedish Academy of Naval Sciences and the Royal Aeronautical Society in the UK.</p> <p>Dr. Halse was the CEO of Saab AB from 1995 until July 2003 when he retired. Since 2003, he has been an independent advisor with several board assignments.</p> <p>Dr. Halse received a Master of Science from Chalmers University of Technology in 1967, a Doctorate of Engineering from Chalmers University of Technology in 1971 and Doctorate of Technology h.c. from Linköping University in 2000.</p>

**Table of Contents**

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and other Directorships
Birgitta Kantola	59	<p>Ms. Kantola joined OMX's Board of Directors in 2007 and was appointed to the Audit Committee in April 2007. She is also Vice Chairman of the Board of Fortum Oyj and a member of the Boards of Nordea AB, Stora Enso Oyj, Varma Mutual Pension Company and Vasakronan AB. Since 2001, Ms. Kantola has served as a Managing Partner at Birka Consulting. She was also the Deputy General Manager of Ålandsbanken in 2001. From 1995 to 2000, she worked at the International Finance Corporation (World Bank Group) Washington D.C. serving as Vice President and CFO and was a member of the management group. Prior to that, she was Executive Vice President and CFO of the Nordic Investment Bank.</p> <p>Ms. Kantola received a Master of Law from the University of Helsinki in 1973.</p>
Birgitta Klasén	58	<p>Ms. Klasén has been a member of OMX's Board of Directors since January 2005. She was appointed to the Remuneration Committee in April 2007. Ms. Klasén is also a member of the Telelogic Board, the BISNODE Board and also works as independent Senior IT Advisor, a position she has held since 2005. From 2004 to 2005, she was Chief Information Officer and Head of Information Management at European Aeronautics Defence and Space Company. Since 2000, Ms. Klasén has been a board member of several companies. She worked as an independent consultant from 2002 to 2003. From 1996 to 2001, she was Chief Information Officer and Senior Vice President at Pharmacia. Before working at Pharmacia, Ms. Klasén was Chief Information Officer at Telia. She also held various positions at IBM from 1976 to 1994, including as Assistant General Manager of IBM's Outsourcing business.</p> <p>Ms. Klasén received a Master of Science in Technical Physics from the Royal Technical High School in Stockholm in 1972. She studied economics and psychology at the University of Stockholm between 1972 and 1975.</p>
Hans Munk Nielsen	60	<p>Mr. Nielsen joined OMX's Board of Directors in 2005 and was appointed Chairman of the Audit Committee in April 2007, after serving as an Audit Committee member for one year. He has been the Senior Executive Vice President and Chief Financial Officer of TDC A/S, a Danish Company, since 1991. Mr. Nielsen also serves as Chairman of the Board of Collateralized Mortgaged Obligations Fonden and Deputy Chairman of a number of companies within the TDC group. In addition, he is Deputy Chairman of the Board of Nordea Invest. He has held various positions at Storebaeltsforbindelsen, Carl Bro Group, Danske Bank and the Danish Ministry of Finance.</p> <p>Mr. Nielsen received a Master of Science in Economics from the University of Aarhus in 1973.</p>

**Table of Contents**

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and other Directorships
Markku Pohjola	59	<p>Mr. Pohjola has been a member of OMX's Board of Directors since 2003. Since 2002, he has been the Deputy Group Chief Executive Officer and Head of Group Processing and Technology of Nordea Bank AB where he is also a member of Group Executive Management. Mr. Pohjola serves as a member of the Board of Directors of Nordea Bank Finland, Nordea Bank Denmark and Nordea Bank Norway. He is a member of the board of Varma, the pension insurance company, and the Finnish Chamber of Commerce, Chairman of the Finnish department of the International Chamber of Commerce, and a member of the Supervisory board of the Finnish Business and Policy Forum, EVA and the Research Institute of the Finnish Economy.</p> <p>Mr. Pohjola received a Bachelor of Science from the Helsinki School of Economics in 1971.</p>
Lars Wedenborn	48	<p>Mr. Wedenborn joined OMX's Board of Directors in 2007. He has been a member of the executive team of Investor AB since 2000, serving as Executive Vice President and CFO. In September 2007, Mr. Wedenborn will take up the position of CEO of Thisbe AB. Mr. Wedenborn is also Chairman of the Board of Novare Human Capital AB and he is a board member of The Grand Group AB.</p> <p>Mr. Wedenborn received a Master of Science in Economics from Uppsala University in 1981.</p>



**Table of Contents**

***Executive Officers***

The following individuals serve OMX as executive officers in the capacities indicated. Certain other biographical information is also included below.

Name	Age	<b>Present Principal Occupation or Employment, Five-Year Employment History and other Directorships</b>
Magnus Böcker	46	<p>Mr. Böcker is the President and Chief Executive Officer of OMX and has been an OMX employee since 1986. From 1996 to 2003 he served as the Vice President of OM and the President of OM Technology. He was the Chief Financial Officer and a member of Executive Management from 1989 to 1996.</p> <p>Mr. Böcker serves as a member of the board of Orc Software, the Dustin Group and he is a board member of the World Federation of Exchanges.</p> <p>Mr. Böcker studied business at the University of Stockholm.</p>
Hans-Ole Jochumsen	49	<p>Mr. Jochumsen is the President of Information Services &amp; New Markets for OMX. He has been an employee of OMX since 1998. Previously, he served as President and CEO of the Copenhagen Stock Exchange (now called the OMX Nordic Exchange Copenhagen A/S) and FUTOP Clearingcentralen Ltd. Prior to joining OMX, Mr. Jochumsen served as President and member of the Executive Management of BG Bank from 1996 to 1998 and as President and member of the Executive Management of Girobank from 1994 to 1996. From 1990 to 1994, he was a President and member of the Executive Management of BRFkredit (mortgage bank).</p> <p>He is Chairman of Meetingplace Wonderful Copenhagen and Vice Chairman of the Danish Heart Foundation. Mr. Jochumsen is also a board member of the Foundation of Danish-Norwegian Co-operation.</p> <p>Mr. Jochumsen received a Master's in Economics from Copenhagen University in 1983.</p>
Jukka Ruuska	46	<p>Mr. Ruuska joined OMX in 2000 where he serves as the President of OMX Nordic Marketplaces. From 1997 to 2000, Mr. Ruuska was the Director of Corporate Planning at HTC and from 1996 to 1997 he was the Director of Corporate Planning for Finnet Group. From 1994 to 1996 he was Deputy CEO of Prospectus Oy and prior to that he worked in the Investment Banking Division of Kansallis-Osake-Pankki.</p> <p>Mr. Ruuska serves as President of the Federation of European Securities Exchanges and Chairman of NOREX, the OMX Nordic Exchange Helsinki Ltd., the OMX Nordic</p>

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Exchange Copenhagen A/S and the OMX Nordic Exchange Iceland. He is also a Board member of OMX Exchanges and the OMX Nordic Exchange Stockholm AB, OMX Technology, VR-Group Ltd., EDX London Ltd. and Stiftelsen Aktiefremjandet.

Mr. Ruuska received a Master of Law from the University of Helsinki in 1986 and a Master of Business Administration from the Helsinki University of Technology in 1998.

**Table of Contents**

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and other Directorships
Kristina Schauman	42	Ms. Schauman has been the Chief Financial Officer for OMX since 2004 after briefly serving as Group Treasurer. From 2001 to 2004, she was Vice President of Corporate Finance for Investor AB and from 1996 to 2001 she served as Group Treasurer for Investor AB. She was a Financial Advisor for ABB Financial Services from 1995 to 1996 and worked for Stora Financial Services from 1989 to 1995. Ms. Schauman serves on the boards of Vasakronan, OMX Capital Insurance, NLK, OMX Netherlands Holding and OMX Technology.
Markus Gerdien	46	<p data-bbox="635 674 1254 758">Ms. Schauman received a Master of Science in Business Administration with a focus on accounting and finance from the Stockholm School of Economics in 1989.</p> <p data-bbox="635 779 1493 1003">Mr. Gerdien became the President of Market Technology for OMX in 2005. Before joining OMX he worked for Observer Group AB from 2002 to 2005 serving as Executive Vice President of Market &amp; Business Development and Executive Vice President of the Communication Tools Division. From 2000 to 2002, he was Partner and Co-founder of Common Agenda Venture Management AB. He also held various positions at Front Capital Systems AB from 1988 to 2000, including Managing Director and a Member of the Company Management Group and Sales and Marketing Manager. Mr. Gerdien also serves as Chairman of the board of Orc Software.</p>
Bo Svefors	55	<p data-bbox="635 1115 1334 1136">Mr. Gerdien studied Computer Sciences at the University of Stockholm.</p> <p data-bbox="635 1157 1493 1262">Mr. Svefors is the Senior Vice President of Marketing &amp; Communications and has been an OMX employee since 2003. Prior to joining OMX, he was an Independent Consultant to OMX from 1989 to 2003. From 1985 to 1989 Mr. Svefors served as the Chief Executive Officer of Brindfors Advertising.</p> <p data-bbox="635 1377 1394 1428">Mr. Svefors received a Master of Science in Business Administration from the Stockholm School of Economics in 1977.</p>

## **Table of Contents**

### **Compensation Discussion and Analysis**

In connection with the Offer, the combined company will conduct a comprehensive review of the executive compensation practices of OMX and Nasdaq. As a result of this review, the combined company's executive compensation for 2007 may reflect significant changes in compensation structure and philosophy as compared to OMX and Nasdaq historic compensation practices. In particular, OMX's long-term incentive plans will be reevaluated to ensure that compensation rewards the performance of the combined company.

#### ***Overview of 2006 Compensation Policy and Program***

The aim of OMX's compensation policy for 2006 was to offer market-based, competitive compensation to its named executive officers to promote recruitment and retention of qualified individuals with the expertise necessary to ensure OMX's success. The fundamental principles of such compensation policy were:

To work towards a consensus between employees and shareholders regarding the long-term perspective of operations;

To ensure that employees within OMX's different organizations receive compensation that is competitive and reflects market conditions; and

To offer a salary scale based on results achieved, duties, skills, experience and position.

In 2006, OMX's compensation program for named executive officers was comprised of the following elements:

Fixed salary;

Variable salary (including both short-term and long-term incentives);

Pension benefits; and

Severance pay and other benefits.

#### ***Fixed Salary***

Every two years, OMX's Remuneration Committee conducts a review of the salaries paid to named executive officers, with the exception of the President, whose salary review takes place every three years. In conducting these reviews, the Remuneration Committee considers the executive's performance, market salary levels, changes in the executive's duties and OMX's performance.

Based on the most recent salary reviews, as of January 1, 2007, the Remuneration Committee increased the fixed annual salaries of certain named executive officers as follows: Magnus Böcker, from \$639,480 to \$729,959; and Jukka Ruuska, from \$451,406 to \$498,922. Each of the foregoing amounts represents the dollar equivalent of amounts actually paid in Swedish Kronor, based on the exchange rate in effect on December 29, 2006, equal to SEK/USD 6.8497. The salaries of Kristina Schauman, Markus Gerdien, and Hans-Ole Jochumsen will be reviewed on January 1, 2008.

#### ***Variable Salary***

##### ***Short-Term Incentive Program***

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

OMX's Short Term Incentive Program ( STIP ) provides cash bonuses to managers and key employees, including the named executive officers, upon achievement of OMX financial targets and individual performance goals.

In 2006, 60% of the STIP bonus paid to each named executive officer was based on the achievement of quantitative financial targets related to budgeted operating income. The remaining 40% was based on qualitative

**Table of Contents**

goals related to individual performance, as determined by the President and, in the case of Mr. Böcker, by the Remuneration Committee. The maximum bonus payable to each named executive officer is 50% of his or her fixed salary. Based on 2006 performance, OMX paid an aggregate of \$3,722,791 under the STIP (the dollar equivalent of SEK 25.5 million, based on the December 29, 2006 exchange rate of SEK/USD 6.8497), which represented approximately 72.9% of the total maximum payout of \$5,109,713 (the dollar equivalent of SEK 35 million, based on the December 29, 2006 exchange rate of SEK/USD 6.8497).

The 2007 STIP follows the same structure as in 2006. 60% of the 2007 STIP bonus amount is based on quantitative financial targets related to return on capital and the budgeted operating profit, with the remaining 40% based on qualitative goals related to individual performance. The maximum aggregate payout under the STIP for 2007 is \$6,277,647 (the dollar equivalent of SEK 43 million, based on the December 29, 2006 exchange rate of SEK/USD 6.8497). In 2007, the maximum bonus payable to each named executive officer remains 50% of fixed salary.

***Long-Term Incentive Schemes***

For 2006 and 2007, OMX's long-term incentive compensation program consists of matching share awards that vest based on performance conditions under the OMX Share Match Program for 2006 and the Share Match Program for 2007 (together, the Share Match Programs). OMX made grants of matching share awards under the Share Match Program for 2006 on April 6, 2006, and had planned to make similar grants under the Share Match Program for 2007 at OMX's 2007 Annual General Meeting. However, as a result of the Offer, OMX postponed making such grants. OMX has not granted stock options to employees since 2002.

Under the Transaction Agreement, awards granted under the Share Match Program for 2006 will vest on a pro rata basis in accordance with the Transaction Agreement, and will be subsequently cancelled as of the completion of the Offer. Participants will receive cash consideration for cancellation of such awards, as well as consideration for the grants that would have been made under the Share Match Program for 2007, in accordance with the Transaction Agreement.

The OMX Share Match Program for 2006 provides an opportunity for employees, including the named executive officers, to purchase shares of OMX common stock and receive company matching shares based on company performance. Participants were entitled to invest up to (i) 7.5% of their pre-tax annual fixed salary, or (ii) the maximum after-tax amount earned by the participant under the STIP in 2005. Subject to continued employment with OMX through April 6, 2009, participants would have received, on April 30, 2009 up to five OMX matching shares for each invested share, if:

The average percentage increase in earnings per share (EPS) between January 1, 2006 and December 31, 2008 had equaled or exceeded 25%, and

The total annual return to shareholders during such period had equaled or exceeded an index determined by OMX's Board of Directors, plus 10 percentage points.

Under the OMX Share Match Program for 2007, named executive officers were entitled to invest up to (i) 15% of their pre-tax annual fixed salary or (ii) the maximum amount earned after tax under the STIP in 2006. Mr. Böcker was entitled to purchase a maximum of 10,000 shares of OMX common stock. Subject to continued employment with OMX through the vesting date in April 2010, participants would have received up to five OMX matching shares (eight matching shares, in the case of Mr. Böcker) for each invested share, if:

The average percentage increase in earnings per share (EPS) between January 1, 2007 and December 31, 2009 had equaled or exceeded 20%, and

The total annual return to shareholders had equaled or exceeded an index determined by the Board, plus 10 percentage points.

## **Table of Contents**

No matching shares would have been issued under the Share Match Programs if the average annual percentage increase in EPS fell below 2% per year or if the total annual return to shareholders did not improve, relative to the comparative index.

### ***Pension Benefits***

All of the named executive officers except for Mr. Ruuska and Mr. Jochumsen participate in the OMX Pension Plan, a defined contribution pension plan under which OMX makes annual contributions equal to a percentage of fixed salary to participants' personal accounts. Each participant is free to invest such contributions as he or she chooses. Under Swedish law, participants are not taxed on the contributions or earnings until they are withdrawn upon retirement in accordance with Swedish law. For 2006, Mr. Böcker, Ms. Schauman and Mr. Gerdien were entitled to receive contributions equal to 23%, 17% and 20% of fixed salary, respectively. OMX increased the contributions for 2007, such that Mr. Magnus Böcker is entitled to receive contributions equal to 30% of fixed salary, and Ms. Schauman and Mr. Gerdien are each entitled to receive contributions equal to 23% of fixed salary.

Mr. Jochumsen is covered by a defined contribution pension plan governed by Danish labor market practice. Mr. Jochumsen's defined contribution pension plan is similar to the OMX Pension Plan; OMX makes annual contributions to a personal account, and Mr. Jochumsen is free to invest the contributions as he chooses. He is not taxed on the contributions or any earnings until retirement in accordance with Danish law. For 2006, Mr. Jochumsen was entitled to receive an annual contribution from OMX equal to 20% of fixed salary. OMX did not increase his pension contribution for 2007.

Mr. Ruuska is covered by a defined benefit pension plan governed by Finnish labor market regulations, under which OMX is required to make annual contributions equal to 17% of total remuneration (including fixed and variable salary) to an account maintained by the Finnish government. Under the defined benefit pension plan, the Finnish government guarantees an annual retirement benefit equal to 60% of total remuneration, payable upon retirement in accordance with Finnish law.

Under each of the pension plans described above, OMX has no liability for post-retirement benefits beyond its annual contribution to executives' accounts. OMX does not maintain such accounts, nor does it guarantee any appreciation, interest or earnings on account assets. OMX's liability with respect to each named executive officer under the applicable pension plan will cease immediately upon the termination of such executive's employment with OMX.

### ***Severance Pay and Other Benefits***

OMX has entered into employment contracts with each of its named executive officers that provide for payment of certain severance benefits in the event of voluntary and involuntary terminations. The employment contracts of Mr. Böcker and Mr. Ruuska also provide for payment of benefits in connection with a change in control. For more information regarding these post-termination payments, see Potential Payments Upon Termination of Employment and Change in Control.

Each named executive officer is also entitled to receive other benefits, such as health insurance, long-term disability insurance, occupational group life insurance and workers' compensation insurance.

**Table of Contents****Summary Compensation Table**

The following table summarizes the total compensation earned by or paid to our named executive officers in 2006.

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Non-Equity			Total (\$)
				Stock Awards (\$) <sup>(3)</sup>	Incentive Plan Compensation (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	
Magnus Böcker, President and CEO	2006	\$ 639,480		\$ 75,580	\$ 243,090	\$ 170,120	\$ 1,128,274
Kristina Schauman, CFO	2006	\$ 332,880		\$ 36,338	\$ 129,940	\$ 65,269	\$ 564,429
Markus Gerdien, President Market Technology	2006	\$ 367,920	\$ 58,400	\$ 21,203	\$ 125,560	\$ 85,574	\$ 658,658
Jukka Ruuska, President Nordic Market Places	2006	\$ 451,406		\$ 60,265	\$ 177,390	\$ 81,993	\$ 771,054
Hans-Ole Jochumsen, President Information Services & New Markets	2006	\$ 477,900	\$ 88,500	\$ 33,745	\$ 191,160	\$ 138,271	\$ 929,576

(1) All figures in the table represent the United States dollar equivalent of payments actually earned or paid in Swedish Kronor, and in the case of Mr. Jochumsen, earned or paid in Danish Kronor. Amounts have been converted using the exchange rates in effect on December 29, 2006, equal to SEK/USD 6.8497 and DKK/USD 5.6501.

(2) Represents, in the case of Mr. Gerdien, the dollar value of the signing bonus Mr. Gerdien received in April 2006, upon six months employment with OMX. Represents, in the case of Mr. Jochumsen, a bonus paid August 2006, as consideration for entering into a new employment contract in line with OMX compensation policy and practice, which is less beneficial than the terms of his previous contract with the Copenhagen Stock Exchange.

(3) Represents the expense to OMX in 2006, as computed in accordance with IFRS 2 and FAS 123R, of OMX shares granted to the named executive officers under the OMX Share Match Program 2006. The assumptions used in the calculation of these amounts are included in Note 7 to OMX's audited financial statements for the year ended December 31, 2006, which are included elsewhere in this Proxy Statement/Prospectus, and the assumptions for prior years are included in the corresponding notes to OMX's audited financial statements for prior years. Information with respect to the share awards granted to the named executive officers in 2006 is disclosed below in the Grant of Plan-Based Awards Table and the accompanying notes. Information with respect to share awards granted in years before 2006 is disclosed below in the Outstanding Equity Awards at 2006 Fiscal Year-End Table and the accompanying notes.

(4) Represents payments made under the OMX Short Term Incentive Program 2006. For additional information about non-equity incentive awards and payments to the named executive officers, including the performance criteria on the basis of which these awards were earned, please see the Compensation Discussion and Analysis and the Grants of Plan-Based Awards Table.

(5) All Other Compensation includes health and long-term disability insurance premiums. The dollar value of insurance premiums paid by, or on behalf of, OMX during fiscal year 2006 for the benefit of the named executive officers, as follows:



Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

<b>Executive</b>	<b>Annual Premium</b>
Magnus Böcker, President and CEO	\$ 23,040
Kristina Schauman, CFO	\$ 11,363
Markus Gerdien, President Market Technology	\$ 11,990
Jukka Ruuska, President Nordic Market Places	\$ 723
Hans-Ole Jochumsen, President Information Services & New Markets	\$ 211

**Table of Contents**

This column also includes OMX contributions to named executive officers defined contribution pension plans (defined benefit plan, in the case of Mr. Jochumsen), as follows:

<b>Executive</b>	<b>OMX Contribution</b>
Magnus Böcker, President and CEO	\$ 147,080
Kristina Schauman, CFO	\$ 53,906
Markus Gerdien, President Market Technology	\$ 73,584
Jukka Ruuska, President Nordic Market Places	\$ 81,270
Hans-Ole Jochumsen, President Information Services & New Markets	\$ 95,580

None of the named executive officers are entitled to receive above-market or preferential earnings under any defined contribution pension plan or other nonqualified deferred compensation plan.

This column also includes the cost of providing Mr. Jochumsen with the use of a company car during 2006, equal to \$42,480.

**Grants of Plan-Based Awards in 2006**

<b>Name</b>	<b>Plan Name</b>	<b>Grant Date</b>	<b>Estimated Future Payouts Under Non-Equity Incentive Plan Awards</b>		<b>Estimated Future Payouts Under Equity Incentive Plan Awards<sup>(3)</sup></b>		<b>Grant Date Fair Value of Stock Awards<sup>(4)</sup></b>
			<b>Thres- hold (\$)</b>	<b>Target (\$)</b>	<b>Thres- hold (#)</b>	<b>Target (#)</b>	
Magnus Böcker,	STIP <sup>(1)</sup>	1/1/2006		\$ 159,870	\$ 319,740		
President and CEO	Share Match <sup>(2)</sup>	4/6/2006				11,585	57,925
Kristina Schauman,	STIP	1/1/2006		\$ 83,220	\$ 166,440		
CFO	Share Match	4/6/2006				5,570	27,850
Markus Gerdien,	STIP	1/1/2006		\$ 91,980	\$ 183,960		
President Market Technology	Share Match	4/6/2006				3,250	16,250
Jukka Ruuska,	STIP	1/1/2006		\$ 112,851	\$ 225,703		
President Nordic Market Places	Share Match	4/6/2006				9,238	46,188
Hans-Ole Jochumsen,	STIP	1/1/2006		\$ 119,492	\$ 238,984		
President Information Services & New Markets	Share Match	4/6/2006				5,173	25,863

(1) STIP denotes the Short-Term Incentive Program for 2006. The general terms of the STIP and the performance criteria for 2006 awards are described in the section entitled Compensation Discussion and Analysis .

(2) Share Match denotes the Share Match Program for 2006.

(3) Reflects grants of matching shares of OMX common stock subject to performance-based vesting conditions under the Share Match Program for 2006, as discussed in the Compensation Discussion and Analysis. Participants in the Share Match Program are permitted to invest in OMX shares up to (i) 7.5% of

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

their fixed annual salary before tax or (ii) the maximum after tax amount earned under the STIP in 2005. Subject to continued employment with OMX, and upon the achievement of certain performance conditions, participants would have received, on April 30, 2009, up to five OMX shares, known as matching shares. Under the Transaction Agreement, all of OMX's equity incentive plans, including the Share Match Program for 2006, will terminate upon the closing of the combination, and awards granted thereunder shall be cancelled. Participants will receive cash consideration for cancellation of such awards.

- <sup>(4)</sup> Represents the aggregate grant date fair value, computed in accordance with IFRS 2 and FAS 123R, of matching shares granted to the named executive officers in 2006 under the Share Match Plan.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable <sup>(1)</sup>	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(1)</sup>	Option Exercise Price (\$) <sup>(2)</sup>	Option Expiration Date <sup>(3)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(4)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(5)</sup>
Magnus Böcker, President and CEO	150,000		\$ 58.40	6/28/2007	17,378	\$ 528,520
Kristina Schauman, CFO	76,000		\$ 25.55	6/15/2008	8,355	\$ 255,500
Markus Gerdien, President Market Technology				N/A	4,875	\$ 148,920
Jukka Ruuska, President Nordic Market Places				N/A	13,856	\$ 421,940
Hans-Ole Jochumsen, President Information Services & New Markets				N/A	7,759	\$ 236,520

(1) Options granted under the OMX Employee Stock Option Programs for 2000 and 2001 vest in equal installments on the first, second and third anniversaries of the grant date.

(2) Options granted under the OMX Employee Stock Option Program for 2000 and 2001 expire on the seventh anniversary of grant.

(3) Represents the U.S. dollar equivalent of exercise prices actually stated in Swedish Kronor, converted using the exchange rate in effect on December 29, 2006, equal to SEK/USD 6.8497.

(4) Represents matching shares that will vest and be cashed out under the OMX Share Match Program for 2006 in accordance with the Transaction Agreement (3.75 matching shares per each invested share). Each named executive officer will forfeit the following matching shares: Mr. Böcker, 40,547 shares; Ms. Schauman, 19,495 shares; Mr. Gerdien, 11,375 shares; Mr. Ruuska, 32,332 shares; and Mr. Jochumsen, 18,104 shares.

(5) The market value of these awards was calculated by multiplying the number of shares covered by the award by \$30.87, the U.S. dollar equivalent of SEK 208 per share of OMX common stock, the offer price to be paid by Nasdaq in the combination, converted using the exchange rate in effect on December 29, 2006, equal to SEK/USD 6.8497.

**Table of Contents****Option Exercises and Stock Vested Fiscal Year 2006**

Name	Option Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise
	(#)	(\$) <sup>(1)</sup>
Magnus Böcker, President and CEO	37,000	\$ 287,319
Kristina Schauman, CFO		
Markus Gerdien, President Market Technology		
Jukka Ruuska, President Nordic Market Places		
Hans-Ole Jochumsen, President Information Services & New Markets		

<sup>(1)</sup> Represents the U.S. dollar equivalent of an amount actually realized in Swedish Kronor, converted using the exchange rate in effect on December 29, 2006, equal to SEK/USD 6.8497.

**Retirement Plans**

OMX makes annual contributions to defined contribution pension plans (in the case of Mr. Ruuska, a defined benefit pension plan) on behalf of the named executive officers. OMX has no liability for post-retirement benefits under any of the pension plans. The annual contribution amounts made by OMX to personal retirement accounts of named executive officers under the pension plans are disclosed in the Summary Compensation Table above. For more information regarding these pension plans, see Compensation Discussion and Analysis.

OMX does not maintain any other non-qualified deferred compensation plans.

**Potential Payments on Termination of Employment or Change in Control**

OMX has entered into employment contracts with each of its named executive officers. Under the terms of such employment contracts, OMX's named executive officers would become entitled to certain payments and benefits if their employment with OMX were to terminate in certain circumstances, including voluntary and involuntary terminations. In addition, under the Share Match Programs, upon a change in control, the vesting of each matching share award granted thereunder would accelerate on a pro rata basis to reflect the amount of time elapsed since the award grant date over the three-year vesting period. The award grant date for the Share Match Program for 2006 was April 6, 2006. The severance benefits to which each named executive officer would have been entitled if he or she had been terminated on December 31, 2006 are quantified and described in the section entitled Termination Payments.

Under the employment contracts and benefit plans in effect during 2006, none of the named executive officers would have been entitled to receive any other payments or benefits upon a change in control of OMX. However, as of January 1, 2007, OMX entered into new employment contracts with Magnus Böcker and Jukka Ruuska that provide for payment of benefits upon a voluntary or involuntary termination in connection with a change in control. In addition, the Transaction Agreement provides for accelerated vesting of matching shares under the Share Match Program and cash out of such shares in connection with the completion of the Offer. The Transaction Agreement also provides for accelerated vesting of options. None of the named executive officers holds unvested options. The change in control benefits to which each named executive officer would be entitled in connection with the completion of the Offer are quantified and described below in the section entitled Change in Control Payments.

---

**Table of Contents**

***Termination Payments***

The employment contracts in effect during 2006 permitted OMX to terminate the employment of each named executive officer upon 12 months notice (and immediately without notice, in the event of a substantial breach by the named executive officer of the employment contract). Each named executive officer was permitted to terminate employment for any reason upon 6 months' notice.

The employment contracts provided that each named executive officer was entitled to continue to receive his or her fixed salary and other benefits (including pension and insurance benefits) during the notice period, regardless of whether or not he or she remained actively employed during the entire notice period.

In addition, if the named executive officer remained actively employed during such notice period, he or she would be eligible to receive variable incentive pay under the STIP, prorated to reflect the portion of the notice period during which the named executive officer remained actively employed with OMX.

Mr. Böcker, Mr. Ruuska and Mr. Jochumsen were also entitled to receive an additional severance payment equal to six months' fixed salary upon termination by OMX without cause.

The above severance benefits were subject to the named executive officer's compliance with a 12-month non-compete and non-solicitation covenant, and restrictive covenants regarding confidentiality and certain intellectual property rights.

Breach of any of the foregoing covenants would result in forfeiture of severance benefits, as well as a penalty payment for each month the named executive officer is in breach of any covenant. Under the 2006 employment contracts, the penalty would have been \$145,991 (the U.S. dollar equivalent of SEK 1,000,000, based on the December 29, 2006 exchange rate of SEK/USD 6.8497) for Mr. Böcker, Ms. Schauman and Mr. Gerdien; \$263,980 (the U.S. dollar equivalent of 200,000, based on the December 29, 2006 exchange rate of EUR/USD 1.3199) for Mr. Ruuska; and \$191,147 (a payment equal to six months' salary) for Mr. Jochumsen.

The terms of the employment contracts in effect for 2007 are substantially similar to those of the 2006 employment contracts, with the following key differences:

Mr. Böcker, Ms. Schauman and Mr. Ruuska will only be eligible to receive a prorated bonus upon involuntary terminations by OMX. Upon a voluntary termination, they will receive no bonus during the notice period;

For all named executive officers except for Mr. Jochumsen, the non-compete covenant was reduced to 6 months; and

The penalty payment for breach of restrictive covenants is now equal to six months' salary for all named executive officers, except Mr. Gerdien, whose penalty remains \$145,991.

Under the Share Match Programs, the vesting of share match awards will accelerate on a pro rata basis to reflect the time elapsed since the grant date over the three-year vesting period upon the following events: (i) a change in control of OMX, (ii) a termination without cause, or (iii) upon death, disability or retirement. No awards will vest upon a termination for cause or a voluntary termination.

**Table of Contents**

The tables below provide information regarding potential benefits that would be received by each named executive officer under various termination events (and upon a change in control event), calculated as though any such events had occurred on December 31, 2006, under the employment contracts and arrangements then in effect. The actual amounts paid to any named executive officer can only be determined at the time of the executive's separation from OMX. All values in the tables below represent the U.S. dollar equivalent of amounts payable in Swedish Kronor, and in the case of Hans-Ole Jochumsen, in Danish Kronor, based on the exchange rates in effect on December 29, 2006, equal to SEK/USD 6.8497 and DKK/USD 5.6501.

**Magnus Böcker, CEO and President OMX**

Benefits and Payments Upon	Termination For Cause	Voluntary Termination by NEO for Any Reason (6 Month Notice Period)	Termination Upon Death or Disability	Termination Upon Retirement	Termination Without Cause (12 Month Notice Period)	Change in Control
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Termination of Service</b>						
Severance					\$ 364,980 <sup>(1)</sup>	
Salary During Notice Period		\$ 364,980			\$ 729,959	
Maximum Bonus During Notice Period		\$ 182,490 <sup>(2)</sup>			\$ 364,980 <sup>(2)</sup>	
Health and Life Insurance During Notice Period		\$ 11,520 <sup>(3)</sup>			\$ 23,040 <sup>(3)</sup>	
Share Match Accelerated Vesting:			\$ 66,489	\$ 66,489	\$ 66,489	\$ 66,489
<b>Total</b>		\$ 558,990	\$ 66,489	\$ 66,489	\$ 1,549,448	\$ 66,489

<sup>(1)</sup> Equal to 6 months' fixed salary.

<sup>(2)</sup> Represents the maximum incentive bonus payable under the STIP during the notice period, subject to the executive's continued active employment during the notice period. Determination of the bonus amount payable depends on actual performance during the notice period.

<sup>(3)</sup> Represents health and life insurance premiums payable during the notice period.

**Kristina Schauman, CFO**

Benefits and Payments Upon	Termination For Cause	Voluntary Termination by NEO for Any Reason (6 Month Notice Period)	Termination Upon Death or Disability	Termination Upon Retirement	Termination Without Cause (12 Month Notice Period)	Change in Control
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Termination of Service</b>						
Salary During Notice Period		\$ 166,440			\$ 332,880	
Bonus During Notice Period (maximum)		\$ 83,220 <sup>(1)</sup>			\$ 166,440 <sup>(1)</sup>	
Health and Life Insurance During Notice Period		\$ 5,682 <sup>(2)</sup>			\$ 11,363 <sup>(2)</sup>	
Share Match Accelerated Vesting			\$ 31,968	\$ 31,968	\$ 31,968	\$ 31,968

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Total	\$	255,342	\$	31,968	\$	31,968	\$	542,651	\$	31,968
-------	----	---------	----	--------	----	--------	----	---------	----	--------

---

(1) Represents the maximum incentive bonus payable under the STIP during the notice period, subject to the executive's continued active employment during the notice period. Determination of the bonus amount payable depends on actual performance during the notice period.

(2) Represents health and life insurance premiums payable during the notice period.



**Table of Contents****Markus Gerdien, President Market Technology**

Benefits and Payments Upon	Termination For Cause	Voluntary	Termination Upon Death or Disability	Termination Upon Retirement	Termination	Change in Control
		Termination by NEO for Any Reason			Without Cause	
		(6 Month Notice Period)			(12 Month Notice Period)	
Termination of Service	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Salary During Notice Period		\$ 183,960			\$ 367,920	
Bonus During Notice Period (maximum)		\$ 91,980 <sup>(1)</sup>			\$ 183,960 <sup>(1)</sup>	
Health and Life Insurance During Notice Period		\$ 5,995 <sup>(2)</sup>			\$ 11,990 <sup>(2)</sup>	
Share Match Accelerated Vesting			\$ 18,653	\$ 18,653	\$ 18,653	\$ 18,653
<b>Total</b>		\$ 281,935	\$ 18,653	\$ 18,653	\$ 582,523	\$ 18,653

(1) Represents the maximum incentive bonus payable under the STIP during the notice period, subject to the executive's continued active employment during the notice period. Determination of the bonus amount payable depends on actual performance during the notice period.

(2) Represents health and life insurance premiums payable during the notice period.

**Jukka Ruuska, President Nordic Market Places**

Benefits and Payments Upon	Termination For Cause	Voluntary	Termination Upon Death or Disability	Termination Upon Retirement	Termination	Change in Control
		Termination by NEO for Any Reason			Without Cause	
		(6 Month Notice Period)			(12 Month Notice Period)	
Termination of Service	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Severance					\$ 249,461 <sup>(1)</sup>	
Salary During Notice Period		\$ 249,461			\$ 498,922	
Bonus During Notice Period (maximum)		\$ 124,731 <sup>(2)</sup>			\$ 249,461 <sup>(2)</sup>	
Health and Life Insurance During Notice Period		\$ 362 <sup>(3)</sup>			\$ 723 <sup>(3)</sup>	
Accelerated Vesting: Share Match			\$ 53,016	\$ 53,016	\$ 53,016	\$ 53,016
<b>Total</b>		\$ 374,554	\$ 53,016	\$ 53,016	\$ 1,051,583	\$ 53,016

(1) Equal to 6 months' fixed salary.

(2)

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Represents the maximum incentive bonus payable under the STIP during the notice period, subject to the executive's continued active employment during the notice period. Determination of the bonus amount payable depends on actual performance during the notice period.

- (3) Represents health and life insurance premiums payable during the notice period.

**Table of Contents****Hans-Ole Jochumsen, President Information Services & New Markets**

	Termination For Cause	Voluntary Termination by NEO for Any Reason  (6 Month Notice Period)	Termination Upon Death or Disability	Termination Upon Retirement	Termination Without Cause  (12 Month Notice Period)	Change in Control
Benefits and Payments Upon Termination of Service	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Severance			\$ 238,950 <sup>(1)</sup>		\$ 238,950 <sup>(1)</sup>	
Salary During Notice Period		\$ 238,950			\$ 477,900	
Bonus During Notice Period (maximum)		\$ 119,475 <sup>(2)</sup>			\$ 238,950 <sup>(2)</sup>	
Health and Life Insurance During Notice Period		\$ 106 <sup>(3)</sup>			\$ 211 <sup>(3)</sup>	
Accelerated Vesting: Share Match			\$ 29,686	\$ 29,686	\$ 29,686	\$ 29,686
<b>Total</b>		\$ 358,531	\$ 268,636	\$ 29,686	\$ 985,697	\$ 29,686

<sup>(1)</sup> Equal to 6 months' fixed salary.

<sup>(2)</sup> Represents the maximum incentive bonus payable under the STIP during the notice period, subject to the executive's continued active employment during the notice period. Determination of the bonus amount payable depends on actual performance during the notice period.

<sup>(3)</sup> Represents health and life insurance premiums payable during the notice period.

**Change in Control Payments**

In connection with the completion of the Offer, each equity award granted (or, in the case of the Share Match Program for 2007, each award which would have been granted) to employees, including the named executive officers, under OMX's equity plans, will vest and restrictions thereon will lapse in accordance with the Transaction Agreement. Each named executive officer received a grant under the Share Match Program for 2006, and would have received a grant under the Share Match Program for 2007. None of the named executive officers holds unvested options. Mr. Böcker holds unexercised, fully vested options to purchase 76,000 shares of OMX common stock, which will be cashed out in connection with the completion of the Offer pursuant to the Transaction Agreement.

In addition, the 2007 employment contracts of each of Mr. Böcker and Mr. Ruuska provide that if, in connection with a change in control of OMX, the executive experiences a reduction in position, or other change such that his powers and areas of responsibilities would be noticeably reduced, and the executive's employment is terminated by OMX or by the executive, the executive will be entitled to receive a severance payment equal to 6 months' fixed salary. The determination as to whether the termination has occurred in connection with a change in control is made on a case by case basis by OMX and the terminated executive, in accordance with customary Swedish employment practices.

**Table of Contents**

The table below provides information on potential benefits that each named executive officer will be entitled to receive upon the completion of the Offer. The actual amounts paid to any named executive officer can only be determined at the time of the completion of the Offer.

	Magnus Böcker	Kristina Schauman	Markus Gerdien	Jukka Ruuska	Hans-Ole Jochumsen
<b>Benefits and Payments Upon Change in Control</b>	(\$)	(\$)	(\$)	(\$)	(\$)
Potential Severance Payment	\$ 364,980 <sup>(1)</sup>			\$ 249,461 <sup>(1)</sup>	
Cash Out of Options	\$ 373,399 <sup>(2)</sup>				
Share Match Accelerated Vesting	\$ 1,500,825	\$ 364,994	\$ 268,633	\$ 576,691	\$ 381,660
<b>Total</b>	\$ 2,243,516	\$ 364,994	\$ 268,633	\$ 826,152	\$ 381,660

(1) Equal to 6 months salary, payable upon reduction of position following a change in control.

(2) Represents the dollar value of fully vested, unexercised options to purchase 76,000 shares of OMX common stock, which will be cashed out in the Offer at a per share price of approximately \$4.97 (the U.S. dollar equivalent of 33 SEK, the per share value for which options granted under the 2001 Stock Option Program will be cashed out under the Transaction Agreement, based on the exchange rate in effect on August 6, 2007, equal to SEK/USD 6.7167.

**Director Compensation**

The following table summarizes the total compensation earned by or paid in 2006 to our directors, other than Magnus Böcker, whose compensation is disclosed above in the Summary Compensation Table and related tables.

Name	Fees Earned or Paid in Cash <sup>(1)</sup>	All Other Compensation <sup>(2)</sup> (\$)	Total (\$)
Olof Stenhammar	\$ 116,800	\$ 2,450	\$ 119,250
Adine Graté Axen	\$ 58,397	\$	\$ 58,397
Urban Bäckström	\$ 47,447	\$	\$ 47,447
Bengt Halse	\$ 43,798	\$	\$ 43,798
Birgitta Klasén	\$ 36,498	\$	\$ 36,498
Tarmo Korpela	\$ 36,498	\$	\$ 36,498
Markku Pohjola	\$ 36,498	\$	\$ 36,498
Hans Munk Nielsen	\$ 47,447	\$	\$ 47,447

(1) All figures in the table represent the United States dollar equivalent of payments actually earned or paid in Swedish Kronor. Amounts have been converted using the exchange rates in effect on December 29, 2006, equal to SEK/USD 6.8497.

(2) Includes, for Chairman Olof Stenhammar, the dollar value of health insurance premiums paid by OMX during fiscal year 2006 on his behalf.

**Director Fees**

OMX paid its non-employee directors an aggregate of \$358,000 in fees during fiscal year 2006. OMX non-employee directors receive annual fees paid in cash according to the following schedule:

Position	Annual Fee
Chairman	\$ 109,500
Board Member	\$ 36,500
Remuneration Committee Member/Chair	\$ 7,300

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Audit Committee Member	\$ 11,000
Audit Committee Chair	\$ 14,600

**Table of Contents**

The Chair of the Remuneration Committee does not receive an additional fee. The above amounts represent the U.S. dollar value of amounts paid in Swedish Kronor, based on the exchange rate in effect on December 29, 2006, equal to SEK/USD 6.8497.

Non-employee directors do not receive equity compensation, non-equity incentive plan compensation, pension contributions or any perquisites or personal benefits, with the exception of Chairman Olof Stenhammar, for whom OMX paid \$2,450 in health insurance premiums during 2006.

**Compensation Committee Interlocks and Insider Participation**

The members of the Remuneration Committee of OMX's Board of Directors, Urban Bäckström, Bengt Halse and Birgitta Klasén, are all independent directors under the listing standards of The NASDAQ Stock Market. None of the members has been an employee or officer of OMX and none has a relationship with OMX that would be required to be disclosed under Item 404 of Regulation S-K.

**Certain Relationships and Related Party Transactions**

From 1985 through December 31, 2005, OMX was party to a license agreement related to the establishment of OM in 1985 with Olof Stenhammar, who was OMX's Chairman until April 2007. Pursuant to the license agreement, Dr. Stenhammar received payments totaling SEK 5,324,175 in 2004 and SEK 9,172,298 in 2005.

Nordea is a member on the Nordic Exchange. Additionally, Nordea Bank and Investor AB are both listed on the Nordic Exchange.

**Beneficial Ownership of Management**

The following table sets forth information concerning ownership of OMX Shares by OMX's executive officers and the members of OMX's Board of Directors as of June 30, 2007. The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under such regulations, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of such securities as to which such person has voting or investment power.

The address for each person below is c/o OMX AB, Tullvaktsvägen 15, 10578 Stockholm, Sweden.

Name of Beneficial Owner	Number of OMX Shares Beneficially Owned	Percentage
<b>Executive Officers</b>		
Magnus Böcker	216,822 <sup>(1)</sup>	*
Markus Gerdien	1,341	*
Jukka Ruuska	30,080	*
Bo Svefors	719	*
Kristina Schauman	6,284	*
Hans-Ole Jochumsen	2,250	*
<b>Board of Directors</b>		
Urban Bäckström	1,300	*
Bengt Halse	5,500	*
Birgitta Kantola		*
Birgitta Klasén	2,200	*
Hans Munk Nielsen	1,500	*
Markku Pohjola	1,350	*
Lars Wedenborn	10,000	*

\* Less than 1.0%.

(1) Includes exercisable options held by Mr. Böcker with respect to 76,000 shares of OMX common stock.



**Table of Contents****Major Shareholders and Affiliates**

The following table sets forth information concerning persons OMX knows or understands based on public filings to be beneficial owners of more than 5% of OMX Shares as of June 30, 2007. The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under such regulations, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of such securities as to which such person has voting or investment power.

<b>Shareholder Name and Address</b>	<b>Number of OMX Shares Beneficially Owned</b>	<b>Percentage</b>
Investor AB Arsenalsgatan 8C, SE-103 32 Stockholm Sweden	12,950,507	10.7
Swedish Government Regeringskansliet Enheten för statligt ägande SE-103 33 Stockholm Sweden	7,993,466	6.6
Nordea Bank Smålandsgatan 17 SE-105 71 Stockholm Sweden	6,623,115	5.5



**Table of Contents**

**SELECTED HISTORICAL FINANCIAL DATA OF OMX**

The following table sets forth selected historical financial data of OMX, which should be read in conjunction with the consolidated financial statements of OMX and the notes thereto and the discussion under Management's Discussion and Analysis of Financial Condition and Results of Operations of OMX included in this Proxy Statement/Prospectus. The selected balance sheet data as of December 31, 2004, 2005 and 2006 and the selected income statement data for each of the years in the three-year period ended December 31, 2006 have been derived from the audited consolidated financial statements and related notes set forth on pages FIN-17 to FIN-90. The selected balance sheet data as of June 30, 2007 and selected income statement data for the six months ended June 30, 2006 and 2007 have been derived from the unaudited consolidated financial statements and related notes set forth on pages FIN-2 to FIN-15. The selected balance sheet data as of December 31, 2002 and 2003 and the selected income statement data for each of the years in the two-year period ended December 31, 2003 have been derived from audited consolidated financial statements and related notes not included in this Proxy Statement/Prospectus. The selected balance sheet data as of June 30, 2007 and the operating data for the six months ended June 30, 2006 and 2007 include, in the opinion of OMX's management, all adjustments considered necessary for a fair statement of such data. The results of operations for the six months ended June 30, 2007 and 2006 are not necessarily indicative of results that may be expected for the entire year, nor is the information below necessarily indicative of OMX's future performance.

OMX's consolidated financial statements have been prepared in accordance with IFRS, which differ in certain material respects from U.S. GAAP. For a description of the principal differences between IFRS and U.S. GAAP as they relate to OMX and to its consolidated subsidiaries, and for a reconciliation of OMX's shareholders' equity and net income to U.S. GAAP, see Note 36 to the audited consolidated financial statements on pages FIN-84 to FIN-90, and Note 8 to the unaudited interim condensed consolidated financial statements on pages FIN-9 to FIN-15. All financial data for 2003 and 2002 are presented in accordance with Swedish GAAP. U.S. GAAP shareholders' equity and net income data presented in the following tables has been derived from these Notes. Other U.S. GAAP data presented in the following tables has been derived from unaudited analyses prepared by OMX from its accounting records.

**Table of Contents**

(IFRS)	Six months ended		Year ended December 31,		
	June 30, 2007 <sup>(1)</sup>	2006 <sup>(1)</sup>	2006 <sup>(1)</sup>	2005 <sup>(1)(8)</sup>	2004 <sup>(1)</sup>
<b>Results of Operations:</b>					
Results of Operations from Continuing Operations:					
Revenues					
Net sales	1,899	1,643	3,313	2,969	2,576
Own work capitalized	79	48	68	125	74
Other revenues	101	22	105		119
<b>Total revenues</b>	<b>2,079</b>	<b>1,713</b>	<b>3,486</b>	<b>3,094</b>	<b>2,769</b>
Expenses:					
Premises expenses	(88)	(101)	(204)	(189)	(308)
Marketing expenses	(31)	(23)	(63)	(40)	(38)
Consultancy expenses	(183)	(150)	(310)	(253)	(195)
Operations and maintenance, IT	(117)	(102)	(239)	(225)	(254)
Other external expenses	(121)	(78)	(167)	(201)	(302)
Personal expenses	(663)	(548)	(1,083)	(1,049)	(1,017)
Depreciation and impairment	(132)	(106)	(216)	(225)	(228)
Items effecting comparability <sup>(2)</sup>					
<b>Total expenses</b>	<b>(1,335)</b>	<b>(1,108)</b>	<b>(2,282)</b>	<b>(2,182)</b>	<b>(2,342)</b>
Participation in earnings of associated companies	24	29	46	15	9
<b>Operating income</b>	<b>768</b>	<b>634</b>	<b>1,250</b>	<b>927</b>	<b>436</b>
Financial items:					
Financial income	48	19	48	48	40
Financial expenses	(77)	(48)	(101)	(112)	(90)
<b>Total financial items</b>	<b>(29)</b>	<b>(29)</b>	<b>(53)</b>	<b>(64)</b>	<b>(50)</b>
<b>Income after financial items</b>	<b>739</b>	<b>605</b>	<b>1,197</b>	<b>863</b>	<b>386</b>
Tax for the year	(136)	(141)	(240)	(303)	(162)
<b>Net profit from continuing operations for the period</b>	<b>603</b>	<b>464</b>	<b>957</b>	<b>560</b>	<b>224</b>
<b>Net profit (loss) from discontinuing operations for the period<sup>(3)</sup></b>	<b>(39)</b>	<b>(20)</b>	<b>(46)</b>	<b>(17)</b>	<b>159</b>
<b>Net profit from continuing and discontinuing operations for the period</b>	<b>564</b>	<b>444</b>	<b>911</b>	<b>543</b>	<b>383</b>
of which, attributable to shareholders in OMX	560	442	907	538	382
of which, attributable to minority interests	4	2	4	5	1
Average number of shares, millions	120.640	118.474	118.671	118.108	115.547
Number of shares, millions	120.640	118.474	120.640	118.474	115.547
Average number of shares after dilution, millions	120.640	118.760	118.886	118.394	115.833
Number of shares after dilution, millions	120.640	118.760	120.640	118.760	115.833
Earnings per share, basic SEK <sup>(4)</sup>	4.64	3.73	7.64	4.56	3.31
Earnings per share from continuing operations, basic SEK <sup>(4)</sup>	4.97	3.90	8.03	4.70	1.94
Earnings per share after dilution, SEK <sup>(4)</sup>	4.64	3.73	7.64	4.56	3.31
Earnings per share after dilution from continuing operations, SEK <sup>(4)</sup>	4.97	3.90	8.03	4.70	1.94
Proposed dividend per share, SEK <sup>(5)</sup>			6.50	6.50	

**Table of Contents**

	Year ended December 31,	
	2003 <sup>(7)(9)</sup>	2002 <sup>(7)</sup>
(Swedish GAAP)	(in millions of SEK, except per share amounts)	
<b>Results of Operations:</b>		
Results of Operations from Continuing Operations:		
Revenues		
Net sales	2,469	2,557
Own work capitalized	86	80
Other revenues	100	
<b>Total revenues</b>	<b>2,655</b>	<b>2,637</b>
Expenses:		
Premises expenses	(340)	(214)
Marketing expenses	(42)	(53)
Consultancy expenses	(258)	(273)
Operations and maintenance, IT	(343)	(244)
Other external expenses	(233)	(231)
Personal expenses	(1,406)	(1,154)
Depreciation and impairment	(559)	(319)
Items effecting comparability <sup>(2)</sup>		(57)
<b>Total expenses</b>	<b>(3,181)</b>	<b>(2,545)</b>
Participation in earnings of associated companies	21	38
<b>Operating income</b>	<b>(505)</b>	<b>130</b>
Financial items:		
Financial income	98	115
Financial expenses	(128)	(146)
<b>Total financial items</b>	<b>(30)</b>	<b>(31)</b>
<b>Income (loss) after financial items</b>	<b>(535)</b>	<b>99</b>
Tax for the year	54	(15)
<b>Net profit (loss) from continuing operations for the period</b>	<b>(481)</b>	<b>84</b>
<b>Net profit (loss) from discontinuing operations for the period<sup>(3)</sup></b>	<b>50</b>	<b>(155)</b>
<b>Net loss from continuing and discontinuing operations for the period</b>	<b>(431)</b>	<b>(71)</b>
of which, attributable to shareholders in OMX	(431)	(71)
of which, attributable to minority interests		
Average number of shares, millions	99.738	84.041
Number of shares, millions	115.547	84.041
Average number of shares after dilution, millions	100.644	84.819
Number of shares after dilution, millions	116.325	84.819
Earnings per share, basic SEK <sup>(4)</sup>	(4.32)	(0.84)
Earnings per share from continuing operations, basic SEK <sup>(4)</sup>	(4.82)	1.00
Earnings per share after dilution, SEK <sup>(4)</sup>	(4.32)	(0.84)
Earnings per share after dilution from continuing operations, SEK <sup>(4)</sup>	(4.82)	1.00
Proposed dividend per share, SEK <sup>(5)</sup>		



**Table of Contents**

(IFRS)	June 30,	December 31,		
	2007 <sup>(1)</sup>	2006 <sup>(1)</sup>	2005 <sup>(1)(8)</sup>	2004 <sup>(1)</sup>
(in millions of SEK)				
<b>Balance Sheet:</b>				
Intangible assets	4,704	4,350	3,832	2,385
Tangible fixed assets	303	321	355	366
Financial fixed assets	729	720	1,094	1,228
Short-term receivables	8,530	6,139	4,026	1,264
Financial assets available for sale	481	519	724	705
Cash equivalents	275	409	519	672
Assets held for sale	69	70	62	
Total current assets	9,355	7,137	5,331	2,641
Total assets	15,091	12,528	10,612	6,620
Equity attributable to shareholders in parent company	4,540	4,597	4,735	3,805
Total shareholders' equity	4,562	4,614	4,749	3,835
Total long-term liabilities	1,654	1,643	1,608	808
Total short-term liabilities	8,875	6,271	4,255	1,977

(Swedish GAAP)	December 31,	
	2003 <sup>(7)(9)</sup>	2002 <sup>(7)</sup>
(in millions of SEK)		
<b>Balance Sheet:</b>		
Intangible assets	2,234	1,247
Tangible fixed assets	465	475
Financial fixed assets	968	852
Short-term receivables	1,209	1,071
Financial assets available for sale		
Short-term investments	1,012	993
Cash equivalents	350	282
Assets held for sale	508	
Total current assets	3,079	2,346
Total assets	6,746	4,920
Equity attributable to shareholders in parent company	3,533	2,017
Total shareholders' equity	3,535	2,017
Total long-term liabilities	827	354
Total short-term liabilities	2,384	2,549

**Table of Contents**

	(U.S. GAAP) <sup>(6)</sup>		Six months ended June 30,		Year ended December 31,	
			2007	2006	2006	2005
(in millions of SEK, except per share data)						
<b>Results of Operations:</b>						
Revenues			1,883	1,635	3,318	2,963
Operating expenses			(1,294)	(1,143)	(2,294)	(2,259)
Operating income			589	492	1,024	704
Net income			528	382	859	390
Net income from continuing operations			567	402	905	407
Net loss from discontinued operations			(39)	(20)	(46)	(17)
Net income per share:						
Basic			4.38	3.23	7.24	3.30
Diluted			4.38	3.22	7.22	3.29
Net income per share from continuing operations						
Basic			4.70	3.40	7.62	3.44
Diluted			4.70	3.39	7.61	3.44
Weighted average shares outstanding (in thousands):						
Basic			120,640	118,474	118,671	118,108
Diluted			120,640	118,760	118,886	118,394
Dividends declared per share:						
Krona					6.50	6.50
US\$					0.95	0.82

	(U.S. GAAP) <sup>(6)</sup>		June 30,		December 31,	
			2007	2006	2006	2005
(in millions of SEK)						
<b>Balance Sheet:</b>						
Property and equipment			303	321	355	
Intangible assets			4,504	4,213	3,775	
Short-term financial investments / cash and cash equivalents			756	928	1,243	
Total assets			14,826	12,345	10,480	
Current financial liabilities			598	398	498	
Non-current financial liabilities			1,359	1,360	1,409	
Total liabilities			10,704	8,120	6,097	
Shareholders equity			4,122	4,225	4,383	

(1) Effective January 1, 2005, OMX reports in accordance with IFRS. Restatement of comparison figures was made for 2004 in respect of all standards, except for IAS 39 (Financial instruments), which was applied for the first time in 2005. Furthermore, from January 1, 2006, OMX applies hedge accounting of hedging of internally forecasted flows in foreign currency. Income from cash-flow hedges are reported in shareholders' equity.

(2) Items affecting comparability amounted to SEK (57) million, which related to expenses incurred, as a result of a group-wide cost-reduction program.

(3) The years 2002 to 2006 have been reclassified for comparison purposes due to the disclosure of discontinued operations, relating to OMX's UK sales operations in securities administration services.

(4) Earnings per share are calculated on the basis of the weighted average number of shares during the year. The amount is based on OMX shareholders' portion of net profit/loss for the period including or excluding discontinuing operations.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (5) Dividends are set forth in the above table under the year to which they relate. In accordance with general practice in Sweden, the dividends are declared and paid in the year following the financial period.
- (6) For further details, see Note 36 to OMX's audited financial statements. For the periods ending June 30, 2006 and 2007 see Note 8 in OMX's unaudited interim consolidated financial statements.
- (7) The reported figures have been prepared in accordance with Swedish GAAP. Swedish GAAP differs in certain material respects from IFRS and U.S. GAAP.
- (8) Copenhagen Stock Exchange was consolidated in OMX from January 1, 2005.
- (9) HEX was consolidated in OMX from July 1, 2003.

**Table of Contents****MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OMX**

*The following discussion and analysis should be read in conjunction with OMX's audited consolidated financial statements as of and for the years ended December 31, 2006, 2005 and 2004 and with OMX's unaudited interim condensed consolidated financial statements as of and for the six-month periods ended June 30, 2007 and 2006 included herein. OMX's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union. IFRS differ in certain material respects from U.S. GAAP. For a discussion of certain material differences between IFRS and U.S. GAAP, see "Summary of Material Differences Between IFRS and U.S. GAAP" below and the related notes in OMX's consolidated financial statements.*

**Overview**

Since it was founded in 1984, OMX's business model has been based on creating competitive advantages and building business from the network and experience that derive from ownership and operation of exchanges combined with the development of technology and system operations for a global customer base. OMX has also focused on streamlining its organizational structure to create effective operation and integration over national borders and becoming the leading global supplier in developing, delivering, maintaining and operating technology and solutions for exchanges and other central operators. These efforts have allowed OMX to reduce operating costs and to become more efficient.

As a result of OMX's continued efforts to control operating costs and increase its revenues, despite an increasingly competitive market and sometimes turbulent market conditions, net income (excluding income from associated companies) increased from SEK 555 million in 2005 to SEK 953 million in 2006. In 2004, OMX's net income amounted to SEK 223 million. The increase in net income over the three years between 2004 and 2006 was largely due to OMX's continued efforts to control operating costs and increase its revenues, despite an increasingly competitive market and sometimes turbulent market conditions. Over the three-year period, OMX's profit from operations increased as a percentage of revenues from 15% in 2004 to 29% in 2005 to 35% in 2006 as a result of improving market conditions and cost control efforts.

Net income and profit from operations continued to increase in the first half of 2007. Increased trading activity on the Nordic Exchange and a continued increase in the number of information terminals together with the SEK 101 million capital gain from the sale of shares in Orc Software produced a 23% increase in profit from operations, from SEK 605 million in the first half of 2006 to SEK 744 million in the first half of 2007. As a percentage of revenues, profit from operations, excluding income from associated companies, increased from 35% in the first half of 2006 to 36% in the first half of 2007.

**Sources of Revenue and Principal Expense Items*****Operating Revenues******Nordic Marketplaces***

The Nordic Marketplaces business area has experienced increasing activity with regard to both trading and listing on the equity and derivatives exchanges in Sweden, Finland, Denmark and Iceland.

The Nordic Marketplaces business area has three main sources of income: trading revenue, issuers' revenue and other Nordic revenues.

***Trading Revenue.*** The majority of trading revenue comes from trading in cash products, primarily equities, and from trading and clearing in derivative products.

With respect to trading revenue from share trading, the two most important parameters are the value of the share turnover and the number of share transactions. A change in value of the average trading volume of 1 percent on an annual basis (assuming an unchanged number of transactions) would affect trading revenues by plus or minus SEK 8.5 million, calculated on the basis of trading during 2006.



## **Table of Contents**

Revenue from derivative product trading and clearing is dependent on the number of derivatives contracts and the size of the options premiums. A change of the average daily derivatives trading of 1,000 contracts on an annual basis will affect trading revenues by plus or minus SEK 0.9 million, calculated on the basis of trading during 2006.

*Issuers Revenue.* Issuers' revenues derive from the fees that listed companies pay. Issuers' revenue is directly related to the listed companies market capitalization and the number and size of new listings on the Nordic Exchange.

*Other Nordic Revenues.* Other revenues for the Nordic Marketplaces business area consist primarily of line connection fees for members and operation reimbursement fees regarding the derivatives clearing link with Oslo Børs. Revenue is also derived from capital gains on the sale of operations.

### ***Information Services & New Markets***

This business area combines OMX's information services with OMX's securities administration services and OMX's ownership and operation of the Baltic exchanges and central securities depositories. There are four main revenue sources within this business area: information revenues, revenues from Baltic Markets, revenues from Broker Services and other revenues.

*Information Revenue.* OMX's information revenues are generated primarily through sales and distribution of market information and are based on the number of real-time terminals used and reported by end-users. Trading information is the largest source of revenue in this business area and is sold to approximately 92 companies, as of December 31, 2006, which then distribute the information to end-users. These information vendors are invoiced in arrears with the fee based on the number of end users.

*Baltic Markets.* Revenue from the Baltic Markets is comprised of trading revenue and issuer revenue from the exchanges owned by OMX in Estonia, Latvia and Lithuania. Trading revenue is based on the number of transactions and the value of the shares being sold. Issuer revenue is based on the market capitalization of listed companies and the number and size of new listings on those exchanges. Additional revenue is derived from the central securities depositories in Estonia and Latvia. This revenue is based on the number of register accounts and cleared and settled accounts.

*Broker Services.* Revenue from Broker Services is based on a fixed basic fee for administration or licensing, maintenance and operation and variable fees based on the number of transactions completed.

*Other Revenue.* Other revenue for the Information Services & New Markets business area is derived from training, sales of informational materials and line connection fees for members.

### ***Market Technology***

OMX's Market Technology business area provides technology solutions for trading, clearing and settlement information dissemination and also offers facility management integration and advisory services. Revenue is derived from three primary sources: licensing, support and project revenues, facility management revenues and other revenues.

*License, Support and Project Revenue.* License, support and project revenue are derived from the system solutions developed and sold by OMX. After OMX has developed and sold a system solution, the customer licenses the right to use the software. Each project involves individual adaptations to the specific requirements of the customer, for instance, relating to functionality and capacity. This development, testing, licensing and installation work generates project revenue that is invoiced periodically and is based on the degree of completion. When OMX provides a system solution, it undertakes to upgrade, develop and maintain the system and receives

## **Table of Contents**

regular support revenues for this work. With regard to major system solutions for customers such as exchanges and clearing organizations, license and project revenue is mostly fixed and recognized in relation to the degree of completion. Support revenue is mainly fixed and contracts usually last for five years.

*Facility Management Services.* Facility Management Services involve OMX assuming responsibility for the operation of a system platform for a customer, for which OMX receives recurring facility management revenue. Revenue from Facility Management Services can be both fixed and volume-based. Contract periods vary between one and seven years.

*Other revenues.* Other revenues are comprised mainly of revenue from consulting services and exchange rate differences. Other revenues also include possible capital gains from the sale of operations.

### ***Costs and Expenses***

The following is a summary of OMX's principal cost and expense categories.

*Premises Expenses.* Premises expenses include lease payments for rented office space and related service charges for utilities.

*Marketing Expenses.* Marketing expenses consist primarily of advertising and other promotional expenses including costs relating to presentations, events, sponsorships and similar items.

*Consultancy Expenses.* Consultancy expenses consist primarily of fees for information technology consultants as well as third-party contracting fees and fees paid to other consultants, attorneys and accountants.

*Operations and Maintenance, IT.* Operations and maintenance, IT expenses consist primarily of costs relating to service agreements, leases, hardware costs and other costs relating to operation and maintenance of IT systems.

*Other External Expenses.* Other external expenses consist mainly of costs for travel, telecommunications, printing, cleaning and office security and maintenance. Also included are directors' fees and membership dues.

*Personnel Expenses.* Salaries and employee benefits consist primarily of employee salaries, bonuses, other remuneration and compulsory social security contributions with respect to employees and pension expenses.

*Depreciation and Impairment.* Depreciation consists of depreciation of tangible fixed assets and intangible fixed assets (excluding goodwill) as well as impairments on intangible assets.

### ***Participation in Earnings of Associated Companies***

OMX's share in the earnings of associated companies amounted to SEK 46 million in 2006 and is attributable to the following associated companies: Orc Software, NLK, EDX London, VPC AB (until September 2006) and the Lithuanian securities depository CSDL.

### ***Financial Income and Expenses***

Financial income relates mainly to proceeds from holdings in interest rate instruments. Financial expenses mainly consist of the cost for OMX debt and vary with interest rate and foreign currency movements.

### ***Tax for the Year***

Tax for the year includes the group tax expenses. OMX has operations globally and targets a tax rate of 25% over time.

**Table of Contents****Minority Interests**

Minority interests during the period under review related primarily to third party holdings in the Estonian, Latvian and Lithuanian stock exchanges.

**Results of Operations for Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006****Revenues**

OMX's total revenues increased by 21% from SEK 1,713 million in the first half of 2006 to SEK 2,079 million in the first half of 2007, driven by high activity on the Nordic Exchange and a continued increase in the number of information terminals together with the capital gain from OMX's sale of shares in Orc Software for SEK 101 million. The following table summarizes the composition of OMX's revenues for the first half of each of 2006 and 2007.

	Six months ended June 30, 2007                      2006		% Change 2007/2006
	(in millions of SEK)		
<b>Nordic Marketplaces</b>	<b>1,066</b>	<b>925</b>	<b>15%</b>
Trading Revenue	805	691	16
Issuers' Revenue	193	170	14
Other Nordic Revenue	68	64	6
<b>Information Services &amp; New Markets</b>	<b>409</b>	<b>343</b>	<b>19</b>
Information Sales	268	201	33
Baltic Markets	39	30	30
Broker Services	93	100	-7
Other Information Services & New Market Revenue	9	12	-25
<b>Market Technology</b>	<b>903</b>	<b>608</b>	<b>49</b>
License, Support and Project Revenue	543	367	48
Facility Management Services	258	204	26
Other Market Technology Revenue	102	37	176
<b>Eliminations Revenue</b>	<b>(299)</b>	<b>(163)</b>	<b>83</b>
<b>Eliminations Expenses</b>	<b>(263)</b>	<b>(163)</b>	<b>61</b>
<b>Total revenues</b>	<b>2,079</b>	<b>1,713</b>	<b>21</b>

**Trading Revenue.** Trading revenue increased by 16% to SEK 805 million in the first half of 2007, due primarily to increased trading activity on our exchanges. During the first half of 2007, 67% of trading revenues came from trading in cash products, primarily equities, and 33% came from trading and clearing in derivatives products.

