
MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the NASDAQ First Quarter 2009 Earnings Results Conference Call. Today's conference is being recorded.

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

Vincent Palmiere, Vice President of Investor Relations

Thank you, operator. Good morning, everyone, and thanks for joining us today to discuss our first quarter 2009 earnings results. Joining me are Bob Greifeld, Chief Executive Officer; David Warren, our Chief Financial Officer; Magnus Böcker, President, and Ed Knight, our General Counsel. And following the prepared remarks, we'll open up the line for Q&A.

If you haven't done so already, you can access the results press release and the presentation on our 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 and Presentations section of the site. If you have any questions after the call, please contact me at 212-401-8742.

And before we begin, I'd like to remind you that certain statements in the prepared presentation and during 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 may differ materially from those projected in these forward-looking statements. Information containing the factors that could cause actual results to differ from the forward-looking statements is contained in our press release and in our reports filed with the SEC.

I said that without taking a breath.

Robert Greifeld, Chief Executive Officer

Yeah, sure. Your introduction gets longer every time, it's going to be longer than my comments. But I do thank everybody for joining us here this morning. We are particularly proud of the results we are reporting today.

GAAP net income for the first quarter of 2009 was \$94 million, or \$0.44 per diluted share. When excluding merger-related expenses and other non-recurring items on a non-GAAP basis, our net income was 102 million, or \$0.48 per diluted share, an increase of 9% when compared to pro forma non-GAAP results of \$0.44 in the first quarter of 2008.

In addition to growing income, our operating margins improved to 47%, up from 41% in the year-ago period, a remarkable performance in this economic climate.

We were able to achieve our year-over-year growth through the strength of our diversified business model and continued focus on operational efficiency. By remaining true to our management philosophy, NASDAQ OMX is now in the preferred position of having global scale against a lean cost structure. We have positioned ourselves to succeed whatever the market dynamics.

I will begin my review with a discussion of our options business. We couldn't be more pleased with the performance of both the PHLX and the NASDAQ NOM Options market, which combined had 20% of the market during the first quarter and reached 21% during the month of April. The growth in this business has been impressive.

Turning to our Nordic operations, 2009 is a transition year for our cash equity business. By the end of 2009, we will dramatically alter many aspects of the market. We will introduce central clearing through our partnership with the EMCF. We will consolidate trading onto our INET matching engine. We will launch order routing functionality, and we'll offer co-location services for our market participants.

During this time of transition, we are focused on our customers, and we have been rewarded by retaining 94% market share in the Nordic and the Baltic cash equities. This is greater than many incumbents in Europe where we see the primary market traded around 74% of the FTSE 100 and the primary market traded around 75% of the CAC 40. So truly 94% is outstanding.

In addition, we are starting to see encouraging signs that the markets in the Nordics are improving. Since December, we've witnessed four consecutive months of growth in both the number of trades and the value traded, as the number of trades has grown nearly 30% since December and the value traded has grown about 50%.

And finally, we just recently began trading Norwegian equities on the NASDAQ OMX platform and have four market markets continue – committed to providing continuous liquidity in these securities. Our goal through all these activities is to provide greater value by increasing liquidity and trading velocity while reducing costs for our customers.

Now turning to our MTF, we've recently witnessed significant growth in that market. Average daily value traded on our systems has grown six-fold in the past few weeks, truly remarkable. Total traded value yesterday reached more than \$300 million, a new record. Our share has steadily grown to the point where we are now averaging more than 1% of the CAC 40 trading.

As we've stated on prior calls, our approach to growing this business has been to first focus on establishing connectivity with customers, and then to get close to those customers by providing the market structure services and the flexibility they need. The launch of NEURO Dark today is a case in point. Our efforts are paying dividends, as our conversations remain very positive, and we continue to connect new participants to our market. The equity plan, which we recently announced, goes into effect at the beginning of June, and we expect this plan to result in continued increases in market share.

Turning to the US market, the US cash equity business, we are obviously disappointed with the market share during the first quarter. Recently there have been some unique market conditions into which we witnessed a structural shift in the business, from one driven by the supply side to one in which the demand side has become a factor in determining share.

With our recent fee changes, we've positioned ourselves to be successful with both types of customers, with NASDAQ catering to participants that are liquidity supply providers, while BX is targeted at participants that are natural demand takers. We are confident in the pricing action we took in April 15 – on April 15.

Importantly, we are also planning to better utilize our customer relationships and the size of our liquidity pool, the largest in the US for equities. We are introducing a number of new order types, which will allow our customers to lever our size, diversity of customer base, and market structure to their advantage.

With respect to BX, we are extremely pleased with our launch of this market. As measured by share volume traded, BX is the most successful launch ever of a US cash equity trading venue, where share volume reached 100 million shares traded approximately 50 days after launch, truly impressive.

