MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the NASDAQ's Fourth 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

Thanks operator. Good morning and thanks for joining us today to discuss NASDAQ OMX's fourth quarter and full year 2008 results. Joining me are Bob Greifeld, our Chief Executive Officer; David Warren, our Chief Financial Officer; Magnus Böcker, our President, and Ed Knight, our General Counsel. Following our prepared remarks, we'll open up the line for Q&A.

If you haven't done so already, you can access the press release and presentation at our investor relations website at www.nasdaqomx.com. We intend to use our website as a means of disclosing material non-public information and providing with disclosure obligations under SEC Regulation FD, and these disclosures will be included under the Events and Presentations section of the website. If you have any questions after the call, you can obviously call me at 212-418-742.

And before we 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. Actual results may differ materially from those projected in these forward-looking statements. Information containing factors that could actual – could cause actual results to differ from forward-looking statements is contained in our press release and our periodic reports filed with the SEC.

I think mine's getting longer than...

Robert Greifeld, Chief Executive Officer

I was going to say did you leave any time for me here or Dave.

Vincent Palmiere, Vice President of Investor Relations

Okay. Well, I'll turn it over to Bob.

Robert Greifeld, Chief Executive Officer

Thank you, Vince. And thank you for joining us to discuss our full year and fourth quarter 2008 results. I'm pleased to report that we're doing the call today from our market site in Times Square. Immediately following this call, I'm opening the market with DreamWorks and Shrek and other characters. DreamWorks is the most recent company to switch its listing from NYSE to NASDAQ and one we're simply very proud of.

In addition to releasing earnings this morning, we also announced David Warren's decision to step down as CFO later this year. David has been a trusted business partner over the last six years and our business accomplishments during his tenure speak for themselves. His unique style and wise counsel will sorely be missed.

David plans to step down as CFO following our second quarter results and will remain with the company through December 2009. During this period, he will oversee a transition period with Adena Friedman, currently Executive Vice President of Corporate Strategy and Global Data Products, who will assume the role of CFO.

David's style will certainly be missed. And when you see a painted VW bus with peace signs all over it careening around the roads of northern Westchester County, it's probably David.

Now, turning to our results. I typically start by giving you a rundown of our accomplishments for the period and highlight financial benchmarks. I will do that, but today I want to begin with a discussion of what we believe distinguishes our company in the exchange space and what distinguishes us in the context of this market environment.

The NASDAQ OMX Group exited the year vastly different than when we entered the year. 12 months ago, we were a pure US cash equities exchange. And although we were the largest cash equity exchange in the US, our business didn't reach beyond these borders. Today, we operate 17 markets, eight clearing houses around the world, and are diversified across many asset classes.

2008 was a dynamic transition year for us, one in which we made five acquisitions and announced four strategic investments. It was, however, not unlike many of the recent years at NASDAQ OMX. Each year we take steps that change our company, some big, some small, but all of them collectively transforming us in some way.

Mergers and acquisitions may be very easy to justify on paper, but the real work is in delivering measurable benefits to customers and to shareholders. As we've taken steps to transform our company, we've demonstrated that we can deliver results, while continuing to launch new initiatives and invest in new ideas. While others may be adjusting, transitioning or retrenching, our exchange is capable of delivering on existing promises, while continuing to invest in new initiatives that will secure our future competitiveness.

Now, turning to the specifics. We did much to accomplish. We accomplished much this year, including completing our business combination with OMX; entering the options market through the launch of NASDAQ options market, known as NOM; completing the acquisition of PHLX, a transaction that accreted to our shareholders immediately, completing the launch of BSE, now NASDAQ OMX BX; launching NASDAQ OMX Europe, known as [inaudible] and leveraging our proven US best execution routing strategy. We are the first European MTF to connect markets with a smart router.

We also announced a deal with the European Multilateral Clearing Facility, EMCF, in which we took a 22% ownership interest in the firm. Through this transaction, we also agreed to introduce EMCF as the central counterparty clearing firm into our Nordic markets.

During 2008, we also completed the acquisition of certain Nord Pool businesses, now known as NASDAQ OMX Commodities. We made an investment in Dubai International Financial Exchange, now called NASDAQ Dubai. And we made a strategic investment in IDCG, an entity launched in December to clear interest rate swaps, a $350 trillion market. NASDAQ OMX also became the largest market in the world by share value traded, 23.9 trillion as reported by the World Federation of Exchanges.

As a result of these actions, our company is now a global multi asset exchange company with businesses in cash equities, derivatives and clearing with operations in the US, Europe, Middle East and Asia, as a technology vendor with customers spanning the globe.

Additionally, during 2008 we continued to enhance our listing business through the launch of market intelligence and the acquisition of Bloom Partners, and making NASDAQ the preferred listing destination as demonstrated by the number of listing switches. In 2008, we had eight large companies switch from NYSE, representing a total of $78 billion in market capitalization, obviously at one point that market capitalization was significantly higher than thay 78, but that is the times we live in.

These firms include News Corp, ADP, the CME, Computer Associates, Seagate, among others. Another 51 companies switched from the American Stock Exchange to NASDAQ and nine of these post its acquisition by NYSE in October.

