NASDAQ OMX®

KEEFE, BRUYETTE & WOODS
SECURITIES BROKERAGE AND MARKET STRUCTURE CONFERENCE
DECEMBER 7, 2010

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## Website Disclosure

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# NASDAQ OMX
## A HISTORY OF INNOVATION

NASDAQ OMX

WHERE INNOVATION MEETS ACTION

# NASDAQ OMX MISSION AND PRINCIPLES

NASDAQ OMX is where innovation meets action – fueling the world's economic growth one investor, one company, one market at a time.

| | |
|---|---|
| INTEGRITY | Build and maintain trust among the investing public through proper market regulation and ethical market operation. |
| TRANSPARENCY | Provide open market information to traders, investors and regulators alike. |
| EFFECTIVENESS | Maximize market efficiency through technology and innovation. |
| PASSION | Dedicate ourselves tirelessly to our company, customers, and our partners. |
| INNOVATION | Support capital formation to fund the world's growth and prosperity. |

# CORPORATE STRATEGY

Five key foundations driving future growth

Strategy is to continue to execute and grow core businesses while employing foundations to diversify offering

## DIVERSIFICATION

- New Capabilities
- New Asset Classes
- Geographically
- New Clients

# NASDAQ OMX
## MARKET POSITION

Well positioned to thrive in a global, competitive landscape

Five key foundations provide scale, stability, and expertise to expand as a global market operator and exchange partner

GOAL: GENERATE 3-YEAR REVENUE CAGR OF 9% TO ACHIEVE ANNUALIZED REVENUE OF $2 BILLION BY 2013 EXIT

3-YEAR OPERATING MARGIN GOAL OF 46-47%

CAPEX PROFILE TO REMAIN CONSISTENT % OF REVENUE

KEY ASSUMPTION: 9-10 BILLION SHARES/DAY

KEY ASSUMPTION:
CONTINUING ECONOMIC RECOVERY WITH SOME ACCELERATION

# TECHNOLOGY LEADERSHIP
## A KEY STRATEGIC ASSET

| | |
|---|---|
| INET Technology | Fastest and most scalable trading platform on the planet |
| Efficiency Culture | Core competence in cost synergies and LEAN technology |
| Diversified Portfolio | Full suite of core exchange technology and ability to support any asset class |
| Global Experience | World's largest exchange technology provider with over 20 years experience |

# LEVERAGING SCALE AND CONTINUOUS INNOVATION

## HARMONIZING TECHNOLOGY TO ACHIEVE SUPERIOR PERFORMANCE WITH ADVANCED TRADING AND CLEARING FUNCTIONALITY

NASDAQ OMX

### CLICK TRACK

- 1990 – OM Stockholm: first electronic derivatives market
- 1994 – Hong Kong Futures Exchange: currency futures trading
- 1996 – Australian Stock Exchange: first fully integrated cash and and derivatives platform
- 1998 – ISE: first electronic US options market
- 2000 – BrokerTec: advanced fixed income trading
- 2009 – Tokyo Commodity Exchange: Japanese trading rules
- 2009 – IDCG: OTC Interest Rate Swaps

### INET TRACK

- 2006 – NASDAQ Stock Market: Equities consolidation
- 2008 – NASDAQ Options Market: US options trading
- 2009 – NASDAQ OMX BX: Fastest growing US exchange
- 2009 – PHLX Integration: Options hybrid model
- 2010 – Nordic Equities: 7 markets on one platform
- 2010 – PSX: Price/size model

### GENIUM INET

- 2010 – Nordic Derivatives Market
- 2010 – ASX cash and derivatives trading
- 2011 – Nordic Fixed Income and Commodities
- 2011 – SGX cash and derivatives platform

A SINGLE PLATFORM TO TRADE AND CLEAR ANY INSTRUMENT ON THE PLANET

# “WE CAN TRADE ANYTHING ON THE PLANET”

## POWERING 1 IN EVERY 10 TRANSACTIONS AROUND THE WORLD

Nikkei 225 index futures
In Japan and Singapore

Certificates of origin
in Poland

Interest Rate Swaps
in Europe

Shares in banks
in Switzerland

Russian equity derivatives
in Nordics

Index futures
in Turkey

Cash equity trading
in US

Spot electricity
in UK

Spot electricity
in South Africa

Carbon emission rights
in Europe

Rice and wheat futures
in Russia

Electricity futures
in India

Settlement of OTC IRS
contracts in Australia

Electricity
in Romania

Bonds for retail
market in Italy

Rubber futures
in Singapore

Hang Seng
index futures
in Hong Kong

Index Options
in Thailand

Gold futures
in Japan

### COVERAGE OF CORE TRADING AND CLEARING TECHNOLOGY

| | Americas | EMEA | Asia Pacific |
|---|---|---|---|
| Cash equity | ✔ | ✔ | ✔ |
| ETFs and Warrants | ✔ | ✔ | ✔ |
| Equity futures | ✔ | ✔ | ✔ |
| Equity options | ✔ | ✔ | ✔ |
| Cash Fixed Income | ✔ | ✔ | ✔ |
| Interest Rate Swaps | ✔ | ✔ | ✔ |
| Credit Default Swaps | ✔ | | |
| FX spot | | | ✔ |
| FX futures | | ✔ | |
| Commodities | | ✔ | ✔ |
| Energy | ✔ | ✔ | ✔ |

# MARKET TECHNOLOGY
## STRONG BUSINESS OUTLOOK

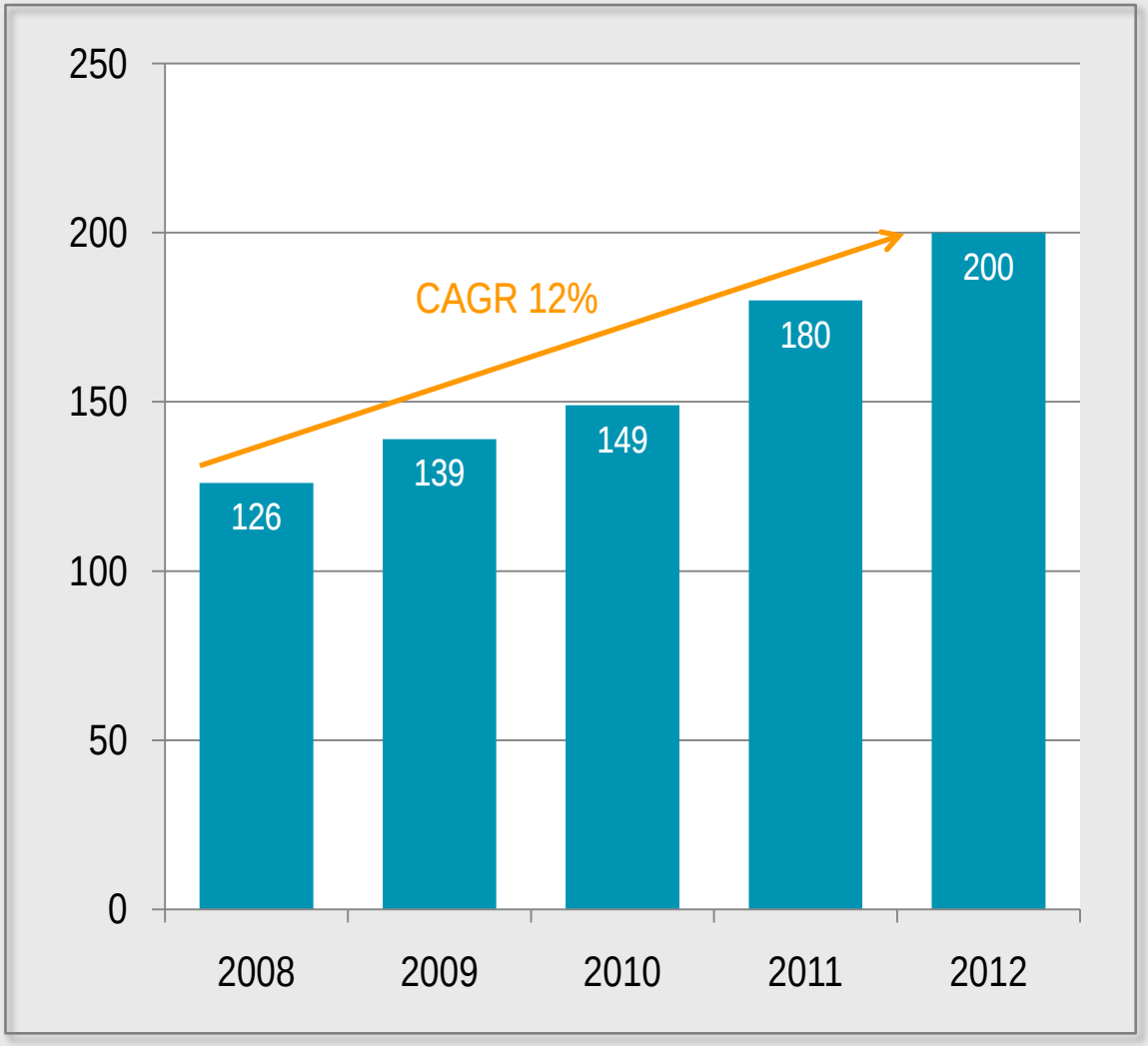
Steady growth as deliveries under contract mature into long-term license and support revenues.

Revenue is expected to be $149 million for 2010, including revenue from SMARTS acquisition.

Goal to generate $200M in revenues in 2012.

Continuous margin improvement targeting 25% - 30% by year-end 2012.

