

## MANAGEMENT DISCUSSION SECTION

Operator: Please stand by, we're about to begin. Good day, everyone, and welcome to the NASDAQ OMX Third Quarter 2009 Earnings Results Conference Call. Today's conference is being recorded.

At this time, I would like to turn the conference over to the Vice President of Investor Relations, Mr. Vincent Palmiere. Please go ahead, sir.

### Vincent Palmiere, Investor Relations

Thank you, operator. Good morning, everyone, and thank you for joining us today to discuss NASDAQ OMX's third quarter 2009 earnings results. Joining me are Bob Greifeld, our CEO; Adena Friedman, our Chief Financial Officer, and Ed Knight, our General Counsel. Following our prepared remarks, we'll open up the line for Q&A.

You can access the results press release and presentation on our Investor Relations website at [www.nasdaqomx.com](http://www.nasdaqomx.com). We intend to use the website as a means of disclosing material non-public information and for complying with disclosure obligations under SEC Regulation FD, and these disclosures will be included under the Events and Presentations section of the website.

Before I turn the call over to Bob, I want to remind you that certain statements in the prepared presentation and during the subsequent Q&A period may relate to future events and expectations, and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The actual results might differ materially from those projected in these forward-looking statements. Information concerning factors that could cause actual results to differ from forward-looking statements is contained in our press release and in our periodic reports filed with the SEC.

And with that, I'll turn it over to Bob.

### Robert Greifeld, Chief Executive Officer

Thank you, Vince, and I thank everybody for joining us this morning to discuss our third quarter 2009 results. I will take a few minutes to highlight some key accomplishments during the quarter, and then update you on the progress of our organic growth initiatives. Adena Friedman, our CFO, will then walk you through the financial results in detail.

Today, we reported net income of \$60 million or \$0.28 per diluted share. However, on a non-GAAP basis, net income was \$89 million or \$0.42 per share. These results were achieved with headwinds in our cash equity business from both a capture and a volume point of view. During the call today, I want to emphasize that we have taken actions to address these issues, and as we exited the third quarter we saw noticeable improvements in many of the drivers of our cash equity business.

Additionally, we made some changes to our trading fees that increases our capture rate, which is intended to increase revenue by as much as \$15 million, assuming market share and volume constant with October levels in the fourth quarter. Adena will walk you through the specifics of each change in more detail.

On another positive note, we do continue to see improvements in key market trends in all of our U.S. and European marketplaces. This quarter we saw our U.S. cash equity market share continue to improve, and at 25% is nearing levels that we haven't seen since February.

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Additionally, I have spoken with you before about how we were shifting the mix of our businesses by balancing our fee-based businesses with trading services. This shift can be seen in the growth of our access services business during the quarter, where for the first time access services was higher than our transaction revenue business. We grew from 32 million to 36 million, and we do anticipate additional growth in this business in the fourth quarter.

Within U.S. equity options, the average daily volume matched by our systems is improving with October ADV at 2.8 million contracts, up roughly 12% from the ADV of 2.5 that was realized in July and August.

In Nordic cash equities, overall the market has realized a broad recovery with the OMX30 index up 43% year-to-date. In October, we registered the highest level of activity for the calendar year in both the value traded and the number of trades, as value traded reached €56 million.

With the recent launch of CCP in the Nordics this past month we will continue to drive growth, while expecting increases in trading velocity. And during this activity, we're pleased to report that our market share has remained around 85%. This is the highest of any of the established European exchanges.

Finally, in the Nordics, we are moving forward with the conversion of trading to the INET platform, which we expect to complete in early December.

Turning to Nordic derivatives. Volumes are also at the highest levels of the year, reaching 12.9 million contracts, up from an average of 10 million for the third quarter of 2009. Growth from new fixed income contracts remains strong and we're continuing the steady migration of EDX contracts to our Nordic platform, which is expected to be completed in the fourth quarter.

In our Issuer business, we are beginning to have a real pickup of new listings as companies are returning to the public markets to raise capital. The number of IPOs has increased, as has the number of secondary listings. IPOs grew to 10 in October, registering a total of 25 year-to-date and representing significant growth following the three IPOs during the first six months of 2009. Overall new listings grew to 23 in October, registering a total of 99 year-to-date.

As many of you are aware, we continue to be highly successful with switches from markets that comprise the NYSE, with seven in the third quarter alone, including R.R. Donnelley, Mattel, and TriMas. Year-to-date, we've captured 18 switches totaling 135 billion in global market cap, with Vodafone being among the most recent. Truly it's a milestone event when a company with a global market cap over \$100 billion switches to the NASDAQ stock market.

Our IPO wins and the success of our switch program are being driven by our corporate services program, the value of which is increasingly the differentiating factor in company listing decisions.

Within Market Technology, we continue to have a healthy pipeline of orders from new clients and from existing partners. Our most recent partners include the Osaka Securities Exchange and the Kuwait Stock Exchange. These are multi-year major contracts which will significantly drive the profitability of Market Technology in the quarters to come. And we are continuing our discussions with BM&FBOVESPA regarding a possible technology cooperation agreement.

I'd like to turn my attention now to our new initiatives.

