MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the NASDAQ Second Quarter 2008 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, Vice President of Investor Relations

Thank you, Operator. Good morning and thank you for joining us today to discuss NASDAQ OMX's second quarter 2008 earnings results. Joining me are Bob Greifeld, Chief Executive Officer; David Warren, Chief Financial Officer; and Magnus Böcker, our President. Also on the line is Ed Knight, our General Counsel.

Following our prepared remarks, we will open up the line for Q&A. And if you haven't done so already, you can access the results press release on the NASDAQ OMX Investor Relations and Newsrooms websites at www.nasdaqomx.com. If you have any follow-up questions after the call, you can contact me at 212-401-8742.

Before we begin, I'd like 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. I urge you to read the full disclosure statement concerning such forward-looking statements in our press release, and other factors detailed in the company's Form 10-K and periodic reports filed with the SEC.

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

Robert Greifeld, Chief Executive Officer

Thank you, Vince, and thank you, everyone, for joining our call. I'm happy to report that NASDAQ OMX delivered outstanding results this quarter, validating our strategic plan to transform our organization into a fully global and diversified multi-asset exchange.

This is a very different business than what existed in 2003. Today, we operate the largest, most liquid stock exchange in the United States, or the third largest US-based options market and have operations that stretch across six continents. Our technology powers markets across the globe, supporting cash equity trading, derivatives trading, clearing and settlement and many other functions. We believe that our diversified business model is compelling and will provide unique growth opportunities for the company in the short and the long term.

When you think about NASDAQ OMX, it is important realize that our core competency is the operation of a transaction processing business. Our goal is to create superior returns for our customers and investors by leveraging massive scale against the extreme efficiency of our transaction processing units.

A common theme that you will consistently hear from me is that we look for opportunities to process more transactions on our fixed cost trading engine. All of our initiatives, including NASDAQ OMX Europe, the NASDAQ Options marketplace, the BSE acquisition, the transaction with the Philadelphia Stock Exchange, and our Market Technology business, seek to increase our scale and efficiency. And it is this leverage that will drive profits.

NASDAQ OMX delivered outstanding results during the quarter on the strength of our diversified business model. Although NASDAQ volumes were down around 10% from last quarter, we still managed to deliver these outstanding results.

On the integration front, things are moving full steam ahead with respect to OMX. Earlier this year, we committed to achieving 20 to $30 million in annual run rate synergies by the fourth quarter of this year. During our first quarter earnings, we increased that target to 25 to 35 million in annualized synergies. Today, we feel confident enough in the progress of our integration efforts that we expect to achieve a $100 million expense synergy target by the end of the first quarter of 2009. We had previously expected to achieve this target by the end of 2009 -- in the calendar year 2009, a dramatic move up of nine months.

With respect to PHLX, although we would have liked to close this deal sooner, one benefit of the delay is that we were able to finely tune our plans and hit the ground running. The integration of PHLX will be on a scale similar to that of Brut and INET, allowing us to retain more than 100% of the revenues, but dramatically lower expenses.

We've already made significant progress in achieving synergies by reducing our staffing needs by 25% or approximately 100 positions within one week of closing the deal. Previously, we had communicated that we would achieve $50 million in synergies within 24 months. These savings will happen much sooner, and today we can announce that we expect this deal will accrete to us by the end of the fourth quarter of 2008.

NASDAQ OMX Options completed its first full quarter of operations in the second quarter. In July, it has averaged around 176,000 contracts a day or approximately 1.2% of total US options volume, up from the second quarter when we traded an average of 82,000 contracts per day, an increase of over 100%. This is a great example of how we are leveraging our fixed cost platform.

We believe that NASDAQ OMX Europe could be the single largest organic growth initiative for NASDAQ OMX. Despite the fact that electronic trading has been in Europe for sometime, we believe that the market is in the early stages of a competitive environment that has created growth opportunities for NASDAQ OMX. When we introduce our platform and routing technology in Europe, we'll be in a prime position to attract all market participants. During the past month, we announced our clearing efforts with the European Multilateral Clearing Facility, EMCF, a wholly-owned Fortis subsidiary, to deliver our clearing services.

We also announced our co-location services, which will enable participants to locate their trading engines onsite in order to reduce latency. We continue to make progress with this initiative and expect to launch the market in the end of September.

Now, turning to the Boston Stock Exchange. We expect to close this transaction in the third quarter, it remains an exciting opportunity for us, one in which we expect to achieve synergies in clearing and will look to fully utilize the second equity license. Our existing technology will be leveraged with this initiative as we use it to introduce a high-scale low-cost trading platform that will sit in the data centers that houses the NASDAQ Exchange platform.

And finally, I don't believe that Nord Pool gets the attention it deserves here in the US. We are very excited about this business and what we believe it holds for us. Nord Pool's carbon market offers standardized contracts for emission allowances and carbon credits. Nord Pool's experience and knowledge of the commodity market, complemented by OMX's technology and its customer base, creates an opportunity that will benefit from the development of a global market for carbon dioxide emission allowances.

Nord Pool was the first energy exchange to deal in the spot market for electricity and we see a great opportunity to build upon their leadership position to expand trading in electricity throughout Europe.

Now, let me quickly touch on operating highlights for the quarter. Moving on to Market Services, within Transaction Services, we once again maintained our leadership position as the single largest pool of liquidity to trade US equities. We are the largest liquidity pool in the trading of NASDAQ-listed stocks and AMEX-listed stocks and on a couple days in July remarkably we were also the largest in trading NYSE-listed stocks. Overall, we matched 29.6% of all volume in the second quarter, up from 28.8 in the second quarter last year.

During the quarter, we also made strides in market data, becoming the first exchange to offer free universal access to real-time stock data; Google, CNBC, Dow Jones and Xignite have all signed up and we anticipate there'll be others.

We also had continued success with our flagship proprietary data product. TotalView subscribers grew by 53% from this time last year to a total of 32,700 users.

