

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 25, 2005 (April 25, 2005)

THE NASDAQ STOCK MARKET, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-32651
(Commission File Number)

52-1165937
(I.R.S. Employer
Identification No.)

One Liberty Plaza, New York, New York 10006
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (212) 401-8700

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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[Table of Contents](#)

TABLE OF CONTENTS

[Item 7.01. Regulation FD Disclosure.](#)

[Item 9.01. Financial Statements and Exhibits.](#)

99.1. The Nasdaq Stock Market Inc. INET Acquisition Announcement Presentation, first publicly used April 25, 2005.

[SIGNATURES](#)

[Table of Contents](#)

Table of Contents

Item 7.01. Regulation FD Disclosure.

On April 25, 2005, The Nasdaq Stock Market, Inc. (“Nasdaq”) publicly disseminated a presentation discussing the announcement on April 22, 2005 that Nasdaq had entered into a definitive agreement to acquire Instinet Group Incorporated and that it has concurrently entered into a definitive agreement to sell Instinet’s Institutional Broker division to Silver Lake Partners. As a result of these transactions, Nasdaq will own INET ECN. The investor presentation is attached as an exhibit to this Form 8-K.

The information set forth under “Item 7.01 Regulation FD Disclosure” is intended to be furnished pursuant to Item 7.01. Such information, including the Exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing. The furnishing of this information pursuant to Item 7.01 shall not be deemed an admission by Nasdaq as to the materiality of such information.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1 TheNasdaq Stock Market Inc. INET Acquisition Announcement Presentation, first publicly used April 25, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 25, 2005

THE NASDAQ STOCK MARKET, INC.

By: /s/ Edward S. Knight

Edward S. Knight
Executive Vice President and General Counsel

Page 3 of 3 pages.

The NASDAQ Stock Market



**INET Acquisition Announcement
April 25, 2005**

NASDAQ

The best market for companies.
The best market for shareholders.

Forward Looking Statement

Forward-looking statements in this Investor Presentation are subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, The Nasdaq Stock Market, Inc.'s ("NASDAQ") ability to implement its strategic initiatives, competition, economic, political, and market conditions and fluctuations, government and industry regulation, interest rate risk and other factors that are more fully described under the caption "Risk Factors" in NASDAQ's form 10K for the year ended December 31, 2004, as amended and periodic reports filed with the SEC. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any 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 date hereof. Except for our ongoing obligations to disclose material information under 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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Agenda

- Earnings and Guidance Update
- Transaction Summary
- Company Overview
- Transaction Rationale
- Integration Plan
- Capital Structure
- Conclusion

Quarterly Earnings and Guidance Update

(\$ in millions, except per share values)

	Q1 Results	FY 2005 Guidance
Gross Margin	\$126.3	\$480 - \$490
Total Expenses	\$103.5	\$408 - \$418
Net Income	\$12.7	\$38 - \$44
EPS (Basic)	\$0.14	\$0.38 - \$0.46
Pre-tax Charges Associated with Cost Reduction Program	\$7.5	\$22 - \$25

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Transaction Summary

INSTINET GROUP

INSTINET
THE UNCONFLICTED INSTITUTIONAL BROKER™

Purchased By

 SLP
Silver
Lake
Partners


\$207.5 Million

 **inet**


Purchased By

 **NASDAQ**

\$934.5 Million

 **LJR**
LYNCH
JONES
RYAN

Purchased By

 *The* BANK
of NEW YORK.

