
MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the NASDAQ OMX Fourth Quarter 2010 Results Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Vince Palmiere, Vice President of Investor Relations.

Vincent Palmiere, Head, Investor Relations

Thank you, operator.

Good morning, and thank you for joining us today to discuss NASDAQ OMX's fourth-quarter and full-year 2010 Earnings results. Joining me are Bob Greifeld, our Chief Executive Officer, and Adena Friedman, our Chief Financial Officer. Following our prepared remarks, we'll open up the line for Q&A.

You can access the results press release and presentation on the NASDAQ OMX's Investor Relations website at www.nasdaqomx.com. We intend to use our 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 & Presentations section of the site.

And before I turn the call over to Bob, I would 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. The actual results might differ materially from those projected in these forward-looking statements. Information concerning these 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 thank you, everybody for joining us on this call this morning. I certainly appreciate your efforts to get here on this rainy icy day. I'll begin by spending a few minutes highlighting the fourth quarter of 2010, then I will update you on the progress we are making with some of our initiatives. Adena will then walk you through the financial details.

On a non-GAAP basis, we delivered outstanding record results as non-GAAP diluted earnings per share came in at a record \$0.55, 6% above our previous record and 20% above our fourth-quarter 2009 non-GAAP results. Net revenues for the quarter reached \$400 million, while net income grew to \$110 million, an 11% increase over results from the fourth quarter of 2009.

This performance was driven by our global growth in derivatives and the strength of our European-based businesses and should be attributed to the diversification and globalization strategy that we embarked upon in 2007. Over the last three years, we have made a successful transition from a U.S.-based cash equities exchange to a highly successful multi-asset global franchise, with 37% of

our total revenues now coming from outside the U.S. and nearly 20% coming from derivatives trading and clearing.

As I walk you through these results, it'll become very clear that many of these new businesses, including derivatives in the U.S. and Europe, global market technology, access services and corporate solutions, all provided strong and sustainable revenue success in the fourth quarter, throughout 2010, and is positioned to be an engine of our growth in the years to come.

During the year, we continued to invest in diversifying and globalizing our business. With the acquisition of SMARTS and FTEN, we can now provide a full suite of pre-trade and post-trade risk management solutions to broker-dealers, regulators and exchanges worldwide. As the market access rules ramp up in the U.S., and stronger risk management and compliance practices are implemented worldwide, SMARTS and FTEN are perfectly positioned to meet the needs of these rapidly-growing market segments.

As an organization overall, we are well-positioned to continue to experience growth across all our businesses, and we believe that our fourth-quarter results are a testament to the benefits of our model and our efforts over the past number of years.

Now turning to the details of the quarter, in market services, revenue increased \$24 million or 10% from the fourth quarter of 2009. One significant milestone in the fourth quarter was the launch of the Genium INET trading platform, the world's fastest trading and clearing system in our Nordic equity derivatives market as well as the launch of repo clearing and the Nordic clearinghouse. Overall, our Nordic derivatives business experienced a 23% increase in revenues over the prior-year quarter.

In the U.S., NASDAQ OMX was again the number one market in options. The combined market share of PHLX and NOM grew to 31%, while volumes jumped significantly. This increased activity and market share drove our U.S. derivatives revenue up an impressive 35% compared to the fourth quarter of 2009.

Finally, within market services, responding to customer demand in the post May 6 environment, we successfully launched PSX, our innovative price/size trading venue, which has captured approximately 1% of the market in a short period of time.

Moving on to our issuer services business segment, NASDAQ OMX signed 63 new listings during the quarter and a total of 220 new listings throughout 2010, including 100 IPOs.

NASDAQ OMX continued to dominate the greater China area with 43 new listings in 2010. One notable Chinese listing in the fourth quarter was SinoTech Energy, which was the largest Chinese energy IPO in 2010.

We also captured the largest financial company that completed an IPO on a U.S. market in the fourth quarter. LPLA Investment Holdings, based in Boston, raised over \$469 million in proceeds.

Finally, within issuer services, corporate solutions continues to deliver innovative products and services that enables Issuers to meet the requirements of being a public company while simultaneously deepening our relationship with these Issuers. That has resulted in strong revenue growth, up 29% year-over-year.

Our global index group also had an outstanding year, as revenues were up over 20% from last year, driven by increased demand for new license ETFs and other financial products.

In our industry-leading market technology business, we finished the year strong, as fourth-quarter revenues reached their highest levels ever. The Australian Stock Exchange went live with the Genium INET platform, capping off a very strong quarter for the business.

In summary, results for the quarter were very impressive as strong revenue growth drove our earnings higher.

What did not have much of an impact to our Q4 results was the 22.8 million share repurchase from Borse Dubai that we completed on the December 21st. Since the transaction was completed so late in the quarter, the impact to our fourth-quarter results was negligible. However, looking forward, we are pleased with the ongoing benefit the buyback will provide to our 2011 results. Adena will provide some insights into the full-quarter impact of the buyback in her remarks.

Overall, the increase in earnings certainly speaks to the strength of our business, the success of our diversification strategy and the soundness of our capital management decisions.

During 2010, we took a number of steps in the execution of our corporate strategy to diversify into new asset classes, move into new geographies, develop new capabilities and attract new clients. Let me quickly touch on some.

At the beginning of the year, we obtained investment-grade status and refinanced our debt obligations, allowing us to launch a share repurchase program that we aggressively pursued. By year's end, we had repurchased 37.8 million shares valued at \$797 million.

Within our derivatives business, we became the number one U.S. options market and the Nordics realized strong growth in both volume and membership. 2010 also saw the launch of the repo and swaps clearing service in the Nordics.

In NASDAQ OMX commodities, we continued to grow our business by launching the U.K. power market N2EX, and by acquiring Nord Pool ASA and NOCC, our U.S. energy clearing business.

In cash equities, we launched PSX, our price/size marketplace, installed Genium INET in the Nordics, increased demand for collocation and access services, and as the year came to a close, acquired FTEN, a leader in pre-trade risk management. And finally, within market technology, we launched the commercial offering of Genium INET, which quickly realized success through new contracts wins in Singapore – the Singapore Exchange and the Australian Securities Exchange and acquire SMARTS Technology, a world leader provider of market surveillance.

We are very pleased with the progress we made in 2010, and we feel that our hard work paid off in the form of improved business performance and truly strong growth and earnings. As we look into 2011, our goal is to continue to execute our corporate strategy by utilizing many of the new products and services we launched last year, and by pursuing new initiatives that are the products of our innovative culture here at NASDAQ OMX.

Chief among them is our goal to provide FTEN pre-trade risk management software to clients looking for solutions that comply with the new market access rules. We firmly believe that we can achieve significant synergies by leveraging our customer relationships and offering FTEN's pre-trade products alongside the post-trade market surveillance products that have been developed by SMARTS.

Within market technology, we intend to realize continued success within Genium INET as the business moves forward with its growth plans in the Middle East and Asia.