REVENUE ($ MILLIONS)



# MARKET TECHNOLOGY
## OPPORTUNITIES IN ASIA PACIFIC, CHINA AND INDIA

Australian Securities Exchange (ASX)

- Implementing Genium INET technology

Osaka Securities Exchange (OSE)

- Entered contract to lower IT costs and decrease time to market

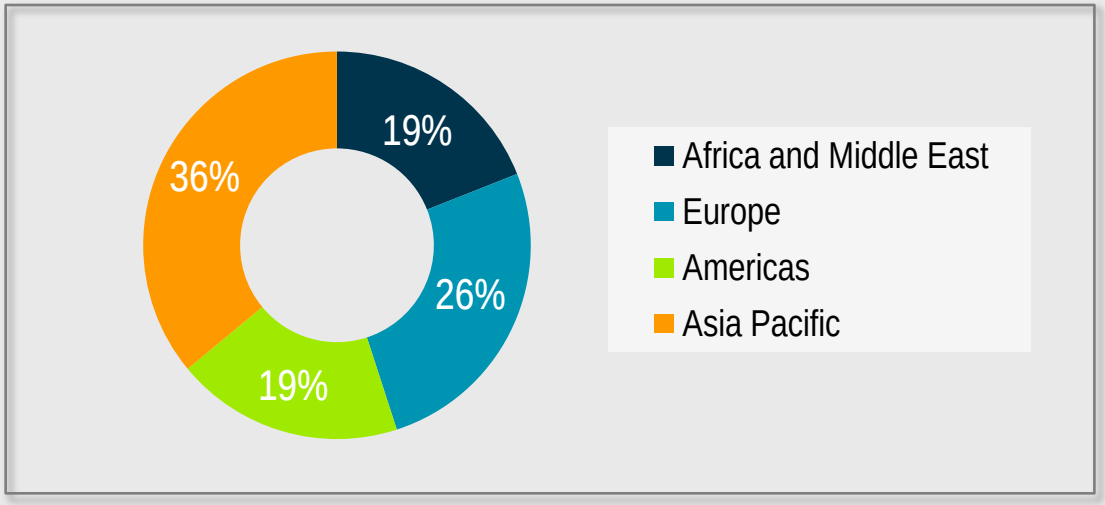
Singapore Exchange (SGX)

- Implementing Genium INET technology

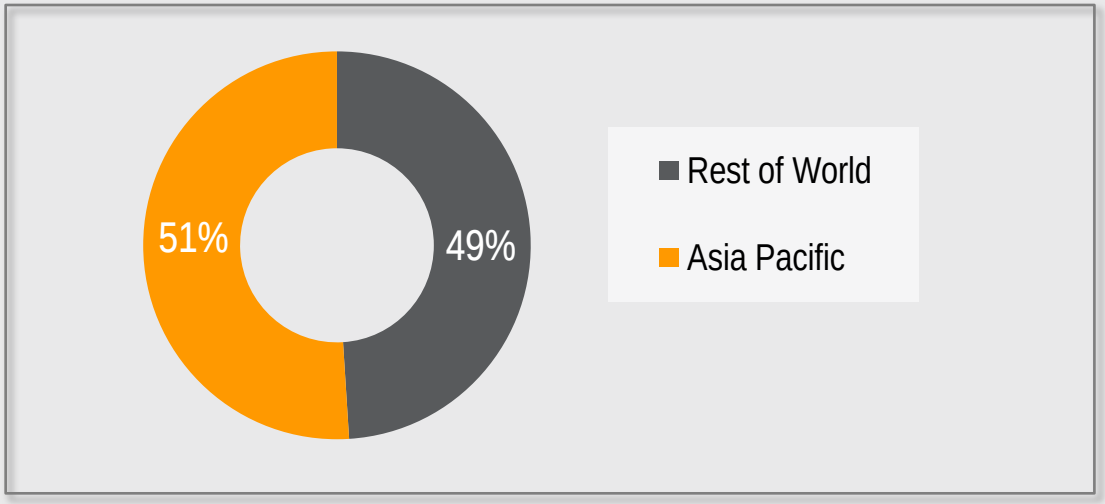
Tokyo Commodities Exchange (TOCOM)

- Implemented NASDAQ OMX technology to improve efficiency and agility

REVENUE BY REGION 2010




REVENUE BY REGION 2012

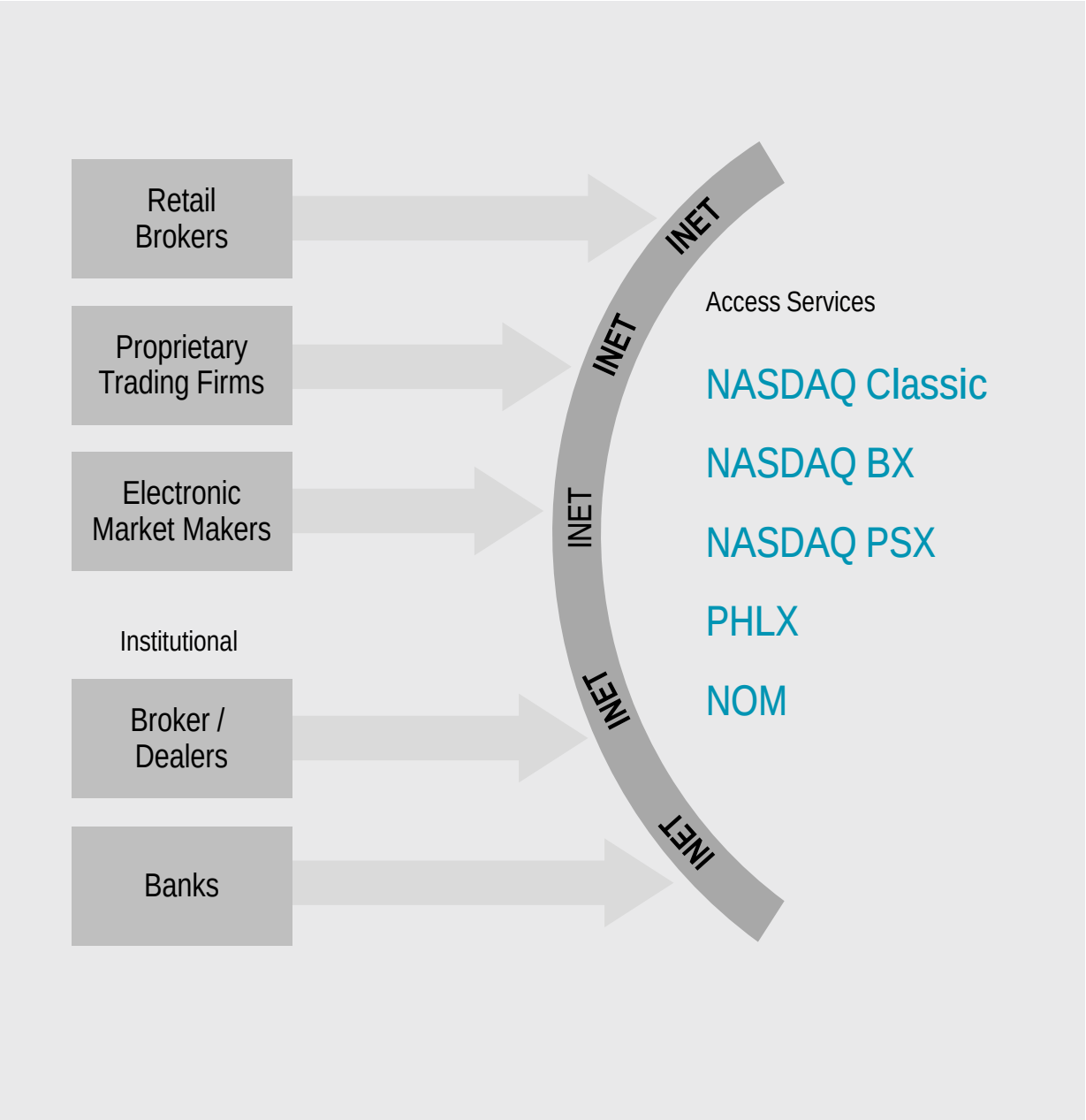


# US TRANSACTION SERVICES
## FIVE MARKETS— ONE TECHNOLOGY ONE ACCESS POINT

INET powering all markets

Several connectivity options available:

- Accommodating a multitude of trading styles
- Access to all markets
- Proximity services provide fastest, most efficient access



# U.S. CASH EQUITIES
## THREE MODELS

Three different models, all built on industry leading INET technology

Responsive to changing competitive and regulatory environments

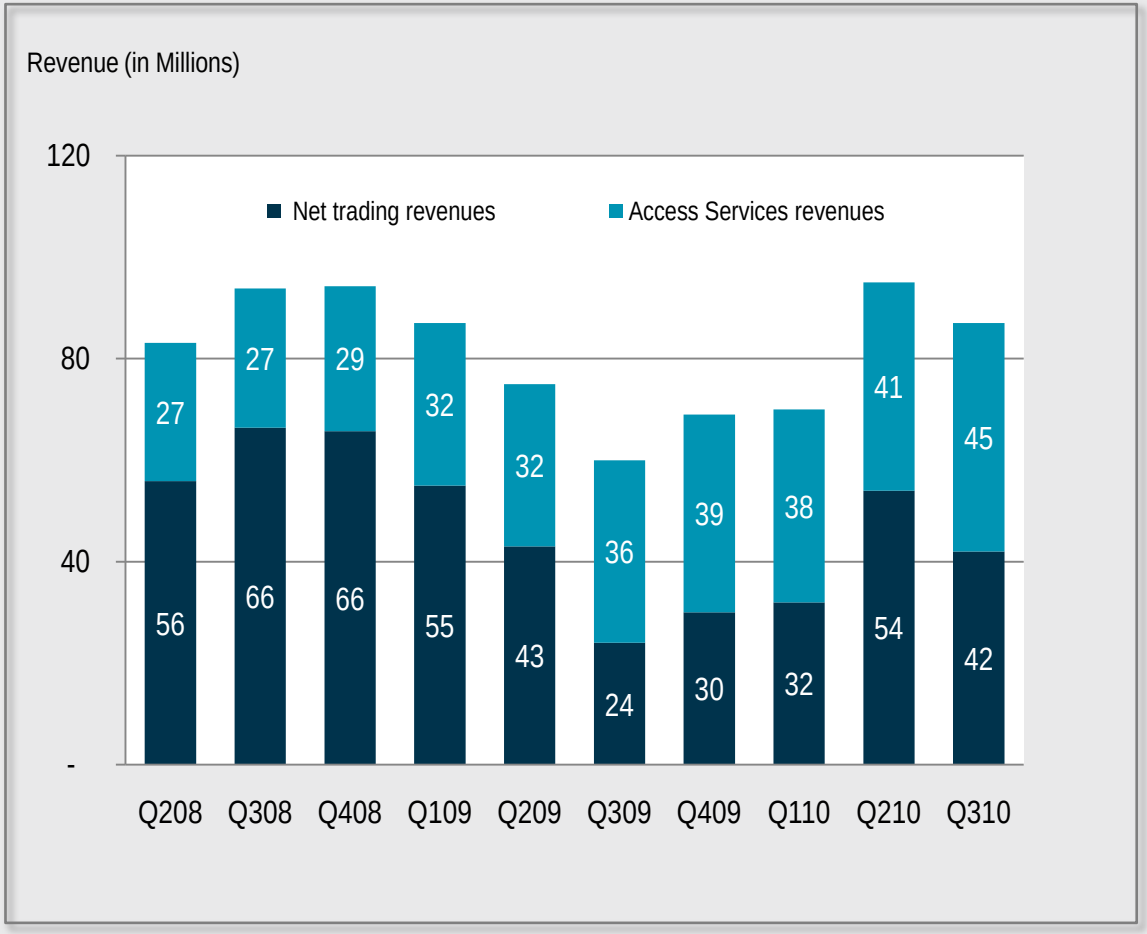
Relatively stable market share over past 18 months

