

NYSE Group, Inc.
Form DEF 14A
April 28, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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NYSE Group, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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April 28, 2006

Dear NYSE Group Stockholder:

You are cordially invited to attend the 2006 annual meeting of stockholders of NYSE Group, Inc. scheduled for Thursday, June 1, 2006, at 8:00 a.m., EDT, at 55 Wall Street, New York, New York. The board of directors and management look forward to greeting you.

Enclosed you will find a notice of annual meeting of stockholders containing the business that we expect to come before the meeting, our proxy statement, a form of proxy and our annual report on Form 10-K for the fiscal year ended December 31, 2005. Please review these documents carefully.

The agenda for this year's meeting includes the election of directors and ratification of the appointment of our independent auditors. Our board of directors recommends that you vote FOR both the election of directors and ratification of the appointment of our independent auditors.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, your shares should be represented and voted. After reading the enclosed proxy statement, please submit your proxy through the Internet or by touch-tone telephone as indicated on the proxy. Alternatively, you may wish to complete, sign, date and promptly return the proxy by mail in the self-addressed envelope that we have included for your convenience. No postage is required if it is mailed in the United States. Submitting the proxy before the annual meeting will not preclude you from voting in person at the annual meeting should you decide to attend.

On behalf of the board of directors, thank you for your continued support.

/s/ JOHN A. THAIN

John A. Thain
Chief Executive Officer

**NYSE GROUP, INC.
11 WALL STREET
NEW YORK, NY, 10005
NOTICE OF
2006 ANNUAL MEETING OF STOCKHOLDERS**

April 28, 2006

The 2006 annual meeting of stockholders (the "Annual Meeting") of NYSE Group, Inc., a Delaware corporation (the "Company"), will be held Thursday, June 1, 2006, at 8:00 a.m., EDT, at 55 Wall Street, New York, New York, for the following purposes:

1. To elect eleven members of the Company's Board of Directors for terms expiring in 2007.
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006.
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

These purposes are described in greater detail in the Company's proxy statement accompanying this notice.

The record date for the determination of the stockholders entitled to notice of, and to vote at, the Annual Meeting, or any adjournment or postponement thereof, was the close of business on April 17, 2006. A list of the stockholders of record as of April 17, 2006 will be available for inspection during ordinary business hours at our offices located at 20 Broad Street, New York, NY, 10005, from May 18, 2006 up to the date of our Annual Meeting.

You have the right to receive this notice and vote at the Annual Meeting if you were a stockholder of record at the close of business on April 17, 2006. Please remember that your shares cannot be voted unless you cast your vote by one of the following methods: (1) vote via the Internet as indicated on the proxy card; (2) call the toll-free telephone number listed on the proxy card; (3) sign and return the proxy card by mail; or (4) vote in person at the Annual Meeting.

For the Board of Directors,

/s/ MARSHALL N. CARTER

Marshall N. Carter
Chairman of the Board of Directors

**NYSE GROUP, INC.
11 WALL STREET
NEW YORK, NY, 10005**

**PROXY STATEMENT
2006 ANNUAL MEETING OF STOCKHOLDERS
JUNE 1, 2006**

INTRODUCTION

We are furnishing this proxy statement and the accompanying proxy card in connection with a solicitation of proxies by the board of directors ("Board" or "Board of Directors") of NYSE Group, Inc., a Delaware corporation ("NYSE Group", the "Company", "we", "us" or "our"), to be used at our 2006 annual meeting of stockholders (the "Annual Meeting") scheduled for Thursday, June 1, 2006, at 8:00 a.m., EDT, at 55 Wall Street, New York, NY.

The approximate date on which this proxy statement and the accompanying meeting notice, form of proxy and Form 10-K for the fiscal year ended December 31, 2005 are first being sent to stockholders is April 28, 2006. Whenever we refer in this proxy statement to the "Annual Meeting," we are also referring to any meeting that results from any postponement or adjournment of the June 1, 2006 meeting.

Holders of NYSE Group common stock, par value \$0.01 per share (the "Common Stock"), as of the close of business on April 17, 2006, will be entitled to notice of, and to vote at, the Annual Meeting. On that date, approximately 1,328 stockholders of record held 155,598,173 shares of our outstanding Common Stock.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (*i.e.*, authorizing someone to vote your shares). If you execute the attached proxy card or vote by Internet or touch-tone telephone, the individuals designated on that card (Marshall N. Carter, James S. McDonald and John A. Thain) will vote your shares according to your instructions. If any matter other than the election of directors and ratification of the appointment of our independent auditors is presented at the Annual Meeting, the designated individuals will, to the extent permissible, vote all proxies in the manner that the Board may recommend or, in the absence of such recommendation, in the manner they perceive to be in the best interests of the Company.

If you execute the enclosed proxy card but do not give instructions, your proxy will be voted as follows: FOR the election of the nominees for directors named below, FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, which we refer to as our independent auditors, for our fiscal year ending December 31, 2006 and otherwise in accordance with the recommendations of the Board or the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

Information on how you may vote at the Annual Meeting (such as granting a proxy that directs how your shares should be voted, or attending the Annual Meeting in person), as well as how you can revoke a proxy, are contained in this proxy statement below under *Solicitation of Proxies* and *Voting*.

CERTAIN TERMS

Throughout this document, unless otherwise specified or the context otherwise requires:

"NYSE Group," the "Company," "we," "us" and "our" refer to NYSE Group, Inc., a Delaware corporation, and its wholly-owned subsidiaries, which, following the merger, include the NYSE and Archipelago;

"NYSE" refers to (i) prior to the completion of the merger, New York Stock Exchange, Inc., a New York Type A not-for-profit corporation, and (ii) after the completion of the merger, New York Stock Exchange LLC, a New York limited liability company ("NYSE LLC"), and its wholly-owned subsidiaries, including NYSE Market, Inc., a Delaware corporation ("NYSE Market"), and NYSE Regulation, Inc., a New York not-for-profit corporation ("NYSE Regulation");

"Archipelago" refers to, prior to and after the completion of the merger, Archipelago Holdings, Inc., a Delaware corporation, and, where the context requires, its predecessor, Archipelago Holdings, LLC, a Delaware limited liability company;

"NYSE Arca" refers to Archipelago Exchange, L.L.C., a Delaware corporation, and NYSE Arca Equities, Inc., a Delaware corporation (formerly known as PCX Equities, Inc.);

"merger" refers to the mergers combining the NYSE and Archipelago under NYSE Group, which were completed on March 7, 2006 pursuant to the merger agreement; and

"merger agreement" refers to the Agreement and Plan of Merger, dated as of April 20, 2005, as amended and restated as of July 20, 2005, and as further amended on October 20, 2005 and November 2, 2005, by and among the NYSE, Archipelago, NYSE Group, NYSE Merger Sub LLC, NYSE Merger Corporation Sub, Inc. and Archipelago Merger Sub, Inc.

SOLICITATION OF PROXIES

General

The attached proxy card allows you to instruct the designated individuals on how to vote your shares. You may vote in favor of, against, or abstain from voting on the ratification of the appointment of our independent auditors. With respect to the election of directors, you may indicate on the proxy card that you are authorizing a vote in favor of all nominees or, if you desire, that you are not authorizing the designated individuals to vote your shares for one or more of the nominees.

Who may solicit proxies

Directors, officers and employees of the Company may solicit proxies on behalf of the Board via regular and electronic mail, telephone, fax and personal contact. MacKenzie Partners, Inc. has been retained to assist in soliciting proxies at a fee of \$10,000 plus distribution costs and other expenses.