Additionally, we plan to continue to expand our capabilities within options and just yesterday, introduced enhancements for the complex order system at PHLX, thereby expanding the market for orders in which we can compete. Also, within the options market, we have plans to offer trading in our Alpha indexes early in the second quarter.

And in Nordics, we intend to improve our infrastructure by launching the Genium INET platform for fixed income and commodities, and expand our business to the growth of repo and swap clearing services. And at N2EX, we launched our financial derivatives products just this week, and we did our first trades yesterday, certainly a milestone in our development.

In the U.S., with IDCG, we continue to deepen our relationships with leading members of the industry as financial institutions' progress in their preparation to clear interest rate swap products in the second half of 2011. In issuer services, we expect to launch our BX venture market, which will be a venue for venture-backed companies that inspired the list on NASDAQ, while simultaneously expanding the reach of our corporate solutions product offering.

Before I turn call over to Adena, I want to touch again on the quality of our record earnings this quarter. When compared to the third quarter of 2010, revenues were up 8% while earnings grew 10%. We were able to achieve this growth on the strength of our global business. This strong growth reflects successful execution of our corporate strategy, which is to lever our core technology, while continuing to diversify geographically and into new products and services.

I'll now turn the call over to Adena, and thank you.

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

Thank you, Bob.

Good morning, everyone and thanks for joining us today. Our GAAP net income for the fourth quarter of 2010 was \$137 million or \$0.69 per diluted share. These results include \$9 million of expenses associated with workforce reductions, merger and strategic initiatives and other items, offset by \$37 million of tax benefits associated with these items and the restructuring of NASDAQ OMX subsidiaries.

When excluding the impact of these items, our non-GAAP earnings per share for the quarter reached a record high of \$0.55, an increase of 10% when compared to the third quarter, and an increase of 20% when compared to the fourth quarter of 2009. Our net income reported on a non-GAAP basis was \$110 million, an increase of 9% when compared to the third quarter of 2010, and an increase of 11% when compared to the fourth quarter of last year.

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.nasdaqomx.com. Our growth in earnings is driven by the strength of our diversified business as increased revenue drove our EPS growth. Of the \$0.05 increase in earnings when compared to the third quarter of 2010, nearly all of the increase was driven by stronger business fundamentals while only one penny of the increase was due to our share repurchase program.

Turning to our strong Q4 operating results, shown on slide 8 of our presentation, you can see that net exchange revenues were \$400 million for the quarter, an increase of \$28 million or 8% when compared to the third quarter of 2010, and an increase of \$31 million or 8% when compared to the prior-year quarter.

Market services revenues were \$265 million, an increase of \$16 million or 6% when compared to the third quarter, and an increase of \$24 million or 10% when compared to the fourth quarter of last year. Cash equity revenues for the quarter were \$60 million, down \$3 million or 5% when compared to the third quarter, but up \$8 million or 15% when compared to the fourth quarter of 2009. Lower U.S. trading volumes and market share were the primary drivers behind the decline from last quarter, while modified fees were responsible for the increase in revenues when compared to the same period last year.

Net derivative trading and clearing revenues were \$74 million for the fourth quarter, up 23% when compared to \$60 million in the third quarter of 2010, and up 30% when compared to the \$57 million from the fourth quarter of last year. Increases when compared to both the third quarter of this year and the fourth quarter of last year are due to higher volumes and market share in U.S. options, and the increased activities in the Nordic derivatives. Also contributing was the increase – to the increase was the October 2010 launch of repo clearing in the Nordics.

Overall, our derivatives business exhibited strength in each of the instruments that we trade and clear. Included in Nordic derivatives revenues for the quarter are \$12.1 million from cleared energy and carbon products, \$12.7 million from trading and clearing of stock and index derivatives, \$6 million from the clearing of fixed-income products, and approximately \$1.2 million from other revenues and fees.

In access services, revenues were \$48 million for the quarter, up from \$45 million in the third quarter, and up \$7 million or 17% from the fourth quarter of 2009, on continued demand of our services and modifications to our member-oriented fees.

Within market data, revenues were \$79 million for the fourth quarter, up \$3 million when compared to third quarter of 2010, but down \$5 million compared to the fourth quarter of 2009. The increase when compared to the third quarter is primarily due to modified fees for European market data products, and the decline when compared to the fourth quarter of 2009 is due to lower U.S. tape plan and European market data revenues, offset by somewhat higher revenues associated with our U.S. proprietary data products.

In issuer services, revenues were \$89 million for the quarter, up \$4 million when compared to the third quarter, and up \$6 million when compared to the prior-year quarter. Driving growth in revenues when compared to the third quarter is increased demand from listed companies for our corporate solutions. Growth in revenues when compared to the fourth quarter 2009 is due to increased demand for corporate solutions as well as higher global index group revenues.

And turning to market technology, revenue was \$46 million for the quarter, up from \$38 million in the third quarter, and \$44 million in the prior-year quarter. These increases are due to seasonality in our advisory practice and short-term development projects as we worked with clients to complete enhancements and other requests prior to year-end, as well as a full-quarter benefit from the SMARTS acquisition.

At quarter-end, total order value, which represents the cumulative value of all signed orders that are not yet been then realized into revenue, was \$495 million. And finally, within market technology, for the first quarter of 2011, assuming current FX rates, we expect our revenues to be approximately \$42 million.

Now, turning to slide 14, our total non-GAAP operating expenses for the fourth quarter were \$216 million, representing an increase of \$13 million from \$203 million in the third quarter, and an increase of \$12 million from \$204 million in the fourth quarter of 2009. The increase in expenses when compared to the third quarter of 2010 was driven by higher compensation and depreciation and amortization expenses, partially due to the inclusion of the SMARTS-related expenses, which was acquired in the third quarter.

Also contributing to the increase was the impact of changes in the exchange rates of various currencies as compared to the U.S. dollar, which had the effect of increasing expenses by \$5 million when compared to the third quarter of 2010. The increase in expenses from the fourth quarter of 2009 is primarily due to higher compensation expenses, including those associated with SMARTS and Nord Pool ASA; increases in professional contract services costs; and changes in the exchange rates of various currencies as compared to the U.S. dollar, which had the impact of

increasing expenses by \$2 million. The impact of foreign currency fluctuations in our results is summarized on slide 15 of the presentation.

Now, looking forward to 2011, for the full-year, we expect total expenses to be in the range of \$920 million to \$940 million at current exchange rates. Our 2011 guidance includes \$33 million of new expenses from the acquisitions of FTEN and Zoomvision in addition to the full-year impact of the acquisitions of SMARTS and Nord Pool ASA.

All of the 2010 acquisitions are expected to deliver profits to the enterprise in 2011. Also impacting 2011 guidance is the strengthening of other currencies against the dollar. For instance, the Swedish krona has appreciated by 3% against the dollar in the last quarter alone. Lastly, our guidance includes approximately \$25 million of non-recurring items. Excluding the non-recurring items, we anticipate that our total operating expenses will be in the range of \$895 million to \$915 million.