In November, we also were the first exchange to announce our global listing center. This center facilitates an easier and more integrated listing process across all our markets, saving our company's time and administrative and legal costs.

Operationally, we performed extremely well during what was an unprecedented time in the financial markets. Our trading technology systems maintained their high level performance as trading volumes grew significantly. And the important thing to note is that this was accomplished with little need for the enhancements and with little additional capital.

On the integration front, we have done incredibly well. As I mentioned, the PHLX transaction accreted immediately and we were able to achieve the $100 million in expense synergies from the OMX transaction in 10 months, an incredible 14 months ahead of schedule.

We – recently we received the honor of being named Company of the Year by Forbes Magazine. In the January 12, 2009 issue, NASDAQ OMX was recognized for its ability to capitalize on opportunities during the prior year. I think that sums up our year pretty well.

These accomplishments speak to who we are. Moving forward, we recognize that during times of great economic uncertainty there are great opportunities for well-run companies with the vision and the means to invest in growth opportunities. In 2009, we will invest more in our future than we have ever had before. We will run our business as we always have, and that is in dynamic growth mode, not in transition mode. Our focus and determination will remain on maintaining our maniacal focus on operational efficiency, successfully integrating our acquisitions, and remaining opportunistic by leveraging our core strength, our technology platforms to identify new opportunities to grow our business.

With that, I will turn the call over to Dave.

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

Thanks very much, Bob. Good morning everyone and thanks for joining us today.

When reported on a GAAP basis, our net income for the fourth quarter was 36.8 million or $0.17 per diluted share. These results include certain expenses and charges that are non-operational in nature, including a $47.4 million non-cash pre-tax loss primarily related to a forward contract to hedge the Norwegian Krone cash payment for the acquisition of Nord Pool's clearing, international derivatives and consulting subsidiaries; also was a $34.9 million non-cash charge related to an other-than-temporary decline in the fair value of an available for sale investment in Oslo Børs, and 9.5 million in pre-tax merger-related expenses.

Excluding these items, non-GAAP net income for the fourth quarter was $112.1 million or $0.53 per diluted share. When compared to the pro forma non-GAAP results of prior periods, net income increased 35% from the fourth quarter of '07 and 2% quarter-on-quarter.

I plan to speak to our non-GAAP and pro forma non-GAAP results for the remainder of my prepared remarks unless I otherwise note. I also want to direct you to a POWERPoint presentation that is available on our website, which provides an overview of our results. During my prepared remarks, I will speak to specific slides in this presentation and the remaining slides are available for you as a reference.

But first, I want to provide you with more detail regarding the composition of our financial results by currency so that you can gain a better understanding of the impacts fluctuations in foreign currency exchange rates have on our results. Please refer to slide 10 of the PowerPoint presentation I just referred to.

This table breaks out our Q4 revenues and expenses by the various currencies in which we operate. When reviewing the table, you will see that approximately 68% of our net exchange revenue is generated in US Dollars, while 5% is in Swedish Crowns, 13% in Euros, 3% in Norwegian Crowns, 4% in British Pounds, 3% in Danish Krone and 4% in other various currencies.

On the expense side, 56% of our total non-GAAP operating expenses are generated in US dollars, while 11% is in Swedish Krona, 6% in EUROS, 6% in Norwegian Krone, 8% in British Pounds, 5% in Danish Crowns, and 9% in other various currencies.

So to sum it up, when compared to the third quarter of this year, the stronger dollar resulted in a $0.02 per share negative impact on our fourth quarter results. Compared to the fourth quarter of last year, the weaker dollar this quarter resulted in a $0.01 per share negative impact to Q4 '08 EPS. It's our hope that providing you with this additional information will make you better informed about modeling and interpreting the impact of FX on our earning results.

Now moving on as I've done recently, I'm going to highlight a few specifics while dispensing with the detailed review of the performances of each business as I think they are well covered in our press release.

Net exchange revenues for the quarter were 402.6 million, a decrease of 7 million or 1.7% year-over-year and down about 1.9% sequentially. Sequentially strong volumes in the US cash equity and derivatives market were offset to a large extent by the sharp decline in the value of shares traded on our Nordic markets. Also contributing to the sequential decline was the negative impact that the stronger dollar had on revenues generated in foreign currencies. As just discussed on Slide 10, you can see that FX changes had the effect of reducing revenues in Q4 '08 by $18 million when compared to the fourth quarter of '07, and 19.4 million when compared to the third quarter of '08.

Now turning to expenses. Fourth quarter 2008 total expenses on a non-GAAP basis were $213.1 million, representing a decline of $47.5 million or 18% from the 260.6 million in the pro forma non-GAAP expenses that we recorded in the fourth quarter of '07. This reduction reflects the achievement of the $100 million in annual synergies that we committed to when we announced the OMX transaction.

As Bob mentioned, we achieved these synergies 10 months after closing the transaction and 14 months ahead of schedule. Also contributing were a reduction in spending our synergies from the PHLX transaction and changes in foreign currency rates. FX had the effect of reducing operating expenses by $15.3 million in the fourth quarter of '08 when compared to Q4 of '07. Total expenses also declined sequentially, dropping $8.9 million or 4%.

