



**NASDAQ OMX**® / Q112 EARNINGS PRESENTATION / 04.25.12

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The non-GAAP information is not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies. The non-GAAP information should not be viewed as a substitute for, or superior to, other data prepared in accordance with GAAP.

## Website Disclosure

We intend to use our website, [www.nasdaqomx.com](http://www.nasdaqomx.com), as a means for disclosing material non-public information and for complying with SEC Regulation FD and other disclosure obligations. These disclosures will be included on our website under "Investor Relations."

NASDAQ OMX  
A HISTORY OF  
INNOVATION

**NASDAQ OMX**



WHERE INNOVATION MEETS ACTION

# FINANCIAL PERFORMANCE

**Q112 non-GAAP Diluted EPS of \$0.61**  
– on par with prior year

**Strong Free Cash Flow**  
– 4 year CAGR of 50%

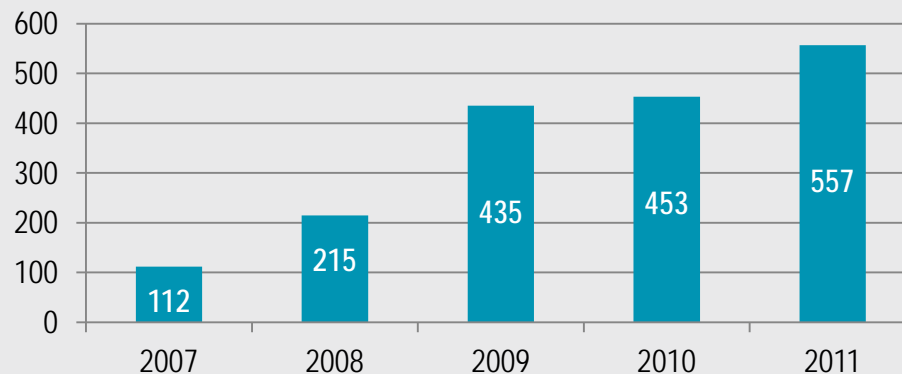
## Non GAAP Earnings Results<sup>(1)</sup>

(\$ millions, except EPS)

	Q112	Q411	Q111
Net Exchange Revenues <sup>(2)</sup>	\$411	\$420	\$413
Expenses	229	233	221
Operating Income	182	187	192
Net Income	108	113	110
Diluted EPS	\$0.61	\$0.63	\$0.61
Operating Margins <sup>(3)</sup>	44%	45%	46%

## Annual Free Cash Flow excl. Section 31 Fees<sup>(4)</sup>

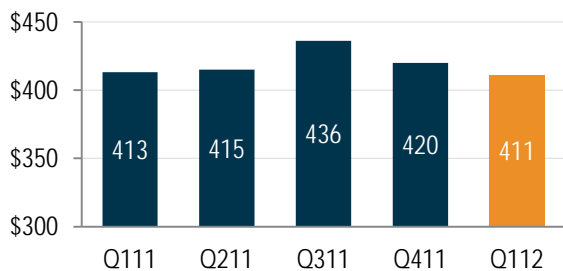
(\$ millions)



**5 Year CAGR of 50%**

## Quarterly Revenues<sup>(2)</sup>

(in Millions)



1. Refer to slides 18,19 and 20 for a reconciliation of GAAP to non-GAAP.

2. Reflects net exchange revenues, which represent total revenues less transaction rebates, brokerage, clearance, and exchange fees.

3. Refer to slide 19 for calculation of operating margins.

4. Represents operating cash flow less capital expenditure and excluding Section 31 Fees. Please refer to slide 23 for a complete reconciliation.