At BX, the second cash equity market that we launched earlier this year, market share and volume has continued to improve. During the third quarter, BX's market share of U.S. cash equities was 2.7%, up 1% from the second quarter of 2009. Even more impressive than that is the fact that share continued to grow in October and averaged 3.7% with volume averaging 340 million shares per day. This growth continued following our price change at the beginning of September, when we

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shifted our fees to a positive capture rate and this will have a positive impact on our fourth quarter revenue.

With respect to NASDAQ Options Market, we revised fees at the beginning of the second quarter, increasing our average capture rate per contract from \$0.01 to more than \$0.10 per contract. And we are pleased obviously to see our market share remain stable as we moved away from the incentive pricing structure that was in place during the second quarter.

Given the success of BX and NOM, they now have become core to our business operations and will be reported as such in the future quarters. They no longer belong in the new initiatives column.

With respect to IDCG, our interest rate swap clearing and settlement sub, interest in this initiative continues to grow and we now have over 20 sell-side, buy-side and GSE market participants that have submitted deals worth over \$850 billion of notional value into our shadow clearing environment, up from 450 billion in the second quarter. As I stated previously, we believe this to be a nine-figure revenue opportunity, and during Adena's prepared remarks she will outline the size of the market.

On the regulatory front, we are pleased with the passage of bills from the House Financial Services Committee and the House Agriculture Committee, and are thankful to Chairman Franks and Chairman Peterson for showing leadership as they shepherded the bills through their respective committees.

With respect to our efforts in Norway, in the quarter we were able to grow our share to 2.4% on Norwegian cash equities. A major event occurs in November when we launch CCP for Norwegian securities. We believe this will provide members with the benefit of lower trading costs and should result in increased trading velocity.

With respect to our efforts in the U.K. power market, our planned launch is proceeding towards its November date. This market initially will be a spot market whose objective is to establish a transparent price for U.K. power. We have strong industry support and are working with 19 firms to be on board at the launch date. These firms include major power producers such as German-based producers RWE and E.ON; the French utility, EDF; ScottishPower; and SSE, Scottish and Southern Energy, and all those are among the Big Six in U.K. power.

With respect to our London-based MTF, we continue to grow market share as it recently reached more than 1.5% of Pan-European market share, double the average share realized during the third quarter. Our share of the FTSE 100 and the CAC 40 routinely exceeds 2.25% market share. We are clearly pleased with that progress.

Now as we look towards 2010, we obviously we'll be looking at new initiatives beyond what we have in the pipeline today. We currently have three exchange licenses – NASDAQ, BX and PHLX – and there are two ways to leverage each of these assets, either by creating a listings market or launching a trading venue. With NASDAQ, we of course have both.

With BX in January, we successfully launched our BX trading market, and last month we announced our plans to launch a BX listing venue. Pending SEC approval, this market is designed for small companies that aspire to list on a regulated market. With this new market, we believe that we are filling a necessary need for a well-regulated listing venue for companies that otherwise would transfer to or remain on an unregulated or lightly regulated platform.

Finally, with our PHLX license, we are launching a new trading platform and are excited to be leveraging our existing technology to introduce new innovations to the marketplace. This market will be a price/size priority market, and we are working with the SEC to gain approval with the intention of launching it in the second half of 2010.

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So in conclusion, we feel very good about the progress of our existing businesses. We feel quite pleased with the fact that we are gaining market share in our U.S. cash equity business. We see that each and every one of our core businesses is now experiencing some macroeconomic tailwinds, which we're grateful for, and we like our positionings.

With respect to our new initiatives, our track record is very strong. We are proud to have witnessed the growth of NOM and BX, and we certainly have great hope and expectations for the initiatives that I've previously stated.

At this point, I'll turn the call over to Adena.

**Adena T. Friedman, Executive Vice President, Corporate Strategy and Chief Financial Officer**

Thanks very much, Bob, and good morning, everyone. Thanks for joining us today. Today we reported that net income for the third quarter on a GAAP basis was \$60 million or \$0.28 per diluted share. The GAAP results include a debt conversion charge, merger-related expenses and other expenses and charges that are non-operational in nature. Excluding these items, our non-GAAP net income for the third quarter of 2009 was \$89 million or \$0.42 per diluted share, a decrease when compared to pro forma non-GAAP net income of \$108 million or \$0.51 per diluted share for the third quarter of 2008.

Reconciliations of GAAP to non-GAAP results can be found in the attachments to our press release and in the presentation that's available on our website at ir.nasdaq.com. Throughout my remarks, I will refer to several slides in the presentation so you may want to have it open to follow along.

Consistent with our prior calls, the remainder of my comments will address our non-GAAP results unless I note otherwise. The GAAP to non-GAAP reconciliation can be found starting on Slide 17 of the presentation. Since much of the detail regarding our results is included in the press release, I'll quickly highlight a few important points for the quarter before moving on to other developments.

Net exchange revenues were \$349 million, a decrease of \$62 million or 15% year-over-year. Of this decline, approximately \$14 million or 23% of the variance is related to changes in the exchange rates of the various currencies as compared to the U.S. dollar. The remainder of the decline is primarily due to fee reductions for U.S. cash equity trading and lower matched share volume. As Bob mentioned, our market share has been improving, and we've also taken steps to address the decline in fees, which I'll discuss in more detail later in my remarks.