Also during the quarter we closed on our transactios to acquire certain businesses in Nord Pool, which upon closing was relaunched as NASDAQ OMX commodities. The fourth quarter '08 results include partial results from partial contribution from OMX commodities following the close of that transaction on October 21st, including $8.4 million in revenues and $6.2 million in expenses.

Non-GAAP operating income was 189.5, an increase of 27% from the year ago period and up slightly when compared to the third quarter of this year. This result represents an operating margin of 47.1%, up from 36.4% a year ago, and up from 45.9% in the third quarter of this year.

Our effective tax rate for Q4 was fairly high, 51.9%, an increase over the 39.4% we recorded in the last quarter. I do want to mention a number of contributing factors here. As I mentioned earlier, fourth quarter 2008 non-US earnings included pre-tax losses of $47.4 million from the foreign currency contracts related to Nord Pool. This was recognized in a lower tax jurisdiction causing our effective tax rate to increase.

Further, the charge of $39.4 million that we took on the Oslo Børs investment is not deductible for tax purposes and that loss flows directly to the bottom line. Excluding these items as well as the merger-related expenses, our normalized effective tax rate in Q4 '08 was 33.5 and that is down from the approximately 35% number that we had for Q3 computed on the same basis.

Now turning to the balance sheet. Cash equivalents and financial investments at quarter end were 793.1. Of this amount, 525 million is reserved for regulatory requirements. Cash flow from operations was approximately $176 million for the quarter.

Our total debt obligations at year-end were 2.5 billion, reflecting a decline of 37.3 million from the end of the third quarter. This reduction is consistent with the comment I made during our last quarter's earnings call that we would continue to pay down our LIBOR based debt each quarter. In 2009, we are scheduled to pay down an additional 225 million of this debt or approximately 56.25 million per quarter.

A further comment, actually a new comment on our convertible debt. Beginning in 2009, a new accounting rule requires convertible debt instruments to be bifurcated into two separate components, an equity component that will be classified as a component of shareholders equity and a debt issuance component that will be recorded at a discounted value. We have made these calculations and the discounted value of approximately $85 million has been reflected in shareholders equity and will be accreted back to par value through the income statement by increasing interest expense. So some of you probably will be see -- you need to understand this in terms of how we'll report in 2009. This is a non-cash item and is expected to have a negative impact to our pre-tax reported earnings of $13 million in the entire year of '09 or approximately $0.04 per share.

And now we turn to 2009. We expect total operating expenses to be in the range of 840 million to 860 million. Included in these figures are approximately $30 million of non-recurring merger related expenses. Also included in these figures are approximately $40 million in spending for new initiatives such as IDCG, the NASDAQ Clearing Corporation and introducing EMCF as our central clearing party in the Nordics just to name a few.

Regarding capital spending, we anticipate that in 2009 we'll spend approximately 50 million on capital, roughly in line with the $54 million that we spent in '08. Capital standing for the fourth quarter of '08 was 15.7 million.

Now, 2009 is not without its challenges. The dollar has contributed to -- the dollar has continued to strengthen against many of the foreign currencies in which we operate and at the current spot rate, this creates a headwind of about 5% when compared to fourth quarter revenues. Also cash equity trading volumes are down in both US and in the Nordics. Volumes matched by our systems in the

US are down more than 14% quarter-to-date as compared to average daily volume in Q4 '08. This includes a decline in market share of about 2.7%.

In the Nordics, trades are down approximately 19%, while value trade is down again by approximately 19%. And in market data, we continue to be concerned about erosion to our subscriber base as a result of declining employment in the financial services sector. But we will continue to do what we are good at, staying focused and executing on our operating plans for '09. We have built a diversified business model measured both by asset mix and geographic region, which has solid growth opportunities.

As for me and on a personal note, it is hard to leave a company that you've thrown your heart and soul into for more than eight years, but it is time for me to move on to new opportunities. Those of you who have come to know me – have come to appreciate or may be at least recognize my sense of humor. So, you will still be forced to deal with me for two more quarters, and through the transition period of my responsibilities to Adena which I look forward to. There will be plenty of time for goodbyes later. But, for now, I've got work to do. And Bob and I look forward to taking your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. We will take our first question from Dan Fannon with Jefferies.

<Q – Daniel Fannon>: Good morning, guys. And thanks for taking my question.

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

<Q – Daniel Fannon>: Okay, okay. Given some of the goals of some of your competitors for market share gains, you know, how do you guys look at your market position for 2009? Is it something we should be thinking about -- you guys be on the more on the defensive or just kind of -- what is your kind of outlook?

<A – Robert Greifeld>: Well, I think first we were surprised that some of our competitors reduced their market share goals quite dramatically from the times of the transaction. So, from that point of view, I guess we are encouraged that their expectations are that much lower. That being said, what I have spoken to before is that in early 2008, we -- I think matured into the view that we had to make sure that we had the proper balance between profitability and market share. And we are very comfortable with that balance as it exists today. We are also, I'd say proud of the fact that we are on a regular basis achieving the 20% options market share that we set out as a goal for ourselves I guess about two years ago.