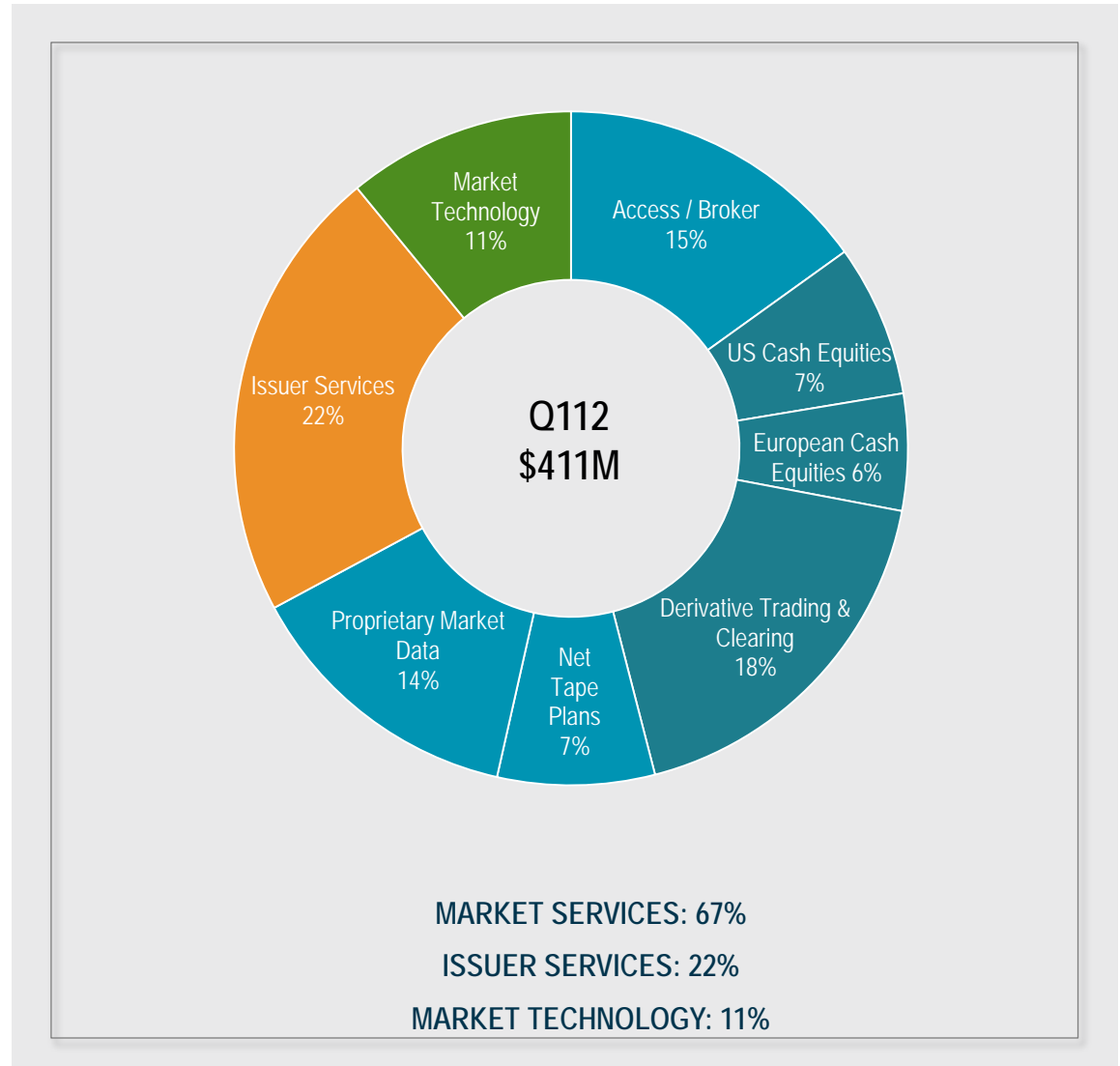
# NET EXCHANGE REVENUES

**Cash equity and derivative businesses**  
(\$127M in total, 31% of Q112 revenues)

- Declined 11% y-o-y in Q112

**All other businesses increased**  
(\$284 MM, 69% of total Q112 revenues)

**Currency negatively impacted Q112 revenue growth by \$5 million vs. Q111**



	% chg. Y-O-Y
Cash Equity and Derivatives	-11%
Net Tape Plans	15%
Proprietary Market Data	4%
Issuer Services	1%
Market Technology	5%
Access / Broker	9%

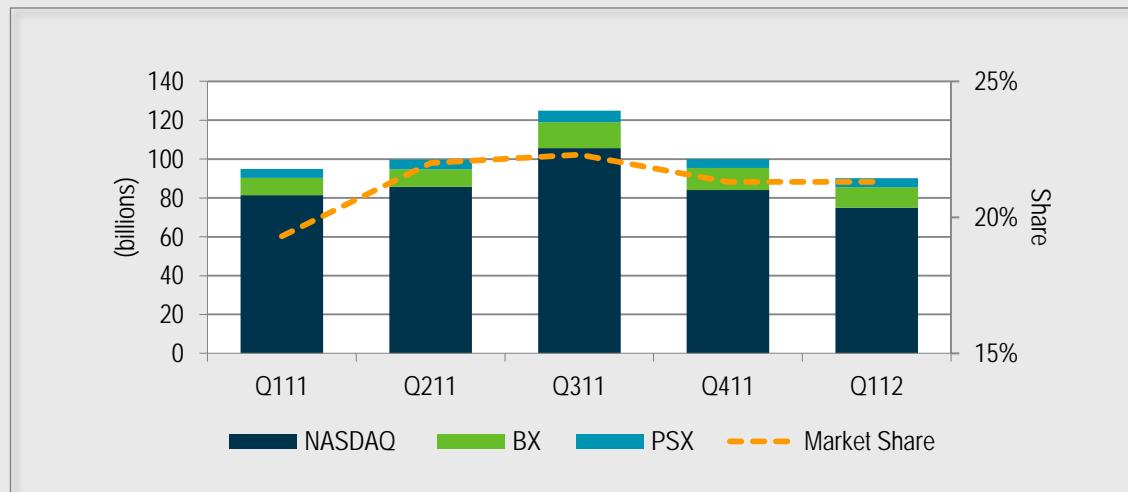
1. Reflects net exchange revenues, which represents total revenues less transaction rebates, brokerage, clearance, and exchange fees.

