

NASDAQ STOCK MARKET INC

Form 424B3

November 08, 2007

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum	Proposed Maximum	Amount of Registration Fee(2)
		Offering	Aggregate	
Common Stock, par value \$0.01 per share	36,152,136	\$ 48.74	\$ 1,762,055,109	\$ 54,096

(1) Calculated in accordance with Rule 457(c) under the Securities Act of 1933, as amended (the Securities Act) based on the average of the high and low prices for the Common Stock on The NASDAQ Global Select Market on November 7, 2007.

(2) Calculated in accordance with Rule 457(r) under the Securities Act. Payment of the registration fee at the time of filing of the registrant's registration statement on Form S-3 filed with the Securities and Exchange Commission on January 30, 2006 (File No. 333-131373), was deferred pursuant to Rules 456(b) and 457(r) of the Securities Act, and is paid herewith. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in such registration statement.

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Filed Pursuant to Rule 424(b)(3) and 424(b)(7)
File No. 333-131373

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated November 8, 2007

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 30, 2006)

36,152,136 Shares

Common Stock

This prospectus supplement relates solely to the resale of up to 36,152,136 shares of common stock of The Nasdaq Stock Market, Inc. which may be offered by Hellman & Friedman Capital Partners IV, L.P., H&F Executive Fund IV, L.P., H&F International Partners IV-A, L.P., H&F International Partners IV-B, L.P., Silver Lake Partners TSA, L.P., Silver Lake Investors, L.P., Silver Lake Partners II TSA, L.P., Silver Lake Technology Investors II, L.P., Integral Capital Partners VI, L.P. and VAB Investors, LLC (together, the Selling Stockholders). These shares consist of 35,652,136 shares of our common stock issued or issuable upon conversion of our 3.75% Convertible Notes due 2012 and exercise of our Series A Warrants and Series B Warrants and 500,000 shares held by certain Selling Stockholders.

We will not receive any of the proceeds from the sale of these shares by the Selling Stockholders.

The Selling Stockholders may use this prospectus supplement to sell all or a portion of the shares of common stock referred to in this prospectus supplement from time to time at market prices prevailing at the time of the sale or at privately negotiated prices. The shares of common stock may be sold by the Selling Stockholders directly to purchasers or through agents, underwriters or dealers. The Selling Stockholders or an underwriter may offer the shares of common stock from time to time in one or more transactions on The NASDAQ Global Select Market, in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. If required, the names of additional agents, underwriters or dealers involved in the sale of shares of common stock, and such agent's commission, dealer's purchase price or underwriter's discount, if any, will be provided in additional prospectus supplements.

The shares of our common stock are quoted on The NASDAQ Global Select Market under the symbol NDAQ. On November 7, 2007, the last reported sale price of our shares was \$47.21 per share.

Investing in our common stock involves risks. Please see the Risk Factors sections of our Preliminary Proxy Statement filed with the Securities and Exchange Commission (SEC) on November 5, 2007 and our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which are incorporated by reference in this prospectus supplement.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is _____, 2007.

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We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us, some of which may not apply to this offering. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement or the date of the document incorporated by reference in this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

Special Note Regarding Forward-Looking Statements

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. We make these types of statements directly in this prospectus supplement and in the documents filed with the SEC that are incorporated by reference in this prospectus. Words such as anticipates, estimates, expects, projects, intends, plans, or other words or terms of similar substance used in connection with any discussion of future operating results or financial performance identify forward-looking statements.

These include, among others, statements relating to:

the scope, nature or impact of the transactions contemplated by our agreements with Borse Dubai Limited, a Dubai company, or Borse Dubai, and OMX AB (publ), a public company organized under the laws of Sweden, or OMX, the proposed business combination with OMX, the proposed acquisitions of the Boston Stock Exchange and the Philadelphia Stock Exchange and other acquisitions, dispositions, investments or other transactional activities;

the effective dates for and expected benefits of ongoing initiatives; and

the outcome of any litigation and/or government investigation to which we are a party and other contingencies.

Forward-looking statements involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following:

our operating results may be lower than expected;

loss of significant trading volume or listed companies;

our ability to consummate or implement or realize synergies from our strategic initiatives and any consequences from our pursuit of our corporate strategy, including the proposed transactions with Borse Dubai and OMX, the proposed business combination with OMX and the acquisitions of the Boston Stock Exchange and the Philadelphia Stock Exchange;

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.

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Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the uncertainty and any risk related to forward-looking statements 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 prospectus supplement. Readers should carefully review this prospectus supplement and the accompanying prospectus in their entirety, including, but not limited to, our Management's Discussion and Analysis of Financial Condition and Results of Operation, financial statements and the accompanying notes thereto, all of which are incorporated by reference in this prospectus supplement, and the risks described in the Risk Factors sections of our Preliminary Proxy Statement filed with the SEC on November 5, 2007 and of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which are incorporated by reference in this prospectus supplement. Except as required by the 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. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information related to our business. Since it is a summary, this section may not contain all the information that you should consider before investing in our common stock. You should carefully read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the Risk Factors sections of our Preliminary Proxy Statement filed with the SEC on November 5, 2007 and our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which are incorporated by reference in this prospectus supplement. You should also read our Management's Discussion and Analysis of Financial Condition and Results of Operation, financial statements and the accompanying notes, all of which are incorporated by reference in this prospectus supplement, before making an investment decision.