Finally, Market Replay, a TiVo like tool for the stock market, underwent some major enhancements during the quarter. We added consolidated trade data and made replays available on a 15-minute delay down from prior periods of 24 hours. Market Replay is a prime example of the innovative products that we are developing at NASDAQ OMX.

Now, on to the listing side of our business. In a difficult IPO environment, we managed to achieve an extraordinary quarter. We attracted 52 – 54 new listings to our market, including switches from AMEX and NYSE. 42 new listings came from our US operations and 12 from non-US. Notable switches from NYSE to NASDAQ included Computer Associates, becoming the first company to switch and keep its two-letter symbol, and in July the CME Group moved their listing solely to NASDAQ. Further, we added Celera, previously a tracking stock of NYSE-listed Applera to our increasingly impressive group of innovative healthcare companies.

All told, we had a total of three switches announced during the quarter from NYSE, totaling over 31 billion in market cap, our largest gain to-date. And as we continued to innovate in financial products, introducing 19 new indices such as the NASDAQ OMX Middle East and North African Index, and with the partnership with Clean Edge we introduced the NASDAQ OMX Clean Edge Global Wind Energy Index.

We had a great quarter in Market Technology and have great momentum. During the quarter we won contracts from both the Tokyo Commodity Exchange and the Hong Kong Mercantile Exchange. TOCOM is Japan's largest commodity exchange with more than 75% market share. Hong Kong Mercantile is a new commodity exchange that will offer uniquely structured contracts to the international and domestic trading community. Our position as the premier provider of technology to exchanges will be further enhanced as our operations become increasingly integrated.

This has been an outstanding quarter for NASDAQ OMX as we excelled in challenging times. The results we delivered this quarter were derived from the successful execution of the preexisting business plans of old NASDAQ and old OMX. During the quarter, substantial efforts were expended on creating an integrated NASDAQ OMX and an integrated NASDAQ OMX PHLX. The synergies from these efforts will provide value to our shareholders and our customers in the quarters to come.

I'll now turn the call over to David.

David P. Warren, Executive Vice President and Chief Financial Officer

Thanks, Bob, and good morning, everyone. Thank you for joining us today. It's good to be with you.

Net income for the second quarter was $101.6 million or $0.48 per diluted share. When reviewing these results on a pro forma non-GAAP basis, which we believe provides for a better comparison to prior-period operating results, net income for the second quarter was 101.8, it changes very little, still stays at 41 -- $0.48 per diluted share, although the differences in the prior periods are greater. So when we compare on a pro forma non-GAAP basis, $0.48 represents an increase of 32% when compared to the second quarter of last year and it's up 5% from the first quarter of 2008.

The FX impact on EPS for the company, comparing 2Q to the first quarter and the second quarter to the fourth quarter of last year, was $0.01. In comparing the second quarter to the -- second quarter of this year to the second quarter of last year, it was $0.03.

Before I jump into the details of our results, I would like to first walk you through some of the changes we've made to our detailed revenue statement. Some of these are in response to comments we've heard from you and we appreciate those. I think you'll find these improvements will provide more clarity around how we generate revenue. Specifically, within Market Services, we now have four broad revenue categories; Transaction Services, Market Data, Brokerage Services and Other.

Within Transaction Services, we have cash equity trading and derivative trading, and within each of those categories we have US versus European revenue. Also included in Transaction Services are Access Services revenues.

In Market Data we have three categories: US Tape Plan revenues, US Market Data revenues, which were previously labeled US Proprietary Revenue, and European Market Data revenues which were previously labeled Non-US Proprietary Revenue.

US Tape Plan revenues represent the revenue collected for Tape A, B and C, net of our revenue-sharing programs and UTP sharing. Previously, Tape A and Tape B revenue was included in execution and trade reporting revenue.

Broker Services is generated from providing technology and back-office administrative services for customers trading on the Nordic exchange. This revenue was previously included in Non-US Execution Services revenue.

Revenue statement remains unchanged for our remaining businesses, Issuer Services and Market Technology.

Now, turning to our results. I'm going to dispense with my usual detailed review of the performance of each business as these are well covered in our press release and have been further amplified by Bob's remarks. Instead, I would like to focus my time and remarks on expenses and our progress in achieving synergies on the OMX and PHLX acquisition.

Second quarter total 2008 expenses were 225.4 million, an increase of 9.2 over the first quarter. These expenses include a number of charges that masked the picture of how we are progressing on an ongoing operating expense level. This is a fact of life with acquisitions, but as we have done with all of our past integrations I will go into a fair amount of detail here to explain the changes.

Included in total expenses for the quarter were 5.7 million of merger-related expenses, an increase over the $1.4 million of merger expenses recorded in the first quarter. The decline in the dollar against the Swedish kroner from the first quarter to the second quarter increased our Q2 spending by approximately $3.5 million. We also increased our investment in the NASDAQ Options Market and NASDAQ OMX Europe, two of our major strategic initiatives that will be key drivers of future revenue growth. The incremental investment for Q2 over Q1 was $3 million.

Excluding the impacts of all these factors, on a non-GAAP basis, adjusted operating expenses were $212.2 million, down approximately $1.5 million from the $213.7 million from the first quarter.

Now, I'll give you more detail on the variances for compensation and depreciation, two expense categories that did have some movement. Q2 compensation expense compared to Q1 increased $10.7 million to 115.2 million. While we did reduce head count by approximately 50 positions in the quarter, the savings from these actions were more than offset by approximately $2 million in FX impacts and another $2 million related to merit increase, and the amortization expense of equity grants awarded to OMX employees joining the new company.

The largest component of this variance however is $7 million of incremental incentive compensation, recognizing the improved performance of the company through the second quarter and projected for the balance of the year. We expect to book an additional $7 million of incremental incentive compensation for the second half of the year, meaning compensation expense will reduce -- will be reduced by $3.5 million for Q3, and again for Q4.

In addition, as part of our technology road map decisions, approximately 30 employees have been notified of their termination and will be leaving the company in the third and fourth quarters, resulting in a reduction in compensation expense of approximately $4 million annually.