Total expenses were \$197 million, representing a decline of 25 million or 11% from \$222 million in the third quarter of 2008. The primary driver of our expense reductions are synergies resulting from the successful integrations of OMX and PHLX. Also contributing to the expense decline is the favorable impact of FX, which had the effect of reducing operating expenses by \$10 million in the third quarter of 2009 when compared to the third quarter last year. For a more complete bridge of our expenses from Q3 '08 to Q3 '09, please refer to Slide 13 in the presentation.

Operating income was \$152 million for the quarter with operating margins coming in at 44%. Net interest expense in Q3 '09 was \$23 million, consistent with net interest expense for the third quarter of 2008 and the second quarter of 2009.

And finally, on the income statement, the effective tax rate for Q3 2008 (sic) [Q3 2009] was 32%, slightly below our normalized rate of 33%.

Now, turning briefly to the balance sheet, I would like to direct you to Slide 14 in the presentation.

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Cash, cash equivalents and financial investments at quarter-end were approximately \$781 million. Of this amount, approximately 405 million is reserved for regulatory requirements, down from 618 million at year-end 2008.

Year-to-date cash flow from operations was approximately \$219 million, and year-to-date capital spending was \$46 million, of which 15 million came in the third quarter.

Our total debt obligations at the end of the quarter were \$2.089 billion, reflecting a decline in the total principal amount of our debt obligations of \$452 million from 2008 year-end. Consistent with our plan to reduce debt, we paid down \$112 million of our term loan during the quarter, bringing us to a total repayment of \$225 million for 2009 year-to-date. Also at the end of the third quarter, Silver Lake converted all of their 3.75% convertible notes into common equity, reducing our outstanding debt obligations by \$119 million.

As I think that we've demonstrated to you through our actions in 2009, we continue to take prudent steps to manage our balance sheet. Our progress is evidenced by the fact that we now have a very respectable net debt to LTM EBITDA ratio of 2.17 times, which is consistent with other peers in the industry.

Now looking forward, there are a number of recent developments that will impact results for the fourth quarter, and I'll review these in detail to ensure that you understand the impact of each to our financial statements.

As I mentioned earlier, we've taken steps that we believe will have a positive impact on revenues in Q4 and on a going-forward basis in the U.S. cash equities business. They include a change in our BX pricing at the beginning of September to move the capture rate from a negative net capture of \$0.06 per 100 shares to a positive capture of \$0.02 per 100 shares. Since the positive capture rate was in place for only one month in the quarter, there will be a positive impact to revenues for Q4. And based on October activity levels, this will result in approximately \$9 million of additional revenues over Q3.

Secondly, earlier this week on November 2, we introduced a revised fee structure for trading on NASDAQ. The new rates raise the take fee for high volume customers to \$0.28 per 100 shares, up from \$0.27, while routing fees were increased to \$0.29 from \$0.26. This reflects a modest change to fees introduced on July 1. And assuming volume and market share remain consistent with October levels, the expected two-month impact is \$3.5 million and full quarter net impact is approximately \$5 million.

And in the third quarter, we recognized revenue of \$36 million in access services, up four million from the second quarter of 2009. This increase is primarily driven by revised fees that we introduced during the third quarter. When combining the full quarter impact of the Q3 change with increased demand for colocation services, we expect access services revenues to continue to grow by two to \$3 million during the fourth quarter to approximately \$38 to \$39 million.

In other parts of our business, we are also experiencing strong business metrics in the fourth quarter. Specifically, in our Market Technology business, we currently have nearly 100% of our fourth quarter revenues fully committed under contract, and therefore, we can expect revenues to be consistent with our Q3 performance.

Now turning to one of our growth initiatives, Bob referred to our investment in the interest rate swaps market.

Slide 11 of the presentation contains specific industry information regarding the total size and average turnover in the market. As of December 2008, it was estimated that the total notional value of U.S. dollar denominated interest rate swaps was \$328 trillion. Using April 2007 data, the most

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recent data that is available through the Bank for International Settlements' website, the average daily turnover is 0.44% of notional value. If you assume that the average clearing fee per contract is \$1 per side for every \$100,000 in notional value, then \$1 trillion of notional value cleared, assuming average turnover, yields total revenue of approximately \$1.8 million per month. When doing the math, you can see why this opportunity has our interest – even as a small percentage of market share can yield a significant revenue opportunity.

Now, turning to some divestitures that were recently announced, we sold two businesses at the end of October, our Carpenter Moore brokerage insurance business and our U.K. Broker Services business. These asset divestitures will not have a material impact on our bottom line in the fourth quarter. However, you should note that there will be a slight loss of revenue and offsetting expenses of approximately \$7 million on a full quarter basis.

And finally, let me touch on our expense guidance. We are updating our 2009 full year expense guidance and now expect total operating expenses to be in the range of 840 million to \$850 million. Including in these figures are approximately \$50 million of non-recurring expenses, up from \$30 million in our prior guidance, thus leading to recurring expenses of 790 million to \$800 million for 2009. This guidance reflects a partial quarter impact of the sale of Carpenter Moore and U.K. Broker Services.

Overall, we feel that we are finishing the year in a stronger position in our U.S. trading business, as well as in the Nordics, with the transformation of the market structure and trading system. And we continue to have tremendous performance in our Market Technology business.

As I wrap up, I would just like to say that it is a true privilege to take on the responsibilities of CFO at NASDAQ OMX, and I'm looking forward to getting to know you in the coming months now that I'm getting settled in the position. Thank you very much.

