MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the NASDAQ First Quarter 2008 Earnings Results Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to the Vice President of Investor Relations, Mr. Vincent Palmiere. Please go ahead, sir.

Vincent Palmiere, Vice President of Investor Relations

Thank you, operator. Good morning, everyone, and thanks for joining us today to discuss NASDAQ OMX's first quarter 2008 earnings results. Joining me are Bob Greifeld, our Chief Executive Officer; David Warren, our Chief Financial Officer; and President, Magnus Böcker.

Following our 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 on the NASDAQ OMX Investor Relations and Newsroom websites at www.nasdaqomx.com. If you have any follow-up questions after this call, please contact me at 212-401-8742.

Before I begin, I'd like to remind you that certain statements in the prepared presentation and during the subsequent Q&A period may relate to future events and expectations, and as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. I urge you to read the full disclosure statement concerning such forward-looking statements, and our press release, and other factors detailed in the company's Form 10-K and periodic reports filed with the SEC.

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

Robert Greifeld, Chief Executive Officer

Thank you, Vince. Good morning, good afternoon, and good evening. Wherever you are in the world, I do appreciate you being with us today to discuss our first quarter results. When I spoke to you in February, I wrapped up my comments on a strong 2007, and set out the priorities for a very successful 2008.

Clearly, the acquisitions we've announced last year set the foundation for a powerful global exchange company. Key to our success for this year will be our focus and discipline in executing on the integration of these acquisitions and delivering the synergy value to our shareholders.

While we are only two months into our new future as NASDAQ OMX, I can tell you today, that we are operating as one global company and executing well on our plans. I can also tell you that our opportunities for growth are the strongest they have been in my time as the CEO.

This morning, we reported our first combined quarterly results with net income of $121 million, or $0.69 per diluted share. I will let David cover the details in his remarks and I will spend my time discussing the highlights for the quarter.

In February, we closed the OMX transaction, solidifying our presence as a global company. The combination with OMX and our investment in the Gulf region firmly establishes NASDAQ OMX as the world's largest exchange company with operations on six continents. Our new name reflects a new company, one that is an $8 billion global organization trading asset classes that span equities, derivatives, and fixed income.

The NASDAQ OMX organization is defined in the exchange space by our reach and our capabilities. We not only operate the most efficient trading platforms in the world, but we are the technology provider of choice for more than 60 exchanges around the world. We have the deepest bench of leaders in our industry, all focused on the goals of meeting the needs of our customers through product innovation, unequalled service, and connectivity around the globe.

In March, we announced the launch of our Pan-European market, our first major move as a consolidated company. This market, based in London, will use our INET Technology and establish customer connectivity to provide a highly liquid plug-and-play trading and routing platform for the most actively traded European stocks.

We believe that the recent regulatory changes in Europe, coupled with constant demand for a competitive dynamic, will transform Europe into a marketplace similar to what exists in the United States. We have been extremely successful in gaining share in the trading of NYSE listed stocks. We are proud of the fact that we matched over 20% of NYSE volume and we have established similar goals for our Pan-European effort. We plan to use the same methodical approach to gain share in Europe that has worked for us in the U.S. and really one in which we are uniquely qualified to succeed.

Turning to the options market. On March 31, we launched our U.S. options market, a new electronic equity and index options market, and the first options trading platform to offer true price-time priority. Customer reception has been extremely positive and in a scant five weeks since the launch, we are now trading over 117,000 contracts per day.

We also continue to work on our acquisition of The Philadelphia Stock Exchange. All legal hurdles have been cleared, and we expect to close in June, pending SEC approval. I'm pleased to report that Philly's volume growth and market share has been tracking ahead of our plan, which of course only heightens my desire to close the transaction.

We also expect to close on our acquisition of the Boston Stock Exchange in the second quarter. As I have said before, with Boston, we pick up a second exchange license and the ability to offer a second quote in the U.S. equities market to give us more pricing flexibility, increased market share, and better distribution of tape revenue under the SEC's revenue sharing formula. With Boston, we also acquire a clearing business and a point of entry into a business where NASDAQ OMX's reputation for innovative technology and customer service can bring big returns to our trading customers and shareholders alike.

Moving back to Europe, we continue to move forward on the acquisition of Nord Pool, Europe's largest electricity derivatives exchange, and our entrance into carbon trading, an exciting growth area. Nord Pool has experienced year-on-year growth over 40%. As exchanges around the world seek world class technology, they continue to look to our market technology business as a preferred vendor. During the first quarter, two exchanges in India, the Bombay Exchange and the India Energy Exchange, as well as the Indonesian Stock Exchange and the Icelandic FSA have signed technology vendor contracts with NASDAQ OMX.

In April, the Tokyo Commodity Exchange signed a contract with us for an integrated trading and clearance system for commodity derivatives. The value of our technology continues to be recognized by customers across the globe.

I am very pleased to report that we are moving very well on the integration of NASDAQ and OMX. Our technology managers came together quickly to launch our technology road map. We have made the major technology decisions that needed to be made and are executing on our plan to integrate our systems to achieve our cost synergies and, importantly, deliver best-in-class technology to all our customers.

David Warren will go into the details on this shortly, but based on the progress we have made in the two months since the closing on OMX, I am confident that we are ahead of our synergy target for this year and we are upping our expectations of expense synergies to $25 to $35 million from the 20 to 30 million we expected in February. I think you will agree that our growth opportunities are the strongest they have ever been, but I also want to set these opportunities against the strong performance NASDAQ OMX achieved in the first quarter in our core markets and businesses, demonstrating our ability to advance a number of initiatives and highlighting the strength of our management team.

We expanded our leadership as the largest single pool of liquidity in the trading of U.S.-listed equities, matching a record high 31% of all volume for the first quarter. NASDAQ OMX also achieved new market share highs in the trading of NYSE and AMEX-listed securities, matching 21.1% and 36.2% of volume respectively during the quarter. Our unique ability to seamlessly integrate our dark-pool liquidity with our transparent matching services allowed us to grow both services. Our dark-pool liquidity trades over 350 million shares per day, and is a significant opportunity for an increased capture rate in our transaction business in the second quarter and beyond.