THE NASDAQ STOCK MARKET

We are a holding company that operates The NASDAQ Stock Market LLC as our wholly-owned subsidiary. We became a holding company on August 1, 2006 when The NASDAQ Stock Market LLC 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, directors 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 December 31, 2006, The Nasdaq Stock Market was home to approximately 3,193 listed companies with a combined market capitalization of over \$4.1 trillion. We also operate, through the exchange subsidiary, 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. Transactions involving 580.9 billion equity securities were executed on or reported to our systems in 2006, 59.9% higher than the 363.3 billion in 2005. We manage, operate and provide our products and services in two business segments, our Market Services segment and Issuer Services segment.

Philadelphia Stock Exchange

On November 6, 2007, we entered into a definitive agreement to acquire the Philadelphia Stock Exchange, the third largest options market in the United States and the nation's oldest stock exchange. In addition to the options market, as part of the Philadelphia Stock Exchange acquisition, we will acquire a futures market operated by the Philadelphia Board of Trade, an equities business, and Stock Clearing Corporation of Philadelphia. Under the terms of the agreement, we will pay \$652 million in cash consideration for the capital stock of the Philadelphia Stock Exchange. This transaction is expected to close in the first quarter of 2008. The Board of Directors of each company unanimously approved the transaction, which is subject to customary regulatory approvals.

Third Quarter Results

On October 24, 2007 we reported the following results for the third quarter of 2007. We reported third quarter 2007 net income of \$365.0 million, or \$2.41 per diluted share, an increase of \$334.8 million from \$30.2 million, or \$0.22 per diluted share, in the third quarter of 2006, and an increase of \$308.9 million from \$56.1 million, or \$0.39 per diluted share, in the second quarter of 2007.

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Included in third quarter results were pre-tax gains of \$431.4 million associated with the sale of our share capital of the London Stock Exchange, and \$35.2 million related to gains on foreign currency option contracts. Also included in third quarter 2007 results were the following pre-tax charges:

\$19.5 million associated with tax benefits shared with strategic investors,

\$5.8 million related to the early extinguishment of debt, and

\$1.1 million in workforce reduction expenses.

Revenues less liquidity rebates, brokerage, clearance and exchange fees (net exchange revenues) were \$210.0 million in the third quarter of 2007, an increase of 22.7% from \$171.2 million in the year-ago period, and up 5.7% from \$198.7 million reported in the second quarter of 2007.

Recent Highlights

We expanded our leadership position as the largest single pool of liquidity in which to trade U.S. listed equities, matching 29.5% of all volume. We also achieved new market share highs in the trading of NYSE-listed equities, matching a record high 18.0% of volume during the quarter.

We announced the proposed acquisition of the Boston Stock Exchange (BSE), providing us with a second exchange license and, subject to SEC approval, utilization of the BSE Clearing Corporation.

We have agreed to acquire all the shares of OMX that Borse Dubai has acquired or will acquire through its August 9 announced offer for OMX. Our acquisition of OMX has received the support of the OMX Board and OMX's largest shareholders.

We have agreed to acquire a 33 1/3% interest in Dubai International Financial Exchange, or DIFX, a subsidiary of Borse Dubai and an international stock exchange located in Dubai. Working with DIFX, we intend to develop DIFX into a regional center for capital formation.

We completed the sale of our share capital of the LSE for a \$431.4 million pre-tax gain. Of the \$1.8 billion in proceeds generated from the sale, \$1.1 billion was used to retire outstanding debt obligations.

We launched the Portal Market, our electronic trading platform for 144A private placement securities. This market is designed to encourage capital formation by improving the efficiency and transparency of the private placement market.

We began operation of The Nasdaq ETF Market, designed specifically for exchange traded funds (ETFs) and Index Linked Notes (ILNs), further strengthening our leadership position in the U.S. ETF sector.

We launched the Select Market Maker Program, a certification program designed to recognize market makers who offer the highest levels of quoting and execution quality in Nasdaq-listed securities. Investors, Nasdaq-listed companies, funds, and

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prospective public companies benefit from the Select Market Maker Program through the ability to identify which firms continuously provide high-quality liquidity.

We launched Nasdaq Data Store, which provides online access to innovative data tools for institutional and individual investors. We were also recognized as the world's premier stock exchange for data feeds for the second consecutive year in the annual Waters Rankings.

Financial Review

Net exchange revenues increased 22.7% in the third quarter to \$210.0 million, up from \$171.2 million in the prior year quarter, and up 5.7% from \$198.7 million reported in the second quarter of 2007.

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Table of Contents**Market Services**

Market Services net exchange revenues increased to \$136.7 million, up 22.8% from the prior year quarter, and up 6.9% from the prior quarter.