# U.S. TRANSACTION DRIVERS

## U.S. Cash Equity Trading

Market Share (%)	Q112	Q111
Total	21.3%	19.2%
NDAQ	17.7%	16.5%
NDAQ	17.7%	16.5%
BX	2.5%	1.8%
PSX	1.1%	0.9%
Matched Share	Q112	Q111
Shares (billions)	90.1	94.8

## U.S. CASH EQUITY TRADING

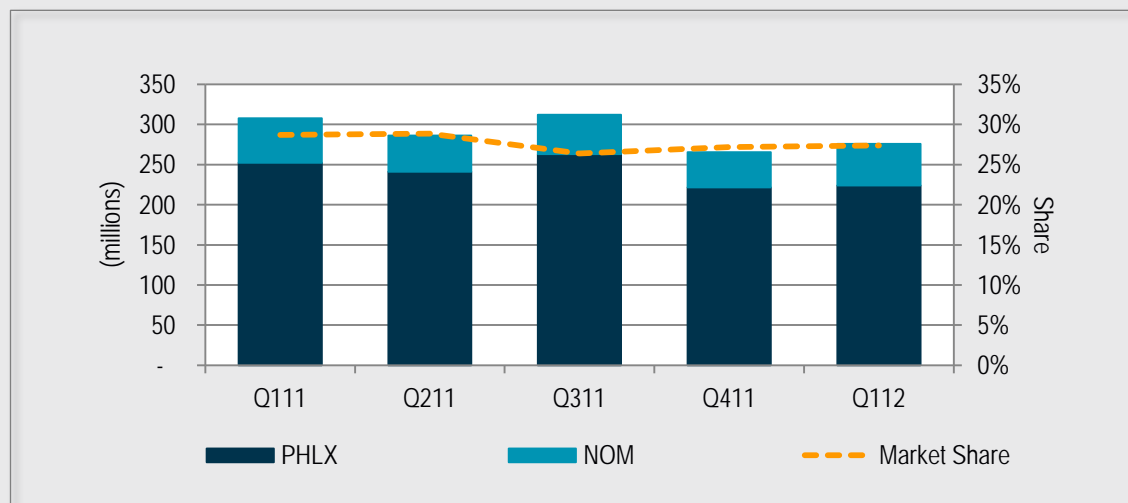


## Options Volume

276 million contracts were traded during the quarter (PHLX 224M; NOM 52M)

Consolidated market share was 27.4% (PHLX 22.2%; NOM 5.2%)