Our leadership in providing value-added services to listed companies is providing a compelling case to CEOs to evaluate their listing decision in favor of NASDAQ OMX. On April the 28th, Computer Associates, a $12 billion dollar market cap company, switched from NYSE and began trading on the NASDAQ Global Select market under the ticker symbol CA.

We traded recorded volumes on the Nordic exchange during the quarter. In January 2008, average daily derivatives trading volume reached a record 789,000 per day. This record was eclipsed two months later in March 2008 when average daily derivatives trading volume topped 800,000, a 25% increase over March of 2007.

Cash equity trades in January climbed to a new record high of 267,000 trades per day, an increase of 61% over the prior year. And in February 2008, a new record high average daily trading volume was achieved for fixed income derivatives, when an average 158,000 contracts traded. And as these volumes reach record levels, our technology performed flawlessly. The strength of our technology was recognized by our customers as they moved increasing amounts of volume through our systems with sub-millisecond response time.

Let me conclude by saying that NASDAQ OMX is established as a formidable global exchange and technology company. We are well positioned for a successful 2008. We will execute on the integration of OMX, Philly, Boston, Nord Pool, and all other opportunities. The moves we are executing this year will set the stage for powerful growth in 2009 and beyond. NASDAQ and OMX have each earned a reputation as proven integrators who can stay focused and deliver value to our shareholders and our customers. Based on the progress we have made in the two months, I am confident that we can be even more successful together.

I will now turn the call over to David, who will walk you through the specifics of our performance.

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

Thanks, Bob, and hello everyone. Thanks for joining us today. It's great to be with you. Let me start by noting that our first quarter results include OMX from February 27, the date that our transaction closed. I will quickly touch on our reported results and then turn to our pro forma non-GAAP results, which are provided for comparison purposes. The pro forma results reflect the financial results for both NASDAQ and OMX as if we were a combined company for the periods discussed.

On a reported basis, revenues less liquidity rebates, brokerage, clearing and exchange fees, or net exchange revenues, were $278.3 million. Operating expenses were $145.3 million of net income at $121.4 million, and diluted earnings per share at $0.69.

Included in these results is a pre-tax gain of $26 million associated with our investment in Dubai International Financial markets, or DIFX. This is a one-time gain resulting from the write-up of the trademark rights we are granting to DIFX. There is also a pre-tax gain of $35.3 million related to foreign currency hedges we entered into for the acquisition of OMX and for our planned acquisition of Nord Pool. Approximately $8 million of this amount relates to a forward contract on the Norwegian crown for Nord Pool and we are required to mark this contract to market going forward. When you exclude these gains, as well as $800,000 in after-tax M&A related expenses, earnings per share on a non-GAAP basis for the first quarter were $0.48.

Now, turning to our pro forma results. Net exchange revenues were $382.7 million for the first quarter of 2008, up 12.8% when compared to $339.2 million for the first quarter of 2007, and up $3.6 million when compared to $379.1 million for the fourth quarter of 2007. And I should say at the outset, as everybody knows, during the period, the Swedish crown has appreciated against the U.S. dollar. So, as I give these comparisons, if you compare from...if you do the prior year comparisons, Q1 to Q1, the net income benefit to NASDAQ is $0.02 per share, a benefit of $0.06 on revenue, and an impact of $0.04 on expense. There is still a benefit sequentially, but it is less, obviously, given the relationship between the dollar and the krona. It is $0.01 on net income, $0.02 on revenue and $0.01 impact on expenses. So, I just want to cover that upfront as I go through these comparisons.

Now, back to the comparisons. Within Market Services, net exchange revenues were $267.2 million, up 17.6% from the 227.3 we reported a year ago, and up 9.3% sequentially. Market centered net exchange revenues were $192.8 million, up 19.5% from 161.4 in the year ago quarter, and up 12.7%, or almost $22 million sequentially. The increases, when compared to both periods, are primarily due to higher volumes and record market share in both our U.S. and Nordic markets. Total U.S. listed equity volume matched on NASDAQ increased to 153.7 billion shares in the first quarter of 2008, up 61.5% from the first quarter of 2007.

Increases, when compared to the fourth quarter of '07, are primarily due to higher traded share volumes and reduced fees associated with clearing transactions. During the quarter, the SEC reduced their clearing charges and issued us a rebate for past clearing activity. At the same time, they have reduced their current fee schedule, so that we expect the benefit of this rebate to continue going forward.

Finally, included in execution and trade reporting revenues in the first quarter of '08 are $91.1 million in SEC section 31 fees, compared to $98.5 million in the first quarter of '07, and 99.3 million in the fourth quarter of '07.

In our Nordic market, revenues increased when compared to both the first quarter of '07 and the fourth quarter of '07. Driving revenue higher when compared to both periods is higher cash equity and derivatives transaction volumes, offset somewhat by lower cash equity value traded, and lower cash equity transaction fees implemented at the first of the year.

For the first quarter of '08, the number of equity transactions per day grew by 32% from 179,000 to 236.4 when compared to the same period in '07. For the same period, the value of equity trading per business day declined 9.9% to 44.5 billion Swedish kronas. The number of traded derivatives contracts per day increased 9.1% to 754.9 thousand. Also contributing to increases in revenue, as I mentioned before, are definitely the improving exchange rates of the Krona versus the Dollar.

And in Market Services subscriptions, revenues were $66.3 million for the first quarter of '08. That's up almost...over 14% when compared to the first quarter and up slightly by $400,000 sequentially.

Both of these increases are due to higher subscription levels and increased demand for our data products in both the U.S. and in the Nordics.

And within Issuer services, revenues increased 8.3% to $86.2 million from the first quarter, and decreased 6.6% or $6 million from the prior quarter. Corporate client group revenues were 74.7 million for the first quarter. That's up 4 million or almost 6% when compared to the prior year, but down $6 million from the fourth quarter. The increases in our revenues from the prior year are driven by increases in the revenues we are receiving from our corporate client services, and they reflect increasing customer demand for the products and services that we offer through the acquisitions we've made of PrimeNewswire, Shareholder.com, Carpenter Moore, and new products such as Directors Desk. And the decline from the fourth quarter is primarily due to a reduction in the total number of listed companies.

And in the Nordic markets, revenues increased when compared to the first quarter of '07, helped by improving exchange rates. In financial products, revenues were $11.5 million for the first quarter of '08. That's up 2.6 million, or 29% from the first quarter and down slightly sequentially. The increase in the prior year is due to higher license revenues associated with our license ETS.

