

# The NASDAQ OMX Group

## Q209 Earnings Presentation

August 6, 2009



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# NASDAQ OMX<sup>®</sup>

# Forward Looking Statement

## Cautionary Note Regarding Forward-Looking Statements

Information set forth in this communication contains forward-looking statements that involve a number of risks and uncertainties. NASDAQ OMX cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to (i) projections about our future financial results, growth and achievement of synergy targets, (ii) statements about the implementation dates and benefits of certain strategic initiatives, (iii) statements about our integrations of our recent acquisitions, and (iv) other statements that are not historical facts. Forward-looking statements involve a number of risks, uncertainties or other factors beyond NASDAQ OMX's control. These factors include, but are not limited to, NASDAQ OMX's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors detailed in NASDAQ OMX's filings with the U.S. Securities Exchange Commission, including its annual reports on Form 10-K and quarterly reports on Form 10-Q which are available on NASDAQ OMX's website at <http://www.nasdaqomx.com> and the SEC's website at [www.sec.gov](http://www.sec.gov). NASDAQ OMX undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## Non-GAAP Information

In addition to disclosing results determined in accordance with GAAP, NASDAQ OMX also discloses certain non-GAAP and pro forma non-GAAP results of operations, including net income, diluted earnings per share, operating expenses, and operating income that make certain adjustments or exclude certain charges and gains that are described in the reconciliation table of GAAP to pro forma non-GAAP information provided at the end of this release. Management believes that this non-GAAP and pro forma non-GAAP information provides investors with additional information to assess NASDAQ OMX's operating performance by making certain adjustments or excluding costs or gains and assists investors in comparing our operating performance to prior periods. Management uses this non-GAAP and pro forma non-GAAP information, along with GAAP information, in evaluating its historical operating performance.

The non-GAAP information is not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies. The non-GAAP information should not be viewed as a substitute for, or superior to, other data prepared in accordance with GAAP.

# Financial Highlights

## Second Quarter Results

- Total Revenues: \$889 million (\$822 million in Q208)
- Net Exchange Revenues<sup>1</sup>: \$367 million (\$380 million in Q208)
- Total Operating Expenses: \$208 million (\$225 million in Q208)
- Net Income Attributable to NASDAQ OMX: \$69 million (\$100 million in Q208)
- Diluted EPS: \$0.33 (\$0.47 in Q208)

## Non-GAAP Results<sup>2</sup>

- Total Revenues: \$889 million (\$865 million in Q208)
- Net Exchange Revenues<sup>1</sup>: \$367 million (\$420 million in Q208)
- Total Operating Expenses: \$199 million (\$251 million in Q208)
- Net Income Attributable to NASDAQ OMX: \$99 million (\$100 million in Q208)
- Diluted EPS: \$0.47 (\$0.47 in Q208)

1. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees.

2. For comparison purposes Q209 results are presented on a non-GAAP basis and exclude merger expenses, losses on the sale of investments, and certain other, non-recurring items. Q208 results are presented on a pro forma non-GAAP basis that reflect the financial results of NASDAQ OMX and PHLX as if they were a combined company for the period, and exclude merger expenses, gains from foreign currency contracts, net and certain other non-recurring items. Please refer to the non-GAAP schedules at the end of this slide presentation for a complete reconciliation of GAAP to non-GAAP results.

# Summary Financial Results

(In \$mill except for EPS)

Vs. Prior-Year Quarter	Q209	Q208	Change
Net exchange revenues <sup>(1)</sup>	367	380	(3%)
Total operating expenses	208	225	(8%)
Operating income	159	155	3%
<i>Operating margin <sup>(2)</sup></i>	43%	41%	
Net income Attributable to NASDAQ OMX	69	100	(31%)
Diluted EPS	\$0.33	\$0.47	(30%)

- Net income and diluted EPS declined in Q209 when compared to Q208:
  - Q208 reported results do not include results of the NASDAQ OMX PHLX, which was acquired on July 24, 2008;
  - Included in Q208 results is a pre-tax gain on foreign currency contracts, net of \$5M;
  - Q209 results include a loss of \$19M associated with selling our interest in Orc Software AB, and a \$5M loss on the sale of an available for sale investment.