Capture rate has recovered, now on par with Q108 levels

| | |
|---|---|
| NASDAQ "CLASSIC" | Price / Time priority<br>Maker / Taker pricing<br>Display and non-display orders<br>Full routing offering |
| NASDAQ BX | Price / Time priority<br>Taker / Maker pricing<br>Display and non-display orders |
| NASDAQ PSX | Price / Size priority with pro rata allocations<br>Maker / Taker pricing<br>Display and non-display orders |

# U.S. EQUITIES
## REVENUE GROWTH

Revenues generated from cash equities business are balanced, with a growing portion coming from stable monthly revenues such as Access Services

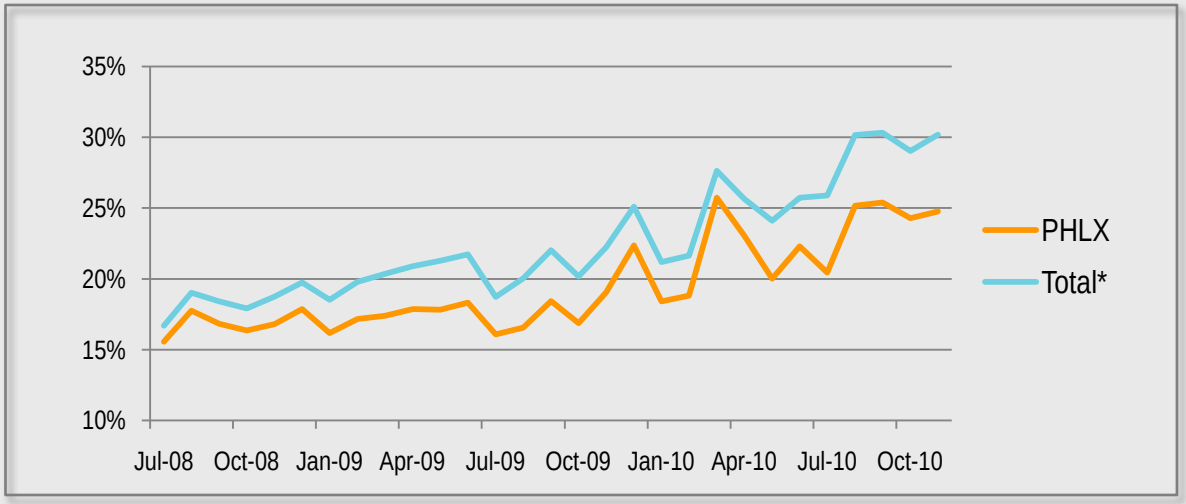


# U.S. OPTIONS
## TWO EXCHANGES SERVING MULTIPLE SEGMENTS OF THE MARKET PLACE

Provides our customers with industry-leading choices:

- PHLX offers traditional floor with pro-rata electronic allocation model
- NOM allocates orders on price / time basis, which appeals to high frequency trading and other participants

EQUITY OPTION MARKET SHARE




* Includes NOM

**PHLX**

- Customer Priority - Pro-Rata Allocation for Market Makers
- Unique "Maker / Taker" in select high-volume symbols
- Robust institutional open outcry trading
- List over 2,800 equity, index and FX options

**NOM**

- Price / Time Priority
- Pure "Maker" / "Taker" pricing in penny options
- High volume options classes – approximately 575 contracts

# U.S. OPTIONS
## HIGHLIGHTS

Features and functionality that set NASDAQ OMX apart

~ 15% of US Options Market

| Primary Features | NDAQ | NYX | CBOE | ISE | BOX | BATS |
|---|---|---|---|---|---|---|
| Customer priority | ● | ● | ● | ● | | |
| Price/Time priority | ● | ● | | | ● | ● |
| Electronic complex order execution | ● | ● | ● | ● | | |
| "Pure" make/take pricing | ● | ● | | | | ● |
| Payment for order flow | ● | ● | ● | ● | | |
| Customer priority with customer "maker" rebates in top symbols | ● | | | | | |
| Price improvement mechanism (Q410) | ● | | ● | ● | ● | |
| Enhanced complex order system (Q410) | ● | ● | ● | ● | | |
| Electronic crossing, facilitation and solicitation (Q311) | ● | | ● | ● | | |

● Indicates functionality under development

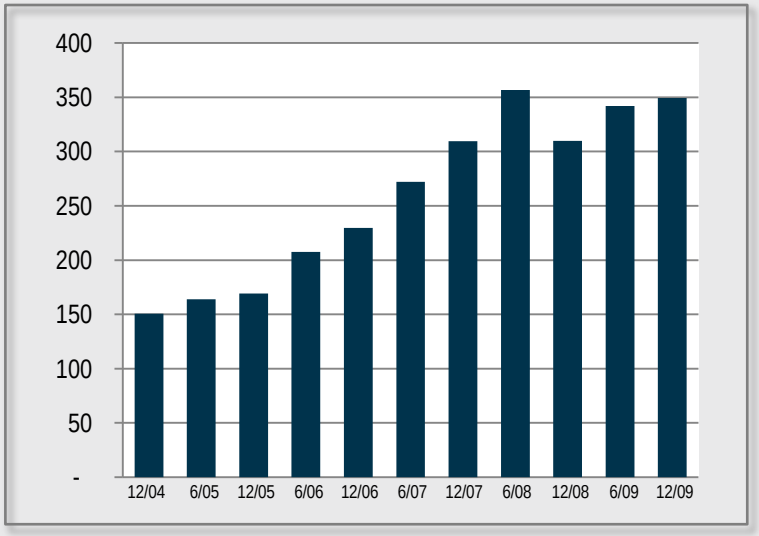
# IDCG
# CAPITALIZING ON REGULATORY REFORM

Interest Rate Swaps (IRS) are largest OTC Derivatives instrument by notional outstanding

International Derivatives Clearing Group, LLC (IDCG) provides a capital efficient central clearinghouse solution to clear and settle IRS contracts

Recently became first U.S. clearinghouse to clear IRS contracts

## NOTIONAL VALUE OUTSTANDING > $340 TRILLION




Source: BIS Triennial Central Bank Survey

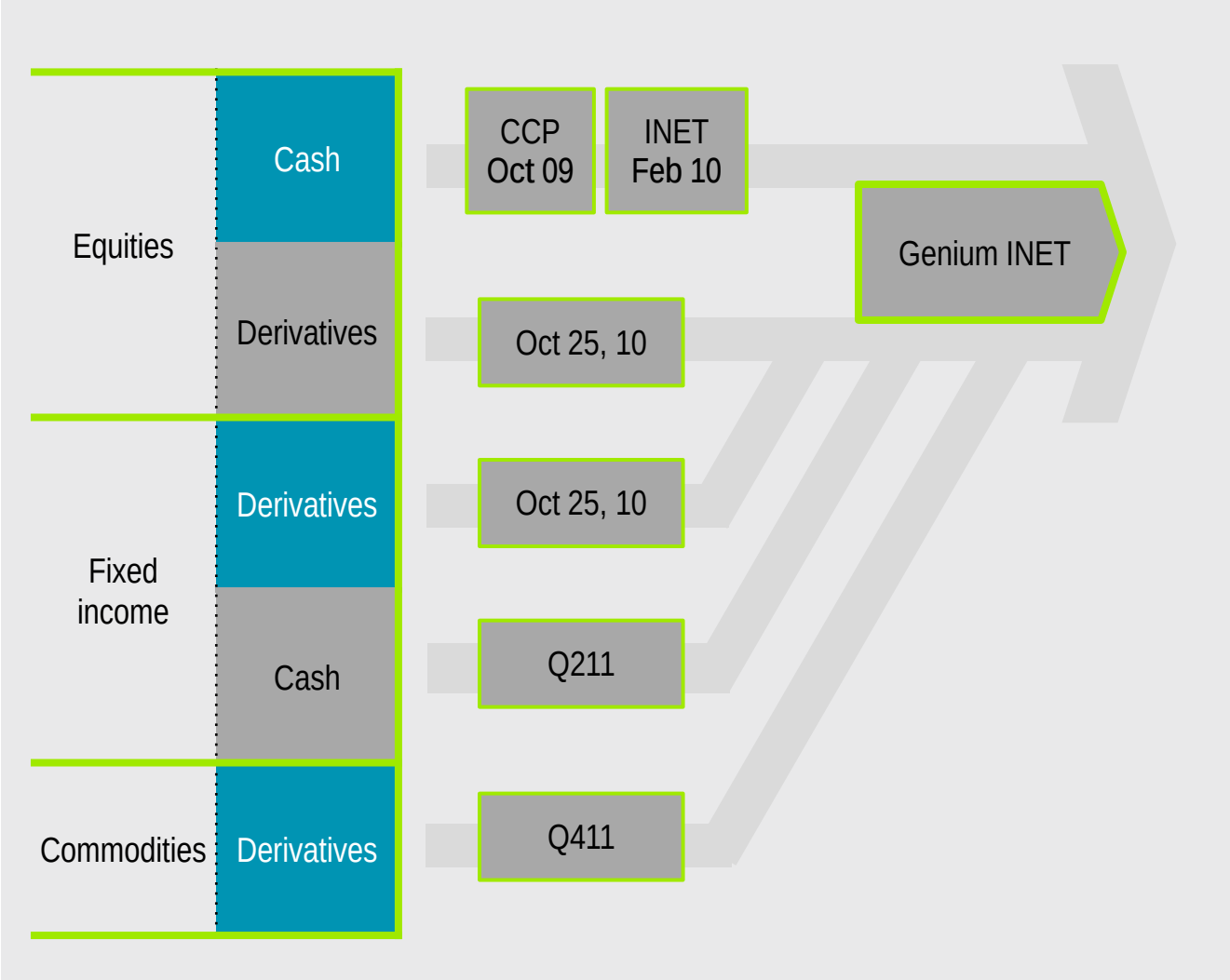
## Average Fee per $100K notional value (per side): $1.00
## U.S. Dollar Notional Outstanding: $112,801,955,000,000

| Market Share | Annual Turnover | | | | |
|---|---|---|---|---|---|
| | 0.7 x | 1.0 x | 1.5 x | 2.0 x | 2.5 x |
| 1% | 8 | 11 | 17 | 23 | 28 |
| 5% | 39 | 56 | 85 | 113 | 141 |
| 10% | 79 | 113 | 169 | 226 | 282 |
| 15% | 118 | 169 | 254 | 338 | 423 |
| 20% | 158 | 226 | 338 | 451 | 564 |
| 25% | 197 | 282 | 423 | 564 | 705 |

i.e. 5% market share of yields $84 million of annual revenue
NOTE: Turnover is based on BIS data, which is assumed for this calculation to be double-counted