We are also pleased with the performance of our access services business. This very stable revenue stream now represents nearly one-third of our US cash equity business. The product is expected to continue to perform well, as we have a backlog of customers seeking additional co-location services and access services.

Moving on to our listing business, we continue to push forward welcoming four switches from NYSE Euronext during the quarter. And in spite of a slow IPO market, we have a strong backlog of potential deals with 98 applications currently on file, and we're currently happy to see that OpenTable will be coming to the market in very short order. We continue to witness strong demand for our shareholder services products, as this business is one of the fastest growing within our organization.

Moving to market technology, we are working hard to improve profit margins, and most importantly lever our customer network to sell additional product. We are realizing successes as customers such as TOCOM and the Swiss Exchange launch new technology based on NASDAQ OMX.

So in closing, we have a lot to be happy with this quarter. The strength of our diversified model was demonstrated as we delivered solid results, even though the US equity market share was a disappointment. We remain focused on the execution of our plan, and it is yielding benefits as NASDAQ OMX is the only US-based change to deliver year-on-year growth in non-GAAP profits.

And to give you more color on our financial results, I'll now turn the call over to Mr. David Warren.

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

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

As Bob mentioned, when reported on a GAAP basis, our net income for the first quarter was 94 million, or \$0.44 per diluted share. But consistent with my prior calls with you, I will speak to our pro forma non-GAAP results from hereon unless I note otherwise. In doing this, I want to call your attention to the schedules in our press release and to a PowerPoint presentation that is available on our Investor Relations website at www.nasdaqomx.com. The non-GAAP reconciliations can be found in the presentation beginning on slide 12.

You will see that our non-GAAP net income for the first quarter, as Bob mentioned, was \$102 million, or \$0.48 per diluted share. Like our peers, our first quarter EPS is down when compared to the pro forma non-GAAP results from the fourth quarter of 2008. However, when you compare our results year-over-year to the results of our peers, who I've seen over the last few weeks, we are the only exchange reporting an increase, and we are up 9% when others are down, some dramatically.

Our first quarter results were also negatively impacted by the impact of a stronger US dollar. Please refer to slide 10 of our earnings presentation, that's the PowerPoint, for this detail. But in summary, when compared to the first quarter of 2008, the stronger dollar resulted in a \$0.03 per share negative impact on our results, and compared to the fourth quarter of last year, the stronger dollar this quarter resulted in a 1% negative impact to Q1 EPS.

Now, highlighting what I see as the important points in our results, and these are captured in the PowerPoint as well, net exchange revenues for the quarter were 369 million, a decrease of \$50 million or 12% year-over-year. But of this decline, approximately 35 million or 70% of the variance is related to changes in the exchange rates of various currencies as compared to the US dollar.

Now turning to expenses, first quarter 2009 total expenses on a non-GAAP basis were 194 million, representing a decline of \$55 million or 22%, from 249 million in the pro forma non-GAAP expenses

for the first quarter of 2008. FX had the effect of reducing operating expenses by \$26 million in the first quarter of 2009 when compared to Q1 '08. Also contributing to a reduction in spending are synergies from the OMX and PHLX transactions. Total expenses on a non-GAAP basis also declined sequentially, dropping 19 million or 9% from the fourth quarter of '08.

Non-GAAP operating income was 175 million, an increase of 3% from the year ago period. This represents an operating margin of 47%, up from 41% in Q1 '08 and equal to the 47% achieved in Q4 of last year.

Effective tax rate on a GAAP basis for Q1 '09 was 34%. This reported tax rate includes the impact of the loss on the sale of our Icelandic broker service business of \$2 million, which is non-deductible for tax purposes, so this loss flows directly to the bottom line. Excluding this loss, our tax rate was 33.3%, in line with the 33.5% non-GAAP rate achieved for Q4 of last year.

Now turning briefly to the balance sheet. Cash, cash equivalents, and financial investments at quarter-end were approximately \$746 million. Of this amount, approximately 413 million is reserved for regulatory requirements. Cash flow from operations was approximately \$83 million for the quarter.

Our total debt obligations at quarter-end were \$2.45 billion, reflecting a decline of approximately \$70 million from the end of the fourth quarter of '08.

You may recall that during last quarter's call I commented that we would continue to pay down our LIBOR-based debt throughout all of 2009. We paid down \$56 million of this debt in this quarter and we will pay down a minimum of \$56 million each quarter for the balance of the year. We also bought back approximately \$24 million of our convertible notes during the quarter, and that's a reduction of \$80 million.

And some of you might be asking why the balance sheet shows only a drop of 70. Anticipating this question, let me briefly give you an answer. The difference is due to the change in accounting treatment for convertibles that requires us to book the convert as both debt as equity components and accrete the equity through interest expense over the term of the convert. So 16 million of the 24 million par value bought in was recorded as a reduction in debt and the rest as a reduction in equity. That's probably too many words for a \$9 million gap, but no one ever said I wasn't precise.