	September 30.	Three Months Ended		% Variance From	
	2007	June 30,	September 30,	Prior	Prior
	2007	2007	2006	Quarter	Year
(in millions of dollars)					
Nasdaq Market Center					
Execution and trade reporting revenues	\$ 514.2	\$ 426.1	\$ 286.7	20.7%	79.4%
Access services revenues	19.1	19.0	15.6	0.5%	22.4%
Tape fee revenue sharing	(6.5)	(7.0)	(5.4)	(7.1%)	20.4%
Total Nasdaq Market Center revenues	526.8	438.1	296.9	20.2%	77.4%
Cost of revenues					
Liquidity rebates	(291.2)	(238.3)	(153.2)	22.2%	90.1%
Brokerage, clearance and exchange fees	(150.8)	(121.2)	(78.5)	24.4%	92.1%
Total cost of revenues	(442.0)	(359.5)	(231.7)	22.9%	90.8%
Revenues less liquidity rebates, brokerage, clearance and exchange fees from Nasdaq Market Center	84.8	78.6	65.2	7.9%	30.1%
Nasdaq Market Services Subscriptions					
Proprietary revenues	22.8	21.1	18.0	8.1%	26.7%
Non-proprietary revenues	34.7	33.7	29.5	3.0%	17.6%
Nasdaq Revenue Sharing Programs	(1.4)	(1.5)	(2.0)	(6.7%)	(30.0%)
UTP Plan revenue sharing	(12.4)	(11.6)	(6.9)	6.9%	79.7%
Total Nasdaq Market Services Subscriptions revenues	43.7	41.7	38.6	4.8%	13.2%
Other Market Services revenues	8.2	7.6	7.5	7.9%	9.3%
Revenues less liquidity rebates, brokerage, clearance and exchange fees from Market Services	\$ 136.7	\$ 127.9	\$ 111.3	6.9%	22.8%

Increases in Nasdaq Market Center net exchange revenues from the prior year quarter were primarily due to increases in trade execution market share of NYSE- and AMEX-listed equities. Total NYSE-listed share volume reported to us increased from 27.5% in the third quarter of 2006 to 35.0% in the third quarter of 2007, while total AMEX-listed share volume reported to us increased from 47.7% to 52.4% for the same period. Increases when compared to the second quarter were primarily due to higher traded share volume matched in the Nasdaq Market Center, which increased 19.6% during the quarter. Included in execution and trade reporting revenues in the third quarter were \$94.2 million in SEC Section 31 fees, compared with \$73.1 million in the second quarter and \$45.8 million in the third quarter of 2006. Corresponding cost of revenues reflecting the reimbursement of these fees to the SEC were included in brokerage, clearance and exchange fees.

Market Services Subscriptions revenues increased from the prior year quarter and second quarter of this year as growth in subscriber populations drove proprietary and non-proprietary revenues higher. Also contributing to the increase when compared to the prior year quarter was a decline in the amount of revenues shared through Nasdaq Revenue Sharing Programs, which resulted from changes to the plan structure. Somewhat offsetting these increases were higher revenues shared with UTP Plan participants due to higher non-proprietary revenues as well as a decline in our total UTP market share.

Table of Contents**Issuer Services**

During the third quarter Issuer Services revenues increased 22.4% to \$73.2 million from the prior year quarter and increased 3.5% from prior quarter.

	Three Months Ended			% Variance From	
	September 30,	June 30,	September 30,	Prior	Prior
	2007	2007	2006	Quarter	Year
	(in millions of dollars)				
Corporate Client Group					
Annual renewal fees	\$ 31.6	\$ 31.1	\$ 27.3	1.6%	15.8%
Listing of additional shares fees	10.4	10.1	9.4	3.0%	10.6%
Initial listing fees	5.6	5.5	5.6	1.8%	
Corporate Client Services	13.9	13.2	10.4	5.3%	33.7%
Total Corporate Client Group revenues	61.5	59.9	52.7	2.7%	16.7%
Nasdaq Financial Products					
Licensing revenues	10.6	9.0	6.0	17.8%	76.7%
Other revenues	1.1	1.8	1.1	(38.9%)	
Total Nasdaq Financial Products revenues	11.7	10.8	7.1	8.3%	64.8%
Total Issuer Services revenues	\$ 73.2	\$ 70.7	\$ 59.8	3.5%	22.4%

Increases in Corporate Client Group revenues from the prior year were driven primarily by revised annual renewal fees introduced earlier this year. Also contributing to the increase were higher revenues generated within our Corporate Client services, which were due to recent acquisitions and expanded customer use of services. Increases from the prior quarter were driven by fees generated from new listings as well as increasing customer utilization of our Corporate Client services.

Nasdaq Financial Products revenues increased from the prior year quarter and the second quarter due to an increase in fees associated with Nasdaq-licensed ETFs.

Total Operating Expenses

Total operating expenses increased 22.1% to \$126.1 million from \$103.3 million in the prior year quarter and increased 26.5% from \$99.7 million in the prior quarter. Third quarter 2007 expenses increased from last year and prior quarter primarily due to a pre-tax charge of \$19.5 million associated with tax benefits shared with strategic investors and a pre-tax charge of \$5.8 million related to the early extinguishment of debt.