Vs. Prior Quarter	Q209	Q109	Change
Net exchange revenues <sup>(1)</sup>	367	369	(1%)
Total operating expenses	208	203	2%
Operating income	159	166	(4%)
<i>Operating margin <sup>(2)</sup></i>	43%	45%	
Net income Attributable to NASDAQ OMX	69	94	(27%)
Diluted EPS	\$0.33	\$0.44	(25%)

- Net income and diluted EPS declined in Q209 when compared to Q109:
  - Included in Q209 results is a loss of \$19M associated with selling our interest in Orc Software AB;
  - Also included in Q209 is a \$5M loss on the sale of an available for sale investment.

1. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees.

2. Operating Margin equals Operating Income divided by Net Exchange revenues

# Non-GAAP Financial Results <sup>(1)</sup>

(In \$mill except for EPS)

Vs. Prior-Year Quarter	Q209	Q208	Change
Net exchange revenues <sup>(2)</sup>	367	420	(13%)
Total operating expenses	199	251	(21%)
Operating income	168	169	(1%)
<i>Operating margin</i> <sup>(3)</sup>	46%	40%	
Net income Attributable to NASDAQ OMX	99	100	(1%)
Diluted EPS	\$0.47	\$0.47	-

Vs. Prior Quarter	Q209	Q109	Change
Net exchange revenues	367	369	(1%)
Total operating expenses	199	194	3%
Operating income	168	175	(4%)
<i>Operating margin</i>	46%	47%	
Net income Attributable to NASDAQ OMX	99	102	(3%)
Diluted EPS	\$0.47	\$0.48	(2%)

- Operating margins improved to 46% in Q209 from 40% in Q208. Prior year results are reported on a pro forma basis and include the financial results of PHLX:
  - Net exchange revenues declined 13%. \$33M, or 62%, of the decline is due to changes in foreign currency exchange rates;
  - Total operating expenses declined \$52 million, or 21%, primarily due to integration efforts associated with the OMX and PHLX transactions and to changes in foreign currency exchange rates.

- Net Income and diluted EPS declined slightly when compared to Q109:
  - Net exchange revenues declined 1% primarily due to lower matched U.S. cash equities volume;
  - Total operating expenses increased \$5M, or 3% when compared to Q109.

1. For comparison purposes Q109 and Q209 results are presented on a non-GAAP basis and exclude merger expenses, losses on sales of investments, and certain other non-recurring items. Q208 results are presented on a pro forma non-GAAP basis that reflect the financial results of NASDAQ OMX and PHLX as if they were a combined company for the period, and exclude merger expenses, net gains from foreign currency contracts, and certain other non-recurring items. Please refer to the non-GAAP schedules at the end of this slide presentation for a complete reconciliation of GAAP to non-GAAP results.

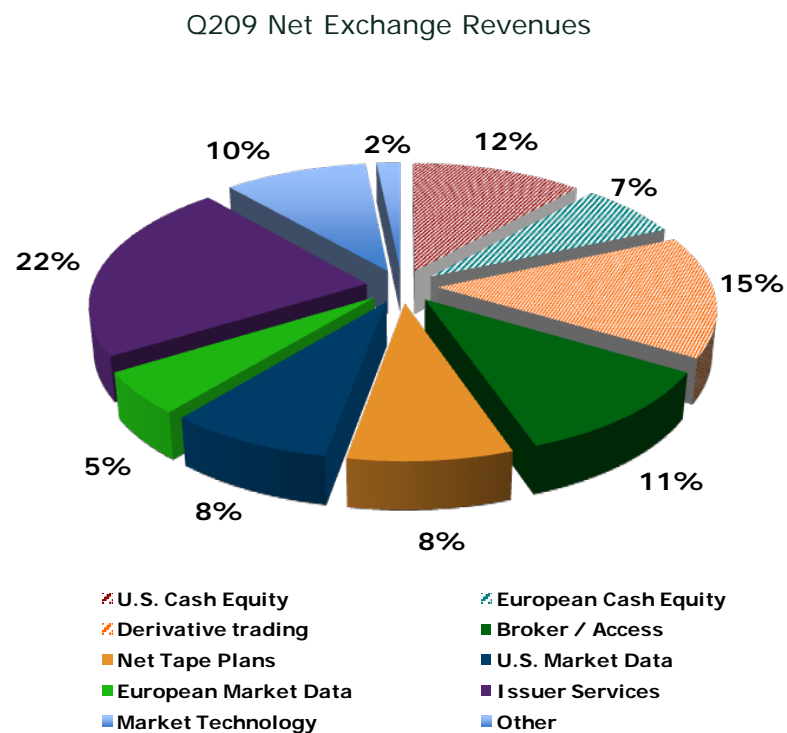
2. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees.