## U.S. OPTIONS CONTRACTS TRADED



# EUROPEAN TRANSACTION DRIVERS

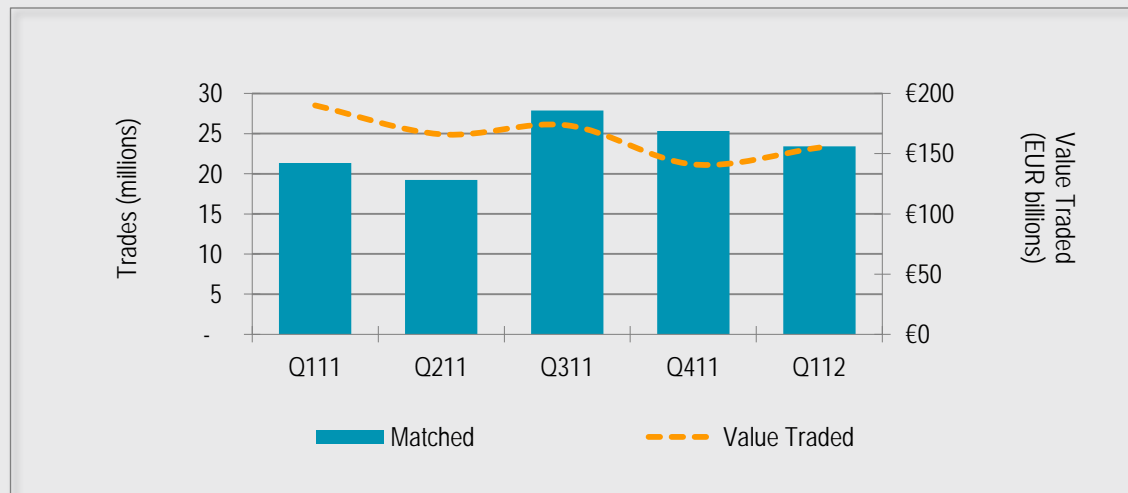
## MARKET STRUCTURE ENHANCEMENTS DRIVE VOLUME GROWTH

### Cash Equity Activity

23.4 million trades in Q112, up 10% from prior-year levels

Value traded for Q112 was €155 billion

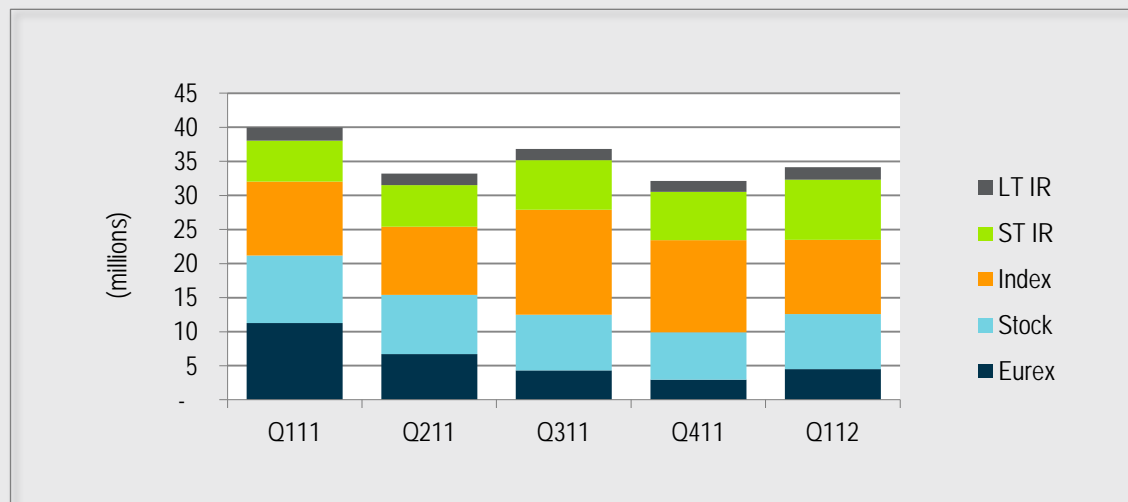
### EUROPEAN CASH EQUITY VOLUME



### Derivative Volume

(contracts in mm)	Q112	Q111
Index	10.9	10.8
Stock Options/Futures	8.1	9.9
Fixed Income	10.7	7.9
Eurex	4.5	11.2

### EUROPEAN DERIVATIVES CONTRACTS



# ISSUER SERVICES AND MARKET TECHNOLOGY

## New Listings

22 IPOs during Q112

46 new listings in Q112

**Corporate Solutions** - Revenue grew 11% in Q112 from Q111

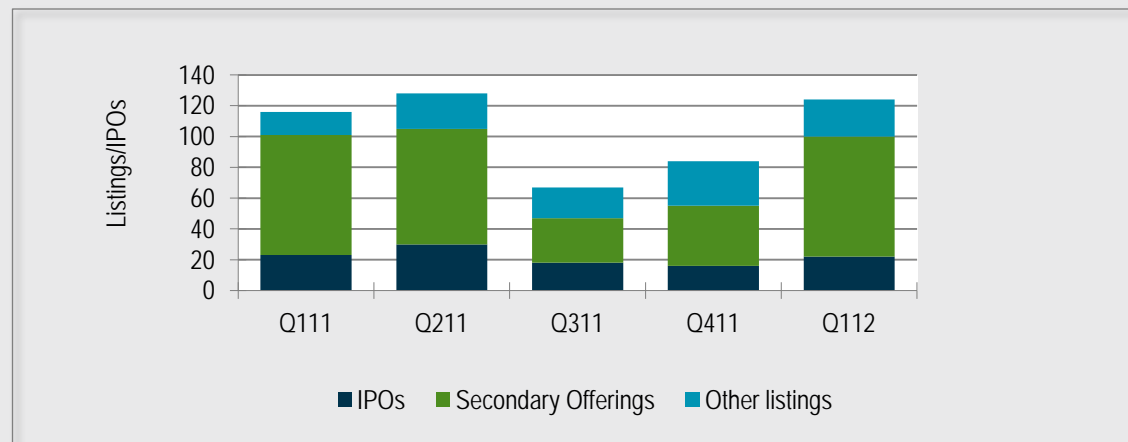
**Global Index Group** - Five new ETFs based on NASDAQ OMX indexes licensed, including three benchmark switches

## Strong Customer Pipeline

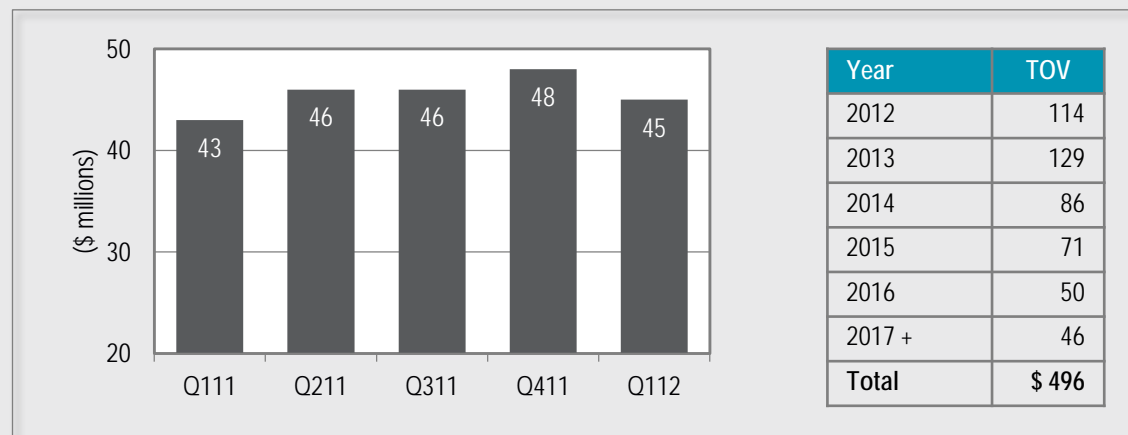
Total order value ("TOV") at the end of Q112 was \$496 million

The table to the right reflects the year in which TOV is expected to be recognized into revenue<sup>1</sup>

## NEW COMPANY LISTINGS



## MARKET TECHNOLOGY REVENUE<sup>(1)</sup>



1. The recognition and timing of these revenues depend on many factors, including those that are not within our control. As such, the table of Market Technology revenues to be recognized in the future represents our best estimate.