Earnings Per Share

Third quarter earnings per diluted share were \$2.41 versus \$0.22 per diluted share in the prior year quarter, and \$0.39 in the second quarter of 2007. Our weighted average shares outstanding used to calculate diluted earnings per share were 152.3 million in the quarter versus 150.8 million in the year-ago quarter and 152.0 million in the second quarter of 2007.

Table of Contents**The Nasdaq Stock Market, Inc.****Unaudited Condensed Consolidated Statements of Income**

(in millions, except per share amounts and other drivers)

	Three Months Ended			Nine Months Ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Revenues					
Market Services	\$ 578.7	\$ 487.4	\$ 343.0	\$ 1,561.6	\$ 1,027.9
Issuer Services	73.2	70.7	59.8	210.3	182.0
Other	0.1	0.1	0.1	0.2	0.4
Total revenues	652.0	558.2	402.9	1,772.1	1,210.3
Cost of revenues					
Liquidity rebates	(291.2)	(238.3)	(153.2)	(754.7)	(491.0)
Brokerage, clearance and exchange fees	(150.8)	(121.2)	(78.5)	(416.7)	(215.0)
Total cost of revenues	(442.0)	(359.5)	(231.7)	(1,171.4)	(706.0)
Revenues less liquidity rebates, brokerage, clearance and exchange fees	210.0	198.7	171.2	600.7	504.3
Operating Expenses					
Compensation and benefits	52.0	49.7	47.5	145.9	144.5
Marketing and advertising	4.1	4.2	3.5	13.2	12.3
Depreciation and amortization	9.7	9.8	14.3	29.3	60.3
Professional and contract services	6.4	8.7	6.8	23.5	23.0
Computer operations and data communications	6.6	7.9	9.5	22.8	29.7
Provision for bad debts	0.2	(1.4)	(2.2)	2.3	(0.3)
Occupancy	8.2	9.0	9.5	26.1	25.7
Regulatory	7.7	7.1		21.5	
General, administrative and other	31.2	4.7	5.8	52.0	37.3
Total direct expenses	126.1	99.7	94.7	336.6	332.5
Support costs from related parties, net			8.6		25.8
Total operating expenses	126.1	99.7	103.3	336.6	358.3
Operating income	83.9	99.0	67.9	264.1	146.0
Interest income	9.5	7.7	7.6	22.9	18.3
Interest expense	(23.4)	(23.6)	(25.7)	(70.5)	(66.5)
Dividend income		14.5		14.5	9.2
Gain (loss) on foreign currency option contracts	35.2	(1.7)		25.7	
Gain on sale of strategic initiative	431.4			431.4	
Strategic initiative costs		(1.6)		(26.5)	
Minority interest			0.1	0.1	0.6
Income before income taxes	536.6	94.3	49.9	661.7	107.6
Income tax provision	171.6	38.2	19.7	222.3	42.7

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Net income	\$ 365.0	\$ 56.1	\$ 30.2	\$ 439.4	\$ 64.9
Net income applicable to common stockholders:					
Net income	\$ 365.0	\$ 56.1	\$ 30.2	\$ 439.4	\$ 64.9
Preferred stock:					
Dividends declared					(0.4)
Accretion of preferred stock					(0.3)
Net income applicable to common stockholders	\$ 365.0	\$ 56.1	\$ 30.2	\$ 439.4	\$ 64.2

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	Three Months Ended			Nine Months Ended	
	September 30, 2007	June 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Basic and diluted earnings per share:					
Basic	\$ 3.23	\$ 0.50	\$ 0.27	\$ 3.90	\$ 0.63
Diluted	\$ 2.41	\$ 0.39	\$ 0.22	\$ 2.94	\$ 0.51
Weighted average common shares outstanding for earnings per share:					
Basic	113.2	112.7	111.7	112.8	101.7
Diluted	152.3	152.0	150.8	151.9	141.7
Other Drivers					
Average daily share volume in Nasdaq securities (mn)	2,181	2,135	1,852	2,158	2,038
Matched market share in Nasdaq securities ^(a)	47.3%	46.1%	48.7%	46.3%	49.1%
Total market share in Nasdaq securities ^(b)	70.5%	72.3%	76.6%	72.4%	78.2%
Matched market share in NYSE securities ^(a)	18.0%	15.9%	12.1%	16.5%	9.1%
Total market share in NYSE securities ^(b)	35.0%	34.5%	27.5%	34.4%	24.1%
Matched market share in AMEX and regional securities ^(a)	34.2%	32.4%	25.3%	32.5%	24.2%
Total market share in AMEX and regional securities ^(b)	52.4%	53.3%	47.7%	52.6%	45.9%
Listings					
Initial public offerings	22	38	20	95	87
Secondary offerings	35	67	32	156	152
Number of listed companies ^(c)	3,134	3,164	3,206	3,134	3,206

^(a) Transactions executed on our systems.

^(b) Transactions executed on our systems plus trades reported through The Financial Industry Regulatory Authority/Nasdaq Trade Reporting Facility LLC for 2007. For 2006, transactions executed on our systems and internal trades reported to Nasdaq.

^(c) At September 30, 2007 and June 30, 2007, the number of listed companies also includes separately listed ETFs.