# NORDIC TRANSACTION SERVICES
## IMPROVING INFRASTRUCTURE

- Improved capacity
- Lower latency
- Cost efficiency

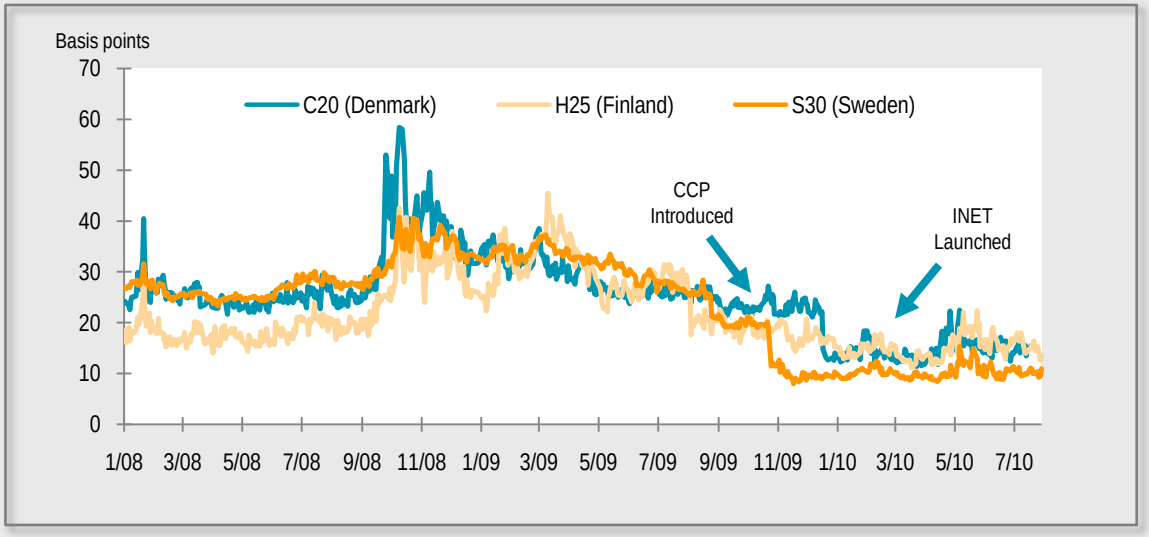


# NORDIC CASH EQUITIES
## IMPROVING MARKET STRUCTURE

CCP and INET = lower quoted spreads

Highly competitive total cost of trading

## RELATIVE QUOTED SPREAD NORDIC EXCHANGES




ASSUMPTIONS

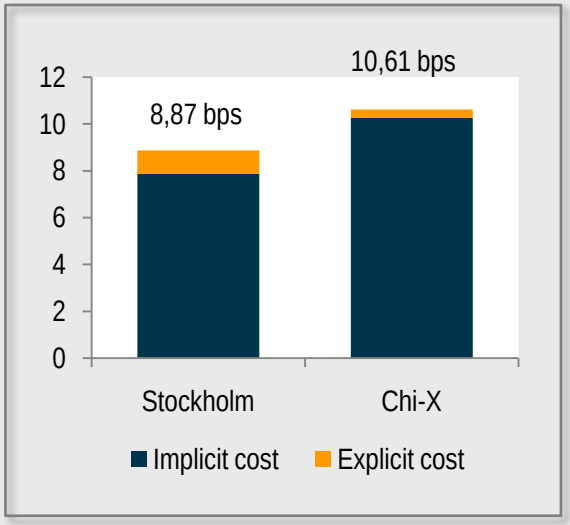
| | Stockholm | Chi-X |
|---|---|---|
| Value based fee | 0.16 bps | 0.05 bps |
| Clearing | 0.07 EUR | 0.07 EUR |
| Fixed fee* | 1.21 SEK | 0 |
| Realized spread | 7.88 bps | 10.27 bps |

*Monthly fee 800000 SEK / 660000 trades=2,21 SEK

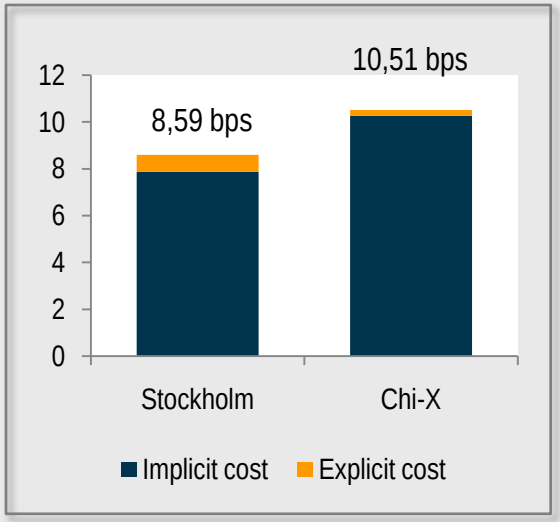
- Price list 3b with liquidity, automated trading and CCP clearing discount.
- Includes five most liquid stocks Ericsson B, H&M, Nordea, Swedbank and Volvo B (equals 27.3% of total turnover Jan - Aug 2010)

(trading the five most liquid shares release a liquidity discount)