But, now, let's move to some larger positive results within our treasury operations. In addition to our commitment to paying down debt, we have also signed a term sheet with a major Nordic Bank to provide a \$100 million collateralized credit facility for the benefit of our Stockholm clearing company. With this facility, we are able to free up \$100 million of corporate cash currently set aside for regulatory purposes. While this cash is available for any corporate purpose, we expect to use this cash to pay down additional debt.

And last but by no means least, with the strong performance in expense control this quarter, we are lowering our expense outlook for the full year 2009 from what we communicated when we presented our Q4 '08 results back in February. We expect total operating expenses to be in the range of 830 million to 850 million. Included in these figures are approximately \$30 million of non-recurring merger-related expenses, but also included in these figures are approximately \$40 million in spending for new initiatives, including IDCG and the introduction of EMCF as our central clearing counterparty in the Nordics to name but a few.

So, I want to thank you for your time today. And, my brief summary, I would say we are executing and doing it very well. We are controlling expenses while making very critical investments in our future growth.

And, with that, I think operator we're ready to take questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. We'll go first to Rich Repetto from Sandler O'Neill.

<Q – Richard Repetto>: Yeah, good morning, Bob, and good morning, David.

<A>: How are you doing, Rich?

<Q – Richard Repetto>: Doing okay. I guess the first question is David on expenses. The run rate was definitely below the -- if you divide the guidance by four. And even if you annualize the expenses, the 194, 195, you're going to get well below 800. So, I guess -- are you seeing, are you planning expense increases later on, or we're just being conservative, or what's the deal?

<A – David Warren>: I am taking into account in that some impact of FX. If you take a look at the SEK, we were about 8.4 SEK to dollar in Q1. That's dropped considerably now. It's -- again nobody has a real accurate crystal ball for this, but I think you have to anticipate some additional expense given the relationship of those currencies. And I think the other important part, Rich, is that that \$40 million of investment spending does have some back-loaded component to it.

<Q – Richard Repetto>: Got you, okay. And then, the synergies that you experienced or realized in this quarter, like I think we've sort of been expecting that the OMX and PHLX technology synergies, when you consolidate to INET, were going to occur here during the summer. Is that still going to take place, or did some of that occur already?

<A – Robert Greifeld>: No, we're looking to make this major system migration starting this quarter with the completion in the early part of the third quarter. So, there will be expense reductions associated with that technology re-platforming.

<Q – Richard Repetto>: Okay, so there's going to be even more expense cuts related to OMX and PHLX to come?

<A – Robert Greifeld>: Yes.

<Q – Richard Repetto>: Okay.

<A – Robert Greifeld>: Yeah, there is -- David mentioned two factors, but they're also is some seasonality to the numbers.

<Q – Richard Repetto>: Right, I understand, and I guess Bob the last question comes, you fully acknowledge the disappointment with the market share in the US, and I guess the question is -- you get the two platforms, you got some good performance out of BX initially, but how do you balance the profitability with BX being -- pricing being much different than the INET or NASDAQ platform? And is this suffice enough for the company to battle, the two platforms? Is that the answer to the market share losses that you have experienced over the last four months?

<A – Robert Greifeld>: No, but it's a step, all right. So, you saw that the pricing action we took on the 15th of April has essentially, what I call, stopped the bleeding, and we have to grow BX as our platform for those whose are take sensitive. And the pricing we have in place today is obviously meant to generate the enthusiasm, the excitement to give that the breath of life. I think you'll see in time that pricing migrate to something what I'll call a more rational basis. And to the extent, we have greater success sooner, that day will come sooner.

But we, with our pricing actions, want to have a clear delineation between what we'll call the NASDAQ classic with respect to its attraction to the rebate supply side, and we want to have a clear attraction to the demand side. All that being said, there is a lot of things happening in the

market. Some of them will be ephemeral, and we don't need to focus on it. But, others are structural changes in the market. We are very excited with the different order types that we are coming out, that allows us to have certain customers essentially scan our large liquidity pool before routing out or interacting with the general market. So, we expect some of these order types to come online very soon, and as I said we're optimistic.

<Q – Richard Repetto>: Okay, that's all I had. Nice quarter.

<A>: Thank you.

Operator: We will go next to Howard Chen with Credit Suisse.

<Q – Howard Chen>: Good morning.

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

<Q – Howard Chen>: I am well, how are you?

<A – Robert Greifeld>: Pretty good.

<Q – Howard Chen>: Okay, thanks for taking my questions. Bob, I know you're probably sad, and the rest of the management team to see Chris's departure. I was hoping you could just discuss a bit about the process of finding -- how the process of finding his replacement is going, and more broadly, how you think about the bench and succession planning here with the franchise?