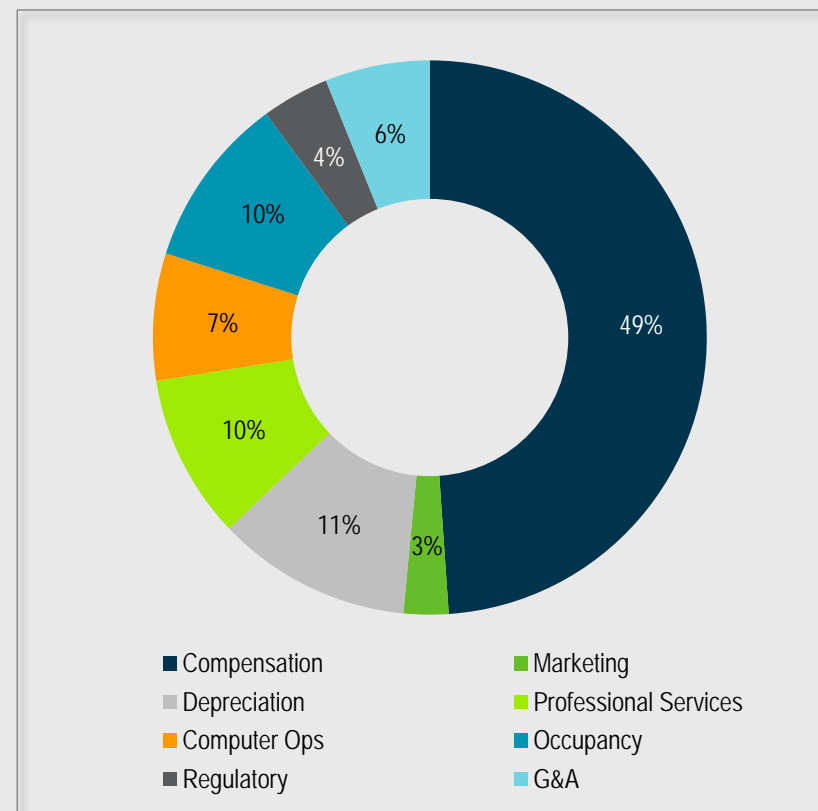


# OPERATING EXPENSES

(\$ millions)

Total Non-GAAP operating expenses	Q112	Q411	Q111
Compensation and benefits	112	113	112
Marketing & advertising	6	9	5
Depreciation & amortization	26	28	27
Professional and contract services	22	23	19
Computer ops. & data comm.	17	15	16
Occupancy	23	22	21
Regulatory	9	9	9
General, admin. & other	14	14	12
Total non-GAAP operating expenses <sup>(1)</sup>	\$229	\$233	\$221
Expenses at Constant FX <sup>(2)</sup>	\$229	\$233	\$219

## Q112 EXPENSE CATEGORIES



1. For comparison purposes results are presented on a non-GAAP basis and exclude charges relating to merger and strategic initiatives, restructuring and other charges, extinguishment of debt and certain other items. Please refer to the non-GAAP schedules on slides 18, 19 and 20 for a complete reconciliation.
2. Expenses presented using Q112 foreign currency exchange rates.

# UPDATED 2012 EXPENSE GUIDANCE

## Cost Reduction Plan (CRP)

- Goal of run rate of \$50 million in annualized cost savings by end of 2012
- \$25 million savings realized in 2012
- Core Operating Expenses:
  - \$880 million to \$900 million
- New Initiative Spending:
  - \$40 million to \$50 million
- Total Operating Expenses:
  - \$920 million to \$950 million

Core spending expected to be down 3% vs. 2011 at midpoint<sup>(1)</sup>

Expense Comparison (\$ in millions)	Core	New Initiatives	Total
Prior Guidance	\$915 - \$935	\$40 - \$50	\$955 - \$985
Corporate Solutions Change	(\$10)	-	(\$10)
Core CRP	(\$25)	-	(\$25)
Core Spending	\$880 - \$900	\$40 - \$50	\$920 - \$950

1. 2011 represents non-GAAP total operating expenses. Please refer to slide 20 for a complete reconciliation of GAAP to non-GAAP expenses.

# FOREIGN CURRENCY EXCHANGE IMPACT

(\$ millions except for EPS and FX rates)

Q112 Results	USD	SEK	EUR	NOK	GBP	DKK	AUD	Other	Total
Net exchange revenues <sup>(1)</sup>	281	57	47	(1)	5	7	9	6	411
Total non-GAAP operating expenses <sup>(2)</sup>	140	48	6	7	9	5	8	6	229
Non-GAAP operating income <sup>(3)</sup>	141	9	41	(8)	(4)	2	1	0	182
Average FX to USD in Q112	-	0.148	1.312	0.173	1.572	0.176	1.056	-	-

\* All values are presented in US dollars.