With respect to trading on the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Helsinki Ltd., the OMX Nordic Exchange Copenhagen A/S and the OMX Nordic Exchange Iceland, the number of equity transactions increased to 177,045 on an average per day basis, an increase of 39% from the first half of 2006 where the average daily trading was 127,071. Turnover in equities trading, measured in value, rose by 19% to a daily average of SEK 50.4 million in the first half of 2007, compared to SEK 42.3 million in the first half of 2006. The turnover in equities trading rose to 140% in the first half of 2007, up from 144% in the first half of 2006. The total number of derivatives contracts traded per day in the first half of 2007 averaged 667,849, up 8% from the first half of 2006 where the average was 615,784 contracts per day. Of the total number of contracts per day, Finnish options contracts on Eurex accounted for 78,061, up from 73,024 in the first half of 2006, and Nordic derivatives contracts on EDX London accounted for 126,845 per day, up from 104,904 in the first half of 2006.

On March 2, 2007, OMX lowered its fees for reported trades by approximately 50%. For the three months ended June 30, 2007, the fee cut had a negative impact of SEK 12 million on trading revenue.



## **Table of Contents**

*Issuers Revenue.* Issuers revenues increased 14% from SEK 170 million in the first half of 2006 to SEK 193 million in the first half of 2007. The increase resulted from an increase in the capitalization of listed companies from SEK 7,012 billion in the first half of 2006 to SEK 9,963 billion in the first half of 2007 and from new listings. There were 733 companies listed as of June 30, 2007, up from 658 as of June 30, 2006. Of the 733 companies listed as of June 30, 2007, 622 were on the main market and 111 on the alternative market, First North. In the first half of 2007, 46 new companies joined the marketplace, including 34 on First North, up from 40 new companies in the first half of 2006. A total of nine companies, including two traded on First North, left the exchange during the first half of 2007, down from 22 in the first half of 2006.

*Other Nordic Revenue.* Other Nordic revenues increased 6% to SEK 68 million for the first half of 2007. The increase resulted mainly from the addition of settlement and depository revenue from the Icelandic Market.

### *Information Services & New Markets*

*Information Sales.* Information sales revenues increased 33% to SEK 268 million for the first half of 2007. The increase resulted mainly from the positive market reception of the Nordic Market Data offering and the increase in the number of terminals.

*Baltic Markets.* Revenues from Baltic Markets increased 30% to SEK 39 million for the first half of 2007. The increase resulted mainly from strong market activity during the first half of 2007. The number of members of the Baltic exchanges was 40 in the first half of 2007, of which 15 were members of all three Baltic exchanges. Total share turnover on the Baltic exchanges in the first half of 2007 was on average SEK 98 million per day, up from SEK 52 million per day in the first half of 2006. The number of equity transactions amounted to 1,742 per day, up from 860 per day in the first half of 2006.

*Broker Services.* Broker services revenues decreased 7% to SEK 93 million for the first half of 2007. The decrease resulted partly from the loss of one major client at the start of 2007.

*Other Information Services & New Market Revenue.* Other Information Services & New Market revenues decreased 25% to SEK 9 million for the first half of 2007. This decrease resulted primarily from a reduction in administration fees.

### *Market Technology*

*License, Support and Project Revenue.* License, support and project revenues increased 48% to SEK 543 million for the first half of 2007. The increase resulted mainly from the increase in internal sales related to the development in the Genium platform.

*Facility Management Services.* Facility management revenues increased 26% to SEK 258 million for the first half of 2007. The increase resulted mainly from higher volume related revenue and increased market activity.

*Other Market Technology Revenue.* Other Market Technology revenues increased 176% to SEK 102 million for the first half of 2007. The increase resulted mainly from the capital gain from the sale of shares in Orc Software.

**Table of Contents****Costs and Expenses**

OMX's total costs and expenses increased by 20% to SEK 1,335 million in the first half of 2007. The following table summarizes costs and expenses for the first six months of 2006 and 2007.

	Six months ended June 30,		% Change
	2007	2006	2007/2006
	(in millions of SEK)		
Premises expenses	88	101	(13)%
Marketing expenses	31	23	35
Consultancy expenses	183	150	22
Operations and maintenance, IT	117	102	15
Other external expenses	121	78	55
Personnel expenses	663	548	21
Depreciation and impairment	132	106	25
<b>Total costs and expenses</b>	<b>1,335</b>	<b>1,108</b>	<b>20%</b>

*Premises Expenses.* Premises expenses decreased 13% from SEK 101 million in the first half of 2006 to SEK 88 million in the first half of 2007. This resulted mainly from a decrease in rent for our facility in Stockholm.

*Marketing Expenses.* Marketing expenses amounted to SEK 31 million in the first half of 2007, 35% more than the SEK 23 million recorded in the first half of 2006. This is due primarily to costs relating to the launch of the Genium brand.

*Consultancy Expenses.* Consultancy expenses amounted to SEK 183 million in the first half of 2007, 22% more than the SEK 150 million recorded in the first half of 2006. This is due primarily to increased project activity within Information Services & Market Technology.

*Operations and Maintenance, IT.* Operations and maintenance, IT expenses increased by 15% to SEK 117 million in the first half of 2007. This increase resulted primarily from increased market activity.

*Other External Expenses.* Other external expenses increased 55% to SEK 121 million in the first half of 2007, resulting mainly from increased travel costs within Market Technology.

*Personnel Expenses.* Personnel expenses increased by 21% to SEK 663 million in the first half of 2007. This increase resulted from an increase in headcount, mainly within Market Technology where a program to replace consultants with employees has begun.

*Depreciation and Impairment.* Depreciation/amortization and impairment expenses increased 25% to SEK 132 million in the first half of 2007, due primarily to the start of depreciation of Company News System.

**Table of Contents****Segment Operating Profit**

The following table provides information concerning segment operating profit in millions of SEK and as a percentage of segment revenues for the periods indicated.

	Six months ended June 30,		2006	
	2007	% of segment revenue	In millions of SEK	% of segment revenue
Nordic Marketplaces	538	50%	507	55%
Information Services & New Market	121	30%	82	24%
Market Technology	121	13%	16	3%
Eliminations <sup>(1)</sup>	(36)			
<b>Profit from Operations (excluding income from associated companies)</b>	<b>744</b>	<b>36%</b>	<b>605</b>	<b>35%</b>

<sup>(1)</sup> A difference in the eliminations of expenses and revenues in OMX has arisen from the development of Genium as there is a difference between costs in Market Technology and the amount that OMX is able to capitalize. This accounting effect will remain for the duration of the development project.

**Other Items Affecting Net Profit**

	Six months ended June 30,		% Change 2007/2006
	2007	2006	
	(in millions of SEK)		
Participation in earnings of associated companies			
Operating income	24	29	(17)%
Financial items			
Financial income	48	19	153%
Financial expenses	(77)	(48)	60%
Total financial items	(29)	(29)	
<b>Income/loss after financial items</b>	<b>739</b>	<b>605</b>	<b>22%</b>
Tax for the year	(136)	(141)	(4)%
<b>Net profit/loss for the period</b>	<b>603</b>	<b>464</b>	<b>30%</b>
Of which attributable to minority interests	4	2	100%
<b>Net profit attributable to shareholders of OMX</b>	<b>599</b>	<b>462</b>	<b>30%</b>

*Participation in earnings of associated companies.* Participation in earnings of associated companies decreased 17% to SEK 24 million, due to the divestment of the associated company, NCS D.

*Financial Income.* Financial income increased 153% to SEK 48 million. Financial income is mainly related to financial holdings in interest rate instruments.

*Financial Expenses.* Financial expenses increased 60% to SEK 77 million, due to movements in interest rates and foreign currency.

*Income Tax Expense.* Income tax expenses decreased slightly from SEK 141 million in the first half of 2006 to SEK 136 million in the first half of 2007.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

*Net Profit Attributable to Minority Interests.* Income attributable to minority interests increased from SEK 2 million in the first half of 2006 to SEK 4 million in the first half of 2007. Minority interests are mainly related to third party holdings in the Estonian, Latvian and Lithuanian exchanges.

*Net Profit Attributable to Shareholders of OMX.* Income attributable to shareholders of OMX increased from SEK 599 million in the first half of 2006 to SEK 462 million in the first half of 2007.



**Table of Contents****Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005****Revenues**

OMX's total revenues increased by 12.7% from SEK 3,094 million in 2005 to SEK 3,486 million in 2006. The following table summarizes the composition of OMX's revenues for 2005 and 2006. The Iceland Stock Exchange was acquired in 2006 and is consolidated in Nordic Marketplaces from December 1, 2006.

	Year ended December 31,		% Change 2006/2005
	2006	2005	
	(in millions of SEK)		
Nordic Marketplaces	1,778	1,510	18%
Trading Revenue	1,286	1,106	16%
Issuers Revenue	344	310	11%
Other Nordic Revenue	148	94	57%
Information Services & New Markets	752	709	6%
Information Sales	441	365	21%
Baltic Markets	68	63	8%
Broker Services	205	268	(24)%
Other Information Services & New Market Revenue	38	13	192%
Market Technology	1,300	1,155	13%
License, Support and Project Revenue	785	730	8%
Facility Management Services	432	375	15%
Other Market Technology Revenue	83	50	66%
Eliminations	(344)	(280)	23%
Total revenues	3,486	3,094	13%

*Nordic Marketplaces*

*Trading Revenue.* Trading revenue increased by 16% to SEK 1,286 million in 2006, due primarily to increased trading activity on our exchanges. During 2006, 65% of trading revenues came from trading in cash products, primarily equities, and 35% came from trading and clearing in derivatives products. The trading statistics refer to trading on the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Helsinki Ltd., the OMX Nordic Exchange Copenhagen A/S and the OMX Nordic Exchange Iceland hf. The number of equity transactions increased to 123,490 on an average per day basis, an increase of 47% from 2005 where the average daily trading was 83,764. Turnover in equities trading, measured in value, rose by 38% to a daily average of SEK 38,664 million in 2006, compared to SEK 28,115 million in 2005. The turnover rate in equities trading rose to 129% in 2006, up from 117% in 2005. The total number of derivatives contracts traded per day in 2006 averaged 553,793, up 16% from 2005 where the average was 475,885 contracts per day. Of the total number of contracts per day, Finnish options contracts on Eurex accounted for 65,967, up from 63,358 in 2005, and Nordic derivatives contracts on EDX London accounted for 98,060 per day, up from 73,678 in 2005. On January 1, 2006, OMX lowered its fees for certain customer segments mainly regarding trading in Swedish stock options. This reduction was implemented to offer more competitive fees, which led to an increase in trading and larger market shares.

*Issuers Revenues.* Revenue from listing fees increased 11% to SEK 344 million in 2006 from SEK 310 million in 2005. This increase was mainly attributable to the higher market capitalization of the listed companies as well as a larger number of new listings. There were 693 companies listed as of December 31, 2006, up from 638 as of December 31, 2005. Of the 693 companies listed as of December 31, 2006, 614 were in the main market and 79 were in the alternative market, First North. In 2006, 97 new companies, including 45 on First North, joined the marketplace, up from 32 new companies in 2005. A total of 41 companies, 3 from First North, left the exchange during 2006, down from 44 in 2005. The total market capitalization of all listed companies in the main market rose to SEK 8,306 billion in 2006, an 18% increase from SEK 7,048 billion in 2005.

## **Table of Contents**

*Other Nordic Revenue.* Other revenues in the Nordic Marketplaces amounted to SEK 148 million for 2006, up from SEK 94 million in 2005. Other revenues in 2006 also include SEK 33 million from the sale of all of OMX's shares in the associated company VPC AB and SEK 9 million from the sale of all of OMX's shares in NOS ASA.

### *Information Services & New Markets*

Information Services & New Markets saw total revenue increase 6% to SEK 752 million in 2006. Increased market activity and growing revenue from information services were the primary drivers behind the positive trends.

*Information Sales.* Information sales revenue increased 21% to SEK 441 million in 2006 from SEK 365 million in 2005. The increase was mainly due to the rise in the number of terminals sold and the completed audits. The higher activity on the Nordic Exchange also supported information sales. In 2006, OMX had 92 information vendors, up from 87 in 2005.

*Baltic Markets.* Revenues from the Baltic Markets amounted to SEK 68 million in 2006, an 8% increase from SEK 63 million in 2005. This increase is primarily attributable to a major privatization that took place via the exchange in Latvia during the fourth quarter of 2006. The number of members of the Baltic exchanges was 40 in 2006, of which 15 were members of all three Baltic exchanges. Total share turnover on the Baltic exchanges in 2006 was SEK 91 million per day, down from SEK 95 million per day in 2005. The number of equity transactions amounted to 996 per day, up from 903 per day in 2005. Trading was negatively affected by the delisting of HansaBank in 2005, which prior to the delisting was the most heavily traded company on the Baltic exchanges.

*Broker Services.* Broker Services revenue rose to SEK 205 million in 2006, a 24% decrease from SEK 268 million in 2005. The decrease is due to the restructuring of the Banks & Brokers operations, notably the divestment of operations in Australia and the transfer of operations staff in Sweden to TietoEnator.

*Other Information Services & New Market Revenue.* Other revenue amounted to SEK 38 million in 2006, compared to SEK 15 million in 2005. Other revenue included SEK 17 million from the sale of shares in VPC AB and SEK 4 million from the sale of shares in NOS ASA.

### *Market Technology*

*Market Technology.* During 2006, the market for systems and services for the exchange industry continued to be characterized by increased activity. Important driving forces were growing trading volumes in global markets, new commercial initiatives from existing and new players and regulatory changes in Europe and the United States. The total Market Technology business area revenues, which is comprised of License, Support and Project Revenue, Facility Management and Other Market Technology Revenue, increased 13% to SEK 1,300 million in 2006, up from SEK 1,155 million in 2005. OMX's order intake in 2006 grew from SEK 1,215 million in 2005 to SEK 1,908 million, of which SEK 575 million pertained to internal orders. The total order value for 2006 was SEK 2,944 million, up from SEK 2,241 million in 2005. The total order value includes internal orders of SEK 1,075 million.

*License, Support and Project Revenue.* License, Support and Project Revenue amounted to SEK 785 million in 2006, compared to SEK 730 million in 2005. This increase is due to increased activities among existing customers and the acquisition of operations from Computershare. Significant orders in 2006 included orders from Saudi Stock Market Tadawul, Borsa Italiana and the International Securities Exchange.

*Facility Management.* Facility management revenues rose to SEK 432 million in 2006 from SEK 375 in 2005 due primarily to increased internal sales and increased activities among existing customers resulting in a rise in variable revenues.

**Table of Contents**

*Other Market Technology Revenue.* Other revenues totaled SEK 83 million in 2006, an increase from SEK 50 million in 2005. This includes SEK 9 million from the sale of shares in NOS ASA and SEK 33 million from the sale of shares in VPC AB.

**Costs and Expenses**

OMX's total costs and expenses increased by 5% to SEK 2,282 million in 2006. The following table summarizes costs and expenses for 2005 and 2006.

	Year ended December 31,		% Change
	2006	2005	2006/2005
	(in millions of SEK)		
Premises expenses	204	189	8%
Marketing expenses	63	40	58%
Consultancy expenses	310	253	23%
Operations and maintenance, IT	239	225	6%
Other external expenses	167	201	(17%)
Personnel expenses	1,083	1,049	3%
Depreciation and impairment	216	225	(4%)
<b>Total costs and expenses</b>	<b>2,282</b>	<b>2,182</b>	<b>5%</b>

*Premises Expenses.* Premises expenses increased 8% from SEK 189 million in 2005 to SEK 204 million in the 2006. This resulted primarily from more space being used by OMX.

*Marketing Expenses.* Marketing expenses amounted to SEK 63 million in 2006, 58% more than the SEK 40 million recorded in 2005. This is due primarily to costs associated with the launch of the Nordic Exchange.

*Personnel Expenses.* Personnel expenses increased by 3% to SEK 1,083 million 2006. This increase resulted primarily from salary increases and an increased number of employees and also from the acquisition of Computershare's Markets Technology business.

*Consultancy Expenses.* Consultancy expenses increased 23% to SEK 310 million in 2006. This increase resulted primarily from increased activity in Market Technology and development projects in Information Services & New Markets.

*Operations and Maintenance, IT.* Operations and maintenance, IT expenses increased by 6% to SEK 239 million in 2006. This increase resulted from higher activity on the Nordic Exchange and increased activity within the Market Technology business area.

*Other External Expenses.* Other external expenses decreased 17% to SEK 167 million in 2006, due to a positive VAT settlement and termination of a restructuring reserve in 2006.

*Depreciation and Impairment.* Depreciation and impairment decreased slightly at SEK 216 million in 2006, down from SEK 225 million in 2005.

**Table of Contents****Segment Operating Profit**

The following table provides information concerning segment operating profit in millions of SEK and as a percentage of segment revenues for the periods indicated.

	Year ended December 31,		2005	
	2006	% of segment revenue	In millions of SEK	% of segment revenue
Nordic Marketplaces	927	52%	679	45%
Information Services & New Market	210	28%	176	25%
Market Technology Revenue	67	5%	57	5%
Participations in Associated Companies Attributable to Parent Company and Other Functions			1	
Profit from Operations (excluding income from associated companies)	1,204	35%	912	29%

**Other Items Affecting Net Profit**

	Year ended December 31,		% Change 2006/2005
	2006	2005	
	(in millions of SEK)		
Participation in earnings of associated companies:			
Operating income	46	15	207%
Financial items			
Financial income	48	48	
Financial expenses	(101)	(112)	(10)%
Total financial items	(53)	(64)	(17)%
<b>Income/loss after financial items</b>	<b>1,197</b>	<b>863</b>	<b>39%</b>
Tax for the year	(240)	(303)	(21)%
<b>Net profit/loss for the period</b>	<b>957</b>	<b>560</b>	<b>71%</b>
Of which attributable to minority interests	4	5	(20)%
<b>Net profit attributable to shareholders of OMX</b>	<b>953</b>	<b>555</b>	<b>72%</b>

*Participation in earnings of associated companies.* Participation in earnings of associated companies increased 207% to SEK 46 million, due to increased earnings attributable to the associated companies ORC Software and EDX London.

*Financial Income.* Financial income was SEK 48 million in 2006 compared to SEK 48 million in 2005. Financial income is mainly related to financial holdings in interest rate instruments.

*Financial Expenses.* Financial expenses decreased 10% to SEK 101 million, due to net positive movements in interest rates and foreign currency.

*Income Tax Expense.* Income tax expenses decreased from SEK 303 million in 2005 to SEK 240 million in 2006, primarily due to a one-time charge in 2005 of SEK 67 million related to associated company Näringslivskredit NLK AB.

**Table of Contents**

*Net profit attributable to minority interests.* Income attributable to minority interests decreased slightly from SEK 5 million in the 2005 to SEK 4 million in 2006. Minority interests are mainly related to the Baltic exchanges.

*Net profit attributable to shareholders of OMX.* Income attributable to shareholders of OMX increased from SEK 555 million in 2005 to SEK 953 million in 2006, primarily as a result of increased profit in Nordic Marketplaces.

**Results of Operations for the Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004****Revenues**

OMX's total revenues increased by 12% from SEK 2,769 million in 2004 to SEK 3,094 million in 2005. The following table summarizes the composition of OMX's revenues for 2004 and 2005. The Copenhagen Stock Exchange (now called the OMX Nordic Exchange Copenhagen A/S) was acquired in 2004 and is consolidated in Nordic Marketplaces from January 1, 2005.

	Year ended December 31,		% Change
	2005	2004	2005/2004
	(in millions of SEK)		
<b>Nordic Marketplaces</b>	<b>1,510</b>	<b>1,123</b>	
Trading Revenue	1,106	794	39.3%
Issuers Revenue	310	203	52.7%
Other Nordic Revenue	94	126	(25.4)%
<b>Information Services &amp; New Markets</b>	<b>709</b>	<b>515</b>	
Information Sales	365	209	74.6%
Baltic Markets	63	48	31.3%
Broker Services	268	250	7.2%
Other Information Services & New Markets Revenue	13	8	62.5%
<b>Market Technology</b>	<b>1,155</b>	<b>1,406</b>	
License, Support and Project Revenue	730	655	11.5%
Facility Management Services	375	593	(36.8)%
Other Market Technology Revenue	50	158	(68.4)%
<b>Eliminations</b>	<b>(280)</b>	<b>(275)</b>	1.8%
<b>Total revenues</b>	<b>3,094</b>	<b>2,769</b>	11.7%

*Nordic Marketplaces*

*Trading Revenue.* Trading revenue increased by 39% to SEK 1,106 million in 2005, due primarily to the acquisition of the Copenhagen Stock Exchange and organic market growth. During 2005, 57% of trading revenues came from trading in cash products, primarily equities, and 43% came from trading and clearing in derivatives products. The trading statistics refer to trading on the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Helsinki Ltd. and the OMX Nordic Exchange Copenhagen A/S. The number of equity transactions increased to 83,454 on an average per day basis, an increase by 24% from 2004 where the average daily trading was 67,562. Turnover in equities trading, measured in value, rose by 22% to a daily average of SEK 27,686 million in 2005, compared to SEK 22,774 million in 2004. The turnover rate in equities trading rose to 115% in 2005. The total number of derivatives contracts traded per day in 2005 averaged 478,240 up 7% from 2004 where the average was 449,024 contracts per day.

*Issuers Revenue.* Revenue from listing fees increased 53% to SEK 310 million in 2005, from SEK 203 million in 2004. This increase was mainly attributable to the acquisition of the Copenhagen Stock Exchange. There were 576 companies listed on the Nordic Exchange in 2005, down from 591 in 2004.

## **Table of Contents**

*Other Nordic Revenue.* Other revenues in the Nordic Marketplaces amounted to SEK 94 million for 2005, down from SEK 126 million in 2004 which included a share of the capital gain from the divestment of Finnish CSD, APK.

### *Information Services & New Markets*

Information Services & New Markets saw total revenue increase 38% to SEK 709 million in 2005. Increased market activity and growing revenue from information services were the primary drivers behind the positive trends.

*Information Sales.* Information sales revenues increased 75% to 365 million in 2005. The increase resulted mainly from the acquisition of the Copenhagen Stock Exchange. In 2005, OMX had 87 information vendors, up from 86 in 2004.

*Baltic Markets.* Revenues from the Baltic Markets amounted to SEK 63 million in 2005, a 31% increase from SEK 48 million in 2004. This increase is primarily attributable to increased market activity partly driven by the buy-out of HansaBank. The number of members of the Baltic exchanges was 39 in 2005, of which 9 were members of all three Baltic exchanges. Total share turnover on the Baltic exchanges in 2005 was SEK 96 million per day, compared to SEK 40 million in 2004. The number of equity transactions amounted to 903 per day, up from 532 per day in 2004.

*Broker Services.* Broker Services revenue rose to SEK 268 million in 2005, a 7% increase from SEK 250 million in 2004. This increase is primarily a result of increased activity on the Nordic Exchange.

*Other Information Services & New Markets Revenue.* Other revenue amounted to SEK 13 million in 2005, compared to SEK 8 million in 2004.

### *Market Technology*

*Market Technology.* The total Market Technology business area revenues, which is comprised of License, Support and Project Revenue, Facility Management and Other Market Technology Revenue, decreased by 18% to SEK 1,155 million in 2005, down from SEK 1,406 million in 2004. The decrease in revenue was partly due to the decision to focus on core products and divest part of the Banks & Brokers operations. OMX's order intake in 2005 was SEK 685 million, of which SEK 162 million pertained to internal orders. The total order value for 2005 was SEK 2,241 million. The total order value includes internal orders of SEK 810 million.

*License, Support and Project Revenue.* License, Support and Project Revenue amounted to SEK 730 million in 2005, compared to SEK 655 million in 2004. Significant orders in 2005 included orders from the Cairo and Alexandria Stock Exchange, TLX, Oslo Stock Exchange and Thailand Futures Exchange.

*Facility Management.* Facility management revenues decreased 37% to SEK 375 million in 2005 compared to SEK 593 million in 2004 due primarily to the divestment of a custody business in Finland, a part of the process to focus on core products.

*Other Market Technology Revenue.* Other revenues totaled SEK 50 million in 2005, a decrease from SEK 158 million in 2004 which included a share of the capital gain from the divestment of Finnish CSD, APK.

**Table of Contents****Costs and Expenses**

OMX's total expenses decreased by 7% to 2,182 million in 2005. The following table summarizes costs and expenses for 2004 and 2005.

	Year ended December 31,		% Change 2005/2004
	2005	2004	
	(in millions of SEK)		
Premises expenses	189	308	(39)%
Marketing	40	38	5%
Consultancy expenses	253	195	30%
Operations and maintenance, IT	225	254	(11)%
Other external expenses	201	302	(33)%
Personnel expenses	1,049	1,017	3%
Depreciation and impairment	225	228	(1)%
<b>Total costs and expenses</b>	<b>2,182</b>	<b>2,342</b>	<b>(7)%</b>

*Premises Expenses.* Premises expenses decreased 39% from SEK 308 million in 2004 to SEK 189 million in the 2005. This is mainly due to a provision related to unused office space of SEK 130 million made in 2004.

*Marketing Expenses.* Marketing costs in 2005 increased slightly to SEK 40 million compared to SEK 38 million in 2004.

*Consultancy Expenses.* Consultancy expenses increased 30% to SEK 253 million in 2005. This increase resulted primarily from the acquisition of the Copenhagen Stock Exchange.

*Operations and Maintenance, IT.* Operations and maintenance, IT expenses decreased by 11% to SEK 225 million in 2005. This decrease resulted primarily from realized efficiency measures within Market Technology.

*Other External Expenses.* Other external expenses decreased by 33% to SEK 201 million in 2005. This decrease resulted from settlement of a VAT dispute resulting in additional costs of SEK 99 million in 2004.

*Personnel Expenses.* Personnel expenses increased 3% to SEK 1,049 million in 2005. The slight increase was due to the acquisition of the Copenhagen Stock Exchange in January 2005 while the Finnish CSD, APK was divested in December 2004.

*Depreciation and Impairment.* Depreciation and impairment expenses amounted to SEK 225 million in 2005, roughly unchanged from SEK 228 million recorded in 2004.

**Segment Operating Profit**

The following table provides information concerning segment operating profit in millions of SEK and as a percentage of segment revenues for the periods indicated.

	Year ended December 31,		2004	
	2005	% of segment revenue	In millions of SEK	% of segment revenue
Nordic Marketplaces	679	45%	277	25%
Information Services & New Market	176	25%	87	17%
Market Technology Revenue	57	5%	63	4%
Profit from Operations, excluding income from associated companies	912	29%	427	15%





**Table of Contents****Other Items Affecting Net Profit**

	Year ended December 31, 2005      2004 (in millions of SEK)		% Change 2005/2004
Participation in earnings of associated companies			
Operating income	15	9	67%
Financial items			
Financial income	48	40	20%
Financial expenses	(112)	(90)	24%
Total financial items	(64)	(50)	28%
<b>Income/loss after financial items</b>	<b>863</b>	<b>386</b>	<b>124%</b>
Tax for the year	(303)	(162)	87%
<b>Net profit/loss for the period</b>	<b>560</b>	<b>224</b>	<b>150%</b>
Of which attributable to minority interests	5	1	400%
<b>Net profit attributable to shareholders of OMX</b>	<b>555</b>	<b>223</b>	<b>149%</b>

*Participation in earnings of associated companies.* Participation in earnings of associated companies increased 67% to SEK 15 million, due to improved performance in ORC software and EDX London.

*Financial Income.* Financial income, mainly related to proceeds from financial holdings, increased 20% to SEK 48 million, due to movements in interest rates.

*Financial Expenses.* Financial expenses increased 24% to SEK 112 million, due to net negative movements in interest rates and foreign currencies.

*Income Tax Expense.* Income tax expenses increased from SEK 162 million in 2004 to SEK 303 million in 2005, partly due to a one-time charge in 2005 of SEK 67 million related to the associated company, Näringslivskredit NLK AB. Also, earnings included a tax-free capital gain in 2004.

*Net Profit Attributable to Minority Interests.* Income attributable to minority interests increased from SEK 1 million in 2004 to SEK 5 million in 2005. Minority interests are mainly related to the Baltic exchanges.

*Net Profit Attributable to Shareholders of OMX.* Income attributable to shareholders of OMX increased from SEK 223 million in 2004 to SEK 555 million in 2005, primarily as a result of increased activity on our exchanges and the addition of the Copenhagen Stock Exchange.

**Liquidity and Capital Resources**

OMX's primary uses of funds are for capital expenditures, working capital, dividend payments and repayment or refinancing of debt. OMX has historically met these requirements through a combination of cash generated by operating activities and short and long term debt. OMX believes these sources of funds will continue to be adequate to meet its currently anticipated funds requirements.

**Sources of Funds**

OMX's principal sources of liquidity are cash and cash equivalents on hand, short-term financial investments, cash flow from operating activities and financial assets available for sale (clearing capital). As of December 31, 2006, OMX had cash and cash equivalents of SEK 409 million, short-term financial instruments of SEK 0 million and financial assets available for sale of SEK 519 million; these amounts were respectively SEK 275 million, SEK 0 million and SEK 481 million at June 30, 2007. OMX generated positive cash flows from operating activities of SEK 1,032 million in 2006 and SEK 645 million in the six months to June 30, 2007.



## Table of Contents

OMX believes it is well positioned to access the bank lending and capital markets in the event it requires additional financing. Standard & Poor's has assigned a long-term counterparty rating of A with a stable outlook, a short-term counterparty rating of A-1 and a rating of K1 on the Nordic scale.

### *Uses of Funds*

*Capital Expenditures.* OMX's capital expenditures (which are primarily related to investment systems such as intangible assets) decreased from SEK 312 million in 2005 to SEK 229 million in 2006. Capital expenditures in the first half of 2007 amounted to SEK 269 million of which SEK 181 million relate to products within the Genium platform. For the remainder of 2007, investments either in progress or with respect to which OMX has made firm commitments amount to approximately SEK 100 million.

*Acquisitions.* In 2006, OMX used net cash of SEK 153 million on acquisitions, SEK 134 million of which related to the acquisition of Computershare Markets Technology. The remaining SEK 19 million related to the acquisition of the Iceland Stock Exchange.

In the first half of 2007, OMX acquired Findata for SEK 43.5 million.

*Dividends.* In 2006, OMX paid dividends of SEK 9.50 per share. At the annual general meeting held on April 12, 2007, OMX's shareholders approved an ordinary dividend in respect of 2006 of SEK 4.50 per share and an additional dividend of SEK 2.00 per share, amounting to SEK 784.2 million in total, that were paid on April 19, 2007.

*Working Capital.* At the end of 2006, OMX had a working capital surplus of SEK 253 million, equal to 0.84 months of revenue compared to 1.12 months in 2005. At June 30, 2007, the working capital surplus was SEK 200 million.

### **Debt and Minority Put Options**

OMX's financing policy is aimed at financing the growth of its business and ensuring that it is financially flexible while maintaining a strong balance sheet. OMX's indebtedness structure mainly consists of issued commercial paper and issued bonds, as shown in the table below.

The table shows interest-bearing liabilities at December 31, 2006 and shows average remaining terms, fixed-interest terms and average interest.

	<b>Outstanding amount</b>	<b>Remaining term, months</b>	<b>Remaining fixed interest term, months</b>	<b>Average interest rate</b>
Commercial Paper	398	1	1	3.00%
Bond Loans:				
Private Placement March 2008	300	15	2	3.29%
Private Placement December 2008 <sup>(1)</sup>	200	24	3	4.00%
Private Placement December 2009	200	36	3	3.45%
Private Placement May 2013	400	77	4	3.51%
Private Placement Nov 2014	250	96	5	3.65%
<b>Bond Loans Total</b>	<b>1,350</b>	<b>53</b>	<b>3.5</b>	<b>3.55%</b>
Bank Loans	39			
Other	10			
<b>Total Liabilities</b>	<b>1,797</b>	<b>40</b>	<b>3.0</b>	<b>3.33%</b>

<sup>(1)</sup> The issued bond has been swapped from a fixed to a variable interest rate. The swapped interest rate is applied when calculating the average interest rate.

**Table of Contents****Contractual Obligations**

OMX has various contractual obligations arising from its operations. The following table lists the aggregate maturities of OMX's long-term debt and operating leases at December 31, 2006.

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Long-Term Debt Obligations (before interest)	1,350		700		650
Operating Lease Obligations	1,797	211	359	337	890
Total	3,147	211	1,059	337	1,540

The following table lists the aggregate maturities of OMX's long-term debt and operating leases at June 30, 2007.

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 year	1 to 3 years	3 to 5 years	After 5 years
Long-Term Debt Obligations (before interest)	1,350	300	400		650
Operating Lease Obligations	1,797	211	359	337	890
Total	3,147	511	759	337	1,540

**Off Balance Sheet Arrangements**

*Equity Swap.* Agreements have previously been made with an external party regarding the provision of OMX Shares, known as equity swaps. The agreements are valid until June 30, 2009 and at June 30, 2007 correspond to approximately 390,000 shares at an agreed average price of around SEK 205.

The equity swap agreements cover the portion of outstanding employee stock options that are currently deemed likely to be exercised, and the portion of shares that are expected to be allotted at the end of the OMX Share Match Program.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a Stockholm Interbank Offered Rate of 90 days.

Changes in OMX's share price affect the value of the equity swap. These changes in fair value of the equity swap designated for hedging employee stock options are reported in the income statement. The equity swap designated for hedging share match program is reported as an equity instrument in accordance with IFRS. For 2006, the net effect on the income statement resulted in a SEK 15 million increase to net income.

*Guarantees.* OMX has provided guarantees for clearing related operations of a total value of SEK 4,428 million as of June 30, 2007. These bank guarantees are guaranteed by OMX by counter indemnities. OMX has also provided other guarantees of SEK 151 million, primarily related to obligations for leasing contracts and in conjunction with the IT-platform sales in Market Technology. In addition to these guarantees, there are general parent guarantees for wholly owned subsidiaries of OMX.

**Critical Accounting Policies**

Preparing financial statements in accordance with IFRS requires that management make evaluations, estimates and assumptions that affect the application of the accounting principles and the stated amounts of assets, liabilities, revenues and costs. Estimates and assumptions are based on historical experience and a number of other factors that may be considered reasonable under prevailing conditions. The results of these estimates and assumptions are then used to evaluate the carrying amounts of assets and liabilities not otherwise clear from other sources. The actual outcome may deviate from these estimates and assumptions.



## **Table of Contents**

Estimates and assumptions are regularly reviewed by OMX's management. Changes in estimates are reported in the period in which the change is made, if the change affects only that period, or in the period in which the change is made and subsequent periods if the change affects both the period concerned and subsequent periods.

OMX's significant accounting principles are set out on pages FIN-24 to FIN-35 of the consolidated financial statements. Accounting principles in which estimates, judgments and assumptions are particularly sensitive and which, if actual results are different, may have a material impact on the financial statements, are discussed below.

*Impairment of long lived assets.* Assets with an indeterminable useful life are not depreciated or amortized but tested annually for impairment. Depreciated or amortized assets are assessed for a reduction in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. The review of the value of all intangible assets takes place on an ongoing basis throughout the year by using a risk-adjusted discounted cash flow. This review is based on assumptions and estimates, such as future cash-flow, useful life and an appropriate discount factor, which entail a certain degree of uncertainty. If the actual outcome deviates from these assumptions and estimates, it will have a material impact on the financial statements.

*Long lived assets.* OMX's goodwill is tested annually for impairment. The value in use of goodwill attributable to exchange operations is calculated based on the discounted external cash flow which has been applied against the background of the company's long history of a stable and strong cash flow.

OMX's intangible assets, e.g., software, customer contracts and development projects, are assessed for impairment in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. The review of the value of all intangible assets takes place on an ongoing basis throughout the year by using a risk-adjusted discounted cash flow analysis. The estimated useful lives of these intangible assets are assessed on an ongoing basis.

These reviews are based on assumptions and estimates (such as future cash-flow, useful life and discount factor) which entail a certain degree of uncertainty. If the actual outcome deviates from these assumptions and estimates, it will have a material impact on the financial statements.

*Revenue recognition.* OMX's reported net sales relate primarily to trading revenue and the sale of systems and services. Trading revenues are based on already performed services and do not include any estimates or assumptions. For the Market Technology business area, OMX applies the percentage-of-completion method to its technology sales, license and project revenues. In applying the percentage-of-completion method, income is recognized in line with the completion of development of a project. An anticipated loss on a project is immediately recognized as a loss. At OMX, the degree of development is established through the relationship between the hours that have been worked by closing date and the estimated number of project hours in total. The actual number of project hours could differ from the estimated hours and any such differences could have a material impact on the financial statements. For certain projects, an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In these cases, no profit is reported for the project. The percentage-of-completion method is applied as soon as possible. A present-value calculation has been performed for those project receivables that do not fall due within twelve months.

*Disputes.* Through its operations, OMX is exposed to both legal and tax disputes. The provisions made for ongoing disputes are based on managements estimates and assumptions about the outcome of these claims. The actual outcome may deviate from these estimations and assumptions and any such differences could have a material impact on the financial statements.

## **Quantitative and Qualitative Disclosures About Market Risk**

OMX is exposed to various kinds of financial risks through its international operations: currency risks (transaction and translation), interest rate risk, financing risk, credit and counterparty risk and equity risk.

## **Table of Contents**

### ***Currency Risks***

A significant portion of OMX's sales are attributable to operations outside Sweden, which means that changes in currency exchange rates have an impact on OMX's income statement and balance sheet. Currency risk exposure occurs during the sale and purchase of foreign currencies, which we refer to as transaction exposure, and during the translation of foreign subsidiaries' balance sheets and income statements to Swedish Kronor, which we refer to as translation exposure.

In accordance with OMX's financial policy, all contracted flows and 0-100% of forecast flows up to twelve months will be hedged. Deviations from the prescribed hedge levels can occur within specified guidelines. Hedging of transaction exposure is carried out through currency forwards and options or loans in foreign currencies, see the sections entitled "Transaction Exposure" and "Hedging of Transaction Exposure."

Transaction exposure originating from financial cash flows is eliminated by the subsidiaries raising borrowings and making investments in local currency or by hedging these flows by using currency forwards. Translation exposure occurs in conjunction with the translation of OMX's foreign subsidiaries' balance sheets and income statements and in the recalculation of consolidated goodwill relating to foreign subsidiaries into SEK. In accordance with the financial policy, portions of the translation exposure are hedged in order to reduce the volatility of OMX's key financial ratios, see the section entitled "Transaction Exposure" on page 167.

### ***Interest-rate Risks***

OMX is exposed to interest-rate risks that can impact OMX's earnings due to changing market rates. Both OMX's interest-bearing assets, consisting primarily of regulatory capital for counterparty risks within the exchange and clearing operations, and interest-bearing liabilities are exposed to interest-rate risks. The speed with which a permanent change in interest rates can impact OMX's net financial income depends on the fixed-interest terms of investments and loans.

Fixed-interest terms for OMX's liabilities are short as stipulated in the financial policy. According to the financial policy, interest swaps and standardized interest futures are used to change the length of fixed-interest terms, thereby minimizing interest-rate risk. At year-end, interest-bearing financial liabilities amounted to SEK 1,797 million, of which SEK 1,350 million are long-term.

According to OMX's financial policy, the average fixed-interest term for regulatory capital for exchange and clearing operations is a maximum of three years. As a rule, other surplus liquidity is placed in investments with short fixed-interest terms. At year-end, net financial debt amounted to SEK 847 million. Financial assets at December 31, 2006 amounted to SEK 950 million and the average effective rate of interest for these assets was 3.70%, while the fixed-interest term was approximately 1.2 years.

In the event of a parallel shift in the Swedish and foreign yield curves upward by one percentage point, OMX's earnings would be negatively affected in an amount of SEK 23 million on an annualized basis, given the nominal amount and the fixed-interest terms prevailing on December 31, 2006.

### ***Financing Risks***

Financing risk refers to the risk that costs will be higher and financing possibilities limited when a loan is to be refinanced, and that it will not be possible to fulfill payment obligations due to insufficient liquidity or difficulties in obtaining financing. The financial policy specifies that unutilized credit facilities of sufficient size must exist to guarantee access to adequate funds. Financing risk is also dealt with by endeavoring to find a suitable balance between short and long-term financing and a diversification between various forms of financing and markets. OMX's total granted credit facilities at December 31, 2006 amounted to SEK 3,741 million, of which SEK 30 million has been utilized, see the section entitled "Interest-Bearing Assets and Liabilities" on page 169.

## **Table of Contents**

Of OMX's credit facilities, SEK 2,100 million is a syndicated credit facility with a three-year term. One portion, SEK 1,500 million, is linked to the company's commercial paper program for the same amount and, if OMX is unable to issue such commercial paper, entitles the company to borrow capital in the amount of SEK 1,500 million. There is also a credit facility for approximately a year of SEK 1,200 million which is dedicated to liquidity requirements linked to the OMX Nordic Exchange Stockholm AB's clearing operations. Financial conditions linked to these credit facilities will be applied if OMX receives a credit rating from Standard & Poor's of BBB or below.

The average term of OMX's total liability portfolio at December 31, 2006 was 3.4 years.

### ***Credit and Counterparty Risks***

OMX's financial transactions give rise to credit risks towards financial counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty does not fulfill its obligations. There are credit risks when investing in cash equivalents. In accordance with the financial policy, in the interest of limiting risk exposure, only investments in highly creditworthy securities with high liquidity are permitted.

A majority of OMX's outstanding investments at year-end were in securities issued by the Swedish Government. OMX has no significant concentration of credit exposure to any other individual counterparty.

The derivative instruments to which OMX is a party involve a counterparty risk, that is, that the counterparty will not fulfill its portion of the agreement relating to futures or options. In order to limit counterparty risk, only counterparties with a high degree of creditworthiness are accepted. OMX also uses the standard form of ISDA agreement to minimize counterparty risk. The total counterparty risk related to financial transactions amounted to SEK 409 million at December 31, 2006, including bank balances but excluding counterparty risk attributable to the OMX Nordic Exchange Stockholm AB's clearing operations (see below) and collateral funds invested in Swedish Government securities. The largest exposure to an individual institution amounted to SEK 97 million.

No single OMX customer was responsible for more than 20% of invoicing as of December 31, 2006. Counterparty risk arises by the OMX Nordic Exchange Stockholm AB providing clearing services and thereby acts as the central counterparty in all contracts subject to counterparty clearing. For the purpose of minimizing this counterparty risk, the OMX Nordic Exchange Stockholm AB requires that the counterparties pledge collateral to guarantee fulfillment of their commitments to the OMX Nordic Exchange Stockholm AB. Pledged collateral amounts to SEK 15,458 million. None of the members of the OMX Nordic Exchange Stockholm AB accounted for more than 15% of the total exposure on December 31, 2006.

### ***Equity Risks***

OMX is exposed to equity market risk in its investment in shares of Oslo Børs ASA, which were valued at SEK 318 million at December 31, 2006. A decrease in the value of Oslo Børs could lead to a financial loss for OMX. This position is monitored by OMX. At December 31, 2006, assuming no other change, a hypothetical 10% decline in the market price of the shares of Oslo Børs would have had an approximately SEK 32 million impact on the fair value of OMX's investment in Oslo Børs.

*Hedging Of Employee Stock Option Program.* In order to limit costs for the programs if the OMX Share price were to increase, limit dilution and ensure that shares can be provided when options are exercised, an agreement has previously been made with an external party regarding the provision of OMX Shares, known as an equity swap. The equity swap agreement covers the portion of outstanding employee stock options that are currently deemed likely to be exercised. The amount of the equity swap will be continuously adjusted so that it corresponds to the number of employee stock options that are expected to be utilized. For 2006, the effect on profit and loss was SEK 15 million.



**Table of Contents**

*Hedging Of Share Match Program.* In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed an equity-swap agreement. The equity swap covers the portion of shares that are expected to be allotted at the end of the program and will be continuously adjusted so that it corresponds to the number of shares that are expected to be allotted. For 2006, the cost of the share match program was SEK 3 million.

**Currency Exposure***Transaction Exposure*

The table shows OMX's commercial future net flows and net exposure at December 31, 2006. A sensitivity analysis shows the effect on earnings of a plus or minus 5% change in the value of the SEK.

Currency	Net flow in each base currency	Future net flow Dec 31, 2006 (SEK) (in millions)	Net exposure after hedging (SEK)	Sensitivity base (SEK)
AUD/SEK	7.5	40.6	(48.6)	(2.4)
EUR/SEK	21.7	195.8	0.0	0.0
GBP/SEK	1.1	15.2	(2.3)	(0.1)
NOK/SEK	121.6	133.5	3.4	(0.2)
SGD/SEK	4.9	22.0	0.0	0.0
USD/SEK	27.2	187.0	(24.8)	(1.2)
Total		594.1	(72.3)	(3.9)

*Hedging of Transaction Exposure*

The table shows a summary of outstanding futures at December 31, 2006 pertaining to all hedges for commercial flows and transaction exposure. The purpose of the hedges is to safeguard the value of contracted future flows and to increase forecast ability. In accordance with OMX's financial policy, all contracted flows and 0-100% of estimated flows of up to 12 months will be hedged. Deviations from the prescribed degree of hedging are permitted within the established guidelines. Currency hedging is undertaken in the market through currency futures, option contracts or loans in foreign currencies.

Currency	Nom		Unrealized forward result (in millions of SEK)	Average forward rate <sup>(1)</sup>	Date of maturity (months)
	Hedged in each base currency (millions)	value at year-end rate (in millions of SEK)			
AUD/SEK	(16.5)	(89.2)	0.3	5.4350	<12
EUR/SEK	(21.7)	(195.9)	3.6	9.2080	<12
GBP/SEK	(1.3)	(17.5)	0.0	13.4252	<12
NOK/SEK	(118.6)	(130.1)	0.3	1.0997	<12
SGD/SEK	(4.9)	(22.0)	0.3	4.5415	<12
USD/SEK	(30.8)	(211.7)	6.8	7.0843	<12
Total		(666.4)	11.3		

<sup>(1)</sup> The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

**Table of Contents***Translation Exposure Net Investments In Foreign Subsidiaries*

The table shows foreign subsidiaries' net assets in foreign operations and goodwill denominated in foreign currencies. Translation exposure is hedged in order to reduce the volatility in OMX's key ratios. A sensitivity analysis shows the effect on results in the event of a plus or minus 5% change in the value of SEK.

Currency	Equity	Goodwill	Hedging of net investment (in millions of SEK)	Total	Sensitivity
AUD	14.5			14.5	0.7
CAD	2.0			2.0	0.1
DKK	788.1	1,126.5		1,914.6	95.7
EUR	1,746.5	1,304.2	(1,446.5)	1,604.3	80.2
EEK	27.8	2.2		30.0	1.5
GBP	(204.5)			(204.5)	10.2
HKD	(2.2)			(2.2)	0.1
ISK	35.6	280.3		315.9	15.8
LTL	(0.8)	11.1		10.3	0.5
LVL	9.4	1.0		10.4	0.5
NOK	43.4	20.7		64.1	3.2
SGD	4.3			4.3	0.2
USD	(129.3)	8.9		(120.4)	6.0
Total	2,334.8	2,754.9	(1,446.5)	3,643.3	214.7

*Hedging Of Financial Loans And Assets*

The table shows a summary of OMX's currency futures for hedging of financial assets and loans at December 31, 2006.

Currency	Hedged in each base currency (millions)	Nom value at year-end rate (in millions of SEK)	Nominal value at forward rate (in millions of SEK)	Unrealized forward result (in millions of SEK)	Average forward rate <sup>(1)</sup> (in millions of SEK)	Date of maturity (months)
AUD/SEK	21.2	114.8	115.2	(0.3)	5.43	<12
CAD/SEK	(0.8)	(4.6)	(4.6)		5.96	<12
DKK/SEK	385.7	467.6	467.7	(0.1)	1.21	<12
EUR/SEK	54.0	487.7	487.6	0.1	9.04	<12
GBP/SEK	(12.6)	(169.4)	(168.4)	(1.1)	13.38	<12
HKD/SEK	(4.0)	(3.5)	(3.5)	0.0	0.88	<12
NOK/SEK	4.9	5.4	5.6	(0.2)	1.13	<12
SGD/SEK	0.9	3.8	3.8		4.47	<12
THB/SEK	(8.0)	(1.5)	(1.5)		0.19	<12
USD/SEK	7.5	51.5	51.1	0.4	6.82	<12
Total		951.8	953.0	(1.2)		

<sup>(1)</sup> The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

**Table of Contents****Interest-Bearing Assets And Liabilities**

*Credit Facilities.* The table shows OMX's total credit facilities and those that had been utilized at December 31, 2006.

	Contracted facilities (in millions of SEK)	Utilized facilities
Syndicated bank loan/commercial paper program	1,500 <sup>(1)</sup>	
Syndicated bank loan	600	
Overdraft facility	171	4
Credit facility	135	
<b>Contracted facilities for exchange and clearing operations</b>		
Sweden (SEK)	1,200	
Norway (NOK)	44	
Denmark (DKK)	24	
UK (GBP)	67	26
Total	3,741	30

<sup>(1)</sup> Since the credit facility is linked to the commercial paper program and is to function as a credit facility if OMX is unable to issue a commercial paper program, the unutilized credit facility will be reduced by the outstanding commercial paper. The outstanding commercial paper at December 31, 2006 amounted to SEK 400 million, implying that OMX can utilize only SEK 1,100 million of the current credit facility.

**Summary of Material Differences between IFRS and U.S. GAAP**

OMX prepares its consolidated financial statements in accordance with IFRS as adopted by the European Union, which differ in certain significant respects from U.S. GAAP. The principal differences between IFRS and U.S. GAAP as they relate to OMX are discussed in Note 36 to OMX's consolidated financial statements as of and for the years ended December 31, 2006 and 2005 and in Note 8 to OMX's unaudited interim condensed consolidated financial statements as of and for the six months ended June 30, 2007. These notes include a reconciliation of net income and shareholders' equity under IFRS to net income and shareholders' equity under U.S. GAAP.

The most significant items in reconciling OMX net income and shareholders' equity under IFRS and U.S. GAAP related to amortization of goodwill and intangible assets, revenue recognition of software arrangements, accounting for capitalized development costs and accounting for derivatives and hedging. Further information on such differences and adjustments is set forth in the notes to OMX's consolidated financial statements mentioned above.

Net income from continuing operations under U.S. GAAP amounted to SEK 904.5 (\$132.2) million for the year ended December 31, 2006, up from SEK 406.8 (\$54.4) million for 2005 under U.S. GAAP. This corresponds to a 122% increase in net income in Swedish Krona under U.S. GAAP, as compared to a 71% increase in net income under IFRS. This difference is primarily related to capitalized development fees that were significantly higher in 2005 than 2006.

In 2005 and 2006, the end of goodwill amortization under IFRS combined with the recording of amortization expenses under U.S. GAAP relating to intangible assets had a negative SEK 57.8 (\$8.4) million effect on amounts presented under IFRS compared to U.S. GAAP for the two years combined.

Net income from continuing operations under U.S. GAAP amounted to SEK 567.0 (\$81.6) million for the six months ended June 30, 2007, compared with SEK 402.2 (\$53.0) million for the six months ended June 30, 2006.

---

**Table of Contents**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA OF THE COMBINED COMPANY**

The following unaudited pro forma condensed combined financial data and explanatory notes present how the consolidated financial statements of The NASDAQ OMX Group may have appeared had the Offer been completed at earlier dates. The unaudited pro forma condensed combined financial data shows the impact of the combination on the companies' respective historical financial positions and results of operations under the purchase method of accounting with Nasdaq treated as the acquirer of OMX as if the Offer had been completed on January 1, 2006 for statement of income purposes and on June 30, 2007 for balance sheet purposes. For purposes of the pro forma condensed combined financial information, OMX financial information has been translated into U.S. Dollars and is presented in accordance with U.S. GAAP.

Nasdaq and OMX intend to combine their businesses under the name The NASDAQ OMX Group, Inc. The combination will be treated under the purchase method of accounting for accounting purposes, and OMX's assets acquired and liabilities assumed will be recorded at their estimated fair value. The allocation of the purchase price, including intangible and net tangible assets, is only a preliminary allocation based on estimates of fair values and will change when estimates are finalized. Among the provisions of Statement of Financial Accounting Standards No. 141, Business Combinations, criteria have been established for determining whether intangible assets should be recognized separately from goodwill. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, provides, among other guidelines, that goodwill and intangible assets with indefinite lives will not be amortized, but rather are tested for impairment on at least an annual basis.

The unaudited pro forma condensed combined statement of income does not include (1) any revenue or cost saving synergies that may be achievable subsequent to the completion of the combination, or (2) the impact of non-recurring items directly related to the combination.

The pro forma condensed combined financial information is unaudited, is presented for informational purposes only, and is not necessarily indicative of the financial position or results of operations that would actually have occurred had the Offer been completed as of the dates or at the beginning of the periods presented. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future consolidated financial position or operating results of the combined companies. The unaudited pro forma condensed combined financial data and the accompanying notes should be read together with:

the accompanying notes to the unaudited pro forma condensed combined financial data;

the separate audited historical financial statements of Nasdaq for the fiscal year ended December 31, 2006 incorporated by reference into this Proxy Statement/Prospectus;

the separate audited historical financial statements of OMX for the fiscal year ended December 31, 2006 included elsewhere in this Proxy Statement/Prospectus;

the separate unaudited historical financial statements of Nasdaq as of and for the six months ended June 30, 2007 incorporated by reference into this Proxy Statement/Prospectus; and

OMX's unaudited summary results as of and for the three and six months ended June 20, 2007 included elsewhere in this Proxy Statement/Prospectus.

**Table of Contents****The Nasdaq Stock Market, Inc.****Unaudited Pro Forma Condensed Combined Statement of Income****Year Ended December 31, 2006****(in thousands, except per share amount)**

	Nasdaq	OMX U.S. GAAP	Pro Forma Adjustments	Note	Pro Forma Combined
<b>Revenues:</b>					
Market Services	\$ 1,408,297	\$ 260,807			\$ 1,669,104
Issuer Services	249,016	51,898			300,914
Market Technology		158,983			158,983
Other	463	13,450			13,913
Total revenues	1,657,776	485,138			2,142,914
<b>Cost of revenues:</b>					
Liquidity rebates	(644,860)				(644,860)
Brokerage, clearance and exchange fees	(325,521)				(325,521)
Total cost of revenues	(970,381)				(970,381)
<b>Revenues less liquidity rebates, brokerage, clearance and exchange fees</b>	<b>687,395</b>	<b>485,138</b>			<b>1,172,533</b>
<b>Operating Expenses:</b>					
Compensation and benefits	195,662	156,811			352,473
Marketing and advertising	20,522	9,210			29,732
Depreciation and amortization	70,916	32,033	(11,614)	3(d)	115,435
			24,100	3(a)	
Professional and contract services	32,038	48,513			80,551
Computer operations and data communications	41,472	35,077			76,549
Provision for bad debts	464				464
Occupancy	34,125	26,776			60,901
General, administrative and other	44,336	26,994			71,330
Total direct expenses	439,535	335,414	12,486		787,435
Support costs from related parties, net	33,771				33,771
Total operating expenses	473,306	335,414	12,486		821,206
Operating income	214,089	149,724	(12,486)		351,327
Interest income	24,633	7,017			31,650
Interest expense	(91,097)	(13,727)	(116,500)	3(b)	(221,324)
Dividend income	16,227	6,725			22,952
Capital gains from shares in equity investments		15,350			15,350
Gain on foreign currency option contracts	48,391				48,391
Minority interest	902	(585)			317
Income from continuing operations before taxes	213,145	164,504	(128,986)		248,663
Income tax provision	85,252	32,268	(49,193)	3(c)	68,327
<b>Net income from continuing operations</b>	<b>\$ 127,893</b>	<b>\$ 132,236</b>	<b>\$ (79,793)</b>		<b>\$ 180,336</b>

<b>Net income applicable to common stockholders:</b>								
Net income	\$	127,893	\$	132,236	\$	(79,793)	\$	180,336
Preferred stock:								
Dividends declared		(359)						(359)
Accretion of preferred stock		(331)						(331)
Net income (loss) applicable to common stockholders	\$	127,203	\$	132,236	\$	(79,793)	\$	179,646
<b>Basic and diluted earnings per share from continuing operations:</b>								
Basic	\$	1.22	\$	1.12			\$	1.09
Diluted	\$	0.95	\$	1.12			\$	0.93
<b>Weighted average common shares outstanding for earnings per share:</b>								
Basic		104,311		118,671		60,600		3(e) 164,911
Diluted		144,229		118,886		60,600		3(e) 204,829

See notes to the unaudited proforma condensed combined financial statements

**Table of Contents****The Nasdaq Stock Market, Inc.****Unaudited Pro Forma Condensed Combined Statement of Income****Six Months Ended June 30, 2007****(in thousands, except per share amount)**

	Nasdaq	OMX U.S. GAAP	Pro Forma Adjustments	Note	Pro Forma Combined
<b>Revenues:</b>					
Market Services	\$ 982,883	\$ 162,098	\$		\$ 1,144,981
Issuer Services	137,093	28,622			165,715
Market Technology		77,079			77,079
Other	171	3,021			3,192
Total revenues	1,120,147	270,820			1,390,967
<b>Cost of revenues:</b>					
Liquidity rebates	(463,503)				(463,503)
Brokerage, clearance and exchange fees	(265,898)				(265,898)
Total cost of revenues	(729,401)				(729,401)
<b>Revenues less liquidity rebates, brokerage, clearance and exchange fees</b>	<b>390,746</b>	<b>270,820</b>			<b>661,566</b>
<b>Expenses:</b>					
Compensation and benefits	93,977	86,020			179,997
Marketing and advertising	9,101	4,459			13,560
Depreciation and amortization	19,635	19,123	(7,795)	3(d)	43,063
			12,100	3(a)	
Professional and contract services	17,034	28,182			45,216
Computer operations and data communications	16,112	16,968			33,080
Provision for bad debts	2,130				2,130
Occupancy	17,840	13,188			31,028
Regulatory	13,835				13,835
General, administrative and other	20,781	18,220			39,001
Total direct expenses	210,445	186,160	4,305		400,910
Support costs from related parties, net					
Total operating expenses	210,445	186,160	4,305		400,910
Operating income	180,301	84,660	(4,305)		260,656
Interest income	13,318	6,904			20,222
Interest expense	(47,054)	(9,680)	(60,400)	3(b)	(117,134)
Loss on foreign currency option contracts	(9,509)				(9,509)
Dividend income	14,540	3,452			17,992
Capital gains from shares in equity investments		14,527			14,527
Strategic initiative costs	(26,511)				(26,511)
Minority interest	96	(575)			(479)
Income before income taxes	125,181	99,288	(64,705)		159,764
Income tax provision	50,736	17,733	(25,094)	3(c)	43,375

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

<b>Net income from continuing operations and applicable to common stockholders</b>	\$ 74,445	\$ 81,555	\$ (39,611)		\$ 116,389
<b>Basic and diluted earnings per share from continuing operations:</b>					
Basic	\$ 0.66	\$ 0.68			\$ 0.67
Diluted	\$ 0.52	\$ 0.68			\$ 0.57
<b>Weighted average common shares outstanding for earnings per share:</b>					
Basic	112,592	120,640	60,600	3(e)	173,192
Diluted	151,828	120,640	60,600	3(e)	212,428



**Table of Contents****The Nasdaq Stock Market, Inc.****Unaudited Pro Forma Condensed Combined Balance Sheet**

As of June 30, 2007

(in thousands, except share and par value amounts)

	Nasdaq	OMX U.S. GAAP	Pro Forma and Other Adjustments	Note	Pro Forma Combined
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 574,998	\$ 40,139	\$ (50,000)	2	\$ 565,137
Available-for-sale, at fair value	1,694,984	70,207			1,765,191
Receivables, net	284,606	78,673			363,279
Deferred tax assets	18,039				18,039
Market value, outstanding derivative positions		778,696			778,696
Related party receivables		146			146
Current assets of discontinued operations		10,071			10,071
Other current assets	40,085	364,492			404,577
<b>Total current assets</b>	<b>2,612,712</b>	<b>1,342,424</b>	<b>(50,000)</b>		<b>3,905,136</b>
Property and equipment, net	60,537	150,731			211,268
Non-current deferred tax assets	100,844	23,163			124,007
Goodwill	1,029,031	370,651	(370,651)	2(a)	3,393,093
			2,364,062	2(a)	
Intangible assets, net	189,794	180,241	(180,241)	2(a)	1,925,794
			1,736,000	3(a)	
Other assets	12,395	96,769	85,300	3(a)	194,464
<b>Total assets</b>	<b>\$ 4,005,313</b>	<b>\$ 2,163,979</b>	<b>\$ 3,584,470</b>		<b>\$ 9,753,762</b>
<b>Liabilities and stockholders equity:</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 124,309	\$ 22,040	\$		\$ 146,349
Section 31 fees payable to SEC	132,279				132,279
Accrued personnel costs	34,112	35,785			69,897
Deferred revenue	128,671	54,899			183,570
Other accrued liabilities	60,367	315,347			375,714
Deferred tax liabilities	131,869		6,748	3(a)	138,617
Market value, outstanding derivative positions		778,696			778,696
Liabilities to credit institutions		87,284			87,284
Current portion of debt obligation	10,681				10,681
<b>Total current liabilities</b>	<b>622,288</b>	<b>1,294,051</b>	<b>6,748</b>		<b>1,923,087</b>
Debt obligations	1,487,795	198,359	1,700,000	3(b)	3,386,154
Non-current deferred tax liabilities	95,342	36,855	479,332	3(a)	611,529
Non-current deferred revenue	96,120				96,120
Other liabilities	100,796	29,893			130,689
<b>Total liabilities</b>	<b>2,402,341</b>	<b>1,559,158</b>	<b>2,186,080</b>		<b>6,147,579</b>

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Minority interest		3,211			3,211
<b>Stockholders equity:</b>					
Common stock	1,307	35,176	(35,176)	4	1,307
Additional paid-in capital	1,056,588	516,114	(516,114)	4	3,056,588
			2,000,000	4	
Common stock in treasury, at cost	(231,871)				(231,871)
Accumulated other comprehensive income	190,507	8,758	(8,758)	4	190,507
Retained earnings	586,441	41,562	(41,562)	4	586,441
<b>Total stockholders equity</b>	<b>1,602,972</b>	<b>601,610</b>	<b>1,398,390</b>		<b>3,602,972</b>
<b>Total liabilities, minority interest and stockholders equity</b>	<b>\$ 4,005,313</b>	<b>\$ 2,163,979</b>	<b>\$ 3,584,470</b>		<b>\$ 9,753,762</b>

See notes to the unaudited proforma condensed combined financial statements

**Table of Contents**

**Notes to the Unaudited Pro Forma Condensed Combined Financial Statements**

**Note 1. Basis of Presentation**

The unaudited pro forma condensed combined financial statements are presented to illustrate the effects of the acquisition on the historical financial position and operating results of Nasdaq and OMX. The unaudited pro forma condensed combined statements of income combine the historical consolidated statements of income of Nasdaq and OMX, giving effect to the Offer as if it had been completed on January 1, 2006. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balances sheets of Nasdaq and OMX, giving effect to the Offer as if it had occurred on June 30, 2007.

The unaudited pro forma condensed combined financial statements have been prepared using the purchase method of accounting with Nasdaq treated as the acquirer, have been prepared in accordance with accounting principles generally accepted in the United States of America, and should be read together with the separate financial statements of Nasdaq and OMX.

The unaudited pro forma condensed combined financial data is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the Offer had been completed during the period or as of the dates for which the pro forma data is presented. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future consolidated financial position or operating results of the combined company Nasdaq or OMX.

Nasdaq's purchase price for OMX has been allocated to the assets acquired and liabilities assumed based on management's preliminary estimate of their respective fair values. Definitive allocations will be performed when estimates are finalized. Accordingly, the purchase price allocation pro forma adjustments are preliminary, have been made solely for the purpose of providing unaudited pro forma condensed combined financial data and are subject to revision based on a final determination of fair value after the completion of the Offer.

The accompanying unaudited pro forma condensed combined statement of income does not include (1) any revenue or cost saving synergies that may be achievable subsequent to the completion of the Offer, or (2) the impact of non-recurring items directly related to the Offer.

Nasdaq and OMX expect to incur a number of non-recurring costs associated with combining the operations of the two companies and the related elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of their respective businesses. Such costs have not been reflected in the pro forma condensed combined financial data because they represent non-recurring charges directly attributable to the combination of Nasdaq and OMX.

The balance sheet of OMX as of June 30, 2007 has been translated using an exchange rate of 6.8512. The statements of income of OMX for the year ended December 31, 2006 and the six months ended June 30, 2007 have been translated using an average exchange rate of 6.8403 and 6.9526, respectively.

Certain reclassifications have been made to the historical financial statements of OMX to conform to the presentation expected to be used by The NASDAQ OMX Group. Nasdaq expects there could be additional reclassifications following completion of the Offer.

**Note 2. Purchase Price of OMX**

For the purpose of preparing the accompanying unaudited pro forma condensed combined balance sheet as of June 30, 2007, management made the following assumptions:

the combination will be effected through a cash and share tender offer by Nasdaq for all outstanding shares in OMX;

**Table of Contents**

the consideration offered is equivalent to 0.502 newly issued shares of Nasdaq Common Stock plus SEK 94.3 in cash for each OMX Share. Based on Nasdaq's closing price on May 23, 2007 which was the date of the announcement, the Offer valued OMX at SEK 208.1 per share which is equivalent to SEK 25.1 billion (\$3.7 billion);

Approximately 60.6 million new Nasdaq shares will be issued pursuant to the Offer.

Based on the above assumptions, the total purchase consideration was computed as follows (in millions):

Equity component	\$ 2,000.0
Cash component	1,700.0
Acquisition costs	50.0 <sup>(a)</sup>
 Total purchase consideration	 \$ 3,750.0

(a) Management's estimate of direct costs of acquisition, which includes legal and advisory fees, to be incurred by Nasdaq.

The following is a summary of the preliminary allocation of the total purchase price in the OMX acquisition as reflected in the unaudited pro forma condensed combined balance sheet as of June 30, 2007 (in millions):

Historical equity of OMX	\$ 601.6
Elimination of OMX's historical goodwill	(370.7)
Elimination of OMX's historical intangible assets	(180.2)
Fair value of identifiable intangible assets:	
Exchange Registrations	1,202.0
Trade name	236.1
Customer relationships	166.9
Market technology:	
Developed	58.8
New	72.2
 Total	 131.0
 Fair value adjustment of equity method investment	 85.3
Deferred tax impact of purchase accounting adjustments	(486.1)
Residual goodwill created from business combination	2,364.1
 Total preliminary purchase price	 \$ 3,750.0

See Note 3(a) for a discussion of the methods used to determine the fair value of OMX's intangible assets and equity method investment. The carrying value of all other assets and liabilities was deemed to approximately their estimated fair value.