The decline in deprecation expense results largely from a lower valuation of certain intangible assets. Recall from our Q1 conference call that as part of our technology road map, we have accelerated the replacement of certain OMX developed technology, which results in a lower valuation of these intangibles and lower depreciation expense. We have also adjusted depreciation expense in the pro formas, or you will see this specifically in the comparisons to Q2 '07 and Q1 '08.

If we look at other income, dividend and investment income of 2.9 reflects a dividend that our OMX subsidiary receives each year during the second quarter from our investment in the Oslo Børs. We also recorded a $4.9 million gain on foreign currency option contracts relating to hedging our foreign currency risk in connection with the Nord Pool acquisition.

Our effective tax rate for the quarter was 32.3%, a decrease from the 35.8 recorded in Q1. This benefit is due to a higher percentage of earnings from non-US sources and from the non-taxable treatment of the dividend received from Oslo Børs.

As a global company, tax planning is now a more significant factor in our bottom-line and we will continue to be very focused on it. For the balance of the year -- I am anticipating your question here -- for the balance of the year we expect our effective tax rate to be in the range of 30 to 32%.

Turning briefly to the balance sheet before I discuss OMX and PHLX, cash and cash equivalents at quarter end were approximately $740 million. Of this amount approximately 409 million is reserved for regulatory needs and commitments for the PHLX and Boston acquisitions.

NASDAQ OMX has further strengthened the ring fencing of its subsidiary that incorporates the Nordic clearinghouse during the quarter. As a result of these efforts, Standard & Poor's has assigned an individual credit rating of A-plus to our clearing sub. This credit rating confirms the Nordic clearinghouse's strength and credibility as a central counter-party and will create the foundation for future growth and increase our competitiveness as a clearinghouse. And finally to finance the PHLX transaction that we closed earlier, we drew down another $650 million from our existing credit facility and obviously this incremental borrowing is not included in the 1.6 billion of debt obligations that was on our June 30th balance sheet.

And now, let me turn to synergies and conclude. As Bob discussed, we have made excellent progress on our integration of OMX and expect to achieve the $100 million of expense synergies in the first quarter of next year. We have included a schedule in our release, 'The reconciliation of GAAP to pro forma non-GAAP run rate operating expenses' -- sorry about that long title -- that compares our Q2 spending with expenses for Q4, the right starting point to measure the individual spending of each company before we came together.

You will see that Q2 spending has been adjusted for merger expenses, foreign currency impacts, investments, and incremental incentive compensation factors that I have already discussed. We have also adjusted marketing expense to a normal level since our Q2 marketing expense was seasonally low. With these adjustments, we have reduced quarterly spending by $8 million to-date, bringing us to an annualized savings of approximately $32 million, near the mid-point of the synergies we expected to achieve by the end of this year as we discussed with you on our last call. We have made very strong progress.

And now to Philadelphia. As Bob mentioned, we used the delay to our advantage to increase our focus on integration efforts. We recently released pro forma results for PHLX. From these statements you can rightly conclude that on a pro forma basis PHLX resulted in a pre-tax loss of $6 million for Q1, factoring in the interest expense and acquisition of intangibles, a $2 million pre-tax loss per month. This is the right starting point for Philly. We have already achieved significant synergies on this acquisition.

As Bob mentioned, we have taken -- approximately 100 people have received separation packages and these positions have been eliminated. We have also reached agreement with key members of PHLX senior management to leave the company after a brief transition period and we have eliminated compensation expense related to PHLX's equity plans. Taken together, these actions will result in a savings for the remaining 5 months of the year of approximately 11.5 million.

In addition to head count, we are also working on actions to lower occupancy and technology expenses for the remainder of the year. But my point is that our head count actions that have already been taken alone will offset the $10 million of pre-tax losses that we would expect to incur before synergies. Simply put, we are executing extremely well and anticipate that our OMX and PHLX acquisitions will accrete significantly ahead of schedule.

In 2009, OMX and PHLX will be integrated and we can look to our 2009 budget process as one company and we will be in a position to provide you with full year expense guidance for these integrated efforts sometime in the first quarter of next year. As Bob said, Boston and Nord Pool will fall in to place as we expect for the balance of the year and as we move into – as we see the – look through the balance of the year and into next year, we also have scheduled retirements on our debt that are planned that will further improve our operating leverage. So, we are very pleased with our progress today and a lot is still to come, but we're locked in on those plans and I'll now turn it over to Bob.

Robert Greifeld, Chief Executive Officer

Thank you, David. Well done. We're open for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. We'll take our first question from Rich Repetto of Sandler O'Neill.

<Q – Richard Repetto>: Yeah, good morning guys. Congrats on a strong quarter.

<A – Robert Greifeld>: Thank you, Rich.

<Q – Richard Repetto>: I guess the first question is on the synergies, if I understand it right, you are going to realize the 100 in 1Q '09, so that means you got 68 annualized that will -- I know it doesn't have to come out, but that's what you are going to cut by year end, and just trying to get what the quarterly sort of rate might be, David? You know, is it cap in half or more back ended?

<A – David Warren>: The actions are already in place. I think if you take a look at the head count actions and some of the actions in occupancy which goes to alone generate some big savings. Those tend to be more toward the end of 2008.

<A – Robert Greifeld>: Fourth quarter....

<A – David Warren>: The fourth quarter, I am sorry. So, I would think that, I mean definitely there will be progress in the third quarter, but more of the progress comes in the....

<A – Robert Greifeld>: It's not going to be linear, but it's not going to be completely lumpy also, Rich. Does that help?

<Q – Richard Repetto>: Yeah. But in any case it's all out by year end, so you can realize the full 100 million in 1Q?

<A – Robert Greifeld>: No, no. What we are saying -- the exit run rate, we are saying we will have it done by the end of February.

<Q – Richard Repetto>: Okay, all right.