\$174 Million

+

**\$562 million Excess Cash on Hand =
\$1.878 billion to Instinet Shareholders**

 **NASDAQ**

Transaction Summary

Acquisition of INET ECN by Nasdaq

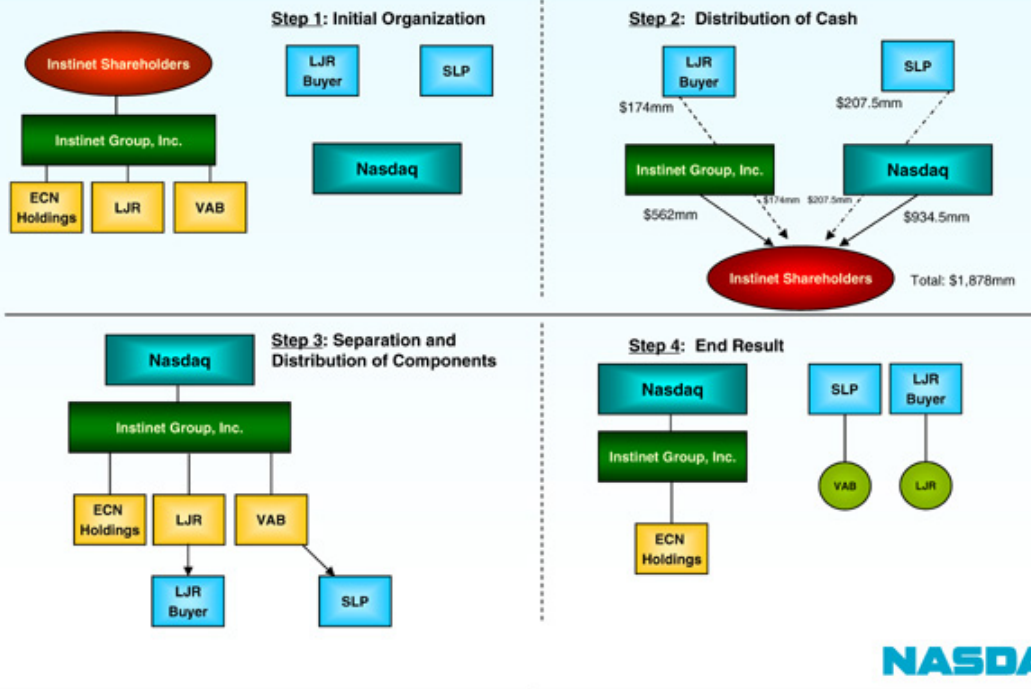
Simultaneous transaction:

- Instinet sells LJR for \$174 million on or before the closing of Nasdaq's purchase
- Nasdaq purchases remaining Instinet Group for \$1.878 billion
- Nasdaq sells Instinet Institutional Brokerage to Silver Lake Partners for \$207.5 million
- Excess cash returned to INGP shareholders of \$562 + \$174 million from sale of LJR
- Nasdaq effectively purchases INET ECN for \$934.5 million

Timing of closing dependent on regulatory approvals



Transaction Summary



Transaction Summary

Final Structure

NASDAQ

+



=




- The premier equities marketplace

- The electronic marketplace

- Superior execution opportunities for customers
- Consolidation on to one trading platform in same timeframe as standalone
- Efficient combined company with low cost structure to deliver returns to investors
- Platform for future innovation and growth
- Strong Competitor in post NMS world

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Financial Summary

			 <u>Pro Forma</u>
2004 Net Revenue	\$484.6	\$112.8 ⁽¹⁾	\$597.4
2004 Net Income	11.4	20.3⁽²⁾	31.7
2004 Net Income to Common	(\$1.8)	\$20.3⁽²⁾	\$18.5

(1) Net of rebates, soft dollars, brokerage and clearing costs

(2) Assumes 40% tax rate.



Annual Total Expenses

(\$ in millions)

This is the expense reduction chart shown on our roadshow in February of 2005, updated for our 2005 expense guidance

We believe we will still achieve these levels of expenses in 2006 and 2007, even with the acquisition of INET ECN



Source: 8-K filed on 1/25/05, S-3.

(1) 2005 range based on guidance per 8-K filed on 1/25/05. 2006 and 2007 ranges derived by assuming between 10% and 12% decline (per guidance in 8-K) each year.

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Value Creation

Accretive in first 12 months through very achievable cost synergies

Significant accretion thereafter from over \$100 million in annual synergies:

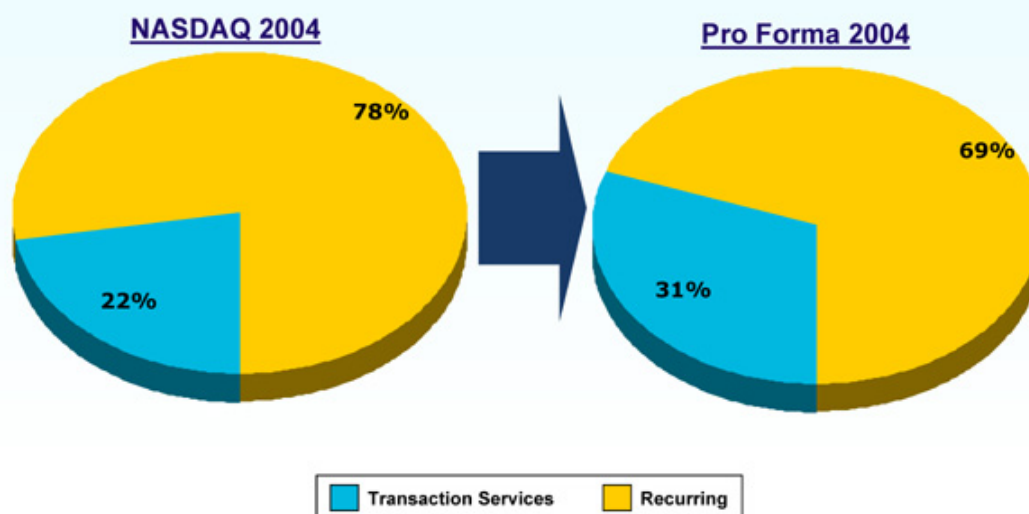
- Technology savings
- Clearing
- Corporate Overhead
- Revenue synergies from market data products

Nasdaq will consolidate on to one platform within the time period laid out in our technology roadmap

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Diverse Revenue Streams

INET ECN is primarily a transaction based business, but we will remain diverse in our revenue stream



Source: Company filings as of 12/31/04.
Note: Pro Forma results do not include potential synergies.

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Integration

Proven integration capabilities given successful Brut acquisition

- We are confident in our ability to integrate on a large scale
- We acquired Brut in Q3 2004, and reduced costs and headcount the next quarter

One trading platform within 12 months

- Nasdaq is in the middle of our own strategic technology initiative
- We have a specific roadmap to combined trading platforms
- Significant portion of cost savings will come from integration of platforms

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Sources and Uses and Nasdaq Capitalization

Sources of Funds	Amount
Cash from Balance Sheet	\$87.5
Debt	702.3
Convertible Note	205.0
Total Sources of Funds	\$994.8

Uses of Funds	Amount
Instinet ECN Common Equity	\$934.5
Existing NASDAQ Senior Debt	25.0
Financing/Transaction Fees	35.3
Total Uses of Funds	\$994.8

Capitalization	Pro Forma 3/31/2005
Cash	\$253.1
Senior Debt	702.3
Convertible Subordinated Note	445.0
Total Long Term Debt	\$1,147.3
Series C NASD Preferred Shareholders' Equity ⁽¹⁾	130.1 26.4
Total Capitalization	\$1,303.8

(1) Excludes deal related adjustments made at closing.

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Equity Financing

Two premier private equity firms are investing in Nasdaq in order to partially fund the purchase of INET ECN

H&F has reinvested its existing Convertible Notes and will commit an additional \$60 million to NASDAQ

Silver Lake Partners is investing \$145 million in NASDAQ in the form of Senior Convertible Notes

HELLMAN & FRIEDMAN LLC



\$305 Million Total Investment⁽¹⁾

\$145 Million Total Investment

(1) Includes \$240 million of existing investment.



Structure of Equity Financing

The Senior Convertible Notes have been issued in order to achieve certainty of financing

- Nasdaq has issued new convertible notes to H&F and Silver Lake; Nasdaq has a call option on the notes if the transaction does not close
- \$205 million is held in escrow; upon closing of the transaction, escrow is released and call option expires

Hellman & Friedman

\$240 million Convertible Notes

- **Existing Notes:**
 - \$240 million due May 2006
 - \$20.00 conversion price
 - 4.0% coupon
- **Reinvestment of Existing Notes:**
 - \$240 million due May 2012
 - \$14.50 conversion price
 - 3.75% coupon
 - 2.8 million warrants with 3 yr life
 - 5 year non-call

New Notes

\$205 million Convertible Notes

- **\$145 million Silver Lake, \$60 million H&F:**
 - \$14.50 conversion price, or a 36% premium⁽¹⁾
 - 3.75% coupon
 - 2.2 million warrants with 3 yr life
 - 7.5 year term, 6.5 year non-call

(1) Based on market closing price on 4/21/05.



Conclusion

Nasdaq purchases Instinet ECN for \$934.5 million

Institutional & Retail Investors will benefit from increased competition

Creates efficient company positioned to compete with NYSE in a post NMS world

New investment in Nasdaq by Silver Lake Partners, re-investment from Hellman & Friedman

Significant cost synergies benefit shareholders

Nasdaq anticipates de-leveraging

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Appendix



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The best market for companies.
The best market for shareholders.