## SIZE 57000 SEK (CHI-X AVG TRADE SIZE)




## SIZE 97000 SEK (STOCKHOLM AVG TRADE SIZE)



# NORDIC DERIVATIVES
## GROWING VOLUMES

**Opportunities**

Genium INET implementation

- Attract new customers

New products

- Sector Indices
- Dividend Indices
- OTC clearing services

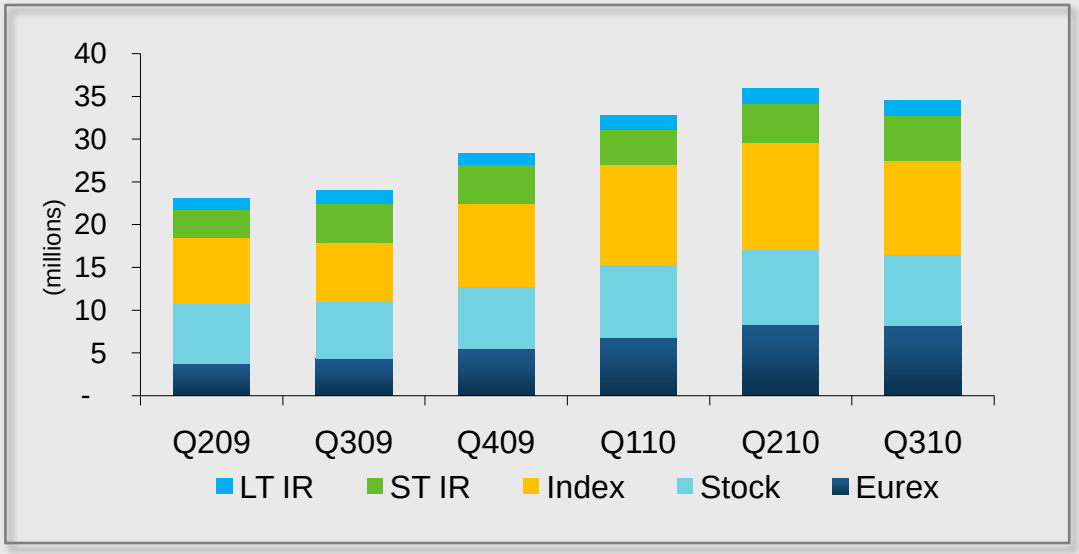
EU regulation

- IRS Clearing

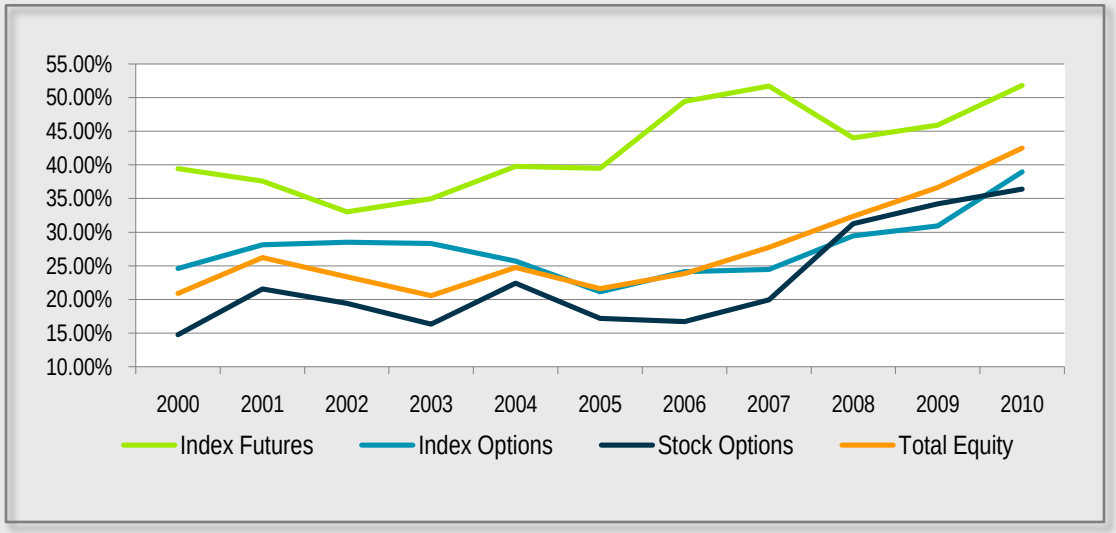
New membership

- Added 36 new members in 2009. Membership continues to grow in 2010

EUROPEAN DERIVATIVE CONTRACTS




NON-NORDIC MEMBER MARKET SHARE IN NASDAQ OMX PRODUCTS

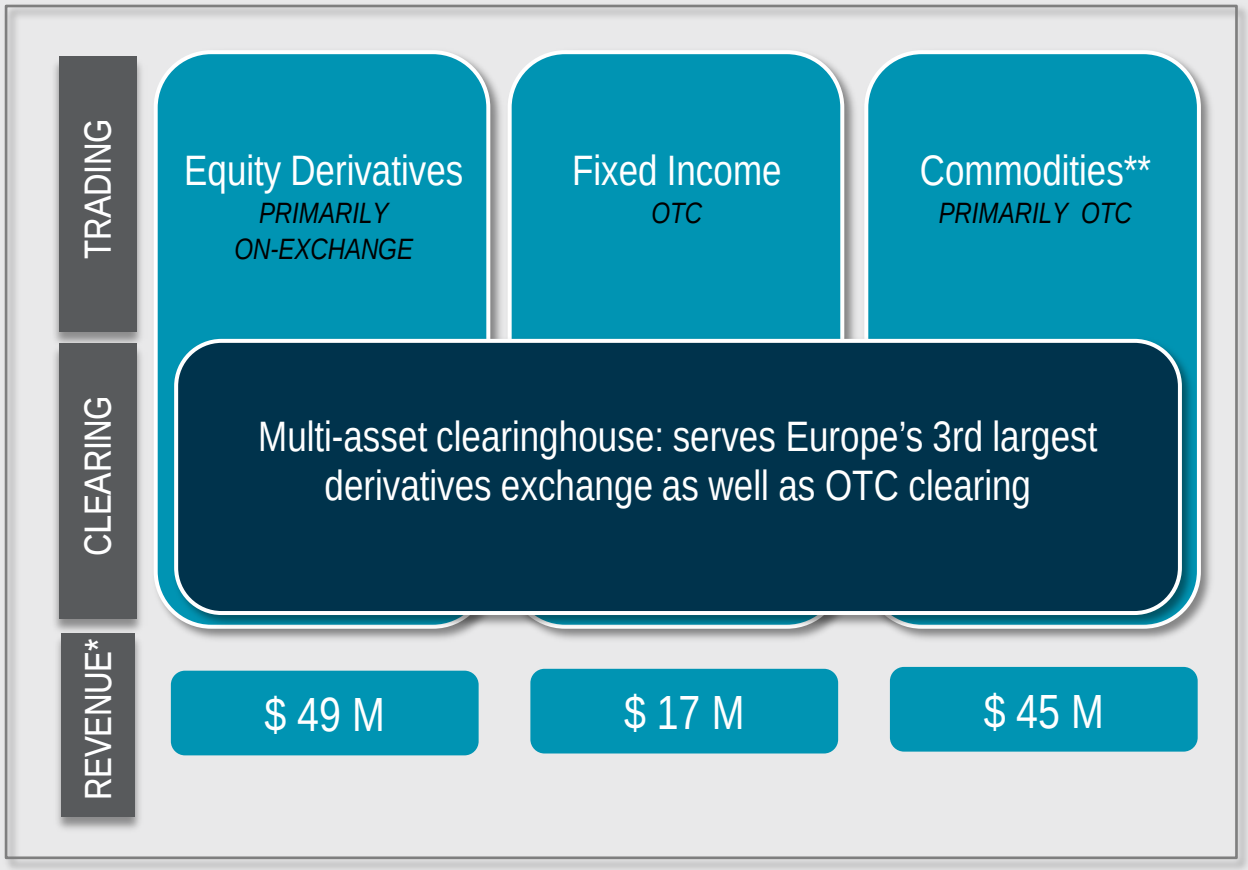


# DERIVATIVE CLEARING BUSINESS
## GROWTH OPPORTUNITIES

Goal:

Double 2010 clearing related revenues by 2014

- Increased Velocity
- New members
- OTC clearing for Fixed Income
- UK Power
- Regulatory Tailwinds
- US Power




* Revenues represent Q310 annualized
** Excludes NOCC

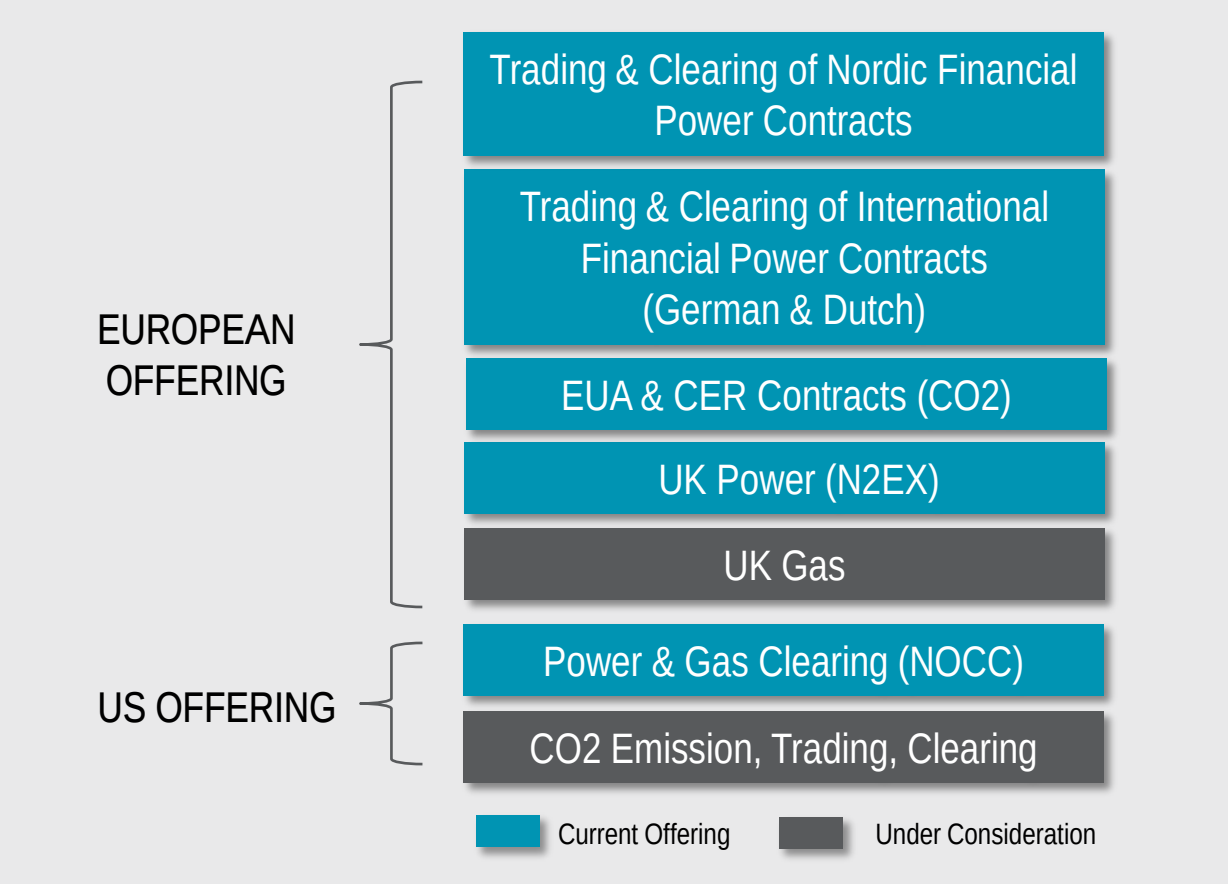
# NASDAQ OMX COMMODITIES
## A GLOBAL PLATFORM FROM WHICH TO GROW

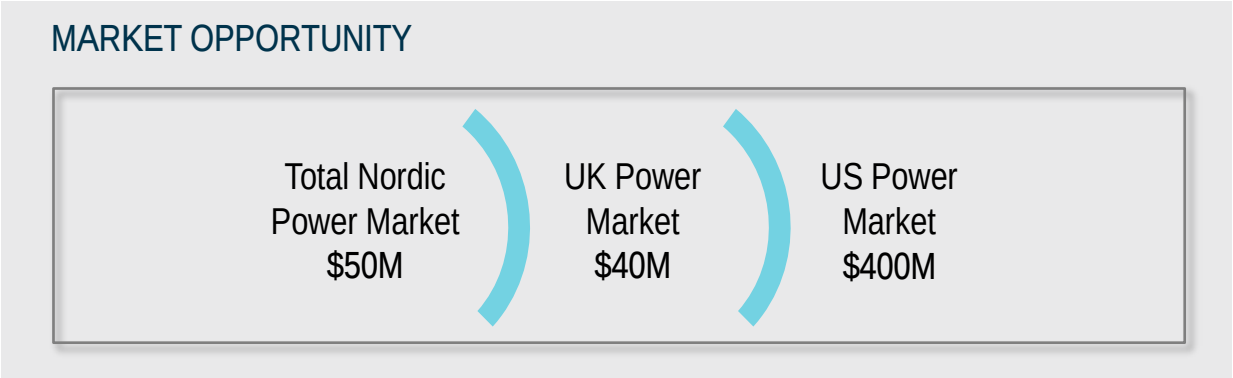
Leveraging industry relationships and market expertise to diversify

Launched UK power market, plans to add financial products in Q1 2011

Acquisition of NOCC in Chicago provides platform in US power market

Natural gas markets are a natural next step



# GLOBAL DATA PRODUCTS
## REDEFINING THE BUSINESS MODEL

$319m in revenues in the past 12 months

All data offerings are currently from NASDAQ OMX

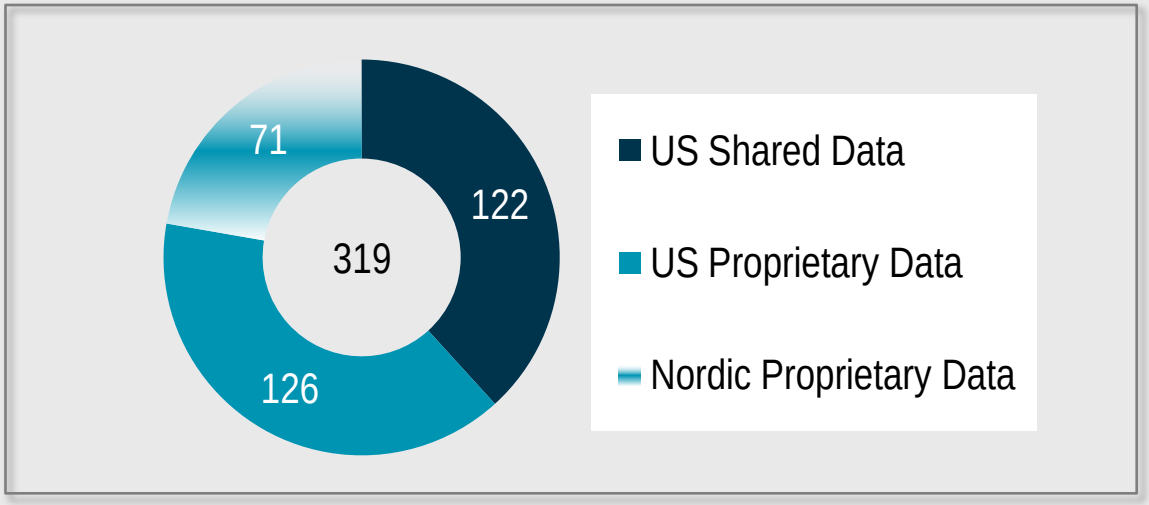
Has evolved into a highly diversified business