**Table of Contents****Note 3. Pro Forma Adjustments**

(a) To adjust the book value of OMX assets to their estimated fair value. The preliminary allocations are as follows (in millions):

	Increase in Value	Estimated Average Remaining Useful Life	Estimated Annual Depreciation and Amortization Expense for 2006	Estimated Six Month Depreciation and Amortization Expense for 2007
Equity method investment	\$ 85.3 <sup>(i)</sup>			
	<b>Value</b>			
Intangible assets:				
Exchange registrations	1,202.0	Indefinite	#	#
Trade name	236.1	Indefinite	#	#
Customer relationships	166.9	14-20 years	\$ 9.8	\$ 4.9
Market technology:				
Developed	58.8	6-7 years	9.0	4.5
New	72.2	13-14 years	5.3	2.7
	131.0			
Total intangible assets	1,736.0 <sup>(ii)</sup>			
Total depreciation and amortization expense			\$ 24.1	\$ 12.1
Total assets	\$ 1,821.3 <sup>(i)+(ii)</sup>			

# Not Applicable

The exchange registrations were valued using the greenfield method, a variant of the income approach. The customer relationships and market technology were valued using the excess earnings method under the income approach. The trade name was valued using the relief-from-royalty method under the income approach. The equity investment was valued using the market approach.

A \$6.8 million current deferred tax liability and a \$479.3 million non-current deferred tax liability (total deferred tax liability of \$486.1 million) has been set up against the \$1,821.3 million increase in value of OMX's assets outlined in the above table.

(b) To adjust debt obligations for the anticipated borrowing of \$1.7 billion by Nasdaq to finance the \$1.7 billion cash payment to OMX shareholders as part of the combination (see Note 2). The related interest expense was calculated using the effective interest rate method. Anticipated debt issuance costs are immaterial and have been disregarded for the presentation of this pro forma financial data.

The pro forma interest expense adjustment was calculated as follows:

	Annual Interest Expense for 2006	Six Month Interest Expense for 2007
	(in millions)	
Anticipated borrowing <sup>(iii)</sup>	\$ 1,700.0	\$ 1,700.0

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Interest rate (average 3 month LIBOR plus spread of 1.75%) <sup>(iv)</sup>	6.85%	7.11%
Months outstanding <sup>(v)</sup>	12/12	6/12
Pro forma adjustment <sup>(iii)*(iv)*(v)</sup>	\$ 116.5	\$ 60.4

**Table of Contents**

(c) To record an income tax benefit of \$49.2 million for the year ended December 31, 2006 and \$25.1 million for the six months ended June 30, 2007 based on the condensed combined statement of income pro forma adjustments related to depreciation and amortization expense and interest expense.

(d) To eliminate amortization expense of \$11.6 million for the year ended December 31, 2006 and \$7.8 million for the six months ended June 30, 2007 related to the historical intangible assets recorded by OMX.

(e) To adjust the weighted average number of shares outstanding used to determine basic and diluted pro forma earnings per share based upon approximately 60.6 million new Nasdaq shares to be issued pursuant to the Offer.

**Note 4. Equity**

As of June 30, 2007, the equity of The NASDAQ OMX Group consisted of the following (in millions):

Historical equity of Nasdaq	\$ 1,603.0
Estimated fair value of OMX (Note 2)	3,700.0
Portion of purchase consideration paid in cash (Note 2)	(1,700.0)
Portion of purchase consideration in shares of Nasdaq (Note 2)	2,000.0
	<b>\$ 3,603.0</b>

**Table of Contents**

**NASDAQ S SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act and regulations of the S.E.C. thereunder require our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities collectively, to file reports of initial ownership and changes in ownership with the S.E.C. Based solely on our review of copies of such forms received by Nasdaq, or on written representations from reporting persons that no other reports were required for such persons, we believe that during 2006, our executive officers, directors and 10% shareholders complied with all of the Section 16(a) filing requirements, except that NASD filed six late Forms 4 covering eight separate transactions involving the exercise of warrants for shares of Nasdaq Common Stock and the sale by NASD of such shares of Nasdaq Common Stock.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table and accompanying footnotes show information regarding the beneficial ownership of Nasdaq Voting Securities as of July 31, 2007 by:

each person who is known by us to own beneficially more than 5% of our voting securities;

each director;

each named executive officer; and

all directors and executive officers as a group.

Except as otherwise indicated, we believe that the beneficial owners listed below, based on information furnished by such owners, will have sole investment and voting power with respect to such shares, subject to community property laws where applicable. Shares of Nasdaq Common Stock underlying convertible notes, options or warrants that are currently exercisable or exercisable within 60 days are considered outstanding and beneficially owned by the person holding the convertible notes, options or warrants for the purposes of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. As of July 31, 2007, 113,830,037 shares of Nasdaq Common Stock were outstanding (including shares of restricted common stock entitled to vote at the Special Meeting).

Name of Beneficial Owner	Common Stock Beneficially Owned	Percent of Class
H&F Investors IV, LLC (1) One Maritime Plaza, 12 <sup>th</sup> Floor San Francisco, CA 94111	24,592,748	17.8%
Horizon Asset Management, Inc.(2) 470 Park Avenue South, 4 <sup>th</sup> Floor South New York, NY 10016	13,840,600	12.2%
Silver Lake Partners II TSA, L.P.(3)  Silver Lake Technology Investors II, L.P.  Silver Lake Partners TSA, L.P.  Silver Lake Investors, L.P. 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025	11,272,607	9.0%
Wellington Management Company, LLP(4) 75 State Street Boston, MA 02109	9,145,065	8.0%
Kinetics Asset Management, Inc.(5) 470 Park Avenue South, 4 <sup>th</sup> Floor South New York, NY 10016	8,542,806	7.5%
Perry Corp.(6)  Richard C. Perry 767 Fifth Avenue New York, NY 10153	6,500,000	5.7%

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

H. Furlong Baldwin(7)	21,796	*
Michael Casey(8)	26,513	*
Daniel Coleman(9)		
Lon Gorman(10)	31,098	*
Patrick J. Healy(1)(11)	3,098	*
Glenn H. Hutchins(3)(12)	6,130	*
Merit E. Janow(13)	5,410	*

**Table of Contents**

<b>Name of Beneficial Owner</b>	<b>Common Stock Beneficially Owned</b>	<b>Percent of Class</b>
John D. Markese(14)	36,123	*
Thomas F. O Neill(15)	5,410	*
James S. Riepe(16)	6,119	*
Thomas G. Stemberg(17)	18,751	*
Deborah L. Wince-Smith(18)	7,712	*
Robert Greifeld(19)	2,225,142	1.9%
Christopher R. Concannon(20)	204,844	*
Adena T. Friedman(21)	162,907	*
Anna Ewing(22)	167,591	*
David P. Warren(23)	207,320	*
All directors and executive officers of Nasdaq as a group (21 persons)	3,664,301	3.1%

\* Represents less than 1%.

- (1) Hellman & Friedman Capital Partners IV, L.P., H&F International Partners IV-A, L.P., H&F International Partners IV-B, L.P. and H&F Executive Fund IV, L.P. (H&F Entities) collectively beneficially own (1) \$60 million in aggregate principal amount of the 3.75% Series A Convertible Notes due 2012 (Series A notes), (2) Series A warrants to purchase 646,552 shares of common stock at an exercise price of \$14.50 per share, (3) \$240 million in aggregate principal amount of the 3.75% Series B Convertible Notes due 2012 (Series B notes), (4) Series B warrants to purchase 2,753,448 shares of Nasdaq Common Stock at an exercise price of \$14.50 per share, and (5) 500,000 shares of Nasdaq Common Stock. The Series A notes are convertible into 4,137,928 shares of Nasdaq Common Stock and the Series B notes are convertible into 16,551,722 shares of Nasdaq Common Stock, in each case subject to adjustment, in general, for any stock split, dividend, combination, recapitalization or other similar event.

Hellman & Friedman Capital Partners IV, L.P. holds \$48,365,842 in aggregate principal amount of Series A notes, a Series A warrant to purchase 521,184 shares of Nasdaq Common Stock, \$193,463,369 in aggregate principal amount of Series B notes and a Series B warrant to purchase 2,219,547 shares of Nasdaq Common Stock.

H&F International Partners IV-A, L.P. holds \$7,939,487 in aggregate principal amount of Series A notes, a Series A warrant to purchase 85,555 shares of Nasdaq Common Stock, \$31,757,949 in aggregate principal amount of Series B notes and a Series B warrant to purchase 364,349 shares of Nasdaq Common Stock.

H&F International Partners IV-B, L.P. holds \$2,618,946 in aggregate principal amount of Series A notes, a Series A warrant to purchase 28,221 shares of Nasdaq Common Stock, \$10,475,784 in aggregate principal amount of Series B notes and a Series B warrant to purchase 120,186 shares of Nasdaq Common Stock.

H&F Executive Fund IV, L.P. holds \$1,075,725 in aggregate principal amount of Series A notes, a Series A warrant to purchase 11,592 shares of Nasdaq Common Stock, \$4,302,898 in aggregate principal amount of Series B notes and a Series B warrant to purchase 49,366 shares of Nasdaq Common Stock.

H&F Investors IV, LLC is the general partner of each of the H&F Entities. The investment decisions of each of the H&F Entities are made by the investment committee of Hellman & Friedman LLC, which exercises voting and dispositive power over the securities described above. Patrick Healy is a managing director of H&F Investors IV, LLC and Hellman & Friedman LLC and a member of the investment committee. Each of the members of the investment committee, including Mr. Healy, disclaims beneficial ownership of the securities described above except to the extent of their respective indirect pecuniary interests therein. Holders of the Series A and Series B notes are entitled to the number of votes equal to the number of shares of common stock that could be acquired upon conversion of such holder's Series A and Series B notes on the applicable record date, subject to the 5% voting limitation contained in our certificate of incorporation.

---

**Table of Contents**

Share count includes 3,098 shares of restricted stock granted to Mr. Healy in consideration of his service as a director of Nasdaq that are held for the benefit of the H&F Entities.

- (2) Based on information included in a Schedule 13G, dated February 2, 2007, filed with the SEC by Horizon Asset Management, Inc. Horizon Asset Management is entitled to the number of votes equal to the number of shares of common stock that it owns, subject to the 5% voting limitation contained in our certificate of incorporation.
- (3) Silver Lake Partners II TSA, L.P., Silver Lake Technology Investors II, L.P., Silver Lake Partners TSA, L.P. and Silver Lake Investors, L.P. (SLP Entities) collectively beneficially own (i) \$141,364,589 in aggregate principal amount of Series A notes and (ii) Series A warrants to purchase 1,523,325 shares of common stock at an exercise price of \$14.50 per share. The Series A notes are convertible into 9,749,282 shares of common stock, subject to adjustment, in general, for any stock split, dividend, combination, recapitalization or other similar event.

Silver Lake Partners II TSA, L.P. holds \$119,843,390 in aggregate principal amount of the Series A notes and a Series A warrant to purchase 1,291,415 shares of common stock.

Silver Lake Technology Investors II, L.P. holds \$167,090 in aggregate principal amount of the Series A notes and a Series A warrant to purchase 1,800 shares of common stock.

Silver Lake Partners TSA, L.P. holds \$20,769,568 in aggregate principal amount of the Series A notes and a Series A warrant to purchase 223,810 shares of common stock.

Silver Lake Investors, L.P. holds \$584,611 in aggregate principal amount of the Series A notes and a Series A warrant to purchase 6,300 shares of common stock.

Mr. Hutchins is a managing director of each of: (i) Silver Lake Technology Associates II, L.L.C., which is the general partner of each of Silver Lake Partners TSA, L.P. and Silver Lake Investors, L.P. and (ii) Silver Lake Technology Associates II, L.L.C., which is the general partner of each of Silver Lake Partners II TSA, L.P. and Silver Lake Technology Investors II, L.P. Mr. Hutchins disclaims beneficial ownership of the Series A notes and the Series A warrants held by Silver Lake. Holders of the Series A notes are entitled to the number of votes equal to the number of shares of Nasdaq Common Stock that could be acquired upon conversion of such holder's Series A notes on the applicable record date, subject to the 5% voting limitation contained in our certificate of incorporation.

- (4) Based on information included in a Schedule 13G/A, dated July 10, 2007, filed with the SEC by Wellington Management Company, LLP. Wellington Management is entitled to the number of votes equal to the number of shares of common stock that it owns, subject to the 5% voting limitation contained in our certificate of incorporation.
- (5) Based on information included in a Schedule 13G, dated February 5, 2007, filed with the SEC by Kinetics Asset Management, Inc. Kinetics Asset Management, Inc. is entitled to the number of votes equal to the number of shares of Nasdaq Common Stock that it owns, subject to the 5% voting limitation contained in our certificate of incorporation.
- (6) Based on information included in a Schedule 13G, dated January 12, 2007, filed with the SEC by Perry Corp. and Richard C. Perry. Perry Corp. and Richard C. Perry are entitled to the number of votes equal to the number of shares of Nasdaq Common Stock that they own, subject to the 5% voting limitation contained in our certificate of incorporation.
- (7) Represents (i) 5,000 vested options to purchase Nasdaq Common Stock issued under the Equity Plan and (ii) 16,796 shares of restricted stock issued under the Equity Plan, 13,698 of which are vested, 1,592 of which vest on May 23, 2008 and 1,506 of which vest on May 23, 2009. Under the terms of the Equity Plan, Mr. Baldwin has the right to direct the voting of the restricted shares.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (8) Represents (i) 5,000 vested options to purchase Nasdaq Common Stock issued under the Equity Plan and (ii) 21,513 shares of restricted stock issued under the Equity Plan, 16,823 of which are vested, 3,184 of which vest on May 23, 2008 and 1,506 of which vest on

**Table of Contents**

May 23, 2009. Under the terms of the Equity Plan, Mr. Casey has the right to direct the voting of the restricted shares. Excludes shares of Nasdaq Common Stock owned by Starbucks Corporation, of which Mr. Casey is an officer. Mr. Casey disclaims beneficial ownership of such shares.

- (9) Excludes shares of Nasdaq Common Stock owned by affiliates of UBS Investment Bank, of which Mr. Coleman serves as a managing director. Mr. Coleman disclaims beneficial ownership of such shares.
- (10) Represents (i) 8,710 shares of restricted stock issued under the Nasdaq Equity Incentive Plan (Equity Plan), 5,612 of which are vested, 1,592 of which vest on May 23, 2008 and 1,506 of which vest on May 29, 2009 and (ii) 22,388 shares of Nasdaq Common Stock acquired through open-market purchases. Under the terms of the Equity Plan, Mr. Gorman has the right to direct the voting of restricted shares.
- (11) Represents 3,098 shares of restricted stock issued under the Equity Plan, 1,592 of which vest on May 23, 2008 and 1,506 of which vest on May 23, 2009. These shares are held by Mr. Healy for the benefit of the H&F Entities. Amounts exclude shares held by the H&F Entities. Mr. Healy disclaims beneficial ownership of the shares held by or for the benefit of the H&F Entities, except to the extent of his pecuniary interest therein.
- (12) Represents 6,130 shares of restricted common stock granted pursuant to the Equity Plan, 3,032 of which are vested, 1,592 of which vest on May 23, 2008 and 1,506 of which vest on May 23, 2009. Mr. Hutchins holds these restricted shares for the benefit of Silver Lake Technology Management, L.L.C. Under the terms of the Equity Plan, Mr. Hutchins has the right to direct the voting of restricted shares.
- (13) Represents 5,410 shares of restricted stock issued under the Equity Plan, 1,516 of which are vested, 2,388 of which vest on May 23, 2008 and 1,506 of which vest on May 23, 2009. Under the terms of the Equity Plan, Ms. Janow has the right to direct the voting of the restricted shares.
- (14) Represents (i) 5,000 vested options to purchase Nasdaq Common Stock issued under the Equity Plan, (ii) 16,123 shares of restricted stock issued under the Equity Plan, 9,927 of which are vested, 3,184 which vest on May 23, 2008 and 3,012 which vest on May 29, 2009 and (iii) 15,000 shares of common stock held by the John D. Markese Trust September 2, 1999, of which Mr. Markese is a trustee and beneficiary. Under the terms of the Equity Plan, Mr. Markese has the right to direct the voting of the restricted shares.
- (15) Represents 5,410 shares of restricted stock issued under the Equity Plan, 1,516 of which are vested, 2,388 of which vest on May 23, 2008 and 1,506 which vest on May 23, 2009. Under the terms of the Equity Plan, Mr. O'Neill has the right to direct the voting of the restricted shares. Excludes shares of Nasdaq Common Stock owned by Sandler O'Neill & Partners, L.P., of which Mr. O'Neill is a founding principal. Mr. O'Neill disclaims beneficial ownership of such shares.
- (16) Represents 6,119 shares of restricted stock issued under the Equity Plan, 3,021 of which are vested, 1,592 of which vest on May 23, 2008 and 1,506 of which vest on May 23, 2009. Under the terms of the Equity Plan, Mr. Riepe has the right to direct the voting of the restricted shares. Excludes shares of common stock owned by T. Rowe Price Group, Inc. and its affiliates, of which Mr. Riepe is Senior Advisor. Mr. Riepe disclaims beneficial ownership of such shares.
- (17) Represents (i) 10,726 shares of restricted stock issued under the Equity Plan, of which 7,628 are vested and 1,592 of which vest on May 23, 2008, and 1,506 of which vest on May 23, 2009 and (ii) 8,025 shares of common stock purchased by Mr. Stemberg in open market transactions. Under the terms of the Equity Plan, Mr. Stemberg has the right to direct the voting of the restricted shares.
- (18) Represents 7,712 shares of restricted stock issued under the Equity Plan, 1,516 of which are vested, 3,184 of which vest on May 25, 2008 and 3,012 of which vest on May 23, 2009. Under the terms of the Equity Plan, Ms. Wince-Smith has the right to direct the voting of the restricted shares.
- (19) Includes (i) 1,000,000 vested options to purchase Nasdaq Common Stock issued under the Equity Plan, (ii) 700,000 vested options to purchase Nasdaq Common Stock granted as an inducement award outside of the Equity Plan in accordance with the terms of



**Table of Contents**

Mr. Greifeld's former employment agreement, (iii) 100,000 shares of vested restricted stock issued as an inducement award outside of the Equity Plan, (iv) 200,000 shares of restricted stock issued under the Equity Plan, 166,000 of which have vested and (v) 300,000 shares of Nasdaq Common Stock issued to Mr. Greifeld upon exercise of vested options. 74,858 shares have been withheld in payment of taxes relating to the vesting of shares of restricted stock. Under the terms of his award agreements, Mr. Greifeld has the right to direct the voting of the restricted shares.

(20) Represents (i) 190,000 vested options to purchase common stock under the Equity Plan, (ii) 10,870 shares of restricted stock granted under the Equity Plan, of which none are vested and (iii) 3,974 shares of Nasdaq Common Stock purchased pursuant to the Nasdaq Employee Stock Purchase Plan (ESPP). Under the terms of the Equity Plan, Mr. Concannon has the right to direct the voting of the restricted shares.

(21) Represents (i) 14,000 shares of Nasdaq Common Stock acquired upon exercise of vested stock options, (ii) 128,750 vested options to purchase Nasdaq Common Stock issued under the Equity Plan, (iii) 20,156 shares of restricted stock granted under the Equity Plan, of which 9,286 are vested and (iv) one share of Nasdaq Common Stock purchased pursuant to the ESPP. Under the terms of the Equity Plan, Ms. Friedman has the right to direct the voting of the restricted shares.

(22) Represents (i) 7,000 shares of Nasdaq Common Stock acquired upon exercise of vested stock options, (ii) 55,000 vested options to purchase Nasdaq Common Stock issued under the Equity Plan, (iii) 93,372 shares of restricted stock granted under the Equity Plan, of which 14,168 are vested and (iv) an additional 12,219 shares of Nasdaq Common Stock purchased pursuant to the ESPP. Under the terms of the Equity Plan, Ms. Ewing has the right to direct the voting of the restricted shares.

(23) Represents (i) 14,000 shares of Nasdaq Common Stock acquired upon exercise of vested options, (ii) 175,000 vested options to purchase Nasdaq Common Stock under the Equity Plan and (iii) 18,320 shares of restricted stock issued under the Equity Plan, of which 8,705 shares are vested. Under the terms of the Equity Plan, Mr. Warren has the right to direct the voting of the restricted shares.



**Table of Contents****COMPARISON OF RIGHTS OF HOLDERS OF NASDAQ COMMON STOCK AND OMX SHARES**

Nasdaq is incorporated in the State of Delaware, United States and the rights of Nasdaq shareholders are currently governed by the Delaware General Corporation Law and by Nasdaq's Restated Certificate of Incorporation and By-Laws. OMX is organized under the laws of Sweden and the rights of OMX shareholders are currently governed by Swedish law and OMX's Articles of Association. OMX applies the Swedish Code of Corporate Governance, which we refer to as the Code. The Code is also applied in Finland and Iceland. After the completion of the transaction, shareholders of OMX will become shareholders of Nasdaq, and will become subject to the Restated Certificate of Incorporation and By-Laws of Nasdaq.

The following is a summary of the material differences between the rights of Nasdaq shareholders and the rights of OMX shareholders. Although Nasdaq and OMX believe that this summary covers the material differences between the two, this summary may not contain all of the information that is important to you. This summary is not intended to be a complete discussion of the respective rights of Nasdaq shareholders and OMX shareholders and it is qualified in its entirety by reference to Delaware law, Swedish law and the various documents of Nasdaq and OMX referenced in this summary. You should carefully read this entire Proxy Statement/Prospectus and the other documents referenced in this Proxy Statement/Prospectus for a more complete understanding of the differences between being a shareholder of Nasdaq and being a shareholder of OMX. Nasdaq has filed with the S.E.C. certain documents referred to in this Proxy Statement/Prospectus and will send copies of these documents to you upon your request. See the section entitled "Where You Can Find More Information" on page 210.

	<b>Nasdaq</b>	<b>OMX</b>
<b>Capitalization</b>	<p>Nasdaq's Restated Certificate of Incorporation currently authorizes 300,000,000 shares of common stock, par value \$.01 per share, and 30,000,000 shares of preferred stock. As of June 30, 2007, there were 112,921,954 shares of common stock outstanding held of record by approximately 1,565 persons, and no shares of preferred stock outstanding.</p> <p>Nasdaq Common Stock is listed on The NASDAQ Stock Market under the symbol NDAQ.</p> <p>Nasdaq's Restated Certificate of Incorporation authorizes the issuance of 30,000,000 shares of preferred stock, all of which are presently undesignated. Nasdaq's Board of Directors, as limited by the Restated Certificate of Incorporation and without further action by Nasdaq's shareholders, has the authority to issue the preferred stock from time to time in one or more series and to fix the number of shares and the preferences, rights and qualifications of any such series. Any issuance of preferred stock could adversely affect the rights of existing shareholders. In addition, Nasdaq's Board of Directors can authorize, by majority vote and without shareholder approval, the issuance of additional shares of common stock, up to the number of shares authorized and not outstanding under the Restated Certificate of Incorporation.</p>	<p>According to OMX's Articles of Association, the minimum share capital shall be SEK 168,000,000 and the maximum shall be SEK 672,000,000. The minimum amount of shares shall be 84,000,000 and the maximum amount shall be 336,000,000. All shares have the same rights. As of June 30, 2007, there were 120,640,467 shares outstanding and held by approximately 10,922 persons.</p> <p>OMX Shares are listed on the Nordic Exchange in Stockholm, Helsinki, Copenhagen and Iceland under the symbol OMX.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Changes in Share Capital</b>	Under the Delaware General Corporation Law and Nasdaq's Restated Certificate of Incorporation, a proposed amendment to the Restated Certificate of Incorporation to change the number or type of shares of authorized capital stock requires the approval of the Board of Directors and the affirmative vote of a majority of all shares entitled to vote on the matter. If an amendment would adversely affect the rights of any shareholders of a particular class or series of stock, a majority of the outstanding shares of that class or series, voting as a class, also must vote to authorize the amendment.	Under Swedish law, changes to the share capital require, as a general rule, a resolution by the shareholders. The board of directors of a Swedish company may, within certain limits, be granted a specific authority (limited in time until, at the longest, the next annual shareholders' meeting) to resolve upon an issuance of new shares, as well as pass such resolution subject to the subsequent approval by the shareholders. A resolution to render shareholders' preemption rights inapplicable in connection with a new issue of shares, to change the share capital in such a way as requires an amendment to the Articles of Association, to reduce the share capital or to repurchase shares, is normally valid only if shareholders representing two-thirds of the votes cast as well as two-thirds of the shares represented at the meeting vote in favor of such resolution.
<b>Number of Directors</b>	Delaware law provides that a corporation must have at least one director and that the number of directors shall be fixed by or in the manner provided in the By-Laws unless the certificate of incorporation fixes the number of directors. Nasdaq's Restated Certificate of Incorporation and By-Laws provide that the number of directors shall be fixed from time to time by Nasdaq's Board of Directors. The current number of directors of Nasdaq is fixed at 13. However, if the Offer is completed, the number of directors of Nasdaq will be increased to 15 as described under "Directors and Management of the Combined Company Following the Completion of the Offer" on page 86.	According to Swedish law, the board of directors of a public company such as OMX, must consist of at least three board members. A company's Articles of Association govern the minimum and the maximum number of directors to be appointed. OMX's current Articles of Association provide that OMX must have at least five and no more than eight board members and no deputies. See "Vacancies on the Board of Directors" below for more information on deputies' duties.  The Code contains certain requirements regarding the composition of the board of directors.

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Election and Term of Directors</b>	<p>Nasdaq's Restated Certificate of Incorporation provides that, except in the event of vacancies, directors are elected at each annual meeting for a term of one year and until a successor is elected and qualified, or until the earlier death, resignation, retirement, disqualification or removal of the director.</p>	<p>The members of OMX's Board of Directors are elected at a shareholders' meeting after proposals from the nomination committee, for a period until the next annual shareholders' meeting, except those members appointed by the unions, which are appointed for a term decided by the unions (but not for more than four fiscal years). Generally, a Swedish company may provide in its Articles of Association that the board members can be elected for a period until the annual shareholders' meeting held during the fourth fiscal year following the election. However, the Code stipulates that a board member shall be elected for one year at a time.</p> <p>Swedish law gives trade unions the right to appoint two additional directors in all companies with at least 25 employees in Sweden (three directors if the company is active in more than one industry and has at least 1,000 employees in Sweden) and a corresponding number of deputy directors for union directors. OMX currently has no directors appointed by its unions.</p> <p>In a Swedish public company, a majority of the directors must be appointed by the shareholders at the shareholders meeting.</p> <p>The Code contains additional requirements concerning the nomination procedure for the election of directors.</p> <p>OMX is the owner of stock exchanges and central securities depositories that are under the supervision of certain FSAs. Typically, if there is a change in OMX's Board of Directors, or if a new managing director of OMX would be appointed, such persons would have to be subject to a fit and proper test by the supervising authority.</p>
<b>Removal of Directors</b>	<p>Under Delaware law, directors may be removed from office, with or without cause, by a majority shareholder vote. Nasdaq's Restated Certificate of Incorporation and By-laws provide that any director, or its Board of Directors, may be removed at any time by the affirmative vote of at least 66 2/3% of Nasdaq's voting power.</p>	<p>Under Swedish law, a member of the board of directors may be removed by those having appointed the director (in most cases the shareholders). There is no obligation to state any reasons for the removal.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Vacancies on the Board of Directors</b>	Delaware law and Nasdaq's Restated Certificate of Incorporation provide that vacancies on a corporation's board of directors, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors, even though less than a quorum.	Under Swedish law, vacancies may be filled by a deputy member of the board. However, if the remaining board members do not meet the minimum number (as described above), then the shareholders must elect a new member or members of the board.
<b>Shareholder Action by Written Consent</b>	Delaware law provides that unless otherwise provided in the certificate of incorporation, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a written consent to the action is signed by shareholders holding at least a majority of the voting power. If a different proportion of voting power is required for an action at a meeting, then that proportion of written consents is also required. Nasdaq's Restated Certificate of Incorporation provides that all actions required or permitted to be taken by shareholders of Nasdaq must be effected at a duly called annual or special meeting of shareholders and may not be effected by written consent.	Under Swedish law, shareholders make decisions at a shareholders' meeting. However, a document stating the proposed decision may be circulated between all shareholders for their approval. Such decision is only valid and binding if it is unanimous and signed by all shareholders.
<b>Amendment to Organizational Documents</b>	Under Delaware law, the certificate of incorporation may be amended by the affirmative vote of the holders of a majority of the outstanding stock entitled to vote and a majority of the outstanding stock of each class entitled to vote as a class.  Nasdaq's Restated Certificate of Incorporation provides that Nasdaq reserves the right to amend any provision contained in the Restated Certificate of Incorporation in the manner prescribed in the Restated Certificate of Incorporation or by statute, and all rights conferred upon the shareholders in the Restated Certificate of Incorporation are granted subject to this right. Additionally, the Restated Certificate of Incorporation provides that, for so long as Nasdaq controls, directly or indirectly, The NASDAQ Stock Market, any proposed amendment to the Restated Certificate of Incorporation must first be submitted to the board of The NASDAQ Stock Market for a determination as to whether such amendment must be filed with, or filed with and approved by, the S.E.C. before the amendment may become effective.	Under Swedish law, an amendment to the Articles of Association is permissible and must be approved by the shareholders. As a general rule, two thirds of the rendered votes as well as two thirds of the shares represented at the shareholders' meeting must vote for the amendment of the Articles of Association. There are certain exceptions to this rule, including that amendments that change the legal relationship between shares of different series generally must be approved by all of the shareholders present or represented at the shareholders' meeting and which represent at least 90% of all outstanding shares of the company.  OMX is the owner of the OMX Nordic Exchange Stockholm AB which is under the supervision of the SFSA. Typically, if the Articles of Association of OMX were to be amended, such amendment would require approval from the SFSA before the revised Articles of Association could be registered with the Swedish Companies Registration Office. Amendments to the Articles of Association would not become effective until such registration had been effected.

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
	<p>Delaware law provides that a corporation's shareholders entitled to vote have the power to amend bylaws, although the corporation's certificate of incorporation may give the board of directors the power to amend bylaws as well.</p> <p>Nasdaq's Restated Certificate of Incorporation provides that its Board of Directors may also amend, alter or repeal the By-Laws. Additionally, the Restated Certificate of Incorporation provides that, for so long as Nasdaq controls, directly or indirectly, The NASDAQ Stock Market, any proposed amendment to the By-Laws must first be submitted to the board of The NASDAQ Stock Market for a determination as to whether such amendment must be filed with, or filed with and approved by, the S.E.C. before the amendment may become effective.</p>	
<b>General Meeting of Shareholders</b>	<p>Delaware law provides that the annual meeting of shareholders shall be held at such place, on such date and at such time as may be designated from time to time by the board of directors.</p>	<p>Swedish law provides that an annual shareholders meeting must be held within six months of the end of each financial year. Swedish law provides that the meeting shall be held at the location where the company maintains its registered office unless the Articles of Association provide differently. The Articles of Association may prescribe that a meeting of the shareholders shall, or may, be held at another location in Sweden. OMX's general meeting of shareholders must be held in Stockholm.</p> <p>To attend a shareholders meeting in companies whose register of shareholders is kept by VPC, such as OMX, a shareholder must be registered in the register of shareholders 5 business days before the meeting, or a day closer to the meeting stated in the company's Articles of Association (the record date). Saturdays are regarded as business days in this context. A shareholder may only vote for such number of shares that the shareholder is registered as owner of on the record date. Further, the shareholder must give OMX notice of his/her intention to attend the meeting no later than 4 p.m. on the date set out in the notice of the meeting. Shareholders who have their shares registered in the name of a nominee must register the shares in their own name by the record date in order to be able to attend the shareholders meeting. The notice will also specify the record date.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Special Meeting of Shareholders</b>	Under Delaware law, special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.	Each shareholder or proxy has the right to be accompanied at the shareholders' meeting by not more than two advisers. Such advisers are entitled to speak at the shareholders' meeting. However, the Articles of Association may provide that the right to be accompanied by advisers is subject to prior notice.  Under Swedish law, the Board of Directors shall call a special shareholders' meeting, called an extraordinary shareholders' meeting, if the board of directors considers it necessary. The board of directors also has an obligation to call to such meeting on the request of the auditor or upon request of shareholders holding at least 10% of the outstanding shares.
<b>Notice of Shareholder Meetings</b>	Under Delaware law, written notice of any meeting of the shareholders must be given to each shareholder entitled to vote at the meeting not less than 10 nor more than 60 days before the date of the meeting and shall specify the place, date, hour, and purpose or purposes of the meeting.	Notice of the annual shareholders' meeting must be given no earlier than six weeks before and no later than four weeks before the meeting. Notices of extraordinary shareholders' meetings must be given no earlier than six and no later than two weeks before the meeting, unless a resolution amending the Articles of Association is proposed, in which case notice of the meeting must be given no earlier than six and no later than four weeks before the meeting.  OMX's Articles of Association provide that notice of shareholders' meeting shall be given through public announcement in the Swedish newspapers Post- och Inrikes Tidningar and Svenska Dagbladet, the Finnish Newspapers Helsingin Sanomat or Kauppalehti as well as in the Danish Newspapers Berlingske Tidene or Børsen.  Under the Code, OMX is obliged to announce date and place of a shareholders' meeting no later than in connection with its third quarter report, as regards annual shareholders' meetings, or as soon as the board has resolved to hold an extraordinary shareholders' meeting, as regards extraordinary shareholders' meetings.

**Table of Contents**

**Delivery and  
Notice Requirements of  
Shareholder Nominations  
and Proposals**

**Nasdaq**

Nasdaq's By-Laws provide that for a shareholder proposal to be brought properly before an annual meeting, the shareholder must notify the corporate secretary of Nasdaq not earlier than 120 days nor later than 90 days in advance of the date of the first anniversary of the preceding year's annual meeting of shareholders (provided that in the event the annual meeting is held more than 30 days before or 70 days after such date, such notice must be delivered not earlier than 120 days prior to the date of the annual meeting nor later than the later of 90 days prior to the date of the annual meeting or ten days following the day on which the public announcement of the date of such meeting is first made by Nasdaq).

Notwithstanding the foregoing, in the event the number of directors to be elected at an annual meeting is increased and there is no public announcement naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice will be considered timely (only with respect to such nominees) if delivered not later than ten days following the day on which such public announcement is first made.

Nasdaq's By-Laws further provide that nomination of persons for election to Nasdaq's Board of Directors may be made at a meeting of shareholders by or at the direction of the board of directors or by any shareholder of Nasdaq entitled to vote at the meeting who complies with the notice procedures set forth in the preceding paragraphs and specifies certain information as set forth in Nasdaq's By-laws.

Nasdaq's By-Laws also provide that shareholders entitled to vote in the election of directors at a special meeting of shareholders may nominate a person or persons for such election so long as notice is delivered not earlier than 120 days nor later than 90 days prior to such special meeting or ten days following the public announcement of such special meeting and of the nominees proposed by the Board of Directors for election in connection therewith.

**OMX**

A shareholder who wishes to have a matter addressed at a shareholders' meeting shall submit a written demand to the board of directors. The matter shall be addressed at the shareholders' meeting, provided the request was received by the board of directors; (i) no later than one week prior to the earliest time pursuant to when a notice should have been made or (ii) after the time specified in (i) but in due time for the matter to be included in the notice of the shareholders' meeting.

Under the Code, OMX is obliged to inform its shareholders on its webpage a reasonable time prior to the a notice of an annual shareholders' meeting is given, about the shareholders' right to have a matter addressed at a shareholders' meeting and about the time when such request must have been received by OMX in order to be included in the notice. The same procedure shall be applicable for extraordinary shareholders' meetings, if possible.

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
	<p>Notwithstanding the foregoing, in order to include information with respect to a shareholder proposal in the proxy statement and form of proxy for a shareholder's meeting, shareholders must provide notice as required by the regulations promulgated under the Exchange Act.</p>	
<b>Proxy</b>	<p>Under Delaware law, at any meeting of the shareholders, a shareholder may designate another person to act for such shareholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.</p>	<p>A shareholder may exercise his or her rights at a shareholders' meeting personally or by representative holding a written and dated proxy signed by the shareholder. A proxy is not valid for more than one year from the date of issue.</p>
<b>Preemptive Rights</b>	<p>Under Delaware law, absent express provision in a corporation's certificate of incorporation, a shareholder does not, by operation of law, possess preemptive rights to subscribe to additional issuances of the corporation's stock.</p> <p>Nasdaq's Restated Certificate of Incorporation does not provide that shareholders possess any preemptive right to subscribe to additional issuances of Nasdaq's capital stock.</p>	<p>Under Swedish law, shareholders must approve (alternatively the shareholders may authorize the board of directors to approve or the board of directors may pass a resolution subject to the subsequent approval by the shareholders) each issuance of additional securities. Existing shareholders have, as a main rule, preemptive rights to subscribe for new securities in proportion to their current holdings with respect to issuances of shares, warrants and convertibles. However, this shall not apply as regards issues for consideration in kind or if the preemptive rights are regulated differently in (i) the Articles of Associations, (ii) the decision for the share issue or (iii) instructions made at an earlier issuance of warrants or convertibles. A resolution setting the pre-emptive rights for existing shareholders aside requires a majority of two-thirds of the votes cast as well as of the shares represented at the shareholders' meeting.</p>
<b>Dividends</b>	<p>Under Delaware law, a corporation may pay dividends out of surplus or net profits for the current or preceding fiscal year, provided that the capital of the corporation is not less than the aggregate amount of the capital represented by the corporation's outstanding stock of all classes having a preference upon distribution of assets.</p>	<p>Under Swedish law, dividends or other value distributions, to a company's shareholders are declared by the shareholders. The amount of dividends must normally not exceed the amount proposed or approved by the company's board of directors. Shareholders representing at least 10% of all shares in the company can demand, under certain circumstances, that half of a year's profit (after certain reductions) shall be distributed as dividends. Notwithstanding such demand, the shareholders are not obligated to provide for any distribution in excess of 5% of the company's equity.</p>



**Table of Contents**

**Nasdaq**

**OMX**

Under the Swedish Companies Act, dividends or other value distributions, including repurchase of own shares, to shareholders may not be effectuated if the restricted equity is not fully covered after the distribution. The calculation is made on the basis of the latest adopted balance sheet taking into account changes in the restricted equity that have occurred after the balance sheet date. Furthermore, dividends and other value distributions, including repurchase of a company's own shares, may only be made if justifiable considering (i) the need of equity taking into account the character and scope of the business as well as the risks related to the business and (ii) the company's financing needs, liquidity and general financial position. If the company is a parent company, consideration must be made as to the need of equity taking into account the character and scope of the businesses in the group as well as the risks related to the group's businesses and the group's financing needs, liquidity and general financial position.

During the period from the annual shareholders' meeting where the annual accounts have been adopted until the next annual shareholders' meeting, dividends and other value distributions may only be made up to an amount corresponding to the amount which at such first annual shareholders' meeting was available for distribution according to the rules described in the preceding paragraph. When calculating such amount, changes in the restricted equity that have occurred after the last annual shareholders' meeting shall be taken into account.

Nasdaq has never paid cash dividends on Nasdaq Common Stock.

For 2006, OMX paid a dividend in the total amount of SEK 6.50 per OMX Share. OMX's Board of Directors anticipates that the amount of OMX's ordinary dividend shall, in the future, grow in pace with OMX's earnings per share, taking OMX's long-term capital requirements into account.

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Liability of Directors and Officers</b>	<p>Delaware law permits a corporation's certificate of incorporation to include a provision eliminating or limiting the personal liability of a director to the corporation and its shareholders for damages arising from a breach of fiduciary duty as a director. However, no provision can limit the liability of a director for:</p> <p style="padding-left: 40px;">any breach of the director's duty of loyalty to the corporation or its shareholders;</p> <p style="padding-left: 40px;">acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;</p> <p style="padding-left: 40px;">intentional or negligent payment of unlawful dividends or stock purchases or redemptions; or</p> <p style="padding-left: 40px;">any transaction from which the director derives an improper personal benefit.</p> <p>Nasdaq's Restated Certificate of Incorporation provides a director shall not be liable to Nasdaq or its shareholders, to the fullest extent permitted by Delaware law, for monetary damages for breach of fiduciary duty as a director.</p>	<p>The Swedish Companies Act provides that a director may be liable to the company for damages, incurred as a result of a willful act or negligence on the part of such director in the performance of his or her duties. The same applies when any damage is caused to a shareholder or a third party if such damage is a result of a violation of the Swedish Companies Act, the Act on Annual Reports or the Articles of Association of the company. A director may also be responsible for covering a deficit occurring when repayment is made of amounts illegally distributed from the company if the director participated in adopting the illegal decision or the carrying out of the decision or the adopting of an inaccurate balance sheet that the decision was based upon. The liability requires intent or negligence and if more than one director is liable, the liability is joint and several. There are no limitations under Swedish law as to the personal liability of the directors, although the damages may be reasonably adjusted taking into account the nature of the action, the size of the damage and other circumstances. Furthermore, a director may be liable for damages incurred as a result of willful act or negligence in connection with the preparation of a prospectus or an offer document, if the rules applicable to such documents have been violated.</p> <p>However, the annual shareholders' meeting shall address the question of whether to discharge the directors from liability for the previous year. A simple majority of the votes at a shareholders' meeting may discharge the directors from such liability unless shareholders representing at least 10% of all shares in the company vote against such discharge.</p>
<b>Indemnification of Directors and Officers</b>	<p>Nasdaq's By-Laws provide that Nasdaq shall indemnify its directors, officers and employees to the fullest extent not prohibited by Delaware law (as presently existing or as may thereafter be amended). Nasdaq shall not be required to indemnify any director, officer or employee in connection with any proceeding initiated by such person unless the proceeding was authorized by the board of directors.</p>	<p>There are no rules or obligations under Swedish law regarding indemnification of a company's directors and officers. In fact, an indemnity given by a company to its directors could be questioned from a corporate benefit perspective. In Sweden, indemnification is usually addressed through directors and officers liability insurance policies. OMX has directors and officers liability insurance.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
	<p>In addition to directors, officers and employees, the foregoing indemnification applies to all agents of Nasdaq serving at the request of Nasdaq as a director, officer, employee or agent of another corporation, partnership, trust, enterprise, or non-profit entity, including service with respect to employee benefit plans.</p> <p>Expenses incurred by persons receiving such indemnification in connection with proceedings shall be paid by Nasdaq as incurred and before final disposition of the proceedings upon receipt of an undertaking by or on behalf of such person to repay the amount if it is determined ultimately that such person is not entitled to be indemnified by Nasdaq. No advance of expenses shall be made to an agent or non-officer employee if the board of directors reasonably and promptly determines that such person (i) acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of Nasdaq, (ii) with respect to a criminal proceeding, believed or had reasonable cause to believe that his or her conduct was unlawful or (iii) deliberately breached his or her duty to Nasdaq.</p> <p>Delaware law and Nasdaq's By-Laws provide that Nasdaq has the power to purchase insurance on behalf of any person required or permitted to be indemnified pursuant to the By-Laws.</p>	
<b>Voting Rights</b>	<p>Delaware law and Nasdaq's Restated Certificate of Incorporation provide that each shareholder is entitled to one vote for each share of capital stock held by such shareholder.</p> <p>Nasdaq's Restated Certificate of Incorporation provides that no holder of common stock in excess of 5% of the then-outstanding shares (or holders of Series A or Series B Convertible Notes in an amount which, as-converted, would be in excess of 5% of the then-outstanding shares of common stock, including such as-converted Series A or Series B Convertible Notes), subject to certain exemptions, may vote such shares (or Series A or Series B Convertible Notes) to the extent exceeding 5% of the then-outstanding shares.</p>	<p>All shares carry equal voting rights in a company unless the Articles of Association provides otherwise. The maximum permitted difference in voting rights is 10 to 1. Shares without voting power cannot be issued. Shares held by OMX or its subsidiaries may not be represented at a shareholders' meeting.</p> <p>OMX's Articles of Association provide no difference in voting rights for OMX Shares.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Limitations on Ownership Concentration</b>	<p>The approved exchange rules of Nasdaq include a rule prohibiting any member of the securities exchange operated by The NASDAQ Stock Market or any person associated with such a member beneficially owning more than 20% of our outstanding voting interests. S.E.C. consent would be required for an exception or change in this rule.</p>	<p>There is no equivalent rule applicable to OMX. However, the Swedish Act Concerning Public Takeover Bids in the Stock Market provide that a person, who holds less than 30% of the voting rights in a Swedish stock market company, like OMX, and who acquires shares in such company whereby such person's shareholdings in the company, alone or together with a related party exceeds 30% or more of the voting rights in the company, must immediately announce the shareholding and within four weeks thereafter make a mandatory bid for the remaining shares in the company. The consideration offered under a mandatory bid must be cash or include an all-cash alternative.</p>
<b>Appraisal Rights</b>	<p>Delaware law provides that shareholders have the right, in some circumstances, to dissent from certain corporate reorganizations and to instead demand payment of the fair cash value of their shares.</p> <p>Unless a corporation's certificate of incorporation provides otherwise, dissenters do not have rights of appraisal with respect to a merger or consolidation by a corporation, if the shares of the corporation are either:</p> <ul style="list-style-type: none"> <li>listed on a national securities exchange;</li> <li>designated as a national market system security on an interdealer quotation system by FINRA; or</li> <li>held by at least 2,000 shareholders of record;</li> </ul> <p>unless the shareholders receive in exchange for their shares anything other than cash in lieu of fractional shares, shares of the surviving corporation, shares of any other corporation that are publicly listed or held by more than 2,000 shareholders, or a combination of the foregoing. Nasdaq's Restated Certificate of Incorporation does not so provide. Shareholders of a corporation surviving a merger do not have appraisal rights if no vote of the shareholders of the surviving corporation is required to approve the merger.</p>	<p>The Swedish Companies Act provides that if a shareholder, directly or indirectly owns more than 90% of the shares in a Swedish limited liability company, the shareholder is entitled to compulsorily acquire the remaining outstanding shares in the company. In addition, a holder of such remaining outstanding shares may require the majority shareholder to initiate compulsory acquisition proceedings for such shares. Unless the majority shareholder and minority holders agree on the price to be paid for the remaining shares, an arbitration tribunal determines a fair price.</p> <p>When a request for a compulsory acquisition follows from a public offer, the consideration shall be equivalent to the value of the consideration in the public offer, unless there are any special circumstances at hand that call for a different price. In addition, certain interest will be payable on the redemption sum.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
	Nasdaq shareholders are not required to vote to approve the Offer.	
<b>Certain Business Combination Restrictions</b>	<p>Delaware law provides that if a person acquires 15% or more of the voting stock of a Delaware corporation such person is an interested stockholder and may not engage in certain business combinations with the corporation for a period of three years from the time such person acquired 15% or more of the corporation's voting stock. The statute contains certain exceptions to this prohibition. If, for example, the board of directors approves the acquisition of stock or the transaction prior to the time that the person becomes an interested stockholder, or if the interested stockholder owns at least 85% of the outstanding voting stock of the corporation at the time the transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans), or if the transaction is approved by the board of directors and by the affirmative vote at a meeting of shareholders of 2/3 of the holders of the outstanding voting stock which is not owned by the interested stockholder, then the three year prohibition concerning a business combination is not applicable.</p>	<p>There is no equivalent under Swedish law. However, the listing agreement with the OMX Nordic Exchange Stockholm AB contains certain requirements, including approval at a shareholders meeting and presentation of a valuation report, for acquisitions from and divestments to directors, management and major shareholders (being defined as shareholders holding more than 10% of the capital or votes in the company).</p>
		<p>OMX is the owner of stock exchanges and central securities depositories which are under the supervision of certain FSAs. Typically, a direct or indirect acquisition of qualified holdings (basically in excess of 5% or 10%, depending on jurisdiction) of institutions under the supervision of such authorities requires prior approval from the authority. For example, OMX owns 100% of the OMX Nordic Exchange Stockholm AB which is under the supervision of the SFSA. An acquisition of 10% or more of the shares in OMX implies an indirect qualified holding in the OMX Nordic Exchange Stockholm AB. Thus, an acquisition of shares in OMX requires prior approval from the SFSA.</p>
	A Delaware corporation can elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law. Nasdaq has not made this election.	
<b>Stock Class Rights</b>	<p>Under Delaware law, any change to the rights of holders of the shares of common stock of Nasdaq would require an amendment to Nasdaq's Restated Certificate of Incorporation.</p> <p>Delaware law provides that the holders of shares of a class or series shall be entitled to vote as a class upon a proposed amendment if the amendment will increase or decrease the authorized shares of the class or series; increase or decrease the par value of the shares of the class or series; alter or change the powers, preferences or special rights of the shares of the class or series so as to affect them adversely.</p> <p>Under Nasdaq's Restated Certificate of Incorporation, Nasdaq has the right to issue shares of common stock as well as shares of preferred stock.</p>	<p>Under Swedish law, shares of different classes may be issued if that has been provided for in the Articles of Association.</p> <p>Any amendment that changes the legal relationship between shares of different series must normally be supported by all of the shareholders present or represented at the shareholders meeting and which represent at least 90% of all outstanding shares of the company.</p> <p>The Articles of Association of OMX only allow for one class of shares to be issued.</p>

**Table of Contents**

**Nasdaq**

**OMX**

The shares of authorized common stock shall be identical in all respects and have equal rights and privileges. Without action by the shareholders, such shares of common stock may be issued by Nasdaq from time to time for such consideration as may be fixed by the board of directors; provided, that such consideration shall not be less than par value. Any and all shares so issued, the full consideration for which has been paid or delivered, shall be deemed fully paid stock non-assessable.

The Board of Directors shall have the authority to issue the shares of preferred stock from time to time on such terms and conditions as it may determine, and to divide the preferred stock into one or more series and in connection with the creation of any such series to fix the designations, powers, preferences and rights of such series, and the qualifications, limitations, or restrictions thereof.

**Rights of Purchase and Redemption**

Under Delaware law, any corporation may purchase, redeem and dispose of its own shares, except that it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption, provided that if a corporation redeems its stock, immediately following any such redemption, the corporation must have outstanding one or more shares of one or more classes which shares together must have full voting power.

However, at any time, a corporation may purchase or redeem any of its shares which are entitled upon any distribution of assets to a preference over another class of its stock if these shares will be retired upon acquisition or redemption, thereby reducing the capital of the corporation.

The Swedish Companies Act allows stock market companies to repurchase and dispose of their own shares if the repurchase is made over the stock market or if the SFSA has approved the repurchase. Shares may also be repurchased if the shares are repurchased in accordance with an offer directed to all shareholders. Repurchase or disposal of own shares shall be approved by the shareholders meeting. The shareholders meeting can authorize the Board of Directors to repurchase or dispose of own shares.

A resolution by the shareholders meeting to repurchase or dispose of own shares, or to authorize the Board of Directors to do so, require a vote of two-thirds of the shares voted as well as two-thirds of all shares represented at the meeting. If own shares are disposed and the shareholders have a preferential right to purchase the shares being sold, the resolution may be taken by a simple majority vote. The company can own up to 10% of its own shares.

**Table of Contents**

**Nasdaq**

The NASDAQ Stock Market requires that publicity be given and prior notice be sent to The NASDAQ Stock Market of any material information which would reasonably be expected to affect the value of the securities or influence investors' decisions, such as redemption of the securities. The NASDAQ Stock Market rules provide that upon receipt of such notice, trading may be suspended.

**OMX**

If a company acquires shares in contravention of the Swedish Companies Act, the acquisition is still valid, but the shares must be sold within six months of the acquisition.

The OMX Nordic Exchange Stockholm AB Listing Agreement sets out detailed limitations and requirements for repurchases and disposals of own shares, including disclosure requirements.

See also **Dividends** as regards value distribution limitations in connection with repurchases of own shares.

A redemption of shares may be effected in connection with a reduction of the share capital pursuant to the Swedish Companies Act, which will normally require approval from the Swedish Companies Registration office or, if disputed, from the court if such redemption would result in the repayment of share capital to shareholders, or for transfer to a fund to be used pursuant to a resolution by the shareholders' meeting. The Swedish Companies Act provides that the Articles of Association may contain a provision that the share capital can be reduced through the redemption of shares. OMX's Articles of Association does not contain such a redemption clause.

**Shareholder  
Vote on Certain  
Transactions**

Generally, under Delaware law, unless the certificate of incorporation provides for the vote of a larger portion of the stock, completion of a merger, consolidation, sale, lease or exchange of all or substantially all of a corporation's assets or dissolution requires:

the approval of the board of directors; and

approval by the vote of the holders of a majority of the outstanding stock or, if the certificate of incorporation provides for more or less than one vote per share, a majority of the votes of the outstanding stock of a corporation entitled to vote on the matter.

The Swedish Companies Act contains provisions regarding statutory mergers by way of absorption or combination. A statutory merger requires that the board of directors of both of the merging companies adopt a merger plan before a statutory merger can be approved by shareholders. The Swedish Companies Act further provides that the merger plan normally must be approved by two-thirds of the votes cast as well as two-thirds of the shares represented at a shareholders' meeting of the company (or companies) taken over. If there are several classes of shares the same majority rules shall apply within every class of shares represented at the meeting. If the company taken over is a public company and the

**Table of Contents**

**Nasdaq**

Nasdaq's Restated Certificate of Incorporation does not require a vote of a larger portion of stock.

**OMX**

absorbing company is a private company, the public company's decision is valid only if there has been unanimous approval of the shareholders present at the meeting representing 90% of all outstanding shares. Additionally, mergers where the merger proceeds consist wholly or partially of cash must be approved by shareholders representing more than 90 per cent of the shares in the company taken over.

Under the listing rules of The NASDAQ Stock Market, acquisitions involving the following require shareholder approval:

where any director, officer or substantial shareholder of the issuer has a 5% or greater interest (or such persons collectively have a 10% or greater interest), in the company or assets to be acquired or the consideration to be paid in the transaction and the issuance of common stock could result in an increase in outstanding common shares or voting power of 5% or more; or

where, due to the issuance of additional shares of common stock, or securities convertible into or exercisable for common stock, other than a public offering for cash:

the common stock has, or will have upon issuance, voting power equal to or in excess of 20% of the voting power outstanding before the issuance of such stock or securities; or



**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Minority Shareholders Rights</b>	<p>the number of shares of common stock to be issued is or will be equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of such stock or securities.</p>	<p>Under Swedish law, a shareholders meeting may not adopt any resolution and the board of directors or other representatives of the company may not enter into transactions or undertake other measures that contravene the principle of equal treatment, are not to the benefit of the company or are likely to give an undue advantage to a single shareholder, a group of shareholders or a third party to the detriment of the company or any other of the company's shareholders, except with the consent of all shareholders. In addition, under Swedish law, a shareholders meeting may not adopt any resolution and the board of directors or other representatives of the company may not enter into transactions or undertake other measures which contravene the company's object of business as stated in the Articles of Association.</p> <p>Shareholders representing at least 10% of the outstanding shares can require that the board of directors convene an extraordinary shareholders meeting.</p> <p>Furthermore, any shareholder has the right to demand that a certain matter shall be addressed at a shareholders meeting, and such demand shall be complied with provided that the shareholder has informed the board of such matter within a certain period of time before the meeting.</p> <p>According to Swedish law, a shareholder holding more than 90% of the shares in a company has a right to compulsorily acquire the remaining shares. The shareholder whose shares may be redeemed has a corresponding right to require that the majority shareholder acquire his or her shares on a compulsory basis.</p> <p>Shareholders representing at least 10% of all shares in the company can demand, under certain circumstances, that half of a year's profit (after certain reductions) shall be</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Conflict of Interest Transactions</b>	<p>Delaware law generally permits transactions involving a Delaware corporation and an interested director of that corporation if: (1) the material facts as to his or her relationship or interest are disclosed and a majority of disinterested directors consents, (2) the material facts are disclosed as to his or her relationship or interest and a majority of shares entitled to vote thereon consents; or (3) the transaction is fair to the corporation at the time it is authorized by the board of directors, a committee or the shareholders.</p>	<p>distributed as dividends. Notwithstanding such demand, the shareholders are not obligated to provide for any distribution in excess of 5% of the company's equity.</p> <p>Furthermore, shareholders representing 10% of all outstanding shares or one-third of the shares represented at the shareholders' meeting may require that the county administrative board appoint an accountant to participate in the audit of the accounts.</p> <p>Under Swedish Law, a director is not, subject to certain exceptions, allowed to handle a matter concerning an agreement between (i) the director referred to and the company, (ii) the company and a third party, if the director referred to has a considerable interest in the matter that may conflict with the interest of the company or, (iii) the company and a legal entity which the director referred to, either alone or together with someone else, may represent.</p> <p>The term agreement shall be deemed to include litigation or other legal proceedings. Under Swedish law, there is also a prohibition against making loans or granting security to shareholders, board members, or the managing director, or to affiliates of such persons.</p> <p>The OMX Nordic Exchange Stockholm AB listing agreement contains disclosure provisions for transactions with related parties.</p>
<b>Right of Inspection</b>	<p>Delaware law allows any shareholder to inspect the corporation's stock ledger, a list of its shareholders, and its other books and records, and to make copies or extracts of those materials during normal business hours; provided, however, that, the shareholder makes a written request under oath stating the purpose of such shareholder's inspection, and the inspection is for a purpose reasonably related to the person's interest as a shareholder.</p>	<p>Under Swedish Law, shareholders may, during ordinary business hours, examine a print-out of OMX's share register. The print-out, which may not be more than three months old, shall not contain information about shareholders with 500 or fewer shares.</p> <p>In addition, at the shareholders' meeting at which the annual report is to be considered, shareholders are entitled to request information from OMX's Board of Directors and managing director regarding issues relating to financial statements and financial condition, as well as other issues considered at the shareholders' meeting. The Board of Directors and Managing Director have an obligation to provide the requested information unless they determine that the release of such information</p>

**Table of Contents**

**Nasdaq**

**OMX**

would be materially detrimental to the company.

If the Board of Directors determines that releasing the requested information would be materially detrimental to the company, the shareholder requesting the information shall be notified immediately. If requested by the shareholder within two weeks from the aforementioned notification, the information must be provided to the company's auditors within two weeks from the aforementioned request. The auditors must, within two weeks of receiving the information in question, prepare a statement as to whether the requested information should have caused changes to the auditor's report or the auditor's report for the group or whether the information otherwise gives rise to comments. In such circumstances, the changes or comments should be set forth in the statements. This statement must be made available to the shareholders at the principal executive offices of the company. A copy of the auditor's statement shall be sent to the shareholder requesting the information.

**Standard of Conduct for Directors**

Delaware law does not contain specific provisions setting forth the standard of conduct of a director. The scope of the fiduciary duties of directors is generally determined by the courts of the State of Delaware. In general, directors have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interest of the shareholders.

Under Swedish law the board of directors shall annually draw up rules of procedure for its own work. It shall also, if applicable, formulate instructions for a division of work between the board and the managing director. If the work within the board is to be divided, the rules of work procedure must show how the division is to be made. The rules shall also show how often board meetings are to be held and whether deputy members are to participate in these meetings.

See also [Minority Shareholders' Rights](#).

The Code contains certain provisions regarding qualifications for and the work of the Board of Directors.

**Shareholder Suits**

Under Delaware law, a shareholder may initiate a derivative action to enforce a right of a corporation if the corporation fails to enforce the right itself. The complaint must:

There is no equivalent under Swedish law.

state that the plaintiff was a shareholder at the time of the transaction of which the plaintiff

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
	complaints or that the plaintiff's shares thereafter devolved on the plaintiff by operation of law; and	
	allege with particularity the efforts made by the plaintiff to obtain the action the plaintiff desires from the directors and the reasons for the plaintiff's failure to obtain the action; or	
	state the reasons for not making the effort.	
	Additionally, the plaintiff must remain a shareholder through the duration of the derivative suit. The action will not be dismissed or compromised without the approval of the Delaware Court of Chancery.	
<b>Anti-Takeover Measures</b>	Under Delaware law, directors generally have a duty to act without self-interest, on a well-informed basis and in a manner they reasonably believe to be in the best interests of the shareholders.	A general principle under the Takeover Rules is that the target shareholders have the right to decide whether a public offer should be accepted. The Swedish Act Concerning Public Takeover Bids in the Stock Market provides that if the board or the managing director of a target company have good reasons to assume that a public offer for the shares in the target company is imminent, due to information originating from the entity intending to make the offer, or if such an offer has already been made, the company may not take any measures that are likely to have a negative impact on the prerequisites for making the offer or its implementation, unless such measures are approved by a shareholders' meeting.
	Nevertheless, a Delaware court will generally apply a policy of judicial deference to board of directors' decisions to adopt anti-takeover measures in the face of a potential takeover where the directors are able to show that:	
	they had reasonable grounds for believing that there was a danger to corporate policy and effectiveness from an acquisition proposal; and	
	the board action taken was reasonable in relation to the threat posed.	
<b>Disclosure of Interests</b>	Under the Exchange Act, any person acquiring more than 5% of any class of Nasdaq's equity securities must disclose their ownership within 10 days after the acquisition, unless the person acquired such securities in the ordinary course of his business and not with the purpose nor with the effect of changing or influencing the control of the issuer, nor in connection with or as a participant in any transaction having such purpose or effect and such person is	Under the Financial Instruments Trading Act, any person who would acquire or transfer shares in Swedish listed companies must notify the target as well as the SFSA if the number of shares or the voting rights held by such person reaches or exceeds any of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 50%, 66 <sup>2</sup> /3% and 90%. A notification is also required where the number of shares or voting rights fall below any of the thresholds. The notification must



**Table of Contents**

**Nasdaq**

registered broker dealer, a bank, an insurance company, an investment company, registered as an investment advisor, an employee benefit plan, a parent holding company or control person, a savings association, or a church plan. If the acquiring person meets this exception, then public disclosure is only required within 45 days after the end of the calendar year in which the person acquired more than 5% of any class of Nasdaq's equity securities.

**OMX**

be submitted within one day following the acquisition or transfer. The SFSA shall announce the contents of the notification not later than 12:00 p.m. the day after receiving the notification. In addition to share transactions, company events such as new share issues in which the shareholder in question does not participate will trigger disclosure requirement under the new rules, even if the shareholder liable for notification does not participate in the share issue.

Under the Act concerning Reporting Obligations For Certain Holdings of Financial Instruments, certain officers of and major shareholders in Swedish stock market companies are required to notify their shareholdings as well as any increase or decrease in their holdings to the SFSA. The notification requirement catches primarily individuals who typically have access to inside information about the company by virtue of their directorship, employment or office. Such positions covered include board members, deputy board members, managing directors, senior executives, auditors and persons holding at least 10% of the shares or voting rights in the listed company. Any increase or decrease in the relevant holdings of such person must be notified to the SFSA within five business days from the transaction date. This act may become particularly relevant in management buy-outs.

**Limitations On Enforceability Of Civil Liabilities Under U.S. Federal Securities Laws**

Nasdaq is a U.S. company incorporated under the laws of Delaware. U.S. investors generally can initiate lawsuits in the United States against Nasdaq and its directors and officers and can enforce lawsuits based on U.S. federal securities laws in U.S. courts.

OMX is a company incorporated under Swedish law. Investors can in general initiate lawsuits in Sweden against OMX, its directors and officers and can enforce lawsuits based on Swedish law in relevant Swedish courts.

Directors and officers of Nasdaq are governed by rules under the Exchange Act that may require directors and officers to forfeit to Nasdaq any short swing profits realized from purchases and sales, as determined under the Exchange Act and the rules thereunder, of Nasdaq equity securities.

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Reporting</b>	<p>Under the Exchange Act proxy rules, Nasdaq must comply with notice and disclosure requirements relating to the solicitation of proxies for shareholder meetings</p> <p>As a U.S. public company, Nasdaq must file with the S.E.C., among other reports and notices:</p> <ul style="list-style-type: none"> <li>an annual report on Form 10-K within 60 days after the end of each fiscal year;</li> <li>quarterly reports on Form 10-Q within 40 days after the end of each of the first three fiscal quarters of each year; and</li> <li>current reports on Form 8-K within four business days after the occurrence of important corporate events.</li> </ul>	<p>There is no equivalent under Swedish law. It should, however, be noted that under Swedish law, a company may, as a main rule, not bear the expenses for collecting proxies, unless the Articles of Association contain a provision allowing the board of directors to collect proxies at the Company expense. OMX's Articles of Association does currently not contain such a clause.</p> <p>Under Swedish law OMX must, as a listed public limited liability company, file with the Swedish Companies Registration Office, among other reports and notices:</p> <ul style="list-style-type: none"> <li>An annual report within one month after the date when the annual shareholders meeting adopted the profit and loss account; and,</li> <li>An interim report regarding at least half and no more than two-thirds of the financial year within two months after the end of the reporting period.</li> </ul> <p>Since OMX is listed on the OMX Nordic Exchange Stockholm AB, the company must, pursuant to the OMX Nordic Exchange Stockholm AB Listing Agreement, announce quarterly reports and a report of unaudited annual earning figures within two months after the end of each reporting period.</p>
<b>Auditors</b>	<p>Under the Exchange Act, U.S. public companies are required to deliver audited financial statements in connection with certain of their periodic public reports. These financial statements are audited by Nasdaq's independent auditors. The Company's relationship with the independent auditors is managed by the audit committee of Nasdaq's Board of Directors in accordance with the pre-approval and independence requirements and the standards for the audit committee conduct set forth in the rules and regulations of the S.E.C. and Nasdaq.</p>	<p>Under Swedish law and according to OMX's Articles of Association, not less than one and not more than two auditors, and not less than one and not more than two deputy auditors, shall be appointed at any shareholders meeting for a period ending at the end of the annual general meeting of shareholders held during the fourth fiscal year following the appointment of the auditors. An appointed auditor and, where applicable, deputy auditor, shall be a chartered and approved public accountant or a registered public accounting firm.</p> <p>The Code encompasses a number of rules on accountability and audit, including rules on audit review of at least one interim report, audit committees, etc.</p>

**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Conversion</b>	Holders of Nasdaq s common stock do not have conversion rights under NASDAQ s Restated Certificate of Incorporation and By-laws.	The Swedish Companies Act provides that the Articles of Association may contain a provision that a share of a certain class can be converted into share of another class under certain circumstances. OMX s Articles of Association does not contain any such conversion right.
<b>Shareholder Redemption of Shares</b>	Holders of Nasdaq common stock do not have redemption rights under Nasdaq s Restated Certificate of Incorporation and By-laws.	The Swedish Companies Act provides that the Articles of Association may contain a provision that the share capital can be reduced through the redemption of shares. OMX s Articles of Association does not contain such a redemption clause.
<b>Distribution of Assets on Liquidation</b>	A corporation dissolved in accordance with Delaware law shall make arrangements to pay all claims or obligations in full if there are sufficient assets. If there are insufficient assets, claims and obligations shall be paid or provided for in accordance with their priority, and, among claims of equal priority, ratably to the extent of assets legally available. Any remaining assets shall be distributed to the shareholders of the dissolved corporation (but not before the expiration of 150 days from the date of the last notice provided pursuant to Delaware law).	On a winding-up of a Swedish company, the liquidator distributes the net assets equally among the shareholders in proportion to their respective holdings unless otherwise stated in the Articles of Association. If there is no surplus after payment of the company s debts, the liquidator files for bankruptcy.
<b>Enforced Participation in a Sale of Shares to a Third Party</b>	Section 253 of the Delaware General Corporation Law provides that a parent corporation owning at least 90% of each class of the stock of a subsidiary entitled to vote on a merger (without applying Section 253) can merge with that subsidiary without advance notice or consent of the minority shareholders upon approval by the parent s board of directors.	
<b>Access to Financial Information</b>	See Rights of Inspection above.	See Rights of Inspection above.
<b>Certain other Restrictions on Share Transfers</b>	Currently, there are no outstanding registered shares of Nasdaq s capital stock subject to transfer restrictions pursuant to Nasdaq s Restated Certificate of Incorporation or By-laws. However, any outstanding shares of Nasdaq that have not been registered under the Securities Act are transferable only to the extent permitted by securities laws, such as Rule 144.	Holders of OMX Shares are not currently subject to any restriction on share transfer under OMX s Articles of Association.