3. Operating Margin equals Operating Income divided by Net Exchange Revenues.

# Net Exchange Revenues <sup>(1)</sup>

(In \$millions)

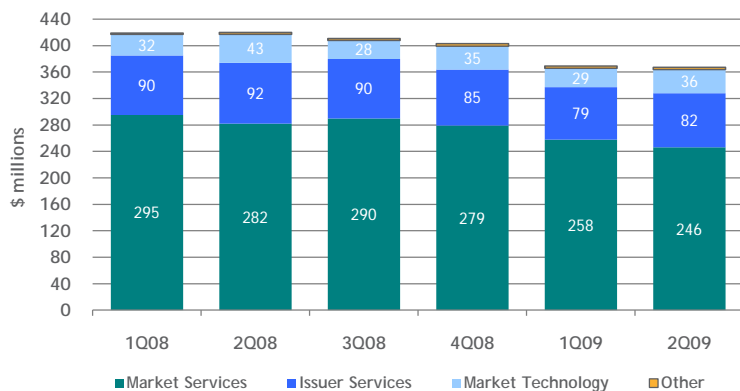
Revenue Statement	Q209	Q109	Q208
Cash Equity Trading	68	80	94
Derivative Trading	55	55	55
Access Services	32	32	31
<i>Total Transaction Services</i>	<i>155</i>	<i>167</i>	<i>180</i>
Net U.S. Tape Plans	30	34	36
U.S. Market Data Products	30	28	27
European Market Data Products	19	19	25
Broker Services	9	8	12
Other Market Services	3	2	2
<i>Total Market Services</i>	<i>246</i>	<i>258</i>	<i>282</i>
Global Listing Services	72	70	81
Global Index Group	10	9	11
<i>Total Issuer Services</i>	<i>82</i>	<i>79</i>	<i>92</i>
Market Technology	36	29	43
Other	3	3	3
<i>Net Exchange Revenues</i>	<i>367</i>	<i>369</i>	<i>420</i>



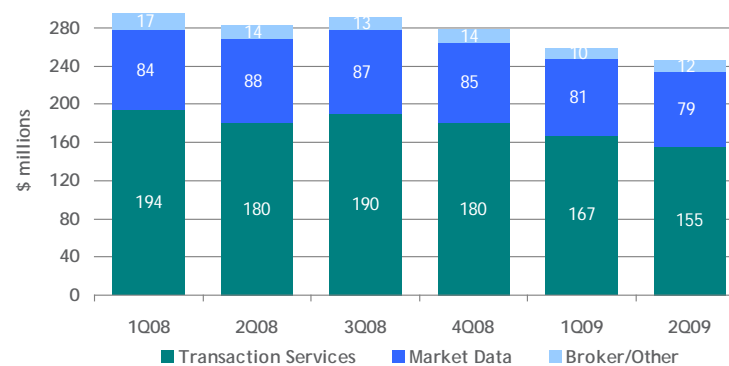
1. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees. For comparison purposes Q208 results are presented on a pro forma basis that reflects the financial results of NASDAQ OMX, and PHLX as if they were a combined company for the period.