Overall results for the quarter yielded – and overall results for the quarter yielded non-GAAP operating income of \$184 million, with operating margins coming in at 46% from 45% in the third quarter and prior-year quarter.

Now, turning briefly to investments and new initiatives on slide 13 of the presentation, we provide a summary of returns on our investments, which continued to drive growth in our revenues and margins. Spending on all initiatives, including those launched in 2009 and 2010, is expected to be in the range of \$85 to \$95 million in 2011, with revenues projected to be in the range of \$112 million to \$122 million.

And moving on to net interest expense, in the third (sic) [fourth] quarter, it was \$24 million, an increase of \$1 million from the third quarter of 2010, and an increase of \$2 million from the fourth quarter of last year. At year-end 2010, NASDAQ OMX raised \$367 million in net proceeds from the issuance of 7-year bonds with the coupon rate of 5.25% to provide funding for the repurchase of our shares from Borse Dubai.

Beginning with the first quarter of 2011, incremental interest expense associated with this issuance is expected to be approximately \$4.9 million per quarter. Throughout 2010, we've repurchased a total of 37.8 million shares for a total cost of \$797 million at an average price of \$21.08 per share.

Our share repurchase in December occurred very late in the quarter and therefore had a negligible impact on the quarter EPS result. However, for illustrative purposes, on slide 15 of the presentation, we provide a calculation of the full-quarter benefit of the share repurchase, net of incremental interest expense. Specifically, the December buyback would have resulted in an additional \$0.04 of EPS growth on top of our strong results of \$0.55. Looking forward into 2011, we can expect to enjoy significant full-year EPS net benefit from all of our 2010 buyback activity.

And finally, on the income statement, the non-GAAP effective tax rate for the quarter was 31%, while the effective tax rate on a reported GAAP basis was 9%. The lower-than-normal GAAP tax rate is primarily due to the permanent tax effect of restructuring certain NASDAQ OMX subsidiaries. This resulted in a one-time reduction in deferred tax liabilities due to our revised effective tax rate and a one-time tax deduction for capital loss. Contributing to the lower non-GAAP effective tax rate are higher earnings from our European-based operations. As we look at 2011, we expect the normalized tax rate to be in the range of 31% to 33%, down slightly from where we were in 2010.

Now turning briefly to the balance sheet on slide 17, cash and cash equivalents and financial instruments at the quarter end were approximately \$733 million. Of this amount, approximately \$494 million is reserved for regulatory requirements and other restricted purposes. During the quarter, we used \$10 million for capital spending purposes, bringing the total for the full year to \$42 million and used \$130 million of cash to complete the December buyback. We also used \$35 million

of cash in the quarter for debt repayments associated with the mandatory payment of our term loan. This brings our repayments for the full year of 2010 to a total of \$146 million. We ended the quarter with total debt obligations of \$2.3 billion, the details of which can be found on slide 18.

And finally, due to the launch of the repo clearing service and as legal counterparty for these transactions, this quarter, we began to recognize the gross market value of repurchase/resale agreements, net of customer positions on our balance sheet. The balance at the end of the fourth quarter was \$3.4 billion in both assets and liabilities.

In closing, let me say that we are extremely pleased with our results this quarter. They capped a gear in which we were able to grow revenue and earnings, while successfully launching a plan to return capital to shareholders.

And as we look at 2011, we are excited about our prospects. Our goal this year is to continue to grow our business and manage our capital effectively as we focus on investments in new initiatives and debt retirement. Thank you. And I will now turn it back over to Vince.

Vincent Palmiere, Head, Investor Relations

Thanks, Adena. Operator, we can now move onto – open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from Rich Repetto with Sandler O'Neill.

<Q – Richard Repetto>: Yeah. Good morning, guys.

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

<Q – Richard Repetto>: Yeah. First, congrats on a great quarter. I think you're one of the few that are going to increase earnings not only from 3 – revenue and earnings not only from 3Q, but from 2Q as well.

<A – Robert Greifeld>: Well that would be the tougher bar. Thank you for the compliment, Rich.

<Q – Richard Repetto>: First question, market share, so it's moving around a little bit, and we know volatility has declined, the TRF, or the internalized volume is now up to about 33%. And I guess, the question is, is there anything that can be done? It seems like more is moving into the internalized or the dark. Is this a situation we're going to see remedy in or is this just an end result of low vol?

<A – Robert Greifeld>: Well, I think it's also two things, the volatility and volume. And so when we look at our market share over time, we do best in a volatile high-volume environment. So when you look at the fourth quarter, it was the exact opposite to that. So it's facing significant headwinds. So, sometime those headwinds will turn in our favor. But it's obviously our job to maneuver in both good and bad. And what I think we're proud of is certain things that we've launched in the fourth quarter; the ISP program, right now, has about 200 million shares coming into our market center.

And it's important to recognize that that program is targeted to, what I'll call, good, natural order flow, which then will track other order flow into the market center. So, we expect the benefits from the ISP program to start to accrue to us in some significant way in this quarter. And we're excited about the progress there. We do expect volume and volatility to come back. PSX is something that is obviously a new concept for the industry. We are clearly educating a number of people; we clearly are getting set up for the buy side, through their sell-side sponsorship, can come in in size. And I think every day we make some progress with it. So we're operating, I think quite successfully.

<Q – Richard Repetto>: Okay. Thank you. And Adena, thanks for doing the calculations on the buyback and earnings pro forma. I guess, with the model throwing off a significant amount of cash still, I guess the question is, CapEx for next year and then what is your preference to use the strong cash flow that we expect next year? Is it debt repayment or where would you lean given the cash flow?

<A – Adena Friedman>: Yeah, I think on CapEx, I think that we would expect CapEx to be pretty much in the range of 2010 with maybe some slight growth due to the acquisitions in terms of some of the technology that we've – we acquired. So I don't think, I wouldn't expect a significant increase in CapEx. I think that in terms of capital returns and how we use our cash, we really did accelerate the 2011 buyback in December with the acquisition of shares from Borse Dubai.

So, I think this year, we're going to be focused on using our cash on investing in our new initiatives and on debt repayment. And in general, I think that we have, Bob and I've been looking at how – where we get comfortable with looking at continued returns to shareholders. And I think as our debt gets down to about a 2.5 times total debt-to-EBITDA ratio, we'd start to say that it's time for us to really consider and contemplate additional capital returns.

<Q – Richard Repetto>: Got it, got it. And very last question, Bob, I paid attention to your words, the soundness of the capital management strategy I think that it is. Last question, Bob, ed returns oleft s certainly impacting the earnings and the stock price. So I guess the question is, consolidation, big opportunities, you've got at least some of your peers, the larger exchanges saying hey, we're not seeing anything big on the front. There may be smaller acquisitions, sort of like what you've been doing to add to the model. But what do you see as the bigger picture and to give some comfort to investors on how you're looking at consolidation I guess?