FX Impact on Q112 Results: <sup>(4)</sup>	Q411 Rates	Q111 Rates
Net exchange revenues <sup>(1)</sup>	-	(5)
Total non-GAAP operating expenses <sup>(2)</sup>	-	3
Non-GAAP operating income <sup>(3)</sup>	-	(2)
Diluted earnings per share	-	\$ 0.01

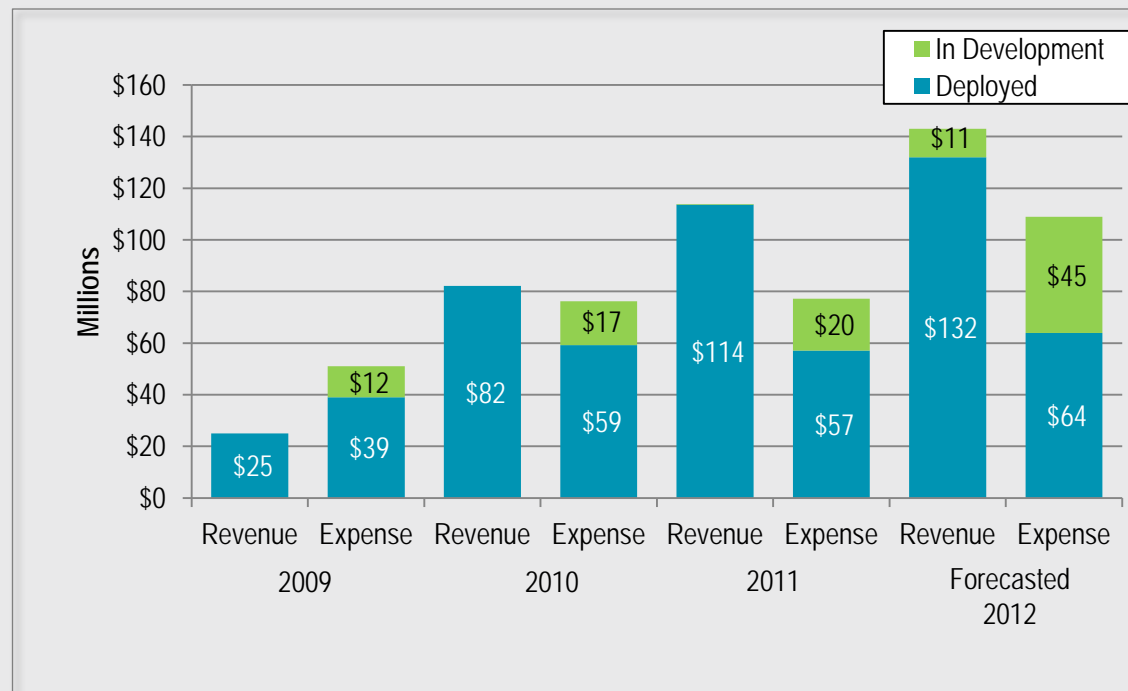
USD	=	US Dollar
SEK	=	Swedish Krona
EUR	=	Euro
NOK	=	Norwegian Krone
GBP	=	British Pound Sterling
DKK	=	Danish Krone
AUD	=	Australian Dollar

1. Net exchange revenues reflect total revenues less transaction rebates, brokerage, clearance and exchange fees.
2. Please refer to slide 20 of this presentation for a complete reconciliation of non-GAAP operating expenses.
3. Please refer to slide 19 of this presentation for a complete reconciliation of non-GAAP operating income.
4. The impact reflects changes to Q112 results if amounts were translated at the prior period rates.

# INVESTMENTS IN NEW INITIATIVES DRIVING TOP LINE GROWTH

- Expected to generate approximately \$143 million in revenue in 2012
- Margins for deployed initiatives are expected to exceed 50% in 2012
- Strong and established track record of growing revenue in excess of costs

## INVESTMENT REVENUE & EXPENSE



### Initiatives:

BX Equity Market

Global Index Data Service

PMI/Bloom Partners

NASDAQ Options Market

NASDAQ Basic

NOCC

PSX Equity Market

UK Power Market

# BALANCE SHEET & CAPITAL SPENDING HIGHLIGHTS

## Share Repurchases

Repurchased 1.9 million shares of stock at an average price of \$26.01 for a total value of \$50 million.

\$150 million capacity remaining under current authorization

## Capital Spending

Property and equipment purchases of \$16 million in Q112

## Open Clearing Contracts

As legal counterparty for Nordic clearing transactions, NASDAQ OMX reported the fair value of derivative positions and contract value of resale and repurchase agreements, net of customer positions. With the implementation of our new clearing structure and member default funds in Q112, these positions and contracts are no longer recorded on our balance sheet.