**Table of Contents**

	<b>Nasdaq</b>	<b>OMX</b>
<b>Considerations of the Board of Directors Related to Status as Self-regulatory Organization</b>	<p>Nasdaq's Restated Certificate of Incorporation provides that, in light of the unique nature of Nasdaq in its operations and in light of Nasdaq's status as a self-regulatory organization, Nasdaq's Board of Directors shall take into account all factors it deems relevant, including without limitation:</p> <p>the potential impact thereof on the integrity, continuity and stability of Nasdaq, on the ability to prevent fraudulent and manipulative acts and practices and on investors and the public; and</p> <p>whether such action would promote just and equitable principles of trade, foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to and facilitating transactions in securities or assist in the removal of impediments to or perfection of the mechanisms for a free and open market and a national market system</p> <p>in the Nasdaq Board of Directors' evaluation of:</p> <p>tender offer or offers or related proposals or requests;</p> <p>proposals or offers related to mergers, consolidations and other business combination transactions;</p> <p>liquidations, dissolutions, recapitalizations, reorganizations or declarations of extraordinary dividends;</p> <p>actions with respect to, or demands or proposals on behalf of, holders of more than 5% of then-outstanding common or preferred stock or notes; and</p> <p>any other issue.</p>	

**Table of Contents**

**EXPERTS**

The consolidated financial statements of The Nasdaq Stock Market, Inc. incorporated by reference in The Nasdaq Stock Market, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006 (including the schedules appearing therein), and The Nasdaq Stock Market, Inc. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 incorporated by reference therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, incorporated by reference therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of OMX as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 have been included herein in reliance on the report of PricewaterhouseCoopers AB, independent accountants, appearing elsewhere herein, given on the authority of said firm as experts in accounting and auditing.

**LEGAL MATTERS**

The validity of the shares of common stock offered hereby will be passed upon for Nasdaq by Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036.

**FUTURE NASDAQ STOCKHOLDER PROPOSALS**

Whether or not the Offer is completed, Nasdaq intends to hold its regular annual meeting of shareholders in 2008. Holders of Nasdaq Voting Securities who wish to submit proposals pursuant to Rule 14a-8 of the Exchange Act for inclusion in the proxy statement for Nasdaq's 2008 annual meeting must submit them to Nasdaq's corporate secretary, Joan C. Conley, on or before January 24, 2008 at Nasdaq's headquarters, One Liberty Plaza, New York, New York 10006 and must otherwise comply with the requirements of Rule 14a-8.

A holder of Nasdaq Voting Securities who wishes to nominate a person for election as director at an annual or special meeting, or to introduce an item of business at an annual meeting, must also comply with the procedures specified in Nasdaq's By-Laws. Under these procedures, a holder of Nasdaq Voting Securities must submit the proposed nominee or proposed item of business by delivering a notice to be received by Nasdaq's corporate secretary at the above address in accordance with the following time frames:

In the case of a nomination or proposed item of business for an annual meeting, the notice must normally be delivered not more than 120 nor less than 90 days prior to the first anniversary of the prior year's meeting. Assuming the 2008 annual meeting is held on a schedule consistent with the 2007 annual meeting, the notice must be delivered on or prior to the close of business on February 23, 2008, but no earlier than the close of business on January 24, 2008.

However, if Nasdaq holds its annual meeting on a date that is more than 30 days before or 70 days after such anniversary date, the notice must be delivered no earlier than 120 days prior to the date of the annual meeting nor later than the later of:

the ninetieth day prior to the date of the annual meeting; or

the tenth day following the day on which public announcement of the date of such meeting is first made by Nasdaq.

If Nasdaq holds a special meeting to elect directors, the notice with respect to the nomination of a person for election as director must be delivered no earlier than 120 days prior to the date of the special meeting nor later than the later of (i) the ninetieth day prior to the date of the special meeting or (ii) the tenth day following the day on which public announcement of the date of such meeting and the nominees proposed by Nasdaq's Board of Directors is first made by Nasdaq.



**Table of Contents**

The notice required by our By-Laws shall contain:

as to each person whom a holder of Nasdaq Voting Securities proposes to nominate for election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors under SEC rules and such person's written consent to be named in the proxy statement as a nominee and to serve as a director if elected;

as to any other business that the holder of Nasdaq Voting Securities proposes to bring before the meeting, a brief description of the business, the text of the proposal or business (including the text of any resolutions proposed for consideration, and in the event that such business includes a proposal to amend the By-Laws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such holder and the beneficial owner, if any, on whose behalf the proposal is made; and

as to the holder of Nasdaq Voting Securities giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

the name and address of such holder, as they appear on Nasdaq's books, and of such beneficial owner;

the class and number of Nasdaq Voting Securities that are owned beneficially and of record by such holder and such beneficial owner;

a representation that the holder is a holder of record of Nasdaq Voting Securities entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and

a representation whether the holder or the beneficial owner, if any, intends or is part of a group that intends:

to deliver a proxy statement and/or form of proxy to holders of at least the percentage of Nasdaq's outstanding capital stock required to approve or adopt the proposal or elect the nominee; and/or

otherwise to solicit proxies from holders of Nasdaq securities in support of such proposal or nomination.

In addition, holders of Nasdaq Voting Securities may recommend individuals for consideration by the nominating committee for nomination to Nasdaq's Board of Directors. Holders should submit such recommendations in writing, together with any supporting documentation the holder deems appropriate, to Nasdaq's corporate secretary at the address set forth above prior to December 31, 2007.

**IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS**

The S.E.C. has adopted rules that permit companies and intermediaries such as brokers to satisfy proxy material delivery requirements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is referred to as "householding," potentially provides extra convenience for shareholders and reduces printing and postage costs for companies.

Nasdaq and some brokers utilize the householding process for proxy materials. In accordance with a notice sent to certain holders of Nasdaq Voting Securities who share a single address, only one copy of this proxy statement is being sent to that address, unless we received contrary instructions from any holder at that address. Holders of Nasdaq Voting Securities who participate in householding will continue to receive separate proxy cards. Householding will continue until you are notified otherwise or until one or more holders at your address revokes consent.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

If you revoke consent, you will be removed from the householding program within 30 days of receipt of the revocation. If you hold your Nasdaq Voting Securities in street name, additional information regarding householding of proxy materials should be forwarded to you by your bank, broker or nominee.

## **Table of Contents**

However, if you wish to receive a separate copy of this proxy statement, or would like to receive separate proxy statements and annual reports of Nasdaq in the future, or if you are receiving multiple copies of annual reports and proxy statements at an address shared with another holder of Nasdaq Voting Securities and would like to participate in householding, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to our corporate secretary at One Liberty Plaza, New York, New York 10006.

## **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the Securities and Exchange Commission, Washington, D.C. 20549, a registration statement on Form S-4 under the Securities Act with respect to Nasdaq Common Stock offered hereby. This Proxy Statement/Prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Certain items are omitted in accordance with the rules and regulations of the S.E.C. For further information with respect to us and Nasdaq Common Stock offered hereby, reference is made to the registration statement and the exhibits and schedules filed as a part thereof. Statements contained in this Proxy Statement/Prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and, in each instance, if such contract or document is filed as an exhibit, reference is made to the copy of such contract or document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference to such exhibit. The registration statement, including exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the S.E.C. in the Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549 and copies of all or any part thereof may be obtained from such office after payment of fees prescribed by the S.E.C.

We also file annual, quarterly and current reports, proxy statements and other information with the S.E.C. You may read and copy any reports, statements or other information on file at the S.E.C.'s public reference room in Washington, D.C. You can request copies of those documents, upon payment of a duplicating fee, by writing to the S.E.C.

All reports filed by Nasdaq with the S.E.C. are also available free of charge via EDGAR through the S.E.C. website at <http://www.sec.gov>. In addition, Nasdaq provides copies of its Forms 8-K, 10-K, 10-Q, Proxy and Annual Report at no charge to investors upon request and makes electronic copies of its most recently filed reports available through its website at <http://ir.nasdaq.com/sec.cfm> as soon as reasonably practicable after filing such material with the S.E.C.

OMX also prepares interim and annual financial reports for its shareholders. These reports are available free of charge through OMX's website at <http://www.omxgroup.com>.

## **INCORPORATION BY REFERENCE**

The following documents, which have been filed by Nasdaq with the Securities and Exchange Commission are incorporated herein by reference:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the S.E.C. on February 28, 2006;

our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007, filed with the S.E.C. on May 9, 2007, and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2007, filed with the S.E.C. on August 1, 2007;

our Current Reports on Form 8-K filed with the S.E.C. on July 19, 2007, May 31, 2007, May 25, 2007, April 24, 2007 and March 9, 2007; and

the description of our capital stock contained in our registration statement on Form 10 filed with the S.E.C. on April 30, 2001.

**Table of Contents**

All documents filed by Nasdaq with the Securities and Exchange Commission pursuant to Sections 13(a) or 15(d) of the Exchange Act from the date of this Proxy Statement/Prospectus to the date of the termination of the Offer, other than Current Reports on Form 8-K deemed furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K, shall also be deemed to be incorporated by reference into this Proxy Statement/Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded to the extent that a statement contained in this Proxy Statement/Prospectus, or in any other subsequently filed document incorporated by reference, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Proxy Statement/Prospectus.

You can obtain any of the documents incorporated by reference in this Proxy Statement/Prospectus from Nasdaq or from the Securities and Exchange Commission through its web site at the address provided above. Documents incorporated by reference are available from Nasdaq without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in this Proxy Statement/Prospectus.

**OTHER MATTERS**

Nasdaq management is not aware of any other matters to come before the Special Meeting. If any other matter not mentioned in this Proxy Statement/Prospectus is brought before the Special Meeting, the proxy holders named in the enclosed proxy will have discretionary authority to vote all proxies with respect thereto in accordance with their judgment.

**Table of Contents**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF OMX**

	<b>Page</b>
<b><u>Six Months ended June 30, 2007</u></b>	
<u>Unaudited Interim Consolidated Income Statement for the three and six months ended June 30, 2007 and 2006</u>	FIN-2
<u>Unaudited Interim Consolidated Balance Sheet at June 30, 2007 and December 31, 2006</u>	FIN-3
<u>Unaudited Interim Consolidated Cash Flow Statement for the six months ended June 30, 2007 and 2006</u>	FIN-4
<u>Unaudited Interim Consolidated Statement of Changes in Shareholders' Equity for the six months ended June 30, 2007 and 2006</u>	FIN-5
<u>Notes to the Unaudited Interim Consolidated Financial Statements</u>	FIN-6
<b><u>Years ended December 31, 2006, 2005 and 2004</u></b>	
<u>Report of Independent Auditors</u>	FIN-16
<u>Consolidated Income Statements for the years ended December 31, 2006, 2005, and 2004</u>	FIN-17
<u>Consolidated Balance Sheets at December 31, 2006 and 2005</u>	FIN-18
<u>Consolidated Cash Flow Statements for the years ended December 31, 2006, 2005 and 2004</u>	FIN-20
<u>Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2006, 2005 and 2004</u>	FIN-22
<u>Notes to the Consolidated Financial Statements</u>	FIN-23

FIN-1



**Table of Contents****OMX AB****UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

(IFRS)	Three Months ended June 30,		Six Months ended June 30,	
(in millions of SEK)	2007	2006	2007	2006
<b>Continuing Operations</b>				
<b>Revenues</b>				
Net sales	926	805	1,899	1,643
Own work capitalized	42	25	79	48
Other revenues	101		101	22
<b>Total revenues, etc</b>	<b>1,069</b>	<b>830</b>	<b>2,079</b>	<b>1,713</b>
<b>Expenses</b>				
Premises	(46)	(50)	(88)	(101)
Marketing expenses	(17)	(11)	(31)	(23)
Consultancy expenses	(91)	(73)	(183)	(150)
Operations and maintenance, IT	(54)	(57)	(117)	(102)
Other external expenses	(56)	(41)	(121)	(78)
Personnel expenses	(344)	(278)	(663)	(548)
Depreciation and impairment	(68)	(53)	(132)	(106)
<b>Total expenses</b>	<b>(676)</b>	<b>(563)</b>	<b>(1,335)</b>	<b>(1,108)</b>
Participation in earnings of associated companies	15	18	24	29
Operating income	408	285	768	634
<b>Financial items</b>	<b>(13)</b>	<b>(16)</b>	<b>(29)</b>	<b>(29)</b>
<b>Income/loss after financial items</b>	<b>395</b>	<b>269</b>	<b>739</b>	<b>605</b>
Tax	(63)	(66)	(136)	(141)
<b>Net profit/loss for the period, continuing operations</b>	<b>332</b>	<b>203</b>	<b>603</b>	<b>464</b>
<b>Discontinuing operations</b>				
<b>Net profit/loss for the period, discontinuing operations</b>	<b>(26)</b>	<b>(3)</b>	<b>(39)</b>	<b>(20)</b>
<b>Net profit/loss for the period</b>	<b>306</b>	<b>200</b>	<b>564</b>	<b>444</b>
of which attributable to shareholders in OMX	304	199	560	442
of which attributable to minority interests	2	1	4	2
Average number of shares, in thousands	120,640	118,474	120,640	118,474
Number of shares at period end, in thousands	120,640	118,474	120,640	118,474
Average number of shares after full conversion, in thousands	120,640	118,760	120,640	118,760
Number of shares after full conversion at period end, in thousands	120,640	118,760	120,640	118,760
Earnings per share, SEK	2.52	1.68	4.64	3.73
Earnings per share, SEK after full conversion	2.52	1.68	4.64	3.73

See accompanying notes.



**Table of Contents****OMX AB****UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AT JUNE 30, 2007 AND DECEMBER 31, 2006**

(IFRS)

(in millions of SEK)	June 30, 2007	Dec 31, 2006
Goodwill	3,266	3,140
Other intangible fixed assets	1,438	1,210
Tangible fixed assets	303	321
Financial fixed assets, non-interest-bearing	701	699
Financial fixed assets, interest-bearing	28	21
<b>Total fixed assets</b>	<b>5,736</b>	<b>5,391</b>
Market value outstanding derivatives positions	5,335	4,401
Current receivables	3,195	1,738
Financial assets available for sale	481	518
Liquid assets	275	410
Assets held for sale	69	70
<b>Total current assets</b>	<b>9,355</b>	<b>7,137</b>
<b>Total assets</b>	<b>15,091</b>	<b>12,528</b>
<b>Shareholders equity</b>	<b>4,562</b>	<b>4,614</b>
Long-term liabilities, non-interest-bearing	320	282
Long-term liabilities, interest-bearing	1,359	1,361
<b>Total long-term liabilities</b>	<b>1,679</b>	<b>1,643</b>
Market value outstanding derivatives positions	5,335	4,401
Current liabilities, non-interest-bearing	2,917	1,434
Current liabilities, interest-bearing	598	436
<b>Total current liabilities</b>	<b>8,850</b>	<b>6,271</b>
<b>Total shareholders equity and liabilities</b>	<b>15,091</b>	<b>12,528</b>

See accompanying notes.

FIN-3

**Table of Contents****OMX AB****UNAUDITED INTERIM CONSOLIDATED CASH FLOW STATEMENT****FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

<b>(IFRS)</b>	<b>Six Months ended June 30,</b>	
<b>(in millions of SEK)</b>	<b>2007</b>	<b>2006</b>
Cash flow from current operations before changes in working capital	621	519
Change in working capital	24	66
Cash flow from current operations	645	585
Cash flow from investing activities	(163)	(553)
Dividend to shareholders	(781)	(765)
Cash flow from financing activities	164	290
Change in liquid assets	(135)	(443)
Liquid assets opening balance	410	915
Liquid assets closing balance	275	472

See accompanying notes.

FIN-4

**Table of Contents****OMX AB****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES****IN SHAREHOLDERS EQUITY****FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006**

<b>(IFRS)</b>	<b>Six Months ended June 30,</b>	
<b>(in millions of SEK)</b>	<b>2007</b>	<b>2006</b>
<b>Shareholders equity at January 1</b>	<b>4,614</b>	<b>4,749</b>
Minority interests	1	1
New issue		
Dividend to shareholders	(781)	(765)
Share swap for share-investment program		(8)
Share-investment program	1	
Cash-flow hedging	13	(20)
Translation differences	100	(54)
Reassessments reported against shareholders equity	50	(12)
Changes in shareholders equity of associated company		(29)
Net income in reporting period	564	444
<b>Shareholders equity at June 30</b>	<b>4,562</b>	<b>4,306</b>

See accompanying notes.

FIN-5

**Table of Contents****OMX AB****NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Note 1. Basis of Presentation**

Our unaudited consolidated financial statements include the consolidated accounts of OMX AB (publ) and its wholly-owned subsidiaries. We are responsible for the unaudited consolidated financial statements included in this document. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair statement, have been reflected. Revenues, expenses, assets and liabilities can vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be representative of those for the full year. The information included in unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2006 that appear beginning at page FIN-17. Throughout the consolidated financial statements of OMX, OMX is also referred to as the Group. Throughout the consolidated financial statements of OMX, numbers in certain tables may not compute due to rounding.

We have condensed or omitted footnotes or other financial information that is normally included in annual financial statements prepared in accordance with IFRS, but is not required for interim reports. Certain reclassifications have been made to prior year amounts to conform to the current year's presentation.

**Note 2. Revenues, Expenses and Operating Income by Business Area**

(in millions of SEK)	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
<b>Nordic Marketplaces</b>				
Trading revenue	376	331	805	691
Issuers revenue	99	88	193	170
Other revenue	36	27	68	64
<b>Total revenue</b>	<b>511</b>	<b>446</b>	<b>1,066</b>	<b>925</b>
<b>Total expenses</b>	<b>(269)</b>	<b>(214)</b>	<b>(528)</b>	<b>(418)</b>
Participation in earnings of associated companies	9	4	11	8
<b>Operating income</b>	<b>251</b>	<b>236</b>	<b>549</b>	<b>515</b>
Operating margin, %	49	53	52	56
<b>Information Services &amp; New Markets</b>				
Information sales	137	102	268	201
Revenues from Baltic Markets <sup>(1)</sup>	19	15	39	30
Revenue from Broker Services	45	47	93	100
Other revenue	4	4	9	12
<b>Total revenue</b>	<b>205</b>	<b>168</b>	<b>409</b>	<b>343</b>
<b>Total expenses</b>	<b>(145)</b>	<b>(133)</b>	<b>(288)</b>	<b>(261)</b>
Participation in earnings of associated companies		3	1	5
<b>Operating income</b>	<b>60</b>	<b>38</b>	<b>122</b>	<b>87</b>
Operating margin, %	29	23	30	25
<b>Market Technology</b>				
License-, support- and project revenue	279	176	543	367
Facility Management Services	143	107	258	204
Other revenue	101	12	102	37
<b>Total revenue</b>	<b>523</b>	<b>295</b>	<b>903</b>	<b>608</b>

FIN-6

**Table of Contents**

(in millions of SEK)	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
<b>Total expenses</b>	<b>(409)</b>	<b>(295)</b>	<b>(782)</b>	<b>(592)</b>
Participation in earnings of associated companies	6	11	12	16
<b>Operating income</b>	<b>120</b>	<b>11</b>	<b>133</b>	<b>32</b>
Operating margin, %	23	4	15	5
<b>Operations being discontinued</b> <sup>(2)</sup>				
<b>Total revenue</b>	<b>58</b>	<b>35</b>	<b>111</b>	<b>55</b>
<b>Total expenses</b>	<b>(82)</b>	<b>(36)</b>	<b>(146)</b>	<b>(71)</b>
<b>Operating income</b>	<b>(24)</b>	<b>(1)</b>	<b>(35)</b>	<b>(16)</b>
Group eliminations revenue <sup>(3)</sup>	170	79	299	163
Group eliminations costs <sup>(3)</sup>	147	79	263	163
<b>Total Group</b>				
Revenue	1,127	865	2,190	1,768
Expenses	(758)	(599)	(1,481)	(1,179)
Participation in earnings of associated companies	15	18	24	29
<b>Operating income</b>	<b>384</b>	<b>284</b>	<b>733</b>	<b>618</b>

- (1) Comprised of trading revenues, issuers revenue and revenues from the central securities depositories in Tallinn and Riga.
- (2) The income statement for discontinuing operations has been adjusted for periods in 2006 compared with interim reports in 2006 as a result of organizational changes where certain parts of the business area have been retained.
- (3) Development activities at OMX intensified in conjunction with the introduction of Genium. The development of Genium takes place within the Market Technology business area. Genium is initially being developed for OMX's Nordic Exchange, which is the reason that the asset generated by OMX was transferred to the Nordic Marketplaces business area on March 31, 2007. A difference in the eliminations of expenses and revenues in the Group has arisen as there is a difference between costs in Market Technology and the amount that OMX is able to capitalize. This accounting effect will remain for the duration of the development project.

**Note 3. Investments**

(in millions of SEK)	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
Goodwill			47	190
Other intangible assets <sup>(1)</sup>	100	62	269	130
Tangible assets	18	10	35	26
Assets acquired through acquisitions <sup>(2)</sup>			30	75
<b>Total</b>	<b>118</b>	<b>72</b>	<b>381</b>	<b>421</b>

- (1) The period April to June 2007 includes a reclassification of SEK 20 million of other intangible assets for the period January to March 2007.
- (2) Concerns other intangible assets.



**Table of Contents****Note 4. Research and Development Investments**

(in millions of SEK) (of which expensed)	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
Nordic Marketplaces	63(2)	6(2)	104(4)	8(3)
Information Services & New Markets	18(1)	2(0)	38(3)	7(1)
Market Technology	41(2)	56(5)	73(5)	96(11)
<b>Total</b>	<b>122(5)</b>	<b>64(7)</b>	<b>215(12)</b>	<b>111(15)</b>

**Note 5. Acquisition of Eignarhaldsfelagid Verdbrefathing (EV)***Preliminary Acquisition Calculation EV*

(in millions of SEK)	
Cash	41
Acquisition costs	17
New share issue	256
Acquisition price	314
Fair value of acquired net assets	179
Goodwill	135

*Acquired Assets and Liabilities*

	Fair value	Carrying value
Fixed assets <sup>(1)</sup>	149	9
Current assets	19	19
Cash and bank balance	33	33
Current liabilities	(22)	(22)
Acquired net assets	179	39

(1) The difference between fair value and carrying value is primarily attributable to the valuation of acquired contracts. Eignarhaldsfelagid Verdbrefathing (EV) is included in Nordic Marketplaces. EV was consolidated in the Group's income statement and balance sheet on December 1, 2006. For the period, EV is included in the Group's revenues in the amount of SEK 40 million and in net income in the amount of SEK 13 million. Goodwill is attributable to the company's positive profitability and anticipated revenue synergies in conjunction with the continued integration of the Nordic Baltic securities market. The cash-flow effect of the acquisition amounts to SEK 25 million, comprising a cash payment of SEK 41 million, acquisition costs of SEK 17 million, minus received cash balances of SEK 33 million. Of the total amount of acquisition costs of SEK 17 million, SEK 11 million had an effect on cash flow in 2006. The remaining SEK 6 million will impact cash flow in 2007. The new shares issued are valued at market value on the acquisition date.

**Note 6. Acquisition of Findata***Preliminary Acquisition Calculation*

(in millions of SEK)	
Cash	71
Acquisition costs	3
Acquisition price	74

Fair value of acquired net assets	31
Goodwill	43

FIN-8

**Table of Contents****Acquired Assets and Liabilities**

	Fair value	Carrying value
Fixed assets <sup>(1)</sup>	30	
Current assets	3	3
Cash and bank balance	1	1
Current liabilities	(3)	(3)
Acquired net assets	31	1

<sup>(1)</sup> The difference between fair value and carrying value is primarily attributable to the valuation of acquired contracts.

Findata AB was consolidated in the Group's income statement and balance sheet on March 1, 2007 and is included in the Information Services & New Markets business area. Findata is included in the Group's revenues in the amount of SEK 5 million and in net income in the amount of SEK 2 million. Goodwill is attributable to the anticipated synergies in conjunction with the further development of the Group's information services.

The cash flow effect of the acquisition totals a negative amount of SEK 73 million, comprising a cash payment of SEK 71 million, acquisition costs of SEK 3 million, minus received cash balances of SEK 1 million. A total of SEK 43.5 million of the cash amount was paid during the first quarter of 2007. An additional cash payment of SEK 5 million will be paid in the third quarter 2007 and another SEK 5 million will be paid in 2008.

The remaining earn out payment, which is dependent on results, and is expected to amount to SEK 17.5 million, will be paid in the first quarters of 2008 and 2009. Of the acquisition costs, SEK 1 million had an effect on cash flow in the first quarter. The remaining acquisition costs were paid during the second quarter.

**Note 7. Depreciation and Impairment by Business Area**

(in millions of SEK)	Three Months ended June 30,		Six Months ended June 30,	
	2007	2006	2007	2006
Nordic Marketplaces	20	18	38	36
Information Services & New Markets	16	5	28	11
Market Technology <sup>(1)</sup>	34	31	70	63
<b>Total</b>	<b>70</b>	<b>53</b>	<b>136</b>	<b>110</b>

<sup>(1)</sup> The period January to June 2007 includes impairment losses in discontinuing operations in the amount of SEK 4 million. The period January to June 2006 includes impairment losses in discontinuing operations in the amount of SEK 4 million. The period January to December 2006 includes impairment losses in discontinuing operations in the amount of SEK 8 million.

**Note 8. U.S. GAAP Information**

The accompanying consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, or IFRS, as adopted by the EU. These accounting principles differ in certain material respects from accounting principles generally accepted in the United States of America, or U.S. GAAP.

**Table of Contents**

Below is a discussion of the principal differences between IFRS and U.S. GAAP that are significant to the Group's consolidated financial statements.

<b>Reconciliation of Net Income</b>	<b>Six months ended</b>	
	<b>June 30,</b>	
<b>(in millions of SEK, except per share data)</b>	<b>2007</b>	<b>2006</b>
Net income as reported	564.0	444.0
a) Revenue recognition	(31.7)	12.3
b) Business combinations	(29.0)	(29.0)
c) Research and development costs	(10.8)	(53.8)
d) Onerous contracts	(2.9)	
e) Capitalization of borrowing costs	4.3	
f) Financial Instruments	5.4	7.5
g) Derivative instruments and hedging activities	15.6	(20.2)
h) Social expenses	4.4	0.1
Taxes on above adjustments	12.7	23.3
i) Minority interest	(4.0)	(2.0)
Net income according to U.S. GAAP	528.0	382.2
Net Income from continuing operations under U.S. GAAP	567.0	402.2
Net Income from discontinuing operations under U.S. GAAP	(39.0)	(20.0)
Net income per share, basic, according to U.S. GAAP	4.38	3.23
Net income per share from continuing operations, basic, according to U.S. GAAP	4.70	3.40
Basic outstanding number of shares (in thousands)	120,640	118,474
Net income per share, diluted, according to U.S. GAAP	4.38	3.22
Net income per share from continuing operations, diluted, according to U.S. GAAP	4.70	3.39
Diluted outstanding number of shares (in thousands)	120,640	118,760

**Reconciliation of Equity**

<b>(in millions of SEK)</b>	<b>June 30, 2007</b>	<b>June 30, 2006</b>
Equity as reported in the consolidated balance sheet	4,562.0	4,306.0
a) Revenue recognition	(157.8)	(138.4)
b) Business combinations	(245.5)	(228.8)
c) Research and development costs	(173.4)	(172.9)
d) Onerous contracts	18.7	0.1
e) Capitalization of borrowing costs	5.4	
f) Financial instruments		
g) Derivative instruments and hedging activities		
h) Social expenses	9.2	5.5
Taxes on the above adjustments	124.7	113.9
i) Minority interest	(22.0)	(29.0)
Equity according to US GAAP	4,121.3	3,856.4

**Table of Contents**

The table below summarizes the consolidated balance sheets prepared in accordance with IFRS and U.S. GAAP.

Balance Sheet	According to			
	According to IFRS		U.S. GAAP	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
	(in millions of SEK)			
Non-current assets	5,736	5,391	5,628	5,334
Current assets	9,355	7,137	9,197	7,011
<b>Total assets</b>	<b>15,091</b>	<b>12,528</b>	<b>14,826</b>	<b>12,345</b>
Shareholder's equity	4,546	4,597	4,121	4,225
Minority interests	16	17	22	17
Provisions	111	121	92	99
Long term liabilities	1,568	1,522	1,724	1,714
Current liabilities	8,850	6,271	8,866	6,290
<b>Total shareholder's equity and liabilities</b>	<b>15,091</b>	<b>12,528</b>	<b>14,826</b>	<b>12,345</b>

**Significant differences between IFRS and U.S. GAAP for OMX****a) Revenue recognition***Software revenue recognition*

In its Technology operations, OMX enters into sales arrangements with customers for software programs, implementation of software, support and other PCS services. Further, the Technology operations enter into certain hosting arrangements with certain of its customers. Under IFRS, OMX recognizes revenue for its software and implementation projects under the percentage of completion method. The support and hosting services revenue are recognized rateably over the service period. Other services are recognized when the service was performed. Any variable fee arrangement is recognized when actual usage has been established.

Under U.S. GAAP, the rules for revenue recognition under multiple-element arrangements are detailed and prescriptive. These rules include the requirement that revenues be allocated to the respective elements of such an arrangement on the basis of objective and reliable evidence of fair value, preferably Vendor Specific Objective Evidence, or VSOE, for each element. Statement of Position, or SOP, 97-2 entitled Software Revenue Recognition sets out the precise requirements for establishing VSOE for valuing elements of certain multiple-element arrangements. When VSOE for individual elements of an arrangement cannot be established in accordance with SOP 97-2, revenue is generally deferred and recognized over the term of the final element.

Under U.S. GAAP, OMX did not have VSOE for certain elements of some multiple-element arrangements with customers. The terms of these arrangements with customers include, among other terms, the provision of hosting services and on-going customer support, known as post-contract customer support, or PCS, under SOP 97-2. As a consequence of the terms of these arrangements, under U.S. GAAP the total revenue for a customer under a customer contract is recognized over the total customer service period.

**b) Business combinations***Application of First time adoption IFRS 1*

For financial reporting purposes, the cost of acquiring a business is allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition for both IFRS and U.S. GAAP. Any excess of purchase cost over the fair values assigned to the acquired net assets is reported as goodwill. Under IFRS 1, a first time adopter may elect to not apply IFRS 3 fully retrospectively to business combinations completed in prior years. OMX adopted IFRS for the first time in 2005 and chose not to apply IFRS 3 to any

FIN-11

**Table of Contents**

acquisitions prior to 2004, including HEX and Stockholms Fondbörs. As a result, application of U.S. GAAP under SFAS 141 and 142, which require OMX to identify, to measure and to separately account for intangible assets such as licenses, customer relationships, trademarks and technology apart from Goodwill, was not met. For this purpose, valuations were prepared using estimates and assumptions provided by management. OMX has identified a difference between U.S. GAAP and IFRS, relating to its acquisitions of Stockholms Fondbörs and the Helsinki Stock Exchange. For both Stockholms Fondbörs and the Helsinki Stock Exchange, customer contracts for listing and issuance were identified as acquired intangible assets. Internal use software was also identified as an intangible asset for the Stockholms Fondbörs. The customer contracts were valued using a fair value model based on discounted cash flows for the related operations. The fair value of internal use software was identified based on the assessed repurchase value of the asset. The customer contracts are amortized over 20 years. The internal use software is amortized over 10 years.

Stockholm Fondbörs: Details of intangible assets, capitalized amounts and amortization

(in millions of SEK)	Six months ended June 30,	
	2007	2006
<b>Customer Contracts</b>		
Initial amount capitalized	400.0	400.0
Opening balance of accumulated depreciation and amortization	(180.0)	(160.0)
Current period of accumulated depreciation and amortization	(10.0)	(10.0)
<b>Net book value</b>	<b>210.0</b>	<b>230.0</b>
<b>Internal Use Software</b>		
Initial amount capitalized	63.0	63.0
Opening balance of accumulated depreciation and amortization	(56.6)	(50.3)
Current period of accumulated depreciation and amortization	(3.2)	(3.2)
<b>Net book value</b>	<b>3.2</b>	<b>9.5</b>

Helsinki Stock Exchange: Details of intangible assets, capitalized amounts and amortization

(in millions of SEK)	Six months ended June 30,	
	2007	2006
<b>Customer Contracts</b>		
Initial amount capitalised	630.0	630.0
Opening balance of accumulated depreciation and amortization	(126.0)	(94.5)
Current period of accumulated depreciation and amortization	(15.7)	(15.7)
Currency Translation adjustments	(7.0)	(7.0)
<b>Net book value</b>	<b>481.3</b>	<b>512.8</b>
<i>Goodwill amortization</i>		

According to the U.S. accounting standard SFAS 142, applicable as of January 1, 2002, the acquisition of goodwill and other intangible assets that have indefinite useful lives are not amortized, but are instead tested for impairment annually. With the implementation of IFRS as of January 1, 2004, the accounting standards are similar in this area. Prior to January 1, 2004, under Swedish GAAP, goodwill and other intangible assets were amortized over the expected useful life of the asset, therefore differences arise based on the dates of implementation.

*Cost of acquisition*

Under IFRS, equity shares issued as purchase consideration in a business combination are valued based on the weighted average trading price of the shares shortly before and after the date of the exchange transaction,

**Table of Contents**

which is the date when the Group obtains control over the acquiree's net assets and operations. Under U.S. GAAP, such equity shares are valued based on the average share price for a reasonable period before and after the acquisition is publicly announced or, if the number of shares is uncertain on such date, the first day on which both the number of acquirer shares and the amount of other consideration becomes fixed. OMX has identified differences between U.S. GAAP and IFRS, relating to the value of OMX's acquisition of the stock exchanges in Stockholm, Helsinki, Copenhagen and Iceland, in the amount of SEK 121 million, SEK (306) million, SEK 19 million and SEK 20 million, respectively. Such differences affect the amount of goodwill recorded.

*Cost of a business combination contingent on future events*

Under IFRS, when a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment should be included in the cost of the combination at the acquisition date if the adjustment is probable (more likely than not) and can be measured reliably. The purchase consideration recognized for one business combination in 2007 includes an estimated additional cost. Under U.S. GAAP, this cost is not recognized until the contingency is resolved or the amount is determinable. OMX has identified a difference between U.S. GAAP and IFRS of SEK 27.5 million relating to its acquisition of Findata.

*c) Research and development costs*

Development expenses are capitalized under IFRS when the company can demonstrate the technological feasibility of completing the development of the product together with other specific criteria. Capitalization ceases and depreciation begins when the product becomes available to customers. Under U.S. GAAP, software development expenses are capitalized after the product has reached technological feasibility. As a result of this, certain software related development costs capitalized under IFRS are not capitalizable under U.S. GAAP and therefore are expensed as incurred, net of any amortization added back.

Details of the U.S. GAAP adjustment

(in millions of SEK)	Six months ended	
	June 30,	
	2007	2006
Historically expensed for U.S. GAAP	(253.4)	(154.9)
Current years expense	(38.8)	(72.8)
<b>Reversal of amortization:</b>		
Opening balance	91.0	36.0
Current year	28.0	19.0
U.S. GAAP adjustment net, income	(10.8)	(53.8)
U.S. GAAP adjustment net, equity	(173.4)	(172.9)

*d) Onerous contracts*

If an entity reporting under IFRSs has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. Under U.S. GAAP, costs to terminate a contract before the end of its term should be recognized as a liability and measured at fair value when the entity terminates the contract in accordance with the contract terms. A liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the entity should be recognized and measured at its fair value when the entity ceases to use the right conveyed by the contract. OMX has identified a difference between U.S. GAAP and IFRSs relating to leasehold property that has not yet been vacated and thus does not qualify as provisions in accordance with U.S. GAAP.



## **Table of Contents**

### ***e) Capitalization of borrowing cost***

Under IFRS, an entity can choose to capitalize the borrowing costs where the costs are directly attributable to the acquisition, construction or production of a qualifying asset. OMX has chosen to expense the borrowing costs incurred. Such costs are capitalized in accordance with U.S. GAAP and depreciate as the assets are used. OMX has capitalized interest on the development of its software, Genium, which amounts to SEK 4.3 million for the six months ended June 30, 2007 and SEK 1.1 million for the year ended December 31, 2006.

### ***f) Financial instruments***

Under IFRS, OMX has utilized the fair value option in accordance with IAS 39, in valuing its Clearing Capital portfolio. Under U.S. GAAP, OMX classifies the Clearing Capital portfolio as available for sale investments. As a result, gains and losses recognized in the income statement under IFRS are recognized in equity under U.S. GAAP.

### ***g) Derivative instruments and hedging activities***

OMX hedges certain of its internal cash flows based on gross inflows in subsidiaries. Under U.S. GAAP, this hedge does not qualify since the internal transaction is denominated in the same currency as the external expense in the subsidiary. As such, these hedge arrangements that are recognized in equity under IFRS are recognized in the income statement under U.S. GAAP.

### ***h) Social expenses***

Under IFRS, employers are required to record provisions for related social fees and the costs are charged to the income statement over the vesting period. U.S. GAAP requires that the employer payroll taxes must be recognized as an expense upon exercise of a stock option at the exercise date of the option.

### ***i) Minority interest***

In accordance with IFRS, minority interest is recognized as part of shareholders' equity and is included in net income for the year in the income statement. Under U.S. GAAP, minority interest is reported as a separate item in both the income statement and balance sheet.

## **Recently issued accounting pronouncements under U.S. GAAP**

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements, or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements. SFAS 157 becomes effective for OMX on January 1, 2008. Upon adoption, the provisions of SFAS 157 are to be applied prospectively with limited exceptions. OMX is currently evaluating the potential impact, if any, that the adoption of SFAS 157 will have on the consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159 which provides reporting entities with an option to report selected financial assets, including investment securities designated as available for sale, and liabilities, including most insurance contracts, at fair value. SFAS No. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The standard also requires additional information to aid financial statement users' understanding of a reporting entity's choice to use fair value on its earnings and also requires entities to display on the face of the balance sheet the fair value of those assets and liabilities for which the reporting entity has chosen to measure at fair value. SFAS No. 159 is effective as of the beginning of a reporting entity's first fiscal year, beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided the entity makes that choice in the first 120 days of that fiscal year and also

## **Table of Contents**

elects to apply the provisions of SFAS No. 157. Because application of the standard is optional, any impacts are limited to those financial assets and liabilities to which SFAS No. 159 would be applied, which has yet to be determined, as is any decision concerning the early adoption of the standard.

In April 2007, the FASB directed the FASB Staff to issue FSP No. FIN 39-1, *Amendment of FASB Interpretation No. 39* ( FSP FIN 39-1 ). FSP FIN 39-1 modifies FIN No. 39, *Offsetting of Amounts Related to Certain Contracts*, and permits companies to offset cash collateral receivables or payables with net derivative positions under certain circumstances. FSP FIN 39-1 is effective for fiscal years beginning after November 15, 2007, with early adoption permitted. OMX is currently evaluating the potential impact, if any, that the adoption of FSP 39-1 will have on the consolidated financial position or results of operations.

### **Note 9. Combination of OMX and Nasdaq**

On May 25, 2007, The Nasdaq Stock Market, Inc. and OMX AB (publ) signed an agreement pertaining to a combination of the companies.

The combination will be effected through a cash and stock tender offer by Nasdaq for all outstanding shares in OMX. The consideration offered is equivalent to 0.502 new Nasdaq shares plus SEK 94.3 in cash for each OMX share. Based on Nasdaq's closing price on May 23, 2007, the offer values OMX at SEK 208.1 per share, equivalent to SEK 25.1 billion (USD 3.7 billion) and represents a premium of 19% to the closing price of SEK 174.5 per OMX share on May 23, 2007, the last full trading day prior to the announcement of the offer and a premium of 25% to the volume weighted average price of SEK 165.9 per OMX share over the 20 trading days up to and including May 23, 2007.

The combined company will be governed by representatives from both Nasdaq and OMX under the leadership of Robert Greifeld, who will serve as Chief Executive Officer and Magnus Böcker, who will serve as President. The Board of Directors of the combined company will consist of 15 members, including nine representatives from Nasdaq, five representatives from OMX and the Chief Executive Officer of the combined company. The NASDAQ OMX share will be listed on the NASDAQ Stock Market and on OMX Nordic Exchange.

The combination is unanimously recommended by the Boards of Directors of each of OMX and Nasdaq. Investor AB, Nordea Bank AB and Magnus Böcker, together representing approximately 16.6% of OMX's current issued ordinary share capital, have entered into irrevocable undertakings to accept the Offer and, if a mix and match facility is included in the Offer, depending on the structure and the terms of the facility, they will elect to receive all shares, subject to proration. Olof Stenhammar & Company, representing approximately 1.6% of OMX's current issued ordinary share capital, has expressed its support for the combination and its intention to become a long term shareholder in the combined company. In addition, Hellman & Friedman LLC, Silver Lake Partners and Robert Greifeld have each agreed to vote their shares in favor of certain matters related to the Offer at the related Nasdaq shareholders' meeting, subject to the terms of Nasdaq's certificate of incorporation.

Under the Transaction Agreement, awards granted under the Share Match Program for 2006 will vest on a pro rata basis in accordance with the Transaction Agreement, and will be subsequently cancelled as of the completion of the Offer. Participants will receive cash consideration for cancellation of such awards, as well as consideration for the grants that would have been made under the Share Match Program for 2007, in accordance with the Transaction Agreement.

In addition, the 2007 employment contracts of each of Mr. Böcker and Mr. Ruuska provide that if, in connection with a change in control of OMX, the executive experiences a reduction in position, or other change such that his powers and areas of responsibilities would be noticeably reduced, and the executive's employment is terminated by OMX or by the executive, the executive will be entitled to receive a severance payment equal to a 6 months' fixed salary. The determination as to whether the termination has occurred in connection with a change in control is made on a case by case basis by OMX and the terminated executive, in accordance with customary Swedish employment practices. The actual amounts paid to either of Mr. Böcker or Mr. Ruuska can only be determined at the time of the completion of the Offer.

**Table of Contents**

**Report of Independent Auditors**

To the Shareholders in OMX AB

We have audited the accompanying consolidated balance sheets of OMX AB and its subsidiaries as of December 31, 2006 and December 31, 2005 and the related consolidated statements of income, shareholders' equity and cash flows for the years ended December 31, 2006, December 31, 2005 and December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OMX AB and its subsidiaries at December 31, 2006 and December 31, 2005 and the results of their operations and their cash flows for each of the three years ended December 31, 2006, December 31, 2005 and December 31, 2004, in conformity with International Financial Reporting Standards, IFRS, as adopted by the EU.

As discussed in the Accounting Principles to the consolidated financial statements, with effect from January 1, 2005, the Company prospectively adopted IAS 39, Financial Instruments, and in 2006, the company adopted prospectively IAS 39 amendment Cashflow hedge accounting of Forecast Intra group Transactions.

International Financial Reporting Standards, IFRS, vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 36 to the consolidated financial statements.

August 6, 2007.

/s/ PricewaterhouseCoopers

PricewaterhouseCoopers AB

Stockholm, Sweden

FIN-16

**Table of Contents****OMX AB****CONSOLIDATED INCOME STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004**

(in millions of SEK)	Note	2006	2005	2004
<b>Continuing operations<sup>(1)</sup></b>				
<b>Revenues</b>	2, 3			
Net sales		3,313	2,969	2,576
Own work capitalized		68	125	74
Other revenues		105		119
<b>Total revenues, etc</b>		<b>3,486</b>	<b>3,094</b>	<b>2,769</b>
<b>Expenses</b>				
Premises expenses	12	(204)	(189)	(308)
Marketing expenses		(63)	(40)	(38)
Consultancy expenses	6	(310)	(253)	(195)
Operations and maintenance, IT	12	(239)	(225)	(254)
Other external expenses		(167)	(201)	(302)
Personnel expenses	7	(1,083)	(1,049)	(1,017)
Depreciation, amortization and impairment	13,14	(216)	(225)	(228)
<b>Total expenses</b>		<b>(2,282)</b>	<b>(2,182)</b>	<b>(2,342)</b>
Participation in earnings of associated companies	10	46	15	9
<b>Operating income</b>	3	<b>1,250</b>	<b>927</b>	<b>436</b>
<b>Financial items</b>	9			
Financial revenues		48	48	40
Financial expenses		(101)	(112)	(90)
<b>Total financial items</b>		<b>(53)</b>	<b>(64)</b>	<b>(50)</b>
<b>Income/loss after financial items</b>		<b>1,197</b>	<b>863</b>	<b>386</b>
Tax for the year	11	(240)	(303)	(162)
<b>Net profit/loss for the period, continuing operations</b>		<b>957</b>	<b>560</b>	<b>224</b>
<b>Discontinuing operations<sup>(1)</sup></b>				
<b>Net profit/loss for the period, discontinuing operations</b>		<b>(46)</b>	<b>(17)</b>	<b>159</b>
<b>Net profit/loss for the period</b>		<b>911</b>	<b>543</b>	<b>383</b>
of which, attributable to shareholders of OMX AB		907	538	382
of which, attributable to minority interests		4	5	1
Average number of shares, millions		118.671	118.108	115.547
Number of shares, millions		120.640	118.474	115.547
Average number of shares after dilution, millions		118.886	118.394	115.833
Number of shares after dilution, millions		120.640	118.760	115.833
<b>Continuing operations</b>				
Earnings per share, SEK <sup>(2)</sup>	32	8.03	4.70	1.94

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Earnings per share after dilution, SEK <sup>(2)</sup>	32	8.03	4.70	1.94
<b><i>Discontinuing operations</i></b>				
Earnings per share, SEK <sup>(2)</sup>	32	(0.39)	(0.14)	1.37
Earnings per share after dilution, SEK <sup>(2)</sup>	32	(0.39)	(0.14)	1.37
<b><i>OMX Total</i></b>				
Earnings per share, SEK <sup>(2)</sup>	32	7.64	4.56	3.31
Earnings per share after dilution, SEK <sup>(2)</sup>	32	7.64	4.56	3.31
Dividend per share, SEK		6.50	6.50	

- (1) The income statements for discontinuing operations has been adjusted compared with the 2006 and 2005 Annual reports as a result of organizational changes which led to certain parts of the business being retained.
- (2) Earnings per share are calculated on the basis of the weighted average number of shares during the year. The amount is based on OMX AB shareholders' portion of net profit/loss for the period.

FIN-17

**Table of Contents****OMX AB****CONSOLIDATED BALANCE SHEETS****AT DECEMBER 31, 2006 AND 2005**

(in millions of SEK)	Note	2006	2005
<b>Assets</b>			
Fixed assets			
Intangible assets	13		
Goodwill		3,140	2,925
Capitalized expenditure for R&D		523	409
Other intangible assets		687	498
Tangible fixed assets	14		
Equipment		321	355
Financial fixed assets	28		
Participations in associated companies	10	186	623
Other investments held as fixed assets	15	363	56
Deferred tax assets	11	125	237
Receivables from associated companies	8	6	15
Other long-term receivables	16, 27	40	163
<b>Total fixed assets</b>		<b>5,391</b>	<b>5,281</b>
<b>Current assets</b>			
Short-term receivables	28		
Accounts receivable trade	18, 27	425	367
Market value, outstanding derivative positions	17	4,401	2,312
Receivables from associated companies	8	1	39
Tax receivables	11, 27	6	37
Other receivables	19, 27	888	684
Prepaid expenses and accrued income	20, 27	418	587
Financial assets available for sale	21, 28	519	724
Cash equivalents	33, 28	409	519
Assets held for sale <sup>(1)</sup>	4, 27	70	62
<b>Total current assets</b>		<b>7,137</b>	<b>5,331</b>
<b>Total assets</b>		<b>12,528</b>	<b>10,612</b>

(1) Assets held for sale has been adjusted compared with the 2005 and 2006 Annual reports as a result of organizational changes which led to certain parts of the discontinuing operations being retained.

**Table of Contents**

(in millions of SEK)	Note	2006	2005
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>	22		
Share capital (120,640,467 shares, ratio value SEK 2)		241	237
Other capital contributions		3,536	3,271
Reserves		(103)	100
Profit brought forward		923	1,127
<b>Equity attributable to shareholders in Parent Company</b>		<b>4,597</b>	<b>4,735</b>
Minority interest		17	14
<b>Total shareholders' equity</b>		<b>4,614</b>	<b>4,749</b>
<b>Long-term liabilities</b>	28		
Interest-bearing long-term liabilities	23	1,360	1,409
Deferred tax liability	11	39	26
Other long-term liabilities	23, 27	123	19
Provisions	24, 27	121	154
<b>Total long-term liabilities</b>		<b>1,643</b>	<b>1,608</b>
<b>Short-term liabilities</b>	28		
Liabilities to credit institutions	27	398	498
Accounts payable - trade	27	109	137
Tax liabilities	11, 27	30	20
Market value, outstanding derivative positions	17	4,401	2,312
Other liabilities	25, 27	836	701
Accrued expenses and deferred income	26, 27	473	546
Provisions	24, 27	24	41
<b>Total short-term liabilities</b>		<b>6,271</b>	<b>4,255</b>
<b>Total shareholders' equity and liabilities</b>		<b>12,528</b>	<b>10,612</b>

For information on the OMX's pledged assets and contingent liabilities, see Notes 29, 30 and 31.

**Table of Contents****OMX AB****CONSOLIDATED CASH FLOW STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004**

(in millions of SEK)	Note	Year Ended December 31,		
		2006	2005	2004
<b>Operating activities</b>				
<i>Continuing operations</i>				
Net profit/loss for the period		957	560	224
Adjustments for items not included in cash flow				
Depreciation/amortization	13,14	208	215	227
Impairment	13,14	8	10	1
Utilization of provisions	24	(41)	(144)	(222)
Participations in earnings of associated companies	10	(46)	(14)	(8)
Capital gain		(109)		(108)
Financial items		(2)	8	1
Income tax paid		158	190	11
Other adjustments		(93)	(1)	(19)
<b>Total cash flow from operating activities before changes in working capital</b>		<b>1,040</b>	<b>824</b>	<b>107</b>
<b>Changes in working capital</b>				
Operating receivables		154	37	51
Operating liabilities		(158)	(418)	400
<b>Total changes in working capital</b>		<b>(4)</b>	<b>(381)</b>	<b>451</b>
<b>Cash flow from operating activities, continuing operations</b>		<b>1,036</b>	<b>443</b>	<b>558</b>
<i>Discontinuing operations</i>				
<b>Net cash flow from operating activities, discontinuing operations</b>		<b>(4)</b>	<b>37</b>	<b>53</b>
<b>Cash flow from operating activities, total</b>		<b>1,032</b>	<b>480</b>	<b>611</b>
<b>Investing activities</b>				
<i>Continuing operations</i>				
Investments in intangible assets	13	(379)	(287)	(244)
Sale of intangible assets	13	4		
Investments in tangible assets	14	(67)	(71)	(96)
Sale of tangible assets	14	9		
Cash flow from associated companies	10	34	(13)	15
Acquisitions of subsidiaries	5	(19)	(905)	24
Sale of subsidiaries				117
Sale of associated companies	10	575		
Sale of operations in OMX companies			29	
Increase/decrease in other shares and participations		(304)		82
Decrease/increase in long-term receivables	16	60	(11)	(1)
Increase/decrease in long-term liabilities	23	14	(20)	13
Decrease/increase in short-term investments of more than three months		206	(25)	(28)



<b>Cash flow from investing activities, continuing operations</b>	<b>133</b>	<b>(1,303)</b>	<b>(118)</b>
---	------------	----------------	--------------

FIN-20

**Table of Contents****Discontinuing operations**

<b>Net cash flow from investing activities, discontinuing operations</b>	<b>-21</b>	<b>-71</b>	<b>278</b>
<b>Cash flow from investing activities, total</b>	<b>112</b>	<b>(1,374)</b>	<b>160</b>

**Financing activities****Continuing operations**

Dividend	(1,120)		
New share issue	13		
Change in financial receivables	70	76	(56)
Loans raised		553	500
Amortization of loans	(157)		(1,204)
Change in current trading account	(1)	(5)	(33)
<b>Cash flow from financing activities, continuing operations</b>	<b>(1,195)</b>	<b>624</b>	<b>(793)</b>

**Discontinuing operations**

<b>Net cash flow from financing activities, discontinuing operations</b>	<b>(42)</b>	<b>74</b>	
<b>Cash flow from investing activities, total</b>	<b>(1,237)</b>	<b>698</b>	<b>(793)</b>

<b>Cash equivalents</b>	<b>(93)</b>	<b>(196)</b>	<b>(22)</b>
Cash equivalents opening balance	519	672	686
Exchange-rate difference in cash equivalents	(17)	43	8
Cash equivalents closing balance	409	519	672

FIN-21

**Table of Contents****OMX AB****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004**

(in millions of SEK)	Note	Attributable to shareholders in the Parent Company			Profit/ loss brought forward	Minority interest	Total shareholders equity
		Share capital	Other Capital contributions	Other Reserves			
<b>Opening Balance, January 1, 2004</b>		<b>231</b>	<b>3,045</b>	<b>(40)</b>	<b>245</b>	<b>2</b>	<b>3,483</b>
Minority interest						27	27
Translation differences				3	(61)		(58)
Profit for 2004					382	1	383
<b>Opening Balance, January 1, 2005</b>		<b>231</b>	<b>3,045</b>	<b>(37)</b>	<b>566</b>	<b>30</b>	<b>3,835</b>
<b>Effect of transition to IAS 39</b>					<b>24</b>		<b>24</b>
New share issue, net after transaction costs of SEK 0		6	226				232
Minority interest						(23)	(23)
Translation differences				125			125
Financial assets available for sale; Revaluations reported directly against shareholders' equity				20			20
Tax attributable to items reported directly against shareholders' equity	11			(8)			(8)
Change in associated companies' shareholders' equity					(6)		(6)
Profit for 2005					543	7	550
<b>Opening Balance, January 1, 2006</b>		<b>237</b>	<b>3,271</b>	<b>100</b>	<b>1,127</b>	<b>14</b>	<b>4,749</b>
New share issue, net after transaction costs of SEK 0		4	265				269
Minority interest						(1)	(1)
Dividend to shareholders					(1,120)		(1,120)
Equity swap for Share Match Program					(8)		(8)
Share Match Program					2		2
Cash-flow hedging							
Gain/loss attributable to shareholders' equity				(9)			(9)
Carried forward/transferred to income				(9)			(9)
Exchange-rate differences							
Hedging of shareholders' equity				25			25
Translation differences				(198)			(198)
Financial assets available for sale							
Carried forward/transferred to income				(12)			(12)
Change in associated companies' shareholders' equity					15		15
Profit for 2006					907	4	911
<b>Closing Balance, December 31, 2006</b>		<b>241</b>	<b>3,536</b>	<b>(103)</b>	<b>923</b>	<b>17</b>	<b>4,614</b>

**Table of Contents**

**OMX AB**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. INTRODUCTION TO THE NOTES AND ACCOUNTING POLICIES**

**Introduction**

OMX AB (publ), Corporate Registration Number, 556243-8001 is a limited liability company registered in Sweden. The Parent Company has its registered office in Stockholm and is listed on the OMX Nordic Exchange Stockholm AB, the OMX Nordic Exchange Copenhagen A/S, the OMX Nordic Exchange Iceland and the OMX Nordic Exchange Helsinki Ltd.

Amounts are in millions of SEK unless otherwise stated. Amounts in parentheses indicate values for 2005 and 2004.

**Summary of significant accounting principles**

The most central accounting principles applied in the preparation of the consolidated accounts are described below. These principles have been applied consistently for all of the years presented unless otherwise stated.

The following standards and statements came into effect in 2006:

IAS 19 Amendment Actuarial Gains and Losses, Group Plans and Disclosures (January 1, 2006);

IAS 21 Amendment Net investment in Foreign Operation (January 1, 2006);

IAS 39 Amendment Cash Flow Hedge Accounting of Forecast Intragroup Transactions (January 1, 2006);

IAS 39 Amendment The Fair Value Option (January 1, 2006);

IAS 39 and IFRS 4 Amendment Financial Guarantee Contracts (January 1, 2006);

IFRS 6 Exploration for and Evaluation of Mineral Resources (January 1, 2006);

IFRIC 4 Determining whether an Arrangement contains a Lease (January 1, 2006);

IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (January 1, 2006);  
and

IFRIC 6 Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (December 1, 2005). The new/amended IFRSs that came into effect from January 1, 2006 impact OMX's Group income statement, balance sheet, cash-flow statement and shareholders' equity only as regards cash-flow hedging (IAS 39 Amendment Cash flow Hedge Accounting of Forecast Intragroup Transactions). From January 1, 2006, OMX applies hedge accounting of hedging of internally forecast flows in foreign currency. Income from

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

cash-flow hedges are reported against shareholders' equity.

Regarding IFRIC 4, the Group has a number of large outsourcing contracts in which it assumes responsibility for operations for its customers. In management's opinion, these contracts do not contain a leasing component since the OMX fixed assets involved are not utilized exclusively by one single customer.

FIN-23

## **Table of Contents**

### **Compliance with standards and legislation**

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) approved by the European Commission for application within the EU and the Swedish Annual Accounts Act. The consolidated accounts also include additional information provided in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 30 Supplementary Accounting Regulations for Groups.

### **Significant Accounting Policies**

#### **(A) Basis of preparation**

The Parent Company's functional currency is SEK, which is also the reporting currency for the Group. This means that the financial statements are presented in SEK. Unless otherwise indicated, all amounts are rounded off to the nearest thousand. Assets and liabilities are stated at their historical cost, except for certain financial assets and liabilities that are stated at fair value. Financial assets and liabilities stated at fair value comprise derivative instruments, financial assets classed as financial assets stated at fair value in the income statement or as financial assets available for sale.

Fixed assets and disposal groups held for sale are stated at the lower of their previous carrying amount or their fair value after deductions for sales costs.

Preparing financial statements in accordance with IFRS requires that management make evaluations, estimations and assumptions that affect the application of the accounting principles and the stated amounts of assets, liabilities, revenues and costs. Estimations and assumptions are based on historical experience and a number of other factors that may be considered reasonable under prevailing conditions. The results of these estimations and assumptions are then used to evaluate the carrying amounts of assets and liabilities not otherwise clear from other sources. The actual outcome may deviate from these estimations and assumptions.

Estimations and assumptions are regularly reviewed. Changes in estimations are reported in the period in which the change is made, if the change affects only that period, or in the period in which the change is made and subsequent periods if the change affects both the period concerned and subsequent periods.

Evaluations made by management in the implementation of IFRS that have a significant effect on financial statements and the estimations made that may entail material adjustments in subsequent years' financial statements are described in greater detail in Note 1.

#### **(B) Consolidated accounts**

##### ***(i) Subsidiaries***

Subsidiaries are all companies in which OMX has the right to devise financial and operative strategies in a manner normally associated with a shareholding amounting to more than half of voting rights. Subsidiaries are included in the consolidated accounts from the date on which Group gains this controlling influence. Subsidiaries are excluded from the consolidated accounts from the date on which the controlling influence ceases.

## **Table of Contents**

The purchase accounting method is used for the reporting of the Group's acquisitions of subsidiaries. The acquisition cost of an acquisition comprises the fair value of assets transferred in payment, issued equity instruments and liabilities arising or assumed on the date of transfer, plus costs directly attributable to the acquisition. The identifiable acquired assets, assumed liabilities and contingent liabilities associated with an acquisition are initially valued at fair value on the date of acquisition, regardless of the extent of any minority interests. The surplus consisting of the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement.

Inter-company transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for subsidiaries have been changed, where necessary, to guarantee the consistent application of Group principles.

### ***(ii) Associated Companies***

An associated company is an operation that is neither a subsidiary nor a joint venture, recognized on the basis of holdings of between 20 and 50% of the voting rights, but in which OMX exercises a significant influence over its management. Associated companies are accounted for using the equity method and are initially valued at cost. The carrying amount of the Group's holdings in associated companies includes goodwill (net after any impairment) identified on acquisition.

The Group's share of the associated company's earnings after tax generated following the acquisition is reported in the operating income and its share of changes in equity following the acquisition is reported among equity. The share of earnings is reported in operating income for cases in which the operations of the associated companies are similar to OMX's own operations. Accumulated changes following the acquisition are reported as changes in the carrying amount of the holding. If the Group's participations in an associated company's losses amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group will not report further losses unless it has assumed obligations or made payments on behalf of the associated company. Any dilution gains or losses in associated companies are reported directly in shareholders' equity.

Unrealized gains on transactions between the Group and its associated companies are eliminated in relation to the Group's holding in the associated company. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for associated companies have been changed, where necessary, to guarantee the consistent application of principles within the Group.

### ***(iii) Segment Reporting***

A business segment is a group of assets and operations providing products or services exposed to risks and opportunities that differ from those applicable to other business segments. Geographic segments provide products and services within an economic environment exposed to risks and opportunities that differ from those applicable to other economic environments.

From January 1, 2006, OMX has been divided into three divisions – Nordic Marketplaces, Information Services & New Markets and Market Technology. Geographically, OMX is divided into four regions: Nordic Countries, Rest of Europe, North America and Asia/Australia. The geographic grouping corresponds to regions where the company's operations have relatively similar system solutions, rules and regulations and customer behavior. Comparative figures have been adjusted according to the new organization.

---

**Table of Contents****(C) Currency translation*****(i) Functional currency and reporting currency***

Items included in the financial statements of the various units within the Group are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, SEK is used, which is the Parent Company's functional and reporting currency.

***(ii) Transactions and balance sheet items***

Transactions in foreign currencies are translated into the functional currency according to the exchange rates applicable on the transaction date. Exchange-rate gains and losses arising through the payment of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the exchange rate applicable on the closing date are reported in the income statement. The exception is where transactions represent hedges meeting the requirements for hedge accounting of cash flows or net investments where gains and losses are reported against shareholders' equity. Translation differences for non-monetary items, such as shares classed as financial assets available for sale, are entered in the reserves in shareholders' equity.

***(iii) Group companies***

The earnings and financial position of all Group companies (of which none uses a high-inflation currency), which use a functional currency other than the reporting currency, are translated into the Group's reporting currency in accordance with the following:

- a) assets and liabilities for each balance sheet are translated at the closing date exchange rate;
- b) revenues and expenses for each income statement are translated at the average exchange rate; and
- c) all exchange-rate differences that arise are reported as a separate item in shareholders' equity.

In consolidation, exchange-rate differences arising as a consequence of the translation of net investments in foreign operations, borrowing and other currency instruments identified as hedges for such investments are allocated to shareholders' equity. In the divestment of foreign operations, such exchange-rate differences are reported in the income statement as part of the capital gain/loss. Goodwill and adjustments of fair value arising in the acquisition of foreign operations are treated as assets and liabilities associated with those operations and are translated at the closing date exchange rate.

**(D) Tangible fixed assets**

Tangible fixed assets are reported at their acquisition cost with deductions for depreciation and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner. All other forms of repairs and maintenance shall be reported as costs in the income statement during the period in which they are incurred. Straight-line depreciation is conducted over three to ten years, which is estimated to be the asset's useful life. Assets' residual value and useful life are tested and adjusted as necessary. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. On divestment, gains and losses are determined by comparing the sales proceeds and the carrying amount and are reported in the income statement.

**(E) Intangible fixed assets**

Intangible fixed assets are reported at their acquisition cost with deductions for amortization and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending





---

**Table of Contents**

on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner.

**(i) Goodwill**

Goodwill comprises the amount by which the acquisition cost exceeds the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill on the acquisition of subsidiaries is reported as an intangible asset. On the acquisition of associated companies, goodwill is included in the holding in the associated company. Goodwill is deemed to have an indeterminate useful life and is divided among cash-generating units at as detailed a level as possible and is tested annually to identify possible impairment. The Group's goodwill values are attributable mainly to the acquisitions of the Nordic exchanges within the Nordic Marketplaces division, where each legal company represents a cash-generating unit. The carrying amount is the acquisition cost less accumulated impairment. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill attributable to the divested unit.

**(ii) Other intangible fixed assets**

Other intangible fixed assets are amortized on a straight-line basis over an expected useful life of three to 20 years. All other intangible fixed assets are tested annually to identify possible impairment needs.

**Capitalized expenditure for research and development**

All expenditures for research are charged as an expense when they arise. Expenses relating to the development of new products are treated as intangible assets when they fulfill the following criteria: it is likely that the asset will provide future financial benefit to the Group (contribute a positive cash flow), the acquisition cost can be calculated in a reliable manner, the company intends to take the asset to completion, and that the company has the technical, financial and other resources to complete development, use or sell the asset. Important documentation for the verification of such capitalization includes business plans, budgets, outcomes and external evaluations. In certain cases, capitalization is based on the company's estimation of future outcome, such as prevailing market conditions. The acquisition cost of an internally developed intangible asset is the total of those expenses incurred from the time when the intangible asset first fulfils the criteria set out by generally accepted accounting principles (see criteria above). Internally developed intangible assets are reported at acquisition cost with deductions for accumulated impairment losses and any write-downs. Revenue from in-house work carried out during the fiscal year on company assets that have been carried forward as fixed assets is reported in the income statement under the heading Own work capitalized. The item relates only to capitalized personnel expenses. No reduction of personnel expenses has been made for work that relates to capitalized assets. Instead, these expenses have been met by the reported revenue. Own work capitalized has therefore no impact on income but does have a negative impact on the operating margin.

**Customer contacts**

Customer agreements that have been identified in conjunction with acquisitions have been valued on the basis of expected cash flow and reported as intangible assets. Reported customer agreements are entirely attributable to the acquisitions of the Copenhagen Stock Exchange (CSE) and Eignarhaldsfelagid Verdbrefathing hf (EV). Straight-line amortization is applied to these agreements over their estimated useful lives (20 years).

**Brands and licenses**

Brands and licenses are reported at their acquisition cost. Brands and licenses have determinable useful lives and are reported at acquisition cost less accumulated amortization. Straight-line amortization is applied to distribute the cost of brands and licenses over their estimated useful lives (five to 20 years).

## **Table of Contents**

### **Software**

Acquired software licenses are capitalized on the basis of the costs arising when the software concerned is acquired and brought into use. These costs are amortized over the estimated useful life (three to five years). Costs for the development or maintenance of software are expensed as they arise. Costs closely associated with the production of identifiable and unique software controlled by the Group, which generates probable financial benefit for more than a year and exceeds the costs, are reported as intangible assets. Costs closely associated with the production of software include personnel costs for software development and a reasonable portion of attributable indirect costs. Development costs for software reported as assets are amortized over their estimated useful lives.

### **(F) Impairment**

Assets with an indeterminable useful life are not depreciated/amortized but tested annually for impairment. Depreciated/amortized assets are assessed for a reduction in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognized in the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sale costs and its value in use. In assessing the need for impairment, assets are grouped at the lowest level at which separately identifiable cash flows exist (cash-generating units). On the closing date, a test is performed on other assets than financial assets and goodwill that have previously been depreciated/ amortized to ascertain whether the asset should be reversed.