Fueled by changes in technology, regulatory developments and data usage

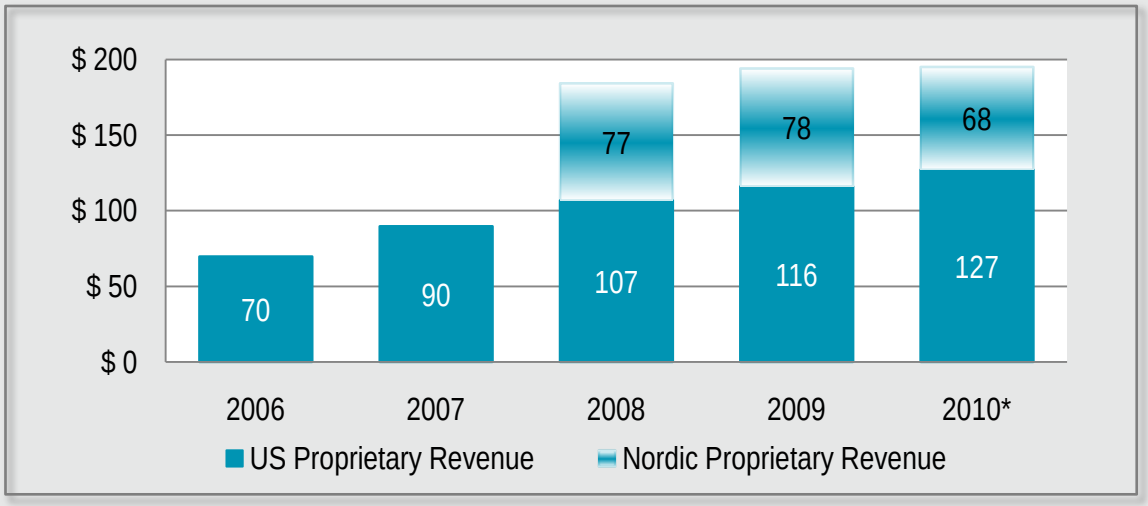
Moving beyond traditional exchange data

Goal is to realize revenue CAGR of 8-10% over three year period

REVENUE DIVERSIFICATION (LTM $M)




PROPRIETARY DATA REVENUE ($ MILLIONS)




* 2010 represents Q3 YTD annualized

# GLOBAL INDEX GROUP
## A PREMIER FULL SERVICE GLOBAL INDEX PROVIDER

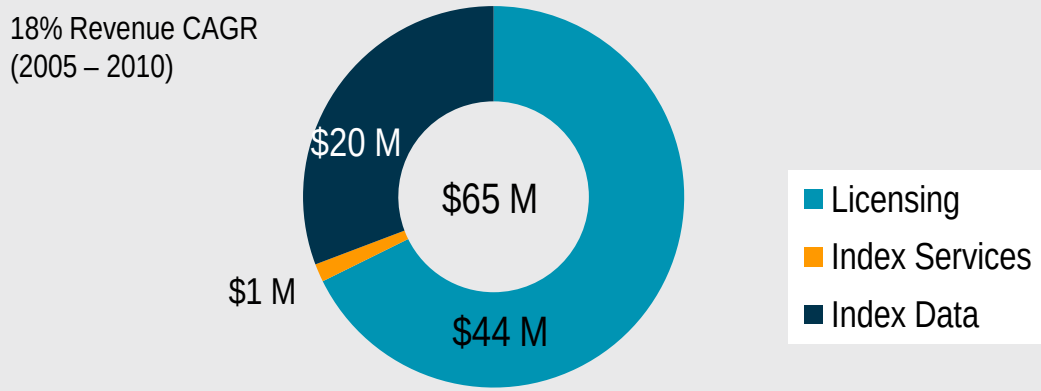
NASDAQ OMX indexes:

- Widely used by plan sponsors, financial institutions, traders and investors
- Linked products are listed on exchanges across the globe
- Basis for over 2,400 structured products (>$300 billion value) in 29 countries
- Real-time index data distribution

Growth Plan:

- Expand from retail to retail/institutional brand
- Grow revenue from $65M to $126M by end of 2013

### GLOBAL INDEX GROUP REVENUE MIX*




* NASDAQ OMX Global Index Group Last Twelve Months Revenue September 2009 to September 2010

### INDUSTRY BENCHMARKS

| | |
|---|---|
| NDX | NASDAQ-100 Index |
| OMXS30 | OMX Stockholm 30 |
| SOX | PHLX Semiconductor |

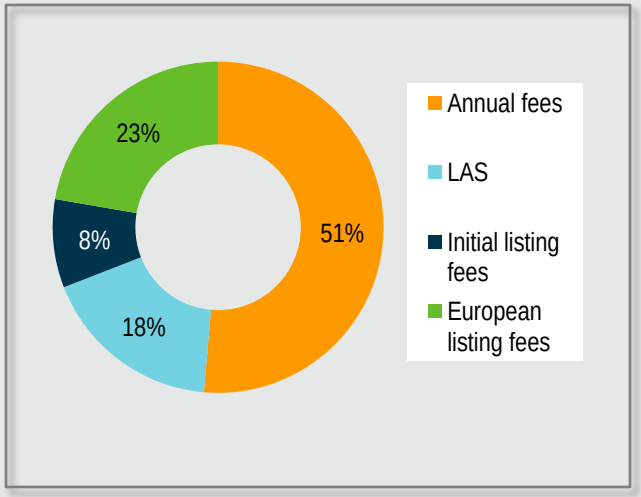
# LISTINGS
## A POWERFUL GLOBAL BRAND

3,585 listed companies in 42 countries.

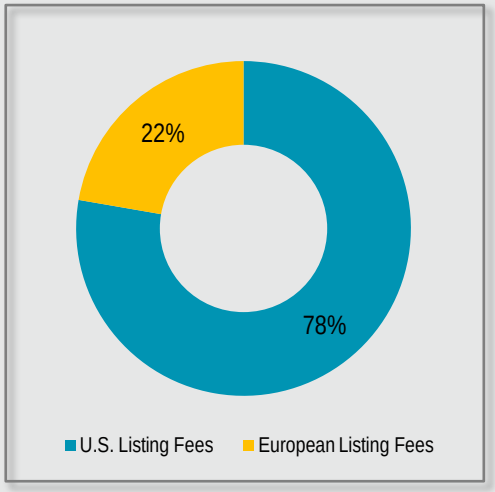
New Listing Market Recovery

- 157 new listings Q310 YTD (76 prior year)
- Total IPOs 63 Q310 YTD (15 prior year)

### REVENUE TYPE

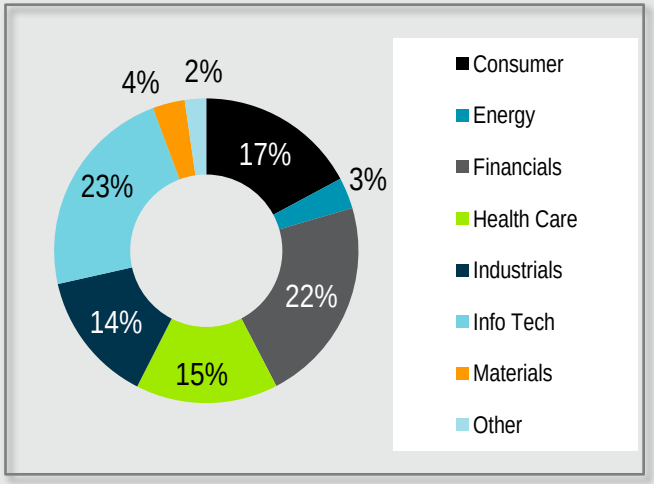



### REVENUE SOURCE

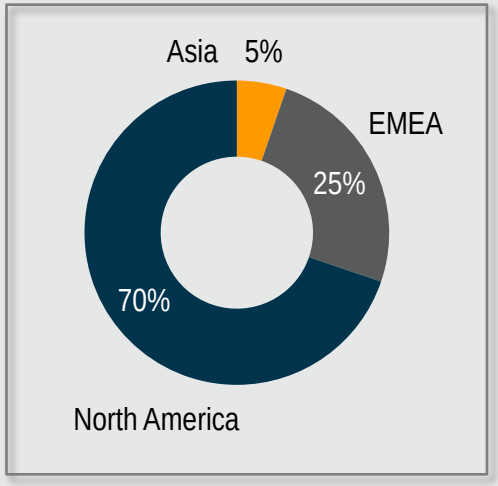



*Annualized based on Q310 YTD

### SECTOR BREAKDOWN**




### GEOGRAPHIC BREAKDOWN**




**Based on number of listed companies

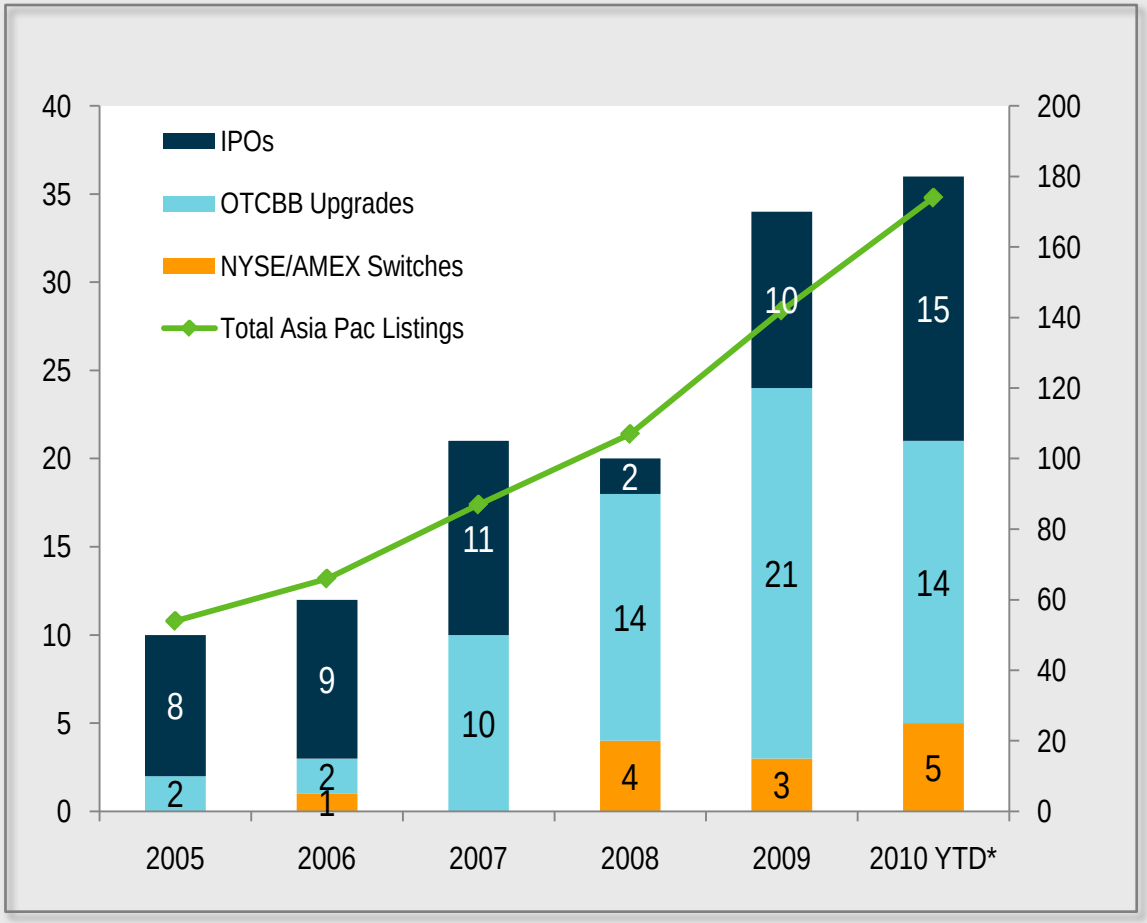
# CHINA
## THE FASTEST GROWING LISTING MARKET