(\$ millions)	03/31/12	12/31/11
<u>Assets</u>		
Cash, Restricted Cash & Short Term Investments	\$ 881	\$ 916
Receivables, net	327	308
Default Funds and Margin Deposits	158	17
Open clearing contracts:		
Derivative positions, at fair value	-	1,566
Resale agreements, at contract value	-	3,745
Goodwill	5,210	5,061
Intangible assets, net	1,680	1,648
Other assets	765	830
<b>Total assets</b>	<b>\$9,021</b>	<b>\$14,091</b>
<u>Liabilities and stockholders' equity</u>		
Accounts payable and accrued expenses	\$ 147	\$ 164
Default Funds and Margin Deposits	158	17
Open clearing contracts:		
Derivative positions, at fair value	-	1,566
Repurchase agreements, at contract value	-	3,745
Debt obligations	2,007	2,117
Deferred tax liabilities	711	697
Other liabilities	837	799
<b>Total liabilities</b>	<b>\$3,860</b>	<b>\$9,105</b>
Total equity	5,161	4,986
<b>Total liabilities and equity</b>	<b>\$9,021</b>	<b>\$14,091</b>

# DEBT OBLIGATIONS

## Debt Obligations

\$2.0 billion in debt obligations

Q112 debt reduced by \$110 million (\$11 million mandatory payment on the term loan and \$100 million payment on the revolver, offset by \$1 million in accretion)

Restricted and regulatory capital of \$542 million consists of clearing capital, broker dealer requirements, SEC section 31 fees collected, and other commitments

Net Debt to EBITDA is 1.7x

Total Debt to EBITDA is 2.3x

Net Debt = \$1,510 million

Total Debt = \$2,007 million

LTM EBITDA = \$868 million

(reconciliation provided on Slide 22)

(\$ millions)	03/31/12	Maturity Date
3.75% Convertible Note <sup>(1)</sup>	-	10/22/12
2.50% Convertible Note	89	08/15/13
4.00% Bond	399	01/15/15
Revolver (Libor +137.5 bps)	126	09/19/16
Amortizing Term Loan (Libor +137.5 bps)	428	09/19/16
5.25% Bond	367	01/16/18
5.55% Bond	598	01/15/20
<b>Total Debt Obligations</b>	<b>\$ 2,007</b>	-
Less Current Portion	(45)	-
Long Term Portion	\$1,962	-

Net Debt Calculation	(\$ millions)
Total Debt Obligations – 03/31/12	\$ 2,007
Cash, Restricted Cash & Short Term Investments	(\$881)
Default Funds and Margin Deposits	(\$158)
Restricted and Regulatory Capital	\$542
<b>Net Debt Excluding Restricted and Regulatory Capital</b>	<b>\$ 1,510</b>

Note: All debt is shown at book value

1. Approximately \$0.5 million principal amount of the 3.75% convertible notes remains outstanding.

## HISTORICAL CASH FLOW / USES OF CASH FLOW

Free Cash Flow Calculation (\$ in millions)	2009	2010	2011	Total 2009-2011
Cash flow from operations	\$582	\$440	\$669	\$1,691
Capital expenditure	\$(59)	\$(42)	\$(88)	\$(189)
<b>Free cash flow</b>	<b>\$523</b>	<b>\$398</b>	<b>\$581</b>	<b>\$1,502</b>
<b>Uses of cash flow</b>				
Share repurchases	\$0	\$797	\$100	\$897
Net repayment of debt (borrowing)	\$340	\$(193)	\$248	\$395
Acquisitions (less dispositions)	\$7	\$188	\$23	\$218
<b>Total uses of cash flow</b>	<b>\$347</b>	<b>\$792</b>	<b>\$371</b>	<b>\$1,510</b>

# CAPITAL DEPLOYMENT

(\$ millions)	Quarterly Run Rate		
Non-GAAP net income <sup>(1)</sup>	\$100	to	\$125
Capital expenditure	\$15		\$20
<b>Available capital</b>	<b>\$85</b>	to	<b>\$105</b>
Dividend	\$23		\$23
Investment capital (M&A/new initiatives)	\$25		\$25
<b>Deployable capital</b>	<b>\$37</b>	to	<b>\$57</b>

1. Refer to slide 18 for a reconciliation of GAAP to non-GAAP.



# APPENDIX

# NET INCOME AND DILUTED EARNINGS PER COMMON SHARE: RECONCILIATION OF GAAP TO NON-GAAP

(\$ millions, except EPS)	Q112	Q411	Q111
<b>GAAP Net Income attributable to NASDAQ OMX:</b>	<b>\$ 85</b>	<b>\$ 82</b>	<b>\$ 104</b>
Merger and strategic initiatives	2	1	5
Extinguishment of debt	-	25	-
Asset impairment charges	12	18	-
Restructuring and other charges	9	-	-
Other	-	-	4
<b>Total Non-GAAP Adjustments:</b>	<b>23</b>	<b>44</b>	<b>9</b>
Adjustment to the income tax provision to reflect non-GAAP adjustments <sup>(1)</sup>	(3)	(13)	(3)
Significant tax adjustments, net	3	-	-
Total Non-GAAP Adjustments, net of tax	23	31	6
<b>Non-GAAP Net Income attributable to NASDAQ OMX:</b>	<b>\$ 108</b>	<b>\$ 113</b>	<b>\$ 110</b>
<b>GAAP diluted earnings per common share:</b>	<b>\$0.48</b>	<b>\$0.45</b>	<b>\$0.57</b>
Total adjustments from non-GAAP net income, above	0.13	0.18	0.04
<b>Non-GAAP diluted earnings per common share:</b>	<b>\$0.61</b>	<b>\$0.63</b>	<b>\$0.61</b>

1. We determine the tax effect of each item based on the tax rules in the respective jurisdiction where the transaction occurred.