Costs of soliciting proxies

The Company will pay the cost of soliciting proxies. Directors, officers and employees of the Company will receive no additional compensation for soliciting proxies. The Company will reimburse certain brokerage firms, banks, custodians and other fiduciaries for the reasonable mailing and other expenses they incur in forwarding proxy materials to the beneficial owners of stock that those brokerage firms, banks, custodians and fiduciaries hold of record.

VOTING

Stockholders entitled to vote and shares outstanding

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You may vote your shares at the Annual Meeting only if you were a stockholder of record at the close of business on April 17, 2006 (the "Record Date"). As of the Record Date, 155,598,173 shares of

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Common Stock were issued and outstanding and the Company had no other class of equity securities issued and outstanding. Subject to the voting limitations described below, you are entitled to one vote for each share of Common Stock you own. The number of shares you own (and may vote) is listed on the proxy card.

Voting limitations

Our certificate of incorporation places certain ownership and voting limits on the holders of our capital stock:

No Person, either alone or together with its Related Persons (defined in Annex A attached hereto), may beneficially own shares of our stock representing in the aggregate more than 20% of the total number of votes entitled to be cast on any matter; and

No person, either alone or together with its Related Persons, shall be entitled to vote or cause the voting of shares of our stock beneficially owned by that Person or its Related Persons to the extent that those shares would represent in the aggregate more than 10% of the total number of votes entitled to be cast on any matter, and no Person, either alone or together with its Related Persons, shall be entitled to vote more than 10% of the total number of votes entitled to be cast on any matter by virtue of agreements entered into by that Person or those Related Persons with other Persons not to vote shares of our outstanding capital stock.

Our Board of Directors may waive the provisions regarding ownership and voting limits by a resolution expressly permitting this ownership or voting (which resolution must be filed with and approved by the Securities and Exchange Commission (the "SEC") prior to being effective), subject to a determination of the Board that:

the acquisition of beneficial ownership in excess of the ownership limits or exercise of voting rights in excess of the voting limits will not impair the ability of our regulated subsidiaries to discharge their respective responsibilities under the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations under the Exchange Act and is otherwise in the best interests of NYSE Group and its stockholders and regulated subsidiaries;

the acquisition of beneficial ownership in excess of the ownership limits or exercise of voting rights in excess of the voting limits will not impair the SEC's ability to enforce the Exchange Act;

neither the person obtaining the waiver nor any of its Related Persons is subject to any statutory disqualification (as defined in Section 3(a)(39) of the Exchange Act) if such Person is seeking to obtain a waiver above the 20% ownership or voting level;

for so long as we directly or indirectly control NYSE Arca, NYSE Arca Equities, Inc. or any facility of NYSE Arca, neither the Person obtaining the waiver nor any of its Related Persons is an Equity Trading Permit ("ETP") Holder, an Option Trading Permit ("OTP") Holder or an OTP Firm (as such terms are defined in the rules of NYSE Arca as such rules may be in effect from time to time) if such Person is seeking to obtain a waiver above the 20% ownership or voting level; and

for so long as we directly or indirectly control the NYSE or NYSE Market, Inc., neither the Person obtaining the waiver nor any of its Related Persons is a member or member organization of the NYSE if such Person is seeking to obtain a waiver above the 20% ownership or voting level.

In making these determinations, our Board of Directors may impose conditions and restrictions on the relevant stockholder or its Related Persons that it deems necessary, appropriate or desirable in furtherance of the objectives of the Exchange Act and the governance of NYSE Group. No such exception has been applied for, granted or become effective. Our Certificate of Incorporation requires us to, and we will, disregard any votes cast in excess of the voting limitations.

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The voting limitations do not apply to a solicitation of a revocable proxy by us or by our Directors or officers on our behalf or to a solicitation of a revocable proxy by a stockholder in accordance with Regulation 14A under the Exchange Act. This exception, however, does not apply to certain solicitations by a stockholder pursuant to Rule 14a-2(b)(2) under the Exchange Act, which permits a solicitation made otherwise than on behalf of NYSE Group where the total number of persons solicited is not more than ten.

Our Certificate of Incorporation also provides that our Board of Directors has the right to require any person and its Related Persons that our Board of Directors reasonably believes to be subject to the voting or ownership restrictions summarized above, and any stockholder, including Related Persons, that at any time beneficially owns 5% or more of our then outstanding capital stock entitled to vote on any matter (and has not reported that ownership to us), to provide to us complete information as to all shares of our capital stock that such stockholder beneficially owns, as well as any other information relating to the applicability to such stockholder of the voting and ownership requirements outlined above as may reasonably be requested.

If you are a Related Person with another holder of our Common Stock where either: (i) you (either alone or with your Related Person) may vote shares of Common Stock representing more than 10% of the then outstanding votes entitled to vote at the Annual Meeting, or (ii) you have entered into an agreement not to vote shares of our Common Stock, the effect of which agreement would be to enable any person, either alone or with its Related Persons, to vote or cause the voting of shares of our Common Stock that represent in the aggregate more than 10% of the then outstanding votes entitled to be cast at the Annual Meeting, then please so notify the Company by either including that information (including each Related Person's complete name) on your proxy card or by contacting the Corporate Secretary at NYSE Group, Inc., 11 Wall Street, New York, NY 10005.

How to vote

Submitting a Proxy via mail, the Internet or telephone

You may submit your proxy with voting instructions either by mail, touch-tone telephone or through the Internet by following the instructions set forth on the enclosed proxy card. Specifically, if you are a stockholder of record on the Record Date and:

reside within the United States, Puerto Rico or Canada, you may vote by mailing your proxy card, with voting instructions, to the address listed on your proxy card, calling the toll-free number listed on your proxy card or visiting the website address listed on your proxy card;

reside in any geographic location outside the United States, Puerto Rico or Canada, you may vote by mailing your proxy card, with voting instructions, to the address listed on your proxy card or visiting the website address indicated on your proxy card; or

if you hold your shares through a broker, nominee, fiduciary or other custodian, you may vote by calling the toll-free telephone number listed on your proxy card or visiting the website address indicated on your proxy card.

If you choose to submit your proxy with voting instructions by touch-tone telephone or through the Internet, you will be required to provide your assigned control number noted on the enclosed proxy card before your proxy will be accepted. In addition to the instructions that appear on the enclosed proxy card, step-by-step instructions will be provided by recorded telephone message or at the designated website on the Internet. We must receive votes submitted via the Internet or by touch-tone telephone by 12:00 p.m. noon, EDT, on May 31, 2006 in order for them to be counted at the Annual Meeting.

Attending the Annual Meeting

You may also attend the Annual Meeting and vote your shares in person by ballot. If you plan to attend the Annual Meeting you will need to bring photo identification and proof of your ownership of our Common Stock as of the close of business on April 17, 2006, the Record Date. If you hold shares in "street name" (that is, through a bank, broker or other nominee) and would like to attend the Annual Meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of Common Stock as of the close of business on April 17, 2006. Alternatively, in order to vote, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the Annual Meeting. In accordance with our security procedures, all persons attending the Annual Meeting must present photo identification and submit to screening by metal detector and x-ray examination of all packages, handbags and luggage.

Revoking a proxy

Attending the Annual Meeting will not automatically revoke a proxy that was submitted through the Internet or by touch-tone telephone or mail

You may revoke a proxy that was submitted through the Internet or by touch-tone telephone at any time before it is exercised by executing a later-dated proxy card, by subsequently voting through the Internet or by touch-tone telephone or by attending the Annual Meeting and voting in person by ballot.

You may revoke a proxy that was submitted by mail at any time before it is exercised by giving written notice revoking the proxy to the Corporate Secretary, NYSE Group, Inc., 11 Wall Street, New York, NY 10005, by subsequently filing another proxy bearing a later date or by attending the Annual Meeting and voting in person by ballot.