# Revenue Trends

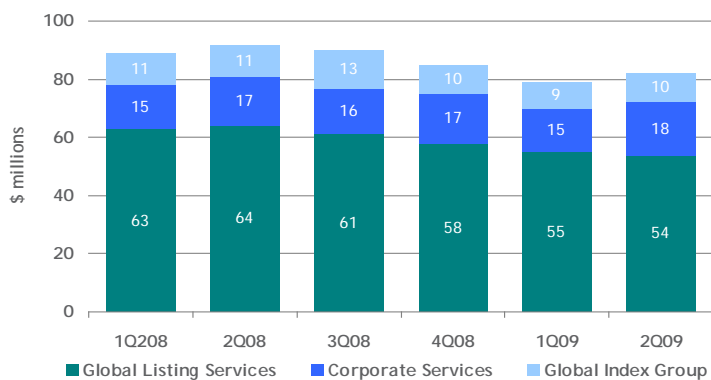
## NASDAQ OMX



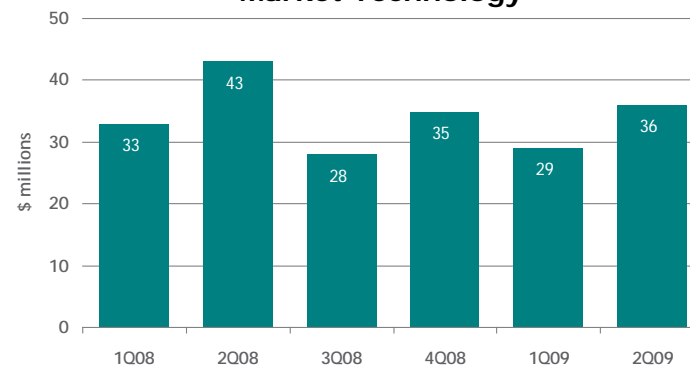
## Market Services



## Issuer Services

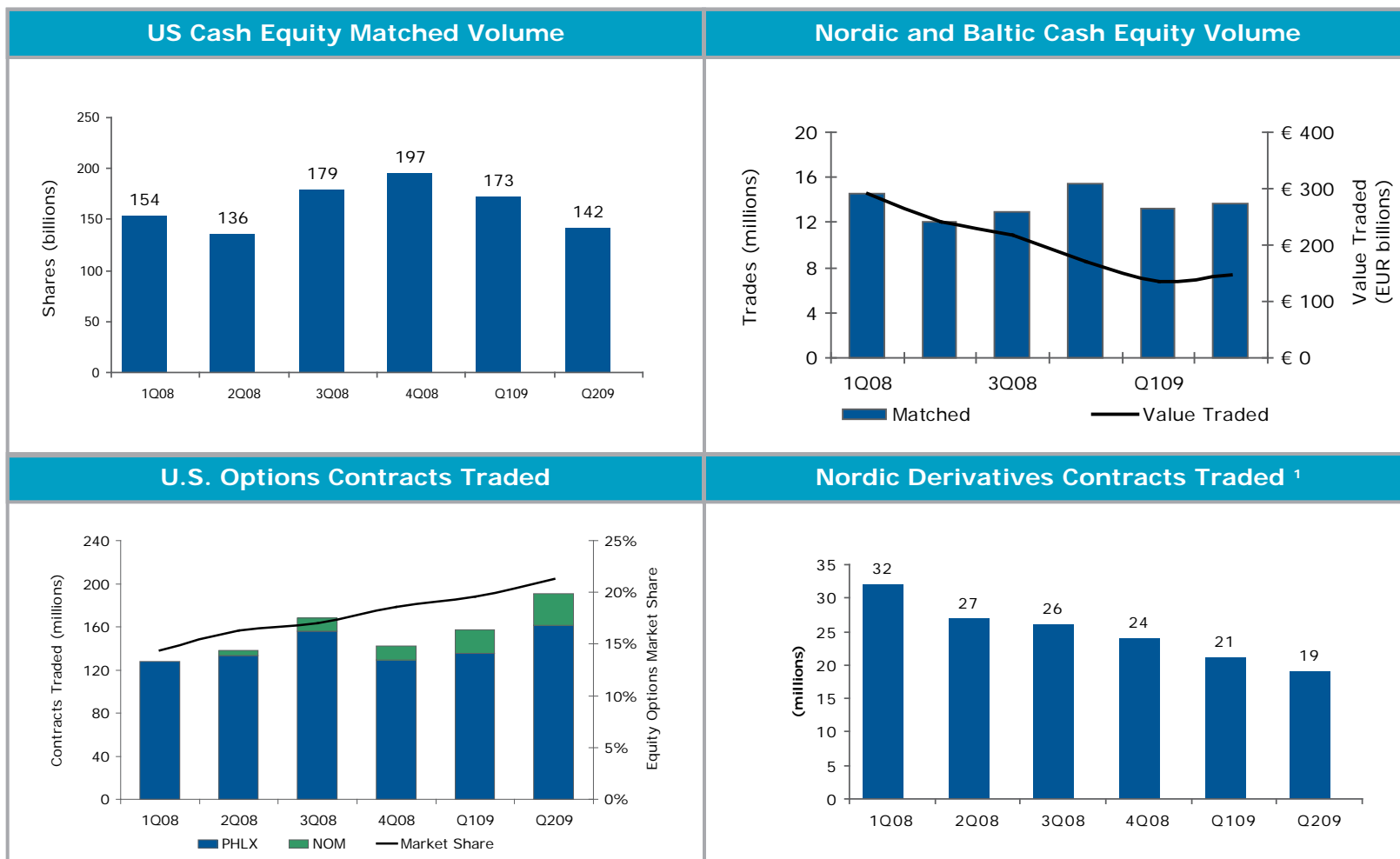


## Market Technology



Note: Revenues presented for Market Services are net exchange revenues, which reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees. Revenues for Q108, Q208, and Q308 are presented on a pro-forma basis that reflect results for NASDAQ, OMX, and PHLX as if they were a combined company for each of the periods.

# Transaction Revenue Drivers



1. Excludes Volumes traded on EDX and EUREX.



# Non-GAAP Expense Detail <sup>(1)</sup>

(In \$millions)

Total operating expenses <sup>(2)</sup>	Q209	Q109	Q208	Q209 Expense Categories
Compensation and benefits	102	94	129	<p>Q209 Expense Categories</p> <ul style="list-style-type: none"> <li>Compensation</li> <li>Marketing</li> <li>Depreciation</li> <li>Professional Services</li> <li>Computer Ops</li> <li>Occupancy</li> <li>Regulatory</li> <li>G&amp;A</li> </ul>
Marketing & advertising	3	2	4	
Depreciation & amortization	25	24	28	
Professional services	17	18	27	
Computer ops. & data comm.	14	15	20	
Occupancy	18	17	18	
Regulatory	10	9	7	
General, admin. & other	10	15	18	
<b>Total operating expenses</b>	<b>199</b>	<b>194</b>	<b>251</b>	
				<p>Quarterly Expense Trend</p> <p>\$ millions</p> <p>4Q07 1Q08 2Q08 3Q08 4Q08 Q109 Q209</p>