<A – Robert Greifeld>: So that's obviously the target we are driving towards, we want to be able to claim we got it done within a year. So we are -- I think you correctly said we are 32% of the way there in terms of how the numbers hit the income statement, but in fact we've obviously taken actions that get us a lot closer to the goal. It's a question of when do they show up in the numbers.

<Q – Richard Repetto>: Understood. And then, I guess on the PHLX, your comments David all revolved around expenses and how you can offset it just from an expense standpoint. I unfortunately didn't get to see this 1Q numbers, but if you got option volumes -- like what about the revenue side I guess is the question, if you get option volumes up plus 30% year-over-year, I am just trying to see how that – how you would factor -- is that factored in as well?

<A – David Warren>: Yeah, I will just give you the starting point of the pro forma and then Bob can comment on the direction of it. But the pro forma showed PHLX for the first quarter reporting revenues of $39.2 million.

<Q – Richard Repetto>: Okay, interesting. Because I think their year was 100 million in total, anyway I can do follow-up questions on that. And I guess my last question Bob and David...

<A – Robert Greifeld>: Rich, if I could just, I think the analysis that I gave you, you've got it is that the expense actions alone just on flat revenue allows this deal to accrete.

<A – David Warren>: Right. Yeah, so Rich, our goal is to over-achieve in both categories, so we think we will do better on the expense take out than what we have presented to our Board and we feel very comfortable with that. We also see that the revenue will come in higher than what we had anticipated last year. So, we are going to win on both accounts.

<Q – Richard Repetto>: Understood. Okay. And then the very last question is on the OMX technology revenues, last quarter was much less, this quarter I think it was 38 million, 39 million and I see the metrics that you put in the metrics at the bottom of the metrics page, but I am just trying to – I don't understand whether this is a good run rate, the 39 million versus I think it was 11 or 12 million in the prior quarter?

<A – David Warren>: I think it was higher than that in the prior quarter. But Rich, I think what we said last quarter and it's important to realize this business will be somewhat lumpier than other businesses we have in the portfolio, because certainly you have big deliveries of big contracts in a given quarter and that doesn't necessarily follow that it will be there in the following quarter. We will say that the second and the fourth quarter tends to be the stronger quarters for this business.

<A – David Warren>: Yeah. Rich, the right number for Q1 is 31.1 in the revised pro forma...

<Q – Richard Repetto>: Yeah, I am sorry, correct, right.

<A – David Warren>: But to amplify a little bit more on Bob's comment, we did have -- we did begin recognizing revenue on one of the major contracts. Obviously, we signed that order a while ago, but again speaking to Bob's comment, it's lumpy with respect to how you get the contracts in and then some of them are larger than others.

<Q – Richard Repetto>: Okay. And just to sneak one last one, this non-displayed orders, how is that going with the price increase there and that's all I have. Thanks.

<A – Robert Greifeld>: It's going incredibly well for us and that we've been able to maintain share in that type of order while increasing the capture. So, we really feel good about that.

<Q – Richard Repetto>: Thanks guys.

Operator: [Operator Instructions]. We'll next go to Alex Graham from Lehman Brothers.

<Q>: Hey, hi good morning.

<A>: Good morning, Alex.

<Q>: First off to follow up on Rich's question on the technology revenue. You said in the last quarter that some of your clients were holding back a little bit because of the integration and the closing of the OMX deal. Now does the second quarter reflect some 1Q revenues flowing into a 2Q and if your clients kind of increased the spending from there?

<A – Robert Greifeld>: Yeah, I will ask Magnus Böcker to comment some more on that.

<A – Magnus Böcker>: Hi, Magnus here. I think you are right. We were a little bit cautious coming out when we reported the first quarter and we have seen that we have a strong bounce back from clients now when they know what we are doing and what we are focused at. We announced the technology road map just six weeks into the merger. I think that's been supported due to the strong sales we have seen in the second quarter. So, I think you are right in your analysis here.

<Q>: All right. And then switching gears to the European – Pan European market. You announced the pricing there -- 0.3, 0.2 – which is very consistent with Chi-X which is already active over there. So, can you talk a little bit about your pricing discussions with clients, how you got to this three two (sic) [0.3, 0.2] which I think originally you were thinking maybe more to the 0.2, 0.1, is that what we had heard? And then related to that can you also talk about your routing pricing which you've published? Obviously the incumbent pricing is very complex, but I'd be interested to know, you look at routing more as a loss leader, which you have done in the US before, or is it the break-even business or if you are even trying to make a spread there? Thanks.

<A – Robert Greifeld>: Hi. Well, the first I would say is you are a little bit ahead of us in that we have not officially announced any pricing, we certainly are in pricing discussions with a number of customers. What I can say is, from a policy or a philosophical approach is we expect to have a capture rate that's very similar to the capture rate we have in the US. So we are not going to take an incremental approach to it. And we look forward to publicizing the pricing. We are working hard on it. And you will probably hear from us as we get to the early part of September.

<Q>: And then, maybe on the routing on the second part....?

<A – Robert Greifeld>: Yes, same answer on the routing. But I do want to say that we are entering this market obviously to make money and I tie back to my opening comments is our fundamental operating thesis is that we want to lever our fixed cost platform with scale. So we are moving our technology, it is working here in the States there. The incremental cost for us is very low and similar to our NASDAQ options marketplace; it does not take a lot of volume for us to make a good return.

<Q>: All right, thanks.

<A – Robert Greifeld>: Good.

Operator: We'll take our next question from Mike Vinciquerra with BMO Capital Markets.

<Q – Michael Vinciquerra>: Good morning.

<A – David Warren>: How are you doing, Mike?

<Q – Michael Vinciquerra>: David, thanks for all the additional financial detail. I am sure you people have been working hard on all this. One question for you on the Philly, just looking at in the filing that you put out late last week, if I am looking at it correctly the two lines – and you mentioned this – depreciation and amortization and then interest expense. If I am looking at those right, depreciation will go up, without any other changes, about 2.7 million a quarter and we will be looking at interest expense of around 12 million, is that the right way to think about it?