<A – Robert Greifeld>: Well, one is I would say that it's a good time to be looking for talent in the external marketplace. And there are no lack of strong external candidates, and we also have very strong internal candidates. As I've said, I will be deliberate in my considerations of who is going to take on this role. My expected timeframe is for two to three months. So, as we stand here today, I'm comfortable that the professional knowledge that Chris brings -- had brought to the NASDAQ OMX business will be replaced. Certainly, Chris had unique personal skills, and we're not looking to replace those. But, the practical knowledge out there of those who can help us lead this along will be good. We'll be well served.

<Q – Howard Chen>: Okay, thanks. And then, my follow-up. Bob, historically, you and the management team have averaged doing one to two acquisitions a year. Deal integration's been a real hallmark for the management team. I know you've got a lot of balls in the air in terms of organic growth, but can you discuss your appetite to do a deal here? What does the landscape look like? I know you touched a little bit on the human capital landscape. But, what's the deal environment look like? Thanks.

<A – Robert Greifeld>: Well, first as always we focus on executing the operational business plan. As you referenced, we do have more organic growth opportunities on our plate than at anytime during my tenure here at NASDAQ OMX. So, that demands its own level of attention. We have, as NASDAQ OMX, I think a responsibly to understand the global competitive landscape, and where there may or may not be opportunities for us. It's obviously a episodic event when a transaction happens, and I would say that the climate is not so different than other climates. But, that doesn't mean we are interested and/or positioned or desiring to do anything.

<Q – Howard Chen>: Okay, thanks.

Operator: We'll go next to Daniel Harris with Goldman Sachs.

<Q – Daniel Harris>: Hi, good morning guys.

<A>: Hi, Daniel.

<Q – Daniel Harris>: I was hoping you could give us some more maybe quantitative or qualitative numbers around how the MTF in Europe is going, how many clients are on it, how many are in sort of the pipeline to sign up and what the trajectory of the client uptake has been over the last couple of months?

<A – Robert Greifeld>: Well, it's been a remarkable progress. I was there at the end of March and we were matching or really trading about \$50 million a day. And as a reference to the call, it's grown three-fold, so we set a new record I guess where we exceeded \$300 million. So, it's a period of time of exhilaration for the team there, to have that kind of rapid growth in a month-and-a-half, and the good news is that we're just really getting started. So, we still have a large number of customers who are working very actively to be hooked up to us by June 1, when we start the equity jump-ball. So, we have I think at least 10 committed participants to the jump-ball and we certainly hope to dramatically increase that number as the month waxes on.

<Q – Daniel Harris>: Okay, great. Thanks a lot for that. And then just a follow-up. Here in the US, you spoke about the BX platform and the success you've had in the early stages. But are you seeing most of those clients transitioning from say NYSE classic that raised the rates and you guys stuck in underneath them? Or is this just new share that is coming from different parts of the market?

<A – Robert Greifeld>: I think it's all of the above. It's impossible for us to directly quantify where each share is coming from, but we can theorize based upon how we're positioning our pricing, what the result will be. And we're clearly segmenting the BX platform to be attractive to those people who are sensitive to the take rate, and that's the one comment I can make with complete confidence.

<Q – Daniel Harris>: Okay. Thank you.

Operator: We'll go next to Dave Grossman, Thomas Weisel Partners.

<Q – David Grossman>: Thanks very much. Bob, as you think about some of the structural changes that have happened in the market in the last several months, some of the pricing actions or several pricing actions that have been taking. Independent of kind of tiering of the pricing, how should we think of net capture going forward? Do you think we're at a baseline, do you think on a net basis it goes up, do you think it goes down?

<A – Robert Greifeld>: Well, I would say this. I mean we've obviously had a lot of discussions in the last several weeks with respect to the competitive positioning of our US transaction business. And the discussions are centered not so much about reduction in capture rate but the structural shifts in the market where the demand side is controlling the debate more so than the supply side. So if you look at the last six years, you didn't go wrong by catering to the supply side. That's no longer one-size fits all answer. So, on the good news side, I think we see structural discussions more so than compression discussions, but we live in a competitive landscape and it's our job to lever what we call massive scale against extreme efficiency, then we'll be able to deliver to our customers very attractive capture rates, while also delivering superior returns for our investors. So if you look at our actions here, moving the PHLX platform to the INET platform in the second quarter going to the third, moving the Nordics into the INET platform in the fourth quarter, seeing increasing uptake in the NEURO platform, that just gives us a fundamentally different business model than our competitors. So we have that as our driving philosophy.

<Q – David Grossman>: So it's just kind of looking at that last point that you just made, do those systems migrations – I think I understand the cost advantages, are there any reasons to think that

your share or there are some revenue opportunity that makes you more competitive from that standpoint other than on the cost side?