Broker authority to vote

Under NYSE rules, a member broker who holds shares in street name for customers generally has the authority to vote on certain proposals if it has transmitted proxy soliciting materials to the beneficial owner but has not received instructions from that owner. Consequently, if your broker holds shares in your name and delivers this Proxy Statement to you, the broker is entitled to vote your shares for the election of directors and ratification of the appointment of our independent auditors even if the broker does not receive voting instructions from you.

Quorum

A majority of all outstanding shares entitled to vote at the Annual Meeting constitutes a quorum (*i.e.*, the minimum number of shares that must be present or represented by proxy at the Annual Meeting in order to transact business). Subject to the rules regarding the votes necessary to adopt the proposals discussed below, abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present. ("Broker non-votes" are proxies returned by brokerage firms for which no voting instructions have been received from beneficial owners.) Once a share is represented for any purpose at the Annual Meeting, it will be deemed present for quorum purposes for the remainder of the meeting (including any meeting resulting from an adjournment or postponement of the Annual Meeting, unless a new record date is set).

Votes necessary to adopt proposals

Under our Bylaws, a plurality of the votes cast by stockholders entitled to vote at the Annual Meeting is required for the election of directors. Accordingly, the directorships to be filled at the Annual Meeting will be filled by the nominees receiving the highest number of votes. In the election of directors, votes may be cast in favor of or withheld with respect to any or all nominees. Our Bylaw provisions notwithstanding, we have adopted corporate governance guidelines that include a majority vote policy for the election of directors. Under this policy, in non-contested elections, if a director

nominee receives a greater number of "withheld" or "against" votes than "for" votes, the director must immediately tender his or her resignation from the Board, and the Board will decide, through a process managed by the Nominating & Corporate Governance Committee and excluding the nominee in question, whether to accept the resignation. See *Annex C NYSE Group, Inc. Corporate Governance Guidelines*.

The affirmative vote of a majority of the votes cast by stockholders entitled to vote at the Annual Meeting is required to ratify the appointment of our independent auditors. An abstention from voting on this matter will be treated as "present" for quorum purposes. However, since an abstention is not treated as a "vote" for or against the matter, it will have no effect on the outcome of the vote.

Certain stockholder-related matters

There are no stockholder proposals to be brought before the Annual Meeting. To the extent permissible, your proxy will be voted in the manner recommended by the Board or in the discretion of the proxy holders with respect to each matter properly brought before the meeting that has not been enumerated in this proxy statement or for which no specific direction was given on the proxy card. For information regarding inclusion of stockholder proposals in our 2007 Annual Meeting, see the information in this proxy statement under *Stockholder Proposals for 2007 Annual Meeting*.

AVAILABILITY OF CERTAIN DOCUMENTS

Householding of Annual Meeting materials

Some banks, brokers and other nominee record holders may participate in the practice of "householding" proxy statements and their accompanying documents. This means that only one copy of our proxy statement and our Form 10-K are sent to multiple stockholders sharing the same address. We will promptly deliver a separate copy of these documents to you upon written or oral request to our Investor Relations Department at NYSE Group, Inc., 11 Wall Street, New York, NY 10005, (212) 656-5700 or InvestorRelations@nyse.com. If you want to receive separate copies of the proxy statement and our Form 10-K in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

Our Form 10-K for the fiscal year ended December 31, 2005 is not proxy soliciting material.

Additional information

We are required to file annual, quarterly and current reports, proxy statements and other reports with the SEC. Copies of these filings are available through our Internet website at www.nyse.com or the SEC's website at www.sec.gov. We will furnish copies of our SEC filings (without exhibits), including our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, without charge to any stockholder upon written or oral request to our Investor Relations Department at NYSE Group, Inc., 11 Wall Street, New York, NY 10005, (212) 656-5700 or InvestorRelations@nyse.com.

Stockholders List

A list of the stockholders of record as of the Record Date will be available for inspection during ordinary business hours at our offices located at NYSE Group, Inc., 20 Broad Street, New York, NY, 10005, from May 18, 2006 up to the date of our Annual Meeting. To make arrangements to review the list, stockholders should contact our Corporate Secretary at (212) 656-2061. On the date of the Annual Meeting the list will be available for inspection by stockholders at the location of the Annual Meeting. In accordance with our security procedures, all persons requesting to inspect the stockholder list, either at our offices or at the location of the Annual Meeting, must present photo identification and submit to screening by metal detector and x-ray examination of all packages, handbags and luggage.

ELECTION OF DIRECTORS

Board of Directors

Under our certificate of incorporation, only our Board of Directors may set the number of directors who may serve on the Board at any time. Our Board of Directors currently consists of eleven directors.

At each annual meeting of the stockholders, all directors are elected for a term expiring at the next annual meeting of stockholders. Each director will hold office until the director's successor has been elected and qualified, or until the director's earlier resignation or removal. Currently, the Board of Directors consists of Marshall N. Carter (Chairman), John A. Thain (Chief Executive Officer), Ellyn L. Brown, William E. Ford, Shirley Ann Jackson, James S. McDonald, James J. McNulty, Alice M. Rivlin, Robert B. Shapiro, Karl M. von der Heyden and Edgar S. Woolard, Jr. Mr. Woolard is the only member of our Board of Directors not standing for re-election at the Annual Meeting.

2006 Annual Meeting

The Board proposes the election as directors of the persons named below under "*Nominees for Election to the Board of Directors for a Term Expiring in 2007*" to hold office for a term ending at the annual meeting of stockholders to be held in 2007.

Your Vote

If you sign the enclosed proxy card and return it to the Company or submit your proxy by touch-tone telephone or Internet, your proxy will be voted for Marshall N. Carter, John A. Thain, Ellyn L. Brown, William E. Ford, Shirley Ann Jackson, James S. McDonald, Duncan M. McFarland, James J. McNulty, Alice M. Rivlin, Robert B. Shapiro, and Karl M. von der Heyden, for terms expiring at the end of the annual meeting of stockholders to be held in 2007, unless you specifically indicate that you are withholding authority to vote for one or more of those nominees.

Ten of the eleven nominees are current directors of the Company, and all nominees have agreed to serve on the Board if they are elected. If any nominee is unable (or for whatever reason declines) to serve as a director at any time before the Annual Meeting, proxies may be voted for the election of a qualified substitute nominee, or else the size of the Board will be reduced.

The Board has determined, upon the recommendation of the Nominating & Governance Committee, and in accordance with our Corporate Governance Guidelines and the Candidate Nomination Policy of the NYSE Group, Inc., Board of Directors attached to this proxy statement as Annex D (the "Candidate Nomination Policy"), that all of our director nominees are "independent" within the meaning of the rules of the NYSE and NYSE Group's own director independence standards and have no material relationship with NYSE Group or its management (either directly or as a partner, stockholder or officer of an organization that has a relationship with NYSE Group), with the exception of Mr. Thain, our Chief Executive Officer.

More information, including information concerning the operation of our Board as well as the security ownership and compensation of our directors, is included below in this proxy statement under *Corporate Governance*, *Compensation* and *Security Ownership of Certain Beneficial Owners and Management*.