<A – Robert Greifeld>: Well, what we've said before and I'll continue to say is acquisitions are episodic. They cannot effectively be planned. It's our job to understand the different assets across all geographies and all asset classes, and have a point of view with respect to what value it would provide to us and our shareholders. And to the extent that you get the perfect alignment, then it's time to move. And we obviously look at a lot more things than we move upon. The order of magnitude probably increases year-to-year in terms of what we evaluate versus what we bid on or actually secure the deal on. So I think it's just hard to make any other blanket statement.

<Q – Richard Repetto>: Okay. Thanks, and congrats again on the strong quarter.

<A – Robert Greifeld>: Thank you.

Operator: Our next question comes from Chris Harris with Wells Fargo Securities.

<Q – Christopher Harris>: Thank you. Good morning.

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

<Q – Christopher Harris>: I'm doing good. The growth you're seeing in Nordic cash obviously continue to be very strong. Is there any way you guys could provide us with a little bit more granularity of the drivers of that? And I guess, maybe I'm curious as to kind of how much is attributable to maybe the high-frequency traders are getting there, versus maybe less in the technology improvements that have occurred or retail flow? Then as a follow-up to that, have you seen any up-tick in high frequency in your Nordic derivatives business? Maybe you can comment a little bit on the progress there?

<A – Robert Greifeld>: Yeah. Let me touch back to our Analyst Day. We said, we were basically on a multi-step March to bring the Nordic cash equity business in line to what I would say is Pan-European and eventually U.S. norms. And we had a lot of work to do. One is, we introduced central clearing. Two is, we upgraded the platform to the INET-based platform. And three, is we started offering collocation services and fixed protocols. So that's all working. It has taken longer than we wanted. But as you can see from the numbers, it is working. So there clearly is a higher level of high-frequency trading in the Nordic environment. I would also say it's early days and we expect the collo and the high-frequency to be a driver of our growth in 2011.

So if in a nine-inning game, our Nordics market, equity market is in inning four or five. The derivatives market is probably in inning one or two, and that we just recently put in the Genium INET technology there, giving us the ability to attract a new class of traders in the marketplace. So we expect to make progress in that in 2011.

<Q – Christopher Harris>: That's helpful, Bob, thank you. And then a quick follow-up on that, if I could maybe tie you down to kind of an inning guidance, what inning do you think we're kind of in for growth in access services revenue?

<A – Robert Greifeld>: We kind of reset the game there, as we acquired SMARTS and in particular FTEN. So we clearly have expanded the suite of products we offer. So I would say we're

obviously in the early stages. And FTEN's got wonderful products and we're going to deliver that with our distributional footprint in our data centers. So it's early days.

<Q – Christopher Harris>: Okay, thank you very much.

Operator: Our next question comes from Niamh Alexander with KBW.

<Q – Niamh Alexander>: Hi, good morning. Thanks for taking my questions, and congrats from me too.

<A – Robert Greifeld>: Thank you.

<Q – Niamh Alexander>: If I could, can I just back onto the expenses, Adena, the expense guidance, I guess it was little higher than we had expected. Now, you'd said on your prepared remarks that \$33 million of that was attached to FTEN, the Zoom, and then, was that also SMARTS? Because I thought SMARTS would have been in the run rate by now.

<A – Adena Friedman>: Right, so I actually thought I'd do a – let me go through a quick build-up. If we look at our 2010 full-year results of \$827 million of expenses, and then you add the \$33 million from FTEN and Zoom. Then you also have to add a full-year effect of SMARTS and the Nord Pool ASA acquisitions, which should bring in another about \$15 million of expenses.

And then on top of that, we've seen a continued strengthening of the Swedish krona in particular against the dollar, which – as well as other currencies. So if you do about a 5% increase in the currency rates, you could look at another \$10 to \$15 million of expenses coming from the strengthening of these currencies. So you're really talking about a base of around \$890 million, just taking the full-year effect of some of the acquisitions and FX. So I just want to make sure that we gave you kind of a build-up to a baseline number, and then of course, there is always some various – some minor structural changes that occur year-over-year, particularly in compensation.

<Q – Niamh Alexander>: Okay, that's helpful. Thanks Adena, I appreciate it.

<A – Adena Friedman>: You're welcome.

<Q – Niamh Alexander>: And then just as you said earlier also, when you think about the \$33 million from then from SMARTS, and you said you expect some profitable, ergo, there should be kind of equal, if not more revenue attached to those expenses right?

<A – Adena Friedman>: Yeah, I think that's exactly right. So I'm glad you brought that up. There is, of course, revenue attached to all of those. And as we said, each of the acquisitions is expected to be profitable this year. And so, we're very pleased to see that we're going to be providing accretion to our shareholders as the year goes forward against these acquisitions.

<Q – Niamh Alexander>: Okay, that's helpful. Thank you for clarifying. I was wondering if I could switch on the derivatives, because that's I guess where you're really powering ahead on the transaction line. Can you help me understand from the European side, where you are seeing most growth and how we should think about the growth potential from there?

And then, just on the U.S. side, have they heard murmurings of maybe thinking about remutualising that business? It has been doing so well. I know one of your competitors are in the process of doing that.

<A – Robert Greifeld>: Okay. The first I'll say is we're glad you asked about the revenue question, because Adena was being handed notes to bring it up. So you made it easy for her. Bring up the revenue, not just the expenses.

On the derivatives side, let me just cover something that I mentioned in passing, and that is our commodities effort, which – we completed Nord Pool ASA, and that has worked out very well for us.

And then, as we said last year, we were focused on the U.K. power market. We launched the spot market last year. And we really could not launch the derivatives market until we had enough activity and confirmational pricing in the spot market. So the fact that us and the community said it's time to go with the derivatives market on Monday, and we did some trades yesterday, speaks to the progress we made.

And when we talk about our derivatives business, we have a number of different irons in the fire. And myself at the CEO level and Adena at the CFO level certainly tend to look at these things collectively, because they're in many different cylinders.

Right now, when you look at the N2EX opportunity, we certainly feel excited about that. We covered on a previous call the basic growth we have in our de-listed derivatives as we bring it into what I'd call is a Euro-centric clearing model and state-of-the-art execution technology. So we're very early days with that. So it will continue to drive our business.

With respect to the PHLX, there are no plans – and I make this hopefully very clear – to mutualize that business. It continues to do well. As I mentioned in my prepared comments, complex orders are just becoming available. That opens up – looking at list de novo – almost 10% of the market to us that we haven't been able to compete. And we launched Pixel.

So that is – just got a lot of steam behind it. And the same with NOM as we put NOM into the same distribution network as PHLX is today. So we just obviously feel very good about that derivatives business.