**Robert Greifeld, Chief Executive Officer**

Thank you, Adena. We're ready for questions now.

## QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator instruction] We'll go first to Rich Repetto of Sandler O'Neill.

**<Q – Richard Repetto>**: Yes, good morning, Bob. Good morning, Adena.

**<A – Robert Greifeld>**: How are we doing, Rich?

**<Q – Richard Repetto>**: Doing okay, doing okay. I guess just on the incremental revenues that you are seeing, or that you expect in 4Q, the only one that I was sort of wanted to ask a question is on BX. Is there any share – we're seeing a little bit of share deterioration even from October. So what's your view that the price sensitivity on your customers to the price change?

**<A – Robert Greifeld>**: Well, I would direct you back to what we call NASDAQ Classic, because that pricing change went in effect November 1 and we have had a slight uptick in market share in the three or four days we've had here. But our comments with respect to the BX revenue we feel very comfortable with.

**<Q – Richard Repetto>**: Okay. And then, I guess – do I get – I think I get a follow-up, right?

**<A – Robert Greifeld>**: Yes, you do.

**<Q – Richard Repetto>**: The one follow-up would be more broad, Bob, on the regulatory front. You get – the SEC are looking at dark pools and putting limits on how much the dark pools can trade and the deeper look into IOIs. I guess I can't see – is this all incrementally positive for you? Is there a negative in here – is there a negative way that some of this stuff could impact you?

**<A – Robert Greifeld>**: Well, I certainly think that it's impossible to predict exactly how regulation would come out, but we're comfortable that the regulatory discussions that are ongoing right now will certainly be a significant net positive to NASDAQ OMX.

**<Q – Richard Repetto>**: Okay. Thanks.

Operator: Our next question today comes from Dan Fannon of Jefferies.

**<Q – Daniel Fannon>**: Good morning.

**<A – Robert Greifeld>**: How are we doing?

**<Q – Daniel Fannon>**: Good, thanks. IDCG continues to appear to be at the top end of your kind of initiatives. And I was just wondering, could you help us understand what the next step is going to be as these customers move from kind of shadow or test clearing to real participants? Is that just waiting for regulatory kind of finality in what they're pushing for or is there something else we should be looking for?

**<A – Robert Greifeld>**: I think there is a multitude of factors driving the different participants in the shadow clearing environment. I believe, certainly at the extreme, people wait for the actual legislation to be put into law. But I think the vast majority of folks will move when they see the contours of how the legislation will play out and feel that there is a high-degree of certainty around that. So the fact that the bills are moving through committee and now will go to the full house – I think the plan right now is the first week of December – is positive for us.

What we're seeing within the shadow clearing environment is the next step where people are meeting each other, where they're putting in contracts against each other and making sure that it then meets in the shadow clearing system and they've integrated into their back office systems and

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the books and records are checking out. So beyond the dollar growth in the third quarter, that was I think the substance growth, that they've taken it to the next level of operational readiness.

**<Q – Daniel Fannon>:** Okay, thank you. And then, Adena, in the slide they break out for Market Technology, discuss segment margins about 14%. Can you remind us what they've been, because I do believe that's an improvement, and then where you think they can go?

**<A – Adena Friedman>:** Sure. I believe in the second quarter we had margins of 12%. And when we first closed on the OMX transaction, it was essentially a breakeven business. So we do continue to show progress in our margins. And we do believe that as we continue to grow the business and achieve our strategic goals, as well as continue to drive operational efficiency in the business, that it can very well be a 30% margin business for us, and that is certainly what we're driving to.

**<Q – Daniel Fannon>:** Great, thank you.

**<A – Adena Friedman>:** Sure.

**<A – Robert Greifeld>:** I think there was a commitment it will be a 30% margin business. I'm looking at Anna Ewing as I say that.

**<A>:** That's the first time we've said it.

**<A – Robert Greifeld>:** Yes.

Operator: And our next question today comes from Roger Freeman of Barclays Capital.

**<Q – Roger Freeman>:** Hello, good morning.

**<A – Robert Greifeld>:** How are we doing, Roger?

**<Q – Roger Freeman>:** Good. I hear you in the background there, Dave?

**<A>:** You did. [inaudible]

**<Q – Roger Freeman>:** Adena's taken all the work out of here, the whole top line's been sold out, fantastic. My two questions. I guess, just broadly the market share trend. So across the total U.S. equity is you're up now – obviously it's early in November, but three months in a row, and so is NYSE, and you look at sort of where that share is coming from and it's been coming out of Direct Edge, it's had about a little bit of decline in internalization.

I'm wondering, are you seeing any change in behavior on the part of customers, maybe around anticipation of changes maybe with respect to flash orders, any change in focus on the part of some of those competitors? And is there anything changing in the competitive environment that makes it more of a trend than a one-off?

**<A – Robert Greifeld>:** Well, I certainly believe that the coming demise of flash orders has changed some behavior in the market. I don't think that's been the biggest contributor or was the factor there. As Roger, as you know, we also have seen a decline in trading and that limited subset of stocks, which was a headwind that we've faced for a period of time. So we have those factors.

But I also believe that when you look at the technology enhancements that we made especially with the INET 2.0 launch and rollout, it's been a positive impact to us and to our customers in terms of them interacting with the market. And clearly BX has given customers a different venue to trade in a different way with a different set of sensitivities, and that's I think an enduring value in them.