# OPERATING INCOME:

## RECONCILIATION OF GAAP TO NON-GAAP

(\$ millions)	Q112	Q411	Q311	Q211	Q111
GAAP operating income:	\$171	\$ 161	\$ 195	\$158	\$183
<u>Adjustments:</u>					
Merger and strategic initiatives	2	1	3	29	5
Extinguishment of debt	-	25	6	-	-
Restructuring and other charges	9	-	-	-	-
Other	-	-	-	-	4
Total adjustments	11	26	9	29	9
<b>Non-GAAP operating income</b>	<b>\$182</b>	<b>\$ 187</b>	<b>\$ 204</b>	<b>\$ 187</b>	<b>\$ 192</b>
Net exchange revenues <sup>(1)</sup>	\$411	\$ 420	\$ 436	\$ 415	\$ 413
Non-GAAP operating margin <sup>(2)</sup>	44%	45%	47%	45%	46%

1. Net exchange revenues reflect total revenues less transaction rebates, brokerage, clearance, and exchange fees.

2. Non-GAAP operating margin equals non-GAAP operating income divided by net exchange revenues

## OPERATING EXPENSES: RECONCILIATION OF GAAP TO NON-GAAP

(\$ millions)	Q112	Q411	Q111
GAAP operating expenses:	\$240	\$ 259	\$230
<u>Adjustments:</u>			
Merger and strategic initiatives	(2)	(1)	(5)
Extinguishment of debt	-	(25)	-
Restructuring and other charges	(9)	-	-
Other	-	-	(4)
Total adjustments	(11)	(26)	(9)
Non-GAAP operating expenses	\$229	\$ 233	\$221

## EXPENSE DETAIL: RECONCILIATION OF GAAP TO NON-GAAP

(\$ millions)	Q112	Q411	Q311	Q211	Q111
<b>Compensation and benefits</b>					
GAAP	112	113	118	115	112
Adjustments	-	-	-	-	-
non-GAAP	\$112	\$113	\$118	\$115	\$112
<b>Depreciation and amortization</b>					
GAAP	26	28	28	26	27
Adjustments	-	-	-	-	-
non-GAAP	\$26	\$28	\$28	\$26	\$27
<b>Professional and contract services</b>					
GAAP	22	23	21	20	19
Adjustments	-	-	-	-	-
non-GAAP	\$22	\$23	\$21	\$20	\$19
<b>Computer Operations and data communications</b>					
GAAP	17	15	17	16	17
Adjustments	-	-	-	-	(1)
non-GAAP	\$17	\$15	\$17	\$16	\$16
<b>Occupancy</b>					
GAAP	23	22	23	23	23
Adjustments	-	-	-	-	(2)
non-GAAP	\$23	\$22	\$23	\$23	\$21
<b>Regulatory</b>					
GAAP	9	9	9	8	9
Adjustments	-	-	-	-	-
non-GAAP	\$9	\$9	\$9	\$8	\$9
<b>Merger and strategic initiatives</b>					
GAAP	2	1	3	29	5
Adjustments	(2)	(1)	(3)	(29)	(5)
non-GAAP	-	-	-	-	-
<b>Restructuring and other charges</b>					
GAAP	9	-	-	-	-
Adjustments	(9)	-	-	-	-
non-GAAP	-	-	-	-	-
<b>General, administrative and other</b>					
GAAP	14	39	18	14	13
Adjustments	-	(25)	(6)	-	(1)
non-GAAP	\$14	\$14	\$12	\$14	\$12
<b>Total Adjustments</b>	<b>(11)</b>	<b>(26)</b>	<b>(9)</b>	<b>(29)</b>	<b>(9)</b>

# EBITDA:

## EARNINGS BEFORE INTEREST TAXES DEPRECIATION AND AMORTIZATION

<i>(\$ millions)</i>	LTM	Q112	Q411	Q311	Q211
Non-GAAP operating income (Slide 19)	\$760	\$182	\$187	\$204	\$187
<u>Plus:</u>					
Depreciation and Amortization (Slide 21)	108	26	28	28	26
<b>EBITDA</b>	<b>\$868</b>	<b>\$208</b>	<b>\$215</b>	<b>\$232</b>	<b>\$213</b>

Note: LTM refers to Last Twelve Months

## CALCULATION OF FREE CASH FLOW

(\$ in millions)	2011	2010	2009	2008	2007
Cash flow from operations	\$669	\$440	\$582	\$216	\$173
Capital expenditure	\$88	\$42	\$59	\$55	\$18
<b>Free Cash Flow</b>	<b>\$581</b>	<b>\$398</b>	<b>\$523</b>	<b>\$161</b>	<b>\$155</b>
Section 31 Fees	\$24	(\$55)	\$88	(\$54)	\$43
<b>Free Cash Flow ex Section 31</b>	<b>\$557</b>	<b>\$453</b>	<b>\$435</b>	<b>\$215</b>	<b>\$112</b>

**NASDAQ OMX**