<A – David Warren>: You are correct on depreciation. We will be looking at interest expense of approximately – well, it was 9.9 for the first quarter, I should say that that LIBOR – obviously, this is a LIBOR-based financing – so LIBOR for the first quarter was quite high, it's come down 30 basis points in Q2. But the right number in the – if you are looking at Q1 pro-forma, it would be 10 million for interest expense.

<Q – Michael Vinciquerra>: Okay, very good. Thank you. And then, among all the good news that you've announced here, I just want to ask about your share in your own listings. Fortunately you are gaining share in the NYSE side which is obviously growing much faster, but can you talk about the lost share in your domestic NASDAQ-listed trading?

<A – Robert Greifeld>: Yeah. We certainly live in a competitive environment and we pay tremendous attention to it. Our fundamental requirement is obviously to deliver return to our investors and we feel quite proud of the actions we've taken with respect to our non-displayed order that improved our financial performance, so we think we are at a good balance point, but it's something we evaluate on a regular basis.

<Q – Michael Vinciquerra>: Fair enough. Okay. Thank you, Bob.

Operator: We will take our next question from Daniel Harris with Goldman Sachs.

<Q – Daniel Harris>: Good morning.

<A>: Hi.

<Q – Daniel Harris>: On the NASDAQ option platform as opposed to the Philly, you've gotten a decent total given that you started from a starting stop, can you guys comment a little bit about the speed of that platform versus what else is out there, what you are hearing from clients and then sort of what your expectations are as a mix of those two businesses?

<A – Robert Greifeld>: Right. I think the first point is we recognize we are on a long march. And we are certainly, significantly ahead of where we thought. We are involved with a large of number of customers. We are working with a large number to have them hooked into the marketplace. As we stand here today, we essentially have two liquidity providers into the system. We expect that number to increase as the quarters go by. And as we are engaged in this dialogue with the customers, we are certainly taking feedback from them with respect to features and functions, if they want to us to add to the platform and it's a positive reinforcement cycle today. The speed of the platform is clearly superior to anything that exists in the marketplace today. And we look forward to having that platform really excel as the volume continues to increase in the options marketplace.

<Q – Daniel Harris>: Okay. Thanks. That was helpful. And then, if I could just touch a little bit more on the market technology that you discussed a little bit earlier. Is another way to think about it, is there a percentage that's ongoing maintenance or recurring revenue and some that's going to be more lumpy roll-out revenue and if that is true, can you sort of help us drain how we should think about that?

<A – Magnus Böcker>: Sure. I think what you could think about -- and this is a – for those that have followed the old OMX -- is that the US GAAP and the way we service our clients might be of some effect to the lumpiness and that is mostly coming in not on the line of facility management, but either on the project and the service side.

<Q – Daniel Harris>: And so, is there a way quantitatively to think about that?

<A – Magnus Böcker>: I think when you look into it going forward and then you go back you will see that the lumpiness might not be that huge, but you will see a few millions up and down quarter-on-quarter and that will be mostly on the license, support, and project revenue line.

<A – Robert Greifeld>: And let us say that we will endeavor for the next quarter release to give some better visibility into that business. But it will obviously have contracts that happen in one quarter that don't necessarily mean it will be that same level contract in the next quarter.

<Q – Daniel Harris>: Okay. Thank you.

<A – Magnus Böcker>: And the other one to add to that is, what you also saw on the metric, where you saw the order intake, which is also to some extent a guidance and order backlog to some extent, the guidance for your expectations or revenues to be recorded.

Operator: We will take our next question from Patrick O'Shaughnessy with Raymond James.

<Q – Patrick O'Shaughnessy>: Hey, good morning.

<A>: How are you doing, Patrick?

<Q – Patrick O'Shaughnessy>: Pretty good. I was wondering if you can kind of give us an update on the Nord Pool acquisition as far as timing and what you are expecting from the integration?

<A – David Warren>: All right, well that has been delayed through regulatory review -- obviously like we were with Philly anxious to close the transaction that will probably close sometime in the fall, October, November timeframe. And we are like Philly fine-tuning our plans for integration of the acquisition. They have continued to excel as a standalone company so as I said we are anxious to complete it.

<Q – Patrick O'Shaughnessy>: Great. And then, the only other question I had was, if you can provide the revenue impact of currency translation during the quarter?

<A – Robert Greifeld>: Yeah. And as you are looking at that number, I'd say with respect to Nord Pool, we are happy to report that both presidential candidate support cap and trade in the US that could represent a wonderful opportunity for us, because it's one of their core competencies.

<A – David Warren>: It is David here. Ron Hassen, our controller has the answer to your currency question.

<A – Ronald Hassen>: Yeah, when you compare the second quarter versus the first quarter, the $0.02 benefit, when you compare the second quarter versus the fourth quarter it's a three penny benefit. Then if you compare the second quarter over second quarter '07, it's a $0.07 benefit.

<Q – Patrick O'Shaughnessy>: All right, I appreciate it.

<A>: Right.

Operator: We will take our next question from Dan Fannon with Jefferies.

<Q – Daniel Fannon>: Good morning. Thanks for taking my questions. Just a comment or a question around OMX, obviously you guys are doing very well on the cost-cutting side and I just want to clarify that those improvements and synergies in the push-up, is that more than offsetting any potential changes on the negative side that have occurred in the revenue as you guys were projecting this out when the deal was announced?

<A – Robert Greifeld>: I would say, yes. And we do still see tremendous revenue opportunity with OMX. I think it's important to recognize in the Nordic marketplace today, they have a very low velocity of trading so at old NASDAQ we have a very high although rates we have are very low. So clearly one of the synergies of the combined company is to increase the velocity of trading in the Nordic marketplace and we are working hard on that. We expect to see, I think some fairly dramatic progress on that in 2009.

<Q – Daniel Fannon>: Okay. And then, in terms of your launch in Europe at the end of September, what potential hurdles remain out there that could delay this launch or anything out there that we should be looking for?

