UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(AMENDMENT NO. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2008 (July 24, 2008)

THE NASDAQ OMX GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	000-32651	52-1165937
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Liberty Plaza, New York, New York 10006
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: +1 212 401 8700

No change since last report
(Former Name or Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Current Report on Form 8-K/A, or Form 8-K/A, dated August 1, 2008, amends the Current Report on Form 8-K filed by The NASDAQ OMX Group, Inc., or NASDAQ OMX, on July 29, 2008, concerning the acquisition of the Philadelphia Stock Exchange, Inc. and Subsidiaries, or PHLX, occurring on July 24, 2008. This Form 8-K/A includes the required historical financial information of PHLX and the required pro forma financial statements of the combined entity, each as required by Item 9.01 of Form 8-K. In addition, the required historical financial information of OMX AB (publ), or OMX, is also included in this Form 8-K/A. The business combination of The Nasdaq Stock Market, Inc. with OMX and the acquisition of a 33 1/3% interest in the Dubai International Financial Exchange, or DIFX, occurred on February 27, 2008 (collectively, the Transactions). As such, the financial information for OMX for the period January 1, 2007 through December 31, 2007 is also included in the unaudited pro forma condensed combined statement of income for the year ended December 31, 2007 in this Form 8-K/A. In addition, the financial information for OMX for the period January 1, 2008 through February 26, 2008 is also included in the unaudited pro forma condensed combined statement of income for the three months ended March 31, 2008 in this Form 8-K/A. Since balance sheet financial information for OMX is included in NASDAQ OMX's historical balance sheet at March 31, 2008, separate pro forma balance sheet data for OMX is not presented. All required historical financial statements of PHLX and OMX are hereby incorporated by reference in this Form 8-K/A and shall be deemed filed for purposes of the Securities Exchange Act of 1934, as amended. The pro forma financial statements of the combined entity are intended to be furnished pursuant to Item 9.01(b). Such information, including Exhibit 99.5 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Throughout this Form 8-K/A, including the exhibits hereto, unless otherwise specified:

- "Nasdaq" refers to The Nasdaq Stock Market, Inc., as that entity operated prior to the Transactions.
- "OMX" refers to OMX AB (publ), as that entity operated prior to the Transactions.
- "PHLX" refers to the Philadelphia Stock Exchange, Inc. and Subsidiaries, as that entity operated prior to the acquisition.
- "The NASDAQ OMX Group," "NASDAQ OMX," "we," "us" and "our" refer to The NASDAQ OMX Group, Inc.
- "SEK" refers to the lawful currency of Sweden.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

PHLX

Attached as Exhibit 99.1 hereto and incorporated herein by reference are the unaudited consolidated balance sheets of PHLX as of March 31, 2008 and 2007, and the related unaudited consolidated statements of operations, stockholders' equity and cash flows for the three months ended March 31, 2008 and 2007 and the related notes to such unaudited consolidated financial statements.

Attached as Exhibit 99.2 hereto and incorporated herein by reference are the audited consolidated balance sheets of PHLX as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2007 and the related notes to such consolidated financial statements.

OMX

Attached as Exhibit 99.3 hereto and incorporated herein by reference are the audited consolidated balance sheets of OMX as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2007 and the related notes to such consolidated financial statements.

Attached as Exhibit 99.4 hereto and incorporated herein by reference are the audited consolidated balance sheets of OMX as of December 31, 2006 and 2005, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the two years in the period ended December 31, 2006 and the related notes to such consolidated financial statements.

(b) Pro Forma Financial Information.

Attached as Exhibit 99.5 hereto and incorporated by reference herein are the:

- Unaudited pro forma condensed combined statement of income of NASDAQ OMX for the year ended December 31, 2007.
- Unaudited pro forma condensed combined balance sheet of NASDAQ OMX as of March 31, 2008 and the unaudited pro forma condensed combined statement of income of NASDAQ OMX for the three months ended March 31, 2008.
- Notes to the unaudited pro forma condensed combined financial statements of NASDAQ OMX.

The unaudited pro forma condensed combined financial information is presented for informational purposes only. The pro forma data is not necessarily indicative of what NASDAQ OMX's financial position or results of operations actually would have been had the PHLX acquisition and the Transactions been completed at and as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of NASDAQ OMX.

(c) Not applicable.

(d) Exhibits

Exhibit 23.1 – Consent of Independent Certified Public Accountants, Philadelphia, Pennsylvania

Exhibit 23.2 – Consent of Independent Auditor, Stockholm, Sweden

Exhibit 23.3 – Consent of Independent Auditor, Stockholm, Sweden

Exhibit 99.1 – Unaudited Consolidated Financial Statements–The Philadelphia Stock Exchange, Inc. and Subsidiaries:

- Consolidated Balance Sheets at March 31, 2008 and 2007
- Consolidated Statements of Operations for the three months ended March 31, 2008 and 2007
- Consolidated Statements of Shareholders’ Equity for the three months ended March 31, 2008 and 2007
- Consolidated Statements of Cash Flows for the three months ended March 31, 2008 and 2007
- Notes to Consolidated Financial Statements

Exhibit 99.2 – Consolidated Financial Statements and Report of Independent Certified Public Accountants – The Philadelphia Stock Exchange, Inc. and Subsidiaries:

- Consolidated Balance Sheets at December 31, 2007 and 2006
- Consolidated Statements of Operations for the years ended December 31, 2007 and 2006
- Consolidated Statements of Shareholders’ Equity for the years ended December 31, 2007 and 2006
- Consolidated Statements of Cash Flows for the years ended December 31, 2007 and 2006
- Notes to Consolidated Financial Statements

Exhibit 99.3 – Consolidated Financial Statements and Report of Independent Auditor – OMX AB:

- Consolidated Income Statements for the years ended December 31, 2007 and 2006
- Consolidated Balance Sheets at December 31, 2007 and 2006
- Changes in Consolidated Shareholders’ Equity for the years ended December 31, 2007 and 2006
- Consolidated Cash Flow Statements for the years ended December 31, 2007 and 2006
- Notes to Consolidated Financial Statements

Exhibit 99.4 – Consolidated Financial Statements and Report of Independent Auditor – OMX AB:

- Consolidated Income Statements for the years ended December 31, 2006 and 2005
- Consolidated Balance Sheets at December 31, 2006 and 2005
- Changes in Consolidated Shareholders’ Equity for the years ended December 31, 2006 and 2005
- Consolidated Cash Flow Statements for the years ended December 31, 2006 and 2005
- Notes to the Consolidated Financial Statements

Exhibit 99.5 – Unaudited Pro Forma Condensed Combined Financial Statements of The NASDAQ OMX Group, Inc.:

- Unaudited Pro Form Condensed Combined Statement of Income for the year ended December 31, 2007
- Unaudited Pro Form Condensed Combined Balance Sheet as of March 31, 2008
- Unaudited Pro Form Condensed Combined Statement of Income for the three months ended March 31, 2008
- Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Forward Looking Information

The U.S. Securities and Exchange Commission, or SEC, encourages companies to disclose forward-looking information so that investors can better understand a company’s future prospects and make informed investment decisions. This Form 8-K/A and the exhibits hereto contain these types of statements. Words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes” and words or terms of similar substance used in connection with any discussion of future operating results or financial performance identify forward-looking statements.

These forward-looking statements involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following:

- *our operating results may be lower than expected;*
- *our ability to successfully integrate the businesses of Nasdaq, OMX and PHLX, including the fact that such integration may be more difficult, time consuming or costly than expected and our ability to realize synergies from the business combination of Nasdaq and OMX, the acquisition of PHLX, as well as our proposed acquisition of The Boston Stock Exchange;*
- *loss of significant trading volume or listed companies;*
- *covenants in the indenture governing our indebtedness and the agreements governing our other indebtedness, which may restrict the operation of our business;*
- *economic, political and market conditions and fluctuations, including interest rate risk, inherent in U.S. and international operations;*
- *government and industry regulation; and*
- *adverse changes in the securities markets generally.*

In connection with the acquisition of PHLX and the Transactions, factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: (i) the inability to realize, fully or at all, expected cost savings and other synergies from the acquisition of PHLX and the Transactions within the expected time frame; (ii) costs or difficulties related to the integration of PHLX and OMX that are greater than expected; (iii) lower revenues following the acquisition of PHLX and the Transactions than expected; (iv) regulation related to the acquisition of PHLX and the business combination of Nasdaq and OMX; and (v) general economic conditions that are less favorable than expected.

Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the uncertainty and risk resulting from such uncertainty in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements and to carefully review the risk factors and other information detailed in Nasdaq's annual report on Form 10-K and periodic reports filed with the SEC. Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statement set forth herein, or to report events or the occurrence of unanticipated events. For any forward-looking statements contained herein, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 1, 2008	THE NASDAQ OMX GROUP, INC.

By:	/s/ David P. Warren
Name:	David P. Warren
Title:	Executive Vice President and Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 30, 2008 accompanying the consolidated financial statements of Philadelphia Stock Exchange, Inc. and subsidiaries for the year ended December 31, 2007 which is included in this Form 8-K/A of The NASDAQ OMX Group, Inc. We hereby consent to use of the aforementioned report in the Form 8-K/A of The NASDAQ OMX Group, Inc. dated August 1, 2008 and the incorporation by reference of the aforementioned report in Form S-3 (File No. 333-131373, effective January 30, 2006) and on Form S-8 (File No. 333-110602, effective November 19, 2003; File No. 333-106945, effective October 7, 2003; File No. 333-76064, effective December 28, 2001; File No. 333-72852, effective November 6, 2001 and File No 333-70992, effective October 4, 2001) of The NASDAQ OMX Group, Inc. (formerly, NASDAQ Stock Market, Inc.).

/s/ GRANT THORNTON LLP

Philadelphia, Pennsylvania
August 1, 2008

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-131373) and Form S-8 (File Nos. 333-110602, 333-106945, 333-76064, 333-72852, and 333-70992) of The NASDAQ OMX Group, Inc., of our report dated February 20, 2008 relating to the consolidated financial statements of OMX AB, which appears in the Current Report on Form 8-K/A of The NASDAQ OMX Group, Inc., dated August 1, 2008.

/s/ PricewaterhouseCoopers AB

Stockholm, Sweden
August 1, 2008

Exhibit 23.3

CONSENT OF INDEPENDENT AUDITOR

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-131373) and Form S-8 (File Nos. 333-110602, 333-106945, 333-76064, 333-72852, and 333-70992) of The NASDAQ OMX Group, Inc., of our report dated August 6, 2007 relating to the consolidated financial statements of OMX AB, which appears in the Current Report on Form 8-K/A of The NASDAQ OMX Group, Inc., dated August 1, 2008.

/s/ PricewaterhouseCoopers AB

Stockholm, Sweden
August 1, 2008

Exhibit 99.1

Consolidated Financial Statements
The Philadelphia Stock Exchange, Inc. and Subsidiaries
March 31, 2008 and 2007
(Unaudited)

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2008 and 2007

(Unaudited)

	2008	2007
	(Dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 51,239	$ 46,403
Restricted cash	3,061	718
Accounts receivable, net		
Members	10,665	8,083
Payment for order flow	7,047	5,070
Others	4,581	4,668
Prepaid and other assets	5,777	4,541
Deferred income taxes	—	291
Total current assets	82,370	69,774
Clearing and depository items	6,921	7,135
Other assets		
Advance to clearing accounts	3,124	3,746
Investments available for sale, at market	16,547	16,196
Investments held to maturity, at amortized cost	45	105
Investments held to maturity, at amortized cost - restricted	3,023	3,013
Investment in affiliate	333	333
Equipment and leasehold improvements, net of accumulated depreciation and amortization	60,852	46,442
Other assets	289	382
Deferred income taxes, net	19,720	9,412
Total other assets	103,933	79,629
Total assets	$193,224	$156,538
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other liabilities	$ 24,546	$ 18,645
Payment for order flow	9,697	5,377
Deferred revenue	5,648	5,356
Deferred credits	501	451
Covered sale fee payable	216	423
Deferred income taxes, net	171	—
Total current liabilities	40,779	30,252
Clearing and depository items	6,921	7,135
Accrued retiree benefits	12,977	11,203
Management equity plan	24,100	6,370
Deferred credits	5,126	4,866
Supplemental Executive Retirement Plan	4,982	4,177
	47,185	26,616
Total liabilities	94,885	64,003
Shareholders' equity		
Common Stock, Class B, $0.01 par value 1,000,000 shares authorized, 441,504 shares issued and outstanding	4	4
Preferred Stock, $0.01 par value, 100,000 shares authorized, 1 share issued and outstanding	—	—
Additional paid-in-capital	113,614	113,614
Accumulated other comprehensive loss	(3,678)	(3,525)
Accumulated deficit	(8,361)	(14,318)
	101,579	95,775
Treasury stock	(3,240)	(3,240)
Total shareholders' equity	98,339	92,535
Total liabilities and shareholders' equity	$193,224	$156,538

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Quarter ended March 31, 2008 and 2007

(Unaudited)

	2008	2007
	(Dollars in thousands)	
Revenues		
Transaction fees	$31,144	$ 19,179
Other services		
Clearing and settlement	416	517
Security price data and floor charges	3,739	3,304
Regulatory fees	2,811	2,574
Dividend and interest income	497	756
Other	1,102	1,155
Total revenues	39,709	27,485
Operating expenses		
Staffing costs	17,735	12,520
Data processing and communication costs	2,928	2,841
Depreciation and amortization	3,400	2,911
Occupancy costs	1,316	1,057
Professional services	2,296	3,209
License costs	47	12
Governance compensation	1,495	447
Other	3,280	1,968
Total operating expenses	32,497	24,965
Income (loss) before income tax expense (benefit)	7,212	2,520
Income tax expense (benefit)	3,217	1,215
Net income	$ 3,995	$ 1,305

The accompanying notes are an integral part of these consolidated financial statements.

Philadelphia Stock Exchange, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Quarter Ended March 31, 2008 and Year ended December 31, 2007

(In thousands, except share amounts)

(Unaudited)

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Treasury Stock	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2006	1	$ —	46,900	$ 1	394,604	$ 4	$113,614	$ (3,715)	$ (15,623)	$(3,240)	$ 91,041
Change in treasury seats											—
Capital contributions											—
Conversion of Class A Common Stock			(46,900)	(1)	46,900	—					(1)
Issuance of warrants											—
Net loss									3,267		3,267
Other comprehensive income, net of reclassifications and taxes	—	—	—	—	—	—	—	424	—	—	424
Total comprehensive loss											$ 3,691
Balance, December 31, 2007	1	—	—	—	441,504	4	113,614	(3,291)	(12,356)	(3,240)	94,731
Change in treasury seats											—
Capital contributions											—
Issuance of warrants											—
Net income									3,995		3,995
Other comprehensive income, net of reclassifications and taxes	—	—	—	—	—	—	—	(387)	—	—	(387)
Total comprehensive loss											$ 3,608
Balance, March 31, 2008	1	$ —	—	$ —	441,504	$ 4	113,614	(3,678)	(8,361)	(3,240)	$ 98,339

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Quarter ended March 31, 2008 and 2007

(Unaudited)

	2008	2007
Cash flows from operating activities		
Net loss	$ 3,995	$ 1,305
Adjustments to reconcile net loss to net cash provided by operating activities		
Amortization/accretion of bond premiums/discounts	2	(7)
Depreciation and amortization	3,400	2,911
Loss on sale of investments	30	87
Loss on disposal of fixed assets	79	—
Non cash compensation expense	3,234	1,275
Deferred compensation	339	224
Changes in operating assets and liabilities		
Accounts receivable	(2,402)	(4,130)
Provision for rebates, discounts and allowances	(15)	9
Prepaid and other assets	548	(1,387)
Deferred taxes	(3,646)	67
Accounts payable and other liabilities	6,570	203
Deferred credits	(1,896)	(2,349)
Deferred revenue	650	(111)
Covered sale fee payable	(172)	68
Net cash provided by operating activities	10,716	(1,835)
Cash flows from investing activities		
Proceeds from sale of investments	605	1,030
Purchase of investments	(1,494)	(1,623)
Restricted cash	(1,423)	5,233
Capital expenditures	(3,780)	(7,035)
Increase in advance to clearing accounts, net	498	(139)
Net cash used in investing activities	(5,594)	(2,534)
Cash flows from financing activities		
Change in treasury seats	—	(1)
Net cash (used in) provided by financing activities	—	(1)
Increase in cash and cash equivalents	5,122	(4,370)
Cash and cash equivalents at beginning of year	46,117	50,773
Cash and cash equivalents at end of year	$51,239	$46,403

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A - ORGANIZATION AND OPERATIONS

The Philadelphia Stock Exchange, Inc. (the Exchange), provides a marketplace and facilities for the trading of equity securities, equity option, index option, and foreign currency option products for its members. On January 20, 2004, the Exchange demutualized and was converted from a Delaware non-stock corporation into a Delaware stock corporation. The Exchange's subsidiaries include the Stock Clearing Corporation of Philadelphia (SCCP), the Philadelphia Board of Trade (PBOT), Advanced Tech Source (ATS), and Phlx Investment Product Services (PIPS). SCCP provides an interface clearing arrangement between certain of the Exchange's floor members and National Securities Clearing Corporation (NSCC), and also provides margin services to certain market makers. Pursuant to a 1997 Securities and Exchange Commission (SEC) order, the Exchange, SCCP, NSCC, and Depository Trust Company (DTC) entered into an agreement whereby SCCP provides limited clearing services. SCCP's limited clearing services are facilitated through an omnibus account with NSCC and do not include the maintenance or offering of continuous net settlement accounts for its participants. The Exchange and SCCP are subject to regulatory oversight by the SEC. PBOT is subject to oversight by the Commodity Futures Trading Commission and operates as a designated contract market, which allows PBOT to list and trade various futures contracts. PBOT also engages in the distribution of market data products, including futures trading market data and sector index spot and settlement values data. PIPS was organized to develop and to act as sponsor of unit investment trusts to be listed and traded on the Exchange. ATS was organized to provide outsourced data processing services.

On November 10th, 2006, PHLX launched an all-electronic equities exchange, creating a marketplace for executing, displaying, and routing orders in all National Market System ("NMS") Stocks. In addition, the SEC introduced Regulation NMS, designed to enhance and modernize the regulatory structure of the existing national market system. Fundamentally different than floor-based trading, the new equity-trading model is designed in compliance with Regulation NMS and competes with other equity exchanges using a new technology platform named "XLE".

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The consolidated financial statements include the accounts of the Exchange and its subsidiaries, SCCP, PBOT, ATS, and PIPS.

Significant intercompany accounts and transactions have been eliminated in consolidation.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

All highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents.

(Continued)

The Exchange periodically maintains cash balances at a financial institution in excess of the $100,000 Federal Deposit Insurance Corporation insurance limit.

4. Revenue Recognition

Transaction fees and the majority of clearing and settlement service fees relate to trades executed or cleared through the Exchange and its subsidiaries and are recorded on a settlement date basis. Regulatory fees include annual registered representative registration renewal fees and initial, transfer and termination fees from parties that are members of the Exchange. The renewal registration fees are billed annually and collected by the Financial Industry Regulatory Authority (FINRA) and remitted to the Exchange in December preceding the effective year, and are deferred and recognized monthly over the course of the effective year. Registered representative initial registration, transfer and termination fees are also billed and collected by FINRA and are remitted monthly to the Exchange and recognized in the month they are assessed to the member. Security price data revenue includes distributions from the Exchange's participation in the Consolidated Tape Association, the Nasdaq UTP Plan and the Options Price Reporting Authority and PBOT's market data revenue from sale of the Exchange's data associated with the current and closing index spot values and the settlement values for the Exchange and SIG Sector Indices and are accrued and recognized in the month the revenue is earned. Floor charges consist predominantly of trading post rental fees and other fees related to operating a trading floor and other revenue includes permit and Foreign Currency Options (FCO) participation fees, which are accrued and recognized in the month the services are provided.

5. Accounts Receivable

The Exchange's accounts receivable are primarily due from monthly transaction fees and member fees. Credit is extended based on evaluation of customers' financial condition and, generally, collateral is not required. Accounts receivable are stated in the consolidated financial statements at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the payment terms are considered past due. The Exchange determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Exchange's previous loss history, the obligor's current ability to pay its obligation to the Exchange, and the condition of the general economy and the industry as a whole. The Exchange writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

6. Investments

Investments classified as available for sale are stated at market value, and any net unrealized gain or loss is reported as a separate component of equity, net of deferred income taxes. Market value was obtained based on available quoted market prices as of March 31, 2008 and 2007. Debt securities for which the Exchange has the intent and ability to hold to maturity are classified as held to maturity and are valued at cost adjusted for the amortization/accretion of premiums/discounts computed by the interest method. Gain or loss recognized on sales of securities are based on the specific classification method and are recorded as of the trade date.

(Continued)

7. Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost less allowances for accumulated depreciation and amortization. Depreciation of furniture and equipment is provided using the straight line method over the estimated useful lives of the applicable assets. Leasehold improvements are amortized over the lesser of the lease term or the useful life of such improvements.

8. Restricted Cash

The Exchange has classified cash totaling $11,000 and $11,000 as restricted at March 31, 2008 and 2007, respectively, representing capital contributions from owners of exchange memberships used for funding technological improvements and other capital needs including principal payments with respect to certain loans, as more fully described in note K (Capital Contribution). The Exchange has classified cash totaling $2,650,000 and $307,000 as of March 31, 2008 and 2007, respectively, as restricted, representing funds collected from market makers and specialists for the purpose of making qualifying payments for order flow, as more fully described in note I (Payment for Order Flow). Additionally, the Exchange has classified $400,000 as restricted at March 31, 2008 and 2007, representing SCCP restricted cash, deposits and escrow amounts.

All SCCP participant funds are maintained in cash, cash equivalents, or short-term investments, except for amounts utilized to satisfy the Depository Trust and Clearing Corporation (DTCC) participant fund requirements with respect to SCCP’s omnibus clearance and settlement accounts. At March 31, 2008 and 2007, the participant funds were invested in overnight reverse repurchase agreements.

9. Deferred Revenue

The Exchange has classified amounts totaling $5,648,000 (comprised of regulatory fees of $5,577,000, listing fees of $9,000 and licensing fees of $62,000) and $5,356,000 (comprised of regulatory fees of $5,224,000, listing fees of $12,000 and licensing fees of $120,000) as deferred income at March 31, 2008 and 2007, respectively. Deferred income is amortized to income over the applicable future year.

10. Deferred Credits

The Exchange has classified amounts totaling $5,627,000 (comprised of rent credits of $5,320,000 and depreciation credits of $307,000) and $5,317,000 (comprised of rent credits of $4,894,000 and depreciation credits of $423,000) as deferred credits at March 31, 2008 and 2007, respectively. The deferred rent credit (see note N.1) represents the tenant improvement allowance paid to the Exchange and will be amortized over the life of the lease renewal. The deferred depreciation credit represents a reimbursement of equipment purchases and internally developed software expenses related to development of PBOT’s trading platform and will be amortized over the life of the equipment and software.

(Continued)

11. Securities Purchased Under Agreements to Resell

Relative to SCCP, transactions involving purchases of securities under agreements to resell (reverse repurchase agreements or reverse repos) are accounted for as collateralized financings except where SCCP does not have an agreement to sell (or purchase) the same, or substantially the same, securities before maturity at a fixed or determinable price. It is the policy of SCCP to obtain possession of or the legal right to collateral with a market value equal to or in excess of the principal amount loaned under reverse repurchase agreements. Collateral is valued daily, and SCCP may require counterparties to deposit additional collateral or return pledges when appropriate. As of March 31, 2008 and 2007, SCCP had open reverse repos, which amounted to $5,786,392 and $5,682,148, respectively, reflected in clearing and depository items on the balance sheet. The value of securities taken as collateral for these contracts was $6,075,712 and $5,966,256 at March 31, 2008 and 2007, respectively.

12. Government and Government Agency Securities

Government securities, which are expected to be held until maturity, are stated at cost and adjusted for the amortization of premiums computed by the interest method, which approximates fair value. SCCP maintains a $3,000,000 reserve fund that is invested in government securities. At March 31, 2008 and 2007, this reserve fund was part of investments held to maturity, which totaled $3,040,410 and $3,030,533, respectively. Pursuant to SCCP rules, the reserve fund is to be used to cover all reasonably anticipated operating expenses of SCCP and must be replenished within 60 days of the use of such monies.