- For comparison purposes Q109 and Q209 results are presented on a non-GAAP basis and exclude merger expenses, losses on sale of investments, and other non-recurring items. Q208 results are presented on a pro forma non-GAAP basis that reflect the results of NASDAQ OMX and PHLX as if they were a combined company for the periods presented, and exclude merger expenses and certain other non-recurring items. Please refer to the non-GAAP schedules at the end of this slide presentation for a complete reconciliation.
- Certain non-recurring items detailed on the non-GAAP schedules are removed from individual line items to arrive at the amounts included in this table, including: Merger expenses of \$3 million, \$8 million, and \$6 million in Q209, Q109, and Q208, respectively; \$3 million in workforce reductions expenses from Compensation and Benefits in Q209 and Q109; removed from General, Admin. and Other are \$2 million in asset retirement charges in Q209; a \$2 million loss on the sale of a business in Q109; and \$1 million and \$4 million gains on debt extinguishment from in Q209 and Q109, respectively; and removed from Depreciation & amortization in Q209 are \$1 million in asset retirement charges and \$1 million in technology costs.

# Foreign Currency Exchange Impact

(In \$mill except for EPS and FX rates)

Q209 Results	USD	SEK	EUR	NOK	GBP	DKK	Other	Total
Net exchange revenues <sup>(1)</sup>	253	48	34	11	8	7	6	367
Total non-GAAP operating expenses <sup>(2)</sup>	127	42	7	6	7	5	5	199
Non-GAAP operating income <sup>(3)</sup>	126	6	27	5	1	2	1	168
Average FX to USD in Q209	-	0.127	1.36	0.154	1.55	0.183	-	-

\* All values are presented in US dollars.