And nobody has mentioned yet, but if you, obviously, look through the numbers, it's interesting that derivatives revenue is higher than cash equities revenue. So clearly we're a business that's been able to successfully diversify.

<Q – Niamh Alexander>: Thanks so much. I appreciate the responses.

<A – Robert Greifeld>: Thank you.

Operator: Our next question comes from Matthew Heinz with Stifel, Nicolaus.

<Q – Matthew Heinz>: Hi, good morning.

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

<Q – Matthew Heinz>: Doing well, thank you. So we've talked a little about the volume trends we've seen in Europe, both on the cash side and the derivatives side.

If I could just hit on the pricing a little bit, it looks like your pricing revenue capture picked up pretty nicely, much better than we had expected in the quarter. I'm just wondering if you could comment on the trends you're seeing there. Is that sustainable? And how much, maybe, is the contribution in the Europe – or the Nordic pricing – a function of the commodities business?

<A – Robert Greifeld>: Well, one, with pricing, it's a daily debate with respect to what the pricing should be. So I hate to draw any long-term conclusions to it.

We have a commitment to be competitive in all aspects, while not blindly seeking market share just for market share's sake. We clearly do look to get the proper balance.

So I would say, when you look at the pricing that we have in place across our various transaction businesses in the fourth quarter, they represent, I think, a reasoned approach to the markets. And we don't see any dramatic changes as we go into 2011. There obviously will be giving and taking across the different businesses, as I said, on a daily basis, but on a net corporate level, no big moves one way or the other.

<Q – Matthew Heinz>: Okay. Great. And then just expanding on that, you've clearly had a trend of improved net capture in U.S. cash at the expense of a few points of market share. Now kind of trending around 18-19%. What level of U.S. cash share do you feel comfortable with before you start to revisit the pricing strategy?

<A – Robert Greifeld>: Well, we certainly think the pricing strategy in 2010 was well-founded.

And as I said, I think, in the last quarter call, and referenced today with the ISP, I think the pricing strategy has to be about how do you incent those people who give you order flow that results in follow-on or knock-on effects. And that's where the focus is.

So I think the overall capture rate is a solid plan right now. We just want to have more targeted pricing in the time to come.

<Q – Matthew Heinz>: Great. Thank you very much.

<A – Robert Greifeld>: Thank you.

Operator: Our next question comes from Howard Chen with Credit Suisse.

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

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

<Q – Howard Chen>: Good, thanks. Bob, just a high-level question. You've historically been a really good prognosticator of overall market volume. Just curious, one month into the new year, where your mind's at right now for overall activity levels?

<A – Robert Greifeld>: Boy, I don't feel that way there, Howard, but I'll take the compliment.

One of the things we look at is net inflows into the marketplace, and we clearly saw a strong reversal of trendline in Europe in 2010. And in the U.S., we saw that reversal trendline at the very end of 2010. We see it continuing. So we think that's a positive tailwind for us, so we clearly think that the volumes this year will be higher.

And again, what's important about the inflows is, speaking back to the last question in a certain way, is the natural flow coming into the market generates significant subsequent flow. So it's kind of the head end. And so as we see increased activity in the head end, we know we'll work it through the system. So that's one way that drives volume, and that's volume over a long period of time.

And then it's a question of, is there any short-term volatile impacts to the market. We had that for two months last year, enjoyed the benefits of the volume associated with that. So we think volatility – not so much a spike in volatility, but volatility will increase in the market during the course of the year. We're seeing some of that now, and we think the natural flow will increase.

So we're what I would say is cautiously optimistic.

<Q – Howard Chen>: Okay. Thanks, Bob. And then, Adena, it is fair to say that the 2011 expense guidance is based on the achievement of that 9% revenue CAGR you laid out at the Investor Day?

And so my question would be like what's the flexibility and appetite to pull back on that, if you're not seeing that into 9% in 2011? Or should we think of some of these investments being initiatives as a bit more longer-term?

<A – Adena Friedman>: Yeah. I definitely think that you should look at the variability in our expenses generally, by the fact that we have, as we laid out – as I laid out in my comments, we have a fair amount of money going into new initiatives, as well as initiatives that we launched in prior years. So we have some flexibility there, if we really find that the growth in our revenue just is not being achieved as we expect.

And also, I think that our general philosophy, as we always say, is all fixed costs are variable over time. So if we really find that we have some challenges, we can always look at our expense base.

But we are certainly – this expense guidance is based on a growth forecast for us. And both in our new initiatives as well as in our core business.

<Q – Howard Chen>: Okay. Thanks for taking the questions.

Operator: Our next question comes from Roger Freeman with Barclays Capital.

<Q – Roger Freeman>: Oh, hi, good morning. I guess, just coming back to Bob, your comments there on Howard's question about sort of market volume levels.

Back at the Analyst Day, you gave some goals for a number of your businesses, and I think sort of the base assumption was that U.S. market volumes, equity market volumes will be something like 9 to 10 billion units a day, I'd probably say over the next couple or three years.

But we're obviously running well below that. I heard your comments of around – a potential vol spike, et cetera. But I mean, other than that, and taking the flows into account, I mean, it seems like we're in a fairly normal market environment.

To get to the 9 billion, is that just sort of growth in market levels, and then the flows over the next couple of years, that sort to get us back there? Because it seems kind of hard to get there from [inaudible].

<A – Robert Greifeld>: Roger, let me speak to the fourth quarter, where we experienced what we think is depressed volume levels, right? Averaging 7.4 billion shares a day here in the States. And we produced \$0.55. So hopefully, it clearly reveals the diversification of the business across asset classes and across geographies.

That being said, we certainly don't believe 7.4 billion is what we'll experience through 2011. Our budget numbers for 2011, based upon the experience towards the tail-end of last year, obviously have come in lower. But we'd certainly believe that 8 to 9 billion – I mean 9 to 10 billion – is a number that we should witness, given equity inflows and some reasonable level of volatility.

We've been through a time – as I like to say, the equity asset class essentially lost to zero. Investors said should I put money in equities, or should I put it in a money-market fund, or a fixed-income fund that was paying you zero. So we have a fundamental belief that risk appetite will return. We're seeing clear signs of that. And that will drive volume.

<Q – Roger Freeman>: Okay, fair point. And then, in options, two things. One is, what was the percentage of dividend trades in 4Q versus 3Q, and how much of an impact did that have on net pricing?

<A – Robert Greifeld>: Roger, I don't have that number today. And we look at it. But the key thing is dividend trades have been part of the Philly business for certainly as long as I've been involved with them. And that number hasn't changed in a dramatic way. But clearly our baseline market share has improved quite dramatically.

<Q – Roger Freeman>: Okay. And just in, sort of more macro on options, is there a role for the exchanges – you specifically – to I guess, on the education front to try to drive, because – and you've been doing this obviously in the Nordic region.

But it seems like in the U.S., options penetration, particularly among institutional investors, is still in fairly early innings. And so we're hearing from dealers that they're spending their effort from a sales perspective, trying to just drive it into the institutional accounts.