13. Participants' Securities Transactions

SCCP's participants' securities transactions are reported on a settlement date basis.

14. Participants' Margin Accounts

Relative to SCCP, margin accounts receivable from and payable to participants include amounts due on cash and margin transactions. Securities owned by participants and held as collateral for receivables were valued at $780,000 and $1,236,000 at March 31, 2008 and 2007, respectively. Such collateral is not reflected in the consolidated financial statements. Securities owned by participants are marked to market in determining equity for margining purposes.

SCCP is potentially exposed to credit risk arising from nonperformance of its margin members in meeting their settlement obligations.

15. Income Taxes

Deferred income taxes are recognized for the tax consequences of differences in future years between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on tax laws and statutory tax rates applicable to the periods in which the differences are expected to result in taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Computer Software Developed or Obtained for Internal Use

The Exchange follows the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, which requires entities to capitalize direct internal and external costs that meet certain capitalization criteria. Accordingly, the Exchange capitalized $1,694,000 and $1,478,000 through March 31, 2008 and 2007, respectively.

17. Comprehensive Income

The Exchange follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 130, *Reporting Comprehensive Income*. SFAS No. 130 establishes standards to provide prominent disclosure of comprehensive income items. Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-operating sources. Other comprehensive loss consists of net unrealized gains on investment securities available for sale and pension and postretirement plan adjustments. The components of other comprehensive income (loss) are as follows:

	Quarter ended March 31, 2008		
	Before tax amount	Tax expense (benefit)	Net of tax amount
		(Dollars in thousands)	
Unrealized gains on securities			
Unrealized holding losses arising during period	$ 683	$ 312	$ 371
Less reclassification adjustment for losses realized in net income	30	14	16
Unrealized losses on securities	713	326	387
Pension liability adjustments	—	—	—
Other comprehensive loss, net	$ 713	$ 326	$ 387

	Quarter ended March 31, 2007		
	Before tax amount	Tax expense (benefit)	Net of tax amount
		(Dollars in thousands)	
Unrealized gains on securities			
Unrealized holding gains arising during period	$ (437)	$ (200)	$ (237)
Less reclassification adjustment for gains realized in net income	87	40	47
Unrealized gains on securities	(350)	(160)	(190)
Other comprehensive income, net	$ (350)	$ (160)	$ (190)

(Continued)

18. Pension Plan

Pension costs reflect an allocation of aggregate pension costs under a plan sponsored by the Parent. The Exchange funds the plan subject to the full funding limitation of the Employee Retirement Income Security Act of 1974.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans: an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS 158 requires the Exchange to recognize the funded status of its defined benefit postretirement benefit plan in the Exchange's statement of financial position. The funded status was previously disclosed in the notes to the Exchange's financial statements, but differed from the amount recognized in the balance sheet. SFAS 158 does not change the accounting for the Exchange's defined contribution plan.

The recognition and disclosure provisions of SFAS 158 are effective for fiscal years ending after June 15, 2007, for nonpublic entities with defined benefit plans and are to be applied as of the end of the year of adoption. Retrospective application is not permitted. The Exchange voluntarily adopted the recognition and disclosures provisions of SFAS 158 effective December 31, 2006. The Exchange uses a December 31 measurement date for its pension and postretirement health benefit plan and thus the measurement date provisions will not affect the Exchange. Application of SFAS 158 will not change the calculation of net income in future periods, but will affect the calculation of other comprehensive income.

19. Postretirement Health Benefit Plan

Net postretirement health benefit costs are not funded. The net transition obligation for the plan is being amortized over a 20-year period, and will be fully amortized by January 1, 2013 (see notes B23 and M).

20. Advertising Costs

The Exchange expenses advertising costs as incurred. Advertising expense was $50,000 and $7,000 through March 31, 2008 and 2007, respectively.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

22. Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 presentation.

23. New Accounting Pronouncements

In early July 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of Statement No. 109*. FIN 48 was issued to address financial statement recognition and measurement by an enterprise of a tax position taken, or expected to be taken, in a tax return. The new standard will require several new disclosures in annual financial statements, including (a) the income statement classification of income tax-related interest and penalties and (b) a reconciliation of the total amount of unrecognized tax benefits. On February 1, 2008, the FASB issued FASB Staff Position (FSP) FIN 48-2, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." The FSP defers the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes*, for certain nonpublic companies to the Exchange's annual financial statements for fiscal years beginning after December 15, 2007. Nonpublic companies subject to the deferral are not required to adopt FIN 48 in interim period financial statements in the year of adoption. Earlier adoption is permitted, but when adopted, FIN 48 must be applied as of the beginning of the Exchange's fiscal year. The Exchange is still evaluating the impact of adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 clarifies the principle that fair value should be based on assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 is not expected to have a material impact on the financial position or results of operations of the Exchange.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*. SFAS No. 159 expands the use of fair value accounting but does not affect existing standards, which require assets and liabilities to be carried at fair value. Under SFAS No. 159, a company many elect to use fair value to measure accounts and loans receivable, available-for-sale and held-to-maturity securities, equity method investments, accounts payable, guarantees, issued debt and other eligible financial instruments. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Exchange has not determined yet whether it will elect to adopt SFAS No. 159.

NOTE C - REGULATORY DIRECTIVES

Pursuant to investigations conducted by the SEC regarding, among other things, listing and competition-related behavior, and by the United States Department of Justice (DOJ) regarding antitrust, the agencies in the year 2000 entered into settlements with the Exchange and certain other options exchanges.

(Continued)

NOTE C - REGULATORY DIRECTIVES - Continued

On September 11, 2000, the SEC issued an Order Instituting Public Administrative Proceedings (the 2000 Order), which accepted the settlement offers of the Exchange and certain other options exchanges, censured them, and, among other things, required them to adopt or modify certain rules regarding listing, allocation, harassment or intimidation, order handling, and certain other competition-related behavior. The 2000 Order also required the Exchange, jointly with other defendant exchanges, to establish a consolidated audit trail system, reform the plan by which capacity is procured and allocated and reform the plan by which exchanges list options. The 2000 Order also required the Exchange and other exchanges to enhance their surveillance, investigation, and enforcement processes.

On September 11, 2000, a U.S. district court entered a Proposed Final Judgment (Judgment), which instituted an antitrust proceeding brought by the DOJ and likewise accepted the settlement offers of the Exchange and certain other options exchanges. The Judgment, which was finalized by the court on December 6, 2000, among other things, established periodic reporting requirements, required the Exchange and the other exchanges to designate an Antitrust Compliance Officer and initiate an Antitrust Compliance Program, and prohibited certain agreements between and among the exchanges. The Judgment expires ten years from the date of its entry.

NOTE D - DISSOLUTION OF PHILADEP

In January 2001, Philadep adopted a Plan of Voluntary Dissolution (the Plan) providing for the cessation of Philadep’s corporate existence pursuant to the Pennsylvania Banking Code of 1965. In connection with the Plan, in February 2001, Philadep and the Exchange entered into an Assumption and Guarantee Agreement (the Assumption Agreement) providing for the Exchange to discharge certain obligations of Philadep not discharged directly by Philadep. Pursuant to the Assumption Agreement, the Exchange assumed Philadep’s obligations under its pension and/or post-retirement benefit plans.

As of December 31, 2002 (the “Final Distribution Date”), by virtue of the Plan and the Assumption Agreement, all funds, assets, and liabilities of Philadep, with a net asset value of $2,185,800, were assigned to and assumed by the Exchange. In 2005, Philadep received tax clearance from the Commonwealth of Pennsylvania and filed Articles of Dissolution with the Pennsylvania Department of Banking which were approved by the Department of Banking in 2006, causing Philadep to be dissolved. In December 2002, the SEC issued an order approving Philadep’s request to withdraw as a registered clearing agency effective as of December 31, 2002. The SEC required Philadep to keep a minimum reserve of $300,000 to cover potential reorganization claims. In 2000, Philadep was authorized by the SEC to amortize the $300,000 reserve to income over a three-year period.

NOTE E - INVESTMENTS

The amortized cost, gross unrealized gains and losses and estimated market values of the Exchange's investment securities are summarized as follows (in thousands):

	Three Months Ended March 31, 2008			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(Dollars in thousands)			
Available-for-sale				
Equity securities	$ 13,892	$ 2,378	$ 774	$ 15,496
Debt securities	1,044	18	11	1,051
	$ 14,936	$ 2,396	$ 785	$ 16,547
Held-to-maturity				
Debt securities	$ 3,068	$ 34	$ 1	$ 3,101

	Three Months Ended March 31, 2007			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(Dollars in thousands)			
Available-for-sale				
Equity securities	$ 12,673	$ 3,064	$ 110	$ 15,627
Debt securities	561	13	5	569
	$ 13,234	$ 3,077	$ 115	$ 16,196
Held-to-maturity				
Debt securities	$ 3,118	$ —	$ 23	$ 3,095

The amortized cost and estimated market value of investment securities, by contractual maturity at March 31, 2008 (in thousands), are shown below:

	Available-for-sale		Held-to-maturity	
	Amortized cost	Estimated market value	Amortized cost	Estimated market value
	(Dollars in thousands)			
Due within five years	$ —	$ —	$ 3,002	$ 3,035
Municipal securities	533	524	—	—
Mortgage-backed securities	511	527	66	66
Total debt securities	$ 1,044	$ 1,051	$ 3,068	$ 3,101

(Continued)

NOTE E - INVESTMENTS - Continued

Proceeds from the sales of investments and gross realized gains and losses on such sales for quarter ended March 31, 2008 and 2007 were as follows:

	2008	2007
	(Dollars in thousands)	
Proceeds	$ 597	$ 1,008
Gross gains	60	5
Gross losses	(90)	(92)

The table below indicates the length of time individual securities have been in a continuous unrealized loss position as of March 31, 2008 (in thousands):

Description of Securities	Number of securities	Less than 12 months Fair value	Less than 12 months Unrealized losses	12 months or longer Fair Value	12 months or longer Unrealized losses	Total Fair value	Total Unrealized losses
Mortgage-backed securities	6	$ —	$ —	$139	$ 2	$ 139	$ 2
Municipal Securities	1	524	9	—	—	524	9
Marketable equity securities	23	3,831	724	530	51	4,361	775
Total temporarily impaired investment securities	30	$4,355	$ 733	$669	$ 53	$5,024	$ 786

Management has considered factors regarding other than temporarily impaired securities and determined that there are no securities that are impaired as of March 31, 2008.

The Company invests a portion of its investments in auction-rate securities, the market for which has recently undergone significant change. As of March 31, 2008, the Exchange had approximately $1,000,000 in auction-rate securities (“ARS”). ARSs have a long-term stated maturity, but are reset through a “dutch auction” process that occurs periodically depending on the terms of the individual security. Until February 2008, the ARS market was highly liquid. During February 2008, however, a significant number of auctions related to these securities failed, meaning that there was not enough demand to sell the entire issue at auction. The impact of the failed auctions on holders of ARS is that the holder cannot sell the securities and the issuer’s interest rate is generally reset to a higher “penalty” rate.

At March 31, 2008 and 2007, the Company held 4.76 shares and 4.69 shares of DTCC common stock, respectively. As a member firm of DTCC, the Exchange is designated, by DTCC rule, as a mandatory purchaser participant and is required to own the shares for as long as it remains a member. The number of shares required to be owned is determined by DTCC and the Exchange is prohibited from owning anything more or less than the amount calculated by DTCC. The shares are substantially restricted and cannot be sold to any party other than the DTCC. For this reason, these shares are recorded at cost and are classified in other assets on the Exchange’s balance sheet at March 31, 2008 and 2007.

NOTE F - INVESTMENT IN AFFILIATE

The Exchange has a minority equity interest in The Options Clearing Corporation (OCC) carried at cost totaling $333,000. In the event the Exchange should cease to be qualified to participate in OCC, OCC has the right to purchase all the shares owned by the Exchange. The shareholders' agreement provides that the purchase price will be the lesser of the Exchange's cost or the aggregate book value of the shares.

It is intended that the income of OCC will either be distributed to the member exchanges or retained within OCC. This determination will be made annually by the OCC Board of Directors. As the investment in OCC is not marketable and because there is little likelihood of dividends being distributed to the shareholders, the Exchange will realize its share of OCC's equity upon ultimate liquidation of OCC, an event not in the foreseeable future. Accordingly, the investment in OCC is carried at the Exchange's cost. There were no distributions in the three months ending March 31, 2008 and 2007.

NOTE G - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The Exchange's investment in equipment and leasehold improvements comprises the following:

	Estimated useful lives	2008	2007
		(Dollars in thousands)	
Equipment	3 -7 years	$ 53,706	$ 48,742
Software	5 years	45,524	41,241
Leasehold improvements	Various	29,204	17,664
		128,434	107,647
Less - accumulated depreciation and amortization		67,582	61,205
		$ 60,852	$ 46,442

NOTE H - CLEARING ITEMS

The clearing items represent cash, receivables and payables for open securities transactions cleared for participants through SCCP's clearing system. A summary of the balances at March 31, 2008 and 2007, follows:

	2008	2007
	(Dollars in thousands)	
Cash - restricted	$ 75	$ 132
Securities purchased under agreements to resell - restricted	3,118	2,677
Securities purchased under agreements to resell	2,668	3,005
Cash	100	101
Margin accounts, debit balances	629	807
Miscellaneous accounts, debit balances	1	—
Omnibus accounts with other clearing organizations	23	80
Deposits with other clearing agencies	307	333
	$ 6,921	$ 7,135

(Continued)

NOTE H - CLEARING ITEMS - Continued

	2008	2007
	(Dollars in thousands)	
Margin accounts, credit balances	$ 290	$ 227
Continuous net settlement and other accounts, credit balances	7	20
Participants' fund	3,500	3,142
Advance from corporate accounts	3,124	3,746
Dividend and other payables	—	—
	$ 6,921	$ 7,135

SCCP participants are required to contribute to the Participants' Fund (the Fund). Amounts are dependent upon the nature and volume of services utilized by the participant. The Fund is designed to provide security for participants' obligations to SCCP, and is available to protect against the possibility of certain losses and as necessary to meet participant fund requirements of NSCC and/or DTC. SCCP determined that each participant's contribution was in accordance with the formulas approved by the SCCP Board of Directors. All formulas were applied to all SCCP participants on a uniform non-discriminatory basis.

All required contributions to the Fund must be made in cash and SCCP may allocate any portion of the Fund to satisfy DTCC's participant fund requirements with respect to SCCP's Omnibus Clearance and Settlement account. Accordingly, at March 31, 2008, SCCP had $307,000 deposited with DTCC, at March 31, 2007, SCCP had $333,000 deposited with DTCC. SCCP's excess participant fund cash not used to fund its DTCC participants' fund requirements is segregated and invested by SCCP in accordance with its rules.

SCCP rebates interest monthly to participants with deposits greater than $50,000 at the average federal funds rate, less one half of a percent. Through March 31, 2008 and 2007, SCCP rebated $3,000 and $9,000, respectively, in interest, to the participants in accordance with the formulas. The participants' fund consisted of $3,500,000 and $3,142,000 in cash deposits and securities at March 31, 2008 and 2007, respectively.

NOTE I - PAYMENT FOR ORDER FLOW

The Exchange administers the collection and payment of Payment for Order Flow ("PFOF") fees assessed on certain qualifying transactions. PFOF funds are made available to order flow providers at the direction of specialist units and Directed Registered Options Traders. At March 31, 2008, the Exchange held total cash in the amount of $2,650,000 and total receivable and payable balances of $7,047,000 and $9,697,000, respectively, related to its PFOF programs. At March 31, 2007, the Exchange held total cash in the amount of $307,000 and total receivable and payable balances of $5,070,000 and $5,377,000, respectively, related to its PFOF programs.

(Continued)

NOTE J - NOTES PAYABLE - Continued

During 2008, the Exchange maintained two collateralized line of credit facilities. Under these facilities, the Exchange has lines of credit totaling $10,000,000, comprised of agreements of $5,000,000 each at two different banks. Interest on outstanding balances is payable at the prime rate minus 0.5% and the prime rate, respectively. During 2007, the Exchange maintained two collateralized line of credit facilities. Under these facilities, the Exchange has lines of credit totaling $10,000,000, comprised of agreements of $5,000,000 each at two different banks. Interest on outstanding balances is payable at the prime rate. The Exchange has pledged a minimum of $1,500,000 in marketable securities and certain of its accounts receivable to each bank as collateral for the lines of credit. At March 31, 2008 and 2007, no portion of the lines of credit was outstanding.

During 2008 and 2007, SCCP maintained two collateralized line-of-credit agreements. Under these agreements, SCCP has lines of credit totaling $40,000,000, comprised of agreements of $20,000,000 each at two different banks. Interest is payable to the two accounts at the federal funds rate plus 1.6%. At March 31, 2008 and 2007, no portion of the lines of credit was outstanding.

NOTE K - CAPITAL CONTRIBUTION

In June 2000, the Exchange implemented a three-year capital contribution program. The program assessed a $1,500/month contribution on owners of the Exchange’s 505 seats to be used to provide funding for technological improvements and other capital needs. Through March 31, 2008, the Exchange had collected $27,188,000 (2008 - $-0-; 2007 - $-0-; 2006 - $2,000; 2005 - $6,000; 2004 - $33,000; 2003 - $4,251,000; 2002 - $9,336,000; 2001 - $8,888,000; 2000 - $4,672,000) from its seat owners. The program expired in May 2003.

NOTE L - INCOME TAXES

The components of the provision for income taxes are as follows:

	Quarter ended March 31, 2008	Quarter ended March 31, 2007
	(Dollars in thousands)	
Currently payable		
Federal	$ 3,946	$ 1,626
State and local	2,293	1,201
	6,239	2,827
Deferred taxes	(3,022)	(1,612)
	$ 3,217	$ 1,215

The 2008 and 2007 provisions for income taxes are different from the amount which would be provided by applying the statutory Federal income tax rate to the income (loss) from continuing operations before income taxes, primarily as a result of permanent book tax differences and tax credits.

Deferred taxes result from federal and state net operating losses, recording depreciation, pension costs, deferred compensation, retiree medical benefits, unrealized gains/losses on investments, stock compensation, the reserve for possible losses on aged items in different periods for financial accounting and income tax reporting purposes, and research credits.

(Continued)

NOTE L - INCOME TAXES - Continued

The components of the net deferred tax asset/liability recognized in the accompanying consolidated balance sheets are as follows:

	Quarter ended March 31, 2008	Quarter ended March 31, 2007
	(Dollars in thousands)	
Deferred tax assets	$ 40,609	$ 29,098
Deferred tax liability	21,060	19,395
Net deferred tax asset before valuation allowance	19,549	9,703
Valuation allowance	—	—
Net deferred tax asset	$ 19,549	$ 9,703

During 2006, the Exchange performed a study regarding available Research and Development (“R&D”) tax credits relating to their internally development software. Based upon this study, there are $7,504,000 of R&D credits available to the Exchange that were generated between 1998 and 2006. As of December 31, 2007, the Exchange had net deferred tax assets relating to research and development credits of $6,408,000. These credits expire in 2018 through 2026.

The Exchange files a consolidated federal income tax return. It is the Exchange’s policy to calculate all taxes on a separate company basis. Any tax calculated at the subsidiary level is paid to the parent for subsequent payment to the federal government.

NOTE M - EMPLOYEE BENEFITS

1. Pension Plan

The Company participates in a trusteed noncontributory pension plan and a postretirement benefit plan covering substantially all employees of the Parent and its subsidiaries. The Company provides defined benefits which are generally a function of years of service and based on an employee’s average pay over the employee’s career with the Company.

The Exchange’s net periodic pension cost and other postretirement benefits costs include the following components:

	Pension benefits 2008	Pension benefits 2007	Postretirement benefits 2008	Postretirement benefits 2007
	(Dollars in thousands)			
Service cost	$ 443	$ 457	$ 146	$ 174
Interest cost	438	380	161	137
Expected return on plan assets	(541)	(515)	—	—
Amortization of transition obligation	—	—	—	4
Amortization of prior service cost	12	21	4	—
Amortization of net losses	—	—	51	45
Net periodic benefit cost	$ 352	$ 343	$ 362	$ 360

(Continued)

2. Supplemental Executive Retirement Plan

The Exchange maintains nonqualified Supplemental Executive Retirement Plans ("Plans") for certain key executives. The Plans are unfunded. The Exchange has reflected its liability related to the Plans of $4,982,000 and $4,177,000 as deferred compensation in the accompanying balance sheet at March 31, 2008 and 2007, respectively.

The Exchange's net periodic pension cost includes the following components:

	Plan #1		Plan #2	
	2008	2007	2008	2007
	(Dollars in thousands)			
Service cost	$—	$—	$235	$115
Interest cost	2	2	140	57
Amortization of prior service cost	—	—	190	62
Amortization of net losses	5	5	—	—
Net periodic benefit cost	$ 7	$ 7	$565	$234

3. Savings Plan

The Exchange and SCCP also participate in a voluntary defined contribution 401(k) plan which covers substantially all of the Exchange and its Subsidiaries' employees. Employer contributions to this 401(k) plan were $223,000 and $180,000 through March 31, 2008 and 2007 respectively.

In December 2006, the Board of Governors approved changes to the Exchange's retirement program. Employees hired on or after January 1, 2007 participate in an enhanced 401(k) plan only. Employees hired prior to January 1, 2007 were given a one-time opportunity to choose between continued participation in the current defined benefit pension plan plus current 401(k) plan or participation in the enhanced 401(k) plan.

4. Postretirement Health Benefit Plan

The Exchange adopted SFAS No. 106, *Employer's Accounting for Postretirement Benefits Other Than Pensions*, as of January 1, 1993. This statement requires the accrual of the cost of providing postretirement benefits, including medical and life insurance coverage, during the active service period of the employee. The transition obligation as of January 1, 1993, was estimated to be $2,617,000, which the Exchange has elected to amortize over 20 years as permitted by SFAS No. 106.

On December 8, 2003, the President signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). The Act provides for an expansion of Medicare, primarily adding a prescription drug benefit for Medicare-eligible retirees starting in 2006. The Act also provides a federal subsidy to sponsors that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Exchange has concluded that the benefits provided by the plans are actuarially equivalent to Medicare Part D under the legislation, and that the effects of the Act on medical obligations and costs to the Company are not significant.

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES

1. Operating Leases

Rental expense was $1,279,000 and $1,017,000 through March 31, 2008 and 2007, respectively. Rental expense includes $65,000 in 2008 and $55,000 in 2007, for taxes and maintenance related to leased property.

The Exchange's minimum future annual rental obligations, exclusive of insurance, maintenance, and other costs, applicable to existing operating leases, are as follows:

Year ending December 31, (in thousands)

2008 (Apr – Dec)	$ 2,921
2009	3,806
2010	3,742
2011 and thereafter	42,696
	$53,165

The Exchange leases its facilities under leases which are included in the preceding commitment schedule. Two lease agreements expired in May 2005 and two in October 2006, one of which was renewed for an additional 15 year lease term (primary lease). In December 2004, the Exchange renewed its lease agreement for approximately 91,000 square feet of office space at its existing location and in March 2005 and July 2005, the Exchange expanded its space to primarily address the other lease agreements that were expiring in May 2005 and October 2006 and to expand its data center for approximately 56,000 square feet of additional office space. In October 2006, the Exchange increased its space to expand its data center for approximately 7,000 square feet of office space. For the primary space, the lease term is 15 years, effective November 1, 2006, and contains a renewal option for extending the agreement for an additional two consecutive five-year terms. The five-year renewal options provide for possible escalation in annual rental costs depending on certain economic factors between now and the exercise periods of the renewal options. The expansion space commenced between June 1, 2005 and November 1, 2006 with free rent periods on certain amounts of space from between three months and seventeen months. It is co-terminus with the primary lease. Additionally, the landlord reimbursed the Exchange $2,708,000 in 2005 and $2,380,000 from January through February 2006 for tenant improvements made after January 1, 2003. Reimbursement of tenant improvements is recorded as deferred rent credits and will be amortized on a straight-line basis over the 15 year lease renewal term as a reduction of rent expense. The lease agreements include termination options in October 2011 and 2016, subject to a termination fee.