Table of Contents**The Nasdaq Stock Market, Inc.****Condensed Consolidated Balance Sheets**

(in millions)

	September 30, 2007 (unaudited)	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,258.7	\$ 322.0
Available-for-sale investments, at fair value	9.2	1,628.2
Receivables, net	274.1	233.3
Deferred tax assets	104.7	11.1
Other current assets	64.2	118.0
Total current assets	1,710.9	2,312.6
Property and equipment, net	62.0	65.3
Non-current deferred tax assets	58.0	97.0
Goodwill	975.7	1,028.7
Intangible assets, net	186.5	199.6
Other assets	6.9	13.3
Total assets	\$ 3,000.0	\$ 3,716.5
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 127.5	\$ 110.6
Section 31 fees payable to SEC	19.7	60.1
Accrued personnel costs	47.1	55.6
Deferred revenue	93.8	56.4
Income tax payable	160.8	44.1
Other accrued liabilities	75.7	28.0
Deferred tax liabilities	0.2	95.0
Current portion of debt obligations		10.7
Total current liabilities	524.8	460.5
Debt obligations	443.1	1,493.0
Non-current deferred tax liabilities	91.1	115.8
Non-current deferred revenue	93.8	90.6
Other liabilities	66.5	99.1
Total liabilities	1,219.3	2,259.0
Minority interest		0.1
Stockholders equity		
Common stock	1.3	1.3
Preferred stock		
Additional paid-in capital	1,063.9	1,046.6
Common stock in treasury, at cost	(225.2)	(239.7)
Accumulated other comprehensive income	(10.7)	136.2
Retained earnings	951.4	513.0
Total stockholders equity	1,780.7	1,457.4

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Total liabilities, minority interest and stockholders' equity	\$ 3,000.0	\$ 3,716.5
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On May 25, 2007, we and OMX announced our offer to acquire all of the outstanding shares of OMX. We have subsequently agreed to acquire all the shares of OMX that Borse Dubai has acquired or will acquire through its August 9, 2007 announced offer for OMX. The information presented below was provided by OMX in its unaudited interim report for the third quarter of 2007. The information was derived in its entirety from that report, and has not been verified by us as to its completion, accuracy or otherwise.

In the following paragraphs, references to the Group mean OMX AB (publ), and prior period comparable figures are presented in parenthesis following the current period figures.

OMX's unaudited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which differ in certain material respects from U.S. GAAP.

OMX GROUP, CONSOLIDATED**Income Statement Unaudited**

	July-September Unaudited					
	Continuing operations	2007 Operations being dis-continued	Total OMX	Continuing operations	2006 Operations being dis-continued ⁽⁴⁾	Total OMX
	SEK m					
REVENUE						
Net sales	921	60	981	766	33	799
Own work capitalized ¹⁾	21		21	18		18
Other revenue ²⁾						
Total revenue	942	60	1,002	784	33	817
EXPENSES						
External expenses						
Premises	-50	-2	-52	-49	-1	-50
Marketing expenses	-10		-10	-9		-9
Consultancy expenses	-85	-2	-87	-76		-76
Operations and maintenance, Information Technology	-45	-4	-49	-77	-4	-81
Other external expenses	-53	-30	-83	-32	-14	-46
Personnel expenses	-315	-32	-347	-250	-22	-272
Depreciation and impairment	-64	-2	-66	-56	-2	-58
Total expenses	-622	-72	-694	-549	-43	-592
Participation in earnings of associated companies	12		12	13		13
Operating income	332	-12	320	248	-10	238
Financial items	-21	-4	-25	-8	-3	-11
Income/loss after financial items	311	-16	295	240	-13	227
Tax	-72	0	-72	-56	0	-56
Net income/loss for the period	239	-16	223	184	-13	171
of which attributable to shareholders in OMX AB	236	-16	220	183	-13	170
of which attributable to minority interests	3		3	1		1
Average number of shares, millions			120.640			118.474
Number of shares at period end, millions			120.640			118.474
Average number of shares after full conversion, millions			120.640			118.760
Number of shares after full conversion at period end, millions			120.640			118.760
Earnings per share, SEK ³⁾	1.96		1.82	1.54		1.43
Earnings per share, SEK after full conversion ³⁾	1.96		1.82	1.54		1.43

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Unaudited	Interim period January-September		Unaudited		Total OMX	Total OMX
	2007 Operations being dis- continued	2006 Operations being dis- continued ⁴⁾	2007 Continuing operations	2006 Continuing operations		
	SEK m					
REVENUE						
Net sales	2,820	171	2,991	2,409	88	2,497
Own work capitalized ¹⁾	100		100	66		66
Other revenue ²⁾	101		101	22		22
Total revenue	3,021	171	3,192	2,497	88	2,585
EXPENSES						
External expenses						
Premises	-138	-5	-143	-150	-4	-154
Marketing expenses	-41		-41	-32		-32
Consultancy expenses	-268	-6	-274	-226		-226
Operations and maintenance, IT	-162	-8	-170	-179	-14	-193
Other external expenses	-174	-108	-282	-110	-36	-146
Personnel expenses	-978	-85	-1,063	-798	-54	-852
Depreciation and impairment	-196	-6	-202	-162	-6	-168
Total expenses	-1,957	-218	-2,175	-1,657	-114	-1,771
Participation in earnings of associated companies	36		36	42		42
Operating income	1,100	-47	1,053	882	-26	856
Financial items	-51	-8	-59	-37	-7	-44
Income/loss after financial items	1,049	-55	994	845	-33	812
Tax	-208	0	-208	-197	0	-197
Net income/loss for the period	841	-55	786	648	-33	615
of which attributable to shareholders in OMX AB	834	-55	779	645	-33	612
of which attributable to minority interests	7		7	3		3
Average number of shares, millions			120.640			118.474
Number of shares at period end, millions			120.640			118.474
Average number of shares after full conversion, millions			120.640			118.760
Number of shares after full conversion at period end, millions			120.640			118.760
Earnings per share, SEK ³⁾	6.91		6.46	5.44		5.17
Earnings per share, SEK after full conversion ³⁾	6.91		6.46	5.44		5.17