### **(G) Financial instruments**

The Group classifies its financial instruments according to the following categories:

financial assets stated at fair value in the income statement;

loan receivables and accounts receivable;

financial instruments held to maturity;

financial assets available for sale;

financial liabilities stated at fair value in the income statement; and

financial liabilities carried at amortized cost.

The classification depends on the purpose for which the instruments were acquired. Management determines the classification of instruments on the first occasion on which they are reported and reassesses their classification on each report occasion.

A financial asset or liability is entered in the balance sheet when the company becomes a party to the contractual conditions of the instrument. Accounts receivable are recognized in the balance sheet once the invoice has been sent. Liabilities are recognized when the corresponding party has performed its undertaking and the company is liable for payment, even if the invoice has not yet been received. Accounts payable are recognized when invoices are received.

A financial asset is derecognized in the balance sheet when the rights conveyed by the agreement are realized, when they mature or when the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognized in the balance sheet when the obligations of the contract have been met or otherwise concluded. The same applies to part of a financial liability.

Acquisitions and disposals of financial assets are recognized on the date of the transaction, the date on which the Group undertakes to acquire or divest the assets, except in cases where the company acquires or divests listed securities, in which case settlement date accounting is applied.

FIN-28

**Table of Contents**

Financial instruments are initially stated at fair value plus transaction costs, which applies to all financial assets that are not valued at fair value in the income statement.

***(i) Financial assets stated at fair value in the income statement***

This category has two subordinate categories: financial assets held for trading and those initially categorized as stated at fair value in the income statement. A financial asset is classified in this category if it is primarily acquired with the purpose of being sold within a short period of time or if this classification is determined by management. Derivative instruments are also categorized as held for trading if not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be sold within 12 months from the closing date. Assets in this category are continuously reported at fair value and changes in value are reported in the income statement.

***(ii) Loan receivables and accounts receivable***

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are characterized by the fact that they arise when the Group makes funds, goods or services available directly to a customer without intending to trade the resulting receivable. They are included among current assets with the exception of items maturing more than 12 months after the closing date, which are classified as fixed assets. Loan receivables and accounts receivable are included under the heading accounts receivable and other receivables in the balance sheet. Accounts receivable are reported at the amount expected to be received less deductions for doubtful receivables judged on an individual basis. Because accounts receivable are expected to have a short maturity period, values are reported at a nominal amount without discounting. Impairment losses on accounts receivable are reported among operating expenses. Loan receivables are stated at amortized cost applying the effective interest method.

***(iii) Financial instruments held to maturity***

Financial instruments that are held to maturity are non-derivative financial assets with fixed or determinable payments and with specified terms, which the Group's management intends and has the ability to hold until maturity. Assets in this category are stated at amortized cost applying the effective interest method.

***(iv) Financial assets available for sale***

Financial assets available for sale are non-derivative assets that are either attributable to this category or have not been classified in any of the other categories. They are included in fixed assets if management does not intend to divest the asset within 12 months after the balance sheet date. Assets in this category are continuously valued at fair value and the change in value is reported in shareholders' equity. Exchange-rate fluctuations in monetary securities are reported in the income statement while exchange-rate fluctuations in non-monetary securities are reported against shareholders' equity. When instruments classified as instruments available for sale are divested or when impairment losses are to be made on the instruments, accumulated adjustments in fair value are recognized in the income statement as gains and losses from financial instruments. Interest on securities available for sale that have been calculated by applying the effective interest method are reported in the income statement under other revenue. Dividends on equity instruments available for sale are reported in the income statement under other revenue when the Group's right to receive payment has been established.

***(v) Financial liabilities stated at fair value in the income statement***

Financial liabilities valued at fair value in the income statement are derivatives with negative fair values unless identified as hedges.

***(vi) Financial liabilities carried at amortized cost***

Financial liabilities carried at amortized cost denotes financial liabilities other than those included in the category financial liabilities stated at fair value in the income statement. Borrowing is included among other

---

**Table of Contents**

financial liabilities, initially at fair value, net after transaction costs. Borrowing is subsequently reported at accrued acquisition cost and any difference between the amount received (net) and the repayment amount is distributed over the term of the loan as interest expense applying the effective interest method.

**(H) Cash equivalents**

Cash equivalents include cash and bank balances and other short-term investments maturing within three months from the acquisition date and that can easily be converted into cash.

**(I) Share capital**

Transaction costs directly attributable to the issuing of new shares or options are reported net after tax in shareholders' equity as a deduction from the proceeds of the new share issue. In the event that a Group company acquires shares in the Parent Company (repurchase of treasury shares), the purchase price paid, including any directly attributable transaction costs (net after tax) reduces that part of shareholders' equity that relates to shareholders in the Parent Company until the shares have been canceled, reissued or divested. If these shares are subsequently sold or reissued, the amount received, net after directly attributable transaction costs and income tax effects, is reported in that portion of shareholders' equity that relates to shareholders in the Parent Company.

**(J) Deferred tax**

Current and deferred income tax for Swedish and foreign Group companies is reported under the heading Taxes in the income statement. The companies are liable to pay taxes according to applicable legislation in each country. National income tax for the Parent Company amounted to 28% and is calculated on nominally entered earnings with additions for non-deductible items, deductions for non-taxable revenues and other deductions, primarily untaxed dividends from subsidiaries. In the balance sheet, deferred tax liabilities and assets are calculated and reported on the basis of temporary differences between the carrying amounts and taxable values of assets and liabilities, as well as other tax-related deductions or deficits. Deferred tax assets are reported at a value considered true and fair and only when it is likely that it will be possible to realize the underlying loss carryforwards within the foreseeable future. The reported values are reviewed at each closing date. Deferred income tax is calculated by applying the tax rates and laws that have been decided or announced on the closing date and that are expected to apply when the deferred tax asset in question is realized or when the deferred tax liability is settled. The effects of changes in applicable tax rates are recognized in income in the period in which the change becomes law. See Note 11.

**(K) Employee benefits****(i) Pension commitments**

According to IAS 19, pension obligations are classified as defined-contribution plans or defined-benefit plans. The defined-contribution plans are mainly accounted for at the cost (premium contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial evaluation of the pension plan from an insurance perspective and the Group's earnings are charged for expenses when contributions are due. Defined-benefit plans must be established according to the present value of defined-benefit obligations and the fair value of any plan assets. In that case, the Projected Unit Credit Method is used to calculate obligations and costs, in which consideration is also given to future salary increases. OMX has only defined-contribution pension obligations and in the event that companies with defined-benefit plans are acquired, management will determine whether there is cause and opportunity to replace the defined-benefit plan with a defined-contribution plan.

**(ii) Employee stock option program**

OMX issued employee stock options during the years 2000, 2001 and 2002.

---

**Table of Contents**

If the share price exceeds the redemption price when the options are redeemed, the employee is entitled to receive shares or compensation in cash for the difference between the share price and the redemption price. This is known as a cash-settled plan. The options were allocated free of charge, and their fair value was reported as a liability as of January 1, 2004, when the transition to IFRS 2 took place. The valuation of the liability is affected by changes in the fair value of the options and by personnel turnover, and this is reported as changes in personnel costs in the income statement. When employees leave the company, the liability is reduced by the corresponding amount of the employee's share. In order to limit the costs for the program (including social security contributions) in the event of a price increase, limit dilution and secure the provision of shares upon exercise of these options, an agreement was signed earlier with an external party to provide OMX shares at a fixed price (share swap). As described under Financial instruments, above, the share swap will be stated at fair value on an ongoing basis. Changes in fair value are transferred to the income statement and reported as changes in personnel costs, and thus limit the effect of changes in the fair value of the employee stock options as described above. The financing costs for the share swap are reported as a financial expense. For OMX employees in countries where social security contributions are payable for share-based benefits, the social security contributions are expensed on an ongoing basis for the benefit of the employee. The benefit consists of the fair value of the options as described above.

***(iii) Share match program***

A Share Match Program was introduced in 2006. The Share Match Program is a long-term program for approximately 30 senior executives and key individuals in OMX and runs over a period of three years.

The Share Match Program is a program regulated/settled on the basis of shareholders' equity. Payroll costs for the Share Match Program are reported during the vesting period for matching shares based on the fair value of the shares on allotment date. The fair value is based on the share price when the investment is made, adjusted to ensure that no dividend is paid prior to the matching and adjusted to the market conditions included in the program. This date is the date of the offering. Amounts corresponding to the costs for the Share Match Program are reported in the balance sheet as shareholders' equity. The vesting conditions affect the number of shares that OMX will match. We estimate the probability of achieving performance targets for shares under performance-based programs when personnel expenses are calculated for these shares. Costs are calculated based on the number of shares that is expected to be matched at the end of the vesting period. Non-market related conditions for vesting are considered in the assumptions regarding the number of options expected to be vested. When purchased and vested shares are matched, social security contributions shall be paid on the value of the employee benefit in certain countries. The employee benefit is generally based on the market value on matching date. Provisions for estimated social security contributions are established during the vesting period.

***(iv) Compensation upon termination of employment***

Compensation is payable upon termination of employment when an employee is given notice of termination of employment before the normal pension time, or when an employee voluntarily resigns in exchange for such compensation. The Group reports severance pay when it is demonstrably obliged either to lay off employees irrevocably in accordance with a detailed formal plan, or to pay compensation upon termination of employment resulting from an offer made to encourage voluntary resignation.

***(v) Variable salary***

The Group reports a liability and an expense for variable salary, based on a Group-wide program, Short-term Incentive 2006, see Note 7. The Group reports a provision when there is a legal obligation to do so, or an informal obligation based on prior practice.

**(L) Provisions**

Provisions are reported in the balance sheet when the Group has an existing legal or informal obligation in this regard due to the occurrence of an event that can be expected to result in an outflow of financial benefits that

**Table of Contents**

can reasonably be estimated. Provisions for restructuring costs are reported when the Group has presented a detailed plan for implementing the measures, the plan has been communicated to the parties concerned, and a well-founded expectation has been created. See Note 24.

**(M) Derivative instruments and hedging measures**

Derivative instruments comprise, among others, futures, options and swaps that are used to cover the risk of exchange-rate fluctuations or exposure to interest-rate risks. Derivative instruments are first reported at fair value on the date on which the contract was signed and the fair value is subsequently reassessed on each reporting occasion. The method for reporting gains or losses depends on whether the derivative instrument is classified as a hedging instrument and in such a case the nature of the hedged item. In the Group, derivative instruments are classified as either hedging of fair value of reported assets or liability or of a binding commitment (hedging of fair value), hedging of forecasted transactions (cash-flow hedging) or as hedging of net investments in foreign operations.

Whenever hedging is entered into, the relationship between the hedging instrument and the hedged items, and the company's risk-management targets and strategy for hedging is documented in the Group. The Group also documents, whenever hedging is entered into, its assessment of whether the derivatives used in conjunction with hedging transactions are expected to be effective in achieving counteracting effects in fair value or the cash flow that are attributable to the hedged risk. The Group continuously documents the effectiveness of the hedging transactions.

***(i) Hedging of fair value***

Changes in the fair value of derivative instruments classified as hedging of fair value are reported on the same line of the income statement as the change in value of the hedged item. Gains and losses pertaining to hedging are reported in the income statement on the same date as when gains and losses are reported for items that have been hedged. Since the entire change in value of the derivative instrument is reported directly in the income statement, any ineffective portion of the derivative instrument is recognized in the income statement. In the case that the conditions for hedge accounting are no longer fulfilled, the derivative instrument is reported at fair value including any change in value in the income statement in accordance with the principle described above.

***(ii) Cash-flow hedging***

Changes in value of cash-flow hedging are reported in shareholders' equity and re-entered in the income statement in line with the hedged cash flow impacting the income statement. Any ineffective portion of the change in value is reported directly in the income statement. If the forecasted cash flow forming the basis of the hedging transaction is no longer deemed to be probable, the accumulated result reported in shareholders' equity is transferred directly to the income statement.

***(iii) Hedging of foreign net investments***

Changes in value of exchange-rate differences attributable to derivative instruments intended to hedge net investments in foreign operations are reported in shareholders' equity. Any ineffective portion of gains or losses is reported directly in the income statement as a financial item. The accumulated result in shareholders' equity is re-entered in the income statement in the event that the foreign operations are divested.

***(iv) Derivatives to which hedge accounting is not applied***

If hedge accounting is not applied, increases or decreases in the value of the derivative are reported as income or expense in Operating profit/loss or in Net financial income/expense, depending on the purpose for which the derivative instrument is being used and whether its use relates to an operating item or a financial item. If hedge accounting is not applied when interest swaps are used, the interest coupon is reported as interest and any other value change of the interest swap is reported as other financial income or other financial expense.



**Table of Contents****(N) Derivative positions at Nordic Marketplaces**

By virtue of their clearing operations in the derivatives markets, Nordic Marketplaces is formally the counterparty in all derivative positions traded via the exchanges. However, the derivatives are not used by the exchanges for the purpose of trading on their own behalf but should be seen as a way of documenting the counterparty guarantees given in clearing operations. The counterparty risks are measured using models that are agreed with the financial inspection authority of the country in question. The risk situation in regard to the risks involved in liquidating positions is unchanged compared with prior years. Collateral for liquidating outstanding derivative instruments is pledged in the same manner as prior years. According to IAS 39/IAS 32, the market value of the abovementioned derivative positions must be reported gross in the balance sheet after netting by customer where an offset possibility exists.

**(O) Calculation of fair value**

The fair value of financial instruments that are traded in an active market (such as market-listed derivative instruments, financial assets held for trading and financial assets available for sale) is based on quoted market prices on the closing date. The shares in Oslo Børs Holding ASA are listed on the Norwegian Securities Dealers Association's OTC list. The market for the share is characterized by a low number of settlements and high volatility. The value of the shareholding is based on the volume-weighted average of transactions in the most recent quarter.

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency futures is determined based on market prices for currency futures on the closing date. The par value of accounts receivable and accounts payable, less any perceived credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated, for clarification in notes, by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

**(P) Collateral pledged to OMX's exchange operations**

Through their clearing operations, OMX's exchanges enter as the counterparty into each options and futures contract, thereby guaranteeing the fulfillment of each contract. Customers, who either through an option or futures contract, incur a financial obligation towards OMX's exchanges, must pledge collateral against this obligation in accordance with the specific rules regulating this area. Most of the collateral pledged comprises cash and securities issued by the Swedish State. For other collateral pledged, see Note 30.

**(Q) Contingencies**

A contingency relates to a possible commitment arising from events that have occurred but where the actual commitment can only be confirmed by the occurrence of one or more uncertain future events that are not fully within the company's control, or a commitment that arises from events that have occurred but are not reported as liabilities or provisions due to the fact that it is unlikely that an outflow of resources will be required to regulate the commitment, or that the size of the commitment cannot be calculated with sufficient accuracy.

**(R) Revenue recognition**

The Group's reported net sales relate primarily to trading revenue and the sale of systems and services. Revenue is recognized in the income statement when the product or service has been delivered in accordance with the applicable terms and conditions for delivery and it is probable that future financial benefits will flow to

**Table of Contents**

the company and these benefits can be measured reliably. Interest income is recognized on a time proportion basis that is calculated on the basis of the yield on the underlying asset. Dividends are recognized in the income statement when the shareholders' right to receive payment is established. Income received in the form of assets (for example shares) is valued at fair value on the transaction date.

**(i) Nordic Marketplaces**

Revenues within this business area comprise, in addition to trading revenues, premium revenues for options written and payments for futures sold. Premium revenue and expenses as well as futures payments made and received are shown as net figures in the income statement. Consequently, current account assets and liabilities are reported according to the net accounting principle in the balance sheet where right of offset applies. Issuers' revenues are recognized on a continuous basis as services are rendered.

**(ii) Information Services & New Markets**

Revenues within this business area comprise, in addition to trading revenues from Baltic Markets, information revenue, revenues from the central securities depositories in Tallinn and Riga and revenue from services in securities administration. These revenues are recognized on a continuous basis as services are rendered.

**(iii) Market Technology**

OMX applies the percentage-of-completion method to its technology sales, license and project revenues. In applying the percentage-of-completion method, income is recognized in line with the completion (development) of a project. An anticipated loss on a project is immediately treated as an expense. The fundamental premise of the percentage-of-completion method is that project revenue and expenditure can be accurately assessed and that the degree of development can be reliably established. At OMX, the degree of development is established through the relationship between the hours that have been worked by closing date and the estimated number of project hours in total. For certain projects, an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In these cases, no profit is reported for the project. The percentage-of-completion method is applied as soon as possible. A present-value calculation has been performed for those project receivables that do not fall due within 12 months. Income from support and facility management services is recognized on a continuous basis as services are rendered and over the contract period.

**(S) Internal sales**

The main principle for transactions between companies within the Group is that the price is determined according to market price. Market price is the price an external customer is willing to pay or the price an external supplier would charge for providing the service. In cases where comparable market prices cannot be established, the price of the transaction is determined according to the cost-coverage method plus a margin. The cost-coverage method entails remuneration for direct costs as well as a reasonable portion of the indirect costs that the company has accumulated while providing the service. Any internal profit that arises as a result is eliminated within the Group. Common functions, such as premises-leasing expenses and office services, are invoiced between companies within the Group according to the cost-coverage method.

**(T) Leasing**

In the consolidated accounts, leasing is classified as financial or operational leasing. Financial leasing applies where the financial risks and benefits associated with ownership are, in all material aspects, transferred to the lessee. Where this is not the case, operational leasing applies. In the case of operational leasing, leasing fees are expensed over the period of the lease, which commences when usage starts. OMX only has operational leasing commitments.

## **Table of Contents**

### **(U) Dividends**

Dividends to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period when the dividend is approved by the Parent Company's shareholders.

### **(V) Fixed assets held for sale and discontinued operations**

When a decision has been made to discontinue an asset or cash-generating unit by selling it, the asset or unit in question is classified as being held for sale.

Assets classified as held for sale are reported separately in the balance sheet at the lower of carrying amount and fair value, with a deduction made for selling costs. Earnings of discontinued operations and operations in the process of being discontinued are reported in a separate column in the income statement.

Losses resulting from decreases in value when assets are classified for sale are included in the income statement.

### **(W) Cash-flow statement**

The cash-flow statement was prepared in accordance with the indirect method. Financial investments with a duration in excess of three months are not included in cash equivalents. Accordingly, cash equivalents may fluctuate when there are changes in the duration of investments.

### **(X) Current trading account**

The current trading account's assets and liabilities in OMX's exchange operations have been reported according to the net accounting principle within the respective clearing operations in cases where a right of offset exists.

### **(Y) Clarification concerning future standards**

When the consolidated financial statements were prepared as at December 31, 2006, the following standards and interpretations had been published but had not yet come into effect:

IAS 1 Amendment – Capital Disclosures (January 1, 2007);\*

IFRS 7 Financial Instruments: Disclosures (January 1, 2007);\*

IFRS 8 Operating Segments (January 1, 2009);\*

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (March 1, 2006);\*

IFRIC 8 Scope of IFRS 2 (May 1, 2006);\*

IFRIC 9 Reassessment of Embedded Derivatives (June 1, 2006);\*

IFRIC 10 Interim Financial Reporting & Impairment (November 1, 2006);\*

IFRIC 11 Group and Treasury Share Transactions (March 1, 2007);\* and

IFRIC 12 Service Concession Arrangements (January 1, 2008).\*

---

\* Earlier application encouraged.

Of the above-listed standards and interpretations, IFRS 8, IFRIC 10, IFRIC 11 and IFRIC 12 had not been adopted by the EU at January 1, 2007. In OMX's view, none of these new standards or changes to standards is expected to have any influence on the Group's earnings or financial position at present.

FIN-35

**Table of Contents**

**OMX AB**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2. RISK MANAGEMENT**

**(A) Risk Management at OMX**

OMX's business operations place high demands on effective risk management which comprise a fundamental part of the Group's strategic and systematic efforts to achieve operational goals while minimizing potential disruptions. Units in OMX are directly or indirectly subject to special regulation and supervision. The conditions for an efficient process and controlled risk for the purpose of optimizing business value are created through a business adapted and integrated risk management model. There is particular focus at Group and business area levels to maintain high levels of capability in crisis management, business-related continuity and incident management, as well as business intelligence.

The aim of risk management is to increase value for our shareholders, customers, employees and other stakeholders by maintaining an adequate level of protection of the Group's prioritized assets. This is achieved by eliminating or minimizing risks and disruptions to our business operations that would otherwise generate financial losses or other undesired costs.

***(i) OMX's risk management organization***

The following roles and responsibilities are included in OMX's risk management in order to ensure compliance with laws and regulations, governance, coordination and the development of methodology, as well as operational risk management activities:

The Board of Directors is ultimately responsible for adequate and efficient risk management.

The President is ultimately responsible for ensuring that risk management is applied in accordance with the Board's directions.

The Group Risk Management & Control (GRMC) staff function has the task of governing and coordinating risk management with regard to organization, roles and responsibilities, framework including methodology, reporting and control. GRMC includes governance of Security, Risk Management, Insurance and Internal Control including coordination and support in the event of crises and major incidents.

Management (at executive, business area and business support level) is responsible for identifying, assessing, managing and reporting the risks found within their respective areas of responsibility.

Specialists in various security areas, such as operational and financial risk management and insurance, support management and others in the line organization with analyses and management of risks and incidents.

All employees and contracted personnel are, to a certain extent, included in risk management in their roles and respective areas of responsibility.

Internal Audit is responsible for the independent audit of risk management, regarding both observance of governance, control activities and reporting.

***(ii) OMX's risk management process***

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

OMX's risk management is a business-integrated process that covers both business and support units at various levels in the organization. The methodology applied is partially based on the international ERM-standard (Enterprise Risk Management standard) in accordance with COSO (the Committee of Sponsoring Organizations of the Treadway Commission) with additional methodology for the areas of Security, Insurance and Internal

FIN-36

## **Table of Contents**

Control. The risk management process is integrated in the operations conducting business activities, such as strategic management and development work, and is directly linked to the company's business planning and follow-up.

Risk management is a standardized and continuous process which aims to identify, evaluate, manage, control and report significant risks to which OMX may be exposed. Risk management employs different forms of preventative measures and strategies, such as risk prevention, damage limitation and risk financing, in order to safeguard the Group's objectives and the majority of goals set at business area and operational levels.

OMX's risk management not only includes risks in the day-to-day business operations but also risks arising in conjunction with forward-looking strategic investments in order to optimize the company's business opportunities.

Risk management including control activities is decentralized to each business area and support function. As a result, all business areas, support functions and Group staff functions work with the management of financial, operational and strategic risks. Risks are divided into short-term and long-term risks.

The business areas and central support functions periodically report on risks to GRMC which presents consolidated risk reports to the Risk Steering Group. The CEO is the Chairman of the Risk Steering Group and periodically reports on risks in OMX to the OMX Board.

### ***(iii) Risk management in OMX's business areas***

The Nordic Marketplaces business area and its units comprise operations that are subject to special regulation. Corresponding requirements apply to the Information Services & New Markets business area which comprises trading information, the Baltic exchange operations and central securities depositories. Finally, the Market Technology business area provides system solutions, systems operation and other services to exchanges, clearing organizations, central securities depositories and other types of authorized companies in the financial markets in a number of different countries. All business areas manage operational and strategic risks particularly those that fall under their respective areas of focus and responsibility.

#### ***(a) Nordic Marketplaces***

Nordic Marketplaces primarily manages risks attributable to the clearing operations for derivatives instruments. These risks arise as a result of the clearing organization serving as the counterparty in those transactions that are subject to counterparty clearing in different markets, entailing issuing a guarantee for ensuring that a clearing contract will be fulfilled. The clearing operations' risks include counterparty risks, settlement risks and liquidity risks, of which the significant risk is that one or more clearing counterparties will fail to fulfill its commitments. One of the primary obligations of clearing counterparties is to pledge the requisite collateral as required by the applicable rules as protection against the counterparty risk assumed. In addition, netting is applied which facilitates risk management in the clearing operations by decreasing the value of the payments to be made, thereby reducing the need for liquidity facilities. Furthermore, netting implies that the counterparty risk is reduced to the net exposure of outstanding positions vis-à-vis respective counterparties.

#### ***(b) Market Technology***

The special risks associated with the Market Technology business area are attributable mainly to the various phases in the provision of a service: the sales phase, the delivery and implementation phase and the production phase. The sales phase involves the risk of the absence of profitability and foreign exchange risk. Operational risks are managed in the other phases. Significant emphasis is also placed on managing IT security and continuity operations.

---

## **Table of Contents**

### **(B) Financial Risk Management**

OMX is exposed to various kinds of financial risks through its international operations.

#### ***(i) Organization and Operation***

The Group's financial operations and financial risk management are centered around OMX's internal bank, OMX Treasury. The goal of OMX Treasury is, within given risk limitations, to manage the Group's financial risk exposure, to optimize net financial income and generate value for business operations through financial services. Significant economies of scale, lower financial costs and better oversight and management of the Group's financial risks are achieved through centralized financial operations. Operations are conducted according to a Financial Policy, which forms the framework and specifies guidelines and limitations. The Financial Policy is determined by OMX AB's Board of Directors and revised continuously.

The Policy deals with the following risks:

Currency risks (transaction and translation exposure);

Interest-rate risks;

Financing risks; and

Credit and counterparty risks.

#### ***(a) Currency risks***

A significant portion of the Group's sales are attributable to operations outside Sweden, which means that changes in currency exchange rates have an impact on the Group's income statement and balance sheet. Currency risk exposure occurs during the sale and purchase of foreign currencies (transaction exposure) and during the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

In accordance with the Group's Financial Policy, 100% of contracted flows and 0-100% of forecast flows up to 12 months shall be hedged. Deviations from the prescribed hedge levels can occur within specified guidelines. Hedging of transaction exposure is carried out through currency forwards and options or loans in foreign currencies. Currency forwards that hedge contracted flows fulfill the conditions for hedge accounting. These forwards have been defined as hedging of fair value and are reported in the income statement together with changes in fair value of the asset which gave rise to the hedged risk, see the Hedge relations table. The forward contracts that hedge forecasted flows fulfill the requirements for hedge accounting. These forward contracts have been defined as cash-flow hedging. Changes in fair value of these hedges are reported directly against shareholders' equity, while the portion of the hedge that is not effective is reported directly in the income statement.

Transaction exposure originating from financial cash flows is eliminated by the subsidiaries raising borrowings and making investments in local currency or by hedging these flows by using currency forwards. Translation exposure occurs in conjunction the translation of OMX's foreign subsidiaries' balance sheets and income statements and in the recalculation of consolidated goodwill relating to foreign subsidiaries into SEK. In accordance with the Financial Policy, portions of the translation exposure are hedged in order to reduce the volatility of OMX's financial key ratios (see table below in (C)(iii): Translation exposure).

#### ***(b) Interest-rate risks***

The Group is exposed to interest-rate risks that can impact the Group's earnings due to changing market rates. Both the Group's interest-bearing assets, consisting primarily of regulatory capital for counterparty risks within the exchange and clearing operations, and interest-bearing liabilities are exposed to interest-rate risks. The speed with which a permanent change in interest rates can impact the Group's net financial income depends on the fixed-interest terms of investments and loans.



FIN-38

**Table of Contents**

Fixed-interest terms for the Group liabilities are short as stipulated in the Financial Policy. According to the Financial Policy, interest swaps and standardized interest futures are used to change the length of fixed-interest terms, thereby minimizing interest-rate risk.

According to OMX's Financial Policy, the average fixed-interest term for regulatory capital for exchange and clearing operations is a maximum of three years. As a rule, other surplus liquidity is placed in investments with short fixed-interest terms. At year-end, net financial debt amounted to SEK 847 million (net debt: SEK 572 million, net asset: SEK 155 million). Financial assets as per December 31, 2006 amounted to SEK 950 million (1,334, 1,517) and the average effective rate of interest for these assets was 3.70%, while the fixed-interest term was approximately 1.2 years. Interest-bearing securities that are retained are booked at fair value. At year-end, interest-bearing financial liabilities amounted to SEK 1,797 million (1,906, 1,362), of which SEK 1,350 million (1,400, 700) are long-term (see table: Interest-bearing assets and liabilities). During the year, the average fixed-interest term for liabilities varied between two and four months. As per December 31, the fixed-interest term for borrowings was three months and the effective rate was 3.33%. The interest-bearing financial liabilities are not booked at fair value since the liabilities are to be held until maturity. The exceptions are bonds which have been hedged by using fixed-income derivatives. These fixed-income derivatives are defined as hedging of fair value and fulfill the requirements for hedge accounting. The fixed income derivative agreements are reported in the income statement together with changes in fair value of the asset or liability that gave rise to the hedged risk (see table below in (C)(iv): Hedge relations).

In the event of a parallel shift in the Swedish and foreign yield curves upward by one percentage point, the Group's earnings would be negatively affected in an amount of SEK 23 million on an annualized basis, given the nominal amount and the fixed-interest terms prevailing on December 31, 2006.

*(c) Financing risks*

Financing risk refers to the risk that costs will be higher and financing possibilities limited when a loan is to be refinanced, and that it will not be possible to fulfill payment obligations due to insufficient liquidity or difficulties in obtaining financing. The Financial Policy specifies that unutilized credit facilities of sufficient size must exist to guarantee access to adequate funds. Financing risk is also dealt with by endeavoring to find a suitable balance between short and long-term financing and a diversification between various forms of financing and markets. OMX's total granted credit facilities as per December 31, 2006 amounted to SEK 3,741 million (3,033, 3,067), of which SEK 30 million (0, 14) has been utilized (see table below in (E): Credit facilities).

Of OMX's credit facilities, SEK 2,100 million is a syndicated credit facility with a three-year term. One portion, SEK 1,500 million, is linked to the company's commercial paper program for the same amount and, if OMX is unable to issue the commercial papers, entitles the company to borrow capital in the amount of SEK 1,500 million. There is also a credit facility for approximately a year of SEK 1,200 million which is dedicated to liquidity requirements linked to the Stockholm Stock Exchange's clearing operations. Financial conditions linked to these credit facilities will be applied if OMX receives a credit rating from Standard & Poor's of BBB or below.

OMX's rating with Standard & Poor's remained unchanged during the year (with a long-term counterparty rating of A with a stable outlook, a short-term counterparty rating of A-1, and a rating of K1 on the Nordic scale).

During the year, a two-year bond of SEK 300 million was repaid and an eight-year bond of SEK 250 million was issued. This has resulted in the expansion and diversification of the Group's total maturity structure of its liability portfolio. The average term of liabilities as per December 31, 2006 was 3.4 years (3.1). There are five bond loans totaling SEK 1,350 million (see table: Interest-bearing assets and liabilities).

---

**Table of Contents**

*(d) Credit and counterparty risks*

The Group's financial transactions give rise to credit risks towards financial counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty does not fulfill its obligations. There are credit risks when investing in cash equivalents. In accordance with the Financial Policy, in the interest of limiting risk exposure, only investments in highly creditworthy securities with high liquidity are permitted.

A majority of the Group's outstanding investments at year-end were in securities issued by the Swedish Government. The Group has no significant concentration of credit exposure to any other individual counterparty.

The derivative instruments that OMX uses involve a counterparty risk, that is, that the counterparty will not fulfill its portion of the agreement relating to futures or options. In order to limit counterparty risk, only counterparties with a high degree of creditworthiness according to the adopted Financial Policy are accepted. OMX also uses an ISDA agreement to minimize counterparty risk. The total counterparty risk related to financial transactions amounted to SEK 409 million as per December 31, 2006, including bank balances but excluding counterparty risk attributable to the Stockholm Stock Exchange's clearing operations (see below) and collateral funds invested in Swedish Government securities. The largest exposure to an individual institution amounted to SEK 97 million.

No single OMX customer was responsible for more than 20% of invoicing as of December 31, 2006. Counterparty risk arises by the Stockholm Stock Exchange providing clearing services and thereby acts as the central counterparty in all contracts subject to counterparty clearing. For the purpose of minimizing this counterparty risk, the Stockholm Stock Exchange requires that the counterparties pledge collateral to guarantee fulfillment of their commitments to the Stockholm Stock Exchange. Pledged collateral amounts to SEK 15,458 million (11,533, 10,245) (see Note 29 Collateral received by OMX's exchange operations). None of the members of the Stockholm Stock Exchange accounted for more than 15% of the total exposure on December 31, 2006.

*(ii) Hedging of employee stock option program*

In order to limit costs for the programs if the share price were to increase, limit dilution and ensure that shares can be provided when options are exercised, an agreement has previously been made with an external party regarding the provision of OMX shares, known as an equity swap. The agreement is valid until June 30, 2009 and corresponds to approximately 400,000 shares at an agreed price of SEK 126 per share. The equity swap agreement covers the portion of outstanding employee stock options that are currently deemed likely to be exercised. The amount of the equity swap will be continuously adjusted so that it corresponds to the number of employee stock options that are expected to be utilized.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares (approximately 400,000). Interest expenses are based on a STIBOR of 90 days.

Changes in OMX's share price affect the value of the equity swap. These changes in fair value are reported in the income statement.

*(iii) Hedging of share match program*

In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed an equity-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The equity swap covers the portion of shares that are expected to be allotted at the end of the program and will be

**Table of Contents**

continuously adjusted so that it corresponds to the number of shares that are expected to be allotted. The share swap is reported as an equity instrument in accordance with IAS 32.

OMX has also signed an equity-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 in order to limit the expenses for the social security contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

Following the Annual General Meeting's approval of the Board's proposal regarding authorization to repurchase shares, OMX replaced the equity swap utilized for hedging the Share Match program with the purchase of own shares.

**(iv) Calculation of fair value**

The fair value of financial instruments that are traded in an active market is based on quoted market prices on the closing date.

The fair value of financial instruments that are not traded in an active market is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency forwards is determined based on market prices for currency forwards on the closing date.

The par value of accounts receivable and accounts payable, less any estimated credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

**(C) Currency Exposure****(i) Transaction Exposure**

The table shows the Group's commercial future net flows and net exposure as at December 31, 2006. A sensitivity analysis shows the effect on earnings of a plus or minus 5% change in the value of the SEK.

Currency	Net flow in each base currency (millions)	Future net flow December 31, 2006 (in millions of SEK)	Net exposure after hedging (in millions of SEK)	Sensitivity base (in millions of SEK)
AUD/SEK	7.5	40.6	(48.6)	(2.4)
EUR/SEK	21.7	195.8	0.0	0.0
GBP/SEK	1.1	15.2	(2.3)	(0.1)
NOK/SEK	121.6	133.5	3.4	(0.2)
SGD/SEK	4.9	22.0	0.0	0.0
USD/SEK	27.2	187.0	(24.8)	(1.2)
<b>TOTAL</b>		<b>594.1</b>	<b>(72.3)</b>	<b>(3.9)</b>

FIN-41

**Table of Contents****(ii) Hedging of Transaction Exposure**

The table shows a summary of outstanding futures as per December 31, 2006 pertaining to all hedges for commercial flows and transaction exposure. The purpose of the hedges is to safeguard the value of contracted future flows and to increase forecastability. In accordance with the Group's Financial Policy, 100% of the contracted flows and 0-100% of estimated flows of up to 12 months shall be hedged. Deviations from the prescribed degree of hedging are permitted within the established guidelines. Currency hedging is undertaken in the market through currency futures, option contracts or loans in foreign currencies.

Currency	Hedged in each base currency (millions)	Nominal value at year-end rate (in millions of SEK)	Nominal value at forward rate (in millions of SEK)	Unrealized forward result (in millions of SEK)	Average forward rate <sup>(1)</sup>	Date of maturity
AUD/SEK	(16.5)	(89.2)	(89.5)	0.3	5.4350	<12 months
EUR/SEK	(21.7)	(195.9)	(199.5)	3.6	9.2080	<12 months
GBP/SEK	(1.3)	(17.5)	(17.5)		13.4252	<12 months
NOK/SEK	(118.6)	(130.1)	(130.4)	0.3	1.0997	<12 months
SGD/SEK	(4.9)	(22.0)	(22.3)	0.3	4.5415	<12 months
USD/SEK	(30.8)	(211.7)	(218.5)	6.8	7.0843	<12 months
<b>TOTAL</b>		<b>(666.4)</b>	<b>(677.7)</b>	<b>11.3</b>		

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

**(iii) Translation Exposure - Net Investments in Foreign Subsidiaries**

The table shows foreign subsidiaries' net assets in foreign operations and goodwill denominated in foreign currencies. Translation exposure is hedged in order to reduce the volatility in OMX's key ratios. A sensitivity analysis shows the effect on results in the event of a plus or minus 5% change in the value of SEK.

Currency	Equity	Goodwill	Hedging of net investment (in millions of SEK)	Total	Sensitivity
AUD	14.5			14.5	0.7
CAD	2.0			2.0	0.1
DKK	788.1	1,126.5		1,914.6	95.7
EUR	1,746.5	1,304.2	(1,446.5)	1,604.3	80.2
EEK	27.8	2.2		30.0	1.5
GBP	(204.5)			(204.5)	10.2
HKD	(2.2)			(2.2)	0.1
ISK	35.6	280.3		315.9	15.8
LTL	(0.8)	11.1		10.3	0.5
LVL	9.4	1.0		10.4	0.5
NOK	43.4	20.7		64.1	3.2
SGD	4.3			4.3	0.2
USD	(129.3)	8.9		(120.4)	6.0
<b>Total</b>	<b>2,334.8</b>	<b>2,754.9</b>	<b>(1,446.5)</b>	<b>3,643.3</b>	<b>214.7</b>

**Table of Contents****(iv) Hedging Relations**

The table summarizes the hedging relations reported by the Group for which hedge accounting are applied. The type of hedging entered into is specified in the table. All currency hedges expire within 12 months. The hedging relation for interest swaps expires in December 2008.

Hedging instrument	Type of hedging	Hedged item	Currency	Hedged amount in base currency (millions)	Nominal value at year-end rate, (in millions of SEK)	Nominal value at forward rate, (in millions of SEK)	Unrealized forward rate, (in millions of SEK)	Average forward rate <sup>(1)</sup>
Currency future	Fair value hedge	Contracted currency flows	AUD/SEK	(43.4)	(234.8)	(235.7)	0.9	5.44
Currency future	Cash-flow hedge	Forecast currency flows	AUD/SEK	26.9	145.6	146.2	(0.6)	5.44
Currency future	Fair value hedge	Contracted currency flows	EUR/SEK	(21.7)	(195.9)	(199.5)	3.6	9.21
Currency future	Hedge of net investment	Shareholders equity in subsidiary	EUR/SEK	(160.0)	(1,446.5)	(1,446.4)	(0.1)	9.04
Currency future	Fair value hedge	Contracted currency flows	GBP/SEK	(2.0)	(27.2)	(27.1)	(0.1)	13.42
Currency future	Cash-flow hedge	Forecast currency flows	GBP/SEK	0.7	9.7	9.7		13.42
Currency future	Fair value hedge	Contracted currency flows	NOK/SEK	(57.8)	(63.4)	(63.6)	0.1	1.10
Currency future	Cash-flow hedge	Forecast currency flows	NOK/SEK	(60.8)	(66.7)	(66.8)	0.2	1.10
Currency future	Fair value hedge	Contracted currency flows	SGD/SEK	(4.9)	(22.0)	(22.3)	0.3	4.54
Currency future	Fair value hedge	Contracted currency flows	USD/SEK	(45.2)	(310.6)	(320.4)	9.8	7.08
Currency future	Cash-flow hedge	Forecast currency flows	USD/SEK	14.4	98.8	101.9	(3.0)	7.08
Interest swap	Fair value hedge	Issued bonds	SEK	200.0	200.0	N/A	2.7	N/A

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

**(v) Hedging of Financial Loans and Assets**

The table shows a summary of the Group's currency futures for hedging of financial assets and loans as at December 31, 2006.

Currency	Hedged in each base currency (millions)	Nominal value at year end rate (in millions of SEK)	Nominal value at forward rate (in millions of SEK)	Unrealized forward result (in millions of SEK)	Average forward rate <sup>(1)</sup>	Date of maturity
AUD/SEK	21.2	114.8	115.2	(0.3)	5.43	< 12 months
CAD/SEK	(0.8)	(4.6)	(4.6)		5.96	< 12 months
DKK/SEK	385.7	467.6	467.7	(0.1)	1.21	< 12 months
EUR/SEK	54.0	487.7	487.6	0.1	9.04	< 12 months
GBP/SEK	(12.6)	(169.4)	(168.4)	(1.1)	13.38	< 12 months
HKD/SEK	(4.0)	(3.5)	(3.5)		0.88	< 12 months
NOK/SEK	4.9	5.4	5.6	(0.2)	1.13	< 12 months
SGD/SEK	0.9	3.8	3.8		4.47	< 12 months
THB/SEK	(8.0)	(1.5)	(1.5)		0.19	< 12 months
USD/SEK	7.5	51.5	51.1	0.4	6.82	< 12 months
Total		951.8	953.0	(1.2)		

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

**Table of Contents****(D) Interest-Bearing Assets and Liabilities**

The table shows interest-bearing assets and liabilities as per December 31, 2006 and shows average remaining terms, fixed-interest terms and average interest.

	Outstanding amount	Remaining term, months	Remaining fixed-interest term, months	Average interest rate, %
<b>Assets</b>				
Current assets	182	<12	<12	3.93
Long-term assets	21	>12	<12	4.40
Regulatory capital	747	>12	>12	3.63
<b>Total assets</b>	<b>950</b>			<b>3.70</b>
<b>Liabilities</b>				
Commercial paper	398	1	1	3.00
Bond loans				
OMX PP March 2008	300	15	2	3.29
OMX PP December 2008 <sup>(1)</sup>	200	24	3	4.00
OMX PP December 2009	200	36	3	3.45
OMX PP May 2013	400	77	4	3.51
OMX PP Nov 2014	250	96	5	3.65
Bond loans, total	1,350	53	3.5	3.55
Bank loans				
Other	39			
Other	10			
<b>Total liabilities</b>	<b>1,797</b>	<b>40</b>	<b>3.0</b>	<b>3.33</b>

(1) The issued bond has been swapped from a fixed to a variable interest rate. The swapped interest rate is applied when calculating the average interest rate.

**(E) Credit Facilities**

The table shows the Group's total credit facilities and those that had been utilized as at December 31, 2006.

(in millions of SEK)	Contracted facilities	Utilized facilities
Syndicated bank loan/commercial paper program	1,500 <sup>(1)</sup>	
Syndicated bank loan	600	
Overdraft facility	171	4
Credit facility	135	
Contracted facilities for exchange and clearing operations		
Sweden (SEK)	1,200	
Norway (NOK)	44	
Denmark (DKK)	24	
UK (GBP)	67	26
<b>Total</b>	<b>3,741</b>	<b>30</b>

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (1) Since the credit facility is linked to the commercial paper program and is to function as a credit facility if OMX is unable to issue a commercial paper program, the unutilized credit facility shall be reduced by the outstanding commercial paper. The outstanding commercial paper as per December 31, 2006 amounted to SEK 400 million, implying that OMX can utilize only SEK 1,100 million of the current credit facility.

FIN-44



**Table of Contents****OMX AB****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****3. NOTES TO THE FINANCIAL STATEMENTS**

Amounts are in millions of SEK unless otherwise stated. Amounts in parentheses indicate values for 2005 and 2004. OMX refers to the OMX Group, that is OMX AB and its subsidiaries.

**Note 1. Use of estimates**

In order to prepare the accounting in accordance with generally accepted accounting principles, company management and the Board of Directors are required to make estimates and assumptions that affect asset and liability items, income and expense items, and other information reported in the accounts, for example contingent liabilities. These estimates are based on historical experience and the various assumptions that management and the Board deem to be reasonable under the prevailing circumstances. Consequently, such conclusions form the basis of decisions concerning reported values of assets and liabilities in the case that it is not possible to determine such values based on information from other sources. Actual outcomes may differ from these estimates if different assumptions are made or if different circumstances prevail. The areas of revenue recognition and doubtful receivables, the valuation of goodwill and capitalized development projects, taxes, provisions for expenses for premises and other restructuring measures, legal disputes and contingent liabilities in particular may entail a significant impact on OMX's results and financial position (see the respective following Notes for further information).

**Note 2. Classification of revenue**

The classification of revenue is based on a number of assessments and assumptions concerning revenue recognition in delivery projects in the Technology operations. These are reported as License, support and project revenue below. The uncertainty inherent in these assessments primarily refers to the forecast time of completion.

**Revenue per significant type of revenue, continuing operations**

(in millions of SEK)	2006	2005	2004
<b>Net sales:</b>			
Trading revenue	1,291	1,108	809
Issuers revenue	343	309	203
Information revenue	443	367	247
Revenue from Baltic Markets	68	63	48
Revenue from Broker Services	205	258	250
License, support and project revenue	758	716	663
Facility Management Services	200	222	380
Other revenue	178	51	169
<b>Total</b>	<b>3,486</b>	<b>3,094</b>	<b>2,769</b>

**Capital Gains within Other Revenues, continuing operations**

	2006	2005	2004
Capital gains, sale of NOS ASA	22		
Capital gains, sale of VPC AB	83		
Capital gains, sale of NGX			103
Capital gains, sale of XACT Funds			16
<b>Total</b>	<b>105</b>		<b>119</b>

FIN-45

**Table of Contents****Currency effects**

The Group's total revenue includes exchange-rate differences totaling negative SEK 7 million (positive: 17, negative: 5). Exchange-rate differences also had an effect on operating expenses of SEK 0 million (0, negative: 2).

**Note 3. Business areas and geographic segments**

Internal reporting and follow-up within OMX is organized based on the business areas Nordic Marketplaces, Information Services & New Markets and Market Technology.

These business areas make up OMX's primary reporting segments while the geographic divisions make up the secondary reporting segment. OMX is divided into four geographic regions: Nordic countries, Rest of Europe, North America and Asia/Australia. This geographic division is based on the areas in which the Group's operations have relatively similar systems solutions, frameworks of regulations and customer behavior.

**Revenue and earnings by division, continuing operations**

(in millions of SEK)	2006	2005	2004
<b>Revenue</b>			
Nordic Marketplaces	1,778	1,510	1,123
Information Services & New Markets	752	709	515
Market Technology	1,300	1,155	1,406
Group eliminations	(344)	(280)	(275)
<b>Total Group</b>	<b>3,486</b>	<b>3,094</b>	<b>2,769</b>
<b>Operating income</b>			
Nordic Marketplaces <sup>(1)</sup>	940	689	273
Information Services & New Markets <sup>(1)</sup>	217	176	87
Market Technology <sup>(1)</sup>	93	61	71
Result from participations in associated companies attributable to the Parent Company and other functions		1	5
<b>Total Group</b>	<b>1,250</b>	<b>927</b>	<b>436</b>

(1) Including distribution of income for the Parent Company and other functions by SEK 15 million (loss: 117, loss: 256).

**Assets and liabilities per business area**

(in millions of SEK)	2006		2005	
	Assets	Liabilities	Assets	Liabilities
Nordic Marketplaces	8,439	5,099	6,310	2,723
Information Services & New Markets	417	72	302	135
Market Technology	2,655	1,128	2,000	907
Operations being discontinued	70		62	
Unallocated items	947	1,615	1,938	2,098
<b>Total Group</b>	<b>12,528</b>	<b>7,914</b>	<b>10,612</b>	<b>5,863</b>

Items per business area are tangible assets, intangible assets, external operating receivables, external operating liabilities and goodwill. Other items are not allocated in the Group and are reported as unallocated items. Unallocated items also include all eliminations of internal business dealings between the various business

FIN-46

**Table of Contents**

areas and all interest-bearing liabilities. Assets and liabilities that could be affected by the business areas are allocated in accordance with OMX's business control model, which does not support a full distribution of balance-sheet items.

**Investments, depreciation and impairment per business area**

(in millions of SEK)	2006		2005	
	Invest.	Deprec./ impairment	Invest.	Deprec./ impairment
Nordic Marketplaces	294	(70)	1,389	(83)
Information Services & New Markets	19	(22)	12	(21)
Market Technology <sup>(1)</sup>	529	(132)	318	(122)
<b>Total Group</b>	<b>842</b>	<b>(224)</b>	<b>1,719</b>	<b>(226)</b>

(1) Included impairment losses in discontinuing operations in the amount of SEK 8 million (1) Investments refer to acquisitions of tangible and intangible fixed assets. For further information on acquisitions, depreciation and impairment, see Notes 13 and 14.

**Information Regarding Secondary Segments (Geographic Areas), Continuing Operations****External revenue per geographic area<sup>(1)</sup>**

(in millions of SEK)	2006	2005	2004
Nordic countries	2,134	2,005	2,090
Rest of Europe	866	600	199
North America	146	186	181
Asia/Australia	340	303	299
<b>Total Group</b>	<b>3,486</b>	<b>3,094</b>	<b>2,769</b>

(1) Based on the location of customers.

**Assets and investments per geographic area**

(in millions of SEK)	2006		2005	
	Assets	Invest.	Assets	Invest.
Nordic countries	5,581	788	3,620	1,673
Rest of Europe <sup>(1)</sup>	1,269	45	1,128	43
North America	103	5	152	
Asia/Australia	26	4	22	3
Group eliminations and unallocated items <sup>(2)</sup>	5,549		5,690	
<b>Total Group</b>	<b>12,528</b>	<b>842</b>	<b>10,612</b>	<b>1,719</b>

(1) Include assets held for sale in the amount of SEK 70 million (62)

(2) Group eliminations and unallocated items include goodwill in the amount of SEK 2,967 million (2,944, 1,947).

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Investments refer to acquisitions of tangible and intangible fixed assets. The Parent Company is located in the Nordic countries and has no revenues, assets or investments in any other geographic areas.

FIN-47

**Table of Contents****Note 4. Discontinuing operations**

In August 2005, OMX announced the focusing of its technology operations through the divestment of operations targeting banks and brokerages within the former Banks & Brokers business area. During 2006, the continuing operations not yet divested were included among discontinuing operations. These primarily comprise the Nordic portion of the operations targeting banks and brokerages, which offer development and maintenance of systems for securities management, and the UK operations in securities administration services.

After the end of the reporting period, OMX signed an agreement with HCL Technologies, the global IT services provider, regarding an extended partnership, which means that OMX no longer has any discontinuing operations in the Nordic region. The partnership means that HCL Technologies will assume the responsibility for the development of systems for securities management targeting banks and brokers and that the remaining part of the Nordic operations, will be moved to the Information Services & New Markets business area, and will be included in the Broker Services unit. The statements for discontinuing operations has been adjusted compared with the 2006 Annual Report since only the UK sales operations in securities administration services remain as discontinuing operations.

OMX's aim is to identify a long-term solution with clear advantages for the remaining parts of the discontinuing operations. Discussions are currently in progress with potential partners.

**Income statement, discontinuing operations**

(in millions of SEK)	2006	2005	2004
<b>Revenues</b>			
Net Sales	124	42	256
Own work capitalized			
Other revenues			81
<b>Total revenues</b>	<b>124</b>	<b>42</b>	<b>337</b>
<b>Expenses</b>			
Premises expenses	(6)	(2)	(10)
Marketing expenses			(7)
Consultancy expenses			(12)
Operations and maintenance, IT	(16)	(7)	(63)
Other external expenses	(56)	(29)	(27)
Personnel expenses	(77)	(20)	(23)
Depreciation and impairment	(-8)	(1)	(15)
<b>Total expenses</b>	<b>(163)</b>	<b>(59)</b>	<b>(157)</b>
Participation in earnings of ass. Companies			
<b>Operating income</b>	<b>(39)</b>	<b>(17)</b>	<b>180</b>
<b>Financial items</b>			
Financial items	(7)		2
<b>Total financial items</b>	<b>(7)</b>		<b>2</b>
<b>Income/loss after financial items</b>	<b>(46)</b>	<b>(17)</b>	<b>182</b>
Tax for the year			(23)
<b>Net profit/loss for the period</b>	<b>(46)</b>	<b>(17)</b>	<b>159</b>

<b>Assets classified as holdings held for sale (in millions of SEK)</b>	<b>2006</b>	<b>2005</b>
Intangible assets	62	55
Tangible fixed assets	8	7
<b>Total fixed assets held for sale</b>	<b>70</b>	<b>62</b>

FIN-48



**Table of Contents****Note 5. Acquired operations****Computershare**

On January 31, 2006, OMX signed a contract with Computershare Ltd regarding the acquisition of Computershare's Market Technology operations in the amount of SEK 249 million. Payment will be paid in cash over a period of five years. The acquisition price has been discounted to present value. Acquisition costs amounted to SEK 5 million. The acquired operations are consolidated within OMX effective February 1, 2006.

(in millions of SEK)	Fair Value	Book value
Acquired net assets	69	75
Goodwill	180	
<b>Acquisition Price</b>	<b>249</b>	

The acquired net assets comprise marketplace systems. Goodwill is attributable to the revenue and cost synergies that arose in conjunction with the integration with Market Technology. It is not possible in practical terms to provide disclosure regarding Computershare's revenues and net income during the period since the operations have been fully consolidated with Market Technology's operations since February 1.

**Eignarhaldsfelagid Verdbrefathing**

On November 30, 2006, OMX acquired 100% of Eignarhaldsfelagid Verdbrefathing (EV) for a total amount of SEK 314 million, of which SEK 41 million was paid in cash and SEK 256 million was paid by 2,067,560 newly issued shares. The acquisition cost totaled SEK 17 million.

EV is consolidated into OMX's income statement and balance sheet from December 1, 2006. The price of the new shares issued by OMX, which were utilized in the acquisition of EV, was SEK 123.75 on November 30.

**Acquired Assets and Liabilities**

(in millions of SEK)	Fair Value	Book value
Fixed assets	149	9
Current assets	19	19
Cash and bank balances	33	33
Current liabilities	(22)	(22)
<b>Acquired Net Assets</b>	<b>179</b>	<b>39</b>
Goodwill	135	
<b>Acquisition Price</b>	<b>314</b>	

The difference between the fair values and the carrying amount of fixed assets is primarily attributable to the valuation of acquired contracts.

Goodwill is attributable to the high level of profitability in the company and expected revenue synergy arising from the continued integration of the Nordic-Baltic securities market.

Cash-flow effects of the acquisition amounts to SEK 25 million, comprising a cash payment of SEK 41 million, acquisition costs of SEK 17 million, less received cash and bank balances of SEK 33 million. Of the total amount of acquisition costs of SEK 17 million, only SEK 11 million had an effect on cash flow in 2006. The remaining SEK 6 million will impact cash flow in 2007. The new shares issued are valued at market value on the acquisition date.



**Table of Contents**

During the year, EV contributed SEK 11 million to the Group's revenue and SEK 5 million to net profit. EV's revenue for the full-year 2006 amounts to SEK 102 million and net profit to SEK 26 million.

2005

At the beginning of 2005, OMX acquired 100% of Copenhagen Stock Exchange (CSE) at a value totaling SEK 1,457 million, of which SEK 1,174 million was paid in cash and SEK 232 million was paid in 2,927,292 newly-issued shares. Acquisition costs amounted to SEK 33 million.

Copenhagen Stock Exchange (CSE) has been included in the consolidated income statement and consolidated balance sheet since January 1, 2005 when it became known that the offer was to be accepted and the work to integrate the company was initiated. The newly-issued shares in OMX, which were utilized in the acquisition of CSE, were valued at a share price of SEK 79 on February 7, 2005.

**Acquired assets and liabilities**

(in millions of SEK)	Fair value	Book value
Fixed assets	350	107
Current assets	80	80
Cash and bank balances	307	307
Current liabilities	(187)	(187)
<b>Acquired Net Assets</b>	<b>550</b>	<b>307</b>
Goodwill	907	
<b>Acquisition Price</b>	<b>1,457</b>	

The difference between fair value and the reported values of fixed assets is primarily attributable to the valuation of acquired contracts.

Goodwill is attributable to the company's positive profitability and expected revenue synergy effects in conjunction with the continued integration of the Nordic-Baltic securities market.

Cash-flow effects of the acquisition amount to SEK 900 million, comprising a cash payment of SEK 1,174 million, acquisition costs of SEK 33 million, minus received cash and bank balances of SEK 307 million. Newly-issued shares are valued at market capitalization on acquisition date.

CSE contributed SEK 377 million to the Group's revenues and SEK 131 million to net results during the year.

**Note 6. Auditors' fees**

The following remuneration was paid to auditors and accounting firms for auditing and audit-related services required by law as well as for advice and other assistance arising from observations made during the course of the auditing process.

Remuneration was also paid for additional independent advice, mostly pertaining to audit-related consultations on accounting and taxation issues.

**Table of Contents****Remuneration to the Group's Auditors**

(in thousands of SEK)	2006	2005	2004
<b>PricewaterhouseCoopers</b>			
Auditing assignments	10,729	9,022	6,907
Other assignments <sup>(1)</sup>	2,337	11,548	4,874
<b>Ernst &amp; Young</b>			
Auditing assignments	488	713	1,358
Other assignments <sup>(2)</sup>	918	3,452	2,608
<b>KPMG</b>			
Auditing assignments	335	422	
Other assignments	378	730	
<b>BDO Feinstein</b>			
Auditing assignments	36	118	65
Other assignments		21	23
<b>Other auditors</b>			
Auditing assignments	780	315	117
Other assignments	310	1,605	201
<b>Total</b>	<b>16,311</b>	<b>27,946</b>	<b>16,153</b>

(1) For 2006, other assignments refer primarily to tax consultations. For 2005, includes SEK 1,334,000 related to IFRS and costs in connection with the acquisition of CSE and Computershare of SEK 4,612,000. Otherwise, other assignments in 2005 pertain primarily to tax consultation.

(2) For 2006, other assignments refer primarily to tax consultations and IT reviews. For 2005, other assignments refer mainly to IFRS, tax consultation and IT studies.

**Note 7. Personnel****Personnel expenses and benefits paid to senior executives**

The reporting of senior executive benefits has been carried out in accordance with the recommendations of the Swedish Industry and Commerce Stock Exchange Committee (NBK).

**Senior management**

NBK divides senior management into two categories: top management and other senior management. Top management comprises: the Chairman of the Board, any Board members receiving remuneration in addition to Board fees and the President and Chief Executive Officer (CEO). Other senior management normally relates to members of the executive management team.

Top management at OMX is defined as:

Olof Stenhammar (Chairman of the Board); and

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Magnus Böcker (CEO of OMX and President of OMX AB).

Other senior management at OMX is defined as the Group's Executive Management Team and comprises the following five individuals:

Jukka Ruuska (President of Nordic Marketplaces);

FIN-51

## **Table of Contents**

Hans-Ole Jochumsen (President of Information Services and New Markets);

Markus Gerdien (President of Market Technology);

Kristina Schauman (Chief Financial Officer); and

Bo Svefors (Senior Vice President Marketing & Communications).

The Secretary to the Executive Management Team was OMX's General Counsel Magnus Billing.

### ***OMX's remuneration committee***

The Remuneration Committee is appointed on an annual basis by the Board of Directors. The Remuneration Committee's task is to prepare remuneration matters for Board decisions on issues relating to the salary and remuneration paid to the President and CEO, and to approve salaries and other remuneration to Executive Management Team which is subsequently reported to the Board. The Committee also approves the targets for the Executive Management Team established by the President. In addition, the Remuneration Committee's task is to propose remuneration for the Board members in the subsidiaries within the OMX Group that have external Board members, and to make recommendations regarding remuneration principles, benefits and other types of remuneration for OMX employees. The Board appointed the following people as members of the remuneration Committee: Olof Stenhammar (Chairman), Adine Grate Axén and Bengt Halse. The Committee's secretary until April 2006 was Ulrika Wahllöf, acting Head of Human Resources. The Committee's secretary during the remainder of the year was Pernilla Gladh, Senior Vice President of Corporate Functions & Human Resources. During 2006, the Remuneration Committee held a total of seven meetings at which minutes were taken. Among other matters during the year, the Committee had a particular focus on the following issues: programs for variable salaries 2006 and 2007 (Short Term Incentive), the Share Match Program 2006 and 2007 for senior executives (Long Term Incentive Scheme), remuneration to the President and proposals for principles for remuneration and other conditions of employment for the Executive Management Team.

### ***OMX's remuneration policy***

The aim of OMX's remuneration policy is to offer market-based remuneration that is competitive and that promotes a situation whereby qualified expertise can be recruited to and retained within OMX.

The fundamental principles are:

To work towards a consensus between employees and shareholders regarding the long-term perspective of operations.

To ensure that employees within OMX's different organizations receive remuneration that reflects market conditions and is competitive.

To offer a salary scale based on results achieved, work duties, skills, experience and position held, which also means adopting a neutral stance in relation to gender, ethnic background, disability, sexual orientation, etc.

### ***Remuneration structure 2006***

OMX's employee remuneration comprises the following parts:

Fixed salary

Variable salary

Short Term Incentive Program

Long Term Incentive Scheme (OMX Share Match Program 2006 and 2007)

FIN-52

**Table of Contents**

## Pension

Severance pay and other benefits.

At the discretion of the Board of Directors, decisions can be made to revise or terminate an existing program related to the remuneration structure.

*Fixed Salary*

Every OMX employee has an annual salary review, with the exception of the members of the Executive Management Team, for whom a review takes place every second year and the President, for whom a review takes place every third year. The review considers employee performance, salary levels in the market and any changes to responsibilities as well as the company's development and local rules and agreements.

*Variable Salary*

*Short Term Incentive Program.* OMX has had a Group-wide program for variable salary called OMX Short Term Incentive Program since 2004. The program consists of quantitative (financial) and qualitative (individual) goals. The prerequisite for achieving the quantitative goal is that OMX attained its established targets. The maximum dividend of the quantitative portion occurs at 130% fulfillment of the company's goals. The qualitative goals are individual and are determined by an employee's immediate superior during the first quarter of the year. The immediate superior also evaluates whether these goals have been achieved one year later.

*Short Term Incentive 2006.* The program for variable salary, Short Term Incentive 2006, comprised approximately 150 managers and key employees. The total maximum variable portion that can be paid out for 2006 is SEK 35 million, excluding social security contributions. The program comprised quantitative and qualitative targets, of which 60% were quantitative and 40% were qualitative. The quantitative goal for 2006 was connected to achievement of the budgeted operating income for OMX. Of the maximum SEK 21 million representing the quantitative portion is calculated at 75% of the maximum of SEK 14 million, excluding social security contributions for 2006.

*Short Term Incentive 2007.* Variable salary 2007 follows the same structure for 2006. The program comprises quantitative and qualitative targets, of which 60% are quantitative and 40% are qualitative. The quantitative goal for 2007 is also connected to achievement of the budgeted operating income for OMX. OMX Short Term Incentive 2007 has been expanded to encompass 200 managers and key employees, compared with 150 employees in 2006. The total maximum variable portion that can be paid out for 2007 is SEK 43 million, excluding social security contributions. The prerequisites for the payment of bonuses follow the same guidelines as for 2005 and 2006.

The maximum bonus to senior executives for variable salary for 2004 – 2007 is 50% of fixed salary. The quantitative goals are linked to OMX's return on capital employed and budgeted operating profit.

*Long Term Incentive Scheme – OMX Share Match Program 2006.* OMX's Annual General Meeting in April 2006 approved the OMX Share Match Program 2006. The program for 2006 was directed to 30 senior executives and key individuals in OMX. Participants in the program are required to invest in OMX shares at a maximum of 7.5% of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2005 after tax. Under the prerequisite that employment is not terminated, the participants in the program will receive up to five OMX shares, known as matching shares, in 2009, for each invested OMX share, if the following conditions have been fulfilled:

- (i) the average percentage increase in earnings per share between January 1, 2006 and December 31, 2008 is equal to or exceeds twenty five (25) percent; and
- (ii) the total annual return to shareholders is equal to or exceeds an index determined by the Board, plus 10 percentage points.



**Table of Contents**

No matching shares will be issued if the average annual percentage increase in earnings per share falls below two percent per year or if the total annual return to shareholders has not improved on the comparative index.

*OMX Share Match Program 2007.* At the Annual General Meeting of OMX on April 12, 2007, the shareholders approved the proposal of OMX's Board of Directors to continue and expand the share match program for senior executives for a second year. The program for 2007 is targeted at 95 senior executives and key individuals in OMX. Participants in the program are required to invest in OMX shares at a maximum of 7.5% of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2006 after tax. Approximately 30 of the 95 participants may invest in OMX shares at a maximum of 15% of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2006 after tax. Under the prerequisite that employment is not terminated, the participants in the program will receive in 2010 up to five OMX shares, known as matching shares, for each invested OMX share. President and CEO Magnus Böcker may invest a maximum of 10,000 OMX shares with a maximum matching level of eight OMX shares. For maximum matching, the following conditions must be fulfilled:

- (i) the average percentage increase in earnings per share between January 1, 2007 and December 31, 2009 is equal to or exceeds 20% and
- (ii) the total annual return to shareholders is equal to or exceeds an index determined by the Board, plus 10%.

No matching shares will be issued if the average annual percentage increase in earnings per share falls below 2% per year or if the total annual return to shareholders has not improved on the comparative index.

*Pensions*

OMX offers its employees a defined-contribution occupational pension unless otherwise regulated in local agreements or other regulations. OMX's pension plan for employees in Sweden has been created to provide employees with a market-competitive occupational pension. The age of retirement is 65 years. OMX's President and CEO Magnus Böcker receives a defined-contribution pension benefit. The total premium provision amounts to 23% of fixed salary. For 2007, the pension premium is up to 30% of fixed salary.

Other members of the Executive Management Team are included in the OMX pension plan, with the exception of Jukka Ruuska and Hans-Ole Jochumsen. Jukka Ruuska is included in the pension plan stipulated by the Finnish labor market regulations. Current premiums for Jukka Ruuska are equivalent to a pension provision of 17% of total remuneration. Hans-Ole Jochumsen, is included in the pension plan stipulated by Danish labor market practice. Current premiums for Hans-Ole Jochumsen are equivalent to a pension provision of 20% of fixed remuneration.

The retirement age for employees, including the President and CEO and the Executive Management Team is 65 years.

*Severance Pay and Other Benefits*

*Severance Terms/Period of Notice.* The period of notice that applies between OMX and the President and CEO is 12 months from the company's side and six months from the employee's side. In the event of a company initiative to terminate the employment contract of the President and CEO, remuneration will be paid to the President and CEO corresponding to the fixed salary and other benefits (occupational pension and insurance including health insurance) during the period of notice. In addition to this, the President and CEO will receive a severance payment of six months' fixed salary. Other members of the Executive Management Team have a period of notice of 12 months from the company's side and six months from the employee's side. The President and CEO and other senior executives have a non-competition clause of 12 months. A penalty is included in the clause.

**Table of Contents**

*Other Benefits.* In addition to the occupational pension premiums detailed above, OMX also pays for long-term disability insurance, occupational group life insurance (TGL) and workers' compensation insurance (TFA). Employees may also complement their insurance coverage through OMX's optional group insurance. Employees in Finland and Denmark have equivalent benefits that are stipulated in the collective agreement for the financial sector. Also, the Executive Management Team is entitled to health insurance.