<A – Robert Greifeld>: Well, I mean, we obviously are focused on market structure advantages – enhancements that will give us advantage in the market. But let's understand to the extent that we have a fixed-cost base that then is spread across a large number of transactions – what we call massive scale – then we're in a position to deliver what are customers first demand and that's attractive capture rate and attractive transaction rate. We want to do that. We are here to listen to our customers, to deliver value to our customers while servicing our shareholders, so it's a clear mission.

We will continue to look at the price to make sure we're delivering the best value to our costumers. We've said it from six years ago, we intend to be a price leader in this marketplace. We're going to do that not as a loss leader as some of upstarts, ECNs or MTS might do, but as part of an overall business plan to make sure we have the proper lever in fact in place so we can serve two masters.

<Q – David Grossman>: OK, got it. Great, thanks very much, Bob.

Operator: We'll go next to Alex Kramm, Barclays Capital.

<Q>: Sorry to come back one more time to the whole pricing, market share discussion, but maybe asking this a little different. Do you think this whole pricing trend that's been really a lot of changes here by all the exchanges and ECNs will just continue where everybody is just tweaking pricing all the time? Or do you think that you actually have a opportunity to maybe do some wholesale changes that make change in terms of how business is priced and maybe lever some of your non-transaction businesses and your dominant market share right now to maybe lock clients in by I don't know using fee caps or all-you-can-eat trading? Something along those lines before things just seem to trickle down further.

<A – Robert Greifeld>: Well, I think you raised some very good points and everything that you're mentioning are things that we think about and consider. And I'd say that we're intensely thinking about it as we go through this period of time. But I think the important point here is in this first quarter we were disappointed by our market share in the US transactions business, right? So we're not seeing anything different than that. We clearly have to do a better job there.

But, we're extremely proud of the overall performance of the corporation. So, again in my mind, we're spending too much time on the US transaction business. We are a diversified business. We delivered \$0.48 per share of earnings. We grew our business year-on-year, while obviously suffering a headwind in US transactions. It just points to the strength of this business model. And we are not the NASDAQ we were three years ago, it's a different set of drivers that gets us to this result. We're not here to minimize the importance of US transactions, but we're not also here to say that's the only thing we should be talking about.

<Q>: Okay. Then to talk about something else. You mentioned recently that the most time you spend these days is actually on the interest rate swaps opportunity. And I don't know how much there is to say yet, but talking to some dealers out there, it seems like the one that already has a grasp on the business, which is LCH, actually does a lot of business already with the dealers. And when you think about the others that are looking to get into the business, it seems that they might an edge in terms of cross margining with existing product set and so forth. Where are you coming in and what kind of edge do you bring to the table, that you can really have a value proposition here?

<A – Robert Greifeld>: Sure. One is we are happy with the progress that IDCG made in the first quarter. This progress is obviously something that does not show up on any of the financial statements as of yet. But let's understand very clearly that what we're offering to the marketplace

is unique. We're bringing to the marketplace an all-to-all clearing model that will essentially, if you read some of the publicity that came out yesterday, will allow a broader participation in this market. I think it will help mitigate risk in this market, and it will fundamentally help this market grow. So it's a unique product offering at this point in time. It's one that its logic I think is compelling to certainly GSEs, to the natural buy side, and to a large part of the dealer community. And it offers as part of this model advantages that you cannot get in other environments, where we have certainly segregation and margin advantages.

So we're working hard at it right now. We understand we're trying to change the world. We understand that there are other efforts to do different things, but we try to say they're similar but we're having fun with it. And as I said, we made tremendous progress in the first quarter, and we hope to continue with it in the second quarter.

<Q>: And then, just a very quick one for David. I noticed on the market services side, I think some line items shifted a little bit; can you just talk about what do you guys did there in terms of restatements?

<A – David Warren>: We did -- we moved \$11 million from other market services. And that went into, just to give you the geography on it: market technology, 3 million went there, that's due to the - - some technology contracts we have with FINRA; access services took up 3, which would be primarily related to the European access services; European listing fees was 2; corporate services was 1; and then there were some other ones of about \$2 million.

<Q>: All right. Very good. Thank you.

Operator: We go next to Mike Vinciguerra with BMO Capital Markets.

<Q – Michael Vinciguerra>: Thank you, good morning. Bob, you mentioned the access services now being a third of your US cash business essentially. Can you talk a little bit more about the continued growth there, what other types of clients still haven't co-located with you at this point? And is that a business that's kind of a high fixed cost, low incremental cost type of business?

<A – Robert Greifeld>: First is that we have pent-up demand. We have demand greatly exceeding supply at this point in time, so we're working very hard to increase the supply. We expect that we'll have a lot more capacity coming on stream in July, following through the rest of the year. So we do expect some healthy revenue growth in that business in the second half of the year. I think the profitability of that business is relatively consistent. It doesn't de-scale nor does it scale; it is what it is. So we're very pleased with how we're running it and the margins we are getting from it, but we don't see benefits of scale.