**Nominees for Election to the Board of Directors
for a Term Expiring in 2007**

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and Other Directorships
Marshall N. Carter	66	Mr. Carter has been the Chairman of NYSE Group Board of Directors since April 6, 2006 and has been a director since December 1, 2005. Mr. Carter became Chairman of the Board of the NYSE in April 2005, having served as a NYSE director since November 2003. Mr. Carter is the former Chairman and Chief Executive Officer of the State Street Bank and Trust Company, and of its holding company, State Street Corporation, where he served from 1992 until his retirement in 2001. He joined State Street in July 1991, as President and Chief Operating Officer, and became Chief Executive Officer in 1992 and Chairman in 1993.
John A. Thain	50	Mr. Thain has been a director of NYSE Group since June 22, 2005 and its Chief Executive Officer since July 1, 2005. Since January 2004, Mr. Thain has served as Chief Executive Officer and a director of the NYSE. Previously, Mr. Thain was with The Goldman Sachs Group, Inc., serving as President and Chief Operating Officer since July 2003 and President and Co-Chief Operating Officer from May 1999 through June 2003. He was also a member of The Goldman Sachs Group, Inc. board between 1998 and 2003. Mr. Thain is the only member of NYSE Group management who serves on our Board of Directors.
Ellyn L. Brown	56	Ms. Brown has been a director of NYSE Group since December 1, 2005. Ms. Brown also served as a director of the NYSE from April 2005 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. She also is a director of NYSE Regulation. Since 1996, she has been President of Brown & Associates, a corporate law and consulting firm based in the Baltimore area that specializes in operations, compliance and governance services for financial services industry clients. Ms. Brown was Maryland Securities Commissioner from 1987-1992. She teaches investment adviser and broker-dealer law at Villanova University Law School. Ms. Brown was a member of the board of the National Association of Securities Dealers Regulation, Inc. from 1996-1999, and served on the board of the Certified Financial Planner Board of Standards, the standard-setting body for the CFP credential, from 2000 to 2004.

William E. Ford	44	Mr. Ford has been a director of NYSE Group since December 1, 2005. Mr. Ford served as a director of Archipelago from November 2003 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Mr. Ford is President and a Managing Director of General Atlantic LLC, a global private equity firm that provides capital for innovative companies where information technology or intellectual property is a key driver of growth. Mr. Ford has been with General Atlantic LLC since 1991. Investment entities affiliated with General Atlantic LLC own approximately 6.7% of NYSE Group's currently outstanding Common Stock. Mr. Ford also serves as a director of NYMEX Holdings, Inc. and Computershare Limited.
Shirley Ann Jackson	59	Dr. Jackson has been a director of NYSE Group since December 1, 2005. Dr. Jackson also served as a director of the NYSE from November 2003 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. She also is the Chairperson of the board of NYSE Regulation. Dr. Jackson has been President of Rensselaer Polytechnic Institute since 1999. From 1995 to 1999, she was chairman of the U.S. Nuclear Regulatory Commission. Dr. Jackson also serves as a director of Federal Express Corporation, Public Service Enterprise Group Incorporated, Marathon Oil Corporation, International Business Machines Corporation and Medtronic, Inc.
James S. McDonald	53	Mr. McDonald has been a director of NYSE Group since December 1, 2005. Mr. McDonald also served as a director of the NYSE from November 2003 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Since 2000, Mr. McDonald has been the President and Chief Executive Officer of Rockefeller & Co., a firm that provides investment management and financial counseling services. Prior to joining Rockefeller & Co., he served in various senior positions, among them President and Chief Executive Officer, and as a member of the board of the Pell, Rudman organization (now known as Atlantic Trust/Pell Rudman). Mr. McDonald also serves as a director of Rockefeller & Co. and Rockefeller Financial Services.

Duncan M. McFarland 62 Mr. McFarland has not previously served as a director of NYSE Group. Mr. McFarland retired in June 2004 as the Chairman and Chief Executive Officer of Wellington Management Company after a career of nearly 40 years. Wellington Management is one of the largest global, independent investment managers. He currently serves on the board of two public companies, The Asia Pacific Fund, Inc. and Gannett Co., Inc., and is also a Trustee on the Financial Accounting Foundation, the overview board of the Financial Accounting Standards Board. Mr. McFarland also serves as an overseer of the New England Aquarium and as a trustee of the Claneil Foundation which primarily serves communities within the greater Philadelphia region, and the Bromley Charitable Trust.

James J. McNulty 55 Mr. McNulty has been a director of NYSE Group since December 1, 2005. Mr. McNulty served as a director of Archipelago from August 2004 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Mr. McNulty is retired. Mr. McNulty served as president and chief executive officer of the Chicago Mercantile Exchange from February 2000 to December 2003, and of Chicago Mercantile Exchange Holdings Inc. from August 2001 to December 2003. He served as a director of Chicago Mercantile Exchange Holdings Inc. and the Chicago Mercantile Exchange from April 2002 to December 2003 and previously served as a non-voting member of these boards. Prior to joining the Chicago Mercantile Exchange, he served as managing director and co-head of the Corporate Analysis and Structuring Team in the Corporate Finance Division at Warburg Dillon Read, an investment banking firm now known as UBS Investment Bank. Mr. McNulty was also a non-executive director of ICAP plc, and serves on its Nomination Committee, Risk Committee and Remunerations Committee. Mr. McNulty also served as a partner at O'Connor & Associates from 1989 to 1993.

Alice M. Rivlin 75 Dr. Rivlin has been a director of NYSE Group since December 1, 2005. Dr. Rivlin also served as a director of the NYSE from April 2005 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Since 1999, Dr. Rivlin has been a Senior Fellow in the Economic Studies program at the Brookings Institute and is Visiting Professor at the Public Policy Institute of Georgetown University. She is the founding director of the Congressional Budget Office and a former vice chair of the Federal Reserve Board. Dr. Rivlin also served as director of the White House Office of Management and Budget. She also serves as a director of BearingPoint, Inc.

Robert B. Shapiro

67 Mr. Shapiro has been a director of NYSE Group since December 1, 2005. Mr. Shapiro served as a director of the NYSE from November 2003 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Mr. Shapiro is former Chairman and Chief Executive Officer of Monsanto Company, a position to which he was appointed in 1995 after sixteen years with the company and its predecessor, G.D. Searle & Co., Inc. Upon the merger of Monsanto with Pharmacia & Upjohn, he served as chairman of the newly formed Pharmacia Corporation until his retirement in February 2001. Mr. Shapiro currently serves as Chairman and Managing Director of Sandbox Industries, LLC.

Karl M. von der Heyden

69 Mr. von der Heyden has been a director of NYSE Group since December 1, 2005. Mr. von der Heyden served as a director of the NYSE from April 2005 to March 7, 2006, the date on which the merger of the NYSE and Archipelago was completed. Mr. von der Heyden was Vice Chairman of PepsiCo, Inc. from September 1996 to February 2001 and also Chief Financial Officer of PepsiCo, Inc. until February 1998. He concentrated on refocusing the company and making strategic acquisitions and divestitures. He serves as a director of Aramark Corporation, PanAmSat Holding Corporation, DreamWorks Animation SKG, Inc. and Federated Department Stores.

Board Recommendation

Our Board of Directors unanimously recommends a vote FOR the election of Marshall N. Carter, John A. Thain, Ellyn L. Brown, William E. Ford, Shirley Ann Jackson, James S. McDonald, Duncan M. McFarland, James J. McNulty, Alice M. Rivlin, Robert B. Shapiro and Karl M. von der Heyden to the Board. Unless a contrary choice is specified, proxies solicited by the Board of Directors will be voted FOR each of the director nominees.

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2006. We are submitting the selection of independent auditors for stockholder ratification at the Annual Meeting. A representative of PricewaterhouseCoopers LLP is expected to be present at the Annual Meeting and will be available to respond to appropriate questions from stockholders.

Our organizational documents do not require that our stockholders ratify the selection of PricewaterhouseCoopers LLP as our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If our stockholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP, but still may retain them. Even if the selection is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of NYSE Group and its stockholders.

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The Audit Committee pre-approves 100% of all audit and non-audit services rendered by PricewaterhouseCoopers LLP to NYSE Group or its subsidiaries. For more information regarding this policy, see *Corporate Governance Audit Committee*.