**Absence due to illness**

The number of employees on absence due to illness during the fiscal year is accounted for as a percentage of the employees' total ordinary working hours in Sweden. Long-term absence due to illness is absence for 60 or more consecutive days.

<b>ABSENCE DUE TO ILLNESS, SWEDEN, %</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Total Absence due to illness	2.3	2.4	2.5
Absence due to long-term illness (portion of total illness)	41.7	46.8	45.9
Absence due to illness, men	1.7	1.8	1.6
Absence due to illness, women	3.6	3.2	4.2
Absence due to illness, employees under the age of 29	1.5	1.4	1.2
Absence due to illness, employees aged between 30 and 49	2.4	2.4	2.9
Absence due to illness, employees aged 50 and above	2.3	2.3	1.5

**Distribution According to Gender**

	<b>2006</b>		<b>2006</b>		<b>2004</b>	
	<b>Number of whom</b>		<b>Number of whom</b>		<b>Number of whom</b>	
	<b>men</b>		<b>men</b>		<b>men</b>	
<b>Board of Directors (excl. CEO)<sup>(1)</sup></b>						
Parent Company	8	6	9	7	9	8
Subsidiaries	85	76	71	66	50	47
<b>TOTAL</b>	<b>93</b>	<b>82</b>	<b>80</b>	<b>73</b>	<b>59</b>	<b>55</b>
<b>Group management (incl. CEO)<sup>(2)</sup></b>						
Parent Company	6	5	7	6	5	3
Subsidiaries	62	46	53	40	23	19
<b>TOTAL</b>	<b>68</b>	<b>51</b>	<b>60</b>	<b>46</b>	<b>28</b>	<b>22</b>

(1) Pertains to the number of Board members in the Group's operating companies.

(2) Group management is defined as all presidents in the Group's operating companies, persons who are members of the Executive Management Team and persons in the management groups within the OMX business areas.

	<b>2006</b>		<b>2005</b>		<b>2004</b>	
	<b>Number of whom</b>		<b>Number of whom</b>		<b>Number of whom</b>	
	<b>men</b>		<b>men</b>		<b>men</b>	
<b>Other employees</b>						
Parent Company	28	12	20	5	26	11
Subsidiaries	1,284	837	1,229	772	1,336	889
<b>TOTAL</b>	<b>1,312</b>	<b>849</b>	<b>1,249</b>	<b>777</b>	<b>1,362</b>	<b>900</b>



**Table of Contents****Remuneration to the Board of Directors and the Executive Management Team***Expensed Remuneration*

Board fees have not been paid to Board members who are employees of the Group. In addition to the Board fees below, Board fees totaling SEK 7 million (5, 4) were paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the Group.

(SEK)		Board fees	Fixed salary	Variable salary	Pension	Benefits	TOTAL
Olof Stenhammar	2006	800,000				543	800,543
	2005	750,000				9,197,314 <sup>(1)</sup>	9,947,314
	2004	725,000				5,345,353	6,070,353
Magnus Böcker	2006		4,646,117	1,665,000	1,007,400	1,969,353 <sup>(3)</sup>	9,287,870
	2005		4,636,230	1,498,000	1,007,400	95,190	7,236,820
	2004		3,885,640	555,000	850,080	75,059	5,365,779
Executive Management, others <sup>(2)</sup>	2006		12,260,008	4,955,000	2,459,845	128,787	19,803,640
	2005		13,908,558	3,888,040	2,453,046	636,117	20,885,761
	2004		11,902,488	1,239,750	2,232,620	407,013	15,781,871
Adine Grate Axén	2006	400,000					400,000
	2005	300,000					300,000
	2004	250,000					250,000
Urban Bäckström	2006	325,000					325,000
	2005	250,000					250,000
	2004						
Bengt Halse	2006	300,000					300,000
	2005	250,000					250,000
	2004	200,000					200,000
Birgitta Klasén	2006	250,000					250,000
	2005	200,000					200,000
	2004						
Tarmo Korpela	2006	250,000					250,000
	2005	200,000					200,000
	2004	200,000					200,000
Henrik Normann	2006						
	2005	33,333					33,333
	2004						
Markku Pohjola	2006	250,000					250,000
	2005	250,000					250,000
	2004	225,000					225,000
Gunnar Brock	2006						
	2005						
	2004	200,000					200,000
Thomas Franzén	2006						
	2005						
	2004	200,000					200,000
Timo Ihamuotila	2006						
	2005	166,667					166,667
	2004	225,000					225,000
Mikael Lilius	2006						
	2005	166,667					166,667
	2004	200,000					200,000
Hans Munk Nielsen	2006	325,000					325,000
	2005	133,333					133,333
	2004						

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

<b>TOTAL</b>	<b>2006</b>	<b>2,900,000</b>	<b>16,906,125</b>	<b>6,620,000</b>	<b>3,467,245</b>	<b>2,098,683</b>	<b>31,992,053</b>
<b>TOTAL</b>	<b>2005</b>	<b>2,700,000</b>	<b>18,544,788</b>	<b>5,386,040</b>	<b>3,460,446</b>	<b>9,928,621</b>	<b>40,019,895</b>
<b>TOTAL</b>	<b>2004</b>	<b>2,425,000</b>	<b>15,788,128</b>	<b>1,794,750</b>	<b>3,082,700</b>	<b>5,827,425</b>	<b>28,918,003</b>

FIN-56

**Table of Contents**

- (1) Includes remuneration to one of Olof Stenhammar's majority-owned companies comprising a fixed salary as well as a profit-related payment based on a license agreement. The profit-related portion represents 1% of OMX's income after financial items. Remuneration for 2005 amounts to SEK 9,172,298. The amounts are paid out quarterly in arrears. The agreement, which was signed and stems from the founding of OM in 1985, has been terminated and expired on December 31, 2005.
- (2) The other members of the Executive Management Team for 2006 includes: Jukka Ruuska, Kristina Schauman, Bo Svefors, Hans-Ole Jochumsen and Markus Gerdien.
- (3) Refers primarily to the divestment of 37,000 employee stock options.

**Financial instruments**

(Quantity)	Employee stock options <sup>(1)</sup>			Share Match Program <sup>(2)</sup>
	2002	2001	2000	
Magnus Böcker		76,000	150,000	4,615
Executive Management, others <sup>(3)</sup>				10,023
<b>TOTAL</b>		<b>76,000</b>	<b>150,000</b>	<b>14,638</b>

(1) For employee stock options, no consideration has been paid by employees who received options. For the theoretical value of the options at the time of issue, refer to the table below.

(2) Refers to the Share Match Program 2006.

(3) Refers to persons included in the Executive Management Team at December 31, 2006.

**Information on each year's employee stock option program**

	2002	2001	2000
Strike price, SEK	71	175	400
Redemption of shares with effect from	July 2, 2003	June 15, 2002	May 25, 2001
Expiry date	July 2, 2009	June 15, 2008	June 28, 2007
Number of allotted options	733,000	1,100,000	1,400,000
Opening balance	356,000	513,000	666,000
Exercised options	155,000		
Expired and obsolete	6,000	164,000	212,000
Closing balance	195,000	349,000	454,000
Of which fully vested (guaranteed) Dec 31, 2006	195,000	349,000	454,000
Theoretical value, in millions of SEK <sup>(1)</sup>	11	4	
Theoretical value per option at issue <sup>(1)</sup> , SEK	15	38	90
Theoretical value per option, SEK, as at Dec 31, 2006	59	11	
Theoretical dilution <sup>(2)</sup> , %	0.2	0.3	0.4
Weighted average share price for redeemed employee stock options during the year	131.66		

(1) The theoretical value of allotted options is fixed through an established options valuation model (Black Scholes) at the time they are allotted. As at December 31, 2006, a volatility of 40% has been utilized.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (2) Theoretical dilution refers to the maximum number of shares that could be issued were it decided, on execution of redemption, to allot shares through a new share issue. However, to limit such dilution, hedging has been arranged through a share swap, meaning that no such dilution will occur.

FIN-57

**Table of Contents***Opening amount of non-redeemed portion of the employee stock options program in the income statement*

(in million of SEK)	2006	2005	2004
<b>Income statement</b>			
Social security expenses attributable to personnel expenses	1	(1)	(4)
Interest attributable to agreements on synthetic share buy-back	(2)	(2)	(3)
Change in value, employee stock options	3	(6)	(12)
Change in value, share swap	15	35	
<b>Balance sheet</b>			
Liability pertaining to employee stock options program	15	19	12
Liability, social security expenses, employee stock options program	4	5	2
Receivable pertaining to share swap <sup>(1)</sup>	1	68	

(1) The opening balance for 2005, recalculated in accordance with IAS 39, amounted to SEK 33 million.

In accordance with IFRS 2, the expenses for the stock options program are reported on an ongoing basis as personnel expenses in the income statement.

In order to limit costs for the programs (including social security contributions) if the share price were to increase, limit dilution and ensure that shares can be provided when redemption is requested, an agreement has previously been made with an external party regarding the provision of OMX shares if redemption were to be requested, known as a share swap. The agreement is valid until June 30, 2009 and corresponds to approximately 400,000 shares at an agreed price of SEK 126 per share. The buy-back agreement covers the portion of outstanding employee stock options that are currently deemed to be exercised. In the case that it is deemed probable that a number of employee stock options will be exercised over time, the number of shares in the agreement with the third-party will be amended. OMX continuously pays interest compensation to the counter-party in exchange for the counter-party undertaking to provide the shares. OMX receives the share dividend paid during the term of the agreement. Changes in the share price of OMX's shares affect the value of the share swap and the result is reported against personnel expenses in the income statement. The share swap had a positive impact of SEK 15 million on personnel expenses for 2006.

**Share Match Program 2006**

Start date	April 6, 2006
Matching date	April 30, 2009
Number of invested shares	26,855
Maximum number of matching shares	134,275
Estimated number of matching shares	57,000
Total estimated expense, in millions of SEK	12
Expenses for the year, in millions of SEK	3

Participants in the Share Match Program 2006 invest in OMX shares and, depending on whether OMX achieves performance targets related to earnings per share and how OMX's shares perform in comparison to its competitors, participants may obtain a maximum of five matching shares per invested OMX share after three years. The number of shares that the participant may buy in the program is limited.

In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed a share-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The share swap covers the portion of shares that are expected to be allotted at the end of the program. The share swap is reported as an equity instrument in accordance with IAS 32. OMX has also signed a share-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 to limit the expenses for the social security



**Table of Contents**

contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement. OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

**Warrants issued to employees**

Subscription date	Nov 20, 2003
Subscription price, SEK	138.5
Number of shares upon full subscription	1,150,000
Dilution upon full subscription, %	1.0
Subscribed as at September 30, 2006	286,000
Premium, SEK	7.80
New subscription of shares with effect from	July 1, 2006
Maturity date	Sept 30, 2006

The warrants expired on September 30, 2006. Of the total number of 286,000 subscribed warrants, 98,600 warrants were utilized. Each warrant entitles the holder to one share and 98,600 new shares were issued.

**Average Number of Employees**

	2006		2005		2004	
	Number of employees	of whom men	Number of employees	of whom men	Number of employees	of whom men
<b>Parent Company</b>						
Sweden	33	17	31	13	31	14
<b>Total Parent Company</b>	<b>33</b>	<b>17</b>	<b>31</b>	<b>13</b>	<b>31</b>	<b>14</b>
<b>Subsidiaries</b>						
Sweden	821	555	896	590	898	578
Australia	66	54	37	29	34	29
Denmark	90	55	83	54		
Estonia	38	10	33	10	35	16
Finland	107	58	164	92	358	182
Hong Kong	5	2	4	3	4	3
Iceland	29	23				
Italy	2	2	3	3	3	3
Canada	16	11				
Latvia	25	9	24	10	23	10
Lithuania	19	7	18	9	20	9
Norway	9	9	11	10	16	12
Singapore	5	5	3	3		
UK	17	13	17	11	26	18
USA	42	35	46	37	69	48
<b>Total subsidiaries</b>	<b>1,291</b>	<b>848</b>	<b>1,339</b>	<b>861</b>	<b>1,486</b>	<b>908</b>
<b>TOTAL GROUP</b>	<b>1,324</b>	<b>865</b>	<b>1,370</b>	<b>874</b>	<b>1,517</b>	<b>922</b>

**Table of Contents***Salaries and remuneration**Salaries, other remuneration and social security expenses*

(in millions of SEK)	2006		2005		2004	
	Salaries and other remuneration	Social security expenses (of which pension expenses)	Salaries and other remuneration	Social security expenses (of which pension expenses)	Salaries and other remuneration	Social security expenses (of which pension expenses)
Parent Company	34	19(6)	37	16(6)	41	19(6)
Subsidiaries	797	268(99)	755	265(98)	719	266(91)
<b>TOTAL GROUP</b>	<b>831</b>	<b>287(105)</b>	<b>792</b>	<b>281(104)</b>	<b>760</b>	<b>285(97)</b>

*Salaries and other remuneration distributed per country and between board members and employees*

(in millions of SEK)	2006		2005		2004	
	Board of Directors and CEO (of which variable remuneration and similar)	Other employees	Board of Directors and CEO (of which variable remuneration and similar)	Other employees	Board of Directors and CEO (of which variable remuneration and similar)	Other employees
<b>Parent Company</b>	<b>9 (2)</b>	<b>25</b>	<b>9 (1)</b>	<b>27</b>	<b>7 ( )</b>	<b>34</b>
Subsidiaries						
Sweden	9 (3)	455	9 (2)	476	11 (1)	386
Australia	4 ( )	38	1 ( )	23	2 ( )	22
Canada	( )	9	( )		( )	6
Denmark	4 (1)	57	4 (1)	55	( )	
Germany	( )		( )		( )	5
Iceland	1 ( )	19	( )		( )	3
Hong Kong	2 ( )	3	2 ( )	3	( )	
Singapore	1 ( )	4	1 ( )	2	( )	
Italy	2 (1)	1	1 ( )	1	1 ( )	2
Norway	( )	6	1 ( )	8	3 ( )	11
UK	3 ( )	72	5 ( )	30	( )	36
USA	( )	43	( )	45	( )	62
Finland	4 ( )	47	4 (1)	72	11 (1)	144
Estonia	1 ( )	5	1 ( )	5	( )	5
Latvia	2 ( )	2	1 ( )	3	3 ( )	4
Lithuania	( )	3	( )	3	( )	2
<b>Total subsidiaries</b>	<b>33 (5)</b>	<b>764</b>	<b>30 (4)</b>	<b>726</b>	<b>31 ( )</b>	<b>688</b>
<b>TOTAL GROUP</b>	<b>42 (7)</b>	<b>789</b>	<b>39 (5)</b>	<b>753</b>	<b>38 (2)</b>	<b>722</b>

*Pensions*

OMX's defined-contribution pension obligations are mainly accounted for at the cost (premium/contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial valuation of the pension plan and the Group's earnings are charged for expenses in pace with the benefits being earned.



**Table of Contents****Information about related parties**

During 2005, one of Board Chairman Olof Stenhammar's majority-owned subsidiaries received remuneration based on a license agreement related to the formation of OM in 1985. The payment comprises a fixed and a profit-related amount. The profit-related amount is 1% of OMX's profit after financial items. The remuneration for 2005 amounts to SEK 9.2 million. The agreement has been terminated and expired on December 31, 2005.

**Note 8. Transactions with related parties**

Related parties refers to companies and individuals on whom OMX is in a position to exercise significant, though not controlling, influence. When transactions with associated companies reported in accordance with the equity method are not eliminated in the consolidated financial statements, separate information is shown in the table below to disclose those transactions that took place between OMX and these companies. Information relating to transactions with individuals in close proximity (Board of Directors and senior executives) is set out in Note 7.

**Transactions with related parties****2006**

(in millions of SEK)	Sales	Purchases	Receivables	Liabilities
<b>Associated companies</b>				
EDX London Ltd	36		7 <sup>(1)</sup>	
VPC AB	19	1		
Näringslivskredit, NLK AB		13		
Orc Software AB		10		

(1) Of which SEK 6 million is a long-term receivable.

**2005**

(in millions of SEK)	Sales	Purchases	Receivables	Liabilities
<b>Associated companies</b>				
EDX London Ltd	79		46 <sup>(1)</sup>	
NCSD AB	29	17	8	
Näringslivskredit, NLK AB		40		
Orc Software AB		4		

(1) Of which SEK 15 million is a long-term receivable.

**2004**

(in millions of SEK)	Sales	Purchases	Receivables	Liabilities
<b>Associated companies</b>				
EDX London Ltd	56		47 <sup>(1)</sup>	
NCSD AB	63	8	109	222 <sup>(2)</sup>
Näringslivskredit, NLK AB		66 <sup>(3)</sup>	76 <sup>(4)</sup>	21 <sup>(3)</sup>

(1) Of which, loans of SEK 46 million.

(2) Prepaid revenue.

(3) Leasing of computer equipment.

(4) Net receivables related to the dividend in connection with a reduction in capital.

Sales and purchases from related parties occur at market prices.

FIN-61

**Table of Contents****Note 9. Financial items**

(in millions of SEK)	2006	2005	2004
<b>FINANCIAL REVENUE</b>			
Interest revenue	41	32	25
Dividends			4
Other investments including derivatives	5	16	11
Exchange-rate differences			
On derivatives intended for protection of shareholders' equity in subsidiaries			
On other loans and derivatives	2		
<b>Total financial revenue</b>	<b>48</b>	<b>48</b>	<b>40</b>
<b>FINANCIAL EXPENSES</b>			
Interest expenses	(85)	(72)	(83)
Other investments including derivatives			
Net loss attributable to divestment of financial assets available for sale	(11)	(1)	(1)
Exchange-rate differences on other loans and derivatives		(11)	
Refinancing of subsidiaries			
Impairment loss on shares in subsidiaries			
Other <sup>(1)</sup>	(5)	(28)	(6)
<b>Total financial expenses</b>	<b>(101)</b>	<b>(112)</b>	<b>(90)</b>
<b>TOTAL FINANCIAL ITEMS</b>	<b>(53)</b>	<b>(64)</b>	<b>(50)</b>

(1) For 2005, this item included impairment of external receivables of SEK 11 million and accrued interest for the repayment of VAT in the negative amount of SEK 3.5 million.

**Note 10. Associated companies**

*Shared in associated companies consolidated in accordance with the equity method*

(in millions of SEK)	2006	2005
Reported value at beginning of year	623	633
Acquisition of associated companies and capital contribution		67
Sale of associated companies	(459)	
Share in earnings of associated companies <sup>(1)</sup>	46	15
Dividends and the Group contributions received from associated companies	(34)	(15)
Translation differences	(3)	4
Other changes in associated companies' equity	13	(81)
<b>Reported value at year-end</b>	<b>186</b>	<b>623</b>

(1) Share in earnings of associated companies includes VPC AB in the amount of SEK 24 million in 2006. The consolidated value of owned shares in income, earnings, assets and liabilities are specified below.

The market value of the holding in Orc Software (4.5 million shares) was SEK 524 million (398) as per December 31, 2006. The book value was SEK 76 million (62). Other holdings are not listed. For these amounts the fair value is deemed to be the same as book value.

FIN-62

**Table of Contents**

At the beginning of October 2006, OMX announced that it had sold its entire holding of 443,700 shares in VPC AB for a total of SEK 575 million. The gain of SEK 83 million from this transaction was reported as other revenue.

(in millions of SEK)	Country	Revenue	Income/ loss	Assets	Liabilities	Share. equity	Ownership in %
<i>Associated companies, 2006</i>							
Central Securities Depositories of Lithuania	Lithuania	5	2	11		11	40
EDX London Ltd	UK	26	3	31	6	25	24
Näringslivskredit NLK AB	Sweden	1	1	99	27	72	48 <sup>(2)</sup>
ORC Software AB	Sweden	123	16	140	64	76	30
<i>Associated companies, 2005</i>							
Central Securities Depositories of Lithuania	Lithuania	5	2	13	1	12	40
EDX London Ltd	UK	55	(23)	28	6	22	24
VPC AB	Sweden	137	32	293	53	240	20
Näringslivskredit NLK AB	Sweden	3		140	69	71	48 <sup>(2)</sup>
ORC Software AB	Sweden	86	4	100	40	60	31

(2) Share of equity amounts to 90%

At December 31, 2006, participations in associated companies included goodwill amounting to SEK 2 million (217).

**Note 11. Taxes**

Both current and deferred income tax are reported for Swedish and foreign Group entities under **Taxes** in the income statement. Companies in the Group are liable to pay tax in accordance with relevant taxation legislation in the respective countries. Assessments and assumptions have been made when calculating the amounts and percentages presented in this Note. All assessments and assumptions involve a certain degree of uncertainty.

*Distribution of income before tax*

(in millions of SEK)	2006	2005	2004
Sweden	334	381	(74)
Other countries	771	450	633
Share in earnings of associated companies	46	15	9
<b>TOTAL</b>	<b>1,151</b>	<b>846</b>	<b>568</b>



**Table of Contents**

The Distribution of tax for the year table reports how tax is specified between Sweden and other countries and the division of current and deferred taxes. The positive earnings in the Swedish portion of the operations led to a dissolution of tax loss carryforwards equivalent to tax assets. The Group's operations in other countries resulted in mostly current tax and, to a lesser extent, utilized loss carryforwards.

*Distribution of tax for the year*

(in millions of SEK)	2006	2005	2004
<b>Current tax</b>			
Sweden	(3)	(79)	(20)
Other countries	(112)	(40)	(111)
<b>Total</b>	<b>(115)</b>	<b>(119)</b>	<b>(131)</b>
<b>Deferred tax</b>			
Sweden	(97)	(109)	88
Other countries	(28)	(75)	(119)
<b>Total</b>	<b>(125)</b>	<b>(184)</b>	<b>(31)</b>
<b>TOTAL</b>	<b>(240)</b>	<b>(303)</b>	<b>(162)</b>

Tax rate, %	21	36	42
-------------	----	----	----

The Group's positive deviation from the nominal Swedish tax rate of 28% is primarily due to tax-exempt capital gains arising from the sale of shares in VPC AB and NOS AS, and other tax-exempt revenue. The fact that the Group conducts operations in several countries with a lower tax rate than Sweden also has a positive impact on the tax rate. The fact that operations are conducted in countries with lower tax rates than the nominal Swedish tax rate and that the company receives tax-exempt revenues will continue to entail that the Group's tax rate will amount to approximately 25%.

*Reconciliation of effective tax*

(%)	2006	2005	2004
Swedish income tax rate	28	28	28
Difference between different countries' tax rates	(1)	(1)	(1)
Impairment of prior capitalized losses			7
Deficit for which tax loss carryforwards have not been observed	1	2	8
Utilization of previously non-capitalized deficits		(1)	
Capital gains	(4)		
Tax-exempt revenues	(5)	(1)	(9)
Non-deductible expenses	1		8
Reversal of tax reserves			(4)
Earnings from associated companies	(1)		
Adjustments for previous year		9	1
Other	2		4
<b>EFFECTIVE TAX RATE</b>	<b>21</b>	<b>36</b>	<b>42</b>

**Table of Contents**

Of the Group's total tax loss carryforwards, which is approximately SEK 897 million, only SEK433 million is considered in the calculation of deferred tax. The tax loss carryforwards that are considered in the calculation of deferred tax are reported to the extent that it is probable that it will be utilized against future taxable surplus. It is not deemed possible for those tax loss carryforwards not considered in the calculation to be utilized against in the foreseeable future since these loss carryforwards are attributable to countries in which the Group has limited revenues.

*Distribution of accumulated tax loss carryforwards*

(in millions of SEK)	2006	2005	2004
Sweden	369	699	1,106
Other countries	528	617	794
<b>TOTAL</b>	<b>897</b>	<b>1,316</b>	<b>1,900</b>

*Total tax loss carryforwards that correspond to tax assets*

(in millions of SEK)	2006	2005	2004
Sweden	369	699	1,106
Other countries	64	108	278
<b>TOTAL</b>	<b>433</b>	<b>807</b>	<b>1,384</b>

The Group's deferred tax assets attributable to Sweden are deemed to be consumed within the forthcoming two years. The largest portion of foreign loss carryforwards that correspond to tax assets should be utilized within the same time period. Deferred tax assets referring to restructuring will be utilized at the same rate as the utilization of restructuring provisions and other provisions.

*Deferred tax assets and tax liabilities*

(in millions of SEK)	2006	2005	2004
<b>Deferred tax assets</b>			
Loss carryforwards	115	217	336
Provisions for restructuring measures	10	20	57
Impairment of fixed assets			2
Other			4
<b>Total deferred tax assets</b>	<b>125</b>	<b>237</b>	<b>399</b>
<b>Deferred tax liabilities</b>			
Untaxed reserves	(39)	(26)	(14)
<b>Total deferred tax liabilities</b>	<b>(39)</b>	<b>(26)</b>	<b>(14)</b>
<b>DEFERRED TAX ASSETS, NET</b>	<b>86</b>	<b>211</b>	<b>385</b>

**Table of Contents**

Losses in Swedish companies can be utilized for an unlimited amount of time. For foreign subsidiaries, the useful life of the loss is limited in certain cases. The minimum time period within which foreign losses can be utilized is 16 years. Of the losses that can be utilized for a limited amount of time (2019-2024), SEK 28 million are tax loss carry-forwards that correspond to tax assets.

*Utilization of total losses at year end*

(in millions of SEK)	2006	2005	2004
<b>Last utilization year</b>			
2019-2024	128	147	170
Unlimited	769	1,169	1,730
<b>TOTAL</b>	<b>897</b>	<b>1,316</b>	<b>1,900</b>

*Untaxed reserves*

Stockholmsbörsen AB signed a credit insurance related to clearing participants' default. The insurance is intended to cover losses arising in clearing operations and which normally are covered solely by the company's shareholders' equity. The insurance has been signed by OMX's wholly owned insurance company OMX Capital Insurance AG in Switzerland, which for part of the risk has secured reinsurance from Radian Asset Assurance Inc. in the U.S. OMX Capital Insurance AG has reserved funds in an insurance provision. At the Group level, the provision is distributed between un-restricted funds and deferred tax.

*Tax item reported directly against shareholders' equity*

(in millions of SEK)	2006	2005	2004
Deferred tax attributable to changed accounting principles		10	
Deferred tax attributable to revaluation of financial instruments	7	8	
<b>TOTAL</b>	<b>7</b>	<b>18</b>	

*Ongoing tax disputes*

OMX's associated company, NLK, is party to a tax case concerning the possibility of loss carryforwards for which an appeal has been lodged with the Swedish Supreme Administrative Court. Since NLK has paid the tax expenses, the dispute will not have any further negative impact on the Group.

The Stockholmsbörsen AB subsidiary received a ruling from the Swedish Tax Board in 2004 pursuant to which the company will be subject to a value added tax surcharge for the support and facility management services it purchases from other companies in the Group. Stockholmsbörsen AB does not share the Swedish Tax Board's assessment and will appeal against the ruling. Should the Swedish Tax Board's opinion ultimately be upheld, this would give rise to a cost for the Group of SEK 90 to 110 million based on the situation on December 31, 2006 and increase ongoing expenses by SEK 2 million per month.

Other ongoing current disputes, either individually or collectively, are not considered to pose any material threat to the Group's business operations, its financial position or its earnings.

**Table of Contents****Note 12. Operational leasing**

The Group has no financial leasing commitments. Set out below are the operational leasing commitments of the Group.

*Leasing fees for the period*

(in millions of SEK)	2006	2005	2004
Equipment	2	1	2
Computer operations	57	76	92
Premises	190	209	168
<b>TOTAL</b>	<b>249</b>	<b>286</b>	<b>262</b>

*Contracted leasing fees*

(in millions of SEK)	2007	2008	2009	2010	2011	2012	17
Equipment <sup>(1)</sup>	18	2	2				
Computer operations	18	15	7				
Premises	175	165	168	170	167	890	
of which, premises sublet	25	25	25	22	22	71	
of which, provisions made	24	17	12	6	5	15	
<b>TOTAL</b>	<b>211</b>	<b>182</b>	<b>177</b>	<b>170</b>	<b>167</b>	<b>890</b>	

(1) Of which SEK 16 million contracted for 2007 relates to leasing of computer equipment from the associated company, Näringslivskredit, NLK AB.

FIN-67

**Table of Contents****Note 13. Intangible assets**

(in millions of SEK)	Goodwill	Capitalized expenditure for development	Other intangible assets
Acquisition cost brought forward, Jan. 1, 2005	1,950	879	199
Assets acquired through acquisitions	917		350
Assets acquired during the year		200	96
Reclassifications		(20)	
Exchange-rate differences	93		(5)
<b>Acquisition cost carried forward, Dec 31, 2005</b>	<b>2,960</b>	<b>1,059</b>	<b>640</b>
Amortization brought forward, Jan. 1, 2005		383	67
Amortization for the year		73	43
<b>Amortization carried forward, Dec. 31, 2005</b>		<b>456</b>	<b>110</b>
Impairment brought forward, Jan. 1, 2005	3	185	5
Impairment for the year	2	9	2
<b>Impairment carried forward, Dec. 31, 2005</b>	<b>5</b>	<b>194</b>	<b>7</b>
<b>BOOK VALUE, DEC. 31, 2005</b>	<b>2,955</b>	<b>409</b>	<b>523</b>
Of which assets held for sale	31		25
Acquisition cost carried forward, Jan 1, 2006	2,960	1,059	640
Assets acquired through acquisitions	335		244
Assets acquired during the year		185	26
Reclassifications			18
Exchange-rate differences	(120)		(10)
<b>Acquisition cost carried forward, Dec. 31, 2006</b>	<b>3,175</b>	<b>1,244</b>	<b>918</b>
Amortization brought forward, Jan. 1, 2006		455	110
Amortization for the year		51	78
<b>Amortization carried forward, Dec. 31, 2006</b>		<b>506</b>	<b>188</b>
Impairment brought forward, Jan. 1, 2006	5	194	7
Impairment for the year		21 <sup>(1)</sup>	4
<b>Impairment carried forward, Dec. 31, 2006</b>	<b>5</b>	<b>215</b>	<b>11</b>
<b>BOOK VALUE, DEC. 31, 2006</b>	<b>3,170</b>	<b>523</b>	<b>719</b>
Of which assets held for sale	30		32

(1) Of which SEK 20 million relates to the impairment of intangible assets that took place in conjunction with the table of shares in VPC AB.

*Total intangible assets, useful life*

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

(in millions of SEK)	Acquisition cost	Book value
Development in progress	294	269
3 years	22	4
5 years	1,019	313
10 years	390	250
20 years	435	405
<b>TOTAL</b>	<b>2,160</b>	<b>1,241</b>

FIN-68

**Table of Contents**

Development in progress relates to various components in the marketplace system. Their values are reviewed continuously and amortization is initiated when the respective part has been completed. Of the book value per December 31, 2006, SEK 32 million refers to the Banks & Brokers operation which is being discontinued.

Assets with a useful life of 10 years mainly consist of the product EXIGO CSD, which is a central system in OMX's systems platform.

Assets with a useful life of 20 years comprise surplus values in customer contracts attributable to the acquisition of CSE and EV.

The review of the value of all intangible assets takes place on an ongoing basis throughout the year by using a risk-adjusted discounted cash flow. This review is based on assumptions and assessments, which entail a certain degree of uncertainty. OMX's WACC has been utilized as the discount factor, which is 10% for the Technology operations and 9% for the Exchange operations. The lifetime is assumed to be the same as the amortization period.

During 2006, impairment of SEK 21 million was recognized since it was not possible to justify the book value of certain intangible assets with the value of the future cash flow and that the book value exceeded fair value. The cost has been booked as an impairment in the income statement.

**Capitalized expenditure for research and development**

This item relates to OMX's systems solutions. The major components are the new development of OMX's platform for future systems solutions GENIUM, a new system for settlement, registration and custody of securities EXIGO CSD, the next generation of CLICK CLICK XT, a systems solution for banks and brokerage firms STP, and a systems platform for energy trading CONDICO.

**Other intangible assets**

(in millions of SEK)	2006	2005
Software	120	119
Licenses	1	2
Customer contracts	405	285
Other	193	117
<b>TOTAL</b>	<b>719</b>	<b>523</b>

**Table of Contents****Goodwill**

Goodwill is divided between the Group's cash-generating units, primarily within the Nordic Marketplaces business area:

(in millions of SEK)	2006	2005
<b>Nordic Marketplaces</b>		
Stockholm Stock Exchange	590	590
Helsinki Stock Exchange	1,304	1,362
Copenhagen Stock Exchange	876	924
Iceland Stock Exchange	130	
<b>Total Nordic Marketplaces</b>	<b>2,900</b>	<b>2,876</b>
<b>Information Services &amp; New Markets</b>		
Other Exchanges	14	15
<b>Market Technology</b>		
Computershare	180	
Other	76	64
<b>Total Market Technology</b>	<b>256</b>	<b>64</b>
<b>TOTAL</b>	<b>3,170</b>	<b>2,955</b>

Of which assets held for sale 30 30

An impairment test of goodwill was performed at the end of 2006. It is necessary to make a number of assessments and assumptions that entail a certain degree of uncertainty for this test.

The value in use of goodwill attributable to exchange operations was calculated based on the discounted eternal cash flow with a growth rate of 0% and a discount rate of 9% which corresponds to the company's WACC for the Exchange operations.

The eternal useful life was applied against the background of the company's long history of a stable and strong cash flow. The acquisitions are of great strategic importance to OMX. A larger market and increased liquidity were achieved through these acquisitions. Cost-efficiency, and thereby competitiveness are increased by integrating the technical infrastructure. OMX's technology operations also benefit from the large home market that was created. A growth rate of 0% based on expected outcome for 2006 was applied by way of precaution due to the difficulty in assessing the market of the exchange operations. The value in use was calculated at a discount rate (WACC) of 10% corresponding to the company's average cost of capital for the Technology operations. No impairment requirements were identified.

A sensitivity analysis in which the discount rate was increased by 10% and the cash flow was decreased by 10% did not give rise to any further impairment requirements



**Table of Contents****Note 14. Tangible fixed assets**

(in millions of SEK)	2006	2005
<b>Equipment</b>		
Acquisition cost brought forward	1,091	1,111
Assets acquired through acquisitions	1	10
Acquisitions for the year	77	85
Disposals	(36)	(144)
Sales	(23)	(6)
Exchange-rate differences	(22)	35
<b>Acquisition cost carried forward</b>	<b>1,088</b>	<b>1,091</b>
Depreciation brought forward	711	727
Depreciation for the year	87	97
Disposals	(28)	(137)
Sales	(15)	(2)
Exchange-rate differences	(18)	26
<b>Depreciation carried forward</b>	<b>737</b>	<b>711</b>
Impairment brought forward	18	18
Impairment for the year	4	
<b>Impairment carried forward</b>	<b>22</b>	<b>18</b>
<b>BOOK VALUE</b>	<b>329</b>	<b>362</b>
Of which assets held for sale	8	7

The useful life for computers amounts to three years, for reconstruction to ten years and for other equipment to five years.

**Note 15. Other investments held as fixed assets**

(in millions of SEK)	2006	2005
<b>Financial assets valued at fair value via the income statement</b>		
Shares and participations		4
<b>Financial assets available for sale</b>		
Shares and participations	363	52
<b>TOTAL</b>	<b>363</b>	<b>56</b>

(in millions of SEK)	2006	2005
Acquisition cost brought forward	56	50
Acquisitions during the year	363	4
Divestments during the year	(56)	(15)
Revaluation of shareholders' equity		20
Reclassification		(3)
<b>ACQUISITION COST CARRIED FORWARD</b>	<b>363</b>	<b>56</b>

FIN-71

**Table of Contents****Note 16. Other long-term receivables**

(in millions of SEK)	2006		2005	
	Reported Value	Fair value	Reported value	Fair value
Other deposits	17	17	53	53
Long-term project receivables				
Hedge employee stock options			68	68
Other long-term receivables	23	23	42	42
<b>TOTAL</b>	<b>40</b>	<b>40</b>	<b>163</b>	<b>163</b>

**Note 17. Market value, outstanding derivative positions**

Through its clearing operations in the derivative markets, Nordic Marketplaces is the formal counterparty in all derivative positions traded via the exchanges. However, the exchanges do not utilize the derivatives for purpose of conducting their own trading, instead these derivatives are to be seen as a method of documenting the counterparty guarantees established in the clearing operations. Counterparty risks are measured by models that have been agreed upon with the financial supervisory authority in the respective countries. The risk situation associated with the divestment of positions remains unchanged compared with prior years. Collateral for the divestment of outstanding derivative instruments is provided as previously. According to IAS 39/32, the market value of the above-mentioned derivative positions is reported in the balance sheet.

Receivables and liabilities attributable to outstanding derivative positions have been netted to the extent that such a legal offset right exists and, at the same time, that it is OMX's intention to settle these items. The market value as per December 31, 2006 was SEK 4,401 million, which almost exclusively refers to the Stockholm Stock Exchange's derivative positions.

**Note 18. Accounts receivable – trade**

(in millions of SEK)	2006	2005
Accounts receivable	426	372
Less doubtful receivables	(1)	(5)
<b>TOTAL</b>	<b>425</b>	<b>367</b>

**Note 19. Other receivables**

(in millions of SEK)	2006	2005
Current account assets	748	556
Other non interest-bearing receivables	139	126
Other interest-bearing receivables	1	2
<b>TOTAL</b>	<b>888</b>	<b>684</b>

**Table of Contents****Note 20. Prepaid expenses and accrued income**

(in millions of SEK)	2006	2005
Premises, rent	34	43
Systems sales, facility management <sup>(1)</sup>	216	304
Information sales	97	59
Transaction revenue	25	109
Insurance	14	12
Unrealized exchange-rate gains	23	39
Other	9	21
<b>TOTAL</b>	<b>418</b>	<b>587</b>

(1) The item includes project revenue reported in accordance with the percentage of completion principle.

**Note 21. Financial assets available for sale**

(in millions of SEK)	2006	2005
Government securities	519	724
Bank and financial institutions		
<b>TOTAL</b>	<b>519</b>	<b>724</b>

The fair values of the above items correspond to the reported values.

**Note 22. Shareholders' equity**

A new share issue took place in October in conjunction with the expiry of the employee warrants program, entailing that the number of shares increased by 98,600 to 118,572,907. In November, a new share issue took place in conjunction with the acquisition of Eignarhaldsfelagid Verdbrefathing, entailing that the number of shares increased by 2,067,560 to 120,640,467, with a ratio value of SEK 2 with one vote per share. Consolidated shareholders' equity amounted to SEK 38 (40) per share.

**Associated companies**

Income that is not paid out as a dividend in associated companies is recorded in the Group's shareholders' equity among profit/loss brought forward. The application of the equity method of accounting for associated companies means that the value of shareholders' equity in the Group is reported at SEK 76 million (64) higher than if the acquisition cost method had been used.

**Shareholders' equity**

(in millions of SEK)	2006	2005
Share capital	241	237
Other contributed funds	3,536	3,271
Other reserves		
Fair value reserve		12
Hedging reserve	(18)	
Translation reserve	(85)	88
Profit/loss brought forward	16	584
Net income for the year	907	543

Minority interests	17	14
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>4,614</b>	<b>4,749</b>

FIN-73

**Table of Contents***Other reserves*

(in millions of SEK)	Fair Value reserve	Hedging reserve	Translation reserve	Total
Opening balance, 2005			(37)	(37)
Revaluation of shares available for sale	12			12
Translation differences			125	125
<b>Closing balance 2005</b>	<b>12</b>		<b>88</b>	<b>100</b>
Cash-flow hedging				
Gain/loss to shareholders' equity		(9)		(9)
Transferred to income statement		(9)		(9)
Exchange-rate differences				
Hedging of equity			25	25
Translation differences			(198)	(198)
Financial assets available for sale				
Transferred to income statement	(12)			(12)
<b>Closing Balance 2006</b>		<b>(18)</b>	<b>(85)</b>	<b>(103)</b>

Items are reported net after tax.

*Fair value reserve*

The fair value reserve includes the accumulated net change in fair value of financial assets available for sale until the asset is eliminated from the balance sheet.

*Hedging reserve*

The hedging reserve includes the change in value of cash-flow hedges. The change in value is recycled in the income statement in line with the hedged cash flow impacting the income statement.

*Translation reserve*

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK). The translation reserve also comprises exchange-rate differences arising in conjunction with the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

**Table of Contents****Note 23. Long-term liabilities**

For information regarding dates of maturity for the long-term liabilities, refer to Note 28 and for information regarding the Group's exposure to interest rate risks and risk of exchange-rate fluctuations, see Note 2.

For information regarding the reporting of employee stock options, refer to the section entitled Accounting principles.

***Division of long-term liabilities***

(in millions of SEK)	2006	2005
<b>Interest-bearing long-term liabilities</b>		
Bond loans (interest-bearing)	1,360	1,409
<b>Other long-term liabilities</b>		
Liabilities, employee stock options	15	18
Liabilities Computershare	97	
Rent deposit	9	
Other long-term liabilities	2	1
<b>TOTAL</b>	<b>1,483</b>	<b>1,428</b>

**Note 24. Provisions*****Restructuring reserve***

(in millions of SEK)	2006	2005
Opening balance		26
Provisions made during the period		
Utilized reserves		(26)
<b>TOTAL</b>		

Refers to savings program in 2003. All remaining reserves were utilized in 2005.

***Other provisions***

(in millions of SEK)	2006	2005
Opening balance	128	208
Reclassifications		27
Provisions made during the period		
Utilized reserves	(44)	(113)
Exchange-rate effects	(5)	6
<b>TOTAL</b>	<b>79</b>	<b>128</b>

The opening balance comprises the reserve of SEK 10 million for the integration of OM and HEX, and provisions for expenses for unutilized premises of SEK 118 million. The integration reserve was utilized during the year in the amount of SEK 10 million and has thereby been utilized in its entirety. The provision for premises was utilized in the amount of SEK 39 million including exchange-rate effects.

FIN-75



**Table of Contents**

The provision for expenses for unutilized premises is based on management's assumptions and assessments and is associated with a certain degree of uncertainty. These expenses refer primarily to OMX's offices in London and New York. The provision was established in 2004 as a result of the reduction in personnel associated with the focus on cost-savings and efficiency-enhancement measures in the operations which OMX has worked with in recent years, and a decline in market conditions for the lease of premises, leading to certain areas being leased at a lower rent than OMX's lease conditions. See Note 12 regarding the cash-flow dates. For leasing contracts invoicing sub-lets, a reserve has been established for known losses for five years in the future. The leasing contract will expire during the period 2009-2015.

**Restricted reserve, CSE**

The total amount of provisions presented below also includes a reserve attributable to the operations in the Copenhagen Stock Exchange, CSE. This reserve may not be distributed and may only be used to cover losses in CSE in accordance with the Danish Security Trading Act. The reserve amounts to SEK 66 million as of December 31, 2006 and is classified in its entirety as long term.

**Total provisions**

(in millions of SEK)	2006	2005
Long-term portion	121	154
Short-term portion	24	41
<b>TOTAL</b>	<b>145</b>	<b>195</b>

**Note 25. Other liabilities**

(in millions of SEK)	2006	2005
Current account liabilities	650	613
Other non interest-bearing liabilities	148	88
Other interest-bearing liabilities	38	
<b>TOTAL</b>	<b>836</b>	<b>701</b>

**Note 26. Accrued expenses and deferred income**

(in millions of SEK)	2006	2005
Personnel expenses	187	182
Systems sales <sup>(1)</sup>	8	11
Support revenue	26	
Facility Management <sup>(1)</sup>	15	12
Trading revenue	10	
Issuer's revenue <sup>(2)</sup>	60	53
Commission revenue	22	
Other deferred income	27	53
Unrealized exchange-rate losses	13	106
Accrued interest	30	
Other	75	129
<b>TOTAL</b>	<b>473</b>	<b>546</b>



**Table of Contents**

- (1) Customer invoicing terms for projects are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at a given time. Work that has been invoiced, but not yet carried out, is treated as a liability to the customer. During the period when the work to which the invoice relates is carried out, this liability is re-booked as revenue.
- (2) Relates to listing fees paid by companies listed on the exchanges within OMX's exchanges. These fees are paid quarterly in advance and are based on the average market capitalization of a company over the preceding 12-month period.

**Note 27. Due dates for receivables and liabilities**

(in millions of SEK)	Within 12 months	Within 2-5 years	After 5 years	TOTAL
Other long-term receivables		29	11	40
Accounts receivable	425			425
Tax assets	6			6
Other receivables	888			888
Prepaid expenses and accrued income	397	20	1	418
Assets available for sale	70			70
Interest-bearing long-term liabilities		1,360		1,360
Other long-term liabilities		122	1	123
Provisions	24	40	81	145
Liabilities to credit institutions <sup>(1)</sup>	398			398
Accounts payable	109			109
Tax liabilities	30			30
Other liabilities	836			836
Accrued expenses and deferred income	458	15		473
<b>NET RECEIVABLE (+)/NET LIABILITY (-)</b>	<b>(69)</b>	<b>(1,488)</b>	<b>(70)</b>	<b>(1,627)</b>

(1) Refers to the commercial paper program.

**Note 28. Other interest-bearing and non interest-bearing receivables and liabilities**

This Note contains information on the classification between interest-bearing and non interest-bearing items in the balance sheet. For information regarding dates of maturity, fixed-interest periods and the average weighted interest of interest-bearing items, see Note 2.

(in millions of SEK)	Interest- bearing	Non interest- bearing	Total
Financial fixed assets	21	699	720
Current receivables	1	6,138	6,139
Financial assets available for sale	519		519
Cash equivalents	409		409
Long-term liabilities	1,361	258	1,619
Short-term liabilities	436	5,859	6,295
<b>RECEIVABLES AND LIABILITIES, NET</b>	<b>(847)</b>	<b>720</b>	<b>(127)</b>

**Table of Contents****Note 29. Collateral received by OMX's exchange operations**

Through its clearing operations, the Stockholm Stock Exchange is a counterparty in every options and futures contract and thereby guarantees the fulfillment of each contract. Customers, who through an options or futures contract, assume an obligation to the Stockholm Stock Exchange, must pledge collateral for the obligation according to special rules for this.

(in millions of SEK)	2006	2005
Stockholm Stock Exchange	15,458	11,533
<b>TOTAL</b>	<b>15,458</b>	<b>11,533</b>

**Note 30. Pledged collateral**

(in millions of SEK)	2006	2005	
OMX Treasury AB		45	Lease deposit
OMX Technology Pty Ltd	3	2	Lease deposit
OMX Technology Ltd (Hong-Kong)		1	Lease deposit
HEX Securities Services Ltd OY <sup>(1)</sup>	32	44	Liquidity guarantee
<b>TOTAL</b>	<b>35</b>	<b>92</b>	

(1) Relates to pledged collateral for the right to act as the Swedish equivalent of the account-handling institution.

**Note 31. Contingent liabilities**

(in millions of SEK)	2006	2005
Guarantees issued for clearing operations (OMX AB) <sup>(1)</sup>	3,020	1,414
Other guarantees (OMX AB) <sup>(2)</sup>	174	69
<b>TOTAL</b>	<b>3,194</b>	<b>1,483</b>

(1) Through its clearing operations, OMX AB's exchange operations act as a counterparty in each transaction and thereby guarantees the fulfillment of each contract. OMX's exchange operations are to pledge collateral for commitments with other clearing houses. The amount of these commitments is calculated on the gross exposure between the clearing houses. As collateral for these obligations, the operations have obtained bank guarantees, which are guaranteed by OMX AB through counterparty agreements.

(2) Primarily obligations for leasing contracts and in conjunction with the systems sales in Market Technology. In addition to the items above, there are general Parent Company guarantees for wholly owned subsidiaries of OMX AB.

OMX is party to a number of cases and disputes for which no provisions have been established since it is the opinion of management that all cases will be found in favor of OMX. There is naturally a certain degree of uncertainty associated with this opinion.

**Table of Contents****Note 32. Earnings per share*****Change in number of shares***

After authorization was received at OMX's Extraordinary General Meeting of shareholders on October 23, 2006, the company's share capital was increased by SEK 4,135,120 by a new share issue of 2,067,560. The newly-issued shares were utilized as part payment for the acquisition of Eignarhaldsfelagid Verdbrefathing (the holding company for the Iceland Stock Exchange and central securities depository). A new share issue took place in October in conjunction with the expiry of the employee warrants program, entailing that the company's share capital increased by SEK 197,200 and the number of shares increased by 98,600.

	2006	2005	2004
Outstanding shares at beginning of the period	118,474,307	115,547,015	115,547,015
New share issue	2,166,160	2,927,292	
<b>Outstanding shares at the end of the period</b>	<b>120,640,467</b>	<b>118,474,307</b>	<b>115,547,015</b>

***Earnings per share before dilution***

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2006	2005	2004
Net income/loss for the year, in millions of SEK, attributable to the shareholders in OMX AB	907	538	382
Average number of shares outstanding	118,671,254	118,108,396	115,547,015
<b>EARNINGS PER SHARE, SEK</b>	<b>7.64</b>	<b>4.56</b>	<b>3.31</b>
Of which attributable to continuing operations	8.03	4.70	1.94
Of which attributable to discontinued operations	(0.39)	(0.14)	1.37

***Earnings per share after dilution***

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2006	2005	2004
Net income/loss for the year, in millions of SEK, attributable to the shareholders in OMX AB	907	538	382
Average number of shares after dilution and with full utilization of options <sup>(1)</sup>	118,885,754	118,394,396	115,833,015
<b>EARNINGS PER SHARE, SEK<sup>(2)</sup></b>	<b>7.64</b>	<b>4.56</b>	<b>3.31</b>

(1) For information relating to OMX's employee stock options (no dilution), see Note 7.

(2) Earnings per share after dilution corresponds to earnings per share before dilution since it has not been deemed probable that the warrants will be utilized due to the fact that the issue price was higher than the share price in 2004, 2005 and 2006.

**Table of Contents****Note 33. Cash flow****Cash equivalents**

The following sub-components are included in cash equivalents:

(in millions of SEK)	2006	2005	2004
Cash and bank balances	409	519	672
Financial assets available for sale	519	724	705
<b>Total cash equivalents</b>	<b>928</b>	<b>1,243</b>	<b>1,377</b>
Financial assets available for sale with tenures of > 3 months	(519)	(724)	(705)
<b>Total according to balance sheet</b>	<b>409</b>	<b>519</b>	<b>672</b>

Financial assets available for sale are short-term investments that comprise discounting instruments, bonds and securities issued by the government, local authority, a Swedish limited liability company and a Swedish housing finance institution. All short-term investments entail an insignificant risk of fluctuations in value and can readily be converted to cash funds. However, only those investments with a maximum tenure of three months are included in the item "Cash equivalents" in the balance sheet and in the cash-flow statement. Other short-term investments are reported as "Cash flow from investing activities."

Cash equivalents that were not available to the Group amounted to SEK 21 million at the end of the period. Blocked funds primarily refer to cash equivalents utilized as hedging in clearing activities. The Group's total hedges in interest-bearing assets relating to clearing activities amount to approximately SEK 750 million, the majority of which are investments with tenures exceeding three months.

**Financial items**

The following financial items reported in the income statement affect the cash flow:

(in millions of SEK)	2006	2005	2004
<b>Other interest income and similar profit/loss items</b>			
Dividends			4
Interest	48	34	38
Exchange-rate differences			
Other	5	4	
<b>Total</b>	<b>53</b>	<b>38</b>	<b>42</b>
<b>Interest expense and similar profit/loss items</b>			
Interest	(99)	(74)	(83)
Interest, Group			
Exchange-rate differences		(11)	
Other	(16)	(9)	(6)
<b>Total</b>	<b>(115)</b>	<b>(94)</b>	<b>(89)</b>
<b>TOTAL</b>	<b>(62)</b>	<b>(56)</b>	<b>(47)</b>

FIN-80

**Table of Contents***Cash flow from acquisitions and divestments of Group companies**Cash flow from acquisitions*

During 2006, Eignarhaldsfelagid Verdbrefathing (EV) was acquired, in 2005 the Copenhagen Stock Exchange (CSE) was acquired and in 2004 National Stock Exchange of Lithuania and JHC. The cash flow from these acquisitions is described in the table below.

(in millions of SEK)	2006	2005	2004
Intangible assets	275	1,224	(17)
Tangible fixed assets	1	12	(1)
Financial fixed assets	8	21	(2)
Receivables	19	80	(20)
Cash equivalents	33	307	(61)
Long-term liabilities			
Current liabilities	(22)	(187)	50
Minority interests			18
<b>Total purchase price</b>	<b>314</b>	<b>1,457</b>	<b>33</b>
<b>Total purchase price paid</b>	<b>(314)</b>	<b>(1,457)</b>	<b>(33)</b>
Less earlier holding in acquired company		18	
Less payment with treasury shares	256	232	
<b>Purchase price paid</b>	<b>(58)</b>	<b>(1,207)</b>	<b>(33)</b>
Cash equivalents in acquired Group company	33	307	61
<b>CASH FLOW FROM ACQUISITIONS</b>	<b>(25)</b>	<b>(900)</b>	<b>28</b>
Acquisition costs affecting cash flow in the forthcoming year	6		
<b>TOTAL CASH FLOW FROM ACQUISITIONS</b>	<b>(19)</b>	<b>(900)</b>	<b>28</b>

*During the fiscal year**Cash flow from divestments*

During 2005, the operations within Banks & Brokers in Australia were divested. In 2004, the shares in NGX (National Gas Exchange), XACT Fonder and APK were divested. The cash flow from these divestments is described in the table below.

(in millions of SEK)	2006	2005	2004
Intangible assets		29	502
Tangible fixed assets			22
Receivables			51
Cash equivalents			270
Long-term liabilities			(1)
Current liabilities			(81)
<b>Total purchase price</b>		<b>29</b>	<b>763</b>
Capital gains/losses			152
<b>Total of purchase price received</b>		<b>29</b>	<b>915</b>

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Less cash equivalents in divested companies	(416)
Restructuring reserve	53
Cash and cash equivalents in divested Group companies	(270)
<b>CASH FLOW FROM DIVESTMENTS</b>	<b>29 282</b>

FIN-81



**Table of Contents*****Items not affecting cash flow***

Changes in the company's asset structure related to acquisition are accounted for in the tables above. Cash flow from acquisitions and Cash flow from divestments. Other transactions related to investment and financing operations that do not give rise to payments, despite the fact that they impact the company's capital and asset structure, encompass depreciation/amortization and impairment, utilization of reserves, share in earnings of associated companies and capital gains/losses.

***Liquidity and financing***

Interest-bearing net liabilities amounted to SEK 847 million (572, negative: 155) at the end of the reporting period. OMX's interest-bearing financial assets totaled SEK 950 million (1,334, 1,517), of which SEK 21 million (90, 131) represented financial fixed assets.

Interest-bearing financial liabilities totaled SEK 1,797 million (1,906, 1,362), of which SEK 1,360 million (1,400, 700) was long-term.

Agreed credit facilities amounted to SEK 3,741 million (3,033, 3,100), of which SEK 30 million (0, 1,362) was utilized. Of the granted credit facilities, SEK 1,335 million (823, 858) refers to clearing operations. Cash equivalents equaled SEK 409 million (915, 833) and consisted of short-term investments and cash and bank balances. Investments with lifetimes shorter than three months are included in the item Cash equivalents, since these securities are exposed to an insignificant level of risk and can be readily turned into cash.

**Note 34. Information regarding the Parent Company**

OMX AB (publ) is a limited liability company registered in Sweden, with its registered office in Stockholm. The Parent Company's shares are listed on the stock exchanges in Stockholm, Helsinki, Copenhagen and Iceland. The address of the headquarters is: OMX AB, 105 78 Stockholm, Sweden.

**Note 35. Significant events after the end of the reporting period*****Discontinuing operations***

After the end of the reporting period, OMX signed an agreement with HCL Technologies, the global IT services provider, regarding an extended partnership which means that OMX no longer has any discontinuing operations in the Nordic region. HCL Technologies has assumed responsibility for the development and maintenance of systems for securities management targeted to banks and brokers and the remaining part of the Nordic operations has been moved to Information Services & New Markets business area, and will have been included in the Broker Services unit. A number of employees' work tasks have been created within the Market Technology business area to replace consultants and minimize new recruitments. The transferred unit had sales of SEK 160 million and costs of SEK 195 million in 2006. The unit expects to report a profit in 2007. The changes have been implemented in OMX's financial statements as per January 1, 2007.

***Share Match Program 2007***

On April 12, 2007, the Annual General Meeting of OMX AB approved the proposal of the OMX Board to continue and expand the share match program for senior executives for a second year. The program is targeted at approximately 95 senior executives and key individuals in OMX. The duration of the program is three years and requires employees to invest their own funds in OMX shares. Participants in the program invest in OMX shares and, provided that OMX achieves performance targets related to earnings per share and how the OMX's shares perform in comparison to its competitors, after three years, participants may obtain a maximum of five matching shares per invested share. President and CEO Magnus Böcker may receive a maximum of eight matching shares per invested OMX share. The number of shares that the participant may buy in the program is limited.

## **Table of Contents**

Costs for OMX's Share Match Program for 2007 involve administrative expenses, compensation costs and social security contributions which the Board expects to amount to approximately SEK 25 million over the period 2007-2009.

### ***Proposal for authorization on repurchase of shares***

At the Annual General Meeting on April 12, 2007, the meeting decided that it would authorize the Board to repurchase shares corresponding to a maximum of 10% of the number of shares outstanding. The repurchase could take place through trading on the stock exchange or a directed offering to shareholders. OMX does not currently own any treasury shares. This mandate shall apply until the 2008 Annual General Meeting. The purpose of the proposal is to be able to continuously adapt the capital structure to the company's needs, and thereby increase value for shareholders and repurchase shares that could be used for the execution of OMX's Share Match Program.

### ***Combination of OMX and Nasdaq***

On May 25, 2007, The Nasdaq Stock Market, Inc. and OMX AB (publ) signed an agreement pertaining to a combination of the companies.

The combination will be effected through a cash and stock tender offer by Nasdaq for all outstanding shares in OMX. The consideration offered is equivalent to 0.502 new Nasdaq shares plus SEK 94.3 in cash for each OMX share. Based on Nasdaq's closing price on May 23, 2007, the offer values OMX at SEK 208.1 per share, equivalent to SEK 25.1 billion (USD 3.7 billion) and represents a premium of 19% to the closing price of SEK 174.5 per OMX share on May 23, 2007, the last full trading day prior to the announcement of the offer and a premium of 25% to the volume weighted average price of SEK 165.9 per OMX share over the 20 trading days up to and including May 23, 2007.

The combined company will be governed by representatives from both Nasdaq and OMX under the leadership of Robert Greifeld, who will serve as Chief Executive Officer and Magnus Böcker, who will serve as President. The Board of Directors of the combined company will consist of 15 members, including nine representatives from Nasdaq, five representatives from OMX and the Chief Executive Officer of the combined company. The NASDAQ OMX share will be listed on the NASDAQ Stock Market and on OMX Nordic Exchange.

The combination is unanimously recommended by the Boards of Directors of each of OMX and Nasdaq. Investor AB, Nordea Bank AB and Magnus Böcker, together representing approximately 16.6% of OMX's current issued ordinary share capital, have entered into irrevocable undertakings to accept the Offer and, if a mix and match facility is included in the Offer, depending on the structure and the terms of the facility, they will elect to receive all shares, subject to proration. Olof Stenhammar & Company, representing approximately 1.6% of OMX's current issued ordinary share capital, has expressed its support for the combination and its intention to become a long term shareholder in the combined company. In addition, Hellman & Friedman LLC, Silver Lake Partners and Robert Greifeld have each agreed to vote their shares in favor of certain matters related to the Offer at the related Nasdaq shareholders' meeting, subject to the terms of Nasdaq's certificate of incorporation.

Under the Transaction Agreement, awards granted under the Share Match Program for 2006 will vest on a pro rata basis in accordance with the Transaction Agreement, and will be subsequently cancelled as of the completion of the Offer. Participants will receive cash consideration for cancellation of such awards, as well as consideration for the grants that would have been made under the Share Match Program for 2007, in accordance with the Transaction Agreement.

In addition, the 2007 employment contracts of each of Mr. Böcker and Mr. Ruuska provide that if, in connection with a change in control of OMX, the executive experiences a reduction in position, or other change

**Table of Contents**

such that his powers and areas of responsibilities would be noticeably reduced, and the executive's employment is terminated by OMX or by the executive, the executive will be entitled to receive a severance payment equal to a 6 months' fixed salary. The determination as to whether the termination has occurred in connection with a change in control is made on a case by case basis by OMX and the terminated executive, in accordance with customary Swedish employment practices. The actual amounts paid to either of Mr. Böcker or Mr. Ruuska can only be determined at the time of the completion of the Offer.

**Note 36. U.S. GAAP Information**

The accompanying consolidated financial statements of OMX have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. These accounting principles differ in certain material respects from accounting principles generally accepted in the United States of America, or U.S. GAAP.

Below a discussion is presented of the principal differences between IFRS and U.S. GAAP that are significant to OMX's consolidated financial statements.

**Reconciliation of net income**

<b>(in millions of SEK), except per share data</b>	<b>2006</b>	<b>2005</b>
Net income as reported:	911	543
a) Revenue recognition:	24.6	(6.3)
b) Business combinations:	(57.8)	(57.8)
c) Research and development costs:	(43.5)	(101.9)
d) Onerous contracts:	21.5	(42.9)
e) Capitalization of borrowing costs:	1.1	
f) Financial instruments:	6.0	1.3
g) Derivative instruments and hedging activities:	(19.1)	
h) Social expenses:	(0.6)	1.3
Taxes on above adjustments	19.4	58.1
i) Minority interest	(4)	(5)
Net income according to U.S. GAAP	858.6	389.8
Net income from continuing operations under U.S. GAAP	904.6	406.8
Net income from discontinued operations under U.S. GAAP	(46.0)	(17.0)
Net income per share, basic, according to U.S. GAAP	7.24	3.30
Net income per share from continuing operations, basic, according to U.S. GAAP	7.62	3.44
Basic outstanding number of shares (in thousands)	118,671	118,108
Net income per share, diluted, according to U.S. GAAP	7.22	3.29
Net income per share from continuing operations, diluted, according to U.S. GAAP	7.61	3.44
Diluted outstanding number of shares (in thousands)	118,886	118,394

FIN-84

**Table of Contents****Reconciliation of equity**

(in millions of SEK)	2006	2005
Equity as reported in the consolidated balance sheet	4,614.0	4,749.0
a) Revenue recognition:	(126.1)	(150.7)
b) Business combinations:	(216.5)	(178.7)
c) Research and development costs	(162.6)	(119.1)
d) Onerous contracts:	21.6	0.1
e) Capitalization of borrowing costs:	1.1	
f) financial instruments		
g) Derivative instruments and hedging activities:		
h) Social expenses	4.8	5.4
Taxes on the above adjustments	106.1	90.5
i) Minority interest	(17.0)	(14.0)
Equity according to U.S. GAAP	4,225.4	4,382.5

The table below summarizes the consolidated balance sheets prepared in accordance with IFRS and U.S. GAAP.

**Balance Sheet**

	According to IFRS		According to U.S. GAAP	
	2006	2005	2006	2005
	(in millions of SEK)			
Non-current assets	5,391	5,281	5,334	5,299
Current assets	7,137	5,331	7,011	5,180
<b>Total assets</b>	<b>12,528</b>	<b>10,612</b>	<b>12,345</b>	<b>10,480</b>
Shareholder's equity	4,597	4,735	4,225	4,383
Minority interests	17	14	17	14
Provisions	121	154	99	154
Long term liabilities	1,522	1,454	1,714	1,679
Current liabilities	6,271	4,255	6,290	4,250
<b>Total shareholder's equity and liabilities</b>	<b>12,528</b>	<b>10,612</b>	<b>12,345</b>	<b>10,480</b>

**Significant differences between IFRS and U.S. GAAP for OMX****a) Revenue recognition***Software revenue recognition*

In its Technology operations, OMX enters into sales arrangements with customers for software programs, implementation of software, support and other PCS services. Further, the Technology operations enter into certain hosting arrangements with certain of its customers.

Under IFRS, OMX recognizes revenue for its software and the implementation projects, under the percentage of completion method. The support and hosting services revenue are recognized ratably over the service period. Other services are recognized when the service was performed. Any variable fee arrangement is recognized when actual usage has been established.

**Table of Contents**

Under U.S. GAAP, the rules for revenue recognition under multiple-element arrangements are detailed and prescriptive. These rules include the requirement that revenues be allocated to the respective elements of such an arrangement on the basis of objective and reliable evidence of fair value preferably Vendor Specific Objective Evidence, or VSOE, for each element. Statement of Position ( SOP ) 97-2 Software Revenue Recognition sets out precise requirements for establishing VSOE for valuing elements of certain multiple-element arrangements. When VSOE for individual elements of an arrangement cannot be established in accordance with SOP 97-2, revenue is generally deferred and recognized over the term of the final element.

Under U.S. GAAP, OMX did not have VSOE for certain elements of certain multiple-element arrangements with customers. The terms of these arrangements with customers include, among other terms, the provision of hosting services and on-going customer support (known as Post-contract customer support, or PCS, under SOP 97-2). As a consequence of the terms of these arrangements, under U.S. GAAP, the total revenue for a customer under a customer contract is recognized over the total customer service period.

**b) Business combinations***Application of First time adoption IFRS1*

For financial reporting purposes, the cost of acquiring a business is allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition for both IFRS and U.S. GAAP. Any excess of purchase cost over the fair values assigned to the acquired net assets is reported as goodwill. Under IFRS 1, a first time adopter may elect to not apply IFRS 3 Business combinations fully retrospectively to business combinations completed in prior years. OMX adopted IFRS for the first time 2005 and chose not to apply IFRS 3 to acquisitions prior to 2004 such as HEX and Stockholms Fondbörs. As a result, application of U.S. GAAP under SFAS 141 and 142 which require OMX to identify, to measure, and to separately account for intangible assets such as licenses, customer relationships, trademarks and technology apart from Goodwill, was not met. For this purpose, valuations were prepared using estimates and assumptions provided by management. OMX has identified a difference between U.S. GAAP and IFRS, relating to its acquisitions of Stockholms Fondbörs and Helsinki Stock Exchange.

For both Stockholms Fondbörs and the Helsinki Stock Exchange, customer contracts for listing and issuance were identified as acquired intangible assets. Internal use software was also identified as an intangible asset for the Stockholms Fondbörs. The customer contracts were valued using a fair value model based on discounted cash flows for the related operations. The fair value of internal use software was identified based on the assessed repurchase value of the asset. The customer contracts are amortized over 20 years. The internal use software is amortized over 10 years.