In June 2006, the Exchange expanded its space to accommodate its data center by approximately 26,000 square feet of office space in a Keystone Opportunity Zone, in which the Exchange qualified for state and local tax savings through 2018. The lease term is 15 years and 6 months, effective November 30, 2007, and contains a renewal option for extending the agreement for an additional two consecutive five-year terms. The five-year renewal options provide for possible escalation in annual rental costs depending on certain economic factors between now and the exercise periods of the renewal options. The landlord reimbursed the Exchange $762,000 in 2008 for tenant improvements. Reimbursement of tenant improvements will be recorded as deferred rent credits and will be amortized on a straight-line basis over the 15 year lease renewal term as a reduction of rent expense.

In May of 2006, pursuant to rights granted to the Exchange in its main lease, the Exchange acquired a limited partnership interest in Market 1900 Associates, L.P., a Pennsylvania limited partnership, an entity which, in turn, acquired a partnership interest of the entity whose primary asset is the real estate in which the Exchange's main leased premises are located. The Exchange recognized a gain of $5,738,000 on the purchase and subsequent sale of these ownership interests.

(Continued)

2. Class Action Settlement

In May 2000, the Exchange settled consolidated class action lawsuits filed against it and certain other exchanges in October 1999 (the Original Settlements). The lawsuits alleged antitrust violations in connection with the listing of options. The Exchange was obligated under its Original Settlement Agreement to pay $2,800,000 (the Original Settlement Amount) to plaintiffs, which was accrued and included in the 2000 Consolidated Statement of Operations in Other Expenses. Payment of the Original Settlement Amount was secured by a letter of credit issued by a bank, which was renewed every year since 2001 and expired on November 28, 2005 and was not renewed due to the Original Settlement Agreement being replaced by a Modified Settlement Agreement, as described below.

In February 2001, the Court before whom the class action was filed issued an order granting a summary judgment motion filed by all Exchanges on the grounds that the Exchanges are entitled to implied immunity from liability under the antitrust laws. In April 2001, the Court issued an order stating that, as a result of its granting summary judgment, it does not have jurisdiction to entertain the plaintiffs' request to preliminarily approve the proposed settlement, and thus denied the plaintiffs' motion for approval of the settlement. The plaintiffs in April and May 2001 appealed the Court orders. In January 2003, after appellate briefing and oral argument, the Appellate Court issued a decision in which it a) affirmed the Court's dismissal of the class action complaint on the basis of implied repeal, and b) vacated the Court's order stating that it did not have jurisdiction to hear motions for preliminary approval of the settlements and remanded the matter to the Court to entertain such motions. The plaintiffs filed a petition with the Court of Appeals for panel rehearing and for rehearing en banc. This petition was denied.

In February 2004, the plaintiffs filed a motion with the Court seeking preliminary approval of the Original Settlements including the Exchange's. In July 2004, the Court issued a complex order and decision regarding the Original Settlements wherein, among other things, the court agreed with certain objections to the settlement while approving the original settlement of one of the exchange defendants. In January 2006, the Exchange, the other exchange defendants and several market maker defendants submitted to the Court a Modified Settlement Agreement that was complemented by supplemental settlement agreements of additional defendants (collectively the Modified Settlement Agreement). On February 8, 2006, the Court entered an order preliminarily approving the Modified Settlement Agreement and scheduling May 22, 2006, for consideration of final approval of the settlement. Pursuant to the Modified Settlement Agreement the Exchange is obligated to pay a Modified Settlement amount that is significantly reduced from the Original Settlement Amount. As a result, the Exchange paid $575,000 ($525,000 principal, $50,000 interest) and reversed $3,406,000 ($2,275,000 in principal, $1,131,000 in interest) of previously accrued settlement liabilities through other expenses which are reflected in operating expenses in the consolidated statement of operations. An amended final judgment and order approving the Modified Settlement Agreement was entered on December 14, 2006. No appeal was taken on the final judgment, and the settlement under the Modified Settlement Agreement is final.

3. Other

In December 2003, six purported trading firms sued the Exchange and other options exchanges, ROTs, and specialists in federal court in Chicago, alleging improper handling of options orders placed by these firms. The case was dismissed by order of the court on March 30, 2005, but plaintiffs were permitted to amend their complaint excluding antitrust allegations. Other similarly situated plaintiffs filed similar complaints against the Exchange, among others, on September 28, 2005 and September 30, 2005, respectively. All of these have been consolidated with this first case. Plaintiffs' amended complaint (without antitrust claims), with allegations very similar to the original complaints, was dismissed on September 13, 2006 and their Motion for Reconsideration was denied on March 22, 2007. Plaintiffs' appeal to the United States Court of Appeals was dismissed on April 20, 2007. The Exchange is producing a response to a third party subpoena, but is no longer a party to the action.

(Continued)

In 1998, Joseph Carapico, a member of the Exchange, and PennMont Securities (“PennMont”), an entity through which he trades securities at the Exchange, filed suit against the Exchange in Pennsylvania Common Pleas Court. The suit was amended in 2003 to request the Court to appoint a custodian to conduct the business of the Exchange, direct defendants to provide immediate notice to members of the commencement of any exploratory talks regarding certain corporate transactions, declare whether any fundamental transaction that might be undertaken by the Exchange was lawful, and enjoin the Exchange from pursuing certain mergers, sales of assets, conversions, or other transfers. On October 6, 2004, the Court granted summary judgment against the plaintiffs and dismissed the case with prejudice. On February 24, 2006, the Superior Court affirmed, and on September 15, 2006, the Supreme Court of Pennsylvania denied plaintiffs’ petition for allowance of appeal, ending the litigation in favor of the Exchange. The Exchange now seeks recovery of nearly $1,000,000 in legal fees pursuant to Exchange Rule 651 in a separate action filed against PennMont and Carapico in Pennsylvania Common Pleas Court on April 4, 2008.

PennMont, a member of the Exchange, filed suit on December 31, 2007 against the Exchange and Meyer S. Frucher, the Exchange’s Chairman and Chief Executive Officer, seeking to enjoin PHLX’s enforcement of Exchange Rule 651 against PennMont with respect to the above matter that PennMont filed in 1998, and seeking damages in connection therewith. On February 13, 2008, after the parties had briefed PennMont’s motion for a temporary restraining order and a preliminary injunction, the Court denied the motion and dismissed the action for failure to state a claim. PennMont filed an appeal to the United States Court of Appeals for the Third Circuit, which remains pending. On February 27, 2008, the District Court denied PennMont’s emergency motion for injunction pending appeal, and on March 7, 2008, the United States Court of Appeals for the Third Circuit denied a similar emergency motion for injunction pending appeal.

PennMont, a member of the Exchange, filed suit on December 22, 2005 against five individuals: Meyer S. Frucher, the Exchange’s Chairman and Chief Executive Officer; William Briggs, the Exchange’s Executive Vice President; Norman Steisel, the Exchange’s Executive Vice President and Chief Operating Officer; and Kevin Foley and Christopher Nagy, former members of the Exchange’s Board of Governors. The Exchange is advancing defense expenses to the Defendants in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint alleges mismanagement from the mid-1990s forward, with a specific focus on demutualization, and alleges direct shareholder class action and derivative claims under the Racketeer Influenced and Corrupt Organizations Act and nine common law causes of action. The complaint seeks monetary damages for plaintiffs and fellow shareholders. Defendants filed a motion to dismiss the complaint on multiple grounds. The Court dismissed the matter for failure to state a claim on August 15, 2007, and plaintiff has filed an appeal to the United States Court of Appeals for the Third Circuit, which remains pending. On March 5, 2008, the Exchange filed a motion to dismiss the appeal. On March 12, 2008, the Third Circuit motions panel referred the motion to dismiss to the merits panel.

Certain Exchange shareholders and members filed a proposed shareholder class action suit on June 14, 2006 in the United States District Court for the Eastern District of Pennsylvania, alleging securities fraud against the Exchange’s Board of Governors and its officer Norman Steisel (the “Exchange Defendants”) in connection with the six strategic investments secured by the Exchange in June and August 2005. The Exchange is advancing defense expenses to the Exchange Defendants in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint also alleged “fraudulent transfer” of Exchange stock against the Strategic Investors. Plaintiffs requested rescission of the sale of stock to the Strategic Investors, or in the alternative, monetary damages. On July 19, 2006, plaintiffs filed an amended complaint that expanded upon the securities fraud claim asserted against the Exchange Defendants to attack not only the Strategic Transactions, but also demutualization and the Exchange’s September 2005 self-tender offer. Plaintiffs requested the following relief: (i) rescission of stock sales pursuant to the tender offer; (ii) reversal of demutualization “to the extent such is possible and, to the extent such is not possible,” damages; and (iii) rescission of the stock issued to the Strategic Investors. The amended complaint also asserted a claim for breach of fiduciary duty against the Exchange Defendants for which plaintiffs sought damages. With respect to the Strategic Investors, in addition to “fraudulent transfer,” the amended complaint asserted claims for securities fraud, “commercial bribery” pursuant to the Robinson-Patman Act, and aiding and abetting breach of fiduciary duty. The plaintiffs subsequently informed the Court that they were pursuing only their securities fraud claims. Motions to dismiss filed on behalf of all of the defendants were granted on March 31, 2007, and plaintiffs have filed an appeal to the United States Court of Appeals for the Third Circuit, which remains pending. On January 28, 2008, plaintiffs filed a motion for remand of the appeal to the District Court for consideration of the applicability of the settlement release in Ginsburg v. Philadelphia Stock Exchange, Inc. et al., No. 2202-CC (Del. Ch.)

(“Ginsburg”). On May 27, 2008, the Third Circuit motions panel issued an order referring the motion to remand to the merits panel. On July 7, 2008, the plaintiffs filed a motion to: (i) bifurcate consideration of whether the Ginsburg release bars the action from consideration of the merits; (ii) consolidate the appeal with the plaintiffs’ appeal of the dismissal of a separate purported shareholder class action suit that they had filed on June 18, 2007 in the United States District Court for the Eastern District of Pennsylvania against Keefe Bruyette & Woods, Inc. (“KBW”), and Joseph J. Spalluto, a KBW managing director, asserting claims stemming from financial advisory services rendered to the Exchange by KBW; and (iii) withdraw the plaintiffs’ prior motion for remand. On July 16, the Exchange Defendants filed a response in opposition to the motion and a cross-motion to dismiss the appeal.

(Continued)

Another shareholder class action was filed against the Exchange, its then-Board of Governors, and the Strategic Investors in the Delaware Court of Chancery on June 6, 2006. As in the above matter, the plaintiff asserted a breach of fiduciary duty against the Board defendants, and sought the unwinding of the strategic investments, or in the alternative, monetary damages. Plaintiff's claim against the Strategic Investors was for aiding and abetting a breach of fiduciary duty. A substantial portion of the legal costs associated with the defense of both class action matters has been covered by Insurance. Motions to dismiss filed on behalf of all defendants were denied on December 7, 2006. On October 22, 2007, the court issued an order and final judgment providing for final class certification and approving as fair and adequate to the class a settlement that had been reached on June 20, 2007, on the eve of trial. Certain objecting class members appealed the October 22, 2007 order, and the Delaware Supreme Court affirmed the judgment on March 27, 2008. Among other consideration, the settlement consideration includes: (i) 14% of each of the Strategic Investor's equity interest in the Exchange; (ii) payment by the Exchange's insurers of $14 million to the class; (iii) payment by the Exchange of $3.1 million to the class; and (iv) cancellation of the interest of Myer S. Frucher, the Exchange's Chairman and Chief Executive Officer, in 14% of the restricted stock units that were previously awarded to him pursuant to the Exchange's management equity compensation plan. By its terms, the settlement did not constitute an acknowledgement of liability by any of the defendants.

PennMont, a member of the Exchange, filed suit on April 19, 2006 in the United States District Court for the Eastern District of Pennsylvania, alleging insider trading in violation of the Securities Exchange Act of 1934 against Meyer S. Frucher, the Exchange's Chairman and Chief Executive Officer; John F. Wallace, the Exchange's On-Floor Vice Chairman; and Pasquale DiDonato, the principal of a floor broker at the Exchange. The Exchange has advanced defense expenses to Frucher and Wallace in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint's allegations concerned the sale of 100 shares of the Exchange's Class A common stock from plaintiff to defendant DiDonato in January 2005. PennMont filed an amended complaint on August 4, 2006 that purports to state a controlling person claim against Wallace and hold him liable as a "tipper," and that purports to state a direct securities fraud claim against Frucher. Defendants' motions to dismiss the amended complaint were denied on March 23, 2007. After the close of discovery, defendants filed a motion for summary judgment on November 19, 2007, and their motions were granted on March 28, 2008. The Exchange now seeks recovery of about $215,000 in legal fees pursuant to Exchange Rule 651.

PennMont, a member of the Exchange, filed suit on June 7, 2008 in the United States District Court for the Eastern District of Pennsylvania, seeking a declaratory judgment that Exchange Rule 651 does not permit the Exchange to recover its legal fees incurred in the above matter that PennMont filed on April 19, 2006. The Exchange has not yet responded to the complaint.

Richard Feinberg, a member of the Exchange, filed suit on September 9, 2005 in the United States District Court for the Eastern District of Pennsylvania alleging insider trading in violation of the Securities Exchange Act of 1934 against I. Isabelle Benton, a member of the Exchange's Board of Governors, and Benton Partners II, L.P., a member of the Exchange in which Ms. Benton is a partner. The Exchange has advanced defense expenses to Benton in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint's allegations concerned the sale of 100 shares of the Exchange's Class A common stock from plaintiff to defendant Benton Partners II, L.P., in December 2004. At the close of discovery, defendants filed a motion for summary judgment on June 22, 2007, and the motion was denied on December 13, 2008. Trial began on March 3, 2008, and at the close of plaintiff's case the Court entered judgment on a directed verdict for defendants. Final judgment in favor of defendants was entered on March 10, 2008. The Exchange now seeks recovery of about $470,000 in legal fees pursuant to Exchange Rule 651.

On June 2, 2006, NexTrade, Inc., filed a claim against the Exchange in the United States District Court for the Middle District of Florida alleging patent infringement and breach of contract. The suit arises out of an April 2005 licensing agreement between the Exchange and NexTrade regarding an alleged patent for expirationless options. Plaintiff sought unspecified damages, costs, and fees for infringement and breach, along with a declaratory judgment that NexTrade's patent covers long dated options in addition to expirationless options. A motion to dismiss filed by the Exchange was denied in August 2006, and discovery commenced. The parties entered into a settlement agreement in January 2008, and the action was dismissed.

(Continued)

Certain Exchange shareholders and members filed a proposed shareholder class action suit on June 18, 2007 in the United States District Court for the Eastern District of Pennsylvania against Keefe Bruyette & Woods, Inc. ("KBW"), and Joseph J. Spalluto, a KBW managing director, asserting claims stemming from financial advisory services rendered to the Exchange by KBW. On February 5, 2008, KBW filed a complaint against the Exchange in the United States District Court for the Southern District of New York seeking indemnification pursuant to an engagement agreement between the parties for costs incurred by KBW in connection with the underlying shareholder suit against KBW and Spalutto, and in connection with *McGowan Investors L.P., et al. v. Meyer S. Frucher, et al*., No. 06-2558 (E.D. Pa.). The Exchange filed a state court action in Philadelphia against KBW on February 25, 2008 seeking a declaration that its indemnification obligation does not apply. On March 12, 2008 KBW removed that action to the United States District Court for the Eastern District of Pennsylvania. On March 14, 2008, KBW filed a motion to dismiss, stay, or transfer the Eastern District of Pennsylvania action to the Southern District of New York. On March 17, 2008, the Exchange sought leave to file a motion to transfer the Southern District of New York action to the Eastern District of Pennsylvania. On March 24, 2008, the Exchange filed an Answer in the Southern District of New York action denying liability. The Exchange and KBW have reached an agreement in principle to resolve the two cross suits regarding indemnification.

William and Maureen Dooner, husband and wife, filed suit against the Exchange, among others, on May 28, 2004 in the Court of Common Pleas, Philadelphia County primarily alleging that the Exchange had provided negligent security on its trading floor which resulted in bodily injury and other harm to Mr. Dooner (and a loss of consortium for his wife). Mr. Dooner alleges that he was pulled to the ground, striking his head, by another trader in a trading crowd which action arose out of a disagreement over positioning within a trading crowd. On March 3, 2006, a jury awarded Mr. and Mrs. Dooner a total of $1,935,000 of which the Exchange was held liable for $967,500 (50%). The Exchange appealed and the Superior Court of Pennsylvania vacated the judgment on October 17, 2007. The Supreme Court of Pennsylvania granted Plaintiff's petition for allowance of appeal. Insurance has fully indemnified and will fully indemnify the Exchange.

On June 16, 2008, Lewis Levin, a former seat owner of the Exchange, filed a purported class action suit against Susquehanna International Group, LLP ("SIG"), Jeffrey Yass, a SIG executive, Meyer S. Frucher, the Exchange's Chairman and Chief Executive Officer, and XYZ, "a legal entity or person related to, or associated with, [SIG]." The complaint asserts a single claim under the Securities Exchange Act of 1934 against SIG and "persons allied with SIG" arising from SIG's alleged purchases of Exchange seats or shares while in possession of material non-public information about the Exchange supposedly learned from Mr. Frucher or others at his direction. Mr. Frucher has not been served with the complaint.

On March 22, 2006, the Exchange was served with a complaint filed in the Court of Common Pleas of Philadelphia County by the owner of 200 shares of the Exchange's Class A Common Stock (the "Shares") and by two prospective purchasers of those shares. The complaint alleges that the Exchange in 2005 wrongfully prevented the transfer of the Shares to their record owner, Steven Braverman, due to debts owed by Mr. Braverman to the Exchange thus depriving Mr. Braverman of a gain of $120,000 from an agreed upon sale to the two prospective purchasers in May 2005. The two prospective purchasers allege that they were wrongfully deprived of gains of $30,000 each, which they would have realized upon their acceptance of a tender offer made by the Exchange in October 2005. The Exchange reached a settlement with the two prospective purchasers in December of 2006, by allowing the transfer of shares with the proceeds being held in escrow pending the outcome of the litigation with Mr. Braverman. The Exchange filed an amended counterclaim and a motion for summary judgment in January of 2007. A settlement with Braverman, individually, was reached and finalized in October 2007.

On June 12, 2008, the Exchange and the Philadelphia Board of Trade ("PBOT") entered into a Settlement Agreement and Release with Susquehanna Investment Group ("SIG") with respect to potential claims by SIG arising out of (i) a Letter of Intent dated March 18, 2004 between SIG and PBOT, and (ii) alleged losses suffered by SIG in connection with the Exchange's Directed Order and Payment for Order Flow Program. While the Exchange disputes SIG's assertions and believes them to be without merit, in order to avoid burdensome and distracting litigation, the Exchange has paid SIG the sum of $750,000 to finally settle, release and discharge all claims relating to items (i) and (ii) above.

In March 2004, the Exchange received a request for documents from the SEC's Division of Enforcement related to a review of the Exchange's surveillance, investigation and enforcement functions from April 1999 through

January 2002. This resulted in a settlement with the Division of Enforcement in June 2006 which included: (i) an order that the Exchange cease and desist from committing or causing any violations of Section 19(g) of the Securities and Exchange Act of 1934; (ii) an undertaking that the Exchange shall institute a training program for floor members and certain staff that addresses compliance with the federal securities laws and the Exchange's rules; and (iii) a further undertaking that the Exchange retain in 2006 and 2008 a third party auditor to conduct a comprehensive compliance audit and allocate up to $500,000 in each of 2006 and 2008 on those audits.

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

In August 2003, the Exchange entered into an exclusive license agreement with The NASDAQ Stock Market, Inc. (NASDAQ) for listing and trading options on the Nasdaq Composite Index which began on March 22, 2004. The initial term of the agreement is for three years. Under the agreement, the Exchange is responsible for paying a license fee per contract traded, but must pay NASDAQ a minimum of $1,250,000 during the 3 year term of the agreement. A member organization committed that they would cover any shortfall owed by the Exchange to NASDAQ. Pursuant to a termination and release notice, dated February 17, 2006, NASDAQ and the Exchange released each other from all obligations in this agreement and the Exchange agreed to pay NASDAQ $320,000 in final satisfaction. A member organization reimbursed the Exchange for such amount.

The Exchange has entered into employment agreements with certain employees. In addition to base salaries, the agreements provide for retention and, in part, incentive bonuses based on criteria established by the Board of Governors.

SCCP is a participant of NSCC and as such submits and guarantees activity of certain of the Exchange's members for clearance through the SCCP omnibus account. SCCP is entitled to all of the services and benefits of a participant of NSCC and is subject to all of the liabilities of a participant. The Exchange guarantees to NSCC all liabilities and/or obligations of SCCP to NSCC which now, or in the future may arise including liabilities and obligations which may arise from SCCP's membership in DTC.

In the normal course of its business, the Exchange is exposed to asserted and unasserted claims. In the opinion of management, the resolution of these matters will not have a material adverse affect on the Exchange's consolidated financial position, results of operations or cash flows.

NOTE O - EQUITY

1. Equity

The Exchange is authorized to issue (i) 1,000,000 shares of common stock, 50,500 shares of which are designated Class A Common Stock and 949,500 shares of which are designated Class B Common Stock (collectively, the Common Stock), and (ii) 100,000 shares of preferred stock, all with a par value of $.01 per share. As described below, one share of Series A Preferred Stock was issued.

Shareholder and Independent Governors of the Exchange are elected by the holders of the Common Stock. Member and Designated Independent Governors are chosen, and their removal may be directed by the members (permit holders) of the Exchange. All voting rights of a member are exercised through the member organization with which the member is primarily affiliated. The Member and Designated Independent Governors who are chosen by the members are formally elected at the annual meeting of stockholders by the Phlx Member Voting Trust (the Trust), a Delaware statutory trust whose trustee is an independent institution that is required to vote in accordance with the vote of the Exchange's members. One share of Series A Preferred Stock of the Exchange was issued to the Trust, the sole purpose of which is to allow the Trust to vote for the election or removal of Member and Designated Independent Governors as directed by a member vote. Except for the election and removal of Member and Designated Independent Governors, and subject to the rights of any class or series of preferred stock if and when issued, the Common Stock retains all voting rights of the stockholders of the Exchange.

The holders of the Common Stock will have all dividend and other distribution rights of stockholders in the Exchange, subject to the rights of any class or series of preferred stock, if and when issued. The Series A Preferred Stock does not have any dividend rights. The Exchange's by-laws prohibit the payment of dividends from revenues received by the Exchange from regulatory fines, fees or penalties.

On January 20, 2007, the third anniversary of the demutualization of the Exchange, all 46,900 shares of Class A Common Stock converted to Class B Common Stock such that all 441,504 shares of the Exchange are, as of that date, Class B shares. Upon conversion to Class B, the eligibility of holders of Class A shares for a contingent dividend terminated. The former holders of the Class A shares otherwise continue to have the same rights and privileges, including voting, as the Class B holders.