And finally, within market technology, revenues were $29 million for the first quarter compared to $31 million for the first quarter of '07, and $42 million for the fourth quarter of '07. Declines when compared to the fourth quarter of '07 are due primarily to higher than normal activity recognized in that period.

And, I would like to add some clarification to a factual statement in our release. We anticipated the possibility of some temporary declines in sales activity in the first quarter. I think this is a natural and prudent choice for customers to take when there is a merger, particularly when two world leading technology companies come together. But, we have acted quickly, as Bob said, announcing our technology road map within only seven weeks of closing, which I regard as unique in our industry. And the response from our technology customers has been positive, both in the speed with which we arrived in our decision, and the quality of the technology solutions that we will now offer as a new company. And you can see this. Customer activity continues to be high with large orders driving order intake to $46.7 million in the first quarter of '08, 16.2% higher than the 40.2 we realized in the first quarter of '07.

I turn now to operating expenses. Total operating expenses increased 5.1% to 229.4. That's from 218.3 in the prior year, and they declined about 2% sequentially from 234.1. The higher expenses when compared to the first quarter are driven primarily by higher compensation expenses resulting from a larger employee base and from increased retention expenses. Declining expenses, when compared to the fourth quarter of '07, are driven by lower marketing expenses as the fourth quarter is typically a strong period for our advertising programs.

Our pro forma tax rate for the quarter was $36.2 million. That was compared to an average of 32 for '07. I would like to also say that going forward we expect our tax rate to be in the range of the pro forma of last year.

And now, if I turn to the balance sheet, you will note a number of changes related to the combination with OMX. These changes are in cash, goodwill, intangibles, debt obligations, and shareholders equities. Cash and cash equivalents at quarter end were approximately $736 million, down from $1.3 billion recorded at the end of the year.

And finally, as Bob said, we are increasing our expectations for full-year expense synergies that we will achieve by the fourth quarter of this year to 25 to $35 million up from 20 million to $30 million that we announced to you back in February.

During our last call, I also mentioned that our synergies from the PHLX deal would be $50 million within two years of closing and we remain confident in our ability to achieve this target and of course, I'll have more to say on this once we close the transaction.

So in summary, we are quite pleased with our efforts this quarter, it reflects a lot of hard work from our employees around the world. We are glad you are here with us today. And at this point, I think operator will take your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions]. We will go first to Roger Freeman with Lehman Brothers.

<Q – Roger Freeman>: Hi, good morning. I guess, first of all with respect to OMX, can you sort of lay out, I know you sort of talked about this in generalities around the technology roadmap and the integration, can you give us any update sort of, I guess what really happened so far, what's going to be happening over the next two to three quarters, and also with respect to technology, is it right to assume that the INET technology becomes the...a high-velocity exchange platform and then the OMX technology as the outsourced version that you're selling?

<A – Robert Greifeld>: One is, we are very comfortable with the fact that we've made the big decisions and the synergy targets that we've given out are certainly within our grasp to achieve and we are more comfortable with that statement now than at any time in the past. So we are moving along with that. With respect to the platforms, clearly the INET platform brings great capability with respect to cash equities and high-volumes and the combined organization will use that as a product where it best fits. But also, within our stable, we have a number of different technology platforms that bring unique advantage in what they deliver to the marketplace. So I think the key point to focus on is that we will have a single platform of excellence for a given task and that won't mean there will be one, only one platform, but only one platform for the given function. And clearly, we will make sure that we have best-of-breed in every area that we compete in.

<Q – Roger Freeman>: Okay. I guess, I mean what is the technology roadmap that you've communicated to customers that were holding off and making investment decisions?

<A – Robert Greifeld>: Well, first off we said that, as David said, we think some of the customers would hold off just because the merger was happening not with respect to our technology roadmap and I think it's also important to note that in the market technology business, it will tend to be somewhat lumpier than other businesses that we have. In the certain quarters you'll have a big order and other quarters, you will not, and that's just going to be a fact of life with it. But with respect to the roadmap, we've certainly put out internally and we're in the process of communicating to our customers exactly what we're doing. We will certainly look to take full advantage of the Genium platform that OMX had in its stable, and we're going to look to take full advantage of the INET technical architecture. So if you wanted to come up with any sound bite from today's call, you could say that the combined enterprise will standardize on a Genium platform powered by INET.

<Q – Roger Freeman>: Okay. That's helpful. And I guess on the European ECN strategy, can you talk a little bit more about plans with respect to I guess pricing approach? And then, also as you think about this, what are the biggest obstacles that you need to overcome, or what are the biggest concerns that you have about being able to build market share? Is it clearing, is it customer acceptance? How do you sort of think about the business?

<A – Robert Greifeld>: One, with respect to pricing, we are not going to take an incremental approach, so on a net basis, the pricing we bring to Europe will be very similar to the pricing that we have here in the States. So if you look at the capture rates in Europe today, they run 5 to 10 times what we charge here in the States. And as I said, we won't be incremental; we're going to come right in with U.S. style pricing, we'll certainly reward provisional liquidity. On the second question, and I hate to phrase it this way, but we don't see any obstacles in our way. Right now we have a clear path; whether that be from a clearing point of view, we have a number of different, I think very qualified competitors of which we'll choose between them. We certainly have customers who are cheering on our efforts and look forward to a new competitive dynamic in the European marketplace. So we have a clear path.

Operator: Thank you. We'll go next to Rich Repetto with Sandler O'Neill.

<Q – Richard Repetto>: Good morning guys.

<A>: How are you doing there, Rich?

<Q – Richard Repetto>: Doing okay. I guess, my first question is trying to look at this quarter, the first quarter where you've combined with OMX and you get the pro forma results for the whole quarter. And you've mentioned a couple things that are different going forward like the tax rate, David, that – so first I guess, the question is, what things besides -and I think tax rate would add $0.03 in the quarter if I'm calculating it right. But are there any other things that, other than – we know volumes can change, et cetera, but are there one-time items or anything materially different like interest expense that will change quarter-to-quarter?