<A – Robert Greifeld>: We need final approval from the FSA. We are expecting to get that by the end of August. And we do find them to be a responsible organization, as a regulator. So we are comfortable and confident that we will get that approval. But from the part of the process that we control, I think the effort has been well managed and well lead and we are ready to go.

<Q – Daniel Fannon>: Great. Thank you.

Operator: We'll take our next question from David Grossman with Thomas Weisel.

<Q – David Grossman>: Good morning thanks.

<A>: Hi, David.

<Q – David Grossman>: Hi. Just David, on back to Philadelphia just to make sure I understand all the pieces here. So, if we look at Philly, should we assume that the $39 million quarter run rate and the $6 million pre-tax loss is the right starting point actually in the second quarter?

<A – David Warren>: That's the assumption, yeah.

<Q – David Grossman>: Okay. And that -- right now you are at about – your visibility at about, call it $7 million a quarter in annualized cost savings? I just annualized the 11.5 over five months basically.

<A>: Yeah.

<A>: Yeah. Exactly.

<Q – David Grossman>: Okay.

<A – David Warren>: And that's just what we've talked about and we also – as I mentioned in my comments there that will – we expect that to increase as we get towards the end of the year as we are able to realize the benefits from technology actions and occupancy actions that can't be realized immediately.

<Q – David Grossman>: Okay. But we shouldn't necessarily assume that the full $50 million of synergies would be realized by the fourth quarter, is that correct?

<A – David Warren>: Yeah, that's correct, but the deal becomes -- there is actually more to do and we will be done, but the deal definitely accretes and the continued execution and operation of Philly will be baked into our 2009 budget.

<Q – David Grossman>: Right.

<A – Robert Greifeld>: I think that's a larger point. We will have both of the transactions to the point of accretion by the first quarter; Philly in the fourth and then, OMX in the first. But, that doesn't mean the expense synergies are done, they will continue, but at that point we will give guidance for the combined company what the expenses will look like and not separately break it out, because as you are probably guessing we are moving very hard to make this one integrated company where it doesn't make sense to try to pull out one piece versus the other, because they are so interwoven.

<Q – David Grossman>: All right, I got it. And then, just we make a crude estimate of net capture and I emphasize it's fairly crude, but it looks like the NASDAQ in the cash and equities business was up modestly, sequentially OMX, X currency was flattish and derivatives was down, does this sound like we got it right directionally and if so, how should we think about net capture for the balance of the year?

<A – Robert Greifeld>: Well, in the US the net capture was actually higher and that was masked by the fact that we had a rebate from DTCC in the first quarter and that went into the same bucket. So, we did see some uptick in the capture rate. I think for the European part of the business, we will see probably some declines in caps rate as we drive to increase velocity in the marketplace. They go hand-in-hand.

<**Q – David Grossman**>**:** Okay. And then, just finally one last question. I think, David, you said a tax rate, we should think of 30 to 32% for the balance of the year, is that including once you add Philly into the numbers for the second half of the year?

<**A – David Warren**>**:** It does not at this point.

<**Q – David Grossman**>**:** Can you give us a sense on a -- once we roll in Philadelphia, how we should think about the tax rate?

<**A – David Warren**>**:** Yeah, I guess our planning right now and obviously we are still looking at it -- is it would go up, probably increased by a percent, maybe 2.

<**Q – David Grossman**>**:** Okay.

<**A – David Warren**>**:** Or 33, might be.

<**Q – David Grossman**>**:** Very good. Thanks a lot.

<**A – Robert Greifeld**>**:** Thank you.

Operator: We'll take the next question from Howard Chen with Credit Suisse.

<**Q – Howard Chen**>**:** Hi, good morning everyone.

<**A – Robert Greifeld**>**:** How are you doing there Howard?

<**Q – Howard Chen**>**:** Well, thanks. Congrats on the strong quarter and thanks for the disclosure.

<**A – Robert Greifeld**>**:** Thank you.

<**Q – Howard Chen**>**:** On the market technology business, Bob, you touched a bit on the Tokyo and Hong Kong new business wins. But, historically you've also spoken about your desire to improve the operating margins of the business. I know it's early, but can you touch on where they stand now, any early progress you may have made and your outlook there?

<**A – Robert Greifeld**>**:** I would say we made tremendous early progress. It's not being represented in the financial statements you see here in the second quarter. So that's one of the great opportunities we have. And as we say that we will hit a $100 million of synergies by the first quarter of 2009, it's probably important to note that from a market technology point of view, we won't be done -- there will be more coming, it will just exceed what the original target was. So, I think as Magnus mentioned, we had basically finalized the roadmap six weeks after closing and now we are executing it.

<**Q – Howard Chen**>**:** Okay, great. Thanks. And then, David, on compensation, thanks for walking through all the moving parts. If I heard you correctly, all else being equal in the third quarter, $3.5 million of incentive comp will drop out and roughly $1 million related to technology roadmap initiatives will also come out, is that broadly correct and also, can you discuss that sort of outlook and how that balances with the impact of the Philly deal, any other initiatives that you may have coming in during the quarter?

<**A – David Warren**>**:** Yeah, that's right. And then another 3.5 comes out in the fourth quarter as well in incentive comp as I said. I think I get your question. With respect to Philly, that just adds on to that. Right, so there won't be additional compensation credit for achieving at Philly.

<A – Robert Greifeld>: So, just stepping back for one second, we are obviously overachieving on synergy targets we've established for OMX and then for Philly. And that's why the number went up. So to the extent that we didn't achieve, then the number would go back down, but that's not going to happen. So this increase in comp is reflective of the expected performance on both OMX and Philly integration efforts.

<A – David Warren>: I'm sorry, I misunderstood the question.

<Q – Howard Chen>: Okay, great. And then – thanks, just one quick point of clarification on that. I guess pre-synergy the Philly expense base that we're working out of, something like $130 million annualized there, is that ballpark about right?

<A – David Warren>: Yeah, it was 33 for the quarter, so you can just annualize that.