(Continued)

NOTE P - MANAGEMENT EQUITY PLAN

On December 14, 2006, the Exchange established the Philadelphia Stock Exchange, Inc. 2005 Stock Incentive Plan ("Plan") whereby the Board of Governors may grant Restricted Stock Units ("RSUs") to management, which is defined in the Plan as a notional unit representing the right to receive one share of stock on a settlement date at which time, all vested RSU's shall be settled by issuance of shares of stock underlying such vested units, or at the discretion of the Compensation Committee, in cash or partially in cash and partially in shares of stock. The settlement dates shall be the earliest to occur of (i) the third anniversary of the date of the grant; (ii) a change in control; or (iii) termination of employment or service. The Exchange has accounted for the awards using the assumption that the awards will be fully settled in cash. Fair value of the Exchange's stock is based on an independent valuation. The RSUs shall vest in accordance with the following schedule, subject to each holder's continued employment or service with the Exchange or its affiliates as applicable: (i) 33.3% of the RSUs shall be vested on the date of the grant; and the remaining 66.7% of such RSUs shall vest ratably in 24 equal monthly installments beginning on the first day of each of the subsequent 24 months following the date of the grant. Compensation expense is charged to earnings over the vesting of each award. The charge is based upon each award's current value, which is adjusted annually to reflect changes in value associated with movements in the value of the Exchange's stock. The number of RSUs to be given to each individual was set at a special meeting of the Board of Governors on December 19, 2006. During the year ended December 31, 2006, the Exchange awarded 17,761 RSUs with a grant date value of $860 per unit vesting over three years ending December 31, 2008. Total compensation expense related to the Plan was $5,095,000 for the year ended December 31, 2006 and is included in staffing costs on the consolidated statements of operations and in management equity plan on the consolidated balance sheets. During the year ended December 31, 2007, the Exchange awarded 8,984 RSUs with a grant date value of $1,340 per unit vesting over two and three years ending December 31, 2009. The Exchange revalued all RSU's as of December 31, 2007 based on a fair value of $1,340 per unit. Total compensation expense related to the Plan was $15,772,000 for the year ended December 31, 2007 and is included in staffing costs on the consolidated statements of operations and in management equity plan on the consolidated balance sheets. The Exchange revalued all RSU's as of March 31, 2008 based on a fair value of $1,340 per unit. Total compensation expense related to the Plan was $3,234,000 and $1,275,000 for the quarters ended March 31, 2008 and 2007, respectively, and is included in staffing costs on the consolidated statements of operations and in management equity plan on the consolidated balance sheets. Additional compensation expense related to these awards, estimated to be $11,738,000, and the related income taxes, will be recognized over the vesting period through December 31, 2009.

(Continued)

NOTE P - MANAGEMENT EQUITY PLAN - continued

Included as part of the compensation approved by the Board of Governors at the December 19, 2006 regular meeting was change of control arrangements for certain members of executive management as well as the Independent Governors on the Board of Governors.

NOTE Q - COMPENSATION PACKAGES

Also in 2007, the Board of Governors approved cash compensation awards totaling $5,000,000 to all Governors substantially similar to RSU awards granted to management, with vesting through December 31, 2008 or at a change in control. The Board of Governors also granted increased executive cash compensation in the amount of $5,300,000 reflecting the Board’s policy to compensate executives at 90% of the Exchange’s peer group, with executives waiving any additional increases to the change in control payments. In 2007, the Board of Governors approved additional change of control agreements for the non-independent Governors.

NOTE R - ACQUISITION AGREEMENT WITH NASDAQ STOCK MARKET, INC.

On November 6, 2007, the Exchange entered into a definitive agreement to be acquired by the NASDAQ Stock Market, Inc. (NASDAQ). The transaction, which has already been approved by the Exchange shareholders, is expected to close in the third quarter of 2008, subject to the approval of appropriate regulatory authorities, including the SEC, and certain other conditions.

NOTE S - STAY PAY BONUSES

Due to the acquisition agreement with NASDAQ, the Exchange implemented stay pay bonus programs in January and April 2008 totaling $4,727,000 payable to employees who continue their employment with the Exchange and/or the NASDAQ through July 30, 2008 and/or August 15, 2008 (stay pay dates). The stay pay bonus will be paid in a lump sum within 30 business days following the stay pay dates.

The Board has also approved compensation in the amount of $5,385,000 for performance and long-term incentive for the first six months of 2008. The bonuses were paid May 15, 2008.

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

The Philadelphia Stock Exchange, Inc. and Subsidiaries

December 31, 2007 and 2006

Contents

Grant Thornton

Audit Ÿ Tax Ÿ Advisory
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Report of Independent Certified Public Accountants

Board of Governors and Members
The Philadelphia Stock Exchange, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of the Philadelphia Stock Exchange, Inc. and Subsidiaries (collectively, the Exchange) as of December 31, 2007 and 2006, and the related consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Exchange's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Exchange's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Exchange as of December 31, 2007 and 2006, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The financial/operational highlights information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania

April 30, 2008

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,

	2007	2006
	(Dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 46,117	$ 50,773
Restricted cash	1,643	5,951
Accounts receivable, net Members	9,407	6,563
Payment for order flow	6,110	4,294
Others	4,359	2,843
Prepaid and other assets	6,335	3,149
Deferred income taxes	—	232
Total current assets	73,971	73,805
Clearing and depository items	7,344	7,192
Other assets		
Advance to clearing accounts	3,622	3,607
Investments available for sale, at market	16,398	15,337
Investments held to maturity, at amortized cost	47	110
Investments held to maturity, at amortized cost - restricted	3,026	3,023
Investment in affiliate	333	333
Equipment and leasehold improvements, net of accumulated depreciation and amortization	60,551	42,318
Other assets	279	369
Deferred income taxes, net	16,335	9,112
Total other assets	100,591	74,209
Total assets	$181,906	$155,206
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other liabilities	$ 18,063	$ 14,385
Payment for order flow	7,342	9,833
Deferred revenue	7,544	7,120
Deferred credits	451	451
Deferred income taxes	758	—
Covered sale fee payable	388	355
Total current liabilities	34,546	32,144
Clearing and depository items	7,344	7,192
Accrued retiree benefits	12,755	10,804
Management equity plan	20,867	5,095
Accrued governance compensation	2,493	—
Deferred credits	4,526	4,977
Supplemental Executive Retirement Plan	4,643	3,953
	45,284	24,829
Total liabilities	87,174	64,165
Shareholders' equity		
Common Stock, Class A, $0.01 par value, 0 shares authorized, 0 shares issued and outstanding at December 31, 2007; 50,500 shares authorized, 46,900 shares issued and outstanding at December 31, 2006	—	1
Common Stock, Class B, $0.01 par value, 1,000,000 shares authorized, 441,504 shares issued and outstanding at December 31, 2007; 949,500 shares authorized, 394,604 shares issued and outstanding at December 31, 2006	5	4
Additional paid-in-capital	113,614	113,614
Accumulated other comprehensive loss	(3,291)	(3,715)
Accumulated deficit	(12,356)	(15,623)
	97,972	94,281
Treasury stock	(3,240)	(3,240)
Total shareholders' equity	94,732	91,041
Total liabilities and shareholders' equity	$181,906	$155,206

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31,

	2007	2006
	(Dollars in thousands)	
Revenues		
Transaction fees	$100,771	$ 75,710
Other services		
Clearing and settlement	1,891	2,252
Security price data and floor charges	12,251	10,673
Regulatory fees	10,613	10,350
Dividend and interest income	2,896	2,889
Gain on real estate transaction	—	5,738
Other	7,335	5,934
Total revenues	135,757	113,546
Operating expenses		
Staffing costs	70,067	46,829
Data processing and communication costs	12,585	10,505
Depreciation and amortization	12,597	11,862
Occupancy costs	4,899	4,999
Professional services	9,187	7,927
License costs	210	1,730
Equity issued to third parties	—	15,449
Governance compensation	4,366	1,821
Class action settlement	3,100	—
Other	9,347	3,499
Total operating expenses	126,358	104,621
Income before income tax expense	9,399	8,925
Income tax expense	6,132	9,349
Net income (loss)	$ 3,267	$ (424)

The accompanying notes are an integral part of these consolidated financial statements.

Philadelphia Stock Exchange, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended December 31, 2007 and 2006

(In thousands, except share amounts)

	Preferred Stock		Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Treasury Stock	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2005	1	$ —	46,900	$ 1	45,450	$ 1	$ 98,196	$ (478)	$ (15,199)	$(3,240)	$ 79,281
Change in treasury seats	—	—	—	—	—	—	(28)	—	—	—	(28)
Capital contributions	—	—	—	—	—	—	2	—	—	—	2
Issuance of Class B Common Stock	—	—	—	—	349,154	3	(5)	—	—	—	(2)
Issuance of warrants	—	—	—	—	—	—	15,449	—	—	—	15,449
Effect of adoption of SFAS No. 158, net of taxes	—	—	—	—	—	—	—	(3,273)	—	—	(3,273)
Net loss	—	—	—	—	—	—	—	—	(424)	—	(424)
Other comprehensive income, net of reclassifications and taxes	—	—	—	—	—	—	—	36	—	—	36
Total comprehensive loss											$ (388)
Balance, December 31, 2006	1	—	46,900	1	394,604	4	113,614	(3,715)	(15,623)	(3,240)	91,041
Change in treasury seats	—	—	—	—	—	—	—	—	—	—	—
Conversion of Class A Common Stock	—	—	(46,900)	(1)	46,900	1	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	3,267	—	3,267
Other comprehensive income, net of reclassifications and taxes	—	—	—	—	—	—	—	424	—	—	424
Total comprehensive income											$ 3,691
Balance, December 31, 2007	1	$ —	—	$ —	441,504	$ 5	113,614	(3,291)	(12,356)	(3,240)	$ 94,732

The accompanying notes are an integral part of these consolidated financial statements.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,

	2007	2006
Cash flows from operating activities		
Net income (loss)	$ 3,267	$ (424)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Amortization/accretion of bond premiums/discounts	3	29
Depreciation and amortization	12,597	11,862
Equity issued to third parties	—	15,449
Provision for rebates, discounts and allowances	800	80
Gain on real estates transaction	—	(5,738)
Non cash compensation expense	15,772	5,095
Settlement of class action lawsuit	—	(3,406)
Realized gain on sale of investments	(533)	(944)
Loss on disposal of fixed assets	339	1,135
Supplemental executive retirement plan	931	891
Deferred taxes	(6,590)	(3,339)
Changes in operating assets and liabilities		
Accounts receivable	(6,976)	(200)
Prepaid and other assets	(3,096)	(477)
Accounts payable and other liabilities	6,462	(3,539)
Deferred credits	(451)	2,163
Deferred revenue	424	291
Covered sale fee payable	33	(259)
Net cash provided by operating activities	22,982	18,669
Cash flows from investing activities		
Proceeds from sale of investments	9,913	9,250
Purchase of investments	(10,673)	(8,260)
Proceeds from sale of real estate	—	5,738
Decrease in restricted cash	4,308	72
Capital expenditures	(31,170)	(19,713)
Increase in advance to clearing accounts, net	(15)	3
Net cash used in investing activities	(27,637)	(12,910)
Cash flows from financing activities		
Repayments of long-term debt	—	(46)
Capital contributions	—	2
Proceeds from issuance of Class B common stock	—	—
Purchase of treasury stock	—	—
Change in treasury seats	(1)	(28)
Net cash used in financing activities	(1)	(72)
(Decrease) increase in cash and cash equivalents	(4,656)	5,687
Cash and cash equivalents at beginning of year	50,773	45,086
Cash and cash equivalents at end of year	$ 46,117	$ 50,773
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	$ 18	$ 5
Cash paid during the year for taxes	$ 15,687	$ —

The accompanying notes are an integral part of these consolidated financial statements.

NOTE A - ORGANIZATION AND OPERATIONS

The Philadelphia Stock Exchange, Inc. (the Exchange), provides a marketplace and facilities for the trading of equity securities, equity option, index option, and foreign currency option products for its members. On January 20, 2004, the Exchange demutualized and was converted from a Delaware non-stock corporation into a Delaware stock corporation. The Exchange's subsidiaries include the Stock Clearing Corporation of Philadelphia (SCCP), the Philadelphia Board of Trade (PBOT), Advanced Tech Source (ATS), and Phlx Investment Product Services (PIPS). SCCP provides an interface clearing arrangement between certain of the Exchange's floor members and National Securities Clearing Corporation (NSCC), and also provides margin services to certain market makers. Pursuant to a 1997 Securities and Exchange Commission (SEC) order, the Exchange, SCCP, NSCC, and Depository Trust Company (DTC) entered into an agreement whereby SCCP provides limited clearing services. SCCP's limited clearing services are facilitated through an omnibus account with NSCC and do not include the maintenance or offering of continuous net settlement accounts for its participants. The Exchange and SCCP are subject to regulatory oversight by the SEC. PBOT is subject to oversight by the Commodity Futures Trading Commission and operates as a designated contract market, which allows PBOT to list and trade various futures contracts. PBOT also engages in the distribution of market data products, including futures trading market data and sector index spot and settlement values data. PIPS was organized to develop and to act as sponsor of unit investment trusts to be listed and traded on the Exchange. ATS was organized to provide outsourced data processing services.

On November 10th, 2006, PHLX launched an all-electronic equities exchange, creating a marketplace for executing, displaying, and routing orders in all National Market System Stocks. In addition, the SEC introduced Regulation NMS, designed to enhance and modernize the regulatory structure of the existing national market system ("NMS"). Fundamentally different than floor-based trading, the new equity-trading model is designed in compliance with Regulation NMS, as well as competes with a new technology platform named "XLE".

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The consolidated financial statements include the accounts of the Exchange and its subsidiaries, SCCP, PBOT, ATS, and PIPS.

Significant intercompany accounts and transactions have been eliminated in consolidation.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

All highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Exchange periodically maintains cash balances at a financial institution in excess of the $100,000 Federal Deposit Insurance Corporation insurance limit.

4. Revenue Recognition

Transaction fees and the majority of clearing and settlement service fees relate to trades executed or cleared through the Exchange and its subsidiaries and are recorded on a settlement date basis. Regulatory fees include annual registered representative registration renewal fees and initial, transfer and termination fees from parries that are members of the Exchange. The renewal registration fees are billed annually and collected by the Financial Industry Regulatory Authority (FINRA) and remitted to the Exchange in December preceding the effective year, and are deferred and recognized monthly over the course of the effective year. Registered representative initial registration, transfer and termination fees are also billed and collected by FINRA and are remitted monthly to the Exchange and recognized in the month they are assessed to the member. Security price data revenue includes distributions from the Exchange’s participation in the Consolidated Tape Association, the Nasdaq UTP Plan and the Options Price Reporting Authority and PBOT’s market data revenue from sale of the Exchange’s data associated with the current and closing index spot values and the settlement values for the Exchange and SIG Sector Indices and are accrued and recognized in the month the revenue is earned. Floor charges consist predominantly of trading post rental fees and other fees related to operating a trading floor and other revenue includes permit and Foreign Currency Options (FCO) participation fees, which are accrued and recognized in the month the services are provided.

5. Accounts Receivable

The Exchange’s accounts receivable are primarily due from monthly transaction fees and member fees. Credit is extended based on evaluation of customers’ financial condition and, generally, collateral is not required. Accounts receivable are stated in the consolidated financial statements at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the payment terms are considered past due. The Exchange determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Exchange’s previous loss history, the obligor’s current ability to pay its obligation to the Exchange, and the condition of the general economy and the industry as a whole. The Exchange writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

6. Investments

Investments classified as available for sale are stated at market value, and any net unrealized gain or loss is reported as a separate component of equity, net of deferred income taxes. Market value was obtained based on available quoted market prices as of December 31, 2007 and 2006. Debt securities for which the Exchange has the intent and ability to hold to maturity are classified as held to maturity and are valued at cost adjusted for the amortization/accretion of premiums/discounts computed by the interest method. Gain or loss recognized on sales of securities are based on the specific classification method and are recorded as of the trade date.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost less allowances for accumulated depreciation and amortization. Depreciation of furniture and equipment is provided using the straight line method over the estimated useful lives of the applicable assets. Leasehold Improvements are amortized over the lesser of the lease term or the useful lift of such improvements.

8. Restricted Cash

The Exchange has classified cash totaling $11,000 and $12,000 as restricted at December 31, 2007 and 2006, respectively, representing capital contributions from owners of exchange memberships used for funding technological improvements and other capital needs including principal payments with respect to certain loans, as more fully described in note K (Capital Contribution). The Exchange has classified cash totaling $1,232,000 and $5,539,000 as of December 31, 2007 and 2006, respectively, as restricted, representing funds collected from market makers and specialists for the purpose of making qualifying payments for order flow, as more fully described in note I (Payment for Order Flow). Additionally, the Exchange has classified $400,000 as restricted at December 31,2007 and 2006, representing SCCP restricted cash, deposits and escrow amounts.

All SCCP participant funds are maintained in cash, cash equivalents, or short-term investments, except for amounts utilized to satisfy the Depository Trust and Clearing Corporation (DTCC) participant fund requirements with respect to SCCP's omnibus clearance and settlement accounts. At December 31,2007 and 2006, the participant funds were invested in overnight reverse repurchase agreements.

9. Deferred Revenue

The Exchange has classified amounts totaling $7,544,000 (comprised of regulatory fees of $7,436,000, PBOT member dues of $-0- and licensing fees of $108,000) and $7,120,000 (comprised of regulatory fees of $6,965,000, PBOT member dues of $4,000 and licensing fees of $151,000) as deferred income at December 31, 2007 and 2006, respectively. Deferred income is amortized to income over the applicable future year.

10. Deferred Credits

The Exchange has classified amounts totaling $4,977,000 (comprised of rent credits of $4,642,000 and depreciation credits of $335,000) and $5,428,000 (comprised of rent credits of $4,977,000 and depreciation credits of $451,000) as deferred credits at December 31, 2007 and 2006, respectively. The deferred rent credit (see note N.I) represents the tenant improvement allowance paid to the Exchange and will be amortized over the life of the lease renewal. The deferred depreciation credit represents a reimbursement of equipment purchases and internally developed software expenses related to development of PBOT's trading platform and will be amortized over the life of the equipment and software.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Securities Purchased Under Agreements to Resell

Relative to SCCP, transactions involving purchases of securities under agreements to resell (reverse repurchase agreements or reverse repos) an accounted for as collateralized financings except where SCCP does not have an agreement to sell (or purchase) the same, or substantially the same, securities before maturity at a fixed or determinable price. It is the policy of SCCP to obtain possession of or the legal right to collateral with a market value equal to or in excess of the principal amount loaned under reverse repurchase agreements. Collateral is valued dairy, and SCCP may require counterparties to deposit additional collateral or return pledges when appropriate. As of December 31, 2007 and 2006, SCCP had open reverse repos, which amounted to $5,638,957 and $3,719,147, respectively, reflected in clearing and depository items on the balance sheet. The value of securities taken as collateral for these contracts was $5,920,905 and $3,905,105 at December 31, 2007 and 2006, respectively.

12. Government and Government Agency Securities

Government securities, which are expected to be held until maturity, are stated at cost and adjusted for the amortization of premiums computed by the interest method, which approximates fair value. SCCP maintains a $3,000,000 reserve fund that is invested in government securities. At December 31, 2007 and 2006, this reserve fund was part of investments held to maturity, which totaled $3,025,817 and $3,022,533, respectively. Pursuant to SCCP rules, the reserve fund is to be used to cover all reasonably anticipated operating expenses of SCCP and must be replenished within 60 days of the use of such monies.

13. Participants’ Securities Transactions

SCCP’s participants’ securities transactions are reported on a settlement date basis.

14. Participants’ Margin Accounts

Relative to SCCP, margin accounts receivable from and payable to participants include amounts due on cash and margin transactions. Securities owned by participants and held as collateral for receivables were valued at $1,426,000 and $3,440,000 at December 31, 2007 and 2006, respectively. Such collateral is not reflected in the consolidated financial statements. Securities owned by participants are marked to market in determining equity for margining purposes.

SCCP is potentially exposed to credit risk arising from nonperformance of its margin members in meeting their settlement obligations.

15. Income Taxes

Deferred income taxes are recognized for the tax consequences of differences in future years between the tax bases of assets and liabilities and their financial reporting amounts at each year-end based on tax laws and statutory tax rates applicable to the periods in which the differences are expected to result in taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Computer Software Developed or Obtained for Internal Use

The Exchange follows the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) No. 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*, which requires entitles to capitalize direct internal and external costs that meet certain capitalization criteria. Accordingly, the Exchange capitalized $5,226,000 and $5,081,000 in 2007 and 2006, respectively.

17. Comprehensive Income

The Exchange follows the provisions of Statement of Financial Accounting Standards (SFAS) No. 130, *Reporting Comprehensive Income.* SFAS No. 130 establishes standards to provide prominent disclosure of comprehensive income items. Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-operating sources. Other comprehensive loss consists of net unrealized gains on investment securities available for sale and pension and postretirement plan adjustments. The components of other comprehensive income (loss) are as follows:

	Year ended December 31, 2007		
	Before tax amount	Tax expense (benefit)	Net of tax amount
	(Dollars in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	$ 244	$ 112	$ 132
Less reclassification adjustment for gains realized in net income	(533)	(244)	(289)
Unrealized gains on securities	(289)	(132)	(157)
Pension liability adjustments	1,070	489	581
Other comprehensive loss, net	$ (781)	$ (357)	$ (424)

	Year ended December 31, 2006		
	Before tax amount	Tax expense (benefit)	Net of tax amount
	(Dollars in thousands)		
Unrealized gains on securities			
Unrealized holding gains arising during period	$ 1,252	$ 703	$ 549
Less reclassification adjustment for gains realized in net income	(944)	(431)	(513)
Unrealized gains on securities	308	272	36
Other comprehensive income, net	$ 308	$ 272	$ 36

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. Pension Plan

Pension costs reflect an allocation of aggregate pension costs under a plan sponsored by the Parent. The Exchange funds the plan subject to the full funding limitation of the Employee Retirement Income Security Act of 1974.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans: an amendment of FASB Statements No. 87, 88, 106, and 132(R).* SFAS 158 requires the Exchange to recognize the funded status of its defined benefit postretirement benefit plan in the Exchange's statement of financial position. The funded status was previously disclosed in the notes to the Exchange's financial statements, but differed from the amount recognized in the balance sheet. SFAS 158 does not change the accounting for the Exchange's defined contribution plan.

The recognition and disclosure provisions of SFAS 158 are effective for fiscal years ending after June 15, 2007, for nonpublic entities with defined benefit plans and are to be applied as of the end of the year of adoption. Retrospective application is not permitted. The Exchange voluntarily adopted the recognition and disclosures provisions of SFAS 158 effective December 31, 2006. The Exchange uses a December 31 measurement date for its pension and postretirement health benefit plan and thus the measurement date provisions will not affect the Exchange.

At December 31, 2006, the Exchange's projected benefit obligation under its pension and retiree medical health plans exceeded the fair value of the plan assets by $372,240 and $366,861, respectively, and thus the plans are underfunded. The adoption of SFAS 158 had the following effect on the Exchange's balance sheet as of December 31, 2006:

	Prior to adoption of Statement 158	Adjustments	After adoption of Statement 158
Noncurrent liability	$ 9,495,000	$ 6,404,000	$ 15,899,000
Deferred income taxes	6,213,000	3,131,000	9,344,000
Accumulated other comprehensive loss	(442,000)	(3,273,000)	(3,715,000)

The adoption of SFAS 158 did not affect the Company's statement of operations for the year ended December 31, 2006, or any prior periods. Application of SFAS 158 will not change the calculation of net income in future periods, but will affect the calculation of other comprehensive income.

19. Postretirement Health Benefit Plan

Net postretirement health benefit costs are not funded. The net transition obligation for the plan is being amortized over a 20-year period, and will be fully amortized by January 1, 2013 (see note M).

20. Advertising Costs

The Exchange expenses advertising costs as incurred. Advertising expense was $212,000 and $161,000 for 2007 and 2006, respectively.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

21. Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation.

22. New Accounting Pronouncements

In early July 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of Statement No. 109*. FIN 48 was issued to address financial statement recognition and measurement by an enterprise of a tax position taken, or expected to be taken, in a tax return. The new standard will require several new disclosures in annual financial statements, including (a) the income statement classification of income tax-related interest and penalties and (b) a reconciliation of the total amount of unrecognized tax benefits. On February 1, 2008, the FASB issued FASB Staff Position (FSP) FIN 48-2, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." The FSP defers the effective date of FIN 48, *Accounting for Uncertainty in Income Taxes*, for certain nonpublic companies to the Exchange's annual financial statements for fiscal years beginning after December 15, 2007. Nonpublic companies subject to the deferral are not required to adopt FIN 48 in interim period financial statements in the year of adoption. Earlier adoption is permitted, but when adopted, FIN 48 must be applied as of the beginning of the Exchange's fiscal year. The Exchange is still evaluating the impact of adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 clarifies the principle that fair value should be based on assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 is not expected to have a material impact on the financial position or results of operations of the Exchange.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*. SFAS No. 159 expands the use of fair value accounting but does not affect existing standards, which require assets and liabilities to be carried at fair value. Under SFAS No. 159, a company many elect to use fair value to measure accounts and loans receivable, available-for-sale and held-to-maturity securities, equity method investments, accounts payable, guarantees, issued debt and other eligible financial instruments. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Exchange has not determined yet whether it will elect to adopt SFAS No. 159.