FX Impact on Q209 Results at: <sup>(4)</sup>	Q109 Rates	Q208 Rates
Net exchange revenues <sup>(1)</sup>	7	-33
Total non-GAAP operating expenses <sup>(2)</sup>	5	-22
Non-GAAP operating income <sup>(3)</sup>	2	-11
Diluted earnings per share	\$0.01	-\$0.04

USD	=	US Dollar
SEK	=	Swedish Krona
EUR	=	Euro
NOK	=	Norwegian Krone
GBP	=	British Pound Sterling
DKK	=	Danish Krone

1. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees.
2. Excludes merger related expenses of \$3 million that were incurred in Q209; a \$ 1 million gain related to the early extinguishment of debt; and \$7 million in pre-tax expenses associated with workforce reductions, asset retirements, and other non-recurring items. Please refer to slide 12 of this presentation for a complete reconciliation of non-GAAP operating expenses.
3. Please refer to slide 13 of this presentation for a complete reconciliation of Non-GAAP operating income.
4. The impact reflects changes to Q209 results if amounts were translated at the prior period rates.

# Balance Sheet Highlights

<i>(in \$ millions)</i>	6-30-09	12-31-08	
<u>Assets</u>			<ul style="list-style-type: none"> <li>Increases in <u>cash, cash equivalents, financial investments, and restricted cash</u> are primarily due to collections of U.S. Issuer Services annual billings and receipt of cash from the sale of investment in Orc Software AB, partially offset by cash used to pay down debt.</li> <li><u>Goodwill</u> and <u>intangible assets</u> changes are due primarily to currency fluctuations.</li> <li>Changes to <u>Market value, outstanding derivative positions</u> are related to the various Nordic clearing businesses. As the legal counterparty to each transaction NASDAQ OMX reports the gross market value of derivative positions on the balance sheet after netting customer positions.</li> <li>The decline in <u>other assets</u> is related to the sale of our investment in Orc Software AB, the squeeze out payment for the remaining 1.2% shares of OMX, and the sale of our available-for-sale investment in the Oslo Børs exchange</li> </ul>
Cash, cash equiv., financial investments, & restricted cash	857	792	
Receivables, net	383	339	
Market value, outstanding derivative positions	3,034	4,122	
Goodwill	4,591	4,492	
Intangible assets, net	1,581	1,583	
Other assets	1,214	1,424	
<b>Total assets</b>	<b>\$11,660</b>	<b>\$12,752</b>	
<u>Liabilities and stockholders' equity</u>			<ul style="list-style-type: none"> <li>The decline in <u>debt obligations</u> is primarily due to the principal pay down of \$113M for the senior secured term loan facility credit agreement and the buy back of \$47M aggregate principal amount of 2.5% convertible notes.</li> <li>Decreases in <u>non-current deferred tax liabilities</u> are primarily due to currency fluctuations.</li> <li>The increase in <u>other liabilities</u> is primarily due to an increase in deferred revenue associated with Issuer Services annual fees.</li> <li>The increase in <u>total equity</u> is due to net income, currency translation adjustments, and stock amortization awards.</li> </ul>
Accounts payable	236	242	
Market value, outstanding derivative positions	3,034	4,122	
Debt obligations	2,315	2,524	
Non-current deferred tax liabilities	688	696	
Other liabilities	874	865	
<b>Total liabilities</b>	<b>7,147</b>	<b>8,449</b>	
Total equity	4,513	4,303	
<b>Total liabilities and stockholders' equity</b>	<b>\$11,660</b>	<b>\$12,752</b>	