<Q – Howard Chen>: Great, okay. Thanks again.

Operator: We'll take our next question from Josh Elving with Piper Jaffray.

<Q – Joshua Elving>: Hey, good morning.

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

<Q – Joshua Elving>: Good. Say, I wanted to just follow up, I guess, one more question, not to beat a dead horse, but on the Philly then. If we're looking at -- did you say 11 million in cost saves over the balance of the year or on a run rate basis?

<A – David Warren>: 11.5 million over the balance of the year from -- just from compensation actions that we've already taken.

<Q – Joshua Elving>: Okay. So that's an annualized, call it 22, 23 million out of the 50 million, so you have essentially 25 million in cost saves left to achieve once we head into '09, is that the right way to think about it?

<A – David Warren>: That's a way of looking at it. Yeah.

<Q – Joshua Elving>: Okay.

<A – David Warren>: And I think what I also said and what Bob has said further is that we have -- we've got actions planned for the balance of the year on technology saves and occupancy saves which obviously will add to that annualized number and we would expect to continue with our plans for integrating Philly as part of our 2009 combined operating plan.

<A – Robert Greifeld>: Right.

<Q – Joshua Elving>: Okay, that makes sense. And then just any additional color on the Dubai relationship and what you have planned there for the next year or two?

<A – David Warren>: Great question. I'm happy to move away from Philadelphia and to Dubai. As you probably saw, we took one of our leading executives, Jeff Singer, and with the agreement of the DIFX Board, he was appointed the CEO. And Jeff had a great background and he ran part of listings here in the US and then had an international assignment over the last year. So he goes there with a perfect background to work with us and Dubai to make that a truly global listings venue. So I think under his leadership it's going to do incredibly well. I think the Dubai management before Jeff's arrival has done a wonderful job getting positioned to launch the derivatives market. They're using NASDAQ OMX technology for that. They just received what I'll call tentative approval from the DFSA and we expect to launch that market in the fourth quarter of 2008. It will be the first derivatives market in that part of the world. So, we see great opportunity from the listing point of view to attract international listing companies in there. As part of that effort, we'll also look to have the locals be able to trade on the market in a fashion they're accustomed to. So we will be opening up for Sunday trading, we'll allow trading in Dirhams and we are happy with the progress and certainly excited by the plan.

<Q – Joshua Elving>: Is there a cash market there today?

<A – David Warren>: There is.

<Q – Joshua Elving>: Great. Thank you very much.

Operator: We'll take our next question from Brian Bedell with Merrill Lynch.

<Q – Brian Bedell>: Hi, good morning guys. Congrats on a great quarter.

<A>: Thanks a lot, Brian.

<Q – Brian Bedell>: Just to hit on the revenue synergies a little bit for the OMX deal, I guess if we can talk about a couple of the components of that, first of all, whether the NASDAQ matching engine is officially already part of a Genium package or when do you plan to have that rolled out, and what you expect sort of a general range of synergies from that to be? And then if you could just elaborate on some of the other synergies? You were talking about, obviously improving the velocity in the OMX markets, maybe if you could just talk about that in conjunction with clearly what we're seeing is declining volumes in OMX during the third quarter so far.

<A – David Warren>: Well, I will tell you one general statement, the revenue synergies that we put forth will be overachieved I think by a substantial amount. When you look at the NASDAQ OMX Europe effort, it is a true synergy of the respective organizations in that neither one of us could have done this by ourselves. And as you know, we're looking forward to launching that in September. We see great opportunity to increase velocity in the Nordic marketplace and that will be through the marriage of the INET matching technology with the Genium overall architecture and we're looking for a second or third quarter launch of that in 2009, and that will have a dramatic impact I think on our revenue opportunity. So, we feel that we have been conservative with the revenue synergies and we look forward to delivering on them in a meaningful way in 2009.

<Q – Brian Bedell>: So you are looking at 50 million in 2009 as you said, and you think that remains conservative?

<A – Robert Greifeld>: Well, we had I think committed to 50 million by 2010. We're not, on this call, moving that date up but you might expect us to provide further clarification on that after we launch the market in London in September and also get closer to introducing INET technology inside the Genium in the Nordic marketplace in 2009.

<Q – Brian Bedell>: All right. Great, okay. And then, just if you can elaborate a little bit more on the Boston acquisition in terms of any additional color on plans to launch a second quote and you mentioned the clearing synergies, if you could elaborate on a little more detail on what type of...

<A – Robert Greifeld>: Sure.

<Q – Brian Bedell>: Level of synergies?

<A – Robert Greifeld>: And Boston is a – a lot of these efforts that require regulatory approval, somewhat overdue. We're growing increasingly confident that we'll be able to close that transaction in August. We eagerly await the date. On the clearing side, I'll start with that, because we have been a beneficiary of the threat of competition already as we've seen I think two rounds of price cuts from DTCC so far this year. So that's all to the good just by the possibility of us entering the market, but we do have our development team hard at work and we do expect to launch that in 2009. We do need regulatory approval to operate the clearing license. More straightforward would be the launch of the second quote and we expect to do that hopefully soon after we close the transaction. Our hardware kit is built, ready, it's in our data center. We just need to have the approval to turn it on.

<Q – Brian Bedell>: Okay, great. And may I ask one more question?

<A – Robert Greifeld>: Yes, you may.

<Q – Brian Bedell>: Just on the revenue captures that it did tick-up, if we net the rebate out, what would the revenue capture had -- if we didn't net that rebate out, what would that have been in the first quarter?

<A – Robert Greifeld>: I don't have that number handy and we haven't publicized that number.

<Q – Brian Bedell>: Okay. But you're saying it was up from the first quarter? I assume obviously due to the revenue increase on the non-displayed orders and that was on May 1, so we would expect I guess all else equal in the third quarter to have at least again another little tick-up in US revenue capture?

<A – Robert Greifeld>: Yes.

<Q – Brian Bedell>: Okay, great, okay. Thanks very much.