174 companies from the Asia Pacific region choose NASDAQ OMX as their listing venue

Chinese companies choose NASDAQ OMX because they want to access the deepest liquidity pool in the world

Chinese listings have doubled in last 3 years and now total 159

### 133 NEW LISTINGS FROM ASIA PACIFIC SINCE 2005




*Year to date October 31, 2010

# CORPORATE SOLUTIONS

Own and operate corporate solutions that help companies minimize risk, maximize efficiency, and increase transparency

Revenue has grown from $23 M in 2006 to $72 M*in 2010 (33% CAGR)

Goal is to double 2009 revenue of $61M to $122M by 2013

* Q3 2010 YTD annualized

## Visibility

- NASDAQ Online
- Market Intelligence Desk
- International Investor Program
- NASDAQ OMX Indexes
- MarketSite

## Communications

- Globe Newswire
- IR/PR Websites
- Print and Distribution Solutions
- Interactive Media

## Governance

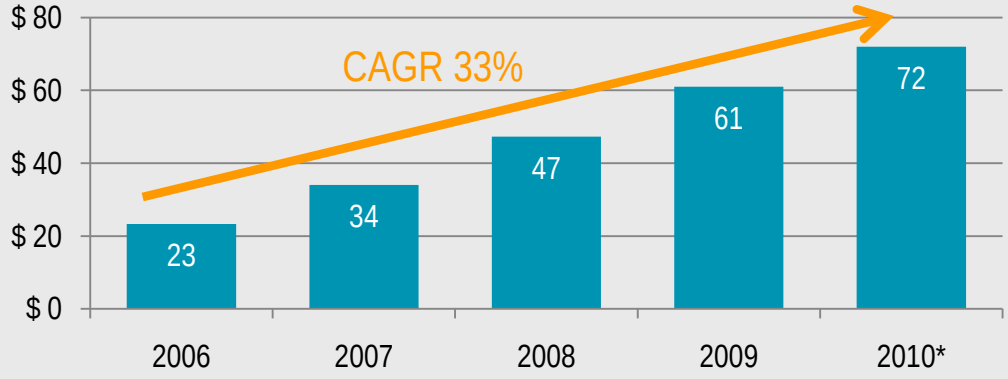
- Directors Desk
- Director Education
- Whistleblower Hotline

## Intelligence

- Corporate Intelligence
- Investor Analytics
- Quantitative Targeting

## CORPORATE SOLUTIONS REVENUE*

Revenue in Millions




*All years exclude Carpenter Moore Insurance Services which was sold Q4 2009. 2010 represents Q310 YTD annualized.

# 2010 FINANCIAL HIGHLIGHTS

2010 financial performance demonstrated resiliency of business model

Q310 US cash equities revenues increased 75% million from Q309

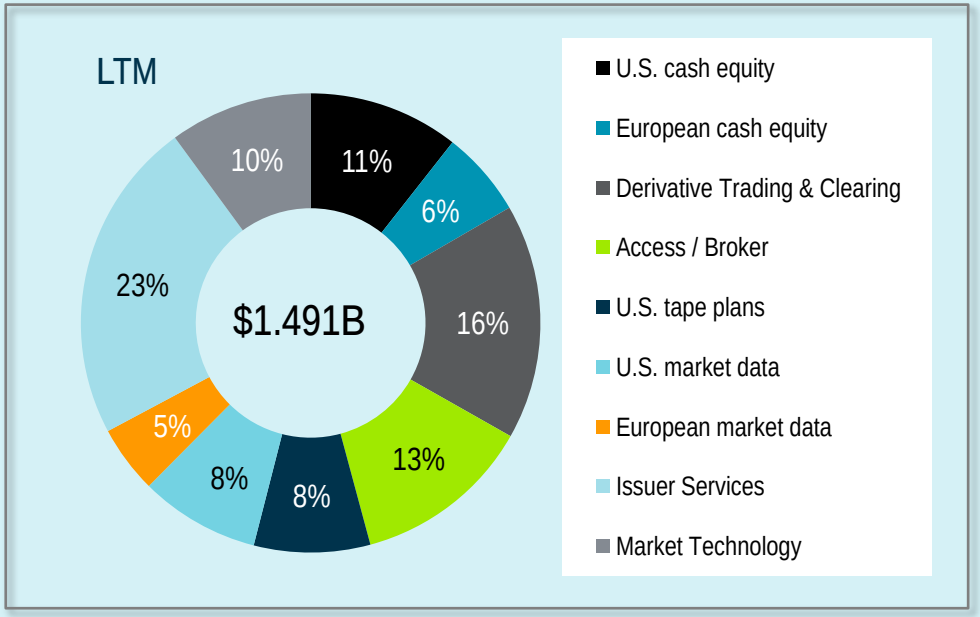
Access Services up 18% in Q310 from prior year period

Corporate Solutions, Global Index Group, and Access Services continue to grow

Q310 YTD European Derivatives revenues increased 38% vs. prior year period

Expense discipline maintained

DIVERSIFIED REVENUES




MARKET TECHNOLOGY REVENUE GUIDANCE FOR REMAINDER OF 2010: $149M FULL YEAR 2010 REVENUE

2010EXPENSE GUIDANCE: $880-890M IN TOTAL OPERATING EXPENSES INCLUDING $60M IN NON-RECURRING

# Q310 HIGHLIGHTS

## Non-GAAP Results[1]

- Revenues[2]: $372M (Q309: $349M)
- Expenses[2]: $203M (Q309: $197M)
- Net Income[2]: $101M (Q309:$89M)
- Diluted EPS: $0.50 (Q309: $0.42)

1. For comparison purposes, results are presented on a non-GAAP basis and exclude charges relating to the divestitures of businesses, workforce reductions, merger and strategic initiatives 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. Revenues represent total revenues less liquidity rebates, brokerage, clearance, and exchange fees; Expenses represent Total Operating Expenses; Net Income represents Net income attributable to NASDAQ OMX.

## BUSINESS HIGHLIGHTS

- +40% volume growth in Nordic options and futures; recently launched Genium INET for Nordic derivatives
- #1 in U.S. equity options market share
- Received approval for PSX, price/size trading venue; launched on October 8th
- Acquired SMARTS Group Holdings, a technology provider of market surveillance solutions
- Captured 64% of IPO proceeds raised by information technology companies on U.S. markets
- Expanded Nordic clearinghouse to offer repo transactions
- IDCG realized growth in membership and open interest
- Completed $300 million of share repurchase program (~ 15.1 million shares year-to-date)

## OPERATIONAL HIGHLIGHTS

- Stable U.S. cash equities market share for the quarter
- Improving trade volume in Nordic equities
- Growing market share in U.S. options
- Growth in European derivatives volumes
- Attracted 45 new listings, including 18 IPOs

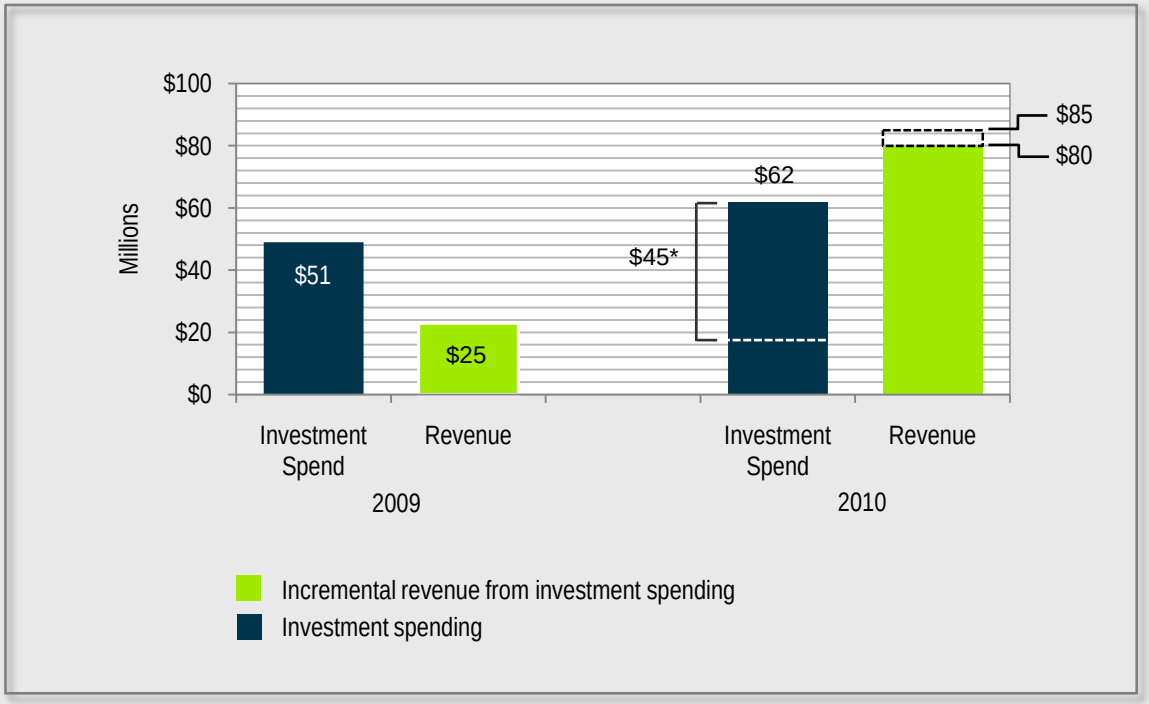
# INVESTMENTS IN NEW INITIATIVES
## DRIVING TOP LINE GROWTH

Expected to generate between $80 to $85 million in revenue in 2010

Targeted to provide a 5-year rate of return in excess of twice our WACC

Initiatives launched in 2009 expected to deliver margins of 40-45% in 2010, with further margin expansion in 2011

### NEW INVESTMENT REVENUE & EXPENSE




* Represents incremental spend for revenues in 2010 and beyond.