<Q – Daniel Fannon>: Okay. And then, as you look at the OMX business and you are in the process of launching the EMCF, can you talk about what that means in terms of growth and what the opportunity there is with that?

<A – Robert Greifeld>: Sure. Well, EMCF is live and operational. We're focused on making it functional in the Nordic marketplace, and yesterday we received some good news, and I think the regulators will allow us to go forward with optional CCP in the Nordic marketplace. But, when you look at our opportunity in the cash equity space in the Nordics, it is quite straightforward. One is we see a very low level of velocity, and when you understand the fact that we don't have the technology infrastructure in place or the connectivity options in place, the customers we can see why that state of affairs exists.

So, we are certainly anxious as are our customers, to be able to trade on a co-located basis in the Nordics. So, our game plan is quite straightforward. First, we need to get CCPN, which allows those, you know, various market participants to enjoy the benefits of Central Counterparty and not have to worry about the cost of bilateral clearings. So, that's we do first. Second is we replace the technology platform with INET. We have certainly a large enough data center to offer co-location services, and we gradually transition the pricing that makes it attractive for the high-velocity players in London and in the US to play. So, it's a great opportunity for us 2009; it's a building block to allow us to basically monetize that in 2010.

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

Operator: We will take our next question from Roger Freeman with Barclays Capital.

<Q – Roger Freeman>: Hi, good morning.

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

<Q – Roger Freeman>: Good, Bob, thanks. I guess, just I need to come back to, actually let me ask about pricing. So, you know, if you kind of look at some of the markets, it looks as if you've actually been fairly offensive in terms of trying to build market share. I mean, you are going to be out with inverted pricing in Boston, investment inverted pricing within options, and it looks like part of the play book that's worked for you successfully in the past. I mean, do you think it's just -- is it the same strategy, do you go with these more aggressive pricing schemes, and then as you build the share up, you pull back? And specifically on Boston, do you think that there is risk that you are going to pull share over there from your existing market, and then when you reverse the pricing it just goes away again.

<A – Robert Greifeld>: Well, one is we feel, I think, quite satisfied that we finally have the second license up and running. Our technology folks, again, were ready in record time. We just had to get through the regulatory approval. So, it's there. And as we said before, it gives us flexibility with respect to our pricing where you don't have to go back to share one on the main market, the main NASDAQ OMX market, and basically re-price. So, in March, you see us using that second license as I think a very effective weapon.

We are excited about the impact we have. With respect to pricing, it is a monthly decision to what is the proper price. So, the pricing we put in place for Boston today, one thing I can assure you, it will not be the pricing for ever. And, certainly, our customers expect that. So, we are happy to launch it. It is the pricing we plan to stay with for a bit, but we know it's not permanent. But also, in the March pricing, you see the other side of the balance. Our pricing actions on patent fee I think are clearly about revenue capture and not so much about market share, and we think that will have a positive impact to us.

<Q – Roger Freeman>: Okay and then I guess just in terms of the cash equities market share in the US, there has been some down trend really across all three tapes. And, I guess, given how you have priced to gain market share in the past, should we expect even more sort of offensive measures to rebuild shares, or are you satisfied with where you are at right now?

<A – Robert Greifeld>: Well the first thing I would say Roger is that you recognize the US equity volume is up 6.1% January-to-January.

<Q – Roger Freeman>: Sure, sure.

<A – Robert Greifeld>: And in February, the numbers are quite dramatic, with the volumes up 46%. So, the overall volume and obviously the overall revenue is in a good zone, and certainly going beyond what we had forecasted for 2009. So, the start for 2009 has been very strong. We obviously approach each day with some degree of trepidation based upon the macro economic climate, but we are happy to have now two months in that were clearly higher than what we thought. So, that being said, we are launching offensive pricing. We are doing it through our Boston operation, and it's clear that we have focused on the take out rate with the Boston license, and we like that strategy. And with respect to our main matching engines, as I said, we are comfortable with the proper balance between market share and profitability.

<Q – Roger Freeman>: Okay. And then in Europe, what are your – what's sort of your early read on the MTS? The share is fairly small there. You've got basically free execution. What do you need to do there to grow that?

<A – Robert Greifeld>: Well, we need to persist. If you look at the hallmark of our operations is we know how to focus and focus over time. We like the landscape with respect to our competitive positioning over time. We certainly know that we have our short term challenges. But, if we look at the fundamental building blocks for success, they are coming in to place, and that we have an increasing number of customers hooking to our system. We had a couple of customers who were part of other consortiums who did not want to hook up to ours. They've now changed their minds. So, the proper building blocks are in place and we know that that will be reflected in the numbers at some point in time.

<Q – Roger Freeman>: All right. Thanks, Bob and David.

<A – Robert Greifeld>: Thank you.

Operator: We will take our next question from Rich Repetto from Sandler O'Neill.

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

<A – Robert Greifeld>: You're still Rich Repetto to me.

<Q – Richard Repetto>: It's close enough, put it that way. I guess the first question is for beloved David here on the expense guidance. Does that include the synergies for – as you transform OMX and PHLX on to the INET platform, and you did say that you'd give us more specifics on that at year-end here?