<A – David Warren>: Well, the interest expense obviously – we did very well on that financing. So the benefit of that, I think is already reflected in the debt that's on our books. To your question there's definitely the tax rate. And as I said, I do expect that to go down. And depending on the composition of our revenue between, as we move forward, between European and U.S., obviously, we will benefit from that tax structure and the lower tax rate. I think the other important part is if you parse through what we're saying on the synergies, if we're going to exit 25 to $35 million lower in run rate spending annually, that really means that our run rate spending in Q4 of this year, if you just take the mid-point of that is going to be $7.5 million lower than where we are right now.

<Q – Richard Repetto>: Got you. Okay.

<A – David Warren>: I mean I think those are the two things that we can highlight today and as we said, we're a month into results and two months into operations, so we are positive about what's happened to date and there is definitely a lot of upside.

<Q – Richard Repetto>: Okay. And then the efficiency of the improvement, I guess from the – on the debt surfacing side, has that – did that all flow through, like what – quarter-to-quarter what should we expect on the interest expense line?

<A – David Warren>: It's been running well. It's been running around 5%. I'm not sure that's the – maybe, is that your question or is that do you want to state it differently?

<Q – Richard Repetto>: Well, I guess the overall interest expense was 22.6 million in the quarter, but some of the convert and debt was reconfigured in the quarter, so is that number likely to come down going forward or stay the same?

<A – David Warren>: Well, it's reflected in the pro forma, Rich. Hold on a minute, I'm just looking for it.

<Q – Richard Repetto>: Okay. So that interest expense is as if the....

<A – David Warren>: The pro forma assumes that we had done the acquisition as of January 1st of '07 at the rates we negotiated.

<Q – Richard Repetto>: Understood. Okay. Okay and then, I guess my last question just more broader and strategic, I guess for Bob. We are seeing things heat up, you got a big opportunity, it looks like, in Europe as you sort of execute on the playbook that you already did here in the U.S. on the listed side, but you're also seeing some competition heating up here, Bob, on the NASDAQ side, so I'm just trying to get your – see how it's balanced at least in your mind, the opportunities versus the competition, abroad and domestic?

<A – Robert Greifeld>: Well, certainly we're trying to repeat our playbook in two areas right now, one is our organic options strategy, and we're clearly ecstatic that we've got to 117,000 contracts after a soft roll for the last five weeks. And I think we have a clear path with [inaudible] to make a real difference in the European marketplace.

Now, here in the States, we see certainly great opportunity, we see that the competitive dynamic is what we expect it to be. And we are taking a number of different steps. One is we have an underutilized asset in our arsenal right now and that is with the dark pools. So right now, NASDAQ trades about 350 million shares per day in our dark pool. And our fundamental advantage is our dark pool is completely integrated into our continuous market. And it's clear when you look at what the other dark pools are charging, they're charging orders of magnitude higher than what we get for those similar transactions. So we certainly see great opportunity for increased capture in that business and, Rich, as I am sure you saw with our pricing action in effective in May, that was a recognition for the first time of that opportunity. So we see that from a financial point of view having a – I think a very positive impact on our side.

In addition, you'll see us take steps with respect to clearing where we will step out of the clearing process for our customers, and we've mentioned that, and that will cut down the expenses in a significant way. And I think you saw in the Wall Street Journal article that we're going to route to other dark pools and essentially that's part of our general change in our routing strategy, which will then cut down the expenses quite dramatically. So we're very, very optimistic that the profitability in the transaction business is quite positive as we look at the balance of the year.

We obviously continue to see great opportunity in Tape A and Tape B to continue to gain share. We certainly see that as New York has melted down, their share on the hybrid from 39% beginning of the year now to 31% that they're reaching a point of no return which will be great opportunities for us. So we study that business very closely. We pay close attention to it. It's well led by Chris Concannon and team. And I think we've got a very effective strategy; one, to increase and gain share and probably most importantly, we have some fairly dramatic impact on the profitability of that business in the quarters to come, so we feel good about that.

<Q – Richard Repetto>: Great, thank you. That's very helpful.

Operator: We'll go next to Mike Vinciquerra with BMO Capital Markets.

<Q – Michael Vinciquerra>: Thank you, good morning. I want to ask a question on the options side, obviously a big pickup here and I can see the stats you're talking about, Bob, on the OCC side; it's an impressive start. Two things: #1, how many different contracts are you guys currently listing, and #2, do you have a sense for your share of volume in penny names, my guess is you're doing probably better in penny names out of the gate than you are in the traditional options?

<A – Robert Greifeld>: Yeah, good questions. I don't have our stats for penny names, and we'll have them in the future. I would say today, we're trading about 90 underlyings, so we clearly have a lot more to roll out. It has been a soft roll. And we have a lot of customers who are in process of hooking up and other customers who are hooked up who want a particular change to the system which will release that much more volume. So it's obviously early days, but at this point, it's just going incredibly well. And I will highlight that Philadelphia, as I said in my prepared comments, is certainly performing significantly ahead of what we'd modeled as we contemplated this acquisition. So we are obviously anxious to close that transaction.

<Q – Michael Vinciquerra>: Okay, thank you. And just to make sure that your pricing on the options right now, it's 45 to take and 30 rebate and you are not offering other incentives that we know of, is that right?

<A>: That's right.

<**Q – Michael Vinciquerra**>: Okay. Just a couple of questions on the non-U.S. business if I could,. You guys have new statistical page you are providing for us that doesn't have historical information from both equities or derivatives for the Nordic and I'm just curious, one are you going to provide those? Number two, when I look back at OMX's statistics that they released last year, they seem to be a little bit different, was there some adjustments you've to make based on how you are reporting those numbers?

<**A – Robert Greifeld**>: Certainly, we can provide historical numbers in the future and I'm not aware of any adjustments that we did make.

<**A – David Warren**>: Well, Mike there certainly, there is historical data that's available on the website. And as we go forward, obviously we'll continue to build up that statistics table. But let me understand more about the changes you are referring to.

<**Q – Michael Vinciquerra**>: Sure. I mean, when I look year-over-year for instance, in this release you guys mentioned that last year you did 691,000 derivatives contracts. When I look at OMX's release it says 673,000, it's just a minor difference and I am just curious if there is just difference into the way you account for things or whatever else?

<**A – Robert Greifeld**>: I hear your question, why don't we get back to you?