Stockholm Fondbörs: Details of intangible assets, capitalized amounts and amortization

(in millions of SEK)	Year ended December 31,	
	2006	2005
<b>Customer Contracts</b>		
Initial amount capitalized	400.0	400.0
Opening balance deprec./amort.	(160.0)	(140.0)
Current period deprec./amort.	(20.0)	(20.0)
<b>Net book value</b>	<b>220.0</b>	<b>240.0</b>
<b>Internal Use Software</b>		
Initial amount capitalized	63.0	63.0
Opening balance depr/amort	(50.4)	(44.1)
Current period amort/depr	(6.3)	(6.3)
<b>Net book value</b>	<b>6.3</b>	<b>12.6</b>

FIN-86

**Table of Contents**

Helsinki Stock Exchange: Details of intangible assets, capitalized amounts and amortization

(in millions of SEK)	Year ended	
	December 31, 2006	2005
<b>Customer Contracts</b>		
Initial amount capitalised	630.0	630.0
Opening balance depr/amort	(94.5)	(63.0)
Current period amort/depr	(31.5)	(31.5)
Currency Translation adjustments	(7.0)	(7.0)
<b>Net book value</b>	<b>497.0</b>	<b>528.5</b>

*Goodwill amortization*

According to the U.S. accounting standard SFAS 142, Goodwill and Other Intangible Assets, applicable as from January, 2002, acquisition goodwill and other intangible assets that have indefinite useful lives are not amortized, but are instead tested for impairment annually. With the implementation of IFRS as from January, 2004, the accounting standards are similar in this area. Prior to January, 200, under Swedish GAAP, goodwill and other intangible assets were amortized over the expected useful life of the asset, therefore differences arise from the different dates of implementation.

*Cost of acquisition*

Under IFRS, equity shares issued as purchase consideration in a business combination are valued based on the weighted average trading price of the shares shortly before and after the date of the exchange transaction, which is the date when the Group obtains control over the acquiree's net assets and operations. Under U.S. GAAP, such equity shares are valued based on the average share price for a reasonable period before and after the acquisition is publicly announced or, if the number of shares is uncertain on such date, the first day on which both the number of acquirer shares and the amount of other consideration becomes fixed. OMX has identified a difference between U.S. GAAP and IFRS relating to the value at OMX's acquisitions of the Stockholm, Helsinki, Copenhagen and Iceland stock exchanges in the amount of SEK 121 million, SEK-306 million, SEK 19 million and SEK 20 million, respectively. Such differences affect the amount of goodwill recorded.

*c) Research and development costs*

Development expenses are capitalized under IFRS when the company can demonstrate the technological feasibility to complete the development of the product together with other specific criteria. Capitalization ceases and depreciation begins when the product becomes available to customers. Under U.S. GAAP, software development expenses are capitalized after the product has reached technological feasibility. As a result of this, certain software related development costs capitalized under IFRS are not capitalizable under U.S. GAAP and therefore are expensed as incurred, net of any amortization added back.

Details of U.S. GAAP Adjustment: Capitalized development costs

(in millions of SEK)	Year ended	
	December 31, 2006	2005
Historically expensed for U.S. GAAP	(154.9)	(17.0)
Current years expense	(98.5)	(137.9)
<b>Reversal of Amortization:</b>		
Opening balance	36.0	
Current year	55.0	36.0
U.S. GAAP adjustment net, income	(43.5)	(101.9)
U.S. GAAP adjustment net, equity	(162.6)	(119.1)



**Table of Contents*****d) Onerous contracts***

If an entity reporting under IFRSs has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. Under U.S. GAAP, costs to terminate a contract before the end of its term should be recognized as a liability and measured at fair value when the entity terminates the contract in accordance with the contract terms. A liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit to the entity should be recognized and measured at its fair value when the entity ceases to use the right conveyed by the contract. OMX has identified a difference between U.S. GAAP and IFRS related to leasehold property that has not yet been vacated and thus not qualified as provisions in accordance with U.S. GAAP.

***e) Capitalization of borrowing cost***

Under IFRSs, an entity can choose to capitalize the borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset. The Company has chosen to expense the borrowing costs incurred. Such costs are capitalized in accordance with U.S. GAAP, and depreciated as the assets concerned are used. OMX has capitalized interest on the development of its software, Genium, which amounts to SEK 1.1 million for the year ended December 31, 2006.

***f) Financial instruments***

Under IFRS, OMX has utilised the fair value option in accordance with IAS 39, when valuing their Clearing Capital portfolio. Under U.S. GAAP, OMX classifies the Clearing Capital portfolio as available for sale investments. As a result of this, gains and losses recognized in the income statement under IFRS are recognized in equity under U.S. GAAP.

***g) Derivative instruments and hedging activities***

OMX hedges certain of its internal cash flows based on gross inflows in subsidiaries. Under U.S. GAAP this hedge does not qualify since the internal transaction is denominated in the same currency as the external expense in the subsidiary. As such, these hedge arrangements that are under IFRS recognized in equity are under U.S. GAAP recognized in the income statement.

***h) Social expenses***

Under IFRS, employers are required to record provisions for related social fees and the costs are charged to the income statement over the vesting period. U.S. GAAP requires that the employer payroll taxes upon exercise of stock must be recognized as an expense at the exercise date of the option.

***i) Minority interest***

Minority interest: In accordance with IFRS, minority interest is recognized a part of shareholders' equity and are included in net income for the year in the income statement. Under U.S. GAAP, minority interest is reported as a separate item in both the income statement and balance sheet.

**Recently issued accounting pronouncements**

In February 2006, the Financial Accounting Standards Board (FASB) issued SFAS NO. 155, Accounting for Certain Hybrid Financial Instruments ( SFAS 155). SFAS 155 allows any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS NO. 133, Accounting for Derivative Instruments and Hedging Activities, to be carried at fair value in its entirety, with changes in fair value recognized in earnings. In addition, SFAS 155 requires that beneficial interests in securitized financial assets be analyzed to determine whether they are freestanding derivatives or contain an embedded derivative. SFAS 155 also eliminates a prior restriction on the types of passive derivatives that a qualifying special purpose entity is permitted to hold. SFAS 155 is applicable to new or modified financial instruments in fiscal years



## **Table of Contents**

beginning after September 15, 2006, though the provisions related to fair value accounting for hybrid financial instruments can also be applied to existing instruments. The Company does not expect the adoption of SFAS 155 to have a material impact on the consolidated financial position or results of operations.

In March 2006, the FASB issued SFAS No. 156, Accounting for Servicing of Financial Assets (SFAS 156). SFAS 156 addresses the accounting for recognized servicing assets and servicing liabilities related to certain transfers of the servicers' financial assets and for acquisitions or assumptions of obligations to service financial assets that do not relate to the financial assets of the servicer and its related parties. SFAS 156 requires that all recognized servicing assets and servicing liabilities are initially measured at fair value, and subsequently measured at either fair value or by applying an amortization method for each class of recognized servicing assets and servicing liabilities. SFAS 156 is effective in fiscal years beginning after September 15, 2006. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS 156 will have on the consolidated financial position or results of operations.

In April 2006, the FASB issued FASB Staff Position (FSP) FSP FIN 46(R)-6, Determining the Variability to Be Considered in Applying FASB Interpretation NO. 46(R) (FSP FIN 46(R)-6). FSP FIN 46(R)-6 addresses whether certain arrangements associated with variable interest entities should be treated as variable interests or considered as creators of variability, and indicates that the variability to be considered shall be based on an analysis of the design of the entity. FSP FIN 46(R)-6 is required to be applied prospectively to all entities with which the Group first becomes involved and to all entities previously required to be analyzed under FIN 46(R) upon the occurrence of certain events, beginning the first day of the first reporting period after June 15, 2006. The Company does not expect the adoption of FSP FIN 46(R)-6 to have a material impact on the consolidated financial position or results of operations.

In July 2006, the FASB issued FASB Interpretation NO. 48, Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement NO. 109, (FIN 48). FIN 48 prescribes a comprehensive model for how company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return. OMX adopted FIN 48 as of January 1, 2007. The Company has evaluated the impact of adopting FIN 48 and has estimated the impact at this time on the consolidated financial statements to amount to SEK 10 million.

In September 2006, the FASB issued SFAS NO. 157, Fair Value Measurements, (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value OMX AB (publ) measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements. SFAS 157 becomes effective for OMX on January 1, 2008. Upon adoption, the provisions of SFAS 157 are to be applied prospectively with limited exceptions. The Company is currently evaluating the potential impact, if any, that the adoption of SFAS 157 will have on the consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS NO. 159 which provides reporting entities an option to report selected financial assets, including investment securities designated as available for sale, and liabilities, including most insurance contracts, at fair value. SFAS NO. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The standard also requires additional information to aid financial statement users' understanding of a reporting entity's choice to use fair value on its earnings and also requires entities to display on the face of the balance sheet the fair value of those assets and liabilities for which the reporting entity has chosen to measure at fair value. SFAS NO. 159 is effective as of the beginning of a reporting entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS NO. 157. Because application of the standard is optional, any impacts are limited to those financial assets and liabilities to which SFAS NO. 159 would be applied, which has yet to be determined, as is any decision concerning the early adoption of the standard.

**Table of Contents**

In April 2007, the FASB directed the FASB Staff to issue FSP No. FIN 39-1, *Amendment of FASB Interpretation No. 39* ( FSP FIN 39-1 ). FSP FIN 39-1 modifies FIN No. 39, *Offsetting of Amounts Related to Certain Contracts*, and permits companies to offset cash collateral receivables or payables with net derivative positions under certain circumstances. FSP FIN 39-1 is effective for fiscal years beginning after November 15, 2007, with early adoption permitted. OMX is currently evaluating the potential impact, if any, that the adoption of FSP 39-1 will have on the consolidated financial position or results of operations.

FIN-90

**Table of Contents**

**Annex A**

**TRANSACTION AGREEMENT**  
**BETWEEN**  
**OMX AB**  
**AND**  
**THE NASDAQ STOCK MARKET, INC.**

A-1

**Table of Contents**

**EXECUTION VERSION**

**TABLE OF CONTENTS**

1	THE OFFER; REGULATORY UNDERTAKING BY NASDAQ	A-3
2	RECOMMENDATION BY THE OMX BOARD OF DIRECTORS	A-4
3	OFFER DOCUMENT AND REGISTRATION STATEMENT	A-5
4	RECOMMENDATION BY THE NASDAQ BOARD OF DIRECTORS; NASDAQ SHAREHOLDERS MEETING	A-6
5	REGULATORY APPROVAL	A-6
6	NON SOLICITATION AND NO-SHOP	A-7
7	STANDSTILL	A-8
8	GOVERNANCE	A-8
9	SECONDARY LISTING OF NASDAQ SHARES	A-10
10	ADDITIONAL COVENANTS	A-10
11	TERMINATION	A-11
12	COSTS	A-12
13	ENTIRE AGREEMENT	A-12
14	AMENDMENTS AND WAIVERS	A-12
15	NOTICES	A-12
16	ASSIGNMENTS	A-12
17	INTERPRETATION	A-12
18	NO THIRD PARTY BENEFICIARIES	A-12
19	PARTIAL INVALIDITY	A-13
20	GOVERNING LAW AND DISPUTES	A-13

**APPENDIX:**

Appendix 1.1 Offer Announcement

A-2

**Table of Contents**

**TRANSACTION AGREEMENT**

This transaction agreement (this Agreement ) is made on May 25, 2007

BETWEEN:

- (1) **The Nasdaq Stock Market, Inc.**, a company duly incorporated and organized under the laws of Delaware, having its principal office at One Liberty Plaza, New York, NY 10006, USA ( Nasdaq ); and
  - (2) **OMX AB**, a company duly incorporated and organized under the laws of Sweden, with corporate registration number 556243-8001, having its principal office at Tullvaktsvägen 15, 105 78 Stockholm, Sweden ( OMX ).
- Nasdaq and OMX are hereinafter collectively referred to as the Parties and individually as a Party . In this Agreement, save where the context otherwise requires, words in the singular shall include the plural, and vice versa.

BACKGROUND:

- (A) OMX has a share capital of SEK 241,280,934 divided into 120,640,467 shares (the Shares ). The Shares are listed on the Stockholm Stock Exchange (the SSE ), the Helsinki Stock Exchange, the Copenhagen Stock Exchange and the Iceland Stock Exchange.
- (B) Nasdaq and OMX desire to effect a strategic combination of their businesses, which they believe is in the best interests of their respective shareholders and have agreed that such combination is best effected by Nasdaq making a public tender offer to acquire all of the Shares upon the terms and conditions set forth in this Agreement (the Offer ).
- (C) The Parties have a joint interest in making the transaction contemplated by this Agreement possible and have therefore agreed as follows. IT IS AGREED as follows:

**1 THE OFFER; REGULATORY UNDERTAKING BY NASDAQ**

- 1.1 No later than on May 25, 2007 (the Announcement Date ) Nasdaq shall announce an offer (the Offer ) to the OMX shareholders to tender all of the Shares on the terms and conditions set forth in the press release attached as Appendix 1.1 (the Offer Announcement ), by way of public announcement of the Offer Announcement.
- 1.2 The completion of the Offer shall be conditional only upon the satisfaction of the conditions in the Offer Announcement (the Offer Conditions ). Any waiver by Nasdaq of Offer Conditions 1, 3 or 6 shall require the prior written consent of OMX (such consent not to be unreasonably withheld or delayed), except that no waiver of Offer Condition 1 shall require such prior written consent of OMX if, when the condition is waived, the Offer is accepted to such an extent that Nasdaq becomes the owner of shares representing at least 67% of the outstanding shares of OMX on a fully diluted basis. Any other Offer Condition may be unilaterally waived by Nasdaq. Nasdaq may withdraw the Offer only in accordance with the Takeover Rules (as defined in Section 1.5).
- 1.3 The acceptance period for the Offer (the Acceptance Period ) shall be that set forth in the Offer Announcement. Nasdaq shall extend the Acceptance Period in accordance with the Takeover Rules if, at the expiration of the Acceptance Period or any extension thereof, the Offer

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Conditions set forth in the Offer Announcement shall not have been satisfied or waived, provided, however, that Nasdaq may in its sole discretion elect to not extend the Acceptance Period (or any extension thereof) if (i) any of the Offer Conditions (other than Offer Condition 1) is not fulfilled and cannot be fulfilled, (ii) the OMX Board Recommendation (as defined in Section 2.1) has been withdrawn or substantially changed, (iii) OMX provides its prior written consent thereto, or (iv) this Agreement has terminated in accordance with Section 11.1.

A-3

---

**Table of Contents**

- 1.4 The Offer shall be consummated (the Closing ) promptly upon Nasdaq s public announcement that the Offer is declared unconditional following either the full satisfaction of, or (provided that acceptances of the Offer thereby become irrevocable) Nasdaq s waiver of, the Offer Conditions (the Declaration of Unconditionality ), and Nasdaq shall exchange and pay for all the Shares tendered and not withdrawn in accordance with applicable law, promptly following the acceptance of Shares for exchange and payment pursuant to the Offer.
- 1.5 In accordance with the Act on Public Takeover Offers on the Stock Market (*Sw. lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*) (the Takeover Act ), Nasdaq has in a written undertaking to the SSE agreed to comply with the SSE s Rules regarding Public Takeover Offers on the Stock Market (*Sw. Stockholmsbörsens regler rörande offentliga uppköpserbjudanden på aktiemarknaden (2007-04-01)*) and the Swedish Securities Council s (*Sw. Aktiemarknadsnämnden*) (the Securities Council ) rulings regarding interpretation and application thereof (together, the Takeover Rules ), and to submit to the sanctions that may be imposed by the SSE upon violation of the Takeover Rules.

**2 RECOMMENDATION BY THE OMX BOARD OF DIRECTORS**

- 2.1 The board of directors of OMX (the OMX Board ) has held a meeting at which the OMX Board unanimously (i) resolved to recommend that holders of the Shares accept the Offer (the OMX Board Recommendation ) and (ii) approved that OMX makes a public announcement of the OMX Board Recommendation in the Offer Announcement. The OMX Board Recommendation shall be included in the Offer Announcement.
- 2.2 OMX undertakes to make a public announcement of its full recommendation that shareholders of OMX accept the Offer as soon as practicable, but in any event no later than June 1, 2007.
- 2.3 The OMX Board Recommendation may not be withdrawn or substantially changed by the OMX Board unless, prior to Declaration of Unconditionality, (i) OMX has complied in all material respects with Section 6 of this Agreement and a Superior Offer (as defined in Section 6.5) is made for the Shares by a third party, (ii) an Nasdaq Material Adverse Change has occurred and is continuing, or (iii) information made public by Nasdaq or disclosed by Nasdaq to OMX is materially inaccurate, incomplete or misleading or Nasdaq has failed to make public any material information which should have been made public by it, and, as a result of the event described in clauses (i), (ii) or (iii) above, OMX s Board determines in good faith after consultation with its outside financial and legal advisors that not withdrawing or changing the OMX Board Recommendation would reasonably be likely to be inconsistent with the OMX Board s fiduciary obligations to its shareholders under applicable laws or the Takeover Rules.
- 2.4 OMX hereby consents to the Offer, solely on the terms and conditions set forth in the Offer Announcement, for purposes of Section 7 below.
- 2.5 An Nasdaq Material Adverse Change is any material adverse change in Nasdaq s financial position or operations that has occurred after the announcement of the Offer and that materially adversely affects, or could reasonably be anticipated to have such effect on, Nasdaq s liquidity, sales, results or equity and which could not have been reasonably known or anticipated by OMX at the time of the announcement of the Offer; provided, however, that the following shall not be considered in determining whether such a material adverse change has occurred: (A) any change or development in economic, business, political or securities markets conditions generally (including any such change or development resulting from acts of war, terrorism or natural disasters), except that any change or development that, relative to other participants in Nasdaq s industry, disproportionately impacts the liquidity, sales, results or equity of Nasdaq shall be so considered in determining whether a material adverse change has occurred, (B) any change or development to the extent resulting from the execution or announcement of the Offer or the transactions contemplated thereby, or (C) any changes in laws, rules or regulations.

---

**Table of Contents**
**3 OFFER DOCUMENT AND REGISTRATION STATEMENT**

- 3.1 As soon as practicable after the Announcement Date, Nasdaq shall prepare and file an offer document (*Sw. Erbjudandehandling*) or a prospectus relating to the Offer (together with any amendments and supplements thereto, the Offer Document ) with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the SFSA ), which, after approval and registration by the SFSA (and, where applicable, passporting to other jurisdictions where OMX's shares are listed), shall be posted to the holders of the Shares. The Offer Document shall be prepared in accordance with the Takeover Rules, the Takeover Act and the Swedish Financial Instruments Trading Act (*Sw. Lagen (1991:980) om handel med finansiella instrument*) (the Trading Act ).
- 3.2 As soon as practicable after the Announcement Date, Nasdaq shall prepare and file a combined registration statement and proxy statement on Form S-4, which shall also contain a prospectus through which the Offer will be made in the United States (together with the proxy statement/prospectus included therein and with any amendments and supplements thereto, the Registration Statement ) with the United States Securities and Exchange Commission (the SEC ). The Registration Statement will (i) register the offer and sale of the shares of Common Stock, par value \$.01 per share, of Nasdaq to be offered to OMX shareholders pursuant to the Offer (the Consideration Shares ) and (ii) serve as a proxy statement in connection with the Nasdaq Shareholders Meeting (as defined in Section 4.4). All information supplied by or on behalf of Nasdaq for inclusion or incorporation by reference in the Registration Statement or the Offer Document will comply as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the Securities Act ), the Exchange Act or the Takeover Rules.
- 3.3 As soon as practicable after the Announcement Date, OMX shall furnish all information concerning it, its Affiliates (as defined below) and the holders of its Shares as Nasdaq may reasonably request in connection with the preparation of the Registration Statement and the Offer Document. In furtherance of the foregoing, OMX shall supply such audited consolidated financial statements (and any reports, attestations or similar documents by OMX's auditor to be included in the Registration Statement or the Offer Document) to Nasdaq for inclusion in the Registration Statement as are necessary and appropriate to comply as to form in all material respects with the accounting requirements and other rules and regulations applicable to the Offer Document and the Registration Statement, including but not limited to the rules and regulations of the SEC, the Takeover Act, the Takeover Rules and the Trading Act, which audited financial statements shall be prepared in accordance with OMX's normally applied accounting standards and US GAAP and shall fairly present the financial condition of OMX as of the respective dates thereof and the consolidated results of operations and cash flows of OMX for the respective periods then ended. All information supplied by or on behalf of OMX for inclusion or incorporation by reference in the Registration Statement or the Offer Document will comply as to form in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the Securities Act ), the Exchange Act or the Takeover Rules.
- 3.4 Affiliate means, as applied to any person, any other person directly or indirectly controlling, controlled by or under common control with that person, where control (including correlative meanings) as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that person, whether through ownership of voting securities or by contract or otherwise.
- 3.5 OMX agrees to draft the sections of the Registration Statement and the Offer Document that contain a description of OMX and undertakes to provide Nasdaq with a written statement from the OMX Board, to be included in the Offer Document to the extent required by applicable law or the Takeover Rules, to the effect that the information regarding OMX in the Offer Document has been reviewed by the OMX Board and that it is the opinion of the OMX Board that such description provides an accurate and fair although not complete picture of OMX.
- 3.6 OMX and its financial advisors and outside legal counsel shall be given the opportunity to review and comment on the Offer Document and the Registration Statement before each is filed with the SFSA and the SEC, respectively, and made publicly available. Nasdaq will promptly provide in writing to OMX and its



---

**Table of Contents**

outside legal counsel any comments of the SFSA and the SEC with respect to (i) the Offer Document and (ii) the Registration Statement, respectively, as applicable and OMX shall cooperate with Nasdaq in preparing responses to such comments

- 3.7 OMX hereby acknowledges that the preparation and filing with the SEC of the Registration Statement could be a lengthy process taking up to approximately three months and that the SEC review and clearance of the Registration Statement could be a lengthy process taking up to an additional approximately three months, and that Nasdaq will consequently have to apply to the Swedish Securities Council for exemption from the time limit under the Takeover Rules for preparation and filing with the SFSA of the Offer Document.

**4 RECOMMENDATION BY THE NASDAQ BOARD OF DIRECTORS; NASDAQ SHAREHOLDERS MEETING**

- 4.1 The board of directors of Nasdaq (the Nasdaq Board ) has held a meeting at which the Nasdaq Board unanimously resolved to (i) approve, initiate and consummate the Offer upon the terms and subject to the conditions herein, (ii) recommend that its shareholders vote in favor of the issuance of the Consideration Shares and approval of the amendment to Nasdaq s certificate of incorporation referred to in Section 8.1 (the Nasdaq Board Recommendation ) and (iii) authorize the public announcement of the Nasdaq Board Recommendation in the Offer Announcement.
- 4.2 The Nasdaq Board Recommendation may not be withdrawn or substantially changed by the Nasdaq Board, unless, prior to Declaration of Unconditionality, there has been a OMX Material Adverse Change and as a result Nasdaq s Board determines in good faith after consultation with its outside financial and legal advisors that not withdrawing or changing the Nasdaq Board Recommendation would reasonably be likely to be inconsistent with the Nasdaq Board s fiduciary obligations to its shareholders under applicable laws.
- 4.3 A OMX Material Adverse Change is any material adverse change in OMX s financial position or operations that has occurred after the announcement of the Offer and that materially adversely affects, or could reasonably be anticipated to have such effect on, OMX s liquidity, sales, results or equity and which could not have been reasonably known or anticipated by Nasdaq at the time of the announcement of the Offer; provided, however, that the following shall not be considered in determining whether such a material adverse change has occurred: (A) any change or development in economic, business, political or securities markets conditions generally (including any such change or development resulting from acts of war, terrorism or natural disasters), except that any change or development that, relative to other participants in OMX s industry, disproportionately impacts the liquidity, sales, results or equity of OMX shall be so considered in determining whether a material adverse change has occurred, (B) any change or development to the extent resulting from the execution or announcement of the Offer or the transactions contemplated thereby, or (C) any changes in laws, rules or regulations.
- 4.4 As promptly as practicable after the Registration Statement is declared effective by the SEC, Nasdaq shall duly take all lawful action to call, give notice of, convene and hold a meeting of its shareholders (the Nasdaq Shareholders Meeting ) for the purpose of obtaining the approval of the issuance of the Consideration Shares and the amendment to its certificate of incorporation referred to in Section 8.1 (the Required Nasdaq Vote ) and shall use its reasonable efforts to solicit such approval. Nasdaq shall not be subject to the requirements of the previous sentence if (i) the Nasdaq Board shall have withdrawn or substantially changed the Nasdaq Board Recommendation as provided in Section 4.2 or (ii) if the OMX Board Recommendation has been withdrawn or substantially changed.

**5 REGULATORY APPROVAL**

- 5.1 As set forth in Offer Condition 6, the Offer is conditional upon obtaining all necessary approvals from public authorities, including regulatory authorities, on terms reasonably acceptable to Nasdaq (the Regulatory Approvals ).
- 5.2 The Parties undertake to cooperate and use their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things necessary, proper or advisable to obtain the Regulatory Approvals required to complete the Offer.



---

**Table of Contents****6 NON SOLICITATION AND NO-SHOP**

- 6.1 Subject to Section 6.2, each of OMX and Nasdaq agrees that it will not, and it will cause its Affiliates not to, directly or indirectly: (i) solicit, initiate, encourage, induce or facilitate the making, submission or announcement of any Acquisition Proposal (as defined in Section 6.4), or take any action that could reasonably be expected to lead to an Acquisition Proposal; (ii) furnish any information regarding itself or its respective businesses and Affiliates to any person in connection with or in response to an Acquisition Proposal, or an inquiry or indication of interest that could reasonably be expected to lead to an Acquisition Proposal; (iii) engage in discussions or negotiations with any person with respect to any Acquisition Proposal; (iv) approve, endorse or recommend any Acquisition Proposal; or (v) enter into any letter of intent, agreement, commitment, understanding or transaction with any person relating to any transaction which could be an Acquisition Proposal.
- 6.2 Notwithstanding the provisions of Section 6.1 the Parties agree that, prior to Declaration of Unconditionality, Section 6.1 shall not prohibit OMX or Nasdaq from engaging in negotiations or discussions with, or furnish any information regarding itself or its respective businesses and Affiliates to, any person that has made a bona fide unsolicited written Acquisition Proposal if: (i) neither OMX or Nasdaq (as applicable) nor any of its respective officers, directors, employees and representatives (collectively Representatives ) has previously violated any of the restrictions set forth in Section 6.1; (ii) the OMX Board or the Nasdaq Board (as applicable) has determined in good faith by a majority vote, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal is or is reasonably likely to result in a Superior Offer (as defined in Section 6.5); (iii) the OMX Board or the Nasdaq Board (as applicable) concludes in good faith, after having taken into account the advice of its financial advisors and outside legal counsel, that a failure to take such action would reasonably be likely to be inconsistent with the fiduciary obligations of the OMX Board or the Nasdaq Board (as applicable) to its shareholders under applicable law or stock exchange regulation, including, but not limited to, the Takeover Rules; and (iv) at least simultaneously with furnishing any such information to such person, OMX or Nasdaq (as applicable) furnishes such information to the other Party (provided that the information has not previously been furnished to the other Party). Without limiting the generality of the foregoing, each of OMX and Nasdaq acknowledges and agrees that any violation, or the taking of any action inconsistent with, any of the restrictions set forth in the preceding sentence by any of its Representatives shall be deemed to constitute a breach of Section 6.1 by it.
- 6.3 If a Party receives: (i) an Acquisition Proposal; (ii) an inquiry or indication of interest that could reasonably be expected to lead to an Acquisition Proposal; or (iii) a request for non public information regarding itself; then such Party shall immediately, and in any event not later than within 24 hours, after receipt thereof, advise the other Party orally and in writing of the received information, including the identity of the person making or submitting such Acquisition Proposal, inquiry, indication of interest or request, and the terms thereof. The relevant Party shall keep the other Party fully and promptly informed with respect to the status of any such Acquisition Proposal, inquiry, indication of interest or request and any modification or proposed modification thereto. This Section 6.3 shall apply only to the extent permissible under applicable laws, stock exchange regulations and the Takeover Rules.
- 6.4 Acquisition Proposal means with respect to a given Party, excluding the transaction contemplated by this Agreement, (i) any inquiry, proposal or offer from any Person or group of Persons for a merger, reorganization, consolidation, share exchange, tender offer, business combination, recapitalization, liquidation, dissolution or similar transaction involving such Party (or any subsidiary or subsidiaries of such Party whose business constitutes 20% or more of the net revenues, net income or assets of such Party and its subsidiaries, taken as a whole), (ii) any proposal for the issuance by such Party of over 20% of its equity securities or (iii) any proposal or offer to acquire in any manner, directly or indirectly, over 20% of the equity securities or consolidated total assets of such Party or its subsidiaries.
- 6.5 Superior Offer means with respect to a given Party, an unsolicited, bona fide written offer by a third party to engage in a transaction referred to in the definition of Acquisition Proposal (except that the references therein to 20% shall be deemed to be a reference to two-thirds) (i) on terms which the OMX Board or

---

**Table of Contents**

Nasdaq Board (as applicable) determines in good faith, after consultation with its outside legal counsel and financial advisors, to be more favorable from a financial point of view to its shareholders than the transaction contemplated by this Agreement, taking into account all the terms and conditions of such proposal and (ii) that the OMX Board or Nasdaq Board (as applicable) believes is reasonably capable of being completed, taking into account all financial, regulatory, legal and other aspects of such proposal.

- 6.6 Each of OMX and Nasdaq shall immediately terminate any discussions ongoing as of the date of this Agreement with any person that relate to any Acquisition Proposal.

**7 STANDSTILL**

Except as contemplated by this Agreement, each Party will not and will procure that its Representatives and any person acting in concert with it will not, directly or indirectly, either alone or acting in concert with others, without the other Party's prior written consent at any time until the earlier of (i) nine months of termination of the Agreement pursuant to Section 11 of this Agreement, and (ii) December 31, 2008, acquire or offer to acquire, or cause another person to acquire or offer to acquire, an interest in any shares or other securities of the other Party or enter into an agreement or arrangement (whether or not legally binding) or do or omit to do any act as a result of which it or any person may acquire an interest in any shares or other securities of the other Party; provided, however, that this Section 7 (i) shall not be binding, and shall have no further force and effect, upon the consummation of the Offer, and (ii) shall not prevent Nasdaq from taking any of the foregoing actions (other than to acquire or offer to acquire, or cause another person to acquire or offer to acquire, an interest in any shares or other securities of OMX outside of a takeover offer) in connection with making and consummating a takeover offer for all of the Shares (including by way of a tender offer) and acquiring any Shares tendered or otherwise received in connection therewith following announcement by a third party of an Acquisition Proposal, or an intention to make an Acquisition Proposal, with respect to OMX (with all references in the definition of Acquisition Proposal to 20% deemed to be references to two-thirds).

**8 GOVERNANCE**

**8.1 Corporate Name**

The Parties agree that after Closing, the corporate name of Nasdaq shall be changed to The NASDAQ OMX Group, Inc. ( Nasdaq OMX Group ). Nasdaq shall seek approval at the Nasdaq Shareholders Meeting of an amendment to its certificate of incorporation to approve such change of name. If for any reason such change is not approved, Nasdaq shall take such actions as shall be reasonably requested by OMX to ensure that after the Closing Nasdaq trades under the name Nasdaq OMX Group.

**8.2 Board of Directors of Nasdaq**

8.2.1 As of the Closing, the Nasdaq Board will consist of fifteen directors, comprised of nine individuals from (or nominated by) the Nasdaq Board as of immediately prior to the Closing, Nasdaq's CEO and five individuals from (or proposed for nomination by) the OMX Board as of immediately prior to the Closing. With respect to the individuals from (or proposed for nomination by) the OMX Board, such individuals must be reasonably acceptable to Nasdaq and four of such individuals must be independent for purposes of Nasdaq's director independence standards.

8.2.2 The Chairman of Nasdaq OMX Group shall represent the global span of the merged Nasdaq and OMX. The Parties shall utilize Nasdaq's recruitment tool BoardRecruiting.com and a well-reputed search firm to identify internal and external candidates; provided, that it is the Parties' belief that the appropriate size of the Nasdaq Board is 15 directors. OMX and Nasdaq shall each have the right to nominate candidates for Chairman.

8.2.3

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

The Deputy Chairman of the Board of Directors of Nasdaq shall for the two years following Closing be one of the five individuals from (or proposed for nomination by) the OMX Board as of immediately prior

A-8

**Table of Contents**

to the Closing contemplated by Section 8.2.1. Nasdaq shall use its reasonable best efforts to comply with the foregoing for a two-year period following the Closing, such efforts to include procuring an appropriate amendment to the by-laws to provide for such two-year term of such individual as Deputy Chairman.

- 8.2.4 As of the Closing, OMX may elect to have one-third of the members of each Committee of the Nasdaq Board be selected from the directors selected from (or proposed for nomination by) the OMX Board as contemplated by Section 8.2.1, subject to applicable law, regulation or stock exchange listing standard.
- 8.2.5 Nasdaq shall take such action as shall be necessary to ensure that, as of the Closing, three individuals nominated by OMX shall become members of the Nominating Committee of Nasdaq.
- 8.2.6 The composition of the local Board of OMX Exchanges Ltd. will remain unchanged following Closing. The Parties do not anticipate any changes to the governance of Nasdaq Exchange as of Closing.

**8.3 Senior Management of Nasdaq**

- 8.3.1 The Chief Executive Officer of Nasdaq as of the Closing shall be the Chief Executive Officer of Nasdaq as of immediately prior to the Closing.
- 8.3.2 The President of Nasdaq as of the Closing shall be the Chief Executive Officer of OMX as of immediately prior to the Closing.

**8.4 OMX Employee Equity**

OMX shall take such action as necessary, including using reasonable efforts to obtain any consent that may be required from any holder of any option to purchase Shares (an Option), such that, immediately prior to the Closing, (x) each Option granted under OMX's Global Employee Stock Option Program for the 2000, 2001 and 2002 that is outstanding and unexercised immediately prior to the Closing shall vest and be exercisable immediately prior to the Closing and (y) any Option that has not been exercised on or prior to the Closing shall be canceled as of the Closing, and Nasdaq shall, on the later of January 31, 2008 and 30 days after Closing, and subject to the option holder not having been terminated for cause or having voluntarily terminated his or her employment with the Nasdaq OMX Group prior thereto, pay the holder thereof, in consideration for such cancellation, an amount in cash, without interest and less withholdings specified under Consideration Per Share Under Option for the applicable program year:

Grant Date	Consideration Per Share	
	Under Option	Number of Outstanding Options
June 2000	SEK 0	415,736
June 2001	SEK 33	329,121
July 2002	SEK 137	172,931

Each holder of a Share purchased as a result of the exercise of any Option prior to Closing shall be entitled to elect to receive the same consideration as offered to any holder of a Share.

The OMX Board shall take all such actions necessary under OMX's Share Match Plan 2006 (2006 Plan) and Share Match Plan 2007 (2007 Plan) such that each Share subject to vesting or other lapse restrictions pursuant to the 2006 Plan or the 2007 Plan (collectively, Restricted Shares) immediately prior to the Closing shall vest and become free of restrictions as of the Closing and become entitled, subject to the terms of this Section 8.4, in respect of each individual Share to receive an amount of cash equal to the Cash Consideration (as defined in the Offer Announcement) for (A) 3.75 Shares in respect of each Restricted Share under the 2006 Plan and (B) the number of Restricted Shares subject to

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

each award granted under the 2007 Plan that equals the maximum number of Invested Shares (as such term is used in the 2007 Plan) each holder was entitled to purchase in accordance with the current terms of the 2007 Plan. Subject to the option holder not having been terminated for cause or having voluntarily terminated his or her employment with Nasdaq OMX Group prior thereto, the holder shall receive such equivalent Cash Consideration amount on the later of January 31, 2008 and 30 days after Closing. The Cash Consideration with respect to any Restricted Shares with respect to which all of the foregoing conditions are not satisfied will be deemed forfeited as of the Closing and will not be paid to such Restricted Share holder.

A-9

## **Table of Contents**

### **8.5 Organization Post Closing**

Nasdaq and OMX shall prior to issuing and filing the Offer Document agree on the organization and senior management positions for the Nasdaq OMX group.

## **9 SECONDARY LISTING OF NASDAQ SHARES**

The Parties agree that after Closing, Nasdaq shall apply for a secondary listing on the OMX Nordic Exchange.

## **10 ADDITIONAL COVENANTS**

### **10.1 Reasonable Best Efforts**

The Parties shall cooperate with each other and use, and shall cause their Affiliates to use, their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things necessary, proper or advisable on its part under this Agreement and applicable law and stock exchange regulation, including, but not limited to, the Takeover Rules, to consummate and make effective the Offer and the transaction contemplated by this Agreement as soon as practicable. Without limiting the generality of the foregoing, neither Party shall take any action to the extent such action would reasonably be expected to prevent, materially impede or materially delay the consummation of the Offer.

### **10.2 Indemnification; Directors and officers insurance**

From and after the Closing, Nasdaq shall (i) indemnify and hold harmless, and provide advancement of expenses to (subject to (a) repayment if indemnification is not required under this provision and (b) a written undertaking by each person covered under this provision to provide such repayment), all current directors and senior officers of OMX to the fullest extent permitted by law in each case for acts or omissions occurring at or prior to the Closing in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby (but in no case for acts or omissions resulting from gross negligence or willful misconduct), and (ii) for a period of six (6) years from the Closing, Nasdaq shall, at its sole option, either (x) (a) cause to be maintained in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by OMX or (b) substitute therefore third-party policies of at least the same coverage and amounts containing terms and conditions that are not materially less advantageous in the aggregate than the current policies or (y) purchase a tail policy of at least the same coverage and amounts containing terms and conditions that are not materially less advantageous in the aggregate than the current policies, in each case with respect to matters arising on or before the Closing; provided, however, that after the Closing, Nasdaq shall not be required to pay in respect of any one policy year more than 200% of the last annual premium paid by OMX prior to the date hereof in respect of the coverages required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for 200% of such last annual premium; and further provided that if Nasdaq elects to purchase a tail policy and the same coverage costs more than 200% of such last annual premium, Nasdaq shall purchase the maximum amount of coverage that can be obtained for 200% of such last annual premium. This Section 10.2 is intended to benefit, and shall be enforceable by, each current director and senior officer of OMX. This Section 10.2 shall apply only to the extent permissible under applicable laws, stock exchange regulations and the Takeover Rules.

### **10.3 Information**

Each of Nasdaq and OMX shall promptly notify the other Party orally and in writing of the occurrence or existence of any circumstance or event which may affect the satisfaction of any of the Offer Conditions or which may otherwise affect the consummation of the Offer and the transaction contemplated by this Agreement.



---

**Table of Contents**

**10.4 Public Announcements**

Neither Nasdaq, OMX nor any of their respective Affiliates shall issue or cause the publication of any press release or other public announcement with respect to the Offer, this Agreement or the transactions contemplated hereby without the prior written consent of the other Party (such consent not to be unreasonably withheld), except (a) as may be required by applicable law or stock exchange regulation, including, but not limited to, the Takeover Rules, in which case reasonable efforts to consult between the Parties is required to the extent practicable, or (b) in the ordinary course in connection with the investor relations practices of Nasdaq or OMX.

**10.5 Financing**

In each case to the extent permitted by applicable law and at Nasdaq's expense, OMX and its subsidiaries shall use reasonable best efforts, and shall use reasonable best efforts to cause each of their Representatives, to assist and cooperate with Nasdaq in connection with their efforts to obtain the proceeds of any financing that Nasdaq seeks in connection with the Offer, including (i) causing appropriate Representatives to be available on reasonable advance notice to meet and cooperate with prospective lenders, investors and rating agencies, (ii) assisting with the preparation of materials required for the financing of the Offer (including those required by the SEC), (iii) causing its independent accountants to provide reasonable assistance to Nasdaq, including providing consent to Nasdaq to use their audit reports and any reviews of interim period financial statements and to provide any necessary comfort letters, (iv) using reasonable efforts to cause its attorneys to provide reasonable assistance to Nasdaq, including to provide any necessary and customary legal opinions, (v) requesting any necessary rating agencies confirmations or approvals and (vi) executing and delivering any other requested certificates or documents. OMX shall provide to Nasdaq (a) within 90 days after the most recent fiscal year-end, the audited consolidated balance sheets and related statements of income, stockholders equity and cash flows of OMX and (b) as soon as reasonably possible, unaudited consolidated balance sheets and related statements of income, stockholders equity and cash flows of OMX for each fiscal quarter of the then current fiscal year ending more than 60 days prior to the Closing, in both cases in accordance with IFRS.

**10.6 Compliance with applicable law and regulation**

Each of Nasdaq and OMX undertakes to comply with applicable law and stock exchange regulation, including, but not limited to, the Takeover Act, the Takeover Rules, the Securities Council's rulings regarding interpretation and application of the Takeover Rules, the Securities Act and the Exchange Act.

**11 TERMINATION**

11.1 This Agreement may be terminated:

11.1.1 by mutual written consent of both Parties;

11.1.2 by either OMX or Nasdaq if the Offer lapses or is withdrawn; or

11.1.3 by either OMX or Nasdaq if the Declaration of Unconditionality has not occurred by February 29, 2008.

11.2 This Agreement shall automatically terminate if the OMX Board Recommendation or if, prior to the Required Nasdaq Vote, the Nasdaq Board Recommendation is withdrawn in accordance with Section 2.3 or 4.2, as applicable.

11.3 In the event of the termination of this Agreement under Sections 11.1 or 11.2, this Agreement shall be of no further force or effect, provided, however that (i) Sections 7, 11.3, 12, and 20 shall survive the termination of this Agreement and shall remain in full force

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

and effect, and (ii) the termination of this Agreement shall not relieve any Party from any liability for any material breach of any warranty, covenant or other provision in this Agreement.

A-11

## **Table of Contents**

### **12 COSTS**

- 12.1 Except as provided in Sections 12.2 and 12.3 below, all costs, fees and expenses incurred in connection with this Agreement and the transactions contemplated thereby (including actual costs from outside advisors to the Parties but excluding internal management time and effort) (the Offer Expenses ) shall be paid by the Party incurring such Offer Expenses, whether or not the Offer is consummated.
- 12.2 Notwithstanding Section 12.1, if OMX is in breach (other than in immaterial respects) of this Agreement, then OMX shall reimburse Nasdaq for its Offer Expenses up to a maximum amount of USD fifteen (15) million.
- 12.3 Notwithstanding Section 12.1, if Nasdaq is in breach (other than in immaterial respects) of this Agreement, then Nasdaq shall reimburse OMX for its Offer Expenses up to a maximum amount of USD fifteen (15) million.

### **13 ENTIRE AGREEMENT**

Each of the Parties to this Agreement confirms that this Agreement represents the entire understanding and constitutes the whole agreement between the Parties in relation to its subject matter and supersedes all prior agreements, covenants, arrangements, communications, representations or warranties, whether oral or written, by any Representative of either of the Parties, except the Confidentiality Agreement between the Parties, dated March 12, 2007, as amended.

### **14 AMENDMENTS AND WAIVERS**

This Agreement may only be amended by an instrument in writing duly executed by the Parties. No change, termination, modification or waiver of any provision, term or condition of this Agreement shall be binding on the Parties, unless it is made in writing.

### **15 NOTICES**

- 15.1 All notices and other communications required or permitted under this Agreement must be in writing and shall be deemed to have been received by a Party when: (i) delivered by post, unless actually received earlier, on the third business day after posting, if posted with inland mail, or the fifth Business Day, if posted with international mail; or (ii) delivered by hand, on the day of delivery.
- 15.2 All such notices and communications shall be addressed to the Parties' respective addresses set out in the Introductory section of this Agreement, or to such other addresses as may be given by written notice in accordance with this Section.

### **16 ASSIGNMENTS**

This Agreement shall be binding upon and inure to the benefit of the successors of the Parties but shall not be assignable by any of the Parties without the prior written consent of the other Party.

### **17 INTERPRETATION**

The headings in this Agreement are for convenience only and shall not affect the interpretation of any provision of this Agreement.

**18 NO THIRD PARTY BENEFICIARIES**

Except as otherwise provided in Sections 8.4 and 10.2, this Agreement is not intended to, and does not, confer upon any person other than the Parties hereto any rights or remedies hereunder.

A-12

**Table of Contents**

**19 PARTIAL INVALIDITY**

If any provision of this Agreement or the application of it shall be declared or deemed void, invalid or unenforceable in whole or in part for any reason, the Parties shall amend this Agreement as shall be necessary to give effect to the spirit of this Agreement so far as possible. If the Parties fail to amend this Agreement, the provision which is void, invalid or unenforceable, shall be deleted and the remaining provisions of this Agreement shall continue in full force and effect.

**20 GOVERNING LAW AND DISPUTES**

20.1 This Agreement shall be governed by and construed in accordance with the laws of Sweden.

20.2 Any dispute, controversy or claim arising out of, or in connection with, this Agreement, or the breach, termination or invalidity of the Agreement, shall be settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

20.3 The place of arbitration shall be Stockholm, Sweden.

20.4 The language to be used in the arbitral proceedings shall be English.

20.5 The Parties undertake and agree that all arbitral proceedings conducted with reference to this arbitration clause will be kept strictly confidential. This confidentiality undertaking shall cover all information disclosed in the course of such arbitral proceedings, as well as any decision or award that is made or declared during the proceedings. Information covered by this confidentiality undertaking may not, in any form, be disclosed to a third party without the written consent of all Parties hereto.

20.6 In case this Agreement or any part of it is assigned or transferred to a third party, such third party shall automatically be bound by the provisions of this arbitration clause.

---

This Agreement has been duly executed in two (2) original copies, of which each of the Parties has taken one (1) copy.

Friday May 25, 2007

THE NASDAQ STOCK MARKET, INC.

/s/ Robert Greifeld  
Robert Greifeld

President and Chief Executive Officer

OMX AB

/s/ Magnus Böcker  
Magnus Böcker

President and Chief Executive Officer

/s/ Kristine Schauman  
Kristine Schauman

Chief Financial Officer



---

**Table of Contents**

**Appendix 1.1**

**NOT FOR RELEASE, DISTRIBUTION OR PUBLICATION INTO OR IN AUSTRALIA, CANADA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA**

**Part I Summary**

**Joint Press Release, 25 May, 2007**

**NASDAQ AND OMX TO COMBINE**

*The Leading Innovators in the Exchange Industry to Create the*

*World's Premier Exchange and Technology Company*

*Combination Recommended by both OMX and NASDAQ Boards and*

*Supported by Key OMX and NASDAQ Shareholders*

The boards of directors of The NASDAQ Stock Market, Inc. ( "NASDAQ" ) and OMX AB (publ) ( "OMX" ) jointly announce that they have entered into an agreement (the "Transaction Agreement" ) to combine the two companies (the "Combination" or the "Transaction" ), creating the world's premier exchange and technology company. The Combination will create the largest global network of exchanges and exchange customers linked by technology. The Combination will provide significant benefits for customers, shareholders and other stakeholders in both companies.

The new group, to be called The NASDAQ OMX Group (the "Combined Group" ), brings together two companies with a common culture and vision of innovation, competitiveness and pioneering technological expertise. NASDAQ OMX Group combines two highly complementary businesses, uniting NASDAQ's leading global brand, highly efficient electronic trading platform and track record of customer focused innovation with OMX's global technology services platform and customer base, efficient Nordic Exchange, derivatives capabilities and track record of successful cross-border exchange integrations.

The Combination will be effected through a cash and stock tender offer (the "Offer" ) by NASDAQ for all outstanding shares in OMX. The consideration offered is equivalent to 0.502 new NASDAQ shares plus SEK94.3 in cash for each OMX share. Based on NASDAQ's closing price on 23 May, 2007, the Offer values OMX at SEK208.1 per share<sup>1</sup>, equivalent to SEK25.1 billion (\$3.7 billion) and represents a premium of 19 percent to the closing price of SEK174.5 per OMX share on 23 May, 2007, the last full trading day prior to the announcement of the Offer and a premium of 25 percent to the volume weighted average price of SEK165.9 per OMX share over the 20 trading days up to and including 23 May, 2007.

**Robert Greifeld, Chief Executive Officer of NASDAQ, commented:**

*The future of exchanges is about technology, flexibility and scale. NASDAQ and OMX together deliver all of these benefits. Our technology leadership and track record in linking trading platforms means we will offer issuers and investors unique benefits which were not available in one company until now. This combination provides our organizations with the ability to grow and accelerate the global flow of equity capital. At the same time, it provides us with an excellent platform for further expansion into derivatives and other asset classes. Our organizations bring together very complementary businesses, and we see many new opportunities for growth in an era of unprecedented change and development for exchanges.*

---

<sup>1</sup> Based on NASDAQ's closing share price of \$33.19 on 23 May, 2007, the last full trading day prior to the announcement of the Offer, and a SEK/\$ exchange rate of 6.83





---

**Table of Contents**

**Magnus Böcker, Chief Executive Officer of OMX, commented:**

*This combination creates a new leader in the exchange industry. By utilizing the combined entities' joint expertise and competencies we will create an outstanding platform for future growth. Issuers, members, information vendors and investors on both NASDAQ and OMX Nordic Exchange will all benefit from its new global context. The combination also provides benefits for OMX's global technology customer base, as it enables an increased focus on research and product development in the most important and fastest growing areas of the exchange technology market.*

**H. Furlong Baldwin, Chairman of NASDAQ, commented:**

*We are each coming at this combination from a position of strength. At NASDAQ, we are privileged to be partnering with such a reputable institution as the OMX.*

**Urban Bäckström, Chairman of OMX, commented:**

*For OMX, as a company that has always been known for its innovative and ground-breaking approach within the exchange industry, this is the natural next step. This will also strengthen the Nordic region as a financial center.*

The Combined Group will have 2,349 employees in 22 countries with pro forma revenues for the financial year 2006 of more than \$1.2 billion (SEK8.3 billion). The relative values of the companies under the terms of the Offer and based on NASDAQ's closing share price as of 23 May, 2007 are 58 percent NASDAQ and 42 percent OMX. The pro forma market capitalization of The NASDAQ OMX Group will be approximately \$7.1 billion (SEK48.6 billion)<sup>2</sup>, of which NASDAQ shareholders will own approximately 72 percent and OMX shareholders will hold approximately 28 percent as a result of the cash component of the Offer.<sup>3</sup>

The Combined Group will be governed by representatives from both NASDAQ and OMX under the leadership of Robert Greifeld, who will serve as Chief Executive Officer and Magnus Böcker, who will serve as President. The board of directors of the Combined Group will consist of 15 members, including nine representatives from NASDAQ, five representatives from OMX and the Chief Executive Officer of the Combined Group. The NASDAQ OMX share will be listed on NASDAQ and on OMX Nordic Exchange.

The Combination is unanimously recommended by the boards of directors of each of OMX and NASDAQ. Investor AB, Nordea Bank AB and Magnus Böcker, together representing approximately 16.6 percent of OMX's current issued ordinary share capital, have entered into irrevocable undertakings to accept the Offer and, if a mix and match facility is included in the Offer, depending on the structure and the terms of the facility, they will elect to receive all shares, subject to proration. Olof Stenhammar & Company, representing approximately 1.6 percent of OMX's current issued ordinary share capital, has expressed its support for the Combination and its intention to become a long term shareholder in the Combined Group. In addition, Hellman & Friedman, Silver Lake Partners, and Robert Greifeld have each agreed to vote their shares in favor of certain matters related to the Offer at the related NASDAQ shareholders' meeting, subject to the terms of NASDAQ's certificate of incorporation.

The Combination will create:

**PREMIER GLOBAL EXCHANGE COMPANY:** NASDAQ is the premier US equities exchange, handling more shares and listing more companies than any other US exchange. NASDAQ's open and innovative market platform is the first choice for issuers as well as investors. OMX Nordic Exchange is a highly integrated, efficient equities and derivatives market for leading European companies. Together, the NASDAQ and OMX exchanges will process an average daily volume of 7.4 million trades, representing a value of approximately \$61 billion (SEK418 billion). The NASDAQ and OMX exchanges will have approximately 4,000 companies listed from 39 countries with an aggregate market capitalization of approximately \$5.5 trillion (SEK37.6 trillion);

---

<sup>2</sup> Based on NASDAQ's closing price of \$33.19 as of 23 May, 2007 and approximately 60.6 million new NASDAQ shares issued in the Offer assuming full subscription of the Offer by OMX shareholders

<sup>3</sup> Pro forma ownership assumes full subscription of the Offer



**Table of Contents**

**WORLD EXCHANGE TECHNOLOGY LEADER:** OMX has been a pioneer in creating a truly integrated cross-border stock market. OMX also has created a world-renowned technology customer base of equity, debt, and derivatives exchanges with 60 clients in 50 countries worldwide, including Hong Kong, Singapore, Australia, and the US. NASDAQ pioneered electronic trading, and has continued to innovate over the last thirty years and now has the fastest, most efficient trading platform in the US. Together, the Combined Group will provide the technology for the world's increasingly competitive and demanding capital markets;

**INCREASED VISIBILITY AND ACCESS TO THE GLOBAL INVESTMENT MARKETPLACE FOR ISSUERS:** Issuers will be associated with an innovative, future-focused company with blue-chip peers in all industry sectors. Listed companies will have access to a broad base of investors and deep pools of liquidity;

**A HIGHLY COMPETITIVE DERIVATIVES MARKET OFFERING:** OMX Nordic Exchange is Europe's third largest marketplace for trading and clearing equity-related derivatives. OMX's Nordic distribution network is extended through an international network of links to cooperating exchanges and clearinghouses. OMX's technology solutions are also being used by other leading derivatives exchanges around the world and will be a key asset in the Combined Group's opportunities to capture the high growth in derivatives trading globally;

**ENHANCED STRATEGIC OPPORTUNITIES:** The Combined Group will be the partner of choice for future cooperation and consolidation opportunities and have increased financial and managerial resources. The combined entity will be well positioned to drive organic growth and to continue to take a proactive role in sector consolidation, in Europe, emerging markets, the Americas and Asia; and

**SIGNIFICANT SYNERGY POTENTIAL:** Both parties believe the Combination will create substantial value for shareholders, with total pre-tax annual synergies estimated at \$150 million (SEK1,025 million). Of this amount, \$100 million (SEK683 million) constitutes estimated cost synergies and \$50 million (SEK342 million) estimated revenue synergies. Cost synergies will be realized through the rationalization of IT systems and data centres, rationalization of non-IT functions, and reduced capital and procurement expenditure. Revenue synergies will be achieved through the creation of deeper liquidity pools, increased cross-border trading, increased international listings, packaged data products and enhanced technology sales.

The Combination is expected to create substantial value for shareholders and to be accretive to earnings per share in 2009.

This summary should be read in conjunction with the text of the attached full announcement.

A joint press and analyst conference regarding the Offer and Combination of NASDAQ and OMX will be held today at 10.00am CET at OMX Headquarters, Tullvaktsvägen 15, Stockholm. If you are unable to attend the meeting in person, you can listen via:

Sweden: +46(0)850520270

UK: +44(0)2088179301

US: +1 7183541226

The presentation will also be webcast and can be found on [www.omxgroup.com](http://www.omxgroup.com) and on [www.nasdaq.com](http://www.nasdaq.com)

In addition NASDAQ and OMX will host a second conference call for the benefit of US based analysts and investors, to be held at 8.00am EDT:

Title: NASDAQ Conference Call

Domestic dial-in: 866-765-6327

International dial-in: +1 913-312-6621



**Table of Contents**

And at 9.00am EDT, there will be a press call:

Title: NASDAQ Conference Call

Domestic dial-in: 800 810-0924

International Q&A: +1 913 981-4900

A presentation on the Combination will be available today on NASDAQ's ([www.nasdaq.com](http://www.nasdaq.com)) and OMX's ([www.omxgroup.com](http://www.omxgroup.com)) websites.

**For further information please contact:**

**OMX Contacts**

Jonas Rodny, Senior Communications Manager

+46 8 405 72 67

[jonas.rodny@omxgroup.com](mailto:jonas.rodny@omxgroup.com)

Heidi Wendt, Vice President, Corporate Communications

+46 8 405 72 93

[heidi.wendt@omxgroup.com](mailto:heidi.wendt@omxgroup.com)

**NASDAQ Contacts**

Bethany Sherman, Senior Vice President, Corporate Communications

+1 212 401 8714

+1 917 836 1724

[bethany.sherman@nasdaq.com](mailto:bethany.sherman@nasdaq.com)

Vince Palmiere, Vice President, Investor Relations

+1 212-401-8742

[vincent.palmiere@nasdaq.com](mailto:vincent.palmiere@nasdaq.com)

**Cautionary Note Regarding Forward-Looking Statements**

Information set forth in this filing contains forward-looking statements, which involve a number of risks and uncertainties. OMX and NASDAQ caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to, statements about the benefits of the Offer, the proposed business combination transaction involving NASDAQ and OMX, including estimated revenue and cost synergies, the Combined Group's plans, objectives, expectations and intentions and other statements that are not historical facts. Additional risks and factors are identified in NASDAQ's filings with the U.S. Securities Exchange Commission (the "SEC"), including its Report on Form 10-K for the fiscal year ending December 31, 2006 which is available on NASDAQ's website at <http://www.NASDAQ.com> and the SEC's website at [www.sec.gov](http://www.sec.gov). and in OMX's filings with the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") including its annual report for 2006, which is available on OMX's website at <http://www.omxgroup.com>. The parties undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

### Notice to OMX shareholders

While the Offer is being made to all holders of OMX shares, this document does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities of OMX or an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities of

A-17

---

**Table of Contents**

NASDAQ in any jurisdiction in which the making of the Offer or the acceptance of any tender of shares therein would not be made in compliance with the laws of such jurisdiction. In particular, the Offer is not being made, directly or indirectly, in or into Australia, Canada, Japan or South Africa. While NASDAQ reserves the right to make the Offer in or into the United Kingdom or any other jurisdiction pursuant to applicable exceptions or following appropriate filings and prospectus or equivalent document publication by NASDAQ in such jurisdictions, pending such filings or publications and in the absence of any such exception the Offer is not made in any such jurisdiction.

**Additional Information about this Transaction**

In connection with the proposed business combination transaction, OMX and NASDAQ expect that NASDAQ will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of NASDAQ that also constitutes a prospectus of NASDAQ. **Investors and security holders are urged to read the proxy statement/prospectus and any amendments and other applicable documents regarding the proposed business combination transaction if and when they become available because they will contain important information.** You may obtain a free copy of those documents (if and when available) and other related documents filed by NASDAQ with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The proxy statement/prospectus (if and when it becomes available) and the other documents may also be obtained for free by accessing NASDAQ's website at <http://www.nasdaq.com> and OMX's website at <http://www.omxgroup.com>.

NASDAQ and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from NASDAQ stockholders in respect of the transactions described in this communication. You can find information about NASDAQ's executive officers and directors in NASDAQ's definitive proxy statement filed with the SEC on April 20, 2007. You can obtain free copies of these documents and of the proxy statement prospectus (when it becomes available) from NASDAQ by accessing its website at <http://www.nasdaq.com>. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

**Part II Full Announcement**

The boards of directors of The NASDAQ Stock Market, Inc. and OMX AB (publ) hereby jointly announce that they have entered into a Transaction Agreement to combine the two companies, creating the world's premier exchange and technology company. The Combination will be effected through a cash and stock tender offer by NASDAQ for all outstanding shares in OMX.

**1. Background to and Reasons for the Offer and the Combination between NASDAQ and OMX**

The exchange industry is undergoing a period of unprecedented change. These changes emanate from every aspect of our businesses, including an increasingly competitive environment, significant opportunities stemming from regulatory change, and the continued globalization of the investment industry. NASDAQ and OMX each have the strategic vision to be at the forefront of these changes, with a culture of innovation and flexibility, and the ambition to be an agile and global force in the rapidly growing and developing exchange industry.

Each of NASDAQ and OMX is an innovator of electronic trading with technology as the foundation of their businesses. The Combination brings together two companies with a common culture and vision of innovation, competitiveness and pioneering technological expertise. The NASDAQ OMX Group combines two highly complementary businesses, uniting NASDAQ's leading global brand, highly efficient electronic trading platform and track record of customer focused innovation with OMX's global technology services platform and customer base, efficient Nordic Exchange, multi-asset class capabilities and track record of successful cross-border exchange integrations.

## **Table of Contents**

NASDAQ and OMX have been drivers of competition in the exchange industry. NASDAQ has experienced 25 percent growth in matched trading volume across all US equities in the past year as regulatory developments have resulted in an increase in client demand for fast, efficient electronic trading. OMX has experienced 38 percent average annual growth in trading volumes in its cash markets business over the past three years, has substantially increased its market share in globally listed shares such as Nokia and Ericsson, and is providing technology platforms to new players in established markets. The Combination will leverage NASDAQ's and OMX's experiences to capitalize on new opportunities in the increasingly competitive exchange trading sector.

The Combined Group is expected to be the partner of choice for future cooperation and consolidation opportunities with increased financial and managerial resources. The Combined Group will be well positioned to drive organic growth and to continue to take a proactive role in sector consolidation, in Europe, emerging markets, the Americas and Asia.

OMX has been a pioneer in creating a truly integrated cross-border stock market. OMX has also created a world-renowned technology customer base of equities, debt, and derivatives exchanges with 60 clients in 50 countries worldwide, including Hong Kong, Singapore, Australia, and the US. NASDAQ pioneered electronic trading, and has continued to innovate over the last thirty years and now has the fastest, most efficient trading platform in the US. Together, we will provide the technology for the world's increasingly competitive and demanding capital markets. In addition, each company has a proven track record of participation in industry consolidation with successful integration of exchanges and trading platforms resulting in strong revenue and cost synergies.

This compelling Combination forms:

### **The premier global exchange company:**

Together, NASDAQ and OMX will have an average daily trading volume of 7.4 million trades, representing a value of approximately \$61 billion (SEK418 billion). NASDAQ and OMX will have approximately 4,000 listed companies from 39 countries with an aggregate market capitalization of approximately \$5.5 trillion (SEK37.6 trillion);

The Combined Group will have many of the world's largest companies listed on its marketplaces, with a leading market share of listings in the technology, software, telecommunication and pulp and paper industries worldwide. Issuers will be associated with an innovative, future-focused company with blue-chip peers in all industry sectors. Listed companies will have access to a broad base of investors and deep pools of liquidity; and

The combined liquidity pools, advanced speed of execution and integrated cross-border trading capabilities will provide issuers with increased visibility and access to global equity capital.

### **The world-leading provider of exchange technology:**

OMX has been a pioneer in creating a truly integrated cross-border stock market. OMX also has created a world-renowned technology customer base of equity, debt and derivatives exchanges with 60 clients in 50 countries worldwide, including Hong Kong, Singapore, Australia, and the US. NASDAQ pioneered electronic trading, and has continued to innovate over the last thirty years and now has the fastest, most efficient trading platform in the US. Together, NASDAQ and OMX will provide the technology for the world's increasingly competitive and demanding capital markets;

OMX's extensive experience and expertise in providing state-of-the-art exchange technology worldwide to a sophisticated and global customer base, matched with NASDAQ's technology excellence and global brand and advanced services and support for innovative growth companies provides a powerful opportunity to grow and enhance the combined technology business; and



NASDAQ and OMX believe their focus on technology leadership and the combination of their expertise and brands will generate growth opportunities and additional sales of technology and related services globally.

A-19

## **Table of Contents**

### **A highly competitive derivatives market offering:**

The OMX Nordic Exchange is Europe's third largest marketplace for trading and clearing equity-related derivatives with an annual trading volume of approximately 140 million equity related derivatives contracts. OMX's Nordic distribution network is extended through an international network of links to cooperating exchanges and clearinghouses; and

OMX's technology solutions are also being used by other leading derivatives exchanges around the world and will be a key asset in the combined group's opportunities to capture the high growth in derivatives trading globally.

### **Enhanced data business with richer content and improved, global distribution:**

The Combined Group will leverage the strength of each organization's distribution capabilities to broaden the customer base for NASDAQ's and OMX's existing data products and to provide enhanced data tailored with value-added services to market participants;

Through NASDAQ's distribution network of over 250 data vendors and OMX's over 100 data vendors, the Combined Group will be able to enhance its global market transparency; and

The market data generated by the Combined Group will lever its product expertise and develop innovative data products and combined indices incorporating global complementary NASDAQ and OMX stocks and derivatives.

### **Enhanced strategic opportunities:**

The Combined Group will be the partner of choice for future cooperation and consolidation opportunities with increased financial and managerial resources. The combined entity will be well positioned to drive organic growth and to continue to take a proactive role in sector consolidation, in Europe, emerging markets, the Americas and Asia; and

Both NASDAQ and OMX will benefit from increased geographic, product and sectoral diversification and each will benefit from the other's strategic holdings in the industry.

### **Significant synergy potential:**

Both parties believe the Combination will create substantial value for shareholders, with total pre-tax annual synergies estimated at \$150 million (SEK1,025 million). Of this amount, \$100 million (SEK683 million) constitutes estimated cost synergies and \$50 million (SEK342 million) estimated revenue synergies;

Cost synergies will be realized through the rationalization of IT systems and data centres, rationalization of non-IT functions, and reduced capital and procurement expenditure; and

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Revenue synergies will be achieved through the creation of deeper liquidity pools, increased cross-border trading, increased international listings, packaged data products and enhanced technology sales.

Total pre-tax restructuring and revenue investment costs are estimated at \$150 million (SEK1,025 million) which will be incurred in the two years following completion of the Transaction.

Please see section 3 below for more information on synergies.

In summary, NASDAQ and OMX believe the Combined Group will create the world's premier global exchange technology company.

### **2. Benefits to Customers and Other Stakeholders**

Both NASDAQ and OMX support the view that capital markets growth and development are promoted by transparent and efficient trading and technology development. This is achieved through close cooperation and

A-20

## **Table of Contents**

collaboration between exchanges, issuers, members, investors and regulators. The efficiencies resulting from the Combination will be reflected in greater liquidity, reduced costs of trading, lower fees for members and investors and lower cost of capital for issuers. NASDAQ and OMX each have a track record of reducing operational costs while simultaneously improving customer service.

**Investors and members** will benefit from deeper pools of liquidity and higher trading volumes, a common IT infrastructure and interface for both exchange companies, access to more products and positive portfolio diversification.

**Issuers** will benefit from increased visibility and direct access to the largest investor base in the world. Increased trading activity and liquidity is also expected to reduce the cost of capital for issuers.

**Technology customers** will continue to benefit from the market insight the Combined Group derives from its direct participation in capital markets. Combined expertise will accelerate the development of the next generation of exchange technology at a time when investors and members are increasingly demanding multi-asset class trading platforms.

**Data providers and vendors** will receive richer content and improved global distribution. The market data will allow NASDAQ OMX to leverage its product expertise and develop a range of combined indices incorporating complementary stocks and derivatives from existing indices.

The Combination also provides a unique opportunity for the Nordic markets by placing them at the heart of the rapid consolidation of the exchange sector and becoming a key component of a world-leading company in the exchange industry. The OMX regulatory model will be unaffected by the Combination and the Combined Group will be well-positioned as an attractive partner with the capacity to compete effectively with other exchanges and continue consolidation across Europe and globally.

### **3. Benefits to Shareholders**

NASDAQ and OMX have significant experience in integrating exchanges domestically and cross-border and delivering synergies. The Combination is expected to create significant value for both companies' shareholders through the realisation of pre-tax annual cost and revenue synergies of approximately \$150 million (SEK1,025 million) from 2010. Annual pre-tax cost synergies are estimated at approximately \$100 million (SEK683 million) in 2010. The Combination is expected to be accretive to earnings per share in 2009.