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**<Q – Roger Freeman>:** Okay. And then, I guess my second question would be on these new listings venue, can you give a sense on how many – given whatever standards you're considering – how many companies, what kind of market cap on the Bulletin Board that you think would potentially qualify? And then I'm just going to sneak a quick one in, on IDCG, do you have a top five dealer shadow clearing it in?

**<A – Robert Greifeld>:** Let me take the first question. I can't give you an exact number, but let me position the product. The product will be positioned somewhere between the OTCBB/Pinks and NASDAQ Capital Market. So it will be those companies who want to submit to the rigor of a listing standard. These listing standards will obviously be lower, but they will be standards. So as we have canvassed the marketplace to establish the need, we certainly have seen it as a market that numbers in the hundreds of companies that can qualify for this, but that's as far as I want to go.

With respect to your second question, I'm not sure of exactly who is in the top five, but I would say this – we definitely have several dealers who are in the top 10 who are shadow clearing with us.

**<Q – Roger Freeman>:** Okay, thanks.

Operator: Our next question today comes from Mike Carrier of Deutsche Bank.

**<A – Robert Greifeld>:** How are you doing, Mike?

Operator: Mike, your line is open. [Operator Instruction] Okay. We'll move to the next question. The next question comes from Howard Chen of Credit Suisse.

**<Q – Howard Chen>:** Good morning, Bob. Good morning, Adena.

**<A – Adena Friedman>:** Hi.

**<A – Robert Greifeld>:** How are we doing, Howard?

**<Q – Howard Chen>:** Well. How are you?

**<A – Robert Greifeld>:** Good.

**<Q – Howard Chen>:** Good. Bob, we've seen a major competitor go down the route of semi-mutualizing some of their exchange businesses and selling stakes to the dealers, somewhat different than what we've historically seen in the industry. You've always been close to the customer base. I'm curious if you think this has any impact on the competitive landscape?

**<A – Robert Greifeld>:** Well, I think there's a time and a place for it, and you can see it in our endeavors with IDCG. We're trying to do something that has not been done before. We're trying to change a fundamental market structure, and we need to do that in partnership with the customers. As we look to established markets where we currently have 100% equity ownership, it's a more I think nuanced and/or interesting discussion. I think that our fundamental viewpoint is if we bring the products to market that allow our customers to trade – to trade for their customers and trade for their proprietary accounts – and it's effective, then the mutualization question really recedes. So we focus on ensuring that we are delivering the proper product. We think if we do that, we'll be well served.

**<Q – Howard Chen>:** Okay, thanks. And then my follow-up. On the Market Technology business, I guess I've always thought of that business as seasonally stronger in the second and fourth quarters, and this quarter's results were quite stable. So not to get too near-term focused, but is that sequential quarter stability primarily driven by the installation of the two wins you spoke about, and are they at full run rate?

**<A – Robert Greifeld>**: I'll say one thing, and then Adena will handle it. I think it's important to recognize with the Market Technology business, you cannot get too strong a belief in the seasonality. The contracts that we announce tend to be large contracts. So we announce contracts that could have a 40, \$50 million contract value to us over a period of time, and there's natural lumpiness to that. So while there is some broad seasonality, I would not be too focused on that. It's really how are we doing customer by customer.

**<A – Adena Friedman>**: And I would say specifically, looking at – one of your questions was – is some of the revenue coming from the two wins? And the answer is, no. Essentially the revenue comes in once we deliver, and then it starts to essentially accrue or benefit over the life of the contract. So we sign those contracts. We then now have to deliver against them, and then we will be able to enjoy the revenues that come from those contracts over time.

But specific to the third quarter, this year in general, we've had a lot of, what I would call, shorter-term development work that we've been able to accomplish with our clients. We've had a lot of clients who've asked for upgrades, enhancements, and small things that they want to achieve in order to continue to improve with their platforms, make it faster, more flexible. And so, therefore, those types of customer requests tend to be a little bit more stable and a little bit less chunky in nature. So I think this year's really been a big year for enhancements from our clients, and that's what you're really seeing.

**<Q – Howard Chen>**: Great, thanks for the color. And good to hear from you again, Adena.

**<A – Adena Friedman>**: Thank you.

Operator: And our next question comes from Mike Vinciquerra of BMO Capital Markets.

**<Q – Michael Vinciquerra>**: Good morning. First question for Adena just on the expense, as you mentioned, kind of ex some items in the year, you are looking for 790 to 800 for 2009. Is that a decent run rate to think about for 2010, less maybe the – I think you said it was seven million a quarter for the businesses you just sold?

**<A – Adena Friedman>**: I think, Mike, thanks for the question. Generally, we have done I think an excellent job of achieving the synergies from the PHLX and OMX deals, and we've brought down our expenses very aggressively over the last two years, and we've essentially achieved the majority of those at this stage. So we are entering a steady state on expenses. We'll provide guidance on 2010 expenses on our Q4 call. But I can say that we're comfortable with that as our guidance for this year, and I think you can assume that you are going to see a steadier state from us in 2010.

**<Q – Michael Vinciquerra>**: Very good. And then just back on the cash equities in the U.S., can you talk about what is driving the pricing changes? I guess you're calling it NASDAQ Classic. What gives you confidence that it's a good time to actually be raising prices on them – I'm assuming you think the competitive environment's moving more in your favor?