NASDAQ Investment Highlights



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The NASDAQ Stock Market - Who We Are

Issuer Services

(42.5% of 2004 Gross Margin)

What We Do

- List shares of approximately 3,250 public issuers
- Trademark financial products, including NASDAQ-100 (QQQ)
- Provide information services and products to listed companies



Revenue Generation

- Listing, annual renewal, and additional shares fees
- Licensing revenues
- Corporate services fees

Market Services

(57.5% of 2004 Gross Margin)

What We Do

- Collect, process and disseminate price quotes and trade information
- Operate routing and trade execution systems



Revenue Generation

- Market Access monthly subscription fees
- Transaction execution fees
- Trade reporting fees (currently shared with UTP participants)
- Monthly and annual data subscription fees

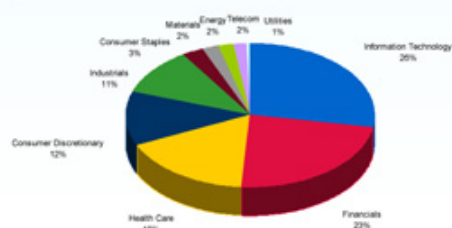
Premier U.S. Marketplace Strong Brand and Reputation

- Trusted brand name among market participants, institutions and public companies
- Home to the Nasdaq-100 index, the basis of the QQQs ETF, the most heavily traded listed equity security in the United States
- Premier equity listing venue for both industry leaders and growth companies
- Enjoys a diverse base of listed companies across all industries

Representative Listings



Listing Base by Industry



Source: NASDAQ as of 12/31/04.

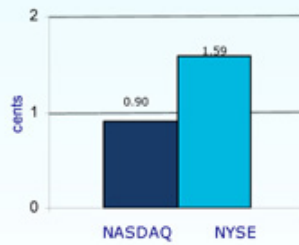
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Premier U.S. Marketplace Superior Trade Capabilities⁽¹⁾

Faster Trades



Tighter Spreads



Execution Certainty



NASDAQ is 11.4% faster

NASDAQ is 76.7% better

NASDAQ is 7.3% better

Source: Market Systems, Inc. SEC 11Ac1-5 data. As of September 2004. Note: Includes marketable orders of all sizes under 10,000 executed shares. In order for each reporting marketing center to verify data and ensure its completeness, 11Ac1-5 data is disseminated two months following the end of the reporting month.

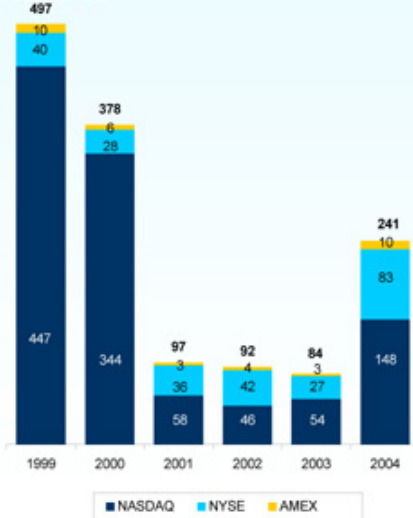
(1) S&P 500 companies, all marketable orders, all order sizes under 10,000 shares.

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The Equity Market Opportunity

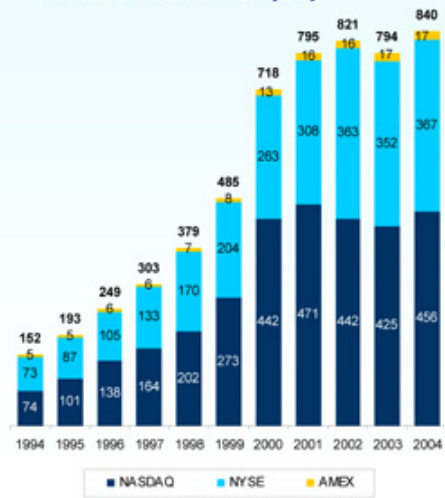
Both IPO and Trading Volume Showing Positive Momentum

Total IPOs



Source: Thomson.

Total Shares Traded (BN)



Source: NYSE, NASDAQ and AMEX websites.