Based on their successful integration track records, NASDAQ and OMX believe that they will deliver the following cost synergies:

IT synergies of \$66 million (SEK451 million)

Integration of systems and platforms, merging the US operations of the two companies, and leveraging the Genium platform

Non-IT synergies of \$34 million (SEK232 million)

Rationalization of overlapping functions, services, premises, and reduction of capital and procurement expenditures  
Both OMX and NASDAQ have established track records of delivering increased revenues through their acquisitions of other exchanges and trading platforms and valued-added service providers. Identified pre-tax annual revenue synergies are expected to amount to \$50 million (SEK342 million) achieved over three years.

Trading and Information Services

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Increase in cross-border trading, cross-selling of data and new products and facilitation of cross membership

A-21

## **Table of Contents**

### Issuer Services

Attract new domestic and international listings as a result of the Combined Group's enhanced value proposition including brand, sector strengths and global reach. Introduce NASDAQ's issuer products and services to OMX issuer customers. Non-recurring pre-tax costs to achieve these synergies are expected to be \$150 million (SEK1,025 million), which would be incurred in the two years following completion of the Transaction.

### **4. Company Structure and Branding**

The Combined Group will be structured as a US holding company, named The NASDAQ OMX Group Inc., the shares of which will be listed on NASDAQ and on OMX Nordic Exchange.

The Combined Group's headquarters will be located in New York, which will also be the centre of operations for the group's US cash trading business. The Combined Group's technology business and Nordic trading business will continue to be managed as today. The Combined Group will establish a new London presence to capitalize on international growth opportunities.

The name and branding of the existing local exchanges within the Combined Group will remain unchanged.

### **5. Governance and Management**

The board of directors of the Combined Group will consist of 15 members, including nine representatives from NASDAQ, five representatives from OMX and the Chief Executive Officer of the Combined Group. The Chairman will be elected by the board of directors of the Combined Group. The Deputy Chairman will be designated by OMX.

It is proposed that Robert Greifeld, currently President and Chief Executive Officer of NASDAQ, will serve as Chief Executive Officer of the Combined Group. It is proposed that Magnus Böcker, currently President and Chief Executive Officer of OMX, will become President of the Combined Group.

The Combined Group will have a balanced management team and organization reflecting the experience, expertise and activities that each party brings to the Combination.

### **6. Employees**

OMX and NASDAQ each operate strong exchange companies which are recognized as being among the best for employees in the market. Following the proposed Transaction, the Combined Group's strategy will be to grow volume and broaden its customer base, combining the strengths of both companies. In this context, the proposed Transaction will create enhanced career opportunities for employees of the Combined Group. All existing contracts will be honored.

Separately from the Offer, NASDAQ and OMX will offer participants of OMX's existing stock option plans and share match plans fair treatment in respect of their entitlements under the respective plans.

### **7. Regulatory Issues**

The Combination of NASDAQ and OMX will require consent or approval from relevant financial supervisory authorities and competition authorities.

Each of the Combined Group's markets will continue to be regulated in accordance with local requirements. Specifically, OMX's markets will continue to be regulated by their existing regulators, and the SEC will continue to regulate NASDAQ's US markets only. The Sarbanes-Oxley Act will continue to be exclusively applicable to companies registered in the US.

## **Table of Contents**

### **8. Dividend Policy**

The dividend policy of the Combined Group will be determined by the board of the Combined Group.

### **9. Financial Effects of the Offer**

The Transaction is expected to create substantial shareholder value and be accretive to earnings per share in 2009.

### **10. Financing of the Offer**

Assuming full acceptance of the Offer, approximately 60.6 million new NASDAQ shares will be issued pursuant to the Offer and the total cash consideration amount payable by NASDAQ to OMX shareholders will be approximately \$1.7 billion (SEK11.4 billion).

The Offer will not be subject to any conditions concerning the availability of financing. Bank of America and JPMorgan Chase Bank, N.A. (the Banks ) have agreed to finance the cash consideration of the Offer pursuant to a commitment letter subject to all parties entering into definitive documentation. However, if definitive documentation is not entered into by the date on which the Offer is launched, the Banks will finance the cash consideration of the Offer by means of an interim loan agreement (the Interim Loan Agreement ) which provides for committed funds and which is attached as an exhibit to the commitment letter.

Drawdown pursuant to the Interim Loan Agreement is subject to the conditions of the Offer being satisfied or waived (where such waiver requires consents from the Banks in certain cases and under certain circumstances). The additional conditions to drawdown under the Interim Loan Agreement, which NASDAQ and its owners in practice control, are essentially that:

NASDAQ and its current subsidiaries execute collateral agreements and guarantees, deliver stock certificates and stock powers and make relevant filings and recordations;

NASDAQ issues a promissory note in favor of each Bank evidencing such Bank s loans;

NASDAQ delivers documents evidencing the authority and capacity to enter into the Interim Loan Agreement and pertaining documentation, including legal opinions and certificate of good standing; and

NASDAQ is not in breach of certain limited key representations and events of default under the Interim Loan Agreement (including that the documentation is binding and that NASDAQ is not insolvent or lacks relevant authorizations).

### **11. Key Terms and Conditions of the Offer**

#### **11.1 The Offer**

The Offer to the OMX shareholders consists of a mixture of cash and new NASDAQ shares as consideration which values each OMX share at SEK208.1 based on the assumptions set out in section 11.2 below. For every 100 OMX shares tendered, each OMX shareholder will receive SEK9,430 in cash and 50.2 new NASDAQ shares, equivalent to 0.502 NASDAQ shares and SEK94.3 in cash per OMX share.

NASDAQ is offering each OMX shareholder: <sup>4</sup>

In respect of approximately 45.3 percent of the number of OMX shares tendered by such shareholder: SEK208.1 per OMX share in cash (the Cash Consideration ); and

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

In respect of the remaining approximately 54.7 percent of the number of OMX shares tendered by such shareholder: 0.918 new NASDAQ shares (the Share Consideration ), equivalent to a value of SEK208.1 per OMX share.

As an alternative, OMX shareholders with 200 or fewer OMX shares are entitled to elect to receive a guaranteed Cash Consideration of SEK208.1 per OMX share.

---

<sup>4</sup> The value of the Cash Consideration and Share Consideration based on the assumption set out in 11.2

A-23



## **Table of Contents**

NASDAQ reserves the right to introduce a mix and match facility which will enable OMX shareholders to elect to tender a higher proportion of their OMX shares in return for the Cash Consideration or to tender a higher proportion of their OMX shares in exchange for the Share Consideration, subject to matching elections by other OMX shareholders. The total number of new NASDAQ shares to be issued under the Offer would not be varied as a result of elections made under such mix and match facility. If NASDAQ introduces a mix and match facility, the details of such facility will be presented in the offer document.

No commission will be charged in respect of settlement of the Offer.

NASDAQ does not own any shares or other financial instruments in OMX.

### **11.2 Offer Value and Premium**

Based on a closing price for NASDAQ shares of \$33.19 on NASDAQ on 23 May, 2007 and a SEK/\$ exchange rate of 6.83, the Offer value and Offer premium are the following:

The Offer values each OMX share at approximately SEK208.1;

The Offer values the whole of the issued share capital of OMX at approximately SEK25.1 billion (\$3.7 billion);

The Offer represents:

A premium of 19 percent relative to SEK174.5, the closing price on 23 May, 2007, the last full trading day prior to the announcement of the Offer and a SEK/\$ exchange rate of 6.83 on 23 May, 2007; and

A premium of 25 percent to the volume weighted average price of SEK165.9 per OMX share over the 20 trading days up to and including 23 May, 2007, the last full trading day prior to the announcement of the Offer.

Assuming full acceptance of the Offer, a maximum amount of approximately SEK11.4 billion (\$1.7 billion) in cash is payable and a maximum number of approximately 60.6 million new NASDAQ shares will be issued under the Offer.

### **11.3 Fractional Entitlements**

Fractions of the new NASDAQ shares will not be issued to accepting OMX shareholders. Such fractions will be sold in the market and the net proceeds will be distributed proportionally between the OMX shareholders concerned.

### **11.4 Completion Conditions of the Offer**

Completion of the Offer is conditional upon:

1. That the Offer is accepted to such an extent that NASDAQ becomes the owner of shares representing more than 90 percent of the outstanding shares of OMX on a fully diluted basis;
2. That NASDAQ's shareholders approve the issuance of the new NASDAQ shares in connection with the Offer by the required vote under the applicable laws and NASDAQ exchange rules;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

3. That the new NASDAQ shares to be issued under the Offer are approved for listing on the NASDAQ National Market;

4. That the recommendation by the board of directors of OMX that OMX shareholders accept the Offer has not been withdrawn;<sup>5</sup>

---

<sup>5</sup> The Swedish Securities Council (Sw Aktiemarknadsämnden) has in the ruling AMN 2007:18 stated completion of this kind are consistent with good stock market practice under certain circumstances. NASDAQ and OMX agree that such circumstances are at hand.

A-24

---

**Table of Contents**

5. That NASDAQ's Registration Statement on Form S-4 in the United States, which will register the new NASDAQ shares, has become effective under the Securities Act of 1933, as amended, and is not the subject of any stop order or proceeding seeking a stop order by the Securities and Exchange Commission;
  6. That all necessary approvals from public authorities or other regulatory bodies, including competition authorities and financial supervisory authorities, in connection with the Offer, its implementation or the acquisition of OMX by NASDAQ, have been obtained on terms reasonably acceptable to NASDAQ, or applicable deadlines or waiting periods in relation thereto have expired or been terminated, and there being no notice of any intention to revoke, suspend, restrict, impose any conditions in relation to, vary, amend or not renew any authorizations, certificates, licenses, permissions or approvals of OMX or any of its subsidiaries;
  7. That neither the Offer, its implementation nor the acquisition of all outstanding shares in OMX, has been rendered partially or wholly impossible or significantly impeded as a result of legislation, regulation, any decision of court, public authority or other regulatory body, or as a result of other comparable measures beyond NASDAQ's control in Sweden, the United States or elsewhere;
  8. That no material adverse change in OMX's financial position or operations has occurred after the announcement of the Offer; such material adverse change that materially adversely affects, or could reasonably be anticipated to have such effect on, OMX's liquidity, sales, results or equity and which could not have been reasonably known or anticipated by NASDAQ at the time of the announcement of the Offer; provided, however, that the following shall not be considered in determining whether such a material adverse change has occurred: (A) any change or development in economic, business, political or securities markets conditions generally (including any such change or development resulting from acts of war, terrorism or natural disasters), except that any change or development that, relative to other participants in OMX's industry, disproportionately impacts the liquidity, sales, results or equity of OMX shall be so considered in determining whether a material adverse change has occurred, (B) any change or development to the extent resulting from the execution or announcement of the Offer or the transactions contemplated thereby, or (C) any changes in laws, rules or regulations.
  9. That no information made public by OMX or disclosed by OMX to NASDAQ is materially inaccurate, incomplete or misleading, and that OMX has not failed to make public any material information which should have been made public by it.
- NASDAQ reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not fulfilled or cannot be fulfilled. However, the Offer may only be withdrawn with reference to the non-fulfillment of the conditions 3-9 above if the non-fulfillment is of material importance for NASDAQ's acquisition of the Shares in OMX.

NASDAQ reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including with respect to condition 1 above, to complete the Offer at a lower level of acceptance; provided, however, that any waiver of conditions 1, 3 or 6 shall require the prior written consent of OMX (such consent not to be unreasonably withheld or delayed), except that no waiver of condition 1 shall require such prior written consent of OMX if, when the condition is waived, the Offer is accepted to such an extent that NASDAQ becomes the owner of shares representing at least 67 percent of the outstanding shares of OMX on a fully diluted basis.

**11.5 Transaction Agreement between NASDAQ and OMX**

NASDAQ and OMX have entered into a Transaction Agreement in connection with the Offer. The Transaction Agreement contains, inter alia, provisions on cooperation in regard of the offer document, the registration statement and filings with the relevant authorities, provisions on corporate governance and organizational issues post closing of the Transaction and provisions on treatment of OMX employees' option and share match plans. The Transaction Agreement also contains customary provisions on board recommendations, so called non-solicitation and related provisions. The full Transaction Agreement will be available in the offer document.

## **Table of Contents**

### **11.6 Irrevocable Undertakings from OMX Shareholders**

Investor AB, Nordea Bank AB and Magnus Böcker, together representing approximately 16.6 percent of OMX's current issued ordinary share capital, have entered into irrevocable undertakings to accept the Offer and, if a mix and match election facility is included in the Offer, depending on the structure and the terms of the facility, they will elect to receive all shares, subject to proration. The irrevocable undertakings will or could lapse in certain circumstances including:

a third party offer being made for the OMX shares which corresponds to an Offer value in SEK equal to or exceeding SEK220 per OMX Share;

the value of the Offer in SEK falls below SEK190 following the date of this announcement;

if the Registration Statement on Form S-4 in relation to the Offer is not completed and submitted to the Securities and Exchange Commission on or before 15 August, 2007;

if NASDAQ would waive the acceptance level condition and declare the Offer unconditional without the consent from the shareholder making the undertaking, and at the time of such waiver NASDAQ has not reached an acceptance level of 2/3 of the OMX shares (including shares subject to irrevocable undertakings, whether yet delivered for acceptance or not);

if the recommendation of the Offer by the board of OMX is withdrawn;

if the Offer has not been declared unconditional before 15 December, 2007; or

if a material adverse change in NASDAQ's financial position or operation that could have a material adverse effect on NASDAQ's financial position, liquidity, sales, results, equity, or stock price becomes known to the shareholder making the undertaking.

### **11.7 Approval from NASDAQ Shareholders**

Hellman & Friedman, Silver Lake Partners, and Robert Greifeld have each agreed to vote their shares in favor of certain matters related to the Offer at the related NASDAQ shareholders' meeting, subject to the terms of NASDAQ's certificate of incorporation.

### **11.8 Board Recommendations**

The board of directors of OMX unanimously recommends to OMX shareholders to accept the Offer. The board of directors of OMX has received fairness opinions from Morgan Stanley & Co. Limited (Morgan Stanley) and Credit Suisse, concluding that, in their opinion and subject to the qualifications and assumptions set out therein, the Offer consideration is fair from a financial point of view to the shareholders of OMX. The full opinion of the board and the fairness opinions will be included in the offer document.

The board of directors of NASDAQ consider the terms of the Offer to be in the best interests of NASDAQ and the NASDAQ shareholders as a whole, and unanimously recommends that the NASDAQ shareholders vote in favor of the resolutions to be proposed at the shareholders' meeting of NASDAQ to be held in connection with the Offer.

### **11.9 Due Diligence**

After approval by the board of directors of OMX, NASDAQ has conducted a limited due diligence review of certain business, financial and legal information relating to OMX.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

OMX has conducted a limited due diligence review of certain business, financial and legal information relating to NASDAQ.

### **11.10 Governing Law**

The Offer shall be governed by and construed in accordance with the laws of Sweden. The Takeover Rules issued by the Stockholm Stock Exchange and the Swedish Securities Council's rulings regarding interpretation

A-26

## **Table of Contents**

and application of the Takeover Rules (including its rulings with respect to the Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee) apply in relation to the Offer. Furthermore, in accordance with the Swedish Takeover Act, NASDAQ has contractually agreed with the Stockholm Stock Exchange to comply with the foregoing and to submit to any sanctions imposed by the Stockholm Stock Exchange upon breach of the Takeover Rules. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the City Court of Stockholm shall be the court of first instance.

### **12. Listing of and Trading in the NASDAQ OMX share**

The NASDAQ OMX share will be listed on NASDAQ and on the OMX Nordic Exchange.

Further details on listing, admission to trading and dealings in the NASDAQ share will be included in the offer document.

### **13. Compulsory Acquisition and Delisting**

In the event that NASDAQ (whether in connection with the Offer or otherwise) obtains more than 90 percent of OMX's issued share capital on a fully diluted basis, NASDAQ intends to commence a compulsory acquisition procedure under the Swedish Companies Act to acquire all remaining OMX shares. In connection therewith, NASDAQ intends to promote a de-listing of the OMX share from the Stockholm Stock Exchange and the marketplaces where there is a secondary listing of the OMX share.

### **14. Indicative Timetable**

An offer document regarding the Offer and a retail shareholder information brochure will be published. These documents are expected to be published during the third quarter of 2007.<sup>6</sup>

The acceptance period will commence promptly following the publishing of the offer document, and will last for no less than 20 business days. NASDAQ reserves the right to extend the acceptance period and to defer the date for settlement subject to applicable law and the Transaction Agreement.

The completion of the Offer is conditional upon the satisfaction of certain conditions as set out in section 11.4 above, including expiration of the Hart-Scott-Rodino waiting period and receipt of anti-trust and full regulatory approvals and NASDAQ shareholder approval. NASDAQ and OMX expects the Offer is to be completed by year-end 2007. Further details regarding the publication of these documents and the timetable for the Offer period will follow in a separate press release in due course.

### **15. Advisors**

JPMorgan is acting as exclusive financial advisor to NASDAQ in relation to the transaction and will not be responsible for providing the protections afforded to their client to any other person. Advokatfirman Cederquist and Skadden, Arps, Slate, Meagher & Flom LLP are serving as legal advisors to NASDAQ in relation to the Transaction. Morgan Stanley, Lenner & Partners and Credit Suisse are acting as financial advisors to OMX in relation to the transaction and will not be responsible for providing the protections afforded to their client to any other person. Advokatfirman Vinge and Cleary Gottlieb Steen & Hamilton LLP are serving as legal advisors to OMX in relation to the Transaction.

### **16. Information on OMX**

OMX is a leading expert in the exchange industry. Through the Nordic Exchange, OMX offers access to approximately 80 percent of the Nordic and Baltic securities market. The Nordic Exchange is a term used for marketing purposes and is not a legal entity. It describes the common offering from the Helsinki Stock Exchange,

---

<sup>6</sup> The Swedish Securities Council (Sw Aktiemarknadsämnden) has extended the time period for preparing and filing the Swedish offer document from 4 weeks to 10 weeks due primarily to extensive filing requirements in the US, see ruling AMN 2007:19. Further extensions may be granted if necessary.

**Table of Contents**

Copenhagen Stock Exchange, Stockholm Stock Exchange, Iceland Stock Exchange, Tallinn Stock Exchange, Riga Stock Exchange and Vilnius Stock Exchange. OMX integrated technology solutions cross the transaction chain enabling efficient securities transactions for over 60 exchange organizations in more than 50 countries. OMX is a Nordic Large Cap company in the Financials sector on the OMX Nordic Exchange.

OMX key statistics as of Q1, 2007:

801 Listed Companies

Domestic market capitalization: \$1.2 trillion

Total market capitalization: \$1.3 trillion

Average daily trades cash market: 0.2 million

Average daily number of derivatives contracts: 0.7 million

Average daily value traded: \$7 billion

67,200 information terminals for professionals

27,800 information terminals for non-professionals

Technology contracts: 60+

**17. Information on NASDAQ**

NASDAQ is the largest US electronic stock market. With approximately 3,200 companies, it lists more companies and, on average, trades more shares per day than any other US market. It is home to companies that are leaders across all areas of business including technology, retail, communications, financial services, transportation, media and biotechnology. NASDAQ is the primary market for trading NASDAQ-listed stocks.

NASDAQ key statistics as of Q1, 2007:

3,181 Listed Companies

IPOs: 37 / \$6.3 billion of raised value

Domestic market capitalization: \$3.9 trillion

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

Total market capitalization: \$4.2 trillion

Average daily trades: 7.2 million

Average daily value traded: \$54 billion

400,000 information terminals for professionals

1.7 million information terminals for non-professionals

Technology contracts: 1

### Cautionary Note Regarding Forward-Looking Statements

Information set forth in this filing contains forward-looking statements, which involve a number of risks and uncertainties. OMX and NASDAQ caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to, statements about the benefits of the Offer, the proposed business combination transaction involving NASDAQ and OMX, including estimated revenue and cost synergies, the Combined Group's plans, objectives, expectations and intentions and other statements that are not historical facts. Additional risks and factors are identified in NASDAQ's filings with the U.S. Securities Exchange Commission (the "SEC"), including its Report on Form 10-K for the fiscal year ending December 31, 2006 which is available on NASDAQ's website at <http://www.NASDAQ.com> and the SEC's



**Table of Contents**

website at SEC's website at [www.sec.gov](http://www.sec.gov), and in OMX's filings with the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the SFSA) including its annual report for 2006, which is available on OMX's website at <http://www.omxgroup.com>. The parties undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Notice to OMX shareholders

While the Offer is being made to all holders of OMX shares, this document does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities of OMX or an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities of NASDAQ in any jurisdiction in which the making of the Offer or the acceptance of any tender of shares therein would not be made in compliance with the laws of such jurisdiction. In particular, the Offer is not being made, directly or indirectly, in or into Australia, Canada, Japan or South Africa. While NASDAQ reserves the right to make the Offer in or into the United Kingdom or any other jurisdiction pursuant to applicable exceptions or following appropriate filings and prospectus or equivalent document publication by NASDAQ in such jurisdictions, pending such filings or publications and in the absence of any such exception the Offer is not made in any such jurisdiction.

Additional Information About this Transaction

In connection with the proposed business combination transaction, OMX and NASDAQ expect that NASDAQ will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of NASDAQ that also constitutes a prospectus of NASDAQ. **Investors and security holders are urged to read the proxy statement/prospectus and any amendments and other applicable documents regarding the proposed business combination transaction if and when they become available because they will contain important information.** You may obtain a free copy of those documents (if and when available) and other related documents filed by NASDAQ with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The proxy statement/prospectus (if and when it becomes available) and the other documents may also be obtained for free by accessing NASDAQ's website at <http://www.nasdaq.com> and OMX's website at <http://www.omxgroup.com>.

NASDAQ and its directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from NASDAQ stockholders in respect of the transactions described in this communication. You can find information about NASDAQ's executive officers and directors in NASDAQ's definitive proxy statement filed with the SEC on April 20, 2007. You can obtain free copies of these documents and of the proxy statement prospectus (when it becomes available) from NASDAQ by accessing NASDAQ's website. Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC when they become available.

###

A-29

**Table of Contents**

**Annex B**

**FORM OF IRREVOCABLE UNDERTAKING**

This irrevocable undertaking (this Undertaking ) is made on May 25, 2007

BETWEEN:

(1) **The Nasdaq Stock Market, Inc.**, a company duly incorporated and organized under the laws of Delaware, having its principal office at One Liberty Plaza, New York, NY 10006, USA ( Nasdaq ); and

(2) [•]

Nasdaq and Shareholder are hereinafter collectively referred to as the Parties and individually as a Party .

BACKGROUND:

(A) Nasdaq intends to make a public tender offer to the holders of shares in OMX AB, a company duly incorporated and organized under the laws of Sweden, with corporate registration number 556243-8001 ( OMX ), to tender all of the shares in OMX on the terms and conditions set forth in the press release (the Offer ) attached as Appendix A (the Offer Announcement ) .

(B) Shareholder is the owner of [•] shares (the Shares ) in OMX, and has, in order to encourage Nasdaq ( the Offeror ) to make the offer, agreed to make the irrevocable undertaking contemplated herein.

IT IS AGREED as follows:

**1 Shareholder s Undertaking**

1.1 Shareholder represents and warrants that it is the owner of, and has all relevant authority to accept (or procure the acceptance of) the Offer in respect of, the Shares, which Shares are free and clear of encumbrances of any kind.

1.2 Subject only to Section 4, Shareholder hereby irrevocably undertakes to (i) accept (or procure the acceptance of) the Offer (subject to having the benefit of any improvement of the Offer granted to other OMX shareholders) in respect of all Shares immediately prior to, but conditioned upon, the Offer being declared unconditional (taking into account, for purposes of the acceptance level condition, the Shares), (ii) deliver (or procure the delivery of), evidence of such acceptance reasonably agreed upon by the Parties, (iii) upon acceptance of the Offer, elect to receive 100 per cent newly issued Nasdaq shares, and no cash, as consideration for the Shares, in accordance with a mix and match facility of the Offer as long as the mix and match facility includes an equalizing mechanism designed to achieve substantially similar value between the alternatives of cash, shares or a combination of cash and shares as of the calculation date (Shareholder acknowledges that, to the extent valid elections for new Nasdaq shares under the mix and match facility cannot be satisfied in full, they will be scaled down on a pro rata basis and compensated in cash), (iv) unless and until the Offer lapses or is withdrawn, support Nasdaq, to a reasonable extent and where capable of doing so, in its implementation of the Offer, and to exercise all voting rights attaching to the Shares in such manner as to enable the Offer to become unconditional and to oppose the taking of any action or approval of any resolution which may result in any condition of the Offer not being satisfied or which may otherwise prejudice or frustrate the Offer and (v) to the extent that any of the Shares are not registered in its name, to procure the registered holder(s) to act in accordance with the terms of this Undertaking.

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- 1.3 Subject only to Section 4, Shareholder hereby irrevocably undertakes to not, unless and until the Offer lapses or is withdrawn: (i) offer, sell, transfer, charge, pledge or grant any option over or otherwise dispose of any of the Shares, whether directly or indirectly, except to Nasdaq under the Offer, (ii) accept any other offer in respect of any of the Shares, (iii) directly or indirectly solicit proposals or offers from third parties for the acquisition of all shares in OMX, (iv) propose or vote in favor of any resolution for payment of dividends or other value distributions by OMX (whether in cash or otherwise and whether to the shareholders of OMX or to a third party), or propose or vote in favor of any other resolution, or take any action or make any statement, which could prejudice or frustrate the Offer, or (v) withdraw the acceptance referred to in Section 1.2 above in respect of any of the Shares.

B-1

## **Table of Contents**

It is understood that Shareholder undertakings are not applicable to or bind any of the individual board members of OMX acting in such capacity.

### **2 Nasdaq's Undertaking**

- 2.1 As set out in the Offer Announcement regarding the indicative time table for the Offer, the completion of the Offer is conditional upon the satisfaction of certain conditions, which will be affected by Hart Scott Rodino waiting period, anti-trust and full regulatory approvals and Nasdaq shareholder approval. Nasdaq and OMX expects the Offer to be completed by year-end 2007. Nasdaq undertakes to use best reasonable efforts to procure that such indicative time table will be met.
- 2.2 If the Shareholder has tendered the Shares in the Offer and the Offer is consummated, Nasdaq shall not offer, contract to sell, sell, transfer, or grant any option, right or contract to purchase or otherwise dispose of all or any of the shares in OMX (other than to any entity controlling, controlled by, or under common control with the Offeror during the period in which this Section 2.2 is operative) within a period of nine months after consummation of the Offer.

### **3 Condition precedent**

A condition precedent for this Undertaking to enter into force is that:

- (a) the Offer is made through a public announcement of the Offer Announcement on or before 25 May, 2007 and
- (b) the Offer is recommended by the board of directors of OMX, and
- (c) [•] and [•] entering into irrevocable undertakings similar to this one; in the absence of which Shareholder will have no obligations hereunder.

### **4 Termination**

- 4.1 This Undertaking shall terminate automatically and be of no further force or effect if (i) the Offer lapses or is withdrawn or the terms and conditions of the Offer, as described in the Offer Announcement, are substantially changed in a manner materially adverse to OMX shareholders without the prior written consent of Shareholder, provided that this shall not apply to any waiver by Nasdaq of any of the conditions of the Offer, (ii) prior to the Offer being declared unconditional, a bona fide unsolicited third party public offer is made for the all shares in OMX which corresponds to an offer value in SEK equal to or exceeding SEK 220 per OMX share, or (iii) prior to the Offer being declared unconditional, the value of the Offer, as accepted by the Shareholder in accordance with Section 1.2, would equate to less than SEK 190 per OMX share during a period of fifteen (15) consecutive trading days, based on the volume weighted average price of the Nasdaq share during such period (as derived from the Nasdaq Global Select Market) and the currency conversion shall be calculated based on the average USD/SEK exchange rate over the fifteen (15) consecutive trading days, as derived from the European Central Bank daily foreign exchange reference rate at close of business.
- 4.2 For the purposes of determining the offer value of such third party offer referred to in Section 4.1 (ii) above, if (i) there are any rights to elect to receive different forms of consideration in such third party offer, and if such third party offer contains a basic offer comparable to the terms of the Offer assuming no mix and match facility was offered, then the value of such basic offer shall be elected for the determination of the offer value and any alternative forms of consideration shall be disregarded, (ii) the consideration under such third party offer consists (wholly or partly) of listed securities, the offer value shall be calculated by reference to the quotation or price (as derived from the relevant exchange) of such securities at the close of business on the trading day immediately preceding the date the third party offer was publicly announced and (iii) the currency of the consideration under such third party offer is not SEK, the currency conversion shall be calculated based on the third-party-offer-consideration-currency/SEK exchange rate on the day immediately preceding

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

the date the third party offer was publicly announced, as derived from the European Central Bank daily foreign exchange reference rate at close of business.

B-2

**Table of Contents**

- 4.3 All the Shareholder's obligations will lapse, at the option of the Shareholder, if
- (a) the Registration Statement on Form S-4 in relation to the Offer not being completed and submitted to Securities and Exchange Commission on or before August 15, 2007;
  - (b) Nasdaq waives the acceptance level condition and declares the Offer unconditional without the Shareholder's consent and at the time of such waiver has not reached an acceptance level of 2/3 of the OMX shares (including shares subject to irrevocable undertakings, whether yet delivered for acceptance or not);
  - (c) during the term of this Agreement, any dividend is declared by Nasdaq without the Shareholder's consent prior to the Offer being completed or having lapsed or been withdrawn;
  - (d) the recommendation of the Offer by the board of OMX being withdrawn;
  - (e) the Offer is not being declared unconditional before December 15, 2007;
  - (f) if a material adverse change in Nasdaq's financial position or operation, which could not have been reasonably known or anticipated by Shareholder at the time of entering into this undertaking, has become known to the Shareholder and could have a materially adverse effect on Nasdaq's liquidity, sales, results, equity or stock price; or
  - (h) any information made public by Nasdaq or disclosed by Nasdaq to Shareholder or OMX is materially inaccurate, incomplete or misleading.

**5 Miscellaneous**

- 5.1 Any public disclosure of the existence or contents of this Undertaking will need to be agreed in advance between the Parties, except (a) as required by applicable law or stock exchange regulation, in which case the Party required to disclose information hereof shall to the extent reasonably practicable consult with the other Party prior to such disclosure and (b) in the ordinary course in connection with the investor relations practices of the Parties. The Parties agree that this Undertaking shall be disclosed in full in the offer documentation to be prepared by Nasdaq for the Offer.
- 5.2 Each of the Parties confirms that this Undertaking represents the entire understanding and constitutes the whole agreement between the Parties in relation to its subject matter and supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to the subject matter hereof.
- 5.3 This Undertaking may only be amended by an instrument in writing duly executed by the Parties.
- 5.4 This Undertaking shall be binding upon and inure to the benefit of the successors of the Parties but shall not be assignable by any of the Parties without the prior written consent of the other Party.
- 5.5 This Undertaking is not intended to, and does not, confer upon any person other than the Parties hereto any rights or remedies hereunder.
- 5.6 If any provision of this Undertaking or the application of it shall be declared or deemed void, invalid or unenforceable in whole or in part for any reason, the Parties shall amend this Undertaking as shall be necessary to give effect to the spirit of this Undertaking so far as possible. If the Parties fail to amend this Undertaking, the provision which is void, invalid or unenforceable, shall be deleted and the remaining provisions of this Undertaking shall continue in full force and effect.

**6 Governing Law and Disputes**

This Undertaking shall be governed by and construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of, or in connection with, this Undertaking, or the breach, termination or invalidity of the Undertaking, shall be settled by arbitration in accordance with the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The place of arbitration shall be Stockholm, Sweden. The language to be used in the arbitral proceedings shall be English.

B-3

**Table of Contents**

---

This Undertaking has been duly executed in two (2) original copies, of which each of the Parties has taken one (1) copy.

Friday, May 25, 2007

[•]	THE NASDAQ STOCK MARKET, INC.
Name:	Name: Robert Greifeld
Title:	Title: President and CEO

B-4



**Table of Contents**

**Annex C**

**FORM OF VOTING AGREEMENT**

THIS VOTING AGREEMENT (this Agreement ) is entered into as of May 25, 2007 by and among the holders of securities of The Nasdaq Stock Market, Inc., a Delaware corporation ( Nasdaq ), listed on Schedule A hereto (collectively, the Securityholders and each individually, a Securityholder ), and OMX AB (publ), a company organized under the laws of Sweden ( OMX ). Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the Transaction Agreement referred to below.

WHEREAS, as of the date hereof, each Securityholder owns of record and beneficially the number and type of securities of Nasdaq set forth opposite such Securityholder's name on Schedule A (such securities being referred to herein collectively as the Securities );

WHEREAS, concurrently with the execution of this Agreement, Nasdaq and OMX are entering into a Transaction Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the Transaction Agreement ), pursuant to which, upon the terms and subject to the conditions thereof, Nasdaq will make the Offer; and

WHEREAS, as a condition to the willingness of OMX to enter into the Transaction Agreement, OMX has required that the Securityholders enter into, and in order to induce OMX to enter into the Transaction Agreement, the Securityholders are willing to enter into, this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereby agree, severally and not jointly, as follows:

Section 1. Voting of Securities. Each Securityholder covenants and agrees that until the termination of this Agreement in accordance with the terms hereof, at the Nasdaq Shareholders' Meeting or any other meeting of the holders of securities of Nasdaq, however called, and in any action by written consent of the securityholders of Nasdaq, such Securityholder (a) will vote or consent to, or cause to be voted or consented to, all of his, her or its Securities owned at such time to approve the issuance of the Consideration Shares and any other matter contemplated by the Transaction Agreement to be submitted to holders of common stock of Nasdaq in connection with the transactions contemplated by the Transaction Agreement, and (b) will vote all of his, her or its Securities owned at such time against, and not provide consents to, any and all actions that such Securityholders are advised by OMX would reasonably likely delay, prevent or frustrate the transactions contemplated by the Transaction Agreement or this Agreement or the satisfaction of any of the conditions set forth in the Offer.

Section 2. Cooperation.

(a) Each Securityholder will promptly provide any information not subject to confidentiality obligations or attorney-client privilege that is reasonably requested by Nasdaq or OMX for any regulatory application or filing made or approval sought in connection with the transactions contemplated by this Agreement or the Transaction Agreement.

(b) Each Securityholder hereby consents to the publication and disclosure in the Offer Announcement, the Offer Document, the Registration Statement, statements of beneficial ownership filed by OMX (and any other documents or communications provided by OMX or Nasdaq to any governmental entity or to security holders of OMX or Nasdaq) such Securityholder's identity and Beneficial Ownership of the Securities and the nature of such Securityholder's commitments, arrangements and understandings under and relating to this Agreement.

---

**Table of Contents**

Section 3. Representations and Warranties of the Securityholders. Each Securityholder hereby severally, and not jointly, represents and warrants to OMX as follows:

(a) Ownership of Securities. The Securityholder, as of the date hereof, (i) is the sole owner of record and Beneficial Owner of all of the Securities as set forth opposite his, her or its name on Schedule A hereto and (ii) has sole voting power with respect to all of such Securities and has not entered into any voting agreement or voting trust with respect to any such Securities and has not granted a proxy, a consent or power of attorney with respect to such Securities and, so long as this Agreement is in effect, will not grant any such proxies, consents and powers of attorney with respect to such Securities that are inconsistent with this Agreement other than in connection with the sale or transfer of the Securities.

(b) Power, Binding Agreement. The Securityholder has the requisite power and authority to enter into and perform all of its obligations under this Agreement and no further proceedings or actions on the part of such Securityholder are necessary to authorize the execution, delivery or performance by such Securityholder of this Agreement or the consummation by such Securityholder of the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Securityholder and constitutes a valid and binding obligation of the Securityholder, enforceable against the Securityholder in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) No Conflicts. The execution and delivery of this Agreement by the Securityholder do not, and the consummation of the transactions contemplated hereby by the Securityholder will not, result in any breach or violation of, require any consent under, be in conflict with or constitute a default (whether with notice of lapse of time or both) under any mortgage, bond, indenture, agreement, instrument, obligation, judgment, order, decree, law or regulation to which the Securityholder is a party or by which the Securityholder (or his, her or its Securities) are bound.

Section 4. Termination. This Agreement shall terminate upon the first to occur of (a) the Closing, (b) any termination of the Transaction Agreement in accordance with the terms thereof, (c) with respect to any Securityholder, the transfer by that Securityholder of all of its Securities and (d) any material amendment to the terms of the Offer or to the Transaction Agreement that is adverse to Nasdaq's securityholders that is made without each Securityholder's prior written consent. Any such termination shall be without prejudice to liabilities arising hereunder before such termination. For the avoidance of doubt, nothing herein shall, directly or indirectly operate as a restriction on the ability of a Securityholder to sell, transfer or encumber all or any part of its Securities prior to the termination of this Agreement.

Section 5. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

Section 6. Fiduciary Duties. Each Securityholder is signing this Agreement solely in such Securityholder's capacity as an owner of his, her or its respective Securities, and nothing herein shall prohibit, prevent or preclude the officers, directors, partners or designees of Securityholder from taking or not taking any action in his or her personal capacity or capacity as an officer or director of Nasdaq.

Section 7. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior understandings, agreements or representations by or among the parties hereto, written or oral, with respect to the subject matter hereof, and the parties hereto specifically disclaim reliance on any such prior understandings, agreements or representations to the extent not

**Table of Contents**

embodied in this Agreement. This Agreement may not be amended, modified or rescinded except by an instrument in writing signed by each of the parties hereto; provided, that OMX may waive compliance by any other party with any representation, agreement or condition otherwise required to be complied with by any such party under this Agreement or release any other party from its obligations under this Agreement, but any such waiver or release shall be effective only if in writing and executed by OMX.

(b) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto agree to replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than those of the State of New York.

(d) Counterparts and Signature. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by facsimile transmission.

(e) Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly delivered (i) four Business Days after being sent by registered or certified mail, return receipt requested, postage prepaid, or (ii) one Business Day after being sent for next Business Day delivery, fees prepaid, via a reputable nationwide overnight courier service, or (iii) on the date of confirmation of receipt (or the first Business Day following such receipt if the date of such receipt is not a Business Day) of transmission by facsimile, in each case to the intended recipient as set forth below:

(i) if to a Securityholder to the address set forth on the respective signature page of this Agreement; and

(ii) if to OMX to:

OMX AB (publ)

Tullvaktsvägen 15

105 78 Stockholm, Sweden

Attn: Magnus Billing

Facsimile: +46 8 405 6001

with a copy to:

Cleary Gottlieb Steen & Hamilton LLP

One Liberty Plaza

New York, NY 10006

Attn: Christopher. E. Austin, Esq.

Telecopy: (212) 225-3999



**Table of Contents**

Any party to this Agreement may give any notice or other communication hereunder using any other means (including personal delivery, messenger service, telex, ordinary mail or electronic mail), but no such notice of other communication shall be deemed to have been duly given unless and until it actually is received by the party for whom it is intended. Any party to this Agreement may change the address to which notices and other communications hereunder are to be delivered by giving the other parties to this Agreement notice in the manner herein set forth.

(f) No Third Party Beneficiaries. This Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns or to otherwise create any third-party beneficiary hereto.

(g) Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise by any of the parties hereto without the prior written consent of the other parties, and any such assignment or delegation without such prior written consent shall be null and void. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and, in the case of OMX, its permitted assigns.

(h) Interpretation. When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement, unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. Whenever the words include, includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation. No summary of this Agreement prepared by the parties shall affect in any way the meaning or interpretation of this Agreement.

(i) Submission to Jurisdiction. Each of the parties to this Agreement (i) consents to submit itself to the personal jurisdiction of any state or federal court sitting in The Borough of Manhattan in any action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (iii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iv) agrees not to bring any action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Any party hereto may make service on another party by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 7(e). Nothing in this Section, however, shall affect the right of any party to serve legal process in any other manner permitted by law.

(j) Effectiveness. This Agreement shall become effective only at such time, if any, as the resolution of Nasdaq's Board of Directors referred to in the next sentence becomes effective upon approval of such resolution by the Securities and Exchange Commission in accordance with Section 12.5 of Nasdaq's By-Laws. OMX has been advised that the Nasdaq Board of Directors has adopted a resolution waiving the limitations in Article Fourth Section C.2 of its Restated Certificate of Incorporation with respect to the transactions contemplated by this Agreement. OMX acknowledges that such resolution will not entitle the Securityholders to vote more than five percent of the outstanding shares of stock in respect of the matters referred to in Section 1 of this Agreement.

**Table of Contents**

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed individually or by its respective duly authorized officer as of the date first written above.

**OMX AB (publ)**

By:

Name:

Title:

**Securityholder**

C-5

**Table of Contents**

**Annex D**

[JPMorgan Letterhead]

May 24, 2007

The Board of Directors

The NASDAQ Stock Market, Inc.

One Liberty Plaza

New York, NY 10006

Members of the Board of Directors:

You have requested our opinion as to the fairness, from a financial point of view, to The NASDAQ Stock Market, Inc. (the Company) of the Consideration (as defined below) to be paid by the Company in the proposed Transaction (as defined below). Pursuant to the Transaction Agreement (the Agreement), between OMX AB (publ) (the Target) and the Company, the Company will make an offer to purchase (the Transaction) any and all of the issued shares of the Target (the Shares), subject to certain conditions, for a purchase price of (x) SEK 94.3 per share in cash (the Cash Consideration) and (y) 0.502 of a share of common stock, par value \$0.01 per share (the Company Common Stock), of the Company (the Stock Consideration). The Stock Consideration, together with the Cash Consideration, is hereinafter referred to as the Consideration. Assuming full acceptance of Offer as defined in the Agreement, a maximum amount of approximately SEK 11.4 billion in cash is payable and a maximum number of approximately 60.6 million new shares of Company Common Stock will be issued in the Offer.

In arriving at our opinion, we have, among other things: (i) reviewed a draft dated May 23, 2007 of the Agreement; (ii) reviewed a draft dated May 23, 2007 of the Offer Announcement (as defined in the Agreement) relating to the Transaction outlining the terms and conditions of the Transaction, including the Offer Conditions (as defined in the Agreement); (iii) reviewed certain publicly available business and financial information concerning the Company and the Target and the industries in which they operate; (iv) compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration received for such companies; (v) compared the financial and operating performance of the Company and the Target with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Company Common Stock and the Shares and certain publicly traded securities of such other companies; (vi) reviewed certain internal financial analyses and forecasts prepared by the managements of the Company and the Target relating to the estimated amount and timing of the cost savings and related expense and revenue and other synergies expected to result from the Transaction (collectively, the Synergies) and compared the Synergies with publicly available information regarding cost savings and related expense and revenue and other synergies expected to be received in transactions involving companies we deemed relevant; (vii) reviewed with managements of the Company and the Target certain publicly available research analysts' financial forecasts and estimates of the future performance of the Company and the Target and financial data extrapolated from such forecasts and estimates as directed by managements of the Company and the Target; and (viii) performed such other financial studies and analyses and took into account such other information and matters as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with certain members of the management of the Company and the Target with respect to certain aspects of the Transaction, and the past and current business operations of the Company and the Target, the financial condition and future prospects and operations of the Company and the Target, the effects of the Transaction on the financial condition and future prospects of the Company and the Target, and certain other matters we believed necessary or appropriate to our inquiry.

D-1

---

**Table of Contents**

In giving our opinion, we have relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company and the Target or otherwise reviewed by or for us. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Company or the Target under any state or federal laws relating to bankruptcy, insolvency or similar matters. In connection with our analyses, we were directed by the managements of the Company and the Target to utilize the publicly available research analysts' financial forecasts and estimates and the extrapolated financial forecasts and estimates relating to the Company and the Target referred to above. With respect to the publicly available research analysts' financial forecasts and estimates and the extrapolated financial forecasts and estimates referred to above, we were advised by the managements of the Company and the Target and we have assumed, at your direction, that they are a reasonable basis on which to evaluate the expected future results of operations and financial condition of the Company and the Target to which such forecasts and estimates relate. In addition, in relying on the internal analyses and forecasts relating to the Synergies, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments of the Company's or the Target's management. We express no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based, and we have assumed, with your approval, that such financial forecasts and estimates (including the Synergies) will be achieved at the times and in the amounts projected. We have also assumed that (i) any cash consideration required to be paid to holders of Shares who do not participate in the Transaction will not change the mix or amount of the Consideration in any respect material to our analysis, (ii) no additional Shares or other equity securities of the Target will be issued after the date hereof and the only Shares to be purchased in the Transaction are those Shares outstanding as of the date hereof as specified in clause (A) of the recitals to the Agreement, (iii) the Transaction will have the tax consequences described in discussions with, and materials furnished to us by, representatives of the Company, (iv) the transactions contemplated by the Agreement will be consummated as described in the Agreement, without any waiver of any of the conditions thereof (including those in the Offer Announcement), and (v) the definitive Agreement and definitive Offer Announcement will not differ in any material respects from the draft thereof furnished to us. We are not legal, regulatory or tax experts and have relied on the assessments made by advisors to the Company with respect to such issues. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or the Target or on the contemplated benefits of the Transaction.

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion. Our opinion is limited to the fairness, from a financial point of view, to the Company of the Consideration to be paid in the proposed Transaction and we express no opinion as to fairness of the Transaction to the holders of any class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Transaction. We are expressing no opinion herein as to the price at which the Company Common Stock will trade at any future time.

We have acted as financial advisor to the Company with respect to the proposed Transaction and will receive a fee from the Company for our services, a substantial portion of which will become payable only if the proposed Transaction is consummated. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. We and our affiliates have performed in the past, and may continue to perform, certain services for the Company, the Target and their respective affiliates, all for customary compensation. In 2005, we acted as joint lead arranger and joint bookrunner on senior secured credit facilities to finance the Company's acquisition of INET ECN, and in February 2006, we acted as joint bookrunner on the public offering of Company Common Stock. In addition, in connection with the Transaction, we and our affiliates expect to arrange and/or provide financing to the Company for additional compensation. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company or the Target for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.



**Table of Contents**

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Consideration to be paid by the Company in connection with the proposed Transaction is fair, from a financial point of view, to the Company.

This letter is provided to the Board of Directors of the Company in connection with and for the purposes of its evaluation of the Transaction. This opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote with respect to the Transaction or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy, prospectus or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

Very truly yours,

J.P. MORGAN SECURITIES INC.

D-3

**Table of Contents**

**Annex E**

Board of Directors

OMX AB

Tullvaktsvaegen 15

105 78 Stockholm

Sweden

24 May 2007

**PRIVATE & CONFIDENTIAL**

Members of the Board:

We understand that OMX AB ("OMX") and The Nasdaq Stock Market, Inc. ("Nasdaq"), propose to enter into an agreed transaction, substantially in the form of the draft combination agreement dated 24 May 2007 (the "Agreement") and the draft Joint Press Release dated 24 May 2007 (the "Press Release"), which provide, among other things, for the purchase of all of the issued share capital of OMX by Nasdaq (the "Offer"). The terms and conditions of the Offer are more fully set out in the Agreement.

Pursuant to the terms of the Agreement and as set out in the Press Release, Nasdaq is offering OMX shareholders an exchange under which they will receive for each outstanding ordinary share of OMX (the "OMX Ordinary Shares"), 0.502 new Nasdaq common shares (together with such existing shares, the "Nasdaq Common Shares") and SEK 94.3 in cash (the "Offer Consideration"). The Offer Consideration is subject to the rights of the holders of OMX Ordinary Shares to elect to receive, subject to the proration of available cash, all cash or all stock.

You have asked for our opinion as to whether the Offer Consideration is fair from a financial point of view to the holders of OMX Ordinary Shares.

For purposes of the opinion set forth herein, we have:

- (a) reviewed certain publicly available financial statements and other business and financial information of OMX and Nasdaq, respectively;
- (b) reviewed certain internal financial statements and other financial and operating data concerning OMX and Nasdaq, respectively;
- (c) reviewed certain publicly available financial projections of OMX and Nasdaq, respectively;
- (d) reviewed information relating to certain strategic, financial and operational benefits anticipated from the transaction, prepared by the managements of OMX and Nasdaq, respectively;
- (e) discussed the past and current operations and financial condition and the prospects of OMX, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of OMX;

## Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

- (f) discussed the past and current operations and financial condition and the prospects of Nasdaq, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, with senior executives of Nasdaq;
- (g) reviewed the pro forma impact of the transaction on Nasdaq's earnings per share, cash flow, consolidated capitalization and financial ratios;
- (h) reviewed the reported prices and trading activity for OMX Ordinary Shares and existing Nasdaq Common Shares;
- (i) compared the financial performance of OMX and Nasdaq and the prices and trading activity of OMX Ordinary Shares and existing Nasdaq Common Shares with that of certain other publicly-traded companies comparable with OMX and Nasdaq, respectively, and their securities;

E-1

**Table of Contents**

- (j) reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- (k) participated in certain discussions and negotiations among representatives of OMX and Nasdaq and their financial and legal advisors;
- (l) reviewed the Agreement, the Press Release and certain related documents; and

(m) performed such other analyses, reviewed such other information and considered such other factors as we have deemed appropriate. We have assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to us by OMX and Nasdaq for the purposes of this opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the transaction, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of OMX and Nasdaq. In addition, we have assumed that the Offer will be consummated in accordance with the terms set forth in the Agreement without any waiver, amendment or delay of any terms or conditions. In particular we have relied upon, without independent verification, the assessment by the managements of OMX and Nasdaq of: (i) the strategic, financial and other benefits expected to result from the transaction; (ii) the timing and risks associated with the integration of OMX and Nasdaq; (iii) their ability to retain key employees of OMX and Nasdaq, respectively; and (iv) the validity of, and risks associated with, OMX and Nasdaq's existing and future technologies, intellectual property, products, services and business models. We are not legal, tax, or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of Nasdaq and OMX and their legal, tax, or regulatory advisors with respect to legal, tax, or regulatory matters. We have not made any independent valuation or appraisal of the assets or liabilities of OMX, nor have we been furnished with any such appraisals. We are not legal experts, and for purposes of our analysis we have not made any assessment of the status of any outstanding litigation involving Nasdaq or OMX and have excluded the effects of any such litigation in our analysis. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof, may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

Our opinion does not address the relative merits of the transaction as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed transaction, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed transaction.

We have acted as financial advisor to OMX in connection with this transaction and will receive a fee for our services, a significant portion of which is contingent upon the closing of the Offer. In the past, we have provided financial advisory and financing services for Nasdaq and have received fees in connection with such services. Morgan Stanley may also seek to provide such services to Nasdaq and OMX in the future and will receive fees for the rendering of these services. In the ordinary course of our trading, brokerage, investment management and financing activities, Morgan Stanley or its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for our own account or the accounts of customers, in debt or equity securities or senior loans of Nasdaq, OMX or any other company or any currency or commodity that may be involved in this transaction.

It is understood that this letter is for the information of the Board of Directors of OMX only and may not be used for any other purpose without our prior written consent. In addition, this opinion does not in any manner address

**Table of Contents**

the prices at which the Nasdaq Common Shares will trade following consummation of the transaction and Morgan Stanley expresses no opinion or recommendation as to whether holders of the OMX Ordinary Shares should accept the Offer.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Offer Consideration is fair from a financial point of view to the holders of OMX Ordinary Shares.

Very truly yours,

MORGAN STANLEY & CO. LIMITED

By: /s/ Caroline Silver  
Caroline Silver

*Managing Director*

E-3

**Table of Contents**

ANNEX F

24<sup>th</sup> May, 2007

**PRIVATE & CONFIDENTIAL**

Board of Directors

OMX AB

Tullvaktsvaegen 15

105 78 Stockholm

Sweden

Members of the Board:

You have asked us to advise you with respect to the fairness, from a financial point of view, to the holders of shares of OMX AB ( OMX and, such shares, OMX Shares ), of the Consideration (as defined below) to be received by such holders pursuant to the terms of a Transaction Agreement (the Agreement ) to be entered into between The Nasdaq Stock Market, Inc. ( Nasdaq ) and OMX. As more fully described in the Agreement, Nasdaq will commence a public tender offer (the Transaction ) to acquire all of the outstanding OMX Shares in exchange for (i) with respect to 46 per cent. of the OMX Shares tendered by any OMX shareholder, SEK 94.30 in cash per OMX Share (the Cash Consideration ) and (ii) with respect to 54 per cent. of the OMX Shares tendered by such holder, 0.502 of a share of common stock, par value \$0.01 per share ( Nasdaq Common Stock ), of Nasdaq per OMX Share (the Stock Consideration and, together with the Cash Consideration, the Consideration ), subject to a mix and match facility as to which we express no opinion.

In arriving at our opinion, we have reviewed a draft, dated May 20, 2007, of the Agreement and certain publicly available business and financial information relating to OMX and Nasdaq. We also have reviewed certain other information relating to OMX and Nasdaq provided to or discussed with us by OMX and Nasdaq, including publicly available sellside analysts consensus forecasts relating to OMX and Nasdaq, and have met with the managements of OMX and Nasdaq to discuss the business and prospects of OMX and Nasdaq. At your direction, financial forecasts for OMX and Nasdaq for calendar years 2010 through 2012 (the Forecasts ) were extrapolated from publicly available sellside analysts consensus forecasts for calendar years 2007, 2008 and 2009 using assumptions and other guidance provided to or discussed with us by the managements of OMX and Nasdaq. We also have considered certain financial and stock market data of OMX and Nasdaq, and we have compared that data with similar data for other publicly held companies in businesses we deemed similar to that of OMX and Nasdaq. We also have considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been effected or announced. We also have considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant.

In connection with our review, we have not assumed any responsibility for independent verification of any of the foregoing information and have relied on such information being complete and accurate in all material respects. With respect to the publicly available financial forecasts for OMX and Nasdaq that we have reviewed, including the Forecasts, we have assumed, with your consent, that such forecasts represent reasonable estimates as to the future financial performance of OMX and Nasdaq. With respect to certain estimates of strategic benefits and potential cost savings and other synergies anticipated by the managements of OMX and Nasdaq to result from the Transaction, we have assumed that such estimates were reasonably prepared on bases reflecting the best currently available estimates and judgements of the managements of OMX and Nasdaq and that such benefits and synergies will be realised in the amounts and at the times indicated thereby. In addition, we have relied upon, with your consent and without independent verification, the assessment of the managements of OMX and Nasdaq as to (i) their ability to retain key employees of OMX and Nasdaq, (ii) their ability to integrate the business of OMX with Nasdaq and (iii) the existing technology, products and services of OMX and Nasdaq and the validity of, and risks associated with, the future technology, products and services of OMX and Nasdaq. We also have

**Table of Contents**

Board of Directors

OMX AB

24<sup>th</sup> May, 2007

Page 2 of 2

assumed, with your consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the Transaction, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on OMX, Nasdaq or the Transaction and that the Transaction will be consummated in accordance with the terms of the Agreement reviewed by us without waiver, modification or amendment of any material term, condition or agreement thereof. Representatives of OMX have advised us, and we further have assumed, that the Agreement, when executed, will conform to the draft reviewed by us in all respects material to our analyses. We have not been requested to make, and have not made, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of OMX or Nasdaq, nor have we been furnished with any such evaluations or appraisals. Our opinion addresses only the fairness, from a financial point of view and as of the date hereof, to the holders of OMX Shares of the Consideration and does not address any other aspect or implication of the Transaction or any other agreement, arrangement or understanding entered into in connection with the Transaction or otherwise, including any agreement, arrangement or understanding that any holder of OMX Shares may enter into with Nasdaq or any of its affiliates. We were not requested to, and did not, solicit third party indications of interest in acquiring all or any part of OMX, nor were we requested to, and we did not, participate in the negotiation or structuring of the Transaction. Our opinion is necessarily based upon information made available to us as of the date hereof and financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. We are not expressing any opinion as to what the actual value of Nasdaq Common Stock will be when issued to the holders of OMX Shares pursuant to the Transaction or the prices at which Nasdaq Common Stock will trade at any time. Our opinion does not address the relative merits of the Transaction as compared to alternative transactions or strategies that might be available to OMX, nor does it address the underlying business decision of OMX to proceed with the Transaction.

We have acted as financial advisor to OMX in connection with the Transaction and will receive a fee for our services, a significant portion of which is contingent upon the consummation of the Transaction. In addition, OMX has agreed to indemnify us for certain liabilities and other items arising out of our engagement. From time to time, we and our affiliates in the past have provided and in the future may provide investment banking and other financial services to OMX and Nasdaq, for which services we and our affiliates have received, and expect to receive, compensation. We are a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, we and our affiliates may acquire, hold or sell, for our and our affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of OMX, Nasdaq and their respective affiliates and any other entities that may be involved in the Transaction, as well as provide investment banking and other financial services to such entities.

It is understood that this letter is for the information of the Board of Directors of OMX in connection with its evaluation of the Transaction and does not constitute a recommendation to any shareholder as to whether such shareholder should tender OMX Shares in the Transaction or any election such shareholder should make in connection with the mix and match facility that may be available in the Transaction.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be received in the Transaction by the holders of OMX Shares is fair, from a financial point of view, to such holders.

Very truly yours,

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

**Table of Contents**

**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. Indemnification of Directors and Officers.  
The Nasdaq Stock Market, Inc.**

Set forth below is a description of certain provisions of the Restated Certificate of Incorporation of Nasdaq and the General Corporation Law of the State of Delaware ( DGCL ), as such provisions relate to the indemnification of the directors and officers of The Nasdaq Stock Market, Inc. This description is intended only as a summary and is qualified in its entirety by reference to the Restated Certificate of Incorporation and the DGCL.

The Restated Certificate of Incorporation provides that Nasdaq shall, to the full extent permitted by Sections 102 and 145 of the DGCL, indemnify all persons whom it may indemnify pursuant thereto and eliminates the personal liability of its directors to the full extent permitted by Section 102(b)(7) of the DGCL.

Section 145 of the DGCL permits a corporation to indemnify its directors and officers against expenses (including attorneys' fees), judgments, fines and amounts paid in settlements actually and reasonably incurred by them in connection with any action, suit or proceeding brought by third parties, if such directors or officers acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. In an action by or in the right of the corporation, indemnification may be made only for expenses actually and reasonably incurred by directors and officers in connection with the defense or settlement of an action or suit, and only with respect to a matter as to which they shall have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made if such person shall have been adjudged liable to the corporation, although the court in which the action or suit was brought or the Delaware Court of Chancery may determine upon application that the defendant officers or directors are reasonably entitled to indemnity for such expenses despite such adjudication of liability.

Section 102(b)(7) of the DGCL provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

Section 102(b)(7) of the DGCL provides that a corporation may eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

**Item 21. Exhibits and Financial Statement Schedules.**

See Exhibit Index attached hereto and incorporated by reference.



---

**Table of Contents**

**Item 22. Undertakings.**

1. The undersigned registrants hereby undertake:

- (a) (1) To file, during any period in which offers or sales are being made, a post effective amendment to this registration statement:
- (i) to include any prospectus required by Section 10(a)(3) of the Securities Act;
  - (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus/offer to exchange filed with the SEC pursuant to Rule 424(b) promulgated under the Securities Act if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and
  - (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.
- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) That, for purposes of determining any liability under the Securities Act, each filing of the registrants' annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (c) That, prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.
- (d) That, every prospectus (i) that is filed pursuant to paragraph (c) immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act, and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

bona fide offering thereof.

2. Each of the undersigned registrants hereby undertake: (i) to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other

II-2

**Table of Contents**

equally prompt means; and (ii) to arrange or provide for a facility in the U.S. for the purpose of responding to such requests. The undertaking in subparagraph (i) above includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

3. Each of the undersigned registrants hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.
  
4. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by them is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

Table of Contents

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-4 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on this 7<sup>th</sup> day of August, 2007.

THE NASDAQ STOCK MARKET, INC.

By: /s/ Robert Greifeld  
**Robert Greifeld**  
*Chief Executive Officer and President*

II-4

**Table of Contents****POWER OF ATTORNEY**

Know all men by these presents, that the undersigned directors and officers of the Registrant, a Delaware corporation, which is filing a Registration Statement on Form S-4 with the Securities and Exchange Commission, Washington, D.C. 20549 under the provisions of the Securities Act of 1933 hereby constitute and appoint Edward S. Knight and Joan C. Conley, and each of them, the individual's true and lawful attorney-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign such registration statement and any or all amendments, including post-effective amendments to the registration statement, including a prospectus or an amended prospectus therein and any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and all other instruments, contracts, documents or other writings in connection therewith to be filed with the Securities and Exchange Commission and to effect any and all applications and other instruments in the name of and on behalf of such individual, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement and the Power of Attorney has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Robert Greifeld <b>Robert Greifeld</b>	President, Chief Executive Officer and Director (Principal Executive Officer)	August 7, 2007
/s/ David P. Warren <b>David P. Warren</b>	Chief Financial Officer (Principal Financial Officer)	August 7, 2007
/s/ Ronald Hassen <b>Ronald Hassen</b>	Controller (Principal Accounting Officer)	August 7, 2007
/s/ H. Furlong Baldwin <b>H. Furlong Baldwin</b>	Chairman of the Board	August 7, 2007
/s/ Michael Casey <b>Michael Casey</b>	Director	August 7, 2007
/s/ Daniel B. Coleman <b>Daniel B. Coleman</b>	Director	August 7, 2007
/s/ Lon Gorman <b>Lon Gorman</b>	Director	August 7, 2007
/s/ Patrick Healy <b>Patrick Healy</b>	Director	August 7, 2007
/s/ Glenn H. Hutchins <b>Glenn H. Hutchins</b>	Director	August 7, 2007

Edgar Filing: NASDAQ STOCK MARKET INC - Form S-4

**Glenn H. Hutchins**

/s/ Merit E. Janow

Director

August 7, 2007

**Merit E. Janow**

II-5

**Table of Contents**

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ John D. Markese <b>John D. Markese</b>	Director	August 7, 2007
/s/ Thomas F. O Neill <b>Thomas F. O Neill</b>	Director	August 7, 2007
/s/ James S. Riepe <b>James S. Riepe</b>	Director	August 7, 2007
/s/ Thomas G. Stenberg <b>Thomas G. Stenberg</b>	Director	August 7, 2007
/s/ Deborah L. Wince-Smith <b>Deborah L. Wince-Smith</b>	Director	August 7, 2007

II-6

**Table of Contents**

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
3.1	Restated Certificate of Incorporation of The Nasdaq Stock Market, Inc. (previously filed with Nasdaq's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 filed on November 14, 2003).
3.1.1	Certificate of Amendment of the Restated Certificate of Incorporation of Nasdaq filed on May 25, 2005 (previously filed with Nasdaq's Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 15, 2006).
3.1.2	Certificate of Amendment of the Restated Certificate of Incorporation of Nasdaq filed on March 13, 2006 (previously filed with Nasdaq's Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 15, 2006).
3.1.3	Certificate of Amendment of the Restated Certificate of Incorporation of Nasdaq filed on August 1, 2006 (previously filed with Nasdaq's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 on November 8, 2006).
3.1.4	Certificate of Designations, Preferences and Rights of Series C Cumulative Preferred Stock of Nasdaq (previously filed with Nasdaq's Current Report on Form 8-K filed on December 1, 2004).
3.1.5	Certificate of Designations, Preferences and Rights of Series D Cumulative Preferred Stock of Nasdaq (previously filed with Nasdaq's Current Report on Form 8-K filed on December 20, 2005).
3.1.6	Certificate of Elimination (previously filed with Nasdaq's Current Report on Form 8-K on April 4, 2006).
3.2	By-Laws of The Nasdaq Stock Market, Inc. (previously filed with Nasdaq's Current Report on Form 8-K on August 3, 2006).
4.1	Form of Common Stock certificate (previously filed with Nasdaq's Registration Statement on Form 10 (file number 000-32651) filed on April 30, 2001).
4.2	Securities Purchase Agreement, dated as of April 22, 2005, between Norway Acquisition SPV, LLC and The Nasdaq Stock Market, Inc. (previously filed with Nasdaq's Current Report on Form 8-K filed on April 28, 2005).
4.3	Note Amendment Agreement, dated as of April 22, 2005, among The Nasdaq Stock Market, Inc., Hellman & Friedman Capital Partners IV, L.P., H&F Executive Fund IV, L.P., H&F International Partners IV-A, L.P., and H&F International Partners IV-B, L.P. (previously filed with Nasdaq's Current report on Form 8-K filed on April 28, 2005).
4.4	Indenture, dated as of April 22, 2005, between The Nasdaq Stock Market, Inc. and Law Debenture Trust Company of New York, as Trustee (previously filed with Nasdaq's Current Report on Form 8-K filed on April 28, 2005).
4.4.1	First Supplemental Indenture, dated as of December 8, 2005, by The Nasdaq Stock Market, Inc. to Law Debenture Trust Company of New York (previously filed with Nasdaq's Current report on Form 8-K filed on December 14, 2005).
4.4.2	Second Supplemental Indenture, dated as of November 9, 2006, among The Nasdaq Stock Market, Inc., The NASDAQ Stock Market LLC and Law Debenture Trust Company of New York, as trustee (previously filed with Nasdaq's Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 28, 2007).
4.5	Amended and Restated Securityholders Agreement, dated as of April 22, 2005, among Norway Acquisition SPV, LLC, Hellman & Friedman Capital Partners IV, L.P., H&F Executive Fund IV, L.P., H&F International Partners IV-A, L.P., and H&F International Partners IV-B, L.P., Silver Lake Partners TSA, L.P., Silver Lake Investors, L.P., VAB Investors, LLC and Integral Capital Partners VI, L.P. (previously filed with Nasdaq's Current Report on Form 8-K filed on April 28, 2005).



**Table of Contents**

<b>Exhibit Number</b>	<b>Description</b>
4.6	Registration Rights Agreement, dated as of April 22, 2005, among The Nasdaq Stock Market, Inc., Hellman & Friedman Capital Partners IV, L.P., H&F Executive Fund IV, L.P., H&F International Partners IV-A, L.P., and H&F International Partners IV-B, L.P., Silver Lake Partners TSA, L.P., Silver Lake Investors, L.P., VAB Investors, LLC and Integral Capital Partners VI, L.P. (previously filed with Nasdaq's Current report on Form 8-K filed on April 28, 2005).
5.1	Legal Opinion of Skadden, Arps, Slate, Meagher & Flom LLP regarding the legality of the common stock of Nasdaq being registered under this registration statement.
8.1	Legal Opinion of Skadden, Arps, Slate, Meagher & Flom LLP as to certain U.S. Federal Income Tax Matters.
21.1	List of Subsidiaries (previously filed with Nasdaq's Annual Report on Form 10-K for the year ended December 31, 2006 filed on February 28, 2007).
23.1	Consent of Ernst & Young LLP.
23.2	Consent of PricewaterhouseCoopers AB.
23.3	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in the opinion filed as Exhibit 5.1 to this registration statement).
23.4	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in the opinion filed as Exhibit 8.1 to this registration statement).
99.1	Form of Proxy Card for holders of Nasdaq Voting Securities.
99.2	Form of Acceptance for OMX shareholders.*
99.3	Consent of J.P. Morgan Securities Inc.
99.4	Consent of Morgan Stanley & Co. Limited.
99.5	Consent of Credit Suisse Securities (Europe) Limited.

\*To be filed by amendment.