**<A – Robert Greifeld>**: Well, I think as you saw our 2009 develop, we were obviously losing market share. We took certain pricing actions. Many of them were effective, but on others, we were essentially giving away money that wasn't having any impact on customer behavior. So this was a process of fine-tuning the pricing actions that we've taken through 2009. It was done in consultation with our customers. And as I said, so far in November, you can see that the results have been quite positive.

**<Q – Michael Vinciquerra>**: Okay, fair enough. Thank you, guys.

Operator: Our next question today comes from Rob Rutschow of CLSA.

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<Q – Robert Rutschow>: Hi, good morning.

<A – Adena Friedman>: Hi.

<A – Robert Greifeld>: How are we doing, Rob?

<Q – Robert Rutschow>: Good. First question is on the Options Market. You've completed the PHLX transition to new technology. So I'm wondering if you've seen any sort of changes in market participation and spreads there? And secondly, how should we think about any cost saves from quarter-to-quarter, and how that flowed through the quarter?

<A – Robert Greifeld>: Right. Well, one is we're quite proud that the team got that major project completed within 12 months. It was actually exactly 12 months. And I think, I've said on a previous call, that that effort while very positive did have a side effect, and the side effect was that we had new enhancements we wanted to make to the product set that had to go necessarily behind the integration project. So the team right now is hard at work at bringing new functionality to the market which we think will be well received, and we expect to see some of that coming on board in the fourth quarter of 2009, with a major impact in the first quarter of 2010. So we feel very good about that. So that's in process.

Obviously, we are completing the retirement of the old Philadelphia system. It was a fine system, but just a victim of numbers. And within the context of our overall expenses, there will be some decline in the support staff associated with that.

<Q – Robert Rutschow>: Okay, great. Second follow-up question would be on IDCG. Can you talk about how you're positioning that relative to incumbents like LCH, and do you guys anticipate clearing non-dollar denominated swaps?

<A – Robert Greifeld>: Well, our focus clearly is on the dollar swaps at this point in time. It would be reasonable to conclude that, assuming success in the dollar currency, we'll look to expand our viewpoint there. But we want to build upon a solid platform. It's how we've run these businesses through the years.

With respect to the competitive differentiation of IDCG, I think it's important to recognize that we're looking at a new world. So there's nobody really doing exactly what we're endeavoring to do at IDCG. We're clearly trying to create an all-to-all market that allows more participants to be able to compete in this market, while preserving the ability for the established incumbents to obviously provide value to – continue to provide value to their customers.

So we look at the competitive landscape today, and there is nobody who is really doing what we are doing at this point in time. That will change in time, but we clearly have first-mover advantage.

<Q – Robert Rutschow>: Okay. Thank you.

Operator: Our next question comes from David Grossman of Thomas Weisel.

<Q – David Grossman>: Thanks, good morning.

<A – Robert Greifeld>: How are you doing, David?

<Q – David Grossman>: Good, thanks. Just a quick question, Bob, on Europe. I think in your prepared remarks, you said you were pleased with kind of the progress you are making with the MTF. Is there anything you're thinking about doing differently there that may in fact even accelerate

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your ability to gain share there, or are you kind of looking at that as a very deliberate strategy where slow and steady kind of wins the race?

**<A – Robert Greifeld>:** Well, we certainly recognize that we are seen as one of the players who have the ability to kind of ride out the competitive world. And in terms of how we run businesses, it's hard to get too upset with a business that sets volume records on a regular basis. We set two last week. We for the first time matched over a billion euros and that represented, I think in the span of 30 days, almost a 40% increase in that record. So we obviously are continuing to gain traction. We're not anywhere near where we want to be in that marketplace, but the trend line is positive and we're focused. We've got a very capable team on the ground that's building very deep relationships with the customers and they've started to bear fruit.

**<Q – David Grossman>:** Okay. And actually I just wanted to follow-up one thing with you, Adena. You mentioned on a run rate basis that you are – the fourth quarter is a reasonable benchmark at least to start thinking about '10. Are there – is it basically a bunch of puts and takes that gets you to the same place, or is just the base kind of where it needs to be right now to support the revenue levels that you're thinking about over the next 12 months?

**<A – Adena Friedman>:** I think I would say that – I don't want to be abundantly clear – I do want to be somewhat clear. I didn't specifically say that the fourth quarter is the run rate going into next year, but what I did say is we've substantially achieved our synergies. We have a couple of additional things that will continue to drive us forward, particularly as we implement INET in the Nordics. But generally, there are going to be some gives and takes as we go into next year. We also are going to want to continue to be able to invest in growth initiatives and we'll continue to do that as we did this year. But generally speaking, the expenses that we're seeing right now do reflect the vast majority of the synergies having come into our business at this point.

**<Q – David Grossman>:** Okay, great. Thank you very much.

Operator: And our next question comes from Edward Ditmire of Fox-Pitt Kelton.

**<Q – Edward Ditmire>:** Hey, guys. Just wanted to kind of talk a little bit about the U.S. equity dynamics. Tell me – I think based on your guidance, it looks like we're looking at getting from the \$0.018 per 100 into something that rounds up to maybe back towards \$0.03 per 100 next quarter, maybe somewhere between 2.5 and \$0.03 per 100. So overall since you started this plan, it looks like you're cutting pricing net about 20%. You have about 20 to 25% more market share. So just on the basis of transaction fees, the moves are likely to be accretive and then you should have more U.S. tape data revenue as well.