<Q – Michael Vinciguerra>: Okay. And your comments are for both Europe and the US?

<A – Robert Greifeld>: Well, it's primarily here in the US. And one of the exciting growth areas we'll have in 2010, as we introduce the INET platform in the Nordics in the fourth quarter, we will for the first time offer co-location services there and we have data center capacity, we have supply available. So when you look at our opportunities into '10, you see that in Nordics, we expect that to be a driver of growth for us and you'll have increased velocity, as a new set of players are able to transact in that market as we have the platform they want to trade on and we have central counterparty clearing, which will greatly reduce the post-trade costs. So we have a triple win. We'll have a win on the clearing side with our interest in EMCF, a minority interest in EMCF. We'll have increased velocity of the trading. And we'll also be able to offer access services of co-lo and connectivity. So, wonderful opportunities for us.

<Q – Michael Vinciguerra>: Excellent, okay. And then, just one question for David. David, where do the Nord Pool revenues shake out in your revenue detail page, where are they included?

<A – David Warren>: Europe. They would be in European derivatives.

<Q – Michael Vinciguerra>: Very good. Okay, that's all I needed. Thank you.

Operator: We will next go to Niamh Alexander with KBW.

<Q – Niamh Alexander>: Hi, good morning. Thanks for taking my questions. If I could shift over the issuer services. We've started to see some very, very early activity in IPOs and of course, secondary picking up as well. And, how are your conversations with issuers going, how do you think about NASDAQ's competitive positioning especially in the US now, maybe even versus a year ago?

<A – Robert Greifeld>: Well, I think our positioning in the issuer services increases or improves on a weekly or monthly basis. I think we're getting to a point where we can fairly compete for the vast majority of issues or companies that are listed on competing exchanges. And that's dramatically different than three years ago. And that's all we ask for. If we have a fair chance to compete, then the odds that we win are quite strong.

<Q – Niamh Alexander>: In terms of the conversations with issuers, are you getting a sense that you're expecting to see a pickup in filings? Are your conversations picked up recently?

<A – Robert Greifeld>: Well, I think the point I would direct you to is the fact that we have 98 companies on the backlog. People do not file with the SEC to go public, because they have nothing else to do. It's a laborious task. And it means that they have a fundamental belief in their business model and are looking for a window to open. So we're here obviously hoping for some parting of the clouds, as we march on in the year. And these companies are ready to go.

<Q – Niamh Alexander>: Okay. Fair enough. Thanks Bob. And then, I guess with respect to the issuer services, and I know you are kind of frustrated that we keep coming back to cash equities, because it is only one part of your business. But, from our perspective, it's the part where we just see more extreme price pressure recently and some market share declines. So, how do you view the market share of the trading with respect to the listings and the issuer services businesses? Is there like a level of market share, where you feel like it might kind of hurt the competitiveness there that -- there is a level of market share where you'd rather not get to?

<A – Robert Greifeld>: Well, I've said in previous calls, it's our job to make sure we're balancing market share against profitability. Right now, we are not comfortable with our market share performance, and it's our job to address it.

<Q – Niamh Alexander>: Okay, thanks. And then, if I could just follow back on Howard's question earlier on acquisitions. You're fairly broadly diversified, but maybe help me understand what product areas might be of interest to you kind of inorganic? Because I know you are already kind of looking at the clearing initiative on an organic basis, what should we think about there?

<A – Robert Greifeld>: Well, I can't be too precise with this as you might would -- might guess, but I would say what I've said before. Our acquisition discipline is well developed here. First, if we do a transaction, it has to be something that leverages the mother ship, has to be strategically significant. We always talk about one bowling pin to the left or right. So you will not see us do something that comes out of leftfield. It has to leverage. It also then has to deliver results to our shareholders where we wanted to accrete within one year of closing of the transaction.

And as we've said for a larger transaction, we might wait a little bit longer, but if you wait too much longer, implicit in that is some view of the future, which we know we don't really have a crystal ball. So the quicker the accretion, the more sure we are about it. So we have a great strategy team led

by Adena Friedman. We're aware of all the different assets on a global basis. We have a view point of the attractiveness of these assets to NASDAQ OMX either today, tomorrow or sometime in the future. And that guides us through the day.

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

Operator: We'll go next to Ed Ditmire, Fox-Pitt Kelton.

<Q – Edward Ditmire>: Hey guys, I had a one question on equity clearing and then I want to move on to US options. Can you give an update on what's going on in the US equity clearing initiative?