¹⁾ Own work invested in assets during the period, which are carried as fixed assets, has been recognized in revenue under the heading Own work capitalized. This item refers only to capitalized personnel costs. Personnel costs were not reduced for the work pertaining to capitalized assets, instead the costs are met by reported revenue. Accordingly, revenue recognition of own work capitalized has no impact on results, but has a negative effect on the operating margin.

²⁾ For the period January-September 2007 Other revenue refers to earnings of SEK 101 m attributable to the sale of shares in ORC Software. For the period January-September 2006 the item refers to earnings of SEK 22 m attributable to the sale of shares in NOS ASA.

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- 3) Earnings per share are calculated on the basis of the weighted average number of shares during the period and is based on OMX AB shareholders' share of earnings for the period.
- 4) The income statement for discontinuing operations has been adjusted compared with interim reports in 2006 as a result of organizational changes where certain parts of the business area have been retained.

Management Commentary third quarter income statement

OMX's total revenue was SEK 1,002 m (817 m in the same period last year) during the third quarter of the year, up 23 percent compared with the year-earlier period. In the exchange operations, trading revenue increased mainly due to increased equities and derivatives trading. Information revenue also grew, partly due to the new Nordic product offering and increased demand for real-time terminals for market data. In the technology operations, the increase derives mainly from higher license, support and project revenue. The Iceland Stock Exchange was consolidated at December 1, 2006.

The Group's total expenses amounted to SEK 694 m (592 m) during the quarter, up 17 percent compared with the year-earlier period. The increase is due mainly to higher resource requirements resulting from the expanded activities in the technology operations, an increased focus on products and services in information services, higher capacity requirements in the exchange operations, and the consolidation of the Iceland Stock Exchange. Compared with the second quarter of 2007, expenses declined by 8 percent mainly due to low levels of seasonal activity but also due to efficiency enhancements in the technology operations.

OMX's operating income rose to SEK 320 m (238 m) in the third quarter. Excluding operations being discontinued, the operating income increased by 34 percent compared with the same period in 2006. Participations in earnings of associated companies amounted to SEK 12 m (13 m). The decrease is attributable to VPC AB no longer being included as an associated company, effective October 1, 2006. Earnings in the associated companies Orc Software and EDX London rose compared with the year-earlier period. Operating income before depreciation rose to SEK 386 m (296 m).

Financial items were negative in an amount of SEK 25 m (negative: 11 m). Compared with the preceding year, financial items were adversely affected by increased borrowing, rising market interest rates and higher costs for financial guarantees in conjunction with increased volumes in the clearing operations. Income after financial items rose to SEK 295 m (227 m) and income after tax rose to SEK 223 m (171 m). Earnings per share increased by 27 percent to SEK 1.82 (1.43).

The return on shareholders' equity, based on rolling 12-month earnings, rose to 23 percent (17 percent). The net debt/equity ratio amounted to 23 percent (19 percent) at the end of the reporting period.

Management Commentary nine months income statement

Total revenue amounted to SEK 3,192 m (2,585 m) in the period January–September. Consolidated net sales amounted to SEK 2,991 m (2,497 m). Own work capitalized amounted to SEK 100 m (66 m) during the period, primarily with respect to systems development.

The Group's total expenses amounted to SEK 2,175 m (1,771 m) during the reporting period. The increase in costs was primarily due to increased consultancy and personnel expenses as a consequence of increased market activity, increased development of the next generation of trading systems and increased other external expenses in discontinuing operations.

The Group's share in the earnings of associated companies amounted to SEK 36 m (42 m) and is attributable to EDX London, Orc Software, NLK and the Lithuanian securities depository, CSDL. In the year-earlier period, the earnings from associated companies also included a result of SEK 28 m from the then

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associated company VPC AB. The underlying increase is mainly attributable to improved earnings for Orc Software and EDX London, and, during the second quarter, SEK 7 m from a dissolved provision at EDX London.

Net financial items for the Group amounted to an expense of SEK 59 m (expense: 44 m), including a dividend of SEK 17 m from Oslo Stock Exchange, a decline that is mainly due to increased borrowing, rising market interest rates and increased costs for financial guarantees in conjunction with increased volumes in the clearing operations. Tax expenses for the reporting period amounted to SEK 208 m (197 m), corresponding to a tax rate of 21 (24) percent. SEK 101 m from the sale of shares in Orc Software in the second quarter is not liable to tax. Currency effects have had a minimal impact on the Group's operating revenue and operating income during the reporting period.