Any reason to think that the tape data or the U.S. consolidated tape revenue plans should then increase proportionally maybe, and kind of add meaningfully to the revenue run rate that we saw in the third quarter?

**<A – Robert Greifeld>:** I think it's important to note, as we gave the very explicit guidance on where we think the revenue will come out in the U.S. transaction business, that was inclusive of a positive pickup on the market data side.

**<Q – Edward Ditmire>:** Okay.

**<A – Robert Greifeld>:** We have fully contemplated that. And I'd also direct you – a little bit different place on the transaction business. You saw in the third quarter that we had a tipping point where the fixed fee portion of the business exceeded the variable fee. So we grew the access services business from 32 to 36 million. We expect an additional growth in the fourth quarter, as I said in my prepared remarks. But that's been an important focus for us in 2009. It will continue to

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be in 2010. And I think we, as NASDAQ, are uniquely positioned to bring those incremental services to bear, and obviously then have a reduced reliance on the variable part of the revenue.

**<Q – Edward Ditmire>:** And one follow-up question. Do you think that with your higher market share and also some of the pressures that the regulators seem to be putting on the non-displayed market, that perhaps you guys will be better positioned with your own non-displayed products and maybe have some pricing leverage there?

**<A – Robert Greifeld>:** One, we believe the regulatory efforts will work I think to the benefit of the lit markets, and that's probably all I want to say on that. With respect to our reserve orders, which you're getting at, I think it's important to recognize that our reserve orders are only executed after the lit markets are extinguished. So you've got to go through the lit market to get to a reserve order. So we think that paradigm continues post whatever SEC review happens in '09 and '10.

**<Q – Edward Ditmire>:** Thank you.

Operator: We'll go next to Bob Napoli of Piper Jaffray.

**<Q – Robert Napoli>:** Thank you, good morning. Just want to try to be a little bit more clear on the interest rate swap business and when you expect to start generating revenue and how you convert the shadow to live revenue. I mean are you suggesting, Bob, that when the bill passes, the shadow clearing goes live and the 850 billion which is – you're starting to generate near 1.8 million of revenue per month relatively quickly from the current levels? Is that what you're suggesting and --?

**<A – Robert Greifeld>:** Well, I would say this – I'm suggesting that the revenue comes when there is certainty about the legislative actions. So I don't think the market waits till the President signs the bill into law. I think the action comes when there is great certainty around that.

**<Q – Robert Napoli>:** But you're anticipating that what is being shadow cleared now converts to live immediately, at some point no later than when the bill is signed?

**<A – Robert Greifeld>:** Well, we certainly believe that the customers who are putting the business into our shadow clearing environment are doing it with serious purpose in mind, and that or some of the portfolio or all portfolios would be fair game for IDCG to be involved with.

**<Q – Robert Napoli>:** Do you expect that business – the margins to be – is this an investment business for a year or two, or does it start being – is it dilutive to margins, accretive to margins? What are your thoughts around the profitability of that business?

**<A – Robert Greifeld>:** Well, I'll say this – right now, we have a full staff that we've been funding for 2009 and we don't have any revenue. So any revenue would be welcome. But to give you a direct answer, this business will become positive to the bottom line very quickly once it goes live.

**<Q – Robert Napoli>:** Okay. My follow-up is just a little more color on the access services. What is the – could you give a little more color on that business and the margins on that business? And isn't colocation something that maybe is being targeted under regulatory as – maybe have some pressure on the colocation business?

**<A – Robert Greifeld>:** Well, colocation services is part of the access services number and it is a large part of the growth of the access services number. We believe that colocation services, properly managed, represents a positive for the industry. And as we've said before, we've run this business ensuring fair access, and we're going to take it to the extreme level where any customer will get the same experience. That is, a customer who is five feet from the matching engine versus a customer who is 250 feet from the matching engine will have the virtually identical response time

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– we're calling it the virtual 100-foot cable. We've communicated to the regulator how fair we're running this service. So we feel very comfortable with it being an enduring product for us.

Operator: And our next question comes from Jonathan Casteleyn of Susquehanna.

**<Q – Jonathan Casteleyn>**: Hi, good morning. I was just looking for an update on your OMX trading velocity. I think you're running just under 100% recently on your \$500 billion market cap there. And I think at one point investors were thinking about a 300% multiple on trading in Europe. Just wondering, is that still a relevant target and how do you get there? Are there any catalysts to increase the trading multiple there?

**<A – Robert Greifeld>**: I certainly believe it's a worthy budget goal for ongoing in 2010 – there. Clearly, we see upside in the velocity. I think it's apparent to all, and as we go to '10, I think more people will focus on it. And I would again direct you to the fact that we're building the necessary infrastructure for that velocity to increase quite dramatically. The team and the community in the Nordics did a tremendous job moving to central counterparty just last month. We're completing it in Finland later this month. That allows all international players to transact in the Nordics environment with a greatly reduced cost of post rates. So that was the first effort.