Fees Paid to Independent Auditors

NYSE Group was organized on May 2, 2005. As of December 31, 2005 and up until March 7, 2006, NYSE Group had no assets (other than the \$200 it received on December 29, 2005 from the sale of one share of its common stock to each of the NYSE and Archipelago) and had not conducted any material activities other than those incident to its formation. However, on March 7, 2006, upon the consummation of the merger of NYSE and Archipelago, NYSE Group became the parent company of NYSE LLC and Archipelago.

The following table shows information about fees that the NYSE (the predecessor to NYSE Group) paid to PricewaterhouseCoopers LLP during the fiscal years ended December 31, 2005 and December 31, 2004:

Fee Category	2005	2004
Audit Fees ⁽¹⁾	\$ 1,309,756	\$ 714,200
Audit-Related Fees ⁽²⁾	632,357	159,800
Tax Fees ⁽³⁾	504,900	383,753
All Other Fees	75,500	55,800
Total	\$ 2,522,513	\$ 1,313,553

- (1) Audit fees represent the audit, inclusive of Securities Industry Automation Corporation, of NYSE and NYSE Group's annual consolidated financial statements, the reviews of the NYSE Group's quarterly reports on Form 10-Q, and reviews of the consolidated financial statements included in our registration statements on Forms S-4 and S-1.
- (2) Audit-related fees represent due diligence procedures in connection with the merger with Archipelago, employee benefit plan audits, review of the NYSE Section 404 internal control program design and other required audits.
- (3) Tax fees represent tax services related to tax compliance, advice and planning, and services in connection with the merger.

The following table shows information about fees that Archipelago (which became a subsidiary of NYSE Group on March 7, 2006 upon the completion of the merger) paid to Ernst & Young LLP during the fiscal years ended December 31, 2005 and December 31, 2004:

Fee Category	2005	2004
Audit Fees ⁽¹⁾	\$ 1,270,000	\$ 977,000
Audit-Related Fees ⁽²⁾	970,000	374,000
Tax Fees ⁽³⁾	133,000	313,000
All Other Fees	0	0
Total	\$ 2,373,000	\$ 1,664,000

- (1) The aggregate fees incurred include amounts for the audit of Archipelago's consolidated financial statements, the audit of Archipelago's broker-dealer subsidiaries' annual financial statements, the audit of internal controls over financial reporting for Archipelago Holdings, Inc. and the review of quarterly reports on Form 10-Q, including services related thereto such as statutory audits, consents and assistance with and review of documents filed with the SEC and other regulatory bodies.
- (2)

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The aggregate fees incurred include amounts for services provided primarily in relation to financial and tax due diligence procedures as well as the review of certain of our information systems.

(3)

The aggregate fees incurred for tax services include amounts in connection with tax compliance and tax consulting services.

Board Recommendation

The Board of Directors unanimously recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditors for our fiscal year ending December 31, 2006. Unless a contrary choice is specified, proxies solicited by the Board of Directors will be voted FOR ratification of the appointment.

CORPORATE GOVERNANCE

Overview

We are a holding company that, through our subsidiaries, operates two securities exchanges: the NYSE and NYSE Arca. We were formed in connection with the merger of the NYSE and Archipelago, which was completed on March 7, 2006.

On March 7, 2006, the date of the completion of the merger and the date preceding the date on which our stock became publicly traded, the members of our Board of Directors were Marshall N. Carter, John A. Thain, Ellyn L. Brown, William E. Ford, Shirley Ann Jackson, James S. McDonald, James J. McNulty, Alice M. Rivlin, Robert B. Shapiro, Karl M. von der Heyden and Edgar S. Woolard, Jr., all of whom had been duly appointed as directors of NYSE Group on December 1, 2005 with the exception of Mr. Thain who was appointed on May 2, 2005.

The charters of our Audit, Human Resources & Compensation and Nominating & Governance Committees, as well as our Code of Ethics and Business Conduct and Corporate Governance Guidelines, are available on our website at www.nyse.com and are available in hard copy to any stockholder upon request. We also have a Candidate Nomination Policy which is also available on our website. That policy, along with our Audit Committee Charter, Corporate Governance Guidelines, and the NYSE Group, Inc. Independence Policy of the Board of Directors ("the Independence Policy") are attached to this proxy statement as Annexes D, B, C and E, respectively.

Requirements for Directors in our Certificate of Incorporation

Our Certificate of Incorporation provides that no person that is subject to any statutory disqualification (as defined under Section 3(a)(39) of the Exchange Act) will be permitted to serve as a director of NYSE Group.

Director Independence

Our Common Stock is listed on the NYSE. Therefore, our Board of Directors must comply with the corporate governance requirements, including the director independence standards, set forth in the NYSE Listed Company Manual. Those standards require that a majority of the Board be comprised of directors that have no material relationship with the listed company. The Independence Policy goes beyond the listing standards in several respects. First, under our Independence Policy, each member of our Board, other than our Chief Executive Officer, must be independent, not just the majority required by the NYSE listing standards. Second, independence under our Independence Policy involves not only independence from the company and its management as prescribed by the NYSE listing standards, but also requires that (1) directors not be affiliated, presently or within the last three years, with any member organization of the NYSE or NYSE Arca, (2) directors not presently be employed by or affiliated with a non-member broker-dealer and (3) directors not presently be an executive officer of an issuer listed on the NYSE or NYSE Arca.

Our Audit, Human Resources & Compensation and Nominating & Governance Committees, which are described below in this section, are comprised entirely of directors who have been determined to be

independent under our Independence Policy. Additionally, the members of our Audit Committee meet the criteria for independence under Rule 10A-3 under the Exchange Act.

Our full Board of Directors reviewed the independence of each board member under the standards set forth in our Independence Policy (which include the NYSE listing standards for independence). The full Board considered, among other things, transactions and relationships between each director or any member of his or her immediate family and NYSE Group and its subsidiaries and affiliates over a three-year period. The types of transactions and relationships that could be considered included direct commercial, industrial, banking, consulting, legal, accounting and charitable relationships as well as indirect relationships such as serving as a partner or officer, or holding shares, of an organization that has a relationship with NYSE Group and its subsidiaries and affiliates.

The full Board of Directors affirmatively determined that each of Marshall N. Carter, Ellyn L. Brown, William E. Ford, Shirley Ann Jackson, James S. McDonald, Duncan M. McFarland, James J. McNulty, Alice M. Rivlin, Robert B. Shapiro and Karl M. von der Heyden are independent. None of the independent directors, other than Mr. Ford, has any relationship with NYSE Group or its management, outside of their directorships on the boards of NYSE Group and its subsidiaries. The Board of Directors has determined that Mr. Ford has no material relationship. Mr. Ford's only relationship is his position with General Atlantic LLC, whose affiliated entities own approximately 6.7% of our Common Stock. The NYSE listing standards specify that "the Exchange does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding".

Annual Performance Evaluations

Because, prior to March 7, 2006, the NYSE Group conducted no material activities other than those incident to its formation and was not a publicly held company, the NYSE Group Board of Directors neither conducted a self evaluation nor evaluated itself and its committees to determine whether they were functioning effectively and to determine whether modifications were necessary. The Board of Directors intends to conduct annual evaluations in the future.

Meetings and Committees

Since December 1, 2005, the date on which our current Board was constituted, our Board of Directors held one meeting during the remainder of our 2005 fiscal year. It was held on December 1, 2005 solely for the purpose of effecting organizational matters pertaining to the merger and, accordingly, did not include an executive session of the non-management directors. Because they were not notified of the meeting, Messrs. Ford and McNulty did not attend the December 1, 2005 meeting. They subsequently waived notice. Each of our other incumbent directors attended the December 1, 2005 meeting. To date there have been three board meetings in 2006. Each of our incumbent directors has attended each of those meetings with the exception of Mr. Shapiro who was unable to attend one meeting. As a matter of Board policy, it is expected that each director will be available to attend substantially all of the meetings of the Board and any committees on which the director serves. Our Board of Directors has three standing committees, each of which is described below.