<A – Robert Greifeld>: Yes, I can. One is we have been a direct beneficiary of our announcement of our move into clearing. And as the largest single customer of DTCC, we welcome the price decreases that they have given to us and that certainly has helped us in this quarter and in quarters in 2008. That being said, we're in active dialogue with the Commission with respect to a clearing model that we'll be bringing to the marketplace, which I think has some unique advantages and some clear differentiators to how things are processed today. And as soon as we get further along with the commission, we'll shed more light on that, and I would say our development team is hard at work on this effort right now.

<Q – Edward Ditmire>: Okay. And then can you talk about some of the things that are driving the good growth in US option share?

<A – Robert Greifeld>: Yeah. One we're – as you know, we're situated like we are in equities now on basically both sides of the philosophical divide. So with our Philadelphia options market, we have a dealer-centric model that is I think more attuned to the customer requirements of that model, and I think it's been very careful execution of the business plan that has allowed that organization to grow its share. So led by Adam Nunes and Tom Wittman, we've done incredibly well. What's exciting is that, as we complete the migration to the new system, we do have a number of initiatives that we've kept on the shelf waiting for the new system to come into place. So you'll see from us in the months after the conversion a number of different steps to help increase that market share that much further.

Now on the other side of the aisle with NOM, we are pleased with the fact that we've made tremendous progress in the quarter. We certainly have a belief that a price-time model will have an increasing share in the options marketplace, especially in the penny issues and we're happy to be positioned there, we're happy with the growth, and we expect that to continue to come. And we also benefited by the fact that you have basic organic growth in this segment, and we're pleased to ride that wave.

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

Operator: We'll go next to Justin Schack with Rosenblatt Securities.

<Q – Justin Schack>: Good morning, guys, and thanks for taking my questions. I was disconnected briefly, so I apologize if any of this was asked in advance. But I'm wondering on the M&A front, it seems like you guys are challenged right now on the top line with some of the core businesses and a lot of the new initiatives are long-term in nature. And given your outstanding track record in identifying and integrating acquisitions, can we expect you guys to return to or consider returning to the M&A market anytime soon?

<A – Robert Greifeld>: Well, we covered that, but it's a topic of internal fascination. I would say this Justin, you can't predict M&A activity. It's episodic. It's our job to understand the different assets that are available on a global basis and have some preconceived knowledge of whether or not they are one strategically significant to us, and if there's a transaction that can be done that

accretes to our shareholders in a reasonable period of time. So that's the radar we use as we go through the orders here, and that's probably all I can say.

<Q – Justin Schack>: Sure, understood, and sorry for repeating that. The other thing goes back to your response to the question about co-location services. And I'm just – I'm curious, you mentioned that there's much greater demand than supply right now, and you're working to increase supply. Given the nature of folks who ask for that type of service that they're very high frequency in nature, what might that mean for volumes for the rest of the year, because clearly we're in a position now where volumes are a lot higher. So far this year, the increases year-on-year are not what most people would have expected last year and the worry is that the comps get more difficult in the second half of the year. Any thoughts you have on that problem would be appreciated.

<A – Robert Greifeld>: Well, certainly the comps in the second of the year are tough. But I would say this, I mean we failed to execute properly, in that we did not anticipate really remarkable demand for co-location services. So as I meet our customers today, that's generally the first thing they ask for is: we need more space in your data center. We've been on it in an aggressive way for the last number of months. And as I said, we have increased capacity coming on in July, and that capacity increase will continue through the balance of the year into 2010. So hopefully we'll start meeting some of that demand.

The interesting and exciting thing is as you put this capacity in beyond the direct revenue increase from co-lo, which we do very profitably, what does that mean to transaction volume? I would say this, it's not going to hurt it. We're not going to predict how much it's going to grow, but it will certainly be a benefit.

<Q – Justin Schack>: Thanks a lot guys.

Operator: We'll go next to Shane Finemore, Manikay Partners.

<Q – Shane Finemore>: Hi, guys.

<A – Robert Greifeld>: Shane, how are you?

<Q – Shane Finemore>: Fine. Just – can you just explain to me again what have been the drivers that have allowed you to keep your market share in the Nordic market high relative to your – relative to the competitors in the other European countries?

<A – Robert Greifeld>: Yeah, that's a great question and one we're very happy to answer, Shane. I think led by Hans-Ole, the team has done a remarkable job listening to the customers. We have come up with I think creative pricing which represented a net reduction to them, but still allowed us to operate very profitably. So it's – again, at the end of the day, focus on the customers, make sure you understand what they're asking for and delivering that.

<Q – Shane Finemore>: Okay. Thank you.

Operator: We'll go next to Alex Kramm, Barclays Capital.

<Q>: Hey, thank you. Just a couple of quick follow-ups and you might have answered some of those already. On the cost side, could you actually talk about how much was merger synergies and related, or if there was actually a component this quarter of tightening the belt in this environment, and if all what we've seen is basically persistent ex any sort of new initiatives?