# Operating Expenses:

## Reconciliation of GAAP to Pro Forma and Pro Forma non-GAAP

<i>(in \$ millions)</i>	Q209	Q109	Q408	Q308	Q208	Q108
<b>GAAP Operating Expenses</b>	<b>\$208</b>	<b>\$203</b>	<b>\$223</b>	<b>\$227</b>	<b>\$225</b>	<b>\$145</b>
<u>Pro forma adjustments:</u>						
OMX operating expenses	-	-	-	-	-	70
PHLX operating expenses	-	-	-	7	30	31
Amortization of intangibles	-	-	-	1	2	4
Professional and contract services	-	-	-	-	-	-
Computer operations and data communications	-	-	-	-	-	-
Total adjustments	-	-	-	8	32	105
<b>Pro forma operating expenses</b>	<b>\$208</b>	<b>\$203</b>	<b>\$223</b>	<b>\$235</b>	<b>\$257</b>	<b>\$250</b>
<u>Other adjustments:</u>						
Merger expenses	-3	-8	-10	-9	-6	-1
Other reserves	-	-	-	-2	-	-
Loss on sale of business	-	-2	-	-	-	-
Workforce reductions	-3	-3	-	-2	-	-
Gain on debt extinguishment	1	4	-	-	-	-
Technology	-1	-	-	-	-	-
Asset retirements	-3	-	-	-	-	-
Total adjustments	-9	-9	-10	-13	-6	-1
<b>Pro forma non-GAAP operating expenses</b>	<b>\$199</b>	<b>\$194</b>	<b>\$213</b>	<b>\$222</b>	<b>\$251</b>	<b>\$249</b>

# Operating Income:

## Reconciliation of GAAP to Pro Forma and to Pro Forma Non-GAAP

<i>(in \$ millions)</i>	Q209	Q109	Q208
<b>GAAP operating income:</b>	<b>\$159</b>	<b>\$166</b>	<b>\$155</b>
<u>Pro forma adjustments:</u>			
PHLX operating income	-	-	10
Amortization of intangibles	-	-	-2
Total adjustments	-	-	8
<b>Pro forma operating income</b>	<b>\$159</b>	<b>\$166</b>	<b>\$163</b>
<u>Other adjustments:</u>			
Merger expenses	3	8	6
Loss on sale of business	-	2	-
Workforce reductions	3	3	-
Asset retirements	3	-	-
Gain on debt extinguishment	-1	-4	-
Technology	1	-	-
Total adjustments	9	9	6
<b>Pro forma non-GAAP operating income</b>	<b>\$168</b>	<b>\$175</b>	<b>\$169</b>
<b>Net exchange revenues <sup>(1)</sup></b>	<b>\$367</b>	<b>\$369</b>	<b>\$420</b>
<b>Pro forma non-GAAP operating margin <sup>(2)</sup></b>	<b>46%</b>	<b>47%</b>	<b>40%</b>

1. Net exchange revenues reflect total revenues less liquidity rebates, brokerage, clearing, and exchange fees. Q208 results are presented on a pro forma non-GAAP basis that reflect the results of NASDAQ OMX and PHLX as if they were a combined company for the period.

2. Pro Forma non-GAAP Operating Margin equals Pro Forma non-GAAP Operating Income divided by Net Exchange revenues

# Net Income:

## Reconciliation of GAAP to Pro Forma and to Pro Forma non-GAAP

<i>(in \$ millions)</i>	Q209	Q109	Q208
<b>GAAP net income:</b>	<b>\$69</b>	<b>\$94</b>	<b>\$100</b>
<u>Pro forma adjustments:</u>			
PHLX results	-	-	6
Amortization of intangibles	-	-	-1
Interest expense, net adjustments	-	-	-5
Total adjustments	-	-	-
<b>Pro forma net income</b>	<b>\$69</b>	<b>\$94</b>	<b>\$100</b>
<u>Other adjustments:</u>			
Merger expenses	2	6	4
Loss on sale of investment security	5	-	-
Loss on sale of business	-	2	-
Loss on sale of unconsolidated investee	19	-	-
Workforce reductions	2	2	-
Asset retirements	2	-	-
Gain on foreign currency contracts, net	-	-	-4
Gain on debt extinguishment	-	-2	-
Total adjustments	30	8	-
<b>Pro forma non-GAAP net income</b>	<b>\$99</b>	<b>\$102</b>	<b>\$100</b>

# EPS:

## Reconciliation of GAAP to Pro Forma and to Pro Forma non-GAAP

	Q209	Q109	Q208
<b>GAAP diluted earnings per common share:</b>	<b>\$0.33</b>	<b>\$0.44</b>	<b>\$0.47</b>
Total other adjustments from pro forma non-GAAP net income (Slide 14)	0.14	0.04	-
<b>Pro forma non-GAAP diluted earnings per common share</b>	<b>\$0.47</b>	<b>\$0.48</b>	<b>\$0.47</b>

**NASDAQ OMX<sup>®</sup>**