<**Q – Michael Vinciquerra**>: Yeah. And that's offline is fine. I just wanted to for modeling purposes; it's just become a little bit more important.

<**A – Robert Greifeld**>: Understood.

<**Q – Michael Vinciquerra**>: Okay. And then, the only other thing is just the revenue, the non-U.S. execution revenue was about 92 million. Can you give us the rough breakdown between equities and derivatives? OMX also used to give that data as well.

<**A**>: Sure. Let me give you a rough sense of what our revenue will look like post- the Nord Pool and post- the Philadelphia acquisition. So and again, these aren't exact, but they are very close. So post those two acquisitions, our U.S. cash equity business will be about 15% of our revenue. The Nordic cash equity business will be about 9%. Our derivatives business, and this is global derivatives, will be about 17% of our overall revenue. Global insures will be 17 also and market data will be about 19%, and market technology will be around 8%.

<**Q – Michael Vinciquerra**>: Great, that's very helpful. Okay, thank you guys.

<**A**>: Yeah. And I'll just make one editorial comment. As we look at these percentages with what the organization will be at the end of June and we are certainly proud of the fact that we have diversified quite substantially into the derivative space. But we, I think, have a maniacal focus on execution and the cash equity business we believe is a very strong business, it has great opportunity for growth and we certainly intend to protect and grow our market share in that space.

Operator: And we will go next to Dan Fannon with Jefferies.

<**Q – Daniel Fannon**>: Thanks, good morning. Could you – you mentioned the Nord Pool deal closing, could you remind us when that's expected to close and if you could give us a sense of what the contribution from that business might be when it does get consolidated?

<**A – David Warren**>: Well, we are expecting a close in the third quarter and we haven't yet broken out the separate contributions for that business.

<Q – Daniel Fannon>: OMX didn't do that when – they just gave the historical metrics? They just gave pro forma earnings on contribution going forward, it was just historical numbers?

<A>: They did not. They just look at historical.

<Q – Daniel Fannon>: Okay. And then in terms of your guidance for the expense synergies and how we look at kind of the contribution from the international businesses going forward, is there any type of hedging strategy that we should be looking at to kind of lock in or from a currency perspective?

<A – Robert Greifeld>: Well, we certainly can get into this more as we move forward, but certainly, we right now have a, as a global company, have currency exposures in all the major currencies and our policy right now is definitely, with respect to contracted flows to fully hedge those. And, then, we also look at and make a determination about probable flows and hedge those depending on different times and different opportunities. And, so, my guess my general question to you is, where we can get certainty into our results with respect to currency fluctuations, we do, we look for opportunities to minimize the risk and is that – is there more to your question than that?

<Q – Daniel Fannon>: Well, I guess as you update us on some of the expense synergies and the potential increases or decreases there, what factors – will currency play a factor in that?

<A – Robert Greifeld>: Well, I think – certainly, currency is going to play a factor in our transactions going forward and we will update you on that. The expense synergies that I speak of obviously are absent any currency effects.

<Q – Daniel Fannon>: Right.

<A – Robert Greifeld>: And, they are reduction in our operating expenses going forward. As you know, currency will cut both ways as we move forward.

<Q – Daniel Fannon>: Okay. And, then, in terms of the Pan-European offer – opportunity and the kind of the offensive tactics that you are taking there, are you seeing any change in competition thus far for you in the Nordic region? I know most of the upstarts are targeting some of the larger exchanges. But, have you seen any change in the competitive environment where you guys are currently operating in?

<A>: We have not. But, we certainly expect that the overall environment will change in time, but so far it's been business as usual in the Nordics.

<Q – Daniel Fannon>: Okay. Thank you.

Operator: We'll go next to Josh Elving with Piper Jaffray.

<Q – Joshua Elving>: Hi. Good morning.

<A>: How are you doing, Josh?

<Q – Joshua Elving>: Good. Hey, Bob, question – maybe a bigger picture, now that you have OMX close and you have this partner in Dubai, do you have any near-term or kind of midrange plans to develop that relationship further, or where do you see that going over the longer term?

<A – Robert Greifeld>: Definitely. I think we have great opportunity in our relationship with Dubai, as I think everybody is aware. The amount of investable assets in that region increases on a daily basis and we certainly want to provide an easy, efficient outlet for those investable assets to come into our U.S. customer base and we also want to have our corporate customers have an easy access into that part of the world. And, when I say corporate customers, our listing customers from obviously old OMX and the old NASDAQ stock market. So, we're working hard on those endeavors.

<Q – Joshua Elving>: Okay. I guess going back, maybe a numbers question. With regards to the currency options that – the 35.3 million in the first quarter, I understand a big part of that had to do with OMX. David, I think you mentioned that there were some existing contracts outstanding with regards to Nord Pool. Do we expect that to be a significantly lower number in the second quarter as a general rule?

<A – David Warren>: Well, it's not realized, for one thing. So, what I said was, the – obviously, the contracts with respect to the acquisition of OMX has expired and we booked a gain. With respect to the acquisition of Nord Pool, we put a forward on for Norwegian Kronas to hedge our risk in that acquisition cost – the purchase price of that company.

<Q – Joshua Elving>: Okay.

<A – David Warren>: So, we'll mark that to market going forward. But, clearly, at some point, when you close the transaction, it comes off the books.

<Q – Joshua Elving>: Okay. And, I guess just one follow-up question to I think it was Vinciquerra's question with regards to the breakout of revenues in European execution between cash and derivatives trading. Did you offer that or do you have that?

<A – Robert Greifeld>: What I said for European cash, it will be 9% of our revenues post the Philly and Nord Pool closing.

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

Operator: We'll go next to David Grossman with Thomas Weisel Partners.

<Q – David Grossman>: Thanks. Good morning.

<A>: How are you doing?

<Q – David Grossman>: Good. Thanks. Could I just ask a quick follow-up to the hedging question, David? So, I understand you're hedged against the outstanding acquisitions, but is it your intent or are you still evaluating, whether or not you want to hedge the P&L exposure on a go-forward basis so you'd have kind of FX gains and losses on hedges every quarter?

<A – David Warren>: No. We're not going to – we're going to – you want to answer, Rob?