Is that something that is a focus for you, too, because it seems like there is some significant untapped potential?

<A – Robert Greifeld>: You couldn't be more right. And one of the reasons the U.S. options market is successful in the U.S. as compared to other countries is through the education effort that some of the founders of the industry set up years ago. And that effort is clearly reaching out to the institutional community at this point in time, in an educational way.

And as you can see by the growth in the volumes, it's working. And I think it will continue to work in the years to come.

<Q – Roger Freeman>: Okay. Last question on IDCG. Do you have – can you talk to any kind of refined strategy around the approach to the guarantee pool, right? Because they've tried to make it more accessible to smaller clearing members through lower initial guarantee funds, but to have had a hard time attracting larger dealers. Is that being revised at all?

<A – Robert Greifeld>: Well, I would say, Roger, the key thing to focus on is IDCG offered in the fourth quarter of 2010 a swap alternative for interest rate swaps. And I think that is very appealing to the large dealers.

<Q – Roger Freeman>: Okay. All right. Thanks.

Operator: Our next question comes from Jillian Miller with BMO Capital Markets.

<Q – Jillian Miller>: Good morning.

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

<Q – Jillian Miller>: Good. Just following up on one of Roger's questions, I guess asked slightly a different way, the net options revenue was quite a bit stronger than we had modeled, and we presumed the higher dividend trading during the quarter would translate to a lower capture rate at Philly.

Just wanted to make sure there weren't any, I guess, pricing changes during the period that might have helped support your average fee?

<A – Robert Greifeld>: No, we just really outperformed, and the market gained share, and the volume was strong.

<Q – Jillian Miller>: Okay, fair enough. And then you guys alluded earlier to plans to roll out some enhanced functionality with NOM 2.0 in April. And I was hoping you could run through what exactly the changes are going to be, whether you expect any meaningful impact on the trading activity?

<A – Robert Greifeld>: We certainly do. Just at a macro level, what we're doing is allowing NOM to access the broad range of customers that PHLX has.

So NOM was de novo development, and it attracted the certain new entrants to the marketplace. And the number of entrants and members we have in NOM is a relatively small subset as compared to what we have in PHLX. So we wanted to make it seamless for all the PHLX members to now start trading in NOM, and that will happen towards the end of April.

<Q – Jillian Miller>: Okay. Thanks. And then just one more, I was hoping to get to your thoughts on the potential MTS consolidation in Europe, just whether lower operating costs and potentially more concentrated liquidity might make Triax and DAX as a combination more of a formidable competitor of OMX?

<A – Robert Greifeld>: In the Nordic market, well, I would say that we certainly compete with all the MTS today. And whether there's more or less MTS, you can argue whether that's good or bad. I probably change my mind on that depending on the day.

So I would say that – we have to focus on what we do in the Nordics. And I think the team there, Hans-Ole and Bjorn, have done a good job, certainly relative to our established exchange peers, in coming up with pricing and services that make it attractive.

And as I said previously, what's most important to me is the classical users of the MTS are definitely eager to be part of our co-location data center strategy and become more active players on our Nordic markets.

So we have to be on the offense, offer products and services, make sure we get the customers what they want. And I think we'll do well.

<Q – Jillian Miller>: Thanks for taking my questions.

<A – Robert Greifeld>: Thank you.

Operator: Our next question comes from Michael Carrier with Deutsche Bank.

<Q – Michael Carrier>: Thanks, guys. It looks like in two of your businesses, in the market data and access services, some of the pricing has changed to the upside. So I guess, one, is that more one-time in nature or are you seeing in some of the business that you do have more pricing power? And if so, which businesses do you see the best opportunities?

<A – Robert Greifeld>: Well, one is I think the pricing you see is definitely sustainable, but I wouldn't attribute it to pricing power, but more providing products and services that people recognize value for and pay us on.

<Q – Michael Carrier>: Okay. And then just one follow-up on the options business. And I would say – you can take it more broadly, but the whole like equity ownership, whether it's an options or clearinghouse, just wanted to get your view.

It seems like it's pricing pressure in a different form. But obviously, there's benefits in terms of we've seen increased market share. So just wanted to get your thoughts and how you balance that option when you weigh the economics of the business? Thanks.

<A – Robert Greifeld>: With respect to U.S. options?

<Q – Michael Carrier>: Yeah, that in particular, but then just broader – like looking at other areas of the business, if that option came up, like what your thoughts are?

<A – Robert Greifeld>: Well, one, with respect to U.S. options, what I would say to Eric and Tom and the team is, keep doing what you're doing. It's clearly been a remarkable success over the last 12 months or so. And it shows that if you offer the right products at the right prices, based on the right technology, you can do well. That being said, we understand the remutualization effort and what that can mean. And we certainly recognize that ownership is an illiquid form of payment for order flow in a way. And there's a time and a place for it. So we would consider things like that where we think it's appropriate. We don't see it in the U.S. options marketplace right now.

<Q – Michael Carrier>: Okay, thanks.

Operator: Our next question comes from the line of Alex Kramm with UBS.

<Q – Alex Kramm>: Hey, good morning. Just a couple of follow-ups, actually. In terms of the guidance, thanks for all the color, that was great. And you just said, Adena, that the \$33 million from the acquisitions is profitable. Can you actually give us a little bit more detail? I mean, what's the margins in the business or what was the run rate last year of those businesses? And are there actually any cost cuts coming through, or is that \$33 million number something that you're already expecting next year?

<A – Adena Friedman>: Well we don't give out the specific margins associated with every acquisition. I think that what we are giving out in terms of the expenses associated with these acquisitions does include synergies that we can extract from the businesses. And, but recognize that these businesses are really meant to be opportunities for us to grow and expand our business. So they are certainly revenue growth opportunities for us.

We do believe that we can do more with them as part of NASDAQ OMX than they could do alone. And I think our distribution capabilities, our management, our technology, our expertise can really take all of these acquisitions and take them further along in their growth path. So while we do have some operating synergies associated with them, it's really – and that is incorporated into the guidance we've given – we really see this more as a revenue play.

<Q – Alex Kramm>: Okay. So just to ask again, but can you at least compare it to your base business or the technology business in very round numbers in terms of the profitability?

<A – Adena Friedman>: Yeah. We really are not going to give out details on specific margins associated with each acquisition, I'm sorry.

<Q – Alex Kramm>: Okay. Then second, on access services, I don't know if you mentioned this already. But I think you said with the growth in collo in Europe, we're going to see more showing up in there. Can you break this out at all or maybe coming back to Bob's inning reference, where are we in terms of collo and revenue showing up in that line item?

<A – Robert Greifeld>: Well, I can certainly stay with the inning reference. I mean Adena will not answer your question on her part. Certainly, with collo in the Nordics, we're in the first inning, maybe the second, but I would probably say the first. And I'll repeat again what I said on access services. With the acquisition of FTEN and SMARTS, we kind of reset the game, reset the clock. And we obviously look forward to successfully integrating and executing upon our strategy with those acquisitions in 2011.