Because NYSE Group did not conduct any significant activities other than those incident to its formation and was not a publicly traded company during fiscal 2005, it did not need Board committees in 2005, and it did not have any. The following Board committees were formed on or before March 7, 2006, the date the merger was completed. On April 7, 2006, Mr. McNulty joined the Audit Committee and Mr. Ford joined the Human Resources & Compensation Committee. All of the independent directors were members of the Nominating & Governance Committee prior to April 6, 2006, when that committee was reconstituted with the membership specified below.

Audit Committee

Members: James S. McDonald (Chair), James J. McNulty, Robert B. Shapiro and Karl M. von der Heyden

All members of our Audit Committee are financially literate. Messrs. Shapiro and von der Heyden have been determined to be "audit committee financial experts" as defined by SEC rules. Mr. von der Heyden currently serves on the audit committees of five public companies. It is anticipated that by the end of June 2006, Mr. von der Heyden will conclude his service on two of the other public audit committees. In accordance with the NYSE listing standards, the Board has determined that this simultaneous service does not impair Mr. von der Heyden's ability to effectively serve on our Audit Committee. The Board of Directors has adopted an Audit Committee Charter which is attached to this proxy statement as Annex B and available on our website at www.nyse.com.

From March 7, 2006 to date, our Audit Committee has met twice. Both meetings included executive sessions and private sessions with management and private sessions with our independent auditors. The Audit Committee's responsibilities under its charter are described in detail in the report of the Audit Committee that is included in this proxy statement below under *Report of the Audit Committee*.

Human Resources & Compensation Committee

Members: William E. Ford, Shirley Ann Jackson, Alice M. Rivlin, Robert B. Shapiro (Chair), and Edgar S. Woolard, Jr.

The Human Resources & Compensation Committee has adopted a Compensation Committee Charter which is available on our website at www.nyse.com. From March 7, 2006 to date, our Human Resources & Compensation Committee has met once. The Human Resources & Compensation Committee's responsibilities under its charter are described in the report of the Human Resources & Compensation Committee that is included in this proxy statement under *Report of the Human Resources & Compensation Committee*.

Nominating & Governance Committee

Members: Marshall N. Carter, James J. McNulty, Alice M. Rivlin (Chair) and Karl M. von der Heyden

The Nominating & Governance Committee has adopted a Nominating & Governance Committee Charter which is available on our website at www.nyse.com. The Nominating & Governance Committee's responsibilities under its charter are described in the report of the Nominating & Governance Committee that is included in this proxy statement under *Report of the Nominating & Governance Committee*.

In identifying and recommending nominees for positions on the Board of Directors, the Nominating & Governance Committee places primary emphasis on the criteria set forth in our Corporate Governance Guidelines and Candidate Nomination Policy, which contain the minimum qualifications that nominees must meet in order for the Committee to recommend them to the Board, including independence, skills, experience, business understanding and available time.

The Committee considers each nominee on his or her individual merits, taking into account the needs of NYSE Group and the composition of the Board of Directors. Members of the Nominating & Governance Committee discuss and evaluate director candidates and may employ outside consultants to help identify director candidates.

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The Nominating & Governance Committee will consider nominees recommended by stockholders, listed companies, member organizations and public investors. The Candidate Nomination Policy is attached to this proxy statement as Annex D and provides a process for consideration of nominees recommended by stockholders.

From March 7, 2006 to date, our Nominating & Governance Committee has met once, as described in greater detail in the report of the Nominating & Governance Committee that is included in this proxy statement under *Report of the Nominating & Governance Committee*.

Meeting of Non-management Directors

Our non-management directors will meet regularly in executive session without management participation, as required by the NYSE listing standards. Marshall N. Carter will be the director presiding at these meetings.

Employee Complaint Procedures for Accounting, Internal Accounting Controls or Auditing Matters and Procedures for Communications with the Chairman of the Board

We have adopted a policy (1) to enable any employee of the NYSE Group who has a good-faith complaint regarding the NYSE Group's accounting, internal accounting controls or auditing matters to communicate that complaint directly to the Audit Committee, and (2) to enable anyone who has a concern about NYSE Group to communicate that concern directly to the Chairman of the Board of NYSE Group. Such communications may be made on a confidential or anonymous basis and may be emailed, submitted in writing or reported by phone. Employees with complaints regarding accounting matters may report them to the NYSE Group General Counsel, Richard P. Bernard, by mail to NYSE Group, Inc., 11 Wall Street, New York, NY 10005 or by email to rbernard@nyse.com, or through EthicsPoint, a third-party anonymous and confidential reporting website (www.ethicspoint.com) and telephone hotline (866-294-4493). Anyone wishing to communicate concerns to the Chairman of the Board, Marshall N. Carter, may mail him at the foregoing NYSE Group address or email him at mcarter@nyse.com or, alternatively, may forward their concerns through the General Counsel or Ethicspoint.

EXECUTIVE OFFICERS

Executive Officers and Significant Employees

The only member of our senior management team who also serves as a director of NYSE Group is John A. Thain, our Chief Executive Officer. The following table sets forth information about our senior officers.

Name	Position
John A. Thain	Chief Executive Officer
Catherine R. Kinney	President and Co-Chief Operating Officer
Gerald D. Putnam	President and Co-Chief Operating Officer
Richard P. Bernard	Executive Vice President and General Counsel
Dale B. Bernstein	Executive Vice President of Human Resources
Nelson Chai	Executive Vice President and Chief Financial Officer
Margaret D. Tutwiler	Executive Vice President of Communications and Government Relations

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and Other Directorships
Catherine R. Kinney	54	Mrs. Kinney is president and Co-Chief Operating Officer of NYSE Group. From January 2002 to March 7, 2006, Mrs. Kinney served as president and Co-Chief Operating Officer of the NYSE. Prior to that time, Mrs. Kinney served as group Executive Vice President of the NYSE since June 1995, overseeing the NYSE's competitive position and relationships with its listed companies, member organizations and institutions as well as ETFs and Fixed Income divisions. Prior to that, since 1986, she was responsible for managing trading-floor operations and technology. Joining the NYSE in 1974, Mrs. Kinney has worked in several departments, including regulation, sales and marketing, and technology planning.
Gerald D. Putnam	47	Mr. Putnam is President and Co-Chief Operating Officer of NYSE Group. Mr. Putnam was co-founder, Chairman of the Board of Directors and Chief Executive Officer of Archipelago. In 1994, Mr. Putnam founded Terra Nova Trading, L.L.C. and served as its president until 1999. Previously, he held positions with financial institutions such as Walsh, Greenwood & Co., Jefferies & Company, Inc., PaineWebber Incorporated, Prudential Financial, Inc. and Geldermann Securities, Inc. Mr. Putnam currently serves on the Management Committee of TAL Financial Services, LLC, of which Terra Nova Trading, L.L.C. is a wholly owned subsidiary. Mr. Putnam also serves as the Chief Executive Officer and Chairman of the Board of Directors of NYSE Arca.
Richard P. Bernard	55	Mr. Bernard is Executive Vice President and General Counsel of NYSE Group. Mr. Bernard is also responsible for the administrative supervision of the NYSE Group's corporate audit and regulatory quality review functions. From January 1, 1996 to March 7, 2006, Mr. Bernard served as Executive Vice President and General Counsel of the NYSE. Prior to 1996, Mr. Bernard served as senior advisor to the Russian Commission on Securities and the Capital Market and, before that, as partner-in-charge of the Moscow Office of the law firm of Milbank, Tweed, Hadley & McCloy LLP. Prior to his assignment in Moscow, Mr. Bernard served for 16 years as outside counsel to the NYSE while an associate and later as partner at Milbank, Tweed, Hadley & McCloy LLP. Mr. Bernard has given notice that he intends to retire effective July 1, 2006.