<A – Robert Greifeld>: Yeah. I mean, basically, what we are going to do is, do net investment hedges going forward which would be a reflection in the shareholders' equity and then let flow through the transaction as gains and losses. Economically, we will be in the same place. But, the accounting will show up in a transaction-related P&L going to the P&L and the net investment hedge will go to shareholders' equity. So, economically, we are going to be hedged, but the accounting isn't going to be as clean as we like it to be.

<Q – David Grossman>: So, on a go-forward basis, we'll see obviously the impact of currency on revenue, expenses, et cetera. So, will there be an offsetting hedge gain or loss in the P&L or is that going to be on the balance sheet?

<A – Robert Greifeld>: That's going to be on the balance sheet.

<Q – David Grossman>: All right. So, we'll have to live with the fluctuations every quarter then, on the P&L?

<A – Robert Greifeld>: Yes.

<Q – David Grossman>: I see. And, then, secondly – and I think we calculate this a little differently than you guys do, but it looked like the net capture rate went down a little more than we thought and it may be just the way we calculate it, but I was just curious whether a) did you see the same thing and if so were there some aberrations in the quarter given a lot of the pricing changes there going into effect I think for the most part happen after the end of March. So, any thoughts on that?

<A – Robert Greifeld>: Well, I'll say this, we saw in the U.S. equity business our capture rate decline the most in January and then start a gradual trend-line up for February and March, and that has continued into April and now into May.

<Q – David Grossman>: Okay. So, you see an improvement into May, I am sorry Bob?

<A – Robert Greifeld>: Yes.

<Q – David Grossman>: Okay. And, just getting back to your comment about kind of your pricing strategy in Europe, so would you expect the overall net capture rate trend in Europe then to be positive, flat, or negative based on the comment that you made about how you are going to enter that marketplace?

<A – Robert Greifeld>: Well, I think you will see it relatively consistent with the capture rate in the U.S.

<Q – David Grossman>: Okay. And, does that take a period of time to normalize or do you think happens relatively soon?

<A – Robert Greifeld>: Well, that's – we're saying we're not going to go in there with an incremental approach. So, we'll lead with a similar capture strategy to what we have in place at that point in time in the U.S. Now, the actual charging could be different, but our models will try to get us to same level of capture.

<Q – David Grossman>: I got it. Okay. And, just one other question. Bob, can you just remind us what the impact of getting that second quote in the U.S. market, how that flows through kind of the business and how it will kind of impact the result?

<A – Robert Greifeld>: Well, the key thing, and I think I touched on it in my prepared comment is, we in the United States here have a somewhat obscure way to calculate revenue sharing for market data and that revenue sharing formula, as we learned more about it, has a strong bias towards lower volume exchanges. So, to the extent that our "boss" has the ability to gain 2 to 3 points of market share, the real interesting point will be how much of the market data pool we're able to claim. And, depending upon the mix of orders versus trades, it could be anywhere from 6% to 9% of the market data pool. So, we see that – the two things are a benefit because clearly the incremental transactions are just that, incremental, where there is no real change to our cost base and we'd like to be on the positive side of that arcane formula that we have to live with based upon the SEC's calculations.

<Q – David Grossman>: Okay. So, we really wouldn't expect to see it showing up in the execution side, it would be in the data side?

<A – Robert Greifeld>: It will be in both.

<Q – David Grossman>: Okay. And, just one last question actually for David. Can you just give us the quick kind of cash flow metrics if you will for the quarter, and any thoughts you have on the year in terms of CapEx and D&A and some of the other non-cash items that get included?

<A – David Warren>: Cash flow from operations was $221 million and that compared to $78 million in March of '07.

<Q – David Grossman>: Okay.

<A – David Warren>: CapEx, I think we will – I think at this point as we've come together we'll have more to say on that next quarter. But, definitely, we are managing it well.

And, in terms of D& – and, in terms of...I think the pro formas at this point, and the reason we presented them to you that it definitely presents a good guide from our starting point and then our [inaudible] from there.

<Q – David Grossman>: Okay. So, I am sorry. Did you have a CapEx number for the quarter?

<A – David Warren>: I don't have one for the quarter. We have a CapEx.

<A – Robert Greifeld>: Yeah, I got it, yeah, about $14 million is for the quarter.

<Q – David Grossman>: Okay.

<A>: As I said, I will update that more as we go-forward. I'm just going to know more as we get into the second quarter.

<Q – David Grossman>: Got it. Thanks very much.

<A>: Thank you.

Operator: We'll go next to Mike Carrier with UBS.

<Q – Michael Carrier>: Good morning guys. Want to try to get around some of the noise in the corner and I realize there is a lot going on. And, it's kind of early. But, when I look at the Pro-Forma numbers for OMX or the non-U.S. ops and then look – looks like your operating pre-tax margin was in the low- to- mid-20s versus OMX's operating around 30, a little above. So, just want to understand how much is this due to higher one-time expenses maybe including some of the retention or any severance, versus other issues maybe like the light technology revenues?

<A – Robert Greifeld>: That's a big question. What's that? We are not breaking it out that way, is the first answer to your question.

<Q – Michael Carrier>: Yeah. Just – I mean, just – I was just taking if you look at the non-U.S. res that you give and then last quarter you were just saying if – the core NASDAQ revenues or expenses will be run at like a 110 million per quarter. So, it's just is a rough number, I understand there is a lot going on. But, I just didn't know if they were some one-time items on the expense side that maybe just brought it down a little bit.

<A – Robert Greifeld>: There were no major extraordinary charges in the numbers other than what I have already highlighted.

<Q – Michael Carrier>: Okay. And, then, just on the Pan-European initiative, you mentioned that your goal is try to get 5 percentage points market share in the first year and just would like to hear your view on which market do you expect it to be the easiest to get that first 5% from and then what you expect to see on the pricing?

<A>: Well, I would definitely direct you to the 20% number as our goal. We'll have obviously checkpoints along the way and 5% is a good round checkpoint. I would say this, the focus I don't think is on a particular market, but it's really the high volume stocks. I think those will be the easiest for us to gain share in. So, we'll look on a Pan-European basis what are the Top 2, 3, 4, 5 hundred stock who trade very actively. Stocks where the algos have the ability to really interact with on an efficient basis. So, that's going to be our [inaudible].

