

**THE NASDAQ STOCK MARKET, INC.  
MANAGEMENT COMPENSATION COMMITTEE  
APPROVED ON JULY 28, 2004**

**MANAGEMENT COMPENSATION COMMITTEE CHARTER**

**Purpose**

The Nasdaq Stock Market, Inc. ("Nasdaq") Board hereby amends and sets forth the powers and responsibilities of the Management Compensation Committee (the "Committee") which shall have the powers and authority to determine the development plans and compensation of senior management of Nasdaq.

Without limiting the generality of the foregoing, the Committee shall have the following powers and responsibilities:

- Review and recommend to the Nasdaq Board approval of all compensation and benefit plans for officers and staff of Nasdaq.
- Review and recommend to the Nasdaq Board candidates for election as officers of Nasdaq with the rank of executive vice president or above and as "principal officers," as that term is defined in Nasdaq's By-Laws.
- Review and approve the specific base salary and incentive compensation awards for officers of Nasdaq whose base salary is in excess of \$200,000 and/or whose total annual compensation, including targeted incentive compensation, exceeds \$400,000. In advance of approval, the Committee will review the executives' performance against Nasdaq performance and individual goals.
- Review and approve the performance goals for Nasdaq officers.
- Annually review plans for development, retention, and replacement of key executives of Nasdaq. Periodically review executive succession plans and executive education and development plans.
- Review, when requested, and recommend direct and indirect compensation plans for Board and Committee members of Nasdaq.
- Review annually with the Board the performance of the Chief Executive Officer of Nasdaq.
- Create and approve an annual Management Compensation Committee Report for Shareholders to be included in the Nasdaq proxy.
- Administer in accordance with its terms The Nasdaq Stock Market, Inc. Equity Incentive Plan, The Nasdaq Stock Market, Inc. 2000 Employee Stock Purchase Plan and any similarly established equity plan or arrangement for the benefit of the staff. The Management Compensation Committee will review and approve all equity awards granted to officers and staff of Nasdaq. Equity awards of 100,000 shares or

greater will be referred to the full Board for ratification upon Committee review and approval. The Committee will provide the Board with quarterly reports on the distribution of equity awards.

### **Committee Composition**

Four or more voting members of the Board, none of whom shall be officers or employees of Nasdaq. All members of the Committee shall meet the independence standard contained in Nasdaq Market Rule 4200(a). A majority of the committee members shall be Non-Industry Committee members, as provided for in Article IV. Section 4.13(f) of the Nasdaq By-Laws. The Board shall determine in its discretion whether each member of the Committee shall be a "Non-Employee Director" and an "Outside Director" within the meaning of Section 16 of the Securities Exchange Act of 1934 and Section 162(m) of the Internal Revenue Code of 1986, as amended, respectively.

### **Term of Office**

A Management Compensation Committee member shall hold office for a term of one year.