NOTE C - REGULATORY DIRECTIVES

Pursuant to investigations conducted by the SEC regarding, among other things, listing and competition-related behavior, and by the United States Department of Justice (DOJ) regarding antitrust, the agencies in the year 2000 entered into settlements with the Exchange and certain other options exchanges.

(Continued)

NOTE C - REGULATORY DIRECTIVES - Continued

On September 11, 2000, the SEC issued an Order Instituting Public Administrative Proceedings (the 2000 Order), which accepted the settlement offers of the Exchange and certain other options exchanges, censured them, and, among other things, required them to adopt or modify certain rules regarding listing, allocation, harassment or intimidation, order handling, and certain other competition-related behavior. The 2000 Order also required the Exchange, jointly with other defendant exchanges, to establish a consolidated audit trail system, reform the plan by which capacity is procured and allocated and reform the plan by which exchanges list options. The 2000 Order also required the Exchange and other exchanges to enhance their surveillance, investigation, and enforcement processes.

On September 11, 2000, a U.S. district court entered a Proposed Final Judgment (Judgment), which instituted an antitrust proceeding brought by the DOJ and likewise accepted the settlement offers of the Exchange and certain other options exchanges. The Judgment, which was finalized by the court on December 6, 2000, among other things, established periodic reporting requirements, required the Exchange and the other exchanges to designate an Antitrust Compliance Officer and initiate an Antitrust Compliance Program, and prohibited certain agreements between and among the exchanges. The Judgment expires ten years from the date of its entry.

NOTE D - DISSOLUTION OF PHILADEP

In January 2001, Philadep adopted a Plan of Voluntary Dissolution (the Plan) providing for the cessation of Philadep’s corporate existence pursuant to the Pennsylvania Banking Code of 1965. In connection with the Plan, in February 2001, Philadep and the Exchange entered into an Assumption and Guarantee Agreement (the Assumption Agreement) providing for the Exchange to discharge certain obligations of Philadep not discharged directly by Philadep. Pursuant to the Assumption Agreement, the Exchange assumed Philadep’s obligations under its pension and/or post-retirement benefit plans.

As of December 31, 2002 (the “Final Distribution Date”), by virtue of the Plan and the Assumption Agreement, all funds, assets, and liabilities of Philadep, with a net asset value of $2,185,800, were assigned to and assumed by the Exchange. In 2005, Philadep received tax clearance from the Commonwealth of Pennsylvania and filed Articles of Dissolution with the Pennsylvania Department of Banking which were approved by the Department of Banking in 2006, causing Philadep to be dissolved. In December 2002, the SEC issued an order approving Philadep’s request to withdraw as a registered clearing agency effective as of December 31, 2002. At December 31, 2007 and 2006, the Exchange maintained reserves of $-0- and $194,000, respectively, for potential claims related to dividends and interest on securities that were on deposit with Philadep. The SEC required Philadep to keep a separate minimum reserve of $300,000 to cover potential reorganization claims. In 2000, Philadep was authorized by the SEC to amortize the $300,000 reserve to income over a three-year period.

NOTE E - INVESTMENTS

The amortized cost, gross unrealized gains and losses and estimated market values of the Exchange's investment securities are summarized as follows (in thousands):

	2007			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(Dollars in thousands)			
Available-for-sale				
Equity securities	$ 13,036	$ 2,807	$ 503	$ 15,340
Debt securities	1,049	14	5	1,058
	$ 14,085	$ 2,821	$ 508	$ 16,398
Held-to-maturity				
Debt securities	$ 3,073	$ 23	$ 1	$ 3,095

	2006			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(Dollars in thousands)			
Available-for-sale				
Equity securities	$ 12,145	$ 2,731	$ 125	$ 14,751
Debt securities	579	12	5	586
	$ 12,724	$ 2,743	$ 130	$ 15,337
Held-to-maturity				
Debt securities	$ 3,133	$ —	$ 24	$ 3,109

The amortized cost and estimated market value of investment securities, by contractual maturity at December 31, 2007 (in thousands), are shown below:

	Available-for-sale		Held-to-maturity	
	Amortized cost	Estimated market value	Amortized cost	Estimated market value
	(Dollars in thousands)			
Due within five years	$ —	$ —	$ 3,073	$ 3,095
Municipal securities	523	532	—	—
Mortgage-backed securities	516	526	—	—
Total debt securities	$ 1,039	$ 1,058	$ 3,073	$ 3,095

(Continued)

NOTE E - INVESTMENTS - Continued

Proceeds from the sales of investments and gross realized gains and losses on such sales for 2007 and 2006 were as follows:

	2007	2006
	(Dollars in thousands)	
Proceeds	$ 9,876	$ 9,250
Gross gains	926	1,297
Gross losses	(393)	(353)

The table below indicates the length of time individual securities have been in a continuous unrealized loss position as of December 31,2007 (in thousands):

Description of Securities	Number of securities	Less than 12 months Fair value	Less than 12 months Unrealized losses	12 months or longer Fair value	12 months or longer Unrealized losses	Total Fair value	Total Unrealized losses
Mortgage-backed securities	5	$ —	$ —	$ 140	$ 3	$ 140	$ 3
Marketable equity securities	19	4,015	505	—	—	4,015	505
Total temporarily impaired investment securities	24	$ 4,015	$ 505	$ 140	$ 3	$ 4,155	$ 508

Management has considered factors regarding other than temporarily impaired securities and determined that there are no securities that are impaired as of December 31, 2007.

The Company invests a portion of its investments in auction-rate securities, the market for which has recently undergone significant change. As of December 31, 2007, the Exchange had approximately $1,000,000 in auction-rate securities ("ARS"). ARSs have a long-term stated maturity, but are reset through a "dutch auction" process that occurs periodically depending on the terms of the individual security. Until February 2008, the ARS market was highly liquid. During February 2008, however, a significant number of auctions related to these securities failed, meaning that there was not enough demand to sell the entire issue at auction. The impact of the failed auctions on holders of ARS is that the holder cannot sell the securities and the issuer's interest rate is generally reset to a higher "penalty" rate.

At December 31, 2007 and 2006, the Company held 4.70 shares of DTCC common stock. As a member firm of DTCC, the Exchange is designated, by DTCC rule, as a mandatory purchaser participant and is required to own the shares for as long as it remains a member. The number of shares required to be owned is determined by DTCC and the Exchange is prohibited from owning anything more or less than the amount calculated by DTCC. The shares are substantially restricted and cannot be sold to any party other than the DTCC. For this reason, these shares are recorded at cost and are classified in other assets on the Exchange's balance sheet at December 31, 2007 and 2006.

NOTE F - INVESTMENT IN AFFILIATE

The Exchange has a minority equity interest in The Options Clearing Corporation (OCC) carried at cost totaling $333,000. In the event the Exchange should cease to be qualified to participate in OCC, OCC has the right to purchase all the shares owned by the Exchange. The shareholders' agreement provides that the purchase price will be the lesser of the Exchange's cost or the aggregate book value of the shares.

It is intended that the income of OCC will either be distributed to the member exchanges or retained within OCC. This determination will be made annually by the OCC Board of Directors. As the investment in OCC is not marketable and because there is little likelihood of dividends being distributed to the shareholders, the Exchange will realize its share of OCC's equity upon ultimate liquidation of OCC, an event not in the foreseeable future. Accordingly, the investment in OCC is carried at the Exchange's cost. There were no distributions in 2007 and 2006.

NOTE G - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The Exchange's investment in equipment and leasehold improvements comprises the following:

	Estimated useful lives	2007	2006
		(Dollars in thousands)	
Equipment	3-7 years	$ 53,123	$ 45,846
Software	5 years	43,341	39,099
Leasehold Improvements	Various	28,239	15,638
		124,703	100,583
Less - accumulated depreciation and amortization		64,152	58,265
		$ 60,551	$ 42,318

NOTE H - CLEARING ITEMS

The clearing items represent cash, receivables and payables for open securities transactions cleared for participants through SCCP's clearing system. A summary of the balances at December 31, 2007 and 2006, follows:

	2007	2006
	(Dollars in thousands)	
Cash - restricted	$ 67	$ 122
Securities purchased under agreements to resell - restricted	3,012	2,786
Securities purchased under agreements to resell	2,627	933
Cash	108	113
Margin accounts, debit balances	1,104	2,895
Miscellaneous accounts, debit balances	1	7
Omnibus accounts with other clearing organizations	4	2
Deposits with other clearing agencies	421	334
	$ 7,344	$ 7,192

(Continued)

NOTE H - CLEARING ITEMS - Continued

	2007	2006
	(Dollars in thousands)	
Margin accounts, credit balances	$ 215	$ 298
Continuous net settlement and other accounts, credit balances	7	17
Participants' fund	3,500	3,242
Advance from corporate accounts	3,622	3,607
Dividend and other payables	—	28
	$ 7,344	$ 7,192

SCCP participants are required to contribute to the Participants' Fund (the Fund). Amounts are dependent upon the nature and volume of services utilized by the participant. The Fund is designed to provide security for participants' obligations to SCCP, and is available to protect against the possibility of certain losses and as necessary to meet participant fund requirements of NSCC and/or DTC. SCCP determined that each participant's contribution was to accordance with the formulas approved by the SCCP Board of Directors. All formulas were applied to all SCCP participants on a uniform non-discriminatory basis.

All required contributions to the Fund must be made in cash and SCCP may allocate any portion of the Fund to satisfy DTCC's participant fund requirements with respect to SCCP's Omnibus Clearance and Settlement account. Accordingly, at December 31, 2007, SCCP had $420,000 deposited with DTCC, at December 31, 2006, SCCP had $334,000 deposited with DTCC. SCCP's excess participant fund cash not used to fund its DTCC participants' fund requirements is segregated and invested by SCCP in accordance with its rules.

SCCP rebates interest monthly to participants with deposits greater than $50,000 at the average federal funds rate, less one half of a percent. During 2007 and 2006, SCCP rebated $34,000 and $36,000, respectively, in interest, to the participants in accordance with the formulas. The participants' fund consisted of $3,500,000 and $3,242,000 in cash deposits and securities at December 31, 2007 and 2006, respectively.

NOTE I - PAYMENT FOR ORDER FLOW

The Exchange administers the collection and payment of Payment for Order Flow ("PFOF") fees assessed on certain qualifying transactions. PFOF funds are made available to order flow providers at the direction of specialist units and Directed Registered Options Traders. At December 31, 2007, the Exchange held total cash in the amount of $1,232,000 and total receivable and payable balances of $6,110,000 and $7,342,000, respectively, related to its PFOF programs. At December 31, 2006, the Exchange held total cash in the amount of $5,539,000 and total receivable and payable balances of $4,294,000 and $9,833,000, respectively, related to its PFOF programs.

NOTE J - NOTES PAYABLE

The Exchange had no loan obligations at December 31, 2007 and 2006. The Exchange had a capital lease obligation of $46,000 at December 31, 2005, which was paid off in 2006.

(Continued)

NOTE J - NOTES PAYABLE - Continued

During 2007, the Exchange maintained two collateralized line of credit facilities. Under these facilities, the Exchange has lines of credit totaling $10,000,000, comprised of agreements of $5,000,000 each at two different banks. Interest on outstanding balances is payable at the prime rate minus 0.5% and the prime rate, respectively. During 2006, the Exchange maintained two collateralized line of credit facilities. Under these facilities, the Exchange has lines of credit totaling $10,000,000, comprised of agreements of $5,000,000 each at two different banks. Interest on outstanding balances is payable at the prime rate. The Exchange has pledged a minimum of $1,500,000 in marketable securities and certain of its accounts receivable to each bank as collateral for the lines of credit. At December 31, 2007 and 2006, no portion of the lines of credit was outstanding.

During 2007 and 2006, SCCP maintained two collateralized line-of-credit agreements. Under these agreements, SCCP has lines of credit totaling $40,000,000, comprised of agreements of $20,000,000 each at two different banks. Interest is payable to the two accounts at the federal funds rate plus 1.6%. At December 31,2007 and 2006, no portion of the lines of credit was outstanding.

NOTE K - CAPITAL CONTRIBUTION

In June 2000, the Exchange implemented a three-year capital contribution program. The program assessed a $1,500/month contribution on owners of the Exchange's 505 seats to be used to provide funding for technological improvements and other capital needs. Through December 31, 2007, the Exchange had collected $27,188,000 (2007 - $-0-; 2006 - $2,000; 2005 - $6,000; 2004 - $33,000; 2003 - $4,251,000; 2002 - $9,336,000; 2001 - $8,888,000; 2000 - $4,672,000) from its seat owners. The program expired in May 2003.

NOTE L - INCOME TAXES

The components of the provision for income taxes are as follows:

	Year ended December 31, 2007	2006
	(Dollars in thousands)	
Currently payable		
Federal	$ 6,830	$ 7,260
Stale and local	5,892	5,545
	12,722	12,805
Deferred taxes	(6,590)	(3,456)
	$ 6,132	$ 9,349

The 2007 and 2006 provisions for income taxes are different from the amount which would be provided by applying the statutory Federal income tax rate to the income (loss) from continuing operations before income taxes, primarily as a result of permanent book tax differences and tax credits.

Deferred taxes result from federal and state net operating losses, recording depreciation, pension costs, deferred compensation, retiree medical benefits, unrealized gains/losses on investments, the reserve for possible losses on aged items in different periods for financial accounting and income tax reporting purposes, research and development credits and valuation allowance.

(Continued)

NOTE L - INCOME TAXES - Continued

The components of the net deferred tax asset/liability recognized in the accompanying consolidated balance sheets are as follows:

	Year ended December 31,	
	2007	2006
	(Dollars in thousands)	
Deferred tax assets	$ 35,250	$ 27,051
Defend tax liability	18,031	16,065
Net deferred tax asset before valuation allowance	17,219	10,986
Valuation allowance	(1,642)	(1,642)
Net deferred tax asset	$ 15,577	$ 9,344

During 2006, the Exchange performed a study regarding available Research and Development ("R&D") tax credits relating to their internally development software. Based upon this study, there are $5,037,000 of R&D credits available to the Exchange that were generated between 1998 and 2006. As of December 31,2007, the Exchange had net deferred tax assets relating to research and development credits of $4,014,000. These credits expire in 2018 through 2026. Additionally, alternative minimum tax credits are available of approximately $549,000 for 2006. The Exchange has approximately $5,000,000, expiring through 2024, of net operating loss carryforwards available to reduce future federal taxable income. These net operating losses are subject to an annual limitation under Internal Revenue Code Section 382 of approximately $2,100,000.

The Exchange files a consolidated federal income tax return. It is the Exchange's policy to calculate all taxes on a separate company basis. Any tax calculated at the subsidiary level is paid to the parent for subsequent payment to the federal government.

NOTE M - EMPLOYEE BENEFITS

1. Pension Plan

The Company participates in a trusteed noncontributory pension plan and a postretirement benefit plan covering substantially all employees of the Parent and its subsidiaries. The Company provides defined benefits which are generally a function of years of service and based on an employee's average pay over the employee's career with the Company.

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

The funded status of the defined benefit plan and postretirement benefit plan is as follows:

	Pension benefits		Postretirement benefits	
	2007	2006	2007	2006
	(Dollars in thousands)			
Change in benefit obligation				
Benefit obligation, beginning of year	$27,969	$27,252	$ 9,184	$ 8,595
Service cost	1,829	1,641	697	688
Interest cost	1,519	1,503	546	489
Assumption changes	895	(1,080)	783	—
Actuarial gain	(2,423)	(904)	(297)	(463)
Benefits paid	(475)	(443)	(156)	(125)
Benefit obligation, end of year	29,314	27,969	10,757	9,184
Change in plan assets				
Fair value of plan assets, beginning of year	25,625	19,883	—	—
Return on plan assets	1,584	2,235	—	—
Employer contributions	358	3,948	156	125
Expenses	(18)	2	—	—
Benefits paid	(475)	(443)	(156)	(125)
Fair value of plan assets, end of year	27,074	25,625	—	—
Funded status, end of year	$ (2,240)	$ (2,344)	$ (10,757)	$ (9,184)
Amounts recognized in balance sheets at December 31,2007				
Current liabilities (anticipated contributions)	$ —	$ —	$ (242)	$ (155)
Noncurrent liabilities	(2,240)	(2,344)	(10,515)	(9,029)
Net amount recognized in balance sheets	$ (2,240)	$ (2,344)	$ (10,757)	$ (9,184)
Amounts recognized in accumulated other comprehensive loss				
Net actuarial loss	$ 2,377	$ 3,412	$ 3,894	$ 3,586
Unrecognized transition obligation	—	—	89	107
Prior service cost	49	134	—	—
	$ 2,426	$ 3,546	$ 3,983	$ 3,693

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

The postretirement benefit plan provides certain health care and life insurance benefits for retired employees. Substantially all of the Company's employees may become eligible for those benefits if they reach normal retirement age white employed by the Company and fulfill other eligibility requirements as specified by the plan.

The accumulated benefit obligation for the pension plan at December 31, 2007 and 2006 was $29,314,000 and $27,969,000, respectively. The accumulated postretirement benefit obligation at December 31, 2007 and 2006 was $10,737,000 and $9,184,000, respectively.

	Pension benefits		Postretirement benefits	
	2007	2006	2007	2006
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	4.50	4.50	4.50	4.50
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31				
Discount rate	6.00%	5.75%	6.00%	5.75%
Expected long-term return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	4.50	4.50	4.50	4.50

The Exchange sets the discount rate assumption annually for its retirement-related benefit plan at the measurement date to reflect the yield of high-quality fixed-income debt instruments.

Assumed health care cost trend rates related to postretirement benefits at December 31:

	2007	2006
Current trend rate	9.00%	9.50%
Ultimate trend rate	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2015	2015

	Year ended December 31,	
	2007	2006
	(Dollars in thousands)	
Effect of 1% Change in Assumed Healthcare Trend rates		
<u>One-Percentage point Increase</u>		
Effect on Total of Service Cost and Interest Cost	$ 210	$ 276
Effect on Postretirement Benefit Obligation	1,658	1,800
<u>One-Percentage point Increase</u>		
Effect on Total of Service Cost and Interest Cost	(168)	(215)
Effect on Postretirement Benefit Obligation	(1,342)	(1,437)

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

The Exchange’s net periodic pension cost and other postretirement benefits costs include the following components:

	Pension Benefits		Postretirement benefits	
	2007	2006	2007	2006
	(Dollars in thousands)			
Service cost	$ 1,829	$ 1,641	$ 697	$ 688
Interest cost	1,519	1,503	546	489
Expected return on plan assets	(2,059)	(1,645)	—	—
Amortization of transition obligation	—	—	18	18
Amortization of prior service cost	85	85	—	2
Amortization of net losses	—	228	178	224
Net periodic benefit cost	$ 1,374	$ 1,812	$ 1,439	$ 1,421

The Exchange’s expected long-term rate on pension plan assets of 8% is based on the aggregate historical returns of the investments that comprise the defined benefit plan portfolio over the most recent six consecutive year period. The investment strategy of the plan is to achieve an asset allocation balance within planned targets to preserve principal while obtaining an average 8% annual return for the long-term.

The Exchange’s strategy is to fund its defined benefit pension plan obligations. The need for further contributions will be based on changes in the value of plan assets and the movements of interest rates during the year. The Exchange expects to contribute $-0- to the pension plan in 2008. The Exchange’s pension plan asset allocation at December 31, 2007 and 2006, and target allocation for 2008 by category are as follows;

Asset category	Percentage of plan assets 2007	Percentage of plan assets 2006	Target allocation 2008
Equity securities	69%	68%	65%
Fixed income securities	29%	28%	30%
Cash	2%	4%	5%

The following assumed benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Pension benefits	Postretirement benefits
	(Dollars in thousands)	
2008	$ 763	$ 242
2009	841	278
2010	925	304
2011-2016	11,942	3,226

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

2. Supplemental Executive Retirement Plan

The Exchange maintains nonqualified Supplemental Executive Retirement Plans (“Plans”) for certain key executives. The Plans are unfunded. The Exchange has reflected its liability related to the Plans of $4,643,000 and $3,953,000 as deferred compensation in the accompanying balance sheet at December 31, 2007 and 2006, respectively.

The funded status of the Plans are as follows:

	Plan #1		Plan #2	
	2007	2006	2007	2006
	(Dollars in thousands)			
Change in benefit obligation				
Benefit obligation, beginning of year	$ 132	$ 139	$ 3,821	$ 3,382
Service cost	—	—	459	457
Interest cost	7	8	229	191
Assumption changes	5	(1)	—	—
Actuarial loss	19	18	3	(209)
Benefits paid	(32)	(32)	—	—
Benefit obligation, end of year	$ 131	$ 132	$ 4,512	$ 3,821
Change in plan assets				
Fair value of plan assets, beginning of year	$ —	$ —	$ —	$ —
Employer contributions	32	32	—	—
Benefits paid	(32)	(32)	—	—
Fair value of plan assets, end of year	$ —	$ —	$ —	$ —
Funded Status, end of year	$(131)	$(132)	$(4,512)	$(3,821)
Amount recognized in accumulated other comprehensive loss	$ 116	$ 111	$ (1)	$ (3)
Net actuarial loss (gain)	—	—	1,859	2,107
Prior service cost	$ 116	$ 111	$ 1,858	$ 2,104

The accumulated benefit obligation for Plan #1 at December 31, 2007 and 2006 was $131,000 and $132,000, respectively. The accumulated benefit obligation for Plan #2 at December 31, 2007 and 2006 was $4,512,000 and $3,821,000, respectively.

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

	Plan #1		Plan #2	
	2007	2006	2007	2006
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	4.50	4.50	4.00	4.00
Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31				
Discount rate	6.00%	5.75%	6.00%	5.75%
Expected long-term return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	4.50	4.50	4.00	4.00

The Exchange sets the discount rate assumption annually for its retirement-related benefit plan at the measurement date to reflect the yield of high-quality fixed-income debt instruments.

The Exchange’s net periodic pension cost includes the following components:

	Plan #1		Plan #2	
	2007	2006	2007	2006
	(Dollars in thousands)			
Service cost	$—	$—	$459	$457
Interest cost	7	7	229	192
Amortization of prior service cost	—	—	248	248
Amortization of net losses	19	20	—	—
Net periodic benefit cost	$ 26	$ 27	$936	$897

The following assumed benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	Plan #1 benefits	Plan #2 benefits
	(Dollars in thousands)	
2008	$ 32	$ 64
2009	26	61
2010	22	58
2011-2017	75	3,683

(Continued)

NOTE M - EMPLOYEE BENEFITS - Continued

3. Savings Plan

The Exchange and SCCP also participate in a voluntary defined contribution 401(k) plan which covers substantially all of the Exchange and its Subsidiaries' employees. Employer contributions to this 401(k) plan were $716,000 in 2007 and $618,000 in 2006.

In December 2006, the Board of Governors approved changes to the Exchange's retirement program. Employees hired on or after January 1, 2007 will participate in an enhanced 401(k) plan only. Employees hired prior to January 1, 2007 will be given a one-time opportunity to choose between continued participation in the current defined benefit pension plan plus current 401(k) plan or participation in the enhanced 401(k) plan.

4. Postretirement Health Benefit Plan

The Exchange adopted SFAS No. 106, *Employer's Accounting for Postretirement Benefits Other Than Pensions*, as of January 1, 1993. This statement requires the accrual of the cost of providing postretirement benefits, including medical and life insurance coverage, during the active service period of the employee. The transition obligation as of January 1,1993, was estimated to be $2,617,000, which the Exchange has elected to amortize over 20 years as permitted by SFAS No. 106.

On December 8, 2003, the President signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act"). The Act provides for an expansion of Medicare, primarily adding a prescription drug benefit for Medicare-eligible retirees starting in 2006. The Act also provides a federal subsidy to sponsors that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Exchange has concluded that the benefits provided by the plans are actuarially equivalent to Medicare Part D under the legislation, and that the effects of the Act on medical obligations and costs to the Company are not significant.