<Q – Michael Carrier>: Okay. Thanks.

Operator: We'll go next to Robert Rutschow with Deutsche Bank.

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

<A>: How are we doing today, Rob?

<Q – Robert Rutschow>: Good. First question was on the clearing. Just wondering if you can remind us what sort of initiatives you had there? It looks like the cost on a per share basis went down a little bit. So, can you just remind us what you are doing there and if we should see any further benefits or impact going forward?

<A>: Well, one, with the Boston and Philly licenses, acquisitions we'll be acquiring two clearing licenses. And, we clearly intend to use one of them. And, so, our team is hard at work developing necessary software and capability to activate those licenses, hopefully not too soon after we close the transactions. And, I think we have seen a competitive dynamic as a result of Zar announced entry into the space and we are pleased to be the beneficiary of lower cost from NFTC. That lower cost is a benefit reflective of our activities in 2007. And, more importantly, it's a benefit to us in terms of the transaction rates they're going to charge us for 2008. So, I think as I said previously on these calls, we have two ways to win, by entering the clearing and we're already winning in the first circumstance and that the rates are coming down – just on our announcement of coming into the space.

<Q – Robert Rutschow>: Okay. I was wondering if you could help us out with some balance sheet metrics. It looks like – your cash level would go down if you didn't issue debt for the Philly deal. So, I am wondering sort of what the minimum amount of cash you need is for the business at this point and whether you anticipate any further debt issuance?

<A – David Warren>: Yeah. Well, the minimum cash we want to run the business is around $350 million right now. Clearly, and just I think as we move forward, where we would intend to draw on our committed facility for additional amounts. Again, that is already committed, so the funding for the acquisitions of Philadelphia and Nord Pool are already committed at rates we negotiated last year and reflect...they're the same rates we have for the OMX debt that we issued. So as we move forward, we would issue additional debt, use some cash, but use additional debt to fund those two acquisitions.

<Q – Robert Rutschow>: Okay. And then finally, I was wondering if you could give us any sort of guidance as to what the impact might be on depreciation from Nord Pool and Philly?

<A – David Warren>: Yeah. We are still not at this point – I mean, as Bob said, with respect to both of those acquisitions, in terms of their performance, we are pleased with how they are doing. They are running ahead of plan and therefore we are quite anxious to get them closed. And as I said in my remarks on the call, as we get these closed, you know, as we have done with all of our acquisitions to date we will come back on update on what changes we need to make to our numbers going forward as a result of those.

<Q – Robert Rutschow>: Okay. Actually, one more if I might? On the option side, and I apologize if I missed this, can you tell us what the revenues were from NASDAQ's options business this quarter and what sort of pricing dynamics you are seeing at Philly at this point?

<A – Robert Greifeld>: The options market, we launched it at the end of March, so it really was negligible and we started it as a whole cloth and as I've said where quite proud of the fact we are up to 117,000 contracts a day but had zero...basically zero impact in the first quarter.

<Q – Robert Rutschow>: Okay. And any change – any anticipated pricing changes or pressure at Philly?

<A – Robert Greifeld>: Again, we haven't closed the transaction but as far as from today, no.

<Q – Robert Rutschow>: Okay. Thank you very much.

Operator: We will go next to Brian Bedell with Merrill Lynch.

<Q – Brian Bedell>: Hi, good morning guys.

<A>: Good morning Brian.

<Q – Brian Bedell>: Just again with the U.S. options, Philly has been gaining share in April and May pretty significantly and coupled with your NASDAQ option [inaudible] in place, can you talk about I guess why you think Philly right now is gaining share just recently and then what your overall share goal is for options I guess, if you can break it out between NOM and Philly?

<A – Robert Greifeld>: I hear you. One is I want to just respond to the prior question. We have done a quick calculation. The grand total of revenue we received from our NASDAQ options market place in the first quarter was $900. So we are proud to have that $900 and we intend to save it.

I had previously stated with respect to our options market share goal that we wanted to get to 20% and we are not going to change that goal until we obviously achieve that target and 20% seems to be a constant number around here because that is our goal for our European strategy and obviously it was our goal for NYSE trading. So we look at the overall market share. We will not pay that much attention to the allocation between Philly and our organic option strategy. We have a fundamental belief that both market structures add value in the option space and intend to keep them both going.

<Q – Brian Bedell>: Right, okay. Right now, Philly is at like 17%, you guys are like short of 1%

<A>: Right.

<Q – Brian Bedell>: I mean, if Philly continued to do well, could you exceed that 20%, if you intend to get NOM up?

<A – Robert Greifeld>: It's our goal and I think it's obviously within sight.

<Q – Brian Bedell>: Okay. And then in the Pan European market place is 20%, what is the denominator that you are using for, is it just the stock, the 3.5?

<A>: That's a good question. I think we would have to further define that. But if you are looking for an answer today, you'd probably take the average volume of the 300 most active European stocks, would be our defined market.

<Q – Brian Bedell>: Okay, great. And then on Tape C, I mean, in the U.S. marketplace in general you've done obviously a very good job in taking share from the hybrid and in AMEX, but Tape C just recently in April, May you lost a little to ARCA, and again I sense that, I guess, it's probably due to their pricing strategy, what kind of defenses are you going to enact to either reverse that share from ARCA or defend it going forward?

<A – Robert Greifeld>: Well the first thing I would direct you back to is my comments, and that we have a number of steps that we are taking that I think will have a fairly dramatic impact on the profitability of the transaction business and we have always operated here under the premise that we have to allocate back between investors and our customers. So as we look at these actions that we'll take – we have taken or will take in the second quarter and we see the change in the profit profile then that will certainly give us flexibility to think about different pricing strategies on our transaction business.

<Q – Brian Bedell>: On Tape C specifically I guess, right?

<A>: Yes.

<Q – Brian Bedell>: Great, right, okay. And then just lastly, just try to understand the Genium product roll out a little more, if you can maybe give us a broad timeline now that you have got in to look at OMX customers much more closely, say by the end of '08 and then by the end of '09 to what degree do you expect to be rolled out with your customer base on the new Genium plat...on your new Genium package?