Operator: We'll take our next question from Niamh Alexander with KBW.

<Q – Niamh Alexander>: Good morning, good quarter.

<A>: Thank you.

<Q – Niamh Alexander>: You're welcome. If I could just go back to Europe for a bit, the MTF, you were talking about increasing the velocity of customer trading activity and this is something you know really well in the high-velocity customers, especially in the US. Can you give me a sense for where you think that -- the big high-velocity customers in the US, are they even operating in Europe right now? I'm trying to get a sense for the growth opportunity, because there is quite a few lining up to participate there, if it's 30% of the volume in the US at least could -- what is it right now in Europe, what's the opportunity?

<A – Robert Greifeld>: Well, the first thing I would say with our European effort, we are approaching all manner of customer and I think we do have global appeal across all the different segments of the customer base. We certainly see some of the liquidity providers being the early adopters, but if you talk to any of the European customers regardless of the segment you want to put them in, they have a strong interest in participating in the new competitive world that exists. So, I think the opportunity as I said is large, we think it's our single largest organic revenue opportunity that we do have and we are obviously anxious to launch in the latter part of September.

<Q – Niamh Alexander>: Okay, thanks for that color. And if I can just switch back to the US cash equities market, because clearly Tape A volume is substantially outpacing Tape C and it looks like that's kind of structural and it's certain types of customers and it's a bit of a tailwind from Reg NMS. Do you think we might benefit from this trend for maybe another year or so? I am trying to get a sense of when we kind to revert back to the long-term growth trend for US cash equities, which is probably single-digits.

<A – Robert Greifeld>: Yes. It's hard for us to guess, but I think to the extent that there is still friction in the system as a result of having a different market structure from what had been the central market, that represents opportunity to the extent the market had transformed itself entirely to price-time matching engines competing against itself, you could then, posit it would be at that point a more normal growth level.

<Q – Niamh Alexander>: Okay. Thanks for taking my questions Bob.

Operator: We will take our next question from Don Fandetti with Citigroup.

<Q – Donald Fandetti>: Bob, quick question. Do you think all the dislocation in the market, fragmentation has changed the psychology of the European Exchange CEOs to where they might be more likely to sell and would you be interested in participating in that?

<A – Robert Greifeld>: More likely to sell what?

<Q – Donald Fandetti>: To sell the exchange, more M&A in the Europe landscape?

<A – Robert Greifeld>: Well, I would say this first. What I said the last quarter still holds. We have a lot on our plate and it's our job to make sure we deliver to our customers and to our investors the benefits that we have set out with these acquisitions, so we have to get to that platform. At that point we'll then ascertain what are the proper moves forward for this organization, so it's not something that we are thinking about at this point in time.

<Q – Donald Fandetti>: Okay, that's all I have. Thanks.

<A – Robert Greifeld>: Thank you.

<A – David Warren>: Thank you.

Operator: We will take our next question from Mike Carrier with UBS.

<Q – Mike Carrier>: Thanks guys. In terms of the Pan European platform, just what has been the client traction thus far and how much further do you have to go, so you feel like you had the expected target market on board? Then given the complexities on the clearing side, just curious why you went with Fortis? And then, David, if you could just give us the interest cost on the convertible notes?

<A – Robert Greifeld>: All right. So I would say this: that we have the necessary number of customers working today to hook up to our market for the launch in late September. Clearly we will be on the long march to have additional customers and that will increase quarter-by-quarter as we go forward. So we have 15 of the large customers now working with us, so we are very comfortable. What was the second part of your question?

<Q – Mike Carrier>: It was just on the...

<A>: Fortis.

<A – David Warren>: Well, that one was obviously fairly straight forward is that we knew they were in operation, so we didn't have to worry about growing pains in that they are doing the work for Chi-X today. We thought there were advantages to having cost margining capability and we certainly thought their transaction rates were low, and they had a stated philosophy of making sure that they were lowest provider in the states, whether that be against EuroCCP or anybody else.

<Q – Mike Carrier>: Okay, thanks.

<A – David Warren>: And you had a question on interest?

<Q – Mike Carrier>: Yeah, just on the convertible notes.

<A – David Warren>: Yeah. For the quarter the number was 4.88%.

<A – Robert Greifeld>: Those are convertible notes.

<A – David Warren>: Over the convertible, I am sorry. We have 2.5% is the interest rate on the 475 million, 3.75% is the coupon on the other.

<Q – Mike Carrier>: All right, thanks.

<A>: Okay.

Operator: We'll take our next question from Edward Ditmire with Fox Pitt Kelton.

<Q – Edward Ditmire>: Hi, good morning guys.

<A>: How are you doing Edward?

<Q – Edward Ditmire>: One follow-up question on M&A. You guys have previously said that you wanted to clear your plate or substantially clear your plate on the current M&A integration before you moved on to new things. Are financial constraints going to become more important in say early 2009 given that you guys seem to have the other stuff well in hand?

<A – Robert Greifeld>: I think I said we are certainly not thinking that far ahead. We are proud of the fact that we are driving further, faster, and better than we ever could imagine with these transactions and as we get further down the pipe with them, then we would contemplate some other ways to leverage our platform, whether the platform exists for NASDAQ OMX at that point in time. And so, the answer is we don't have a thoughtful answer.

<Q – Edward Ditmire>: Okay, great. Thank you.

Operator: And we have no additional questions at this time. I will turn the call back over to management for any closing remarks.

Robert Greifeld, Chief Executive Officer

Great. Well, I certainly appreciate your time today. We are obviously proud of this quarter. As I said previously this quarter represents the successful execution of the standalone business plans of what we know is old NASDAQ and old OMX. But most importantly in the quarter we had tremendous success in creating the new integrated NASDAQ OMX and the synergies on both the revenue and the expense side will become visible to all our customers and investors in the quarters to come and we look forward to delivering upon those to you. So, we appreciate your time and thank you and we'll talk to you in three months.

Operator: This concludes today's conference. We thank everyone for your participation. You may now disconnect your lines.