NOTE N - COMMITMENTS AND CONTINGENCIES

1. Operating Leases

Rental expense was $4,441,000 in 2007 and $4,434,000 in 2006. Rental expense includes $223,000 in 2007 and $358,000 in 2006, for taxes and maintenance related to leased property.

The Exchange's minimum future annual rental obligations, exclusive of insurance, maintenance, and other costs, applicable to existing operating leases, are as follows:

Year ending December 31, (in thousands)	
2008	$ 3,895
2009	3,806
2010	3,742
2011 and thereafter	42,696
	$54,139

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

The Exchange leases its facilities under leases which are included in the preceding commitment schedule. Two lease agreements expired in May 2005 and two in October 2006, one of which was renewed for an additional 15 year lease term (primary lease). In December 2004, the Exchange renewed its lease agreement for approximately 91,000 square feet of office space at its existing location and in March 2005 and July 2005, the Exchange expanded its space to primarily address the other lease agreements that were expiring in May 2005 and October 2006 and to expand its data center for approximately 56,000 square feet of additional office space. In October 2006, the Exchange increased its space to expand its data center for approximately 7,000 square feet of office space. For the primary space, the lease term is 15 years, effective November 1, 2006, and contains a renewal option for extending the agreement for an additional two consecutive five-year terms. The five-year renewal options provide for possible escalation in annual rental costs depending on certain economic factors between now and the exercise periods of the renewal options. The expansion space commenced between June 1, 2005 and November 1, 2006 with free rent periods on certain amounts of space from between three months and seventeen months. It is co-terminus with the primary lease. Additionally, the landlord reimbursed the Exchange $2,708,000 in 2005 and $2,380,000 from January through February 2006 for tenant improvements made after January 1, 2003. Reimbursement of tenant improvements is recorded as deferred rent credits and will be amortized on a straight-line basis over the 15 year lease renewal term as a reduction of rent expense. The lease agreements include termination options in October 2011 and 2016, subject to a termination fee.

In June 2006, the Exchange expanded its space to accommodate its data center by approximately 26,000 square feet of office space in a Keystone Opportunity Zone, in which the Exchange qualified for state and local tax savings through 2018. The lease term is 15 years and 6 months, effective November 30, 2007, and contains a renewal option for extending the agreement for an additional two consecutive five-year terms. The five-year renewal options provide for possible escalation in annual rental costs depending on certain economic factors between now and the exercise periods of the renewal options. The landlord will reimburse the Exchange $762,000 in 2008 for tenant improvements. Reimbursement of tenant improvements will be recorded as deferred rent credits and will be amortized on a straight-line basis over the 15 year lease renewal term as a reduction of rent expense.

In May of 2006, pursuant to rights granted to the Exchange in its main lease, the Exchange acquired a limited partnership interest in Market 1900 Associates, L.P., a Pennsylvania limited partnership, an entity which, in turn, acquired a partnership interest of the entity whose primary asset is the real estate in which the Exchange’s main leased premises are located. The Exchange recognized a gain of $5,738,000 on the purchase and subsequent sale of these ownership interests.

2. Class Action Settlement

In May 2000, the Exchange settled consolidated class action lawsuits filed against it and certain other exchanges in October 1999 (the Original Settlements). The lawsuits alleged antitrust violations in connection with the listing of options. The Exchange was obligated under its Original Settlement Agreement to pay $2,800,000 (the Original Settlement Amount) to plaintiffs, which was accrued and included in the 2000 Consolidated Statement of Operations in Other Expenses. Payment of the Original Settlement Amount was secured by a letter of credit issued by a bank, which was renewed every year since 2001 and expired on November 28, 2005 and was not renewed due to the Original Settlement Agreement being replaced by a Modified Settlement Agreement, as described below.

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

In February 2001, the Court before whom the class action was filed issued an order granting a summary judgment motion filed by all Exchanges on the grounds that the Exchanges are entitled to implied immunity from liability under the antitrust laws. In April 2001, the Court issued an order stating that, as a result of its granting summary judgment, it does not have jurisdiction to entertain the plaintiffs' request to preliminarily approve the proposed settlement, and thus denied the plaintiffs' motion for approval of the settlement. The plaintiffs in April and May 2001 appealed the Court orders. In January 2003, after appellate briefing and oral argument, the Appellate Court issued a decision in which it a) affirmed the Court's dismissal of the class action complaint on the basis of implied repeal, and b) vacated the Court's order stating (that it did not have jurisdiction to hear motions for preliminary approval of the settlements and remanded the matter to the Court to entertain such motions. The plaintiffs filed a petition win the Court of Appeals for panel rehearing and for rehearing on banc. This petition was denied.

In February 2004, the plaintiffs filed a motion with the Court seeking preliminary approval of the Original Settlements including the Exchange's. In July 2004, the Court issued a complex order and decision regarding the Original Settlements wherein, among other things, the court agreed with certain objections to the settlement while approving the original settlement of one of the exchange defendants. In January 2006, the Exchange, the other exchange defendants and several market maker defendants submitted to the Court a Modified Settlement Agreement that was complemented by supplemental settlement agreements of additional defendants (collectively the Modified Settlement Agreement). On February 8, 2006, the Court entered an order preliminarily approving the Modified Settlement Agreement and scheduling May 22, 2006, for consideration of final approval of the settlement. Pursuant to the Modified Settlement Agreement the Exchange is obligated to pay a Modified Settlement amount that is significantly reduced from the Original Settlement Amount. As a result, the Exchange paid $575,000 ($525,000 principal, $50,000 interest) and reversed $3,406,000 ($2,275,000 in principal, $1,131,000 in interest) of previously accrued settlement liabilities through other expenses which are reflected in operating expenses in the consolidated statement of operations. An amended final judgment and order approving the Modified Settlement Agreement was entered on December 14, 2006. No appeal was taken on the final judgment, and the settlement under the Modified Settlement Agreement is final.

3. Other

In December 2003, six purported trading firms sued the Exchange and other options exchanges, ROTs, and specialists in federal court in Chicago, alleging improper handling at options orders placed by these firms. The case was dismissed by order of the court on March 30, 2005, but plaintiffs were permitted to amend their complaint excluding antitrust allegations. Other similarly situated plaintiffs filed similar complaints against the Exchange, among others, on September 28, 2005 and September 30, 2005, respectively. All of these have been consolidated with this first case. Plaintiffs' amended complaint (without antitrust claims), with allegations very similar to the original complaints, was dismissed on September 13,2006 and their Motion for Reconsideration was denied on March 22, 2007. Plaintiffs' appeal to the United States Court of Appeals was dismissed on April 20, 2007. The Exchange is producing a response to a third party subpoena, but is no longer a party to the action.

In 1998, Joseph Carapico, a member of the Exchange, and PennMont Securities ("PennMont"), an entity through which he trades securities at the Exchange, filed suit against the Exchange in Pennsylvania Common Pleas Court. The suit was amended in 2003 to request the Court to appoint a custodian to conduct the business of the Exchange, direct defendants to provide immediate notice to members of the commencement of any exploratory talks regarding certain corporate transactions, declare whether any fundamental transaction that might be undertaken by the Exchange was lawful, and enjoin the Exchange from

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

pursuing certain mergers, sales of assets, conversions, or other transfers. On October 6, 2004, the Court granted summary judgment against the plaintiffs and dismissed the case with prejudice. On February 24, 2006, the Superior Court affirmed, and on September 15, 2006, the Supreme Court of Pennsylvania denied plaintiffs' petition for allowance of appeal, ending the litigation in favor of the Exchange. The Exchange now seeks recovery of nearly $1,000,000 in legal fees pursuant to Exchange Rule 651.

PennMont, a member of the Exchange, filed suit on December 31, 2007 against the Exchange and Meyer S. Frucher, the Exchange's Chairman and Chief Executive Officer, seeking to enjoin PHLX's enforcement of Exchange Rule 651 against PennMont and seeking damages in connection therewith. On February 13, 2008, after the parties had briefed PennMont's motion for a temporary restraining order and a preliminary injunction, the Court denied the motion and dismissed the action for failure to state a claim. PennMont filed an appeal to the United States Court of Appeals for the Third Circuit, which remains pending. On February 27, 2008, the District Court denied PennMont's emergency motion for injunction pending appeal, and on March 7, 2008, the United States Court of Appeals for the Third Circuit denied a similar emergency motion for injunction pending appeal.

PennMont, a member of the Exchange, filed suit on December 22, 2005 against five individuals: Meyer S. Frucher, the Exchange's Chairman and Chief Executive Officer; William Briggs, the Exchange's Executive Vice President; Norman Steisel, the Exchange's Executive Vice President and Chief Operating Officer; and Kevin Foley and Christopher Nagy, former members of the Exchange's Board of Governors. The Exchange is advancing defense expenses to the Defendants in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint alleges mismanagement from the mid-1990s forward, with a specific focus on demutualization, and alleges direct shareholder class action and derivative claims under the Racketeer Influenced and Corrupt Organizations Act and nine common law causes of action. The complaint seeks monetary damages for plaintiffs and fellow shareholders. Defendants filed a motion to dismiss the complaint on multiple grounds. The Court dismissed the matter for failure to state a claim on August 15, 2007, and plaintiff has filed an appeal to the United States Court of Appeals for the Third Circuit.

Certain Exchange shareholders and members filed a proposed shareholder class action suit on June 14, 2006 in the United States. District Court for the Eastern District of Pennsylvania, alleging securities fraud against the Exchange's Board of Governors and its officer Norman Steisel (the "Exchange Defendants") in connection with the six strategic investments secured by the Exchange in June and August 2005. The Exchange is advancing defense expenses to the Exchange Defendants in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint also alleged "fraudulent transfer" of Exchange stock against the Strategic Investors. Plaintiffs requested rescission of the sale of stock to the Strategic Investors, or in the alternative, monetary damages. On July 19, 2006, plaintiffs filed an amended complaint that expanded upon the securities fraud claim asserted against the Exchange Defendants to attack not only the Strategic Transactions, but also demutualization and the Exchange's September 2005 self-tender offer. Plaintiffs requested the following relief: (i) rescission of stock sales pursuant to the tender offer; (ii) reversal of demutualization "to the extent such is possible and, to the extent such is not possible," damages; and (iii) rescission of the stock issued to the Strategic Investors. The amended complaint also asserted a claim for breach of fiduciary duty against the Exchange Defendants for which plaintiffs sought damages. With respect to the Strategic Investors, in addition to "fraudulent transfer," the amended complaint asserted claims for securities fraud, "commercial bribery" pursuant to the Robinson-Patman Act, and aiding and abetting breach of fiduciary duty. The plaintiffs subsequently informed the

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

Court that they were pursuing only their securities fraud claims. Motions to dismiss filed on behalf of all of the defendants were granted on March 31,2007, and plaintiffs have filed an appeal to the United States Court of Appeals for the Third Circuit. On January 28, 2008, plaintiffs filed motion for remand of the appeal to the District Court for consideration of the applicability of the settlement release in Ginsburg v. Philadelphia Stock Exchange, Inc. et al., No. 2202-CC (Del Ch.).

Another shareholder class action was filed against the Exchange, its then-Board of Governors, and the Strategic Investors in the Delaware Court of Chancery on June 6, 2006. As in the above matter, the plaintiff asserted a breach of fiduciary duty against the Board defendants, and sought the unwinding of the strategic investments, or in the alternative, monetary damages. Plaintiff's claim against the Strategic Investors was for aiding and abetting a breach of fiduciary duty. A substantial portion of the legal costs associated with the defense of both class action matters has been covered by Insurance. Motions to dismiss filed on behalf of all defendants were denied on December 7, 2006. On October 22, 2007, the court issued an order and final judgment providing for final class certification and approving as fair and adequate to the class a settlement that had been reached on June 20, 2007, on the eve of trial. Certain objecting class members appealed the October 22, 2007 order, and the Delaware Supreme Court affirmed the judgment on March 27, 2008. Among other consideration, the settlement provided that the Exchange would cause its insurers to pay to the class $14 million, and would itself further pay $3.1 million to the class. Among other consideration, the settlement consideration includes: (i) 14% of each of the Strategic Investor's equity interest in the Exchange; (ii) payment by the Exchange's insurers of $14 million to the class; (iii) payment by the Exchange of $3.1 million to the class; and (iv) cancellation of the interest of Myer S. Frucher, the Exchange's Chairman and Chief Executive Officer, in 14% of the restricted stock units that were previously awarded to him pursuant to the Exchange's management equity compensation plan. By its terms, the settlement did not constitute an acknowledgement of liability by any of the defendants.

PennMont, a member of the Exchange, filed suit on April 19, 2006 in the United States District Court for the Eastern District of Pennsylvania, alleging insider trading in violation of the Securities Exchange Act of 1934 against Meyer S. Frucher, the Exchange's Chairman and Chief Executive Officer; John F. Wallace, the Exchange's On-Floor Vice Chairman; and Pasquale DiDonato, the principal of a floor broker at the Exchange. The Exchange has advanced defense expenses to Frucher and Wallace in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint's allegations concerned the sale of 100 shares of the Exchange's Class A common stock from plaintiff to defendant DiDonato in January 2005. PennMont filed an amended complaint on August 4, 2006 that purports to state a controlling person claim against Wallace and hold him liable as a "tipper," and that purports to state a direct securities fraud claim against Frucher. Defendants' motions to dismiss the amended complaint were denied on March 23, 2007. After the close of discovery, defendants filed a motion for summary judgment on November 19, 2007, and their motions were granted on March 28, 2008.

Richard Feinberg, a member of the Exchange, filed suit on September 9, 2005 in the United States District Court for the Eastern District of Pennsylvania alleging insider trading in violation of the Securities Exchange Act of 1934 against I. Isabelle Benton, a member of the Exchange's Board of Governors, and Benton Partners II L.P., a member of the Exchange in which Ms. Benton is a partner. The Exchange has advanced defense expenses to Benton in accordance with its Restated Certificate of Incorporation and By-Laws. The complaint's allegations concerned the sale of 100 shares of the Exchange's Class A common stock from plaintiff to defendant Benton Partners II, L.P., in December 2004. At the close of discovery, defendants filed a motion for summary judgment on June 22, 2007, and the motion was denied on December 13, 2008. Trial began on March 3, 2008, and at the close of plaintiff's case the Court entered judgment on a directed verdict for defendants. Final judgment in favor of defendants was entered on March 10, 2008.

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

On June 2, 2006, NexTrade, Inc., filed a claim against the Exchange in the United States District Court for the Middle District of Florida alleging patent infringement and breach of contract. The suit arises out of an April 2005 licensing agreement between the Exchange and NexTrade regarding an alleged patent for expirationless options. Plaintiff sought unspecified damages, costs, and fees for infringement and breach, along with a declaratory judgment that NexTrade's patent covers long dated options in addition to expirationless options. A motion to dismiss filed by the Exchange was denied in August 2006, and discovery commenced. The parties entered into a settlement agreement in January 2008, and the action was dismissed.

Certain Exchange shareholders and members filed a proposed shareholder class action suit on June 18, 2007 in the United States District Court for the Eastern District of Pennsylvania against Keefe Bruyette & Woods, Inc. ("KBW"), and Joseph J. Spalluto, a KBW managing director, asserting claims stemming from financial advisory services rendered to the Exchange by KBW. On February 5, 2008, KBW filed a complaint against the Exchange in the United States District Court for the Southern District of New York seeking indemnification pursuant to an engagement agreement between the parties for costs incurred by KBW in connection with the underlying shareholder suit against KBW and Spalutto, and in connection with *McGawan Investors L.P., et al. v. Meyer S. Frucher, et al.*, No. 06-2558 (E.D. Pa.). The Exchange filed a state court action in Philadelphia against KBW on February 25, 2008 seeking a declaration that its indemnification obligation does not apply. On March 12, 2008 KBW removed that action to the United States District Court for the Eastern District of Pennsylvania. On March 14, 2008, KBW filed a motion to dismiss, stay, or transfer the Eastern District of Pennsylvania action to the Southern District of New York. On March 17, 2008, the Exchange sought leave to file a motion to transfer the Southern District of New York action to the Eastern District of Pennsylvania. On March 24, 2008, the Exchange filed an Answer in the Southern District of New York action denying liability. The Exchange and KBW have reached an agreement in principle to resolve the two cross suits regarding indemnification.

William and Maureen Dooner, husband and wife, filed suit against the Exchange, among others, on May 28, 2004 in the Court of Common Pleas, Philadelphia County primarily alleging that the Exchange had provided negligent security on its trading floor which resulted in bodily injury and other harm to Mr. Dooner (and a loss of consortium for his wife). Mr. Dooner alleges that he was pulled to the ground, striking his head, by another trader in a trading crowd which action arose out of a disagreement over positioning within a trading crowd. On March 3, 2006, a jury awarded Mr. and Mrs. Dooner a total of $1,935,000 of which the Exchange was held liable for $967,500 (50%). The Exchange appealed and the Superior Court of Pennsylvania vacated the judgment on October 17, 2007. The Supreme Court of Pennsylvania granted Plaintiff's petition for allowance of appeal. Insurance has and will fully indemnify the Exchange.

On March 22, 2006, the Exchange was served with a complaint filed in the Court of Common Pleas of Philadelphia County by the owner of 200 shares of the Exchange's Class A Common Stock (the "Shares") and by two prospective purchasers of those shares. The complaint alleges that the Exchange in 2005 wrongfully prevented the transfer of the Shares to their record owner, Steven Braverman, due to debts owed by Mr. Braverman to the Exchange thus depriving Mr. Braverman of a gain of $120,000 from an agreed upon sale to the two prospective purchasers in May 2005. The two prospective purchasers allege that they were wrongfully deprived of gains of $30,000 each, which they would have realized upon their acceptance of a tender offer made by the Exchange in October 2005. The Exchange reached a settlement with the two prospective purchasers in December of 2006, by allowing the transfer of shares with the proceeds being held in escrow pending the outcome of the litigation with Mr. Braverman. The Exchange filed an amended counterclaim and a motion for summary judgment in January of 2007. A settlement with Braverman, individually, was reached and finalized in October of 2007.

(Continued)

NOTE N - COMMITMENTS AND CONTINGENCIES - Continued

In March 2004, the Exchange received a request for documents from the SEC's Division of Enforcement related to a review of the Exchange's surveillance, investigation and enforcement functions from April 1999 through January 2002. This resulted in a settlement with the Division of Enforcement in May 2006 which included: (i) an order that the Exchange cease and desist from committing or causing any violations of Section 19(g) of the Securities and Exchange Act of 1934; (ii) an undertaking that the Exchange shall institute a training program for staff that addresses compliance with the federal securities laws and the Exchange's rules; and (iii) a further undertaking that the Exchange retain in 2006 and 2008 a third party auditor to conduct a comprehensive compliance audit and allocate up to $500,000 in each of 2006 and 2008 on those audits.

PBOT has entered into a Letter of Intent (LOI) to which the Exchange is a third-party beneficiary, which contemplates the creation of a Joint Development Agreement (Agreement) amongst the parties to the LOI. This Agreement has not yet been consummated.

In August 2003, the Exchange entered into an exclusive license agreement with The NASDAQ Stock Market, Inc. (NASDAQ) for listing and trading options on the Nasdaq Composite Index which began on March 22, 2004. The initial term of the agreement is for three years. Under the agreement, the Exchange is responsible for paying a license fee per contract traded, but must pay NASDAQ a minimum of $1,250,000 during the 3 year term of the agreement. A member organization committed that they would cover any shortfall owed by the Exchange to NASDAQ. Pursuant to a termination and release notice, dated February 17, 2006, NASDAQ and the Exchange released each other from all obligations in this agreement and the Exchange agreed to pay NASDAQ $320,000 in final satisfaction. A member organization reimbursed the Exchange for such amount.

The Exchange has entered into employment agreements with certain employees. In addition to base salaries, the agreements provide for retention and, in part, incentive bonuses based on criteria established by the Board of Governors.

SCCP is a participant of NSCC and as such submits and guarantees activity of certain of the Exchange's members for clearance through the SCCP omnibus account. SCCP is entitled to all of the services and benefits of a participant of NSCC and is subject to all of the liabilities of a participant. The Exchange guarantees to NSCC all liabilities and/or obligations of SCCP to NSCC which now, or in the future may arise including liabilities and obligations which may arise from SCCP's membership in DTC.

In the normal course of its business, the Exchange is exposed to asserted and unasserted claims. In the opinion of management, the resolution of these matters will not have a material adverse affect on the Exchange's consolidated financial position, results of operations or cash flows.

NOTE O - EQUITY

1. Equity

The Exchange is authorized to issue (i) 1,000,000 shares of common stock, 50,500 shares of which are designated Class A Common Stock and 949,500 shares of which are designated Class B Common Stock (collectively, the Common Stock), and (ii) 100,000 shares of preferred stock, all with a par value of $.01 per share. As described below, one share of Series A Preferred Stock was issued.

(Continued)

NOTE O - EQUITY - Continued

Shareholder and Independent Governors of the Exchange are elected by the holders of the Common Stock. Member and Designated Independent Governors are chosen, and their removal may be directed by the members (permit holders) of the Exchange. All voting rights of a member are exercised through the member organization with which the member is primarily affiliated. The Member and Designated Independent Governors who are chosen by the members are formally elected at the annual meeting of stockholders by the Phlx Member Voting Trust (the Trust), a Delaware statutory trust whose trustee is an independent institution that is required to vote in accordance with the vote of the Exchange's members. One share of Series A Preferred Stock of the Exchange was issued to the Trust, the sole purpose of which is to allow the Trust to vote for the election or removal of Member and Designated Independent Governors as directed by a member vote. Except for the election and removal of Member and Designated Independent Governors, and subject to the rights of any class or series of preferred stock if and when issued, the Common Stock retains all voting rights of the stockholders of the Exchange.

The holders of the Common Stock will have all dividend and other distribution rights of stockholders in the Exchange, subject to the rights of any class or series of preferred stock, if and when issued. The Series A Preferred Stock does not have any dividend rights. The Exchange's by-laws prohibit the payment of dividends from revenues received by the Exchange from regulatory fines, fees or penalties.

On January 20, 2007, the third anniversary of the demutualization of the Exchange, all 46,900 shares of Class A Common Stock converted to Class B Common Stock such that all 441,504 shares of the Exchange are, as of that date, Class B shares. Upon conversion to Class B, the eligibility of holders of Class A shares for a contingent dividend terminated. The former holders of the Class A shares otherwise continue to have the same rights and privileges, including voting, as the Class B holders.

2. Strategic Partners

As approved by the Board of Governors on June 15, 2005, the Company, on June 16, 2005, entered into strategic alliances with Merrill Lynch, Pierce, Fenner & Smith and Citadel Derivatives Group (the "First Round Strategic Partners"). Pursuant to the terms of each transaction and in exchange for a cash purchase price of $7.5 million, each First Round Strategic Partner acquired (i) shares of Class B Common Stock representing 10% of the number of shares of Common Stock outstanding (or available for issuance to management pursuant to the Phlx's management incentive plan) immediately after and taking into account the closing of the First Round Strategic Alliances and (ii) a warrant (a "First Round Warrant") to acquire, for nominal consideration, additional shares of Common Stock such that together with the shares already owned by the investor, the investor would own shares representing up to 19.9% of the shares of Common Stock outstanding (or available for issuance to management pursuant to the Phlx's management incentive plan) immediately after and taking into account the exercise of such First Round Warrant (with provision made, through a "Shortfall Warrant" if the issuance thereof is necessary, to maintain the right to acquire such 19.9% if any dilutive warrants, options, convertible securities or other similar rights are outstanding at the time the First Round Warrant is exercised).