<A – Robert Greifeld>: Well I think it's a little premature to comment on that. I think you will hear more from us the next quarterly call. I think for this call I would have to say, suffice it to say that we have made the decisions that need to be made. We recognized the I think the wisdom of Genium approach from the old OMX and we are stepping forward with a Genium platform powered by INET and we are in the process of talking to a number of different customers and also finalizing our implementation plans which will drive us towards the synergy roadmap. So more to come, but that would be the details we were prepared to talk about today.

<Q – Brian Bedell>: Okay. Great. Fair enough, thank you.

<A – Robert Greifeld>: Thank you.

Operator: We'll go next to Chris Allen with Banc of America Securities.

<Q – Christopher Allen>: Hey guys. Thanks for taking the question. Just trying to think about the European opportunity, unlike in the U.S. where you had hybrid in a static floor-based pool much to take market share from. As I understand most of the high volume stocks are traded electronically already over there and now you have some player like Deutsche Borse getting more aggressive on the algo pricing. I'm just wondering how should we think about your ability to take goalic? What is really the mechanism, especially if you have some competitors who are willing to lower prices?

<A – Robert Greifeld>: Yeah. Well, I would say this. We certainly respect our European competitors, but we also understand the deck of cards that they have to play. So as an established competitor, as a public company where they're currently charging sometimes more than 10 times our rate, it will be essentially impossible for them to not underreact to our moves in the space. And I say that not because there'll be asleep at the switch, I say that because they obviously have to go through their revenue optimization plans for their own good. And revenue optimization doesn't necessarily mean that you keep 100% of your market share. So we expect to engage competitors, we have fundamental math working our way in that we're leveraging our existing platform, we clearly have the ability to run a low-cost environment that we can reflect that benefit back to our customers. So it's a, I think a well thought-out plan and we're ready to bring it on.

The other thing I will add is that we're introducing into Europe for the first time I think the concept of an intelligent router that will guarantee best execution to orders that we do receive. And clearly we have tremendous – I guess more experience than anybody on the planet with respect to routing technology, and we'll be using that I think quite effectively as part of our matching strategy.

<Q – Christopher Allen>: Okay. And then just a quick question on the expenses, David you mentioned before that with the expenses coming through the midpoint 7.5 million that's what essentially the fourth quarter would be lower than the first quarter levels. Should also calculate into some natural growth into the U.S.-based expense base, before factoring in Nord Pool and [inaudible] obviously?

<A – David Warren>: Where would your growth want to come from?

<Q – Christopher Allen>: Well, that's what I'm asking. Should we be thinking about growth in any of your U.S.-based operations? Compensation, natural compensation, inflation...

<A – David Warren>: No, no, no, our synergy plans reflect where we're headed and to the extent that there's investments in our initiatives it's already factored in.

<Q – Christopher Allen>: Great, thanks a lot.

Operator: We'll go next to Don Fandetti with Citi.

<Q – Donald Fandetti>: Bob, there's been some pretty good progress on diversifying revenues, derivatives around 17%. Do you think about a target there and where might you be in sort of three to five years?

<A – Robert Greifeld>: That's a great question and I would just say this. We are, one, focused on operational excellence with everything we do across all our different activities, and if we do that then different opportunities present themselves. So, we as a matter of policy or practice don't say, okay we need to beat a 25% or the 30%, but I will say that in the derivative space beyond what we've announced obviously with Nord Pool and Philly there are number of different opportunities available to us, and to NASDAQ OMX and I think we're certainly interested players in the world that will evolve in that space.

<Q – Donald Fandetti>: Okay. I will keep it to one question. Thank you.

<A>: Thank you.

Operator: We'll go next to Roger Freeman with Lehman Brothers.

<Q – Roger Freeman>: Oh, hi, I just had a follow-up that's sort of partially been answered, but how do you think about how much market share in Europe and the ECN you need to actually get to, to break even because the economics here are somewhat more challenging because with the NYSE you had basically a back door in the dot because of the monthly limits. So, how do you think about that, like 3, 4% to break even?

<A – Robert Greifeld>: Well, it's probably lower than that, Roger. I haven't quite quantified it, but understand that we're leveraging the strength of old NASDAQ and old OMX. So, we have obviously with the OMX folks a tremendous European presence and expertise and then we have the INET expertise and also customers that come along with it. So, it's going to be a remarkably small number with respect to the investment that we have to make in this endeavor. We haven't broken that out. I guess we can think about whether we will or not. But – so it's not going to take much for us to get to break-even and it's a similar theme that we said with our options market model here in the States, right? So we're again leveraging a platform that works. We don't have to put a tremendous amount of time and effort into making it ready for an options marketplace. So, the break-even point is incredibly low. I will say it's higher than $900 for the month, though. So, we're -

<A – David Warren>: Yeah, I think Roger, the only thing that I would add to that is Bob is absolutely right in terms of looking at it in sort of a build-up the same strategy you had in the up, so the CapEx would be very small. The only other thing that I would just say, and it doesn't go at all to the operations, it just that we will have to put up a decent amount of cash in for regulatory purposes but that's to be expected and we certainly have that cash.

<A – Robert Greifeld>: And, just in terms of just the European effort to put probably a finer point on the answer to a question I gave to a previous caller, to the extent that Euronext, LSE or Deutsche Borse reduce their prices by 90%, then it would be a tougher competitive environment for us. But, somehow I don't think they're going to do that on the day we start stocks.

<Q – Roger Freeman>: I think your point on that was clear. Lastly. Do you care to quantify, I know it's only been two months, but what synergies you got actually realized, because I believe right off the bat things like office space you were consolidating in New York and I think a data center as well that was consolidated?

<A – David Warren>: Well, I don't really – I don't want to quantify it other than just to say the reason we were able to up our expectations today is that we are really executing well on our plans. I think you'll see that it's better for that just to evolve – we'll show you that in the results as we move forward.

<A – Robert Greifeld>: We increased the guidance there on these expense savings Roger, is that not enough?

<A – Roger Freeman>: We always want more.

<A – Robert Greifeld>: I know that.

<Q – Roger Freeman>: All right thank you.

Robert Greifeld, Chief Executive Officer

Okay. I thank you for your time today and look forward to talking to you in three months time. Thank you very much.

Vincent Palmiere, Vice President of Investor Relations

Operator, we are going to hold for few minutes and let some questions from the media get into the queue, so.

Operator: Thank you. [Operator Instructions].