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Dale B. Bernstein 51 Ms. Bernstein is Executive Vice President of Human Resources of NYSE Group. Ms. Bernstein was named Executive Vice President of Human Resources of the NYSE in January 2006, and was named Senior Vice President of Human Resources & Corporate Services of the NYSE in February 2004. Ms. Bernstein is also responsible for the administrative oversight of the NYSE ethics function. Ms. Bernstein has been employed with the NYSE since 1986. Prior to joining the NYSE, Ms. Bernstein held various human resources management positions at RCA Corporation.

Nelson Chai 40 Mr. Chai is Executive Vice President and Chief Financial Officer of NYSE Group. Prior to the merger, Mr. Chai was the Chief Financial Officer of Archipelago since June 2000. Prior to joining Archipelago in June 2000, Mr. Chai was Senior Vice President of Business Development and a member of the Executive Committee of Dade Behring, Inc., a leading manufacturer of medical diagnostics products. He joined Dade Behring in 1997 as corporate vice president of worldwide field finance, where he was responsible for the finance organization for all company business operations.

Margaret D. Tutwiler 55 Ms. Tutwiler is Executive Vice President of Communications and Government Relations of NYSE Group. From July 2004 to March 7, 2006, Ms. Tutwiler was the Executive Vice President of Communications and Government Relations of the NYSE. Ms. Tutwiler was the U.S. Undersecretary of State for Public Diplomacy and Public Affairs from 2003 to 2004. Prior to that, she served as U.S. Ambassador to the Kingdom of Morocco from July 2001 until August 2003 and served in the White House as Assistant to the President and Special Adviser for Communications from January to June of 2001. From 1995 to 2000, Ms. Tutwiler worked in the private sector, first as president of a public-relations firm, then as Senior Vice President for Public Affairs at the Cellular Telecommunications Industry Association in Washington, D.C.

In addition to the aforementioned executive officers, we have determined that Richard G. Ketchum, Chief Executive Officer of NYSE Regulation, performs certain policy making functions with respect to NYSE Group, although he is not an officer or employee of any unit of NYSE Group other than NYSE Regulation, and he reports solely to the NYSE Regulation Board of Directors. Set forth below are the age and biographical information of Mr. Ketchum.

Name	Age	Present Principal Occupation or Employment, Five-Year Employment History and Other Directorships
Richard G. Ketchum	55	Mr. Ketchum is the Chief Executive Officer of NYSE Regulation. During the two years preceding the merger of the NYSE and Archipelago, Mr. Ketchum was the Chief Regulatory Officer of the NYSE. From June 2003 to March 2004, he was General Counsel of the Corporate and Investment Bank of Citigroup, Inc., and a member of the unit's planning group, Business Practices Committee and Risk Management Committee. Previously, Mr. Ketchum spent 12 years at the NASD and the Nasdaq Stock Market, Inc. ("Nasdaq"). He served as president of Nasdaq for three years and president of NASD for seven years.

Employment Contracts and Change of Control Arrangements

Employment Agreement with John A. Thain

Mr. Thain, our Chief Executive Officer and a member of our Board of Directors, is engaged pursuant to letter agreements with NYSE to serve at an annual base salary of \$4,120,000. Under these letter agreements, Mr. Thain irrevocably waived his right to participate in any employee benefit plans, programs or arrangements of the NYSE, other than participation in the medical, dental, vision and short-term disability benefit plan portions of the NYSE's welfare benefit plan and the executive medical spending program. Mr. Thain is not eligible for an incentive award and does not participate in the Capital Accumulation Plan ("CAP"), the Supplemental Executive Retirement Plan ("SERP"), the Supplemental Executive Savings Plan ("SESP"), the Employee Savings Plan (as defined below) or the Retirement Plan for Eligible Employees of the NYSE (the "Retirement Plan"). In addition, Mr. Thain has agreed to defer \$120,000 of his annual base pay each year, and the NYSE has agreed to credit Mr. Thain with a deemed matching contribution equal to \$120,000 per year, all to be invested in the vehicles delineated under SESP. This money may be withdrawn only after Mr. Thain reaches age 60.

Mr. Thain disclosed his then existing equity securities holdings to the NYSE in the letter agreements. Consistent with his responsibilities under the Code of Ethics and Business Conduct, the letter agreements reiterate his obligation to recuse himself from matters pertaining to his former employer, The Goldman Sachs Group, Inc. The NYSE employee ethics statement precluded (and our employee ethics statement precludes) employees from owning equity securities of member organizations and requires new employees to divest any of these securities within six months of employment. At the time that he accepted the position of chief executive officer, Mr. Thain had significant holdings of The Goldman Sachs Group, Inc. equity securities. The NYSE Board of Directors determined to waive the divestiture requirement and, instead, to require Mr. Thain to place the securities in a blind trust.

Our Board of Directors intends to propose to Mr. Thain an amendment to his letter agreements that would reduce his annual base salary to \$750,000, create performance-based incentive compensation with cash and equity targets totaling \$5.25 million, for a total compensation target of \$6.0 million, and cause him to participate in the benefit plans currently available to senior executives.

Letter Regarding Mrs. Kinney's Supplemental Executive Retirement Plan Benefits

The minimum SERP benefits established for Mrs. Kinney are documented in a letter. If Mrs. Kinney terminates employment at age 55, she will receive a life annuity under the SERP equal to \$1,000,000 per year, which will increase ratably each year until the life annuity reaches \$1,250,000 per year at age 60, at which point she will continue to receive \$1,250,000 per year. The present value of the SERP benefit will be paid in ten annual payments in accordance with the terms of the SERP, as soon as practicable after the date of retirement. In addition, if Mrs. Kinney terminates employment prior to age 55, she is vested in \$900,000 per year payable as a life annuity commencing at age 55. These amounts are offset by Social Security benefits beginning at age 62.

Change-In-Control Severance Agreements

Prior to the merger of the NYSE and Archipelago, Archipelago had entered into employment or change-in-control severance agreements with each of Messrs. Putnam, Chai and Kevin J.P. O'Hara. Messrs. Putnam and Chai are now President and Co-Chief Operating Officer, and Executive Vice President and Chief Financial Officer of NYSE Group, respectively. Prior to his resignation effective April 12, 2006, Mr. O'Hara was Executive Vice President and Co-General Counsel of NYSE Group. Those agreements provided, among other things, that the unvested equity awards of each of Messrs. Putnam, Chai and O'Hara will vest in the event of their termination.

On December 30, 2005, Archipelago entered into modification agreements, which modified certain payments and vesting that would have otherwise occurred in 2006 following certain terminations after the completion of the merger of the NYSE and Archipelago. The modification agreements were

entered into in order to help ensure (1) the executive officers would remain with the combined company following the merger, (2) compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), which governs the taxation of arrangements that provide for the deferral of compensation, and (3) that certain significant tax-related cost savings for the combined company were achieved. In addition, the agreements helped to harmonize the compensation structure applicable to Archipelago executives after the closing of the merger with the compensation structure applicable to NYSE executives. The NYSE consented to the execution of these modification agreements.

Under the modification agreements, on December 30, 2005, (1) each of the Archipelago executive officers received a cash payment in lieu of the cash severance amount otherwise payable pursuant to the executive officer's employment agreement or change-in-control severance agreement, as applicable, and (2) each of their Archipelago restricted stock units fully vested in lieu of the accelerated vesting otherwise provided under such equity awards. In addition, the modification agreements provided that, immediately prior to the closing of the merger, up to 75% of the unvested stock options held by each of the executive officers would vest.