<A – David Warren>: No, I didn't break it out. I think that the – but clearly the drop in our expenses comes from both. It comes from continuing to drive and deliver on the efficiencies that

we are – that we get from the acquisitions and from the successful implementation of those. But a lot of it also comes from just general good cost control.

<Q>: All right. And then just lastly on the M&A front again, not to get too specific, but there is certainly some regional small exchanges in Europe, maybe in the eastern European countries for example, how do you view those exchanges going forward? I mean is this something that's actually an opportunity, because maybe they have more protected markets even because the MTS might not be as interested in those smaller markets. And it is actually an opportunity to align yourself with them? Or what's going to happen to those?

<A – Robert Greifeld>: Well, I would say possibly it's an opportunity, but possibly it's not. I mean we don't know. But as I've said in this call and it's about as far as I can go, it's our job as NASDAQ OMX to understand the different assets, different institutions that are out there and have a point of view before any asset would come into play. And so we do have our point of view, we're not going to share on this call but we know what's going on in our space on a global basis.

<Q>: All right, thanks for taking the follow-up.

Operator: We'll go next to Chris Allen, Pali Capital.

<Q – Chris Allen>: Good morning, guys. Thanks for taking my question. I was just wondering if you could comment on any potential regulatory change maybe coming in either in the US or over in Europe, obviously there is a lot of discussion [inaudible] the major risk there seems to have abated. Just any commentary on how to think about new regulation, how it might impact any of your businesses going forward?

<A – Robert Greifeld>: Well, when you look at the cash equity market on a global basis and the listed derivatives market, they are regulated, and you can argue the wellness of the regulation but they are regulated. So when you see the re-regulations going to develop on a global basis, it's going to be primarily focused on systemic risk and the over-the-counter derivatives marketplace. So we clearly see opportunity in the developing landscape, and we have staked our claim to the new world we'll develop through our IDCG effort, and as I said we're very pleased with the progress we've made in the first quarter and the progress continues in the second.

<Q – Chris Allen>: Great, thanks very much.

Operator: We'll go next to Dan Fannon with Jefferies.

<Q – Daniel Fannon>: Hi, good morning. Can you guys address the visibility within the technology side, how much of that you kind of think is subscription based and how we think about that going forward?

<A – Robert Greifeld>: Are you speaking to the market technology business?

<Q – Daniel Fannon>: Correct.

<A – Robert Greifeld>: Okay. I'll let Magnus answer that question.

<A – Magnus Böcker>: Dan, good morning. I think you should see that part in, as we normally go forward and as we also disclose, it's three different kind of revenues; it's the licenses support business, it's the project business, and it's what we normally refer to other. And when you look into that, you should see that the support and also some of the projects is very stable and comes in on a very regular basis. And that's why we also have less shift quarter-on-quarter on that revenue, and over time it's also shifting over to the US GAAP accounting for it, you will see even less

changes and sort of hopefully a stable growth. So the long answer is probably – the shorter answer is that is very stable revenues coming out of that business.

<Q – Daniel Fannon>: Is there – and when you think about the pipeline for new licenses or new transactions – is that something that's more later on, or that the dialog there – there isn't – I should say a lot of new RFPs or action there today?

<A – Magnus Böcker>: Two parts of it. I think we have as – also as Bob mentioned, we have a interesting pipeline coming up for that business, which we're working with. We had a very positive announcement earlier this morning where TOCOM, which is the first non-Japanese technology platform going live in Japan with our technology, they went live Japanese yesterday – which is something we're very proud of. When you look into what we do, seeing a contract on the technology side, think about it as a five-year contract time. So when you add that value to it, you should see it over five years. That's the importance of seeing why it's so stable.

<A – Robert Greifeld>: The one thing I would add is and I think I've mentioned this previously, we signed a memorandum of understanding with Osaka, and I've been a critic of exchanges signing these, meaning those MoUs, but I would direct you to the fact that this is a meaningful one and we expect it to result in a very long and I think fruitful partnership between us and the Osaka Exchange.

<A – David Warren>: And just a – this is David. If some of that question is prompted by the decline in revenues from Q4, just – obviously there are foreign currency impacts, but in – one of the things we had last year was revenues coming in from Nord Pool. Following the acquisition of that, obviously we don't get the benefit of that technology revenue, but we get the benefit of the revenue from Nord Pool now owning it, but that -- obviously appears in other parts of the income statement.

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

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

Robert Greifeld, Chief Executive Officer

Okay. I don't have any closing remarks beyond the fact that we had a very strong quarter in a challenging economic climate, we're proud of it. And I look forward to getting to your questions later in the day, and also to reconvening in three months time. So thank you.

Operator: This concludes today's conference. We appreciate your participation. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2009. CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.