<Q – Alex Kramm>: All right, good. And then just lastly, on regulation in the U.S. cash equities business and obviously, you answered this to Rich to some degree here, that you've seen the internalization taking a bigger share, and I think regulators obviously have been concerned about this a little more and they've commented on it and they've maybe started looking into what they need to change in terms of market structure. But regulators have a lot of things on their minds right now, and a lot of things to do with Dodd-Frank. So do you think there is any chance that we get any help from regulators that may strengthen the incumbents again in the U.S. cash equities market or is this basically something that is a 2012 or later event, if even?

<A – Robert Greifeld>: Well. I'll say a couple of things. I think everybody can agree on the fact that if 99% of the market traded in the dark, and that 99% of the market referred to the 1% and lit market for price discovery, things could be a little out of whack. Anything beyond that probably gets a little more difficult. The SEC, going back to the concept release, has teed those topics up for the industry to comment upon. It's probably impossible for me to forecast when they may or may not move on that.

So I can't say too much more than that, but I will say and repeat that volume and volatility can help us absent any regulatory change. So what we saw in the fourth quarter was historic low volumes and volatility, and internalization and dark trading will go up in that kind of an environment. So, we can certainly experience a kind of double plus. As we get volatility and we get volume, then we'll do better.

<Q – Alex Kramm>: All right. Very good, thank you.

Operator: Our next question comes from Chris Allen with Evercore Partners.

<Q – Chris Allen>: Good morning, Bob and Adena.

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

<Q – Chris Allen>: Good. I just wanted to – the new initiatives and the acquisition's going to drive about, it's going to factor into the expense guidance of \$60-80 million. The slide for the new initiatives implies positive operating leverage. And Adena, you just mentioned potential synergies with the some of the acquisitions you've done. I mean, should we think about improvement on operating leverage – operating margins as we move through 2011 towards your goal, just given the opportunities on both of these fronts?

<A – Adena Friedman>: I certainly think that we view our overall business as having scalability to it. So as we grow the businesses, we should be able to achieve some scale. I think that the new acquisitions as well as the new initiatives, as you can tell, the new initiatives are providing us a positive return, but not of the same – at the same level as our overall business.

So we do see progress against those initiatives in terms of driving margin into the business. But they will have to continue to grow and succeed to be able to achieve the same level of margin opportunity as our overall organization. I think certainly, when we look at the acquisitions, we look at them in the context of them ultimately driving scalable growth to our business.

And we do believe, we really are – really excited about what we can do with SMARTS and FTEN, in particular, on a global scale both in terms of providing services to broker-dealers, but also to exchanges and regulators. So I think that we have – there is a very big market opportunity for us. They are scalable businesses, and they will be able to drive margin into the businesses overall. In terms of them getting to the – helping us grow our 46%, I think that overall, the entire business has that opportunity to do that with the acquisitions and new initiatives helping along the way over time.

<Q – Chris Allen>: Got it. And then just on the \$2 billion revenue target you laid out at the Investor Day, it seems like a decent amount of – this was a nice first step, this quarter's results. Are there any of the opportunities within that goal that are really standing out in terms of where you are right now, and kind of other things that maybe it's just a work in progress? I'm just trying to think about kind of next steps?

<A – Adena Friedman>: Sure, sure. Well, I certainly think that the derivatives revenue was – had a standout quarter. And if you look at the fact that all – every asset class in the derivatives business, both in the U.S. and Europe, grew quarter-over-quarter. And as we projected in our Analyst Day, we kind of set ourselves long-range targets, particularly for the European derivatives.

And I think that you can see that we are making progress towards that target out into 2013. So I think derivatives certainly is showing that it's going to have the growth path that we hoped it should have. I think in terms of where we are, just at the beginning, we also set growth targets for the market data and the index businesses, and I would say that we're really just starting down the path for those two business units. And you'll see hopefully some acceleration of that in the quarters and years to come.

<Q – Chris Allen>: Great. Thanks a lot.

Operator: Our next question comes from Brian Bedell with ISI Group.

<Q – Brian Bedell>: Hi, good morning, Bob and Adena.

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

<Q – Brian Bedell>: Good, how are you? Congrats on some good progress on derivatives. I wanted to zero in on it a little bit more granularly, especially in Europe. And as we think about how 2011 will play out and volume from the fourth quarter levels, obviously, your cleared energy business went from \$9 million to \$12 million, 3Q to 4Q. If you can talk about the trajectory of that, how you see it coming through as we move through 2011? And then same thing for repo clearing and any impact that Genium INET will have, that you think it will have on the Nordic derivatives business?

<A – Robert Greifeld>: Sure. Okay. So, with the derivatives business in Europe, we have a number of different levers and I think it's impossible for us to predict which one will accelerate the fastest. But each and every one of them has kind of unique growth opportunities. With the derivatives, the last thing you mentioned, and I covered this a little bit before, we have a couple of ways to grow.

One is our clearinghouse is becoming Euro-centric. And it has been Nordic-centric, and it makes it easier for global players and European players to become members and to fully participate in the clearinghouse. And at the same time, we're making the trading platform industry-standard, Genium INET with industry-standard interfaces with world-leading performance.

So that's all good stuff for the existing products we have. And with the innings metaphor, we're early days with that. So we don't have really – I think, we have one collo customer for our listed derivatives business. And that will be a different state of being 12 months from now.

In addition to that, we have this clearinghouse, we have this trading platform, and we have to have an innovative culture. So we need to put more product through that derivatives clearinghouse, and that's certainly our intention. In terms of new initiatives, you've got repo and interest rate swaps had the early most important progress in 2010. We expect the repo business to contribute some significant revenue to us in '11. Interest rate swaps, we think will lag that by a little bit. But we did

do some trades with the Government Debt Office and some major Swedish banks, so we expect that to accelerate in the second half of the year.

We move over to the power market. I covered N2EX, we're certainly excited about that. As we said previously, that market is essentially as large as Nordic market is, and we've got an exciting opportunity. And it definitely was a cause for celebration to get the derivatives market launched, and some trades that happened yesterday. So we're excited about that. And the core business in the Nordics for power, we think it will track in some general way GDP growth, and we're happy to see that the Nordics as compared to the U.S. and most of Europe is obviously in a good position. And we think that business will continue to do well.

<Q – Brian Bedell>: And on the energy program, do you think that the \$9 million to \$12 million, should we think of that growth trajectory linked-quarter as being sustained as we move into 2011?

<A – Adena Friedman>: Well, I think it's important to recognize that there is cyclicity to the energy business, and the fourth quarter tends to be the strongest quarter for the year. The fourth and the first quarters tend to be the strongest quarters in the year, with the second and the third being a little bit less strong. So if you're looking at a quarter-over-quarter, \$9 million to \$12 million, I think that projection is a little bit strong. Now quarter four 2009 was \$10.2 million versus \$12.1 in quarter four 2010. So, I think that you can see good progress even against fourth quarter of last year, but there is certain seasonality of the business.