As approved by the Board of Governors on August 12, 2005, the Company on August 16, 2005, entered into strategic alliances with Citigroup Financial Products, Inc., Credit Suisse First Boston Next Fund, Inc. UBS Securities, LLC (collectively, the "5% Investors") and Morgan Stanley & Co., Incorporated ("Morgan Stanley") (together with the 5% Investors, the "Second Round Strategic Partners"). Like the First Round Strategic Partners, Morgan Stanley acquired, pursuant to the terms of the transaction and in exchange for a cash purchase price of $7.5 million, (i) shares of Class B Common Stock representing 10% of the number of shares of Common Stock outstanding (or available for issuance to management pursuant to the Exchange's management

(Continued)

NOTE O - EQUITY - Continued

incentive plan) immediately after and taking into account the closing of the Second Round Strategic Alliances and (ii) a warrant (a “Second Round Warrant” and, together with the First Round Warrants, the “Warrants”), to acquire, for nominal consideration, additional shares of Common Stock such that, together with the shares already owned by Morgan Stanley, it would own shares representing up to 19.9% of the shares of Common Stock outstanding (or available for issuance to management pursuant to the Exchange’s management incentive plan) immediately after and taking into account the exercise of such Second Round Warrant (with provision made, through a “Shortfall Second Round Warrant” if the issuance thereof is necessary, to maintain the right to acquire such 19.9% if any dilutive warrants, options, convertible securities or other similar rights are outstanding at the time the Second Round Warrant is exercised).

Pursuant to the terms of the transaction and in exchange for a cash purchase price of $3.75 million, the 5% Investors acquired (i) shares of Class B Common Stock representing 5% of the number of shares of Common Stock outstanding (or available for issuance to management pursuant to the Exchange’s management incentive plan) immediately after and taking into account the closing of the Second Round Strategic Alliances and (ii) a Second Round Warrant to acquire, for nominal consideration, additional shares of Common Stock such that, together with the shares already owned by such 5% Investors, each 5% Investor would own shares representing up to 9.9% of the shares of Common Stock outstanding (or available for issuance to management pursuant to the Exchange’s management incentive plan) immediately after and taking into account the exercise of such Second Round Warrant (with provision made, through a “Shortfall Second Round Warrant” if the issuance thereof is necessary, to maintain the right to acquire such 9.9% if any dilutive warrants, options, convertible securities or other similar rights are outstanding at the time the Second Round Warrant is exercised).

As a result of the Second Round Strategic Alliances, the Board of Governors issued an additional 3,156 shares of Class B Common Stock to each of the First Round Strategic Partners, in order to restore their Common Stock ownership to 10% after taking into account the Second Round Strategic Alliances.

The number of additional shares of Common Stock that may be issued pursuant to a First or Second Round Warrant and any Shortfall First or Second Round Warrant will vary depending on whether the First or Second Round Strategic Partner holding such First or Second Round Warrant meets the specific performance criteria set forth in the First or Second Round Warrant, which require that the First or Second Round Strategic Partner trade an agreed-upon number of option contracts, subject to certain exceptions, on the Phlx’s exchange on a daily basis over a specified period of months.

As a result of the above transactions, the Exchange issued 45,450 shares of Class B Common Stock to the six Strategic Partners described above for $33,750,000. Additionally, the Exchange recognized expense of $-0- and $15,449,000 in 2007 and 2006, respectively, related to the costs associated with the Strategic Partners meeting their performance criteria and earning additional Class B Common stock under their warrants and is included in equity granted to third parties and additional-paid-in-capital in the accompanying consolidated statements of operations and consolidated balance sheets, respectively.

In January 2006, Citadel Derivatives Group, LLC met all of its performance criteria under the warrants issued to them on June 15, 2005. Citadel Derivatives Group, LLC exercised their warrant on February 14, 2006 and the Company issued to them 10,334 shares of Class B Common Stock. In June 2006, Merrill Lynch, Pierce, Fenner & Smith (“Merrill Lynch”) met all of their performance criteria under the warrants issued to them on June 15, 2005. Merrill Lynch exercised their warrant on July 17, 2006 and the Exchange issued to them 77,759 shares of Class B Common Stock. In June 2006, Morgan Stanley met all of their

(Continued)

NOTE O - EQUITY - Continued

performance criteria under the warrants issued to them on June 15, 2005. Morgan Stanley exercised their warrant on Jury 17, 2006 and the Exchange issued to them 77,759 shares of Class B Common Stock. In June 2006, Citigroup Financial Products, Inc. met all of their performance criteria under the warrants issued to them on June 15, 2005. Citigroup Financial Products, Inc. exercised their warrant on July 17, 2006 and the Exchange issued to them 38,659 shares of Class B Common Stock. In June 2006, Credit Suisse First Boston Next Fund, Inc. met all of their performance criteria under the warrants issued to them on June 15, 2005. Credit Suisse First Boston Next Fund, Inc. exercised their warrant on July 17, 2006 and the Exchange issued to them 38,559 shares of Class B Common Stock. In June 2006, UBS Securities, LLC met all of their performance criteria under the warrants issued to them on June 15, 2005. UBS Securities, LLC exercised their warrant on July 17, 2006 and the Exchange issued to them 38,659 shares of Class B Common Stock. On July 17,2006, the Exchange also issued to Citadel Derivatives Group, LLC, 67,425 shares of Class B Common Stock pursuant to the Shortfall Warrant.

NOTE P - MANAGEMENT EQUITY PLAN

On December 14,2006, the Exchange established the Philadelphia Stock Exchange, Inc. 2005 Stock Incentive Plan (“Plan”) whereby the Board of Governors may grant Restricted Stock Units (“RSUs”) to management, which is defined in the Plan as a notional unit representing the right to receive one share of stock on a settlement date at which time, all vested RSU’s shall be settled by issuance of shares of stock underlying such vested units, or at the discretion of the Compensation Committee, in cash or partially in cash and partially in shares of stock. The settlement dates shall be the earliest to occur of (i) the third anniversary of the date of the grant; (ii) a change in control; or (iii) termination of employment or service. The Exchange has accounted for the awards using the assumption that the awards will be fully settled in cash. Fair value of the Exchange’s stock is based on an independent valuation. The RSUs shall vest in accordance with the following schedule, subject to each holder’s continued employment or service with the Exchange or its affiliates as applicable: (i) 33.3% of the RSUs shall be vested of the date on the grant; and the remaining 66.7% of such RSUs shall vest ratably in 24 equal monthly installments beginning on the first day of each of the subsequent 24 months following the date of the grant. Compensation expense is charged to earnings over the vesting of each award. The charge is based upon each award’s current value, which is adjusted annually to reflect changes in value associated with movements in the value of the Exchange’s stock. The number of RSUs to be given to each individual was set at a special meeting of the Board of Governors on December 19, 2006. During the year ended December 31, 2006, the Exchange awarded 17,761 RSUs with a grant date value of $860 per unit vesting over three years ending December 31, 2008. Total compensation expense related to the Plan was $5,095,000 for the year ended December 31, 2006 and is included in staffing costs on the consolidated statements of operations and in accounts payable and other liabilities on the consolidated balance sheets. During the year ended December 31, 2007, the Exchange awarded 8,984 RSUs with a grant date value of $1,340 per unit vesting over two and three years ending December 31, 2009. The Exchange revalued all RSU’s as of December 31,2007 based on a fair value of $1,340 per unit. Total compensation expense related to the Plan was $15,772,000 for the year ended December 31, 2007 and is included in staffing costs on the consolidated statements of operations and in accounts payable and other liabilities on the consolidated balance sheets. Additional compensation expense related to these awards, estimated to be $14,972,000, and the related income taxes, will be recognized over the vesting period through December 31, 2009.

Included as part of the compensation approved by the Board of Governors at the December 19,2006 regular meeting was change of control arrangements for certain members of executive management as well as the Independent Governors on the Board of Governors.

NOTE Q - COMPENSATION PACKAGES

Also in 2007, the Board of Governors approved cash compensation awards totaling $5,000,000 to all Governors substantially similar to RSU awards granted to management, with vesting through December 31, 2008 or at a change in control. The Board of Governors also granted increased executive cash compensation in the amount of $5,300,000 reflecting the Board’s policy to compensate executives at 90% of the Exchange’s peer group, with executives waiving any additional increases to the change in control payments. In 2007, the Board of Governors approved additional change of control agreements for the non-independent Governors.

NOTE R - ACQUISITION AGREEMENT WITH NASDAQ STOCK MARKET, INC.

On November 6, 2007, the Exchange entered into a definitive agreement to be acquired by the NASDAQ Stock Market, Inc. (NASDAQ). The transaction, which has already been approved by the Exchange shareholders, is expected to close in the first half of 2008, subject to the approval of appropriate regulatory authorities, including the SEC, and certain other conditions.

NOTE S - SUBSEQUENT EVENT - STAY PAY BONUSES

Due to the acquisition agreement with NASDAQ, the Exchange implemented stay pay bonus programs in January and April 2008 totaling $4,727,000 payable to employees who continue their employment with the Exchange and/or the NASDAQ through July 30, 2008 and/or August 15, 2008 (stay pay dates). The stay pay bonus will be paid in a lump sum within 30 business days following the stay pay dates.

The Board has also approved compensation in the amount of $5,385,000 for performance and long-term incentive for the first six months of 2008, payable May 15, 2008.

PHILADELPHIA STOCK EXCHANGE, INC. AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS
(In thousands, except average share value information)

	2007	2006	2005	2004	2003
Revenues	$ 135,757	$ 113,546	$ 82,822	$ 74,813	$ 67,239
Operating expenses, excluding equity issued to third parties	126,358	89,172	79,733	74,876	67,637
Income (loss) before taxes and equity issued to third parties	9,399	24,374	2,899	(63)	(398)
Equity issued to third parties	—	15,449	17,835	—	—
Income tax expense (benefit)	6,132	9,349	(987)	70	—
Income (loss) from continuing operations	3,267	(424)	(13,949)	(133)	(398)
Net income from discontinued operations	—	—	—	—	—
Net income (loss)	3,267	(424)	(13,949)	(133)	(398)
Equipment and leasehold improvements, net	60,551	42,318	35,602	31,790	30,595
Shareholders'/members' equity	94,731	91,041	79,281	45,731	45,406

OPERATIONAL HIGHLIGHTS (UNAUDITED)

Unaudited data dollar value of shares traded on the Exchange*	$76,500,697	$34,973,751	$49,700,742	$88,893,815	$86,849,825
Average share value of shares traded on the Exchange	$ 47.86	$ 47.08	$ 35.38	$ 30.51	$ 26.29
Shares traded on the Exchange	1,598,480	742,834	1,404,949	2,913,782	3,304,035
Equity options contracts traded on the Exchange	399,197	265,371	156,222	127,818	109,205
Index options traded on the Exchange	6,727	7,626	7,237	5,276	3,222
U.S. Dollar settled PHLX World Currency option contracts traded on the Exchange	2,024	—	—	—	—
Physically settled currency option contracts traded on the Exchange	77	131	160	231	279

* These statistics do not pertain to the trading of Phlx Common Stock. Phlx Common Stock is not presently listed or publicly traded on the Exchange or any other national securities exchange.

Exhibit 99.3

OMX AB
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditor

To the Shareholders in OMX AB

We have audited the accompanying consolidated balance sheets of OMX AB and its subsidiaries as of December 31, 2007 and December 31, 2006 and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OMX AB and its subsidiaries at December 31 2007 and December 31, 2006 and the results of their operations and their cash flows for each of the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

February 20, 2008

PricewaterhouseCoopers AB
Stockholm Sweden

OMX AB
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(in millions of SEK)	Note	2007	2006
Continuing operations [1]			
Revenues	2, 3		
Net sales		3,838	3,313
Own work capitalized		134	68
Other revenues		101	105
Total revenues, etc		**4,073**	**3,486**
Expenses			
Premises expenses	12	(180)	(204)
Marketing expenses		(70)	(63)
Consultancy expenses	6	(366)	(310)
Operations and maintenance, IT	12	(308)	(239)
Other external expenses	6	(245)	(167)
Personnel expenses	7	(1,326)	(1,083)
Depreciation, amortization and impairment	13,14	(262)	(216)
Total expenses		**(2,757)**	**(2,282)**
Participation in earnings of associated companies	10	44	46
Operating income	**3**	**1,360**	**1,250**
Financial items	9		
Financial revenues		89	42
Financial expenses		(151)	(95)
Total financial items		**(62)**	**(53)**
Income/loss after financial items		**1,298**	**1,197**
Tax for the year	11	(249)	(240)
Net profit/loss for the period, continuing operations		**1049**	**957**
Discontinuing operations [1]			
Net profit/loss for the period, discontinuing operations		**(63)**	**(46)**
Net profit/loss for the period		**986**	**911**
of which, attributable to shareholders of OMX AB		979	907
of which, attributable to minority interests		7	4
Average number of shares, millions		120.640	118.671
Number of shares, millions		120.640	120.640
Average number of shares after dilution, millions		120.640	118.886
Number of shares after dilution, millions		120.640	120.640
Continuing operations			
Earnings per share, SEK [2]	31	8.64	8.03
Earnings per share after dilution, SEK [2]	31	8.64	8.03
Discontinuing operations			
Earnings per share, SEK [2]	31	(0.52)	(0.39)
Earnings per share after dilution, SEK [2]	31	(0.52)	(0.39)
OMX Total			
Earnings per share, SEK [2]	31	8.12	7.64
Earnings per share after dilution, SEK [2]	31	8.12	7.64
Dividend per share, SEK		—	6.50

(1) The income statements for discontinuing operations has been adjusted compared with the 2006 Annual reports as a result of organizational changes which led to certain parts of the business being retained.

(2) Earnings per share are calculated on the basis of the weighted average number of shares during the year. The amount is based on OMX AB shareholders' portion of net profit/loss for the period.

CONSOLIDATED BALANCE SHEETS

(SEK m)	Note	December 31, 2007	December 31, 2006
ASSETS			
Fixed assets			
Intangible assets	13		
Goodwill		3,304	3,140
Capitalized expenditure for R&D		900	634
Other intangible assets		635	576
Tangible fixed assets	14		
Equipment		288	321
Financial fixed assets	27		
Participations in associated companies	10	139	186
Other investments held as fixed assets	15	505	363
Deferred tax assets	11	113	125
Receivables from associated companies	8	—	6
Other long-term receivables	17	42	40
Total fixed assets		**5,926**	**5,391**
Current assets			
Short-term receivables	27		
Accounts receivable – trade		594	425
Market value, outstanding derivative positions	18	3,404	4,401
Receivables from associated companies	8	8	1
Tax receivables	11	13	6
Other receivables	19	819	888
Prepaid expenses and accrued income	20	394	418
Current investments	21,27	607	518
Cash equivalents	32,27	424	410
Assets held for sale	4	47	70
Total current assets		**6,310**	**7,137**
TOTAL ASSETS		**12,236**	**12,528**

(SEK m)	Note	December 31, 2007	December 31, 2006
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	**22**		
Share capital (120,640,467 shares, ratio value SEK 2)		241	241
Other capital contributions		3,536	3,536
Reserves		167	-103
Profit brought forward		1,148	923
Equity attributable to shareholders in Parent Company		**5,092**	**4,597**
Minority interest		25	17
Total shareholders' equity		**5,117**	**4,614**
Long-term liabilities	**27**		
Interest-bearing long-term liabilities	23	858	1,360
Deferred tax liability	11	76	15
Other long-term liabilities	23	104	123
Provisions	24	100	121
Total long-term liabilities		**1,138**	**1,619**
Short-term liabilities	**27**		
Liabilities to credit institutions	27	1,045	398
Accounts payable – trade	27	172	109
Tax liabilities	11	62	54
Market value, outstanding derivative positions	18	3,404	4,401
Other liabilities	25	690	836
Accrued expenses and deferred income	26	583	473
Provisions	24	25	24
Total short-term liabilities		**5,981**	**6,295**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,236**	**12,528**

For information on the Group's pledged assets and contingent liabilities, see Notes 28, 29 and 30.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY
See Note 22

(SEK m)	Share capital	Other capital contributions	Reserves	Profit/ loss forward	Minority interest	Total shareholders' equity
	Attributable to shareholders in the Parent Company					
OPENING BALANCE, JANUARY 1, 2006	**237**	**3,271**	**100**	**1,127**	**14**	**4,749**
New share issue, net after transaction costs of SEK 0	4	265				269
Minority interest					-1	-1
Dividend to shareholders				-1,120		-1,120
Equity swap for Share Match Program				-8		-8
Share Match Program				2		2
Cash-flow hedging						
Gain/loss attributable to shareholders' equity			-9			-9
Carried forward/transferred to income			-9			-9
Exchange-rate differences						
Hedging of shareholders' equity, net			25			25
Translation differences			-198			-198
Financial assets available for sale						
Carried forward/ transferred to income			-12			-12
Change in associated companies' shareholders' equity				15		15
TOTAL TRANSACTIONS RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY	**4**	**265**	**-203**	**-1,111**	**-1**	**-1,046**
Profit for 2006				**907**	**4**	**911**
TOTAL REPORTED REVENUES AND EXPENSES FOR 2006	**4**	**265**	**-203**	**-204**	**3**	**-135**
OPENING BALANCE, JANUARY 1, 2007	**241**	**3,536**	**-103**	**923**	**17**	**4,614**
Minority interest					1	1
Dividend to shareholders [1)]				-781		-781
Share Match Program				3		3
Cash-flow hedging						
Gain/loss attributable to shareholders' equity			8			8
Carried forward/transferred to income			10			10
Exchange-rate differences						
Hedging of shareholders' equity, net			-46			-46
Translation differences			178			178
Financial assets available for sale						
Profit/loss to shareholders' equity			120			120
Change in associated companies' shareholders' equity				24		24
TOTAL TRANSACTIONS REPORTED AGAINST SHAREHOLDERS' EQUITY	**—**	**—**	**270**	**-754**	**1**	**-483**
Profit for 2007				**979**	**7**	**986**
TOTAL REPORTED REVENUES AND EXPENSES FOR 2007	**—**	**—**	**270**	**225**	**8**	**503**
CLOSING BALANCE, DECEMBER 31, 2007	**241**	**3,536**	**167**	**1,148**	**25**	**5,117**

1) A dividend to shareholders was paid in the amount of SEK 784 m, of which OMX received SEK 3 m through the equity swap agreement with a third party that hedges the Share Match Program 2006.

OMX AB
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(in millions of SEK)	Note	Year Ended December 31, 2007	2006
Operating activities			
Continuing operations			
Net profit/loss for the period		1,049	957
Adjustments for items not included in cash flow			
Depreciation/amortization	13,14	262	208
Impairment	13,14	—	8
Utilization of provisions	24	(19)	(41)
Participations in earnings of associated companies	10	(44)	(46)
Capital loss		(105)	(109)
Financial items, without any cash effect	32	10	(2)
Income tax, without any cash effect	11	75	158
Other adjustments		11	(93)
Total cash flow from operating activities before changes in working capital		**1,239**	**1,040**
Changes in working capital			
Operating receivables		(122)	154
Operating liabilities		100	(158)
Total changes in working capital		**(22)**	**(4)**
Cash flow from operating activities, continuing operations		**1,217**	**1,036**
Discontinuing operations			
Net cash flow from operating activities, discontinuing operations		**(58)**	**(4)**
Cash flow from operating activities, total		**1,159**	**1,032**
Investing activities			
Continuing operations			
Investments in intangible assets	13	(444)	(379)
Sale of intangible assets	13	—	4
Investments in tangible assets	14	(58)	(67)
Sale of tangible assets	14	8	9
Cash flow from associated companies	10	10	34
Acquisitions of subsidiaries	5	50	(19)
Sale of subsidiaries		(5)	—
Sale of associated companies	10	116	575
Sale of operations in OMX companies		(11)	—
Increase/decrease in other shares and participations		7	(304)
Decrease/increase in long-term receivables	17	(27)	60
Increase/decrease in long-term liabilities	23	(46)	14
Decrease/increase in short-term investments of more than three months		(89)	206
Cash flow from investing activities, continuing operations		**(489)**	**133**
Discontinuing operations			
Net cash flow from investing activities, discontinuing operations		**(8)**	**-21**
Cash flow from investing activities, total		(497)	112
Financing activities			
Continuing operations			
Dividend		(781)	(1,120)
New share issue		—	13
Change in financial receivables		(1)	70
Loans raised		147	—
Amortization of loans		—	(157)
Change in current trading account		(22)	(1)
Cash flow from financing activities, continuing operations		**(657)**	**(1,195)**
Discontinuing operations			
Net cash flow from financing activities, discontinuing operations		**(3)**	**(42)**
Cash flow from investing activities, total		**(660)**	**(1,237)**
Cash equivalents		**2**	**(93)**
Cash equivalents – opening balance		409	519
Exchange-rate difference in cash equivalents		13	(17)
Cash equivalents – closing balance		424	409

ACCOUNTING PRINCIPLES

OMX AB (publ), Corporate Registration Number, 556243-8001, is a limited liability company registered in Sweden. The Parent Company has its registered office in Stockholm and is listed on the Stockholm Stock Exchange, the Copenhagen Stock Exchange, the Helsinki Stock Exchange and the Iceland Stock Exchange. OMX pertains to the OMX Group, comprising OMX AB and subsidiaries.

The consolidated accounts were approved for publication by the Board on February 20, 2008 and will be presented to the Annual General Meeting on April 21, 2008 for approval, with the reservation that the Annual General Meeting is likely to be postponed in the event of the merger with NASDAQ being carried out in the first quarter. Amounts are in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate values for 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The most central accounting principles applied in the preparation of the consolidated accounts are described below. These principles have been applied consistently for all of the years presented unless otherwise stated.

The following standards and statements came into effect in 2007

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements (amendment)
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment.

The new/amended IFRSs that came into effect as of January 1, 2007 have no impact on the OMX Group’s income statement, balance sheet, cash-flow statement or shareholders’ equity. However, IFRS 7 has entailed increased disclosures regarding the Group’s financial instruments.

The following standards or statements came into effect in 2007 but are not relevant to the Group.

- IFRS 4 Insurance Contracts
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting principles Standards Board (IASB) and the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC). In addition, the consolidated accounts also include certain additional information provided in accordance with the Swedish Financial Accounting Standards Council’s standard RR 30, Supplementary Accounting Regulations for Groups.

BASIS FOR THE PREPARATION OF THE REPORTS

The Group's functional currency is SEK, which is also the reporting currency. This means that the financial statements are presented in SEK. Unless otherwise indicated, all amounts are rounded off to the nearest thousand. Assets and liabilities are stated at their historical cost, except for certain financial assets and liabilities that are stated at fair value. Financial assets and liabilities stated at fair value comprise derivative instruments, financial assets classed as financial assets stated at fair value in the income statement or as financial assets available for sale.

Fixed assets and disposal groups held for sale are stated at the lower of their previous carrying amount or their fair value after deductions for sales costs.

Preparing financial statements in accordance with IFRS requires that management make evaluations, estimations and assumptions that affect the application of the accounting principles and the stated amounts of assets, liabilities, revenues and costs. Estimations and assumptions are based on historical experience and a number of other factors that may be considered reasonable under prevailing conditions. The results of these estimations and assumptions are then used to evaluate the carrying amounts of assets and liabilities not otherwise clear from other sources. The actual outcome may deviate from these estimations and assumptions.

Estimations and assumptions are regularly reviewed. Changes in estimations are reported in the period in which the change is made, if the change affects only that period, or in the period in which the change is made and subsequent periods, if the change affects both the period concerned and subsequent periods.

Evaluations made by management in the implementation of IFRS that have a significant effect on financial statements and the estimations made that may entail material adjustments in subsequent years' financial statements are described in greater detail in Note 1.

CONSOLIDATED ACCOUNTS

SUBSIDIARIES

Subsidiaries are all companies in which OMX has the right to devise financial and operative strategies in a manner normally associated with a shareholding amounting to more than half of voting rights. Subsidiaries are included in the consolidated accounts from the date on which the Group gains this controlling influence. Subsidiaries are excluded from the consolidated accounts from the date on which the controlling influence ceases.

The purchase accounting method is used for the reporting of the Group's acquisitions of subsidiaries. The acquisition cost of an acquisition comprises the fair value of assets transferred in payment, issued equity instruments and liabilities arising or assumed on the date of transfer, plus costs directly attributable to the acquisition. The identifiable acquired assets, assumed liabilities and contingent liabilities associated with an acquisition are initially valued at fair value on the date of acquisition, regardless of the extent of any minority interests. The surplus consisting of the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognized directly in the income statement.

Inter-company transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for subsidiaries have been changed, where necessary, to guarantee the consistent application of Group principles.