<A – David Warren>: Yeah, that does include them. So all of that is worked into the spending plans for the guidance we're giving for '09.

<Q – Richard Repetto>: Okay. And then so – and what – I'm assuming you're assuming current FX rates, is that....

<A – David Warren>: Yeah, that's current rates, yep, that's a good question -- to be clear about that.

<Q – Richard Repetto>: Okay. And can you just talk about how much savings that is in that technology because, you know, you [inaudible] said it was coming in...?

<A – David Warren>: Yeah, I know we had talked about it. But I think in the end it became difficult just to really sort of identify that as we were managing it in a number of different areas. But clearly what's happening is it is incorporated into the spending plans that we have. So there's definitely continued synergies that we're gaining from the acquisitions of both OMX and PHLX. And we've also put in about $40 million in new investment, which actually is an increase over that – over the amount we had in our spending plan for last year, it was about 15.

<A – Robert Greifeld>: So Rich, this is Bob. Just – we said 840 to 860 that includes $30 million of one-times. So the real range is 810 to 830. And in that 810 to 830 is $40 million of initiatives. I think the larger initiatives and known on this call, obviously our efforts in London, our IDCG efforts, our clearing efforts, our investments for our future which we're very comfortable making, but certainly has the result of impacting the cost base. So on a steady state run rate, you were saying it's 770 to 790 ex-initiatives and I think that's a breathtaking change as compared to just the end of 2007.

<Q – Richard Repetto>: Right, if you look at your run rate now, it's somewhere around 850 I think.

<A – David Warren>: Yes, that's right.

<Q – Richard Repetto>: Okay, okay. So we can sort of back in to these initiatives. I guess a question on – Bob, now that you have these, like you said I think you said eight, I don't know where – I knew of four, five of the clearing initiatives, I didn't know eight. But the one...

<A – Robert Greifeld>: Don't ask me to name them all, Rich.

<Q – Richard Repetto>: Okay. We'll stick to the big ones, how is that. The one that is interesting is the interest rate swap. I know there's been some contracts put on IDCG and I guess briefly I didn't want to get -- but contrast the CDS and the issues with CDS and that was expected in late

4Q and we are still not there and what you expect in progress or – and you already have contracts on IDCG in the swap market?

<A – Robert Greifeld>: Yeah, I would say this. One of the amazing accomplishments of 2008 was the fact that we received approval from the CFDC and we're live. Because when you think of back to the early 2008, we didn't have as old NASDAQ any assets in the space. We came together with OMX and they had the technology platform, GENIUM, previously known as CLICK that we could modify to make it suitable for interest rate swaps and we had here in the States relationships that we put together. So the teams went hard to work is really the first I think combined effort for the new organization, worked on a 7-by-24 basis, demonstrated a complete end-to-end solution to the CFDC, in November received approval in December and now we're putting trades up. So when you think about CDS as kind of going sideways, we went straight forward.

Now in terms of the real success of this organization, we clearly need dealer support and the dealer support I think intellectually is there. I think it requires some, what I would say, a coaxing from regulators, legislators and/or customers to move it along to the next stage and we're obviously actively involved in those discussions right now. So it's trying to change the world. And the world, everybody knows the world has to change. We just want it obviously to change in a faster timeframe rather than a slower timeframe.

<Q – Richard Repetto>: Okay. And then I guess the very last question is just broadly, like you mentioned Bob, volumes are holding up in the equity space in the US, because it's share-based, better than I think any area that I can really look at right now. But I hear the anecdotal evidence and information is that the algorithms are taking a bigger part of it. And are you concerned that we have high volatility, but we're expecting cutbacks on the buy-side that – are you concerned that volumes could drop off if that plays out with the buy-side -- true institutional buy-side volumes drop?

<A – Robert Greifeld>: Well, Rich, I would be foolish not to be concerned and concerned about a lot of things in the economic times that we live in. But as I said, in the fourth quarter we came to the general feeling that the volumes were obviously related to volatility and the volatility was related to turbulence in the economy. So our feeling was that 2009 is going to have a fair amount of turbulence to it driving volatility in volume. And so far we have been proving – we have actually been proven wrong in that the volume has been higher than we thought. So we think that will persist through 2009.

The other part of your question to answer it almost directly is yes, we see the algo players are more dominant as a percent of the volume in the market share. And I think the question that we and nobody else have the answers for is how much of this derivative volume, this derived volume is a result of the natural institutional buyer and seller and what is the ratio to the extent there's a million shares of natural buying or selling interest, is that turning to 10 million shares in the market, 20 or 30. So we don't really know what that ratio is. And so as there could be some decline in natural volume, what's the ripple down impact on it. So we have our different models and theories, but it's just nothing more than that, there's no signs to it right now.

<Q – Richard Repetto>: Understood, understood. And then lastly, just want to say congrats to David. I want to buy a ticket on the commuter run in his VW bus up to Woodstock.

<A – David Warren>: Thanks.

<A – Robert Greifeld>: Thank you, Rich.

Operator: We'll take our next question from Rob Rutschow with Deutsche Bank.