Balance Sheet

	Unaudited	Unaudited	
	September	September	December
	2007	2006	2006
		SEK m	
Goodwill	3,247	3,071	3,140
Other intangible fixed assets	1,474	1,056	1,210
Tangible fixed assets	295	306	321
Financial fixed assets, non-interest-bearing	788	822	699
Financial fixed assets, interest-bearing	21	84	21
Total fixed assets	5,825	5,339	5,391
Market value outstanding derivatives positions ³⁾	4,803	3,250	4,401
Current receivables ^{1) 4)}	2,262	1,663	1,738
Financial assets available for sale	487	789	518
Liquid assets	243	230	410
Assets held for sale ²⁾	67	66	70
Total current assets	7,862	5,998	7,137
Total assets	13,687	11,337	12,528
Shareholders' equity	4,826	4,501	4,614
Long-term liabilities, non-interest-bearing	305	298	282
Long-term liabilities, interest-bearing	1,358	1,413	1,361
Total long-term liabilities	1,663	1,711	1,643
Market value outstanding derivatives positions ³⁾	4,803	3,250	4,401
Current liabilities, non-interest-bearing ⁴⁾	1,860	1,317	1,434
Current liabilities, interest-bearing	535	558	436
Total current liabilities	7,198	5,125	6,271
Total shareholders' equity and liabilities	13,687	11,337	12,528

In addition to assets and liabilities reported in the balance sheet, OMX has deposits on a client funds account that totaled SEK 2,848 m at September 30, 2007, SEK 2,809 m at September 30, 2006 and SEK 2,604 m at December 31, 2006.

¹⁾ Of which interest-bearing receivables amount to SEK 21 m at September 30, 2007, SEK 19 m at September 30, 2006 and SEK 1 m at December 31, 2006.

²⁾ Assets held for sale have 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.

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- ³⁾ Through its clearing operations in the derivatives markets, Nordic Marketplaces is the formal counterparty in all derivatives 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.

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- 4) Includes current trading accounts in the amount of SEK 838 m at September 30, 2007, SEK 582 m at September 30, 2006 and SEK 650 m at December 31, 2006, mainly arising in the UK operations for the sale of securities administration services, organized under operations being discontinued.

Management Commentary balance sheet

Consolidated goodwill amounted to SEK 3,277 m (3,102 m) at period-end, including assets held for sale of SEK 30 m (31 m). Consolidated goodwill pertains primarily to the Nordic Marketplaces business area, and refers to strategic acquisitions of operations with a long history and stable and strong cash flow. During the period, investments in goodwill amounted to SEK 47 m, of which SEK 43 m was attributable to the acquisition of Findata AB.

Other intangible assets of SEK 1,503 m (1,083 m), including assets held for sale, consist mainly of capitalized development costs for system products that are amortized over a period of 3-10 years and valued on a current basis against prevailing market conditions, as well as intangible assets attributable to acquisitions. The increase in intangible assets is partly attributable to the acquisitions of Findata and EV (The Iceland Stock Exchange and CSD). Assessments to ascertain any potential impairment of intangible fixed assets are conducted continuously.

At period-end, the Group's deferred tax assets amounted to SEK 47 m (153 m). Provisions were utilized in an amount of SEK 19 m (39 m) during the period.

The Group's investments in other intangible assets during the period were SEK 360 m (176 m). A major part of the investments are within the technology operations, partly pertaining to a license from Cicada for technology pertaining to the development of a new system for information dissemination. In addition, assets of SEK 30 m on the acquisition of Findata AB have been identified as other intangible assets. Investments in tangible fixed assets amounted to SEK 49 m (34 m).

In the UK securities management operation, which is organized within discontinuing operations, OMX has the role of intermediary in securities transactions. During the period between transaction and settlement (usually one to five days), OMX has a receivable pertaining to the purchasing party and a liability pertaining to the selling party. These cannot be offset (see note 3 in the table above).

The market value of OMX's remaining holding in the associated company Orc Software (3.8 million shares) at period-end was SEK 645 m (308 m), while the carrying amount was SEK 77 m (70 m).

Corporate Information

We are incorporated in Delaware. Our executive offices are located at One Liberty Plaza, New York, New York, 10006 and our telephone number is (212) 401-8700. Our web site is <http://www.nasdaq.com>. Information contained on our web site is not incorporated by reference into this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Common stock held by the Selling Stockholders 36,152,136 shares

Shares outstanding as of October 31, 2007 113,767,886 shares

Use of proceeds We will not receive any proceeds from the sale of shares by the Selling Stockholders.

Risk factors Before investing in our common stock, you should carefully read and consider the information set forth in the Risk Factors sections of our Preliminary Proxy Statement filed with the SEC on November 5, 2007 and our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, which are incorporated by reference in this prospectus supplement.

Listing Our common stock currently trades on The NASDAQ Global Select Market under the ticker symbol NDAQ.