New Initiatives:

| | | |
|---|---|---|
| BX Equity Market | Global Index Data Service | PMI/Bloom Partners |
| NASDAQ Options Market | NASDAQ Basic | IDCG |
| PSX Equity Market | UK Power Market | NOCC |

# CAPITAL MANAGEMENT

Q310: Significant cash balance of $838 million, with free cash of $288 million

Free cash flow yield of 10%

Embarked on a share repurchase program in 2010

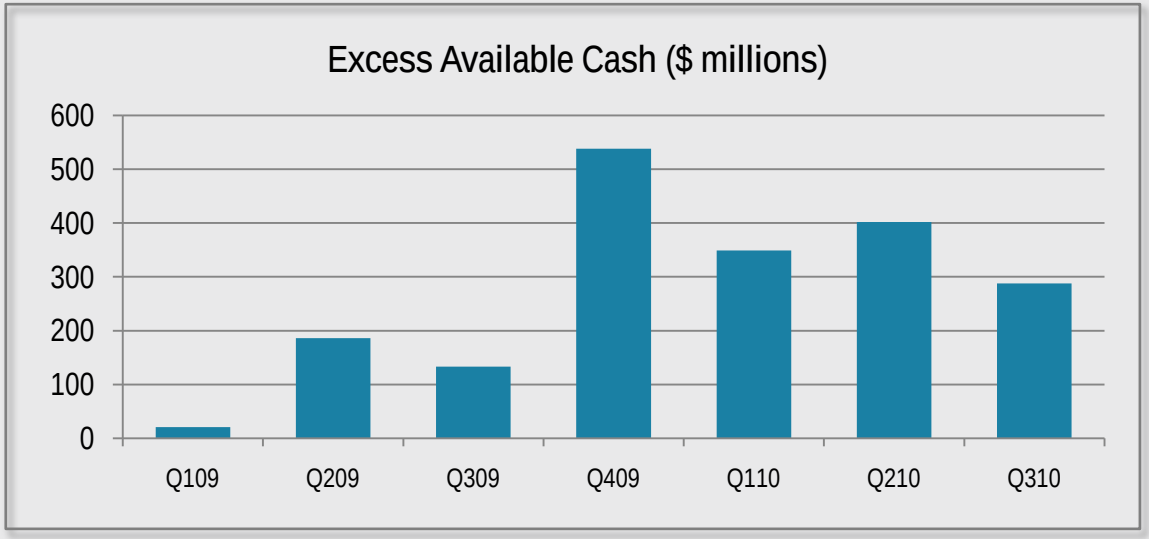
Completed $300 million of $550 million authorized share repurchase program

Expect to release up to $100M of regulatory capital in 2012 from changes in European Clearinghouse

## BALANCE SHEET CASH DETAILS

| ($ millions) | Q310 |
|---|---|
| Cash & Cash Equivalents | 336 |
| Total Restricted Cash | 159 |
| Financial Investments | 343 |
| Less Restricted/Regulatory Cash* | (550) |
| Excess Cash Available | 288 |

* Includes Section 31A fees and $100 million operational buffer.



# DEBT MANAGEMENT

Healthy debt profile with total debt to EBITDA* ratio of 2.6x and a net debt ratio of 2.0x

Upgraded by Moody's to Baa3 S&P to BBB.

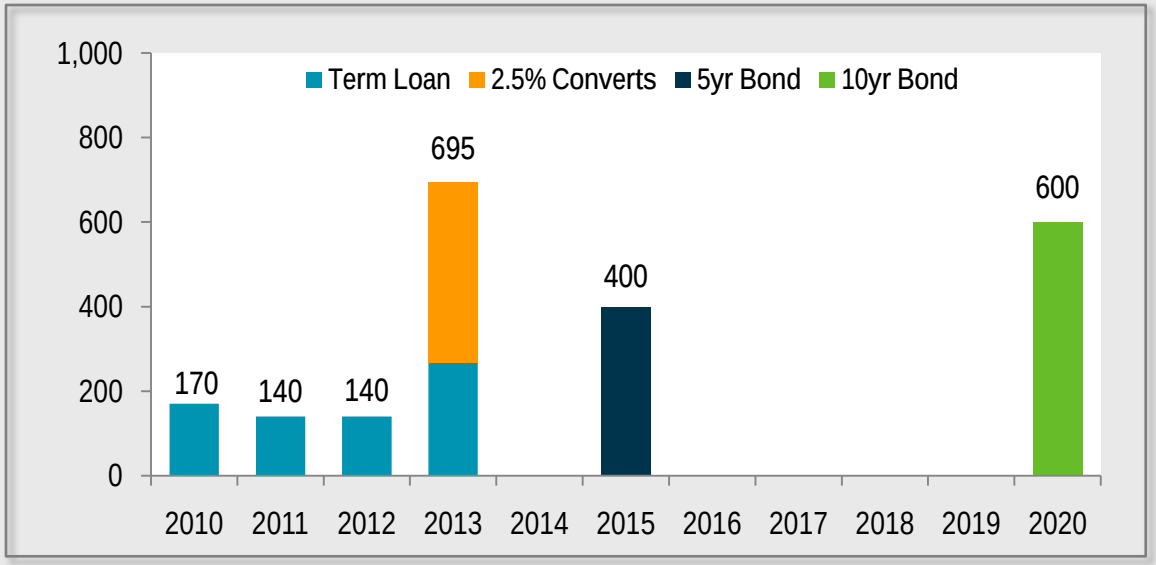
Debt covenants allow leverage increase to 3.5x total debt to EBITDA to complete M&A

Assuming steady-state operations and current financing rates, a total debt to EBITDA ratio of 2.0 x is an appropriate long-term target

## DEBT PROFILE

Par Value (mm) Q310

| Type | Amount | Coupon | Maturity |
|---|---|---|---|
| Term Loan | 605.0 | 2.33% | 2010-2013 |
| 2.50% Conv Note | 385.0 | 2.50% | 2013 |
| 3.75% Conv Note | 0.5 | 3.75% | 2012 |
| 5YR Bond | 398.0 | 4.00% | 2015 |
| 10YR Bond | 598.0 | 5.55% | 2020 |
| Total | 1,986.5 | 3.60% | |

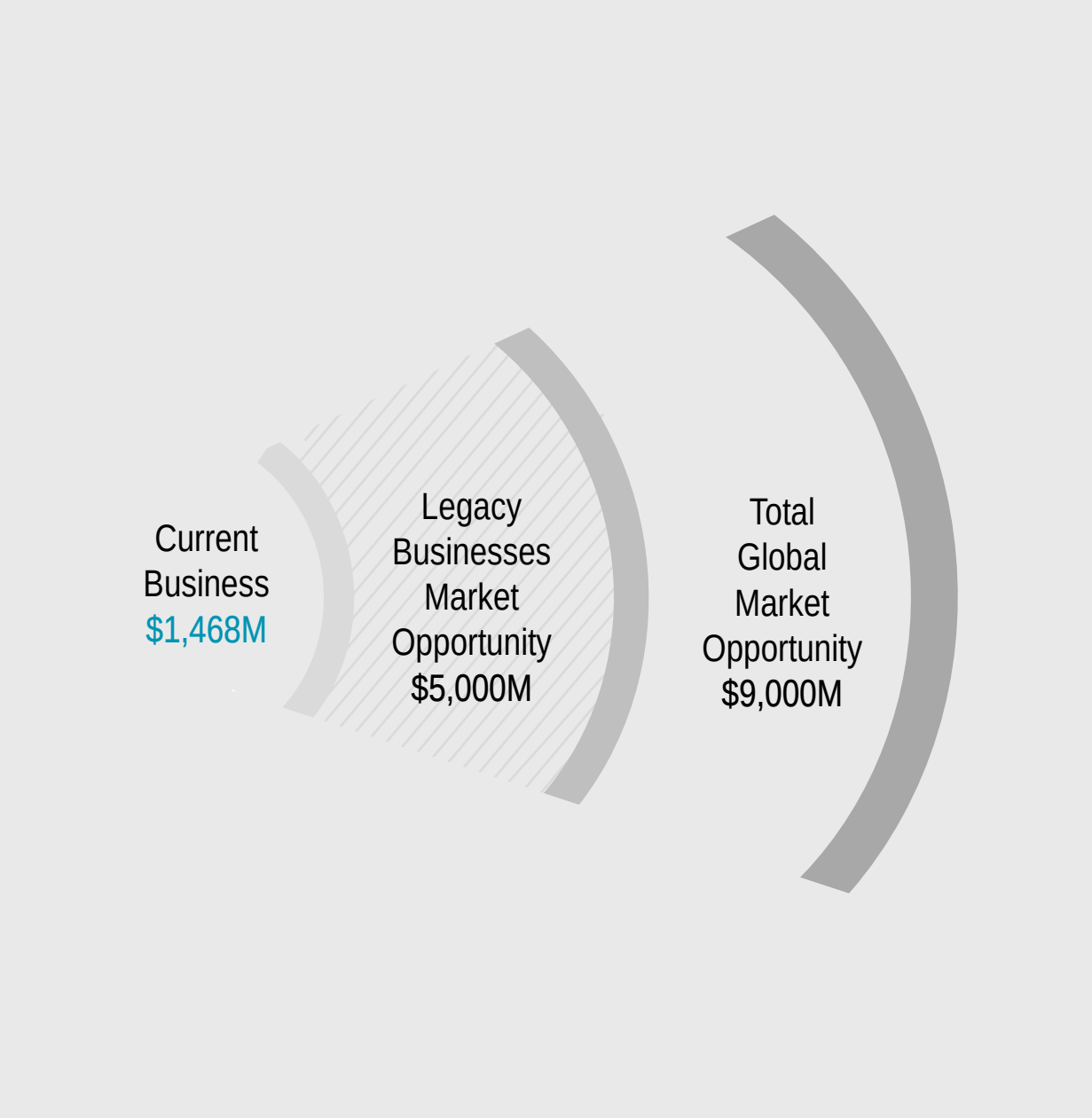



* EBITDA calculation provided on slide 19 of Q210 earnings presentation.

# NASDAQ OMX
## GROWTH OPPORTUNITIES

Greatly increasing target market:

- Nordic Derivatives and Commodities to double 2009 revenues by 2014 from ~ $100M to $200M
- Corporate Solutions to continue to grow at an 18% CAGR through 2013
- Global Data Products to generate a 3-year CAGR of 8-10%
- Global Index Group to grow revenues by 2013 from $65M to $126M
- Market Technology revenues to reach $200M in 2012 with an exit margin of 25-30%
- OTC IRS clearing initiative



NASDAQ OMX