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

<Q – Robert Rutschow>: Hey, good morning. I wanted to follow up on the expense questions. It looks like you're projecting, including the initiatives, a run rate of around 205 if I take the midpoint and you're about 213 this quarter excluding charges. So the question is you're looking for additional expense reductions, where within expenses should we look for the most reductions, is it personnel or is it other places and what would be the timeframe for that?

<A – David Warren>: Well, I can comment generally on it. You basically – I think you'll see that as we've done we are able to drive spending down in basically all categories, but the larger reductions would be in personnel and in the expenses supporting our technology. However, I think just in terms of how it flows the – I think you are right on your analysis. But in terms of the timing of these saves there's a lot of work that's being done right now. And if you want to sort of understand how those saves will come in, they will be gradual over the course of the – they will be building over the course of the year?

<A – Robert Greifeld>: But, I would say, 213 is the number in the fourth quarter. If you take the mid point as you've done its 205; the initiatives are 10 million a quarter. So an effective run rate, we are getting down below 200 million, closer to really 195. And I think coming on the heels of the really outstanding progress we made in 2008, that that's a remarkable number. And, the key discussion here is, these initiatives, I think given the track record of this management team, we think represent a wonderful opportunity for us.

As I referred to in my opening comments in these uncertain economic times, we actually have more initiatives, more investments in our future than we've had any time in my time at NASDAQ OMX, so we are happy to have this amount of opportunity. We don't fund it because we think we should, we do because we see great opportunity. So, this is a company that's now delivered and has, in these uncertain economic times just more opportunities than we could have conceived of as little as six to nine months ago.

<Q – Robert Rutschow>: Okay. I wanted to follow-up with a couple market structure questions, it looks like your average trade size in the Nordic region has been dropping, which has certainly helped your -- helped hold up your revenues. Do you see that continuing or maybe accelerating once you rollout clearing maybe, just if you can talk about the dynamics there that are driving that?

<A – Robert Greifeld>: Sure. We certainly do see an acceleration of that as we rollout clearing and a further acceleration as we put a new platform in towards the tail-end of this year. So, we certainly predict that the Nordic market, the European market, and the US market will be very similar in very short order. At this point, the Nordic market is somewhat different because of its lack of clearing and the technology approach, but that's going to change rapidly, represents a tremendous opportunity for us as we look at 2010.

<Q – Robert Rutschow>: And second question on structure, just in the US you are running two different options platforms, any anticipated changes there going forward?

<A – Robert Greifeld>: No. We are very pleased of our positioning in the options marketplace. As we said before, we don't expect the options marketplace to transform the way the cash equity market did. We believe there will be a bifurcated market structure in the post-decimal world. We are seeing that. We clearly think the price-time model will have greater success in the decimal world and will grow overtime. But the addition, the established dealer function that exists with Philly, ISE or CBO is an enduring value. We are happy to say that post the acquisition of Philly beyond the cost savings, we have seen an increase in market share at the Philadelphia Exchange. And as we consolidate to the new platform in the second quarter, we have a variety of initiatives that we are anxious to launch that I think will help us gain further share.

<Q – Robert Rutschow>: Okay. And if I could just ask one more on the debt, you are looking to retire debt, are you anticipating that that could help the credit rating does the credit rating have any impact on any of your clearing initiatives considering that, I guess most clearing houses are assumed to be sort of AAA credit rated?

<A – Robert Greifeld>: Well, there is two part of question. We obviously as we continue to pay down our debt on the aggressive schedule that we have, I think we do reach a point at some point when we come down to a leverage point where we are a stronger credit, that typically would come at a time when you would be potentially looking to sell more which is not where we are right now. With respect to the clearing, we have taken steps already last year to ring-fence our clearing operations in Stockholm. And those do receive a higher -- an A rating. And I would direct you to the S&P report on that for a further description of that, so...

<Q – Robert Rutschow>: Okay. Thanks a lot.

Operator: [Operator Instructions]. We will take our next question from Bob Napoli from Piper Jaffray.

<Q – Robert Napoli>: Thank you. Good morning.

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

<Q – Robert Napoli>: Very good, thank you. Congratulations on those cost saves, that is pretty impressive, and the run rate going into 2010, very interesting.

<A – Robert Greifeld>: Thank you.

<Q – Robert Napoli>: Got a question on the -- and also, your margins on cash equity if you've held the margins there or improve them -- your major competitor has become much more aggressive on gaining market share with on their pricing structure and then you have Direct Edge and BAS out there with big market share gains. I know this has been asked in a few ways. And if you're -- I guess, what do you think is going to happen in that market sector with so many competitors being much more aggressive on share, what is the end game, there are going to be two players or price cuts that have to be made to a certain point where the upstarts probably can't make a go of it, somebody has to acquire them or are there room for exchanges, cash exchanges in the US?

<A – Robert Greifeld>: Well, our viewpoint is quite simple, at the end of the day there should be one exchange called NASDAQ OMX, that does all the transactional activity for the entire planet. So, until we get to that day, we're still on the march. But that being said, when you look at exchanges they've enjoyed the benefits of monopolistic positions in their home markets and those monopolistic positions are breaking down on a fairly rapid basis around the planet. So, then the question is, how you compete in the new world and when you look at the established exchanges, they typically have benefits of scale based upon that monopolistic position and when you look at the upstarts they have benefits of efficiency, because they start in a store front with new technology and probably some limited QA capability.