The second is, in December, we go live with the INET technology. We're aiming to complete that by the end of the year. That will allow all our international customers who are very familiar with obviously ITCH, OUCH and our FIX to plug into the wall. We have colocation services available for them. In Stockholm, where they're obviously welcome to put their computers where we have a double win, where we make revenue on colocation and obviously have incremental volume from the algorithms that match against that.

So a great growth opportunity for us in 2010. I believe it just has not been recognized by the investment community. It is now clear and present, and I do appreciate your question.

**<Q – Jonathan Casteleyn>**: So, I'm sorry. Is the 300% multiple – is that still relevant do you believe or is there a way to adjust it?

**<A – Robert Greifeld>**: What I want to say is that we have the opportunity to dramatically increase the velocity in the market. We've done the right things in 2009 to create the proper ecosystem for that to happen. But I'm not going to be putting an exact number on it.

**<Q – Jonathan Casteleyn>**: Okay, great. And then just my follow-up. There are several undefined aspects of forthcoming U.S. legislation. Just wondering, can you distill it down to what could be the most impactful, and does it affect your new swaps business or the core equities business?

**<A – Robert Greifeld>**: Well, the legislation part of it affects the swaps business and it's fundamental to it. And as I said, I believe that the market will move as soon as they feel there is legislative certainty. It won't require the President signing the bill into law. On the regulatory side, that's more a U.S. equities issue. So when you think about regulation, it's about U.S. equities. Right now, the swaps is about legislation.

**<Q – Jonathan Casteleyn>**: Got it. Thank you very much.

Operator: Our next question comes from Justin Schack of Rosenblatt Securities.

**<Q – Justin Schack>**: Hi, good morning, everybody.

**<A – Adena Friedman>**: Good morning.

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**<Q – Justin Schack>:** I guess I'll take one more shot at asking the regulatory question in slightly a different way. With respect to the SEC proposals on dark pools, Bob, I know you said you think those are going to be a net positive. But do you see the positive as more hindering the future growth of what happens in the dark, or do you think it'll be a meaningful transfer of activity from dark to lit?

**<A – Robert Greifeld>:** Well, I don't want to make any predictions on that. One is, we don't want to get in front of what the SEC is going to do. But I think there's an increasing awareness that lit markets provide a value to the community as a whole in the development of price formation. And to the extent that too much of the market is dark, then you have the ability to have a negative impact on the common good of public price formation. So that's the general trend line. I think it's positive for us – clearly the elimination of flash orders is positive for us, the elimination of actionable IOIs is positive for us, and we just don't know for sure at what level it's positive.

**<Q – Justin Schack>:** Okay. And I guess as a second question or a follow-up, with respect to the pricing you talked about, the assumptions you made for IDCG – where are you getting that dollar per side per 100,000 notional? Is that some estimation of what the market will bear, or should we think about that as what you're going to charge? And will that be – any color on maybe differentials between sell-side and buy-side as well?

**<A – Adena Friedman>:** Sure. As we provide you the dollar per side per \$100,000, we actually do have a pricing schedule that we've provided to our clients that gives a difference price for the different durations of the swaps. And so it can be as low as \$0.19 or as high as \$2.80, and I think depending on how long the duration of the swap is. In terms of the dollar, it's really kind of an average if you look at both the pricing that we're putting into place, but also kind of our expectation of where in the durations the majority of the activity will be. So that dollar per contract per side is really just an average based on a pricing sheet that we have provided to the customers.

Operator: And our next question comes from Mike Carrier of Deutsche Bank.

**<Q – Mike Carrier>:** Thanks. Just one real quick follow-up. Just on the expense guidance, I just want to make sure – the businesses that you exited during the quarter, when we look at that new run rate, that's going to be included in that – it's like a seven million reduction?

**<A – Adena Friedman>:** Well, I think the first thing to realize is we closed on these deals at the end of October. So we don't have a full quarter impact from those acquisitions. But they were essentially breakeven businesses. And what I provided you, I basically said it's a partial quarter impact from the sales of those businesses and so it's something less than seven million.

**<A – Robert Greifeld>:** And it's important to recognize that we give, as been our practice, expense guidance at the beginning of next year. So we're in the middle of developing the budget for 2010. So we, sitting here, not knowing where it's at. So we'll be happy to give you detailed guidance as we get into 2010.

**<Q – Mike Carrier>:** Okay. Thanks a lot.

Operator: And having no further questions in queue, I'd like to turn the conference back over to Bob Greifeld for any additional or closing remarks.

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**Robert Greifeld, Chief Executive Officer**

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Well, I do thank everybody for joining us today. As I've said during my opening remarks, we are certainly pleased with our positioning in each of our established businesses. We're happy to welcome BX and NOM to the stable of established businesses. We are incredibly optimistic about

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our organic growth opportunities and look forward to reporting on that progress in the time to come, and also obviously look forward to moving those organic activities into core activities in the not too distinct future.

So thank you for your time. And welcome to the call, Adena.

**Adena T. Friedman, Executive Vice President, Corporate Strategy and Chief Financial Officer**

Thank you.

**Robert Greifeld, Chief Executive Officer**

And we look forward to talking to you as the days wear on. Thank you.

**Adena T. Friedman, Executive Vice President, Corporate Strategy and Chief Financial Officer**

Thank you.

Operator: And that does conclude today's conference, ladies and gentlemen. Again, we appreciate everyone's participation today.

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