Unless we indicate otherwise, all information in this prospectus supplement:

assumes 113,767,886 shares outstanding as of October 31, 2007; and

excludes:

up to 764,630 shares of restricted stock issued to our employees and directors pursuant to equity compensation awards;

up to 9,812,006 shares of common stock issuable upon the exercise of options granted to our employees and directors, of which 4,418,316 were exercisable as of October 31, 2007 at a weighted average exercise price of \$8.70;

up to 30,689,636 shares of common stock issuable upon the conversion of our 3.75% convertible subordinated notes due October 2012 currently owned by (i) 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. (together, the H&F Partnerships), (ii) Silver Lake Partners TSA, L.P., Silver Lake Investors, L.P., Silver Lake Partners II TSA, L.P. and Silver Lake Technology Investors II, L.P. (together, the SLP Partnerships), (iii) Integral Capital Partners VI, L.P. and (iv) VAB Investors, LLC at a conversion price of 0.0689655 shares per \$1.00 of principal amount, which are currently convertible; and

up to 4,962,500 shares of common stock issuable upon the exercise (without using the net issue exercise option) of warrants granted to the H&F Partnerships, the SLP Partnerships, Integral Capital Partners VI, L.P. and VAB Investors, LLC, which are currently exercisable in full.

Furthermore, the Selling Stockholders are not obligated to offer or sell the shares of common stock referred to in this prospectus supplement issuable upon conversion of the 3.75% Convertible Notes due 2012 or exercise of our Series A Warrants and Series B Warrants, and may choose to offer and sell the notes, the warrants, the underlying common stock or any combination thereof. The Selling Stockholders have the right to

request the registration of such other securities.

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Table of Contents**SELLING STOCKHOLDERS**

The common shares referred to in this prospectus supplement are held by H&F Partnerships, the SLP Partnerships, Integral Capital Partners VI, L.P. and VAB Investors, LLC as Selling Stockholders, some of whom may offer and sell pursuant to the plan of distribution described under Plan of Distribution Underwriting and others of whom may from time to time offer and sell hereunder. The following table sets forth information as of October 31, 2007 regarding beneficial ownership of common shares by the Selling Stockholders, which are being offered pursuant to this prospectus supplement. The following table assumes (i) the Series A Notes and the Series B Notes (as defined below) are converted into common shares at the conversion price of 0.0689655 shares per \$1.00 of principal amount, (ii) the Series A Warrants and the Series B Warrants described below are exercised in full (without using the net issue exercise option) and (iii) that fractional shares resulting from any conversion be paid in cash. To the extent that shares underlying the Series A Warrants and the Series B Warrants are sold from time to time hereunder by the Selling Stockholders, such Selling Stockholders may use the net issue exercise option when exercising such Warrants.

Name of Selling Stockholder	Shares Beneficially Owned Prior to any Offering	Percentage of Shares Beneficially Owned Prior to any Offering	Number of Shares Being Sold as Described		Percentage of Shares Beneficially Owned After Underwritten Offering
			under Plan of Distribution	Underwriting	
	Hereunder	Hereunder(1)	Underwriting	Underwriting (1)	
Hellman & Friedman Capital Partners IV, L.P. ⁽²⁾	19,821,652	14.8%		%	
H&F Executive Fund IV, L.P. ⁽²⁾	440,846	*			
H&F International Partners IV-A, L.P. ⁽²⁾	3,253,806	2.8			
H&F International Partners IV-B, L.P. ⁽²⁾	1,073,340	*			
Silver Lake Partners TSA, L.P. ⁽³⁾	1,656,193	1.4			
Silver Lake Investors, L.P. ⁽³⁾	46,617	*			
Silver Lake Partners II TSA, L.P. ⁽³⁾	9,556,472	7.7			
Silver Lake Technology Investors II, L.P. ⁽³⁾	13,319	*			
Integral Capital Partners VI, L.P. ⁽⁴⁾	170,280	*			
VAB Investors, LLC ⁽⁵⁾	119,611	*			
Total	36,152,136	24.1%		%	

* Less than 1%.

(1) Calculated based on Rule 13d-3(d)(1)(i) of the Securities Exchange Act of 1934, as amended (the Exchange Act), using 114,532,516 shares of common stock outstanding (including 764,630 shares of restricted common stock entitled to vote at the annual meeting) as of October 31, 2007.

(2) The H&F Partnerships hold \$60.0 million aggregate principal amount of Series A 3.75% Convertible Notes due 2012 (the Series A Notes) and Series A Warrants to purchase 646,552 shares of common stock and \$240.0 million aggregate principal amount of Series B 3.75% Convertible Notes due 2012 (the Series B Notes) and Series B Warrants to purchase 2,753,448 shares of common stock. The H&F Partnerships also own 500,000 shares of common stock. In addition, Patrick Healy, a director of Nasdaq, owns 3,098 shares of restricted common stock of Nasdaq (the Restricted Shares). Under Mr. Healy's arrangement with the H&F Partnerships with respect to director compensation, the Restricted Shares or proceeds therefrom are expected to be assigned to the H&F Partnerships. The Restricted Shares are not reflected in the table above. As the general partner of each of the H&F Partnerships, H&F Investors IV, LLC (H&F Investors) may be deemed to have