So, our goal is to really be the first exchange that brings both benefits to the table, where we have extreme efficiency and we're leveraging massive scale against that and we're on that march. And to the extent you do that, you have the ability to serve two masters. And you can then have a pricing plan that delivers value to your customers that makes it impossible for the upstarts to match on a profitable basis and you magnify that impact by making sure that you have the same cost structure in place as the upstarts. So, that's what we are about. We want to leverage massive scale against extreme efficiency and the fundamental economics of a transaction processing business that gives you a different business model than any upstarts and that's your true barrier to entry for your competitors.

<Q – Robert Napoli>: Thank you. My second question, of all the initiatives that you are currently undertaking, where do you expect to see the most measurable progress of revenue generation wise, P&L wise over the next two to three years?

<A – David Warren>: That's a great question. We have high expectations for a number of these initiatives. I think with respect to size of market, we've spoken clearly about the interest rate swap market, the notional value of that market, and what that means in real dollar terms. It's a large opportunity that will develop into a large market, whether it's eight or nine digits per year, I am not sure right now. But it's certainly, if it's eight, it's going to be in the high eight figure number and hopefully it's nine. We don't know.

We look at the European cash equity marketplace and we have a fundamental belief that it will look and feel like the US in the next three years and we see that the velocity of trading in Europe is just not what you have in the States. And we think that will change as clearing barriers come down and there is more competition, and more choices with execution venues, so that's a large opportunity. So when you look at the high volume days in 2008, we were doing over 6 million trades per day, you would see a large European exchange such as LSC do like 800,000 trades a day, so that will change, so that's an opportunity as the trade growth happens.

We look at the Nordic markets, they really only do a couple of 100,000 trades a day, so tremendous opportunities to enlarge that market and bring more efficient structure. So there's a lots of big opportunities around, those are two of them.

<Q – Robert Napoli>: Thank you.

<A – Robert Greifeld>: Thank you.

Operator: We will take our next question from Mike Vinciquerra with BMO Capital Markets.

<Q – Michael Vinciquerra>: Good morning, Bob and David. One question for you on the – you've been obviously very busy in 2008, you had a number of acquisitions and a lot of integration activity going on, are we at a point now where you guys feel like you have all – well, you have most of the pieces in place that you'd like to have for the time being or should we expect 2009 in other words to be quieter and a year of integration and really pushing these new initiatives forward?

<A – Robert Greifeld>: That's a leading question. But I will say he's getting much better at asking them. [inaudible] First off, we're going to say what we have said before is that we take great pride in making sure that the transactions we do, we actually deliver to our customers and the shareholders the benefits and we said we would not entertain any major transactions until we have done that. And obviously, the numbers that we present today and the guidance we are giving you for 2009 shows that we are very much along the path to doing that and we are proud of that. So that allows us to raise our head and look at the wider world in a more comprehensive way than we might have done six months ago. So, that's all I can say. There is no conclusion from that because we don't have a conclusion, we don't know.

<Q – Michael Vinciquerra>: Okay, fair enough. Just one particular transaction I want to ask about, the Nord Pool, Bob, if I am reading your documents right, you spent about 320 million in cash for that and David, the statistics you gave if I annualize them for this quarter would give us maybe $10 million annually and earnings run rate today. So, it's a pretty expensive price but obviously you got to be thinking that there is a) growth in the market and b) maybe you can actually use those markets more efficiently. Can you address what you plan to do with that particular operation?

<A – David Warren>: Well, those were the numbers that were in, those were the numbers that I mentioned right after acquisition. But we haven't even started to do the work. We are now doing the work on that. That acquisition like all the acquisitions we do, we do on the basis of achievable synergy opportunities that make the acquisition accretive to our shareholders. So there is work going on right now in expenses and in clearance synergy that definitely will improve the performance. So if you look at the first couple of months of operation having just closed on it that is not in anyway an indicator of how that business will perform.

<A – Robert Greifeld>: Right. And we are very comfortable that Nord Pool fits within our acquisition discipline and we'll provide the return to our investors and our shareholders as the others have.

<Q – Michael Vinciquerra>: Well, I guess it was an existing operation, all right, so it sound like you were starting from square one, were you?

<A – Robert Greifeld>: No.

<Q – Michael Vinciquerra>: Okay.

<A – Robert Greifeld>: We obviously need to consolidate technology platforms and addition with Nord Pool there is an opportunity to gain efficiencies through the clearing, because Nord Pool is one of the eight or 18 clearing houses that we own and certainly we want to consolidate it into our Nordic derivatives clearing house and that will free up capital and earnings.

<Q – Michael Vinciquerra>: Very good. Okay, thank you.

Operator: We'll take our next question from Mike Carrier with UBS.