In the case of Mr. O'Hara, the remainder of his stock options vested upon his termination of employment in accordance with the terms of his change-in-control severance agreement.

The table below sets forth the amounts provided by the modification agreements:

	Cash Payment	Restricted Stock Options Vesting	Options Vesting
Gerald D. Putnam	\$ 7,875,000	135,893	303,234
Nelson Chai	\$ 2,250,000	52,906	87,778
Kevin J.P. O'Hara	\$ 2,250,000	52,906	87,778

Legal Proceedings Involving Directors, Officers, Affiliates or Beneficial Owners

Matters Relating to John A. Thain

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

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

On March 15, 2006, Sylvia Lief, another former NYSE member who is represented by the same law firm as plaintiff Janet Hyman, filed a similar complaint in New York Supreme Court against the NYSE and Mr. Thain that also seeks compensatory damages for alleged breach of fiduciary duty based on a purported duty of defendants to disclose NYSE's merger discussions with Archipelago prior to Lief's sale of her NYSE membership on March 2, 2005.

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

Matters Relating to Gerald D. Putnam

Mr. Putnam, our President and Co-Chief Operating Officer, is currently, or was, involved in the following legal proceedings. Archipelago had also been a party to each of the matters described below; however, subsequently, Archipelago has been dismissed from each matter.

Borsellino Litigation. In September 2000, plaintiffs Lewis Borsellino, a former business partner of Mr. Putnam and equity holder in Chicago Trading and Arbitrage ("CTA"), and I.M. Acquisitions, L.L.C., an entity owned by Mr. Borsellino, filed a complaint in Illinois State Circuit Court naming Mr. Putnam and other former members of CTA as defendants. The complaint alleged that Mr. Putnam and the other defendants secretly diverted assets of CTA to their other business ventures. The complaint also alleges that a 1998 Settlement Agreement between the parties addressing these allegations was based on fraud, and that the defendants violated their fiduciary duties with respect to plaintiffs by allegedly failing to disclose material information during the 1998 settlement negotiations. Archipelago, L.L.C. (the predecessor company to Wave Securities, L.L.C.) was also named as a defendant in this action although it was never a member of CTA.

On April 11, 2001, the court dismissed Archipelago L.L.C. and the other defendants with prejudice from the September 2000 complaint. In May 2001, the plaintiffs filed a motion to vacate the court's dismissal order and for leave to file an amended complaint against the original defendants.

In November 2001, the court granted the plaintiffs' motion and allowed the plaintiffs to file their amended complaint against Mr. Putnam and the other defendants, except Archipelago L.L.C.

On January 16, 2002, the plaintiffs filed a second amended complaint that seeks compensatory and punitive damages in excess of \$80.0 million, as well as reimbursement of attorneys' fees and the cost of litigation.

On March 24, 2004, the plaintiffs filed a motion for leave to file a third amended complaint, which, if granted, would replace the second amended complaint. On April 28, 2004, the defendants filed a motion in opposition to the plaintiffs' motion for leave to file a third amended complaint.

In addition to the litigation described above, on March 23, 2004, the plaintiffs filed a separate complaint against Archipelago Holdings, L.L.C. and "ArcaEx" alleging, among other things, unjust enrichment in connection with the alleged activities of the CTA member defendants, including Mr. Putnam. On September 14, 2004, the Illinois Circuit Court entered an order dismissing both Archipelago Holdings L.L.C. and "ArcaEx" from this litigation with prejudice.

Lozman Litigation. Archipelago L.L.C., Archipelago Holdings, L.L.C., Terra Nova Trading, L.L.C. ("TNT"), an investor in Archipelago and Mr. Putnam, were named as defendants in a civil action filed in the Circuit Court of Cook County, Illinois, on August 9, 1999. One plaintiff, Fane Lozman, is a former business associate of Mr. Putnam, and another plaintiff, Blue Water Partners, Inc., is a corporation owned by Mr. Lozman. Mr. Putnam was at one time its president. The wrongful conduct alleged in plaintiffs' complaint predates Archipelago's formation in December 1996. Plaintiffs alleged that Archipelago (i) breached a joint venture agreement with the plaintiffs, (ii) engaged in corporate oppression in violation of Illinois law, (iii) usurped corporate opportunities belonging to the plaintiffs in the form of the plaintiffs' "ideas" concerning electronic communication networks, electronic trading and electronic stock exchanges, (iv) breached duties of good faith and fair dealing, and (v) conspired with the other defendants to injure the plaintiffs. The lawsuit seeks, among other relief, money damages, an accounting and the imposition of a constructive trust on all property, benefits, profits and unjust enrichment the defendants have received and will receive by virtue of the alleged wrongful acts.

We believe these claims relate only to TNT's ownership in Archipelago and any direct or indirect interest of Mr. Putnam, Stuart Townsend and MarrGwen Townsend in Archipelago.

The Circuit Court dismissed all of the plaintiffs' claims against Archipelago on March 20, 2000. In April 2002, the Appellate Court of Illinois affirmed the Circuit Court's order of dismissal, except that it determined that it did not have appellate jurisdiction to review the dismissal of the plaintiffs' claims against Archipelago for usurpation of corporate opportunities, which contend that Archipelago is derivatively liable for the conduct of the remaining defendants.

With regard to the remaining claims against Mr. Putnam and TNT, a trial by jury commenced in November 2004. On December 16, 2004, the jury rendered binding verdicts on the oral and written contract claims and found that Mr. Putnam and TNT were not liable. The jury also found that the releases executed in 1995 by and between the plaintiffs and Mr. Putnam and TNT, were valid and enforceable. As for the claim that Mr. Putnam breached his fiduciary duty to the plaintiffs, the jury issued an advisory verdict to the judge in which it determined that Mr. Putnam and TNT, had usurped a corporate opportunity in violation of his fiduciary duties. The jury also answered a non-binding special interrogatory in which it valued the usurped opportunity at \$2.5 million. However, the judge determined that because plaintiffs' fiduciary duty claim is equitable in nature, the judge, rather than the jury, would make the final, binding determination as to Mr. Putnam's liability under this claim and the amount of damages. On July 25, 2005, the court entered a final judgment in favor of Mr. Putnam and the other defendants on all counts including the plaintiffs' claim of usurpation of corporate opportunity and breach of fiduciary duty.

COMPENSATION

NYSE Group Director Compensation and Indemnification

NYSE Group directors, other than our Chairman and our Chief Executive Officer, are entitled to an annual fee of \$75,000. The Chairman of the Board is entitled to an annual fee of \$250,000. No NYSE Group director is entitled to receive an annual fee except upon request. NYSE Group directors are also reimbursed for their out-of-pocket travel expenses. During 2006, the Board of Directors plans to implement an equity compensation plan for directors.

The NYSE Group Bylaws provide indemnification to NYSE directors and others against liability arising from their service to the full extent permitted by law. NYSE Group has obtained a directors' and officers' liability insurance policy.

Executive Compensation

NYSE Group was created in 2005 for the purpose of consummating the merger of the NYSE and Archipelago. Prior to the completion of the merger on March 7, 2006, NYSE Group conducted no significant business. Thus, for the past three fiscal years, NYSE Group's officers and directors were not compensated by NYSE Group, but rather by either the NYSE or Archipelago, as and to the extent indicated below. The table below sets forth for the last three fiscal years the compensation of the Chief Executive Officer of NYSE Group and the other four most highly compensated executive officers who served as officers of NYSE Group during 2005 and who were serving as officers of the NYSE or Archipelago at the end of the last completed fiscal year.

Summary Compensation Table

Name and Title	Year	Annual Compensation⁽¹⁾	Long Term Compensation⁽¹⁾
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