<Q – Brian Bedell>: Right. That's helpful. And then same kind of analogy in the couple of things you mentioned earlier about the U.S. options business, Bob. On the complex order system that you're instituting at PHLX and also the Alpha Indexes in early second-quarter, what kind of trajectory do you think you'll see from those in second quarter through fourth quarter '11?

<A – Robert Greifeld>: Well, our thought is that you will have expanding volume and expanding market share. And so, basically the success we saw in 2010 should continue.

<Q – Brian Bedell>: Great. And then just on expenses, Adena, the \$25 million of non-recurring, how should we think about what makes up that \$25 million and where it hits the P&L?

<A – Adena Friedman>: I think that generally we do have a few items that we can look at in terms of technology changes that we're making during the year, and that would then accelerate some depreciation as well as an office move that we have during the year that could have some impact on that. But I would say that there's nothing large or sizeable that we can point to right now as to what drive the non-recurring, but we tend to do have non-recurrings some years. So we have projected those through the year.

<Q – Brian Bedell>: That's great. And then lastly on – what's your FX forecasts that you're using in your budget for 2011?

<A – Adena Friedman>: Well, I think, that Swedish krona right now is at 6.5 krona to the dollar. I think, if you look over the last month, it was around 6.7, which is a very strong level. And I think that if you – in terms of my comments around FX, that's the rate that we are trying – we're looking at in terms of it trending higher than 2010.

<Q – Brian Bedell>: Okay, so a little higher than 6.7?

<A – Adena Friedman>: Yeah.

<Q – Brian Bedell>: Yeah, great. All right. Thanks a lot, folks.

<A – Robert Greifeld>: Thank you.

Operator: Our next question comes from Jonathan Casteleyn with Susquehanna.

<Q – Jonathan Casteleyn>: Yes, thanks. Bob, you just mentioned some confidence in continuing to gain market share in U.S. options. I guess, I'm trying to understand what exactly about your functionality or technology allows you to sort of have a forward bias to your option market share gains in '11?

<A – Robert Greifeld>: Well, two things I've highlighted through this call. One is the fact that NOM will be accessible to the broader world come the end of April. And there is pent-up demand from people who want to get to NOM, and we needed to make it a seamless effort for them. So we'll accomplish that at the end of April. The second is that there is a segment of the market that we have not been able to compete for or we've been lacking the functionality and that functionality is coming online.

<Q – Jonathan Casteleyn>: Okay, that's helpful. And then to Adena, can you remind me of your debt-to-EBITDA covenants in the OMX credit facility? I think there was some limitation when you took out that debt piece. I'm just wondering exactly, can you just refresh my memory as to what it was?

<A – Adena Friedman>: Sure. So the debt covenants we have currently on our term loan, is that we have a 3.5 times total debt-to-EBITDA ratio covenant in the loan agreement today. And in terms of looking at buybacks and other capital return activities, we are at 3 times debt-to-EBITDA, total debt-to-EBITDA before it goes into a basket. But just total debt-to-EBITDA calculation with our term loan is slightly different than how the rating agencies tend to calculate it, so they do give us some credit for our cash, and our EBITDA is calculated without some of the non-cash items such as equity comp. So it's little bit of a different calculation than it is with the rating agencies.

<Q – Jonathan Casteleyn>: Right, and that 3 times, is that trailing or is that forward and do you...

<A – Adena Friedman>: Trailing.

<Q – Jonathan Casteleyn>: It's trailing. So then do you have a forward EBITDA estimate for the firm?

<A – Adena Friedman>: No, no. And we don't provide that. That would be a trailing total debt-to-EBITDA ratio.

<Q – Jonathan Casteleyn>: Okay, understood. Thank you.

Operator: [Operator Instructions]. And our next question comes from Rob Rutschow with CLSA.

<Q – Robert Rutschow>: Hey, good morning, everybody.

<A – Adena Friedman>: Good morning.

<Q – Robert Rutschow>: I realize this is pretty small, but I think you guys provide technology for several of the Middle Eastern exchanges. Can you just confirm that that's maybe 10% to 15% of technology revenues and just give us any thoughts there?

<A – Robert Greifeld>: Yeah, I don't know. I'm looking. Do we know off the top of our head?

<A – Adena Friedman>: Not off the top of my head.

<A – Robert Greifeld>: No.

<A – Adena Friedman>: We do provide the technology. So I think there's as many as 12 exchanges in the Middle East. So we are very active there and very successful and we have Kuwait being a significant client who's going to be coming online, hopefully pretty soon, and we've been working very close with them to finalize the technology implementation for them.

<A – Robert Greifeld>: But I would also say since we haven't received any questions, while we're on market technology, I would highlight their outstanding fourth quarter performance. And obviously, Genium INET is in a strong part of the product cycle, and the addition of SMARTS and FTEN gives them additional products. So they enter into 2011 with a record level backlog, but also the most competitive products I think we've ever had.

<Q – Robert Rutschow>: I guess, to follow-up on that, in thinking about the market technology business, is there any way to sort of size the global market, and what your market share might be?

<A – Robert Greifeld>: Well, I would say, the key thing for you to focus on right now is with SMARTS and FTEN, in a certain respect, we'll redefine the market. And we've been focused on exchanges as really our customer base. And now with these acquisitions, you can also state that regulators on a global basis, and aspects of the broker-dealer operation are part of our defined market. So our defined market in 2010 increased dramatically.

<Q – Robert Rutschow>: And one separate question, with you bringing some of the repo contracts onto you balance sheet, does that impact your required cash at all?

<A – Adena Friedman>: No. I mean, generally speaking, as we look at the restricted cash, we always do a regular calculation associated with all of the activity in the clearinghouse. But the fact that the repos are showing on a gross basis on the balance sheet does not have a material impact on our cash needs for the clearinghouse.

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

<A – Robert Greifeld>: Thank you.

Operator: And at this time, I'd like to turn the call back over to our speakers for any closing remarks.

Robert Greifeld, Chief Executive Officer

Well, thank you everybody for your time today. I'd like to just close by, in a sense repeating what I've said, this represents, I think, the fruits of a multi-year effort to diversify our business; one, from an asset class and two, from a geography point of view. And we hit on many cylinders last quarter, the Global Indexes, which we do not speak to, but they also had an outstanding 2010, our position to grow into 2011. So we feel, as we look across the different aspects of NASDAQ OMX, we enter 2011 with great confidence.

We would like some tailwinds as opposed to headwinds, but we produced \$0.55 per share dealing with a lot of headwinds. So we're proud of that, and hopefully the investors recognize that the strategy is working. So thank you, and look forward to talking to you next quarter.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may all disconnect. Everyone have a great day.

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