<Q – Michael Carrier>: Thanks guys. David, one question, thanks for the synergies and cost outlook, but just on the balance sheet, just one quick question. I know there is a lot of noise going on, but the one thing that just stood out is the increase in the accumulated other comprehensive loss. I think that went from like 37 million to 619 million and I am just trying to understand is that related to investments in some of the other exchanges in line with what we've seen across the industry, some impairments that just may be unrealized or is it related to securities?

<A – David Warren>: Well, it's not about impairments. We have about 63%, 60% of our goodwill is valued in Swedish Crowns. And we need to bring that back and we have to value that back into our consolidated balance sheet with each close. And you had the dollar – from Q3 to Q4, you had the dollar appreciating 20% against the Swedish Crown. That means that you're going to have – you're going to bring down your goodwill and in bringing down your goodwill you've got to adjust your OCF.

<Q – Michael Carrier>: Okay. That makes sense.

<A – David Warren>: The way it works is, you're going to take those – you're going to bring those back in. You're going to recognize gains and losses in your investment, in your subsidiaries through other comprehensive income.

<Q – Michael Carrier>: Right.

<A – David Warren>: And in this particular time obviously we brought that back with a reduction in value, we have to recognize that in OCF.

<Q – Michael Carrier>: Okay. And then just on the European side again, European market, there is a lot of inefficiencies there, one is just the transaction fee relative to the US -- there is opportunities there, there is the technology and the routing that you guys have. And then there is also the clearing with your stake in EMCF. I'm just trying to understand there is a lot of competitors, everyone is going after the market, what do you guys think from talking to your customers. Obviously you compete on price on the transaction side, but on the clearing is it providing the clearing across the different markets and lowering the clearing fee? I guess just like priority wise, where do you think you have a better advantage than your competitors to gain a bigger share of that market over time?

<A – Robert Greifeld>: Well, the first is as we look at Europe and we say we'd like to have the European market to have similar velocity characteristics as the US. The examination of the differences clearing pops out. So it's in our self interest and it's in the interest of the market to have a similar cost of clearing across countries that we have in the US.

So with EMCF, we are proud to have taken the lead by announcing that it will be interoperable with other clearing firms and we think that from a strategic point of view is the right move and it's one of the necessary conditions for us to bring about increased velocity into the marketplace. So, we have an equity interest in EMCF and we certainly think that's a wise investment for us, but the greater good is to make sure that the clearing in the European market gets to be more efficient. That will give us the amplified opportunity on the equity trading part in Europe.

<Q – Michael Carrier>: Okay. Thanks guys.

Operator: We'll take our next question from Howard Chen with Credit Suisse.

<Q – Howard Chen>: Good morning, gentlemen.

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

<Q – Howard Chen>: Well, thanks for taking my question. David, congratulations on today's announcement.

<A – David Warren>: Thank you.

<Q – Howard Chen>: Two questions on my end. First, Bob, could you just discuss a bit about your current broader outlook for the market technology business, maybe some color on recent business wins and/or losses and what the pipeline looks like and how reliable that is in your mind?

<A – Robert Greifeld>: Sure. One, we are proud of the fact that market technology is transitioning towards a more profitable model, and we have in this business a complete focus on profitability and we don't focus on market share. We also recognize that this is a great opportunity for us to lever this technology into more strategic relationships above and beyond the vendor relationship, so that's the direction we are marching in.

That being said, you saw some tremendous success within market technology, we are proud of the TOCOM deal that was signed with -- in Tokyo last year and I would definitely point you to the MoU that we signed with Osaka. A lot of times they criticize the meaning of those MoU's signed between exchanges; this one is meaningful and will result in I think a substantial relationships between our different markets. We saw that the Colombia Exchange went live with our products today. So, we're seeing a very strong demand for the product and we are making sure that we point the ship into a profit and a strategic driven relationship with our customers.

<Q – Howard Chen>: Okay, thanks Bob. And then David, in your commentary I think you spoke to regulatory capital around 525 million. That figure continues to trend higher as you diversify the franchise, I think I remember when it was 75 million. Is that a fair run rate from here? I am just trying to get a sense of how much cash we should expect in...?

<A – David Warren>: I'll be very quick because I know Bob needs to go, but a lot of the – part of what's going on in our clearing business is a number of the synthetic providers of clearing capital have obviously, had been downgraded to the point where we have to put more of our cash into those operations. The plan we have for 2009 is to work to address that, so that's not a good proxy going forward.

<A – Robert Greifeld>: That number will go lower.

<Q – Howard Chen>: Okay. So just a quick follow-up to that, David. I mean, what do you view as like the working capital for the company? And with your comments about de-leveraging how much cash should we expect you to keep on the balance sheet in '09?

<A – David Warren>: We'd like to keep our working capital reserve about $225 million under our current operations.

<A – Robert Greifeld>: And I appreciate everybody's time this morning. We do have Shrek waiting for us for the market open and as we know the markets do have to open on time, so I look forward to talking to each and every one of you in the days to come.

<A – David Warren>: Don't get the [inaudible].

<A – Robert Greifeld>: No, definitely not.

Robert Greifeld, Chief Executive Officer

All right, thank you everybody.

Operator: That does conclude today's conference. We thank you for your participation. You may disconnect at any time.