ASSOCIATED COMPANIES

An associated company is an operation that is neither a subsidiary nor a joint venture, usually on the basis of holdings of between 20 and 50 percent of the voting rights, but in which OMX exercises a significant influence over its management. Associated companies are accounted for using the equity method and are initially valued at cost. The carrying amount of the Group's holdings in associated companies includes goodwill (net after any impairment) identified on acquisition.

The Group's share of the associated company's earnings after tax generated following the acquisition is reported in the operating income and its share of changes in provisions following the acquisition is reported among provisions. The share of earnings is reported in operating income for cases in which the operations of the associated companies are similar to OMX's own operations. Accumulated changes following the acquisition are reported as changes in the carrying amount of the holding. If the Group's participations in an associated company's losses amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group will not report further losses unless it has assumed obligations or made payments on behalf of the associated company. Any dilution gains or losses in associated companies are recognized directly in shareholders' equity.

Unrealized gains on transactions between the Group and its associated companies are eliminated in relation to the Group's holding in the associated company. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for associated companies have been changed, where necessary, to guarantee the consistent application of principles within the Group.

SEGMENT REPORTING

A business segment is a group of assets and operations providing products or services exposed to risks and opportunities that differ from those applicable to other business segments. Geographic segments provide products and services within an economic environment exposed to risks and opportunities that differ from those applicable to other economic environments.

From January 1, 2006, OMX has been divided into three divisions – Nordic Market-places, Information Services & New Markets and Market Technology. Geographically, OMX is divided into four regions: Nordic Countries, Rest of Europe, North America and Asia/Australia. The geographic grouping corresponds to regions where the company's operations have relatively similar system solutions, rules and regulations and customer behavior. Comparative figures have been adjusted according to the new organization.

CURRENCY TRANSLATION

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

Items included in the financial statements of the various units within the Group are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, SEK is used, which is the Parent Company's functional and reporting currency.

TRANSACTIONS AND BALANCE SHEET ITEMS

Transactions in foreign currencies are translated into the functional currency according to the exchange rates applicable on the transaction date. Exchange-rate gains and losses arising through the payment of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the exchange rate applicable on the closing date are reported in the income statement. The exception is where transactions represent hedges meeting the requirements for hedge accounting of cash flows or net investments in which gains and losses are reported against shareholders' equity. Translation differences for non-monetary items, such as shares classed as financial assets available for sale, are entered in the reserves in shareholders' equity.

GROUP COMPANIES

The earnings and financial position of all Group companies (of which none uses a high-inflation currency), which use a functional currency other than the reporting currency, are translated into the Group's reporting currency in accordance with the following:

a) assets and liabilities for each balance sheet are translated at the closing date exchange rate,

b) revenues and expenses for each income statement are translated at the average exchange rate, and

c) all exchange-rate differences that arise are reported as a separate item in share-holders' equity.

In consolidation, exchange-rate differences arising as a consequence of the translation of net investments in foreign operations, borrowing and other currency instruments identified as hedges for such investments are allocated to shareholders' equity. In the divestment of foreign operations, such exchange-rate differences are reported in the income statement as part of the capital gain/loss. Goodwill and adjustments of fair value arising in the acquisition of foreign operations are treated as assets and liabilities associated with those operations and are translated at the closing date exchange rate.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at their acquisition cost with deductions for depreciation and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner. All other forms of repairs and maintenance shall be reported as costs in the income statement during the period in which they are incurred. Straight-line depreciation is conducted over three to ten years, which is estimated to be the asset's useful life. Assets' residual values and useful lives are tested and adjusted as necessary. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. On divestment, gains and losses are determined by comparing the sales proceeds and the carrying amount and are reported in the income statement.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are reported at their acquisition cost with deductions for amortization and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner.

GOODWILL

Goodwill comprises the amount by which the acquisition cost exceeds the identifiable fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill on the acquisition of subsidiaries is reported as an intangible asset. On the acquisition of associated companies, goodwill is included in the holding in the associated company. Goodwill is deemed to have an indeterminate useful life and is divided among cash-generating units at as detailed a level as possible and is tested annually to identify possible impairment. The Group's goodwill values are attributable mainly to the acquisitions of the Nordic exchanges within the Nordic Marketplaces division, where each legal company represents a cash-generating unit. The carrying amount is the acquisition cost less accumulated impairment. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill attributable to the divested unit.

OTHER INTANGIBLE FIXED ASSETS

Other intangible fixed assets are amortized on a straight-line basis over an expected useful life of three to 20 years. All other intangible fixed assets are tested annually to identify possible impairment needs.

Capitalized expenditures for research and development

All expenditures for research are charged as an expense when they arise. Expenses relating to the development of new products are treated as intangible assets when they fulfill the following criteria: it is likely that the asset will provide future financial benefit to the Group (contribute a positive cash flow), the acquisition cost can be calculated in a reliable manner, the company intends to take the asset to completion, and that the company has the technical, financial and other resources to complete development, use or sell the asset. Important documentation for the verification of such capitalization includes business plans, budgets, outcomes and external evaluations. In certain cases, capitalization is based on the company's estimation of future outcome, such as prevailing market conditions. The acquisition cost of an internally developed intangible asset is the total of those expenses incurred from the time when the intangible asset first fulfils the criteria set out by generally accepted accounting principles (see criteria above). Internally developed intangible assets are reported at acquisition cost with deductions for accumulated impairment losses and any write-downs. Revenue from in-house work carried out during the fiscal year on company assets that have been carried forward as fixed assets is reported in the income statement under the heading "Own work capitalized." The item relates only to capitalized personnel expenses. No reduction of personnel expenses has been made for work that relates to capitalized assets. Instead, these expenses have been met by the reported revenue. Own work capitalized has therefore no impact on income but does have a negative impact on the operating margin.

Customer contacts

Customer agreements that have been identified in conjunction with acquisitions have been valued on the basis of expected cash flow and reported as intangible assets. Reported customer agreements are entirely attributable to the acquisitions of the Copenhagen Stock Exchange (CSE) and Eignarhaldsfelagid Verdbrefathing hf (EV). Straight-line amortization is applied to these agreements over their estimated useful lives (20 years).

Brands and licenses

Brands and licenses are reported at their acquisition cost. Brands and licenses are reported at acquisition cost less accumulated amortization. Straight-line amortization is applied to distribute the cost of brands and licenses over their estimated useful lives (five to 20 years).

Software

Acquired software licenses are capitalized on the basis of the costs arising when the software concerned is acquired and brought into use. These costs are amortized over the estimated useful life (three to five years). Costs for the development or maintenance of software are expensed as they arise. Costs closely associated with the production of identifiable and unique software controlled by the Group, which generates probable financial benefit for more then a year and exceeds the costs, are reported as intangible assets. Costs closely associated with the production of software include personnel costs for software development and a reasonable portion of attributable indirect costs. Development costs for software reported as assets are amortized over their estimated useful lives.

Impairment

Assets with an indeterminable useful life are not depreciated/amortized but tested annually for impairment. Depreciated/amortized assets are assessed for a reduction in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognized in the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sale costs and its value in use. In assessing the need for impairment, assets are grouped at the lowest level at which separately identifiable cash flows exist (cash-generating units). On the closing date, a test is performed on other assets than financial assets and goodwill that have previously been depreciated/amortized to ascertain whether the asset should be reversed.

Financial instruments

The Group classifies its financial instruments according to the following categories:

- financial assets stated at fair value in the income statement
- loan receivables and accounts receivable
- financial instruments held to maturity
- financial assets available for sale
- financial liabilities stated at fair value in the income statement
- financial liabilities carried at amortized cost.

The classification depends on the purpose for which the instruments were acquired. Management determines the classification of instruments on the first occasion on which they are reported and reassesses their classification on each report occasion.

A financial asset or liability is entered in the balance sheet when the company becomes a party to the contractual conditions of the instrument. Accounts receivable are recognized in the balance sheet once the invoice has been sent. Liabilities are recognized when the corresponding party has performed its undertaking and the company is liable for payment, even if the invoice has not yet been received. Accounts payable are recognized when invoices are received.

A financial asset is derecognized in the balance sheet when the rights conveyed by the agreement are realized, when they mature or when the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognized in the balance sheet when the obligations of the contract have been met or otherwise concluded. The same applies to part of a financial liability.

Acquisitions and disposals of financial assets are recognized on the date of the transaction, the date on which the Group undertakes to acquire or divest the assets, except in cases where the company acquires or divests listed securities, in which case settlement date accounting is applied.

Financial instruments are initially stated at fair value plus transaction costs, which applies to all financial assets that are not valued at fair value in the income statement.

Financial assets stated at fair value in the income statement

This category has two subordinate categories: financial assets held for trading and those initially categorized as stated at fair value in the income statement. A financial asset is classified in this category if it is primarily acquired with the purpose of being sold within a short period of time or if this classification is determined by management. Derivative instruments are also categorized as held for trading if not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be sold within 12 months from the closing date. Assets in this category are continuously reported at fair value and changes in value are reported in the income statement.

Loans receivable and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are characterized by the fact that they arise when the Group makes funds, goods or services available directly to a customer without intending to trade the resulting receivable. They are included among current assets with the exception of items maturing more than 12 months after the closing date, which are classified as fixed assets. Loan receivables and accounts receivable are included under the heading accounts receivable and other receivables in the balance sheet. Accounts receivable are reported at the amount expected to be received less deductions for doubtful receivables judged on an individual basis. Because accounts receivable are expected to have a short maturity period, values are reported at a nominal amount without discounting. Impairment losses on accounts receivable are reported among operating expenses. Loan receivables are stated at amortized cost applying the effective interest method.

Financial instruments held to maturity

Financial instruments that are held to maturity are non-derivative financial assets with fixed or determinable payments and with specified terms, which the Group's management intends and has the ability to hold until maturity. Assets in this category are stated at amortized cost applying the effective interest method.

Financial assets available for sale

Financial assets available for sale are non-derivative assets that are either attributable to this category or have not been classified in any of the other categories. They are included in fixed assets if management does not intend to divest the asset within 12 months after the balance sheet date. Assets in this category are continuously valued at fair value and the change in value is reported in shareholders' equity. Exchange-rate fluctuations in monetary securities are reported in the income statement while exchange-rate fluctuations in non-monetary securities are reported against shareholders' equity. When instruments classified as instruments available for sale are divested or when impairment losses are to be made on the instruments, accumulated adjustments in fair value are recognized in the income statement as gains and losses from financial instruments. Interest on securities available for sale that have been calculated by applying the effective interest method are reported in the income statement under other revenue. Dividends on equity instruments available for sale are reported in the income statement under other revenue when the Group's right to receive payment has been established.

Financial liabilities stated at fair value in the income statement

Financial liabilities valued at fair value in the income statement are derivatives with negative fair values unless identified as hedges.

Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost denotes financial liabilities other than those included in the category financial liabilities stated at fair value in the income statement. Borrowing is included among other financial liabilities, initially at fair value, net after transaction costs. Borrowing is subsequently reported at accrued acquisition cost and any difference between the amount received (net) and the repayment amount is distributed over the term of the loan as interest expense applying the effective interest method.

CASH EQUIVALENTS

Cash equivalents include cash and bank balances and other short-term investments maturing within three months from the acquisition date and that can easily be converted into cash.

SHARE CAPITAL

Transaction costs directly attributable to the issuing of new shares or options are reported net after tax in shareholders' equity as a deduction from the proceeds of the new share issue. In the event that a Group company acquires shares in the Parent Company (repurchase of treasury shares), the purchase price paid, including any directly attributable transaction costs (net after tax) reduces that part of shareholders' equity that relates to shareholders in the Parent Company until the shares have been canceled, reissued or divested. If these shares are subsequently sold or reissued, the amount received, net after directly attributable transaction costs and income tax effects, is reported in that portion of shareholders' equity that relates to shareholders in the Parent Company.

DEFERRED TAX

Current and deferred income tax for Swedish and foreign Group companies is reported under the heading Taxes in the income statement. The companies are liable to pay taxes according to applicable legislation in each country. National income tax is calculated on nominally entered earnings with additions for non-deductible items, deductions for non-taxable revenues and other deductions, primarily untaxed dividends from subsidiaries. In the balance sheet, deferred tax liabilities and assets are calculated and reported on the basis of temporary differences between the carrying amounts and taxable values of assets and liabilities, as well as other tax-related deductions or deficits. Deferred tax assets are reported at a value considered true and fair and only when it is likely that it will be possible to realize the underlying loss carryforwards within the foreseeable future. The reported values are reviewed at each closing date. Deferred income tax is calculated by applying the tax rates and laws that have been decided or announced on the closing date and that are expected to apply when the deferred tax asset in question is realized or when the deferred tax liability is settled. The effects of changes in applicable tax rates are recognized in income in the period in which the change becomes law. See Note 11.

EMPLOYEE BENEFITS

PENSION COMMITMENTS

According to IAS 19, pension obligations are classified as defined-contribution plans or defined-benefit plans. The defined-contribution plans are mainly accounted for at the cost (premium/ contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial evaluation of the pension plan from an insurance perspective and the Group's earnings are charged for expenses in pace with the benefits being earned. Defined-benefit plans must be established according to the present value of defined-benefit obligations and the fair value of any plan assets. In that case, the "Projected Unit Credit Method" is used to calculate obligations and costs, in which consideration is also given to future salary increases. OMX has only defined-contribution pension obligations and in the event that companies with defined-benefit plans are acquired, management will determine whether there is cause and opportunity to replace the defined-benefit plan with a defined-contribution plan.

EMPLOYEE STOCK OPTION PROGRAM

OMX issued employee stock options during the years 2001 and 2002.

If the share price exceeds the redemption price when the options are redeemed, the employee is entitled to receive shares or compensation in cash for the difference between the share price and the redemption price. This is known as a "cash-settled plan." The options were allocated free of charge, and their fair value was reported as a liability as of January 1, 2004 when the transition to IFRS 2 took place. The valuation of the liability is affected by changes in the fair value of the options and by personnel turnover, and this is reported as changes in personnel costs in the income statement. When employees leave the company, the liability is reduced by the corresponding amount of the employee's share. In order to limit the costs for the program (including social security contributions) in the event of a price increase, limit dilution and secure the provision of shares upon exercise of these options, an agreement was signed earlier with an external party to provide OMX shares at a fixed price (share swap). As described under "Financial instruments," above, the share swap will be stated at fair value on an ongoing basis. Changes in fair value are transferred to the income statement and reported as changes in personnel costs, and thus limit the effect of changes in the fair value of the employee stock options as described above. The financing costs for the share swap are reported as a financial expense. For OMX employees in countries where social security contributions are payable for share-based benefits, the social security contributions are expensed on an ongoing basis for the benefit of the employee. The benefit consists of the fair value of the options as described above.

SHARE MATCH PROGRAM

A Share Match Program was introduced in 2006. The Share Match Program is a long-term program for approximately 30 senior executives and key individuals in OMX and runs over a period of three years. The Share Match Program is a program regulated/settled on the basis of shareholders' equity.

Payroll costs for the Share Match Program are reported during the vesting period for matching shares based on the fair value of the shares on allotment date. The fair value is based on the share price when the investment is made, adjusted to ensure that no dividend is paid prior to the matching and adjusted to the market conditions included in the program. This date is the date of the offering. Amounts corresponding to the costs for the Share Match Program are reported in the balance sheet as shareholders' equity. The vesting conditions affect the number of shares that OMX will match. We estimate the probability of achieving performance targets for shares under performance-based programs when personnel expenses are calculated for these shares. Costs are calculated based on the number of shares that is expected to be matched at the end of the vesting period. Non-market related conditions for vesting are considered in the assumptions regarding the number of options expected to be vested. When purchased and vested shares are matched, social security contributions shall be paid on the value of the employee benefit in certain countries. The employee benefit is generally based on the market value on matching date. Provisions for estimated social security contributions are established during the vesting period.

OMX's Annual General Meeting on April 12, 2007 resolved to approve the proposed Share Match Program 2007 regarding approximately 95 senior executives and key individuals in OMX. The Share Match Program 2007 has not been initiated and will not be initiated due to the fact that OMX has been subject to a public offer since May 2007.

COMPENSATION UPON TERMINATION OF EMPLOYMENT

Compensation is payable upon termination of employment when an employee is given notice of termination of employment before the normal pension time, or when an employee voluntarily resigns in exchange for such compensation. The Group reports severance pay when it is demonstrably obliged either to lay off employees irrevocably in accordance with a detailed formal plan, or to pay compensation upon termination of employment resulting from an offer made to encourage voluntary resignation.

VARIABLE SALARY

The Group reports a liability and an expense for variable salary, based on a Group-wide program, "Short-term Incentive 2007," see Note 7. The Group reports a provision when there is a legal obligation to do so, or an informal obligation based on prior practice.

PROVISIONS

Provisions are reported in the balance sheet when the Group has an existing legal or informal obligation in this regard due to the occurrence of an event that can be expected to result in an outflow of financial benefits that can reasonably be estimated. Provisions for restructuring costs are reported when the Group has presented a detailed plan for implementing the measures, the plan has been communicated to the parties concerned, and a well-founded expectation has been created. See Note 24.

DERIVATIVE INSTRUMENTS AND HEDGING MEASURES

Derivative instruments comprise, among others, futures, options and swaps that are used to cover the risk of exchange-rate fluctuations or exposure to interest-rate risks. Derivative instruments are first reported at fair value on the date on which the contract was signed and the fair value is subsequently reassessed on each reporting occasion. The method for reporting gains or losses depends on whether the derivative instrument is classified as a hedging instrument and in such a case the nature of the hedged item. In the Group, derivative instruments are classified as either hedging of fair value of reported assets or liability or of a binding commitment (hedging of fair value), hedging of forecasted transactions (cash-flow hedging) or as hedging of net investments in foreign operations.

Whenever hedging is entered into, the relationship between the hedging instrument and the hedged items, and the company's risk-management targets and strategy for hedging is documented in the Group. The Group also documents, whenever hedging is entered into, its assessment of whether the derivatives used in conjunction with hedging transactions are expected to be effective in achieving counteracting effects in fair value or the cash flow that are attributable to the hedged risk. The Group continuously documents the effectiveness of the hedging transactions.

Hedging of fair value

Changes in the fair value of derivative instruments classified as hedging of fair value are reported on the same line of the income statement as the change in value of the hedged item. Gains and losses pertaining to hedging are reported in the income statement on the same date as when gains and losses are reported for items that have been hedged. Since the entire change in value of the derivative instrument is reported directly in the income statement, any ineffective portion of the derivative instrument is recognized in the income statement. In the case that the conditions for hedge accounting are no longer fulfilled, the derivative instrument is reported at fair value including any change in value in the income statement in accordance with the principle described above.

Cash-flow hedging

Changes in value of cash-flow hedging are reported in shareholders' equity and reentered in the income statement in line with the hedged cash flow impacting the income statement. Any ineffective portion of the change in value is reported directly in the income statement. If the forecasted cash flow forming the basis of the hedging transaction is no longer deemed to be probable, the accumulated result reported in shareholders' equity is transferred directly to the income statement.

Hedging of foreign net investments

Changes in value of exchange-rate differences attributable to derivative instruments intended to hedge net investments in foreign operations are reported in shareholders' equity. Any ineffective portion of gains or losses is reported directly in the income statement as a financial item. The accumulated result in shareholders' equity is re-entered in the income statement in the event that the foreign operations are divested.

DERIVATIVES TO WHICH HEDGE ACCOUNTING IS NOT APPLIED

If hedge accounting is not applied, increases or decreases in the value of the derivative are reported as income or expense in Operating profit/loss or in Net financial income/expense, depending on the purpose for which the derivative instrument is being used and whether its use relates to an operating item or a financial item. If hedge accounting is not applied when interest swaps are used, the interest coupon is reported as interest and any other value change of the interest swap is reported as other financial income or other financial expense.

Derivative positions at Nordic Marketplaces

By virtue of their clearing operations in the derivatives markets, Nordic Marketplaces is formally the counterparty in all derivative positions traded via the exchanges. However, the derivatives are not used by the exchanges for the purpose of trading on their own behalf but should be viewed as a way of documenting the counterparty guarantees given in clearing operations. The counterparty risks are measured using models that are agreed with the financial inspection authority of the country in question. The risk situation in regard to the risks involved in liquidating positions is unchanged compared with before. Collateral for liquidating outstanding derivative instruments is pledged in the same manner as before. According to IAS 39/IAS 32, the market value of the abovementioned derivative positions must be reported gross in the balance sheet after netting by customer where an offset possibility exists.

CALCULATION OF FAIR VALUE

The fair value of financial instruments that are traded in an active market (such as market-listed derivative instruments, financial assets held for trading and financial assets available for sale) is based on quoted market prices on the closing date. The shares in Oslo Børs Holding ASA are listed on the Norwegian Securities Dealers Association’s OTC list. The market for the share is characterized by a low number of settlements and high volatility. The value of the shareholding is based on the volume-weighted average of transactions in the most recent quarter.

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency futures is determined based on market prices for currency futures on the closing date. The par value of accounts receivable and accounts payable, less any perceived credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated, for clarification in notes, by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

COLLATERAL PLEDGED TO OMX’S EXCHANGE OPERATIONS

Through their clearing operations, OMX’s exchanges enter as the counterparty into each options and futures contract, thereby guaranteeing the fulfillment of each contract. Customers, who either through an option or futures contract, incur a financial obligation towards OMX’s exchanges, must pledge collateral against this obligation in accordance with the specific rules regulating this area. Most of the collateral pledged comprises cash and securities issued by the Swedish State. For other collateral pledged, see Note 28.

CONTINGENCIES

A contingency relates to a possible commitment arising from events that have occurred but for which the actual commitment can only be confirmed by the occurrence of one or more uncertain future events that are not fully within the company’s control, or a commitment that arises from events that have occurred but are not reported as liabilities or provisions due to the fact that it is unlikely that an outflow of resources will be required to regulate the commitment, or that the size of the commitment cannot be calculated with sufficient accuracy.

REVENUE RECOGNITION

The Group's reported net sales relate primarily to trading revenue and the sale of systems and services. Revenue is recognized in the income statement when the product or service has been delivered in accordance with the applicable terms and conditions for delivery and it is probable that future financial benefits will flow to the company and these benefits can be measured reliably. Interest income is recognized on a time proportion basis that is calculated on the basis of the yield on the underlying asset. Dividends are recognized in the income statement when the shareholders' right to receive payment is established. Income received in the form of assets (for example shares) is valued at fair value on the transaction date.

NORDIC MARKETPLACES

Revenues within this business area comprise, in addition to trading revenues, premium revenues for options written and payments for futures sold. Premium revenue and expenses as well as futures payments made and received are shown as net figures in the income statement. Consequently, current account assets and liabilities are reported according to the net accounting principle in the balance sheet where right of offset applies. Issuers' revenues are recognized on a continuous basis as services are rendered.

INFORMATION SERVICES & NEW MARKETS

Revenues within this business area comprise, in addition to trading revenues from Baltic Markets, information revenue, revenues from the central securities depositories in Tallinn and Riga and revenue from services in securities administration. These revenues are recognized on a continuous basis as services are rendered.

MARKET TECHNOLOGY

OMX applies the percentage-of-completion method to its technology sales, license and project revenues. In applying the percentage-of-completion method, income is recognized in line with the completion (development) of a project. An anticipated loss on a project is immediately treated as an expense. The fundamental premise of the percentage-of-completion method is that project revenue and expenditure can be accurately assessed and that the degree of development can be reliably established. At OMX, the degree of development is established through the relationship between the hours that have been worked by closing date and the estimated number of project hours in total. The occasional project arises for which an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In these cases, no profit is reported for the project. The percentage-of-completion method is applied as soon as possible. A present-value calculation has been performed for those project receivables that do not fall due within 12 months. Income from support and facility management services is recognized on a continuous basis as services are rendered and over the contract period.

INTERNAL SALES

The main principle for transactions between companies within the Group is that the price is determined according to market price. Market price is the price an external customer is willing to pay or the price an external supplier would charge for providing the service. In cases where comparable market prices cannot be established, the price of the transaction is determined according to the cost-coverage method plus a margin. The cost-coverage method entails remuneration for direct costs as well as a reasonable portion of the indirect costs that the company has accumulated while providing the service. Any internal profit that arises as a result is eliminated within the Group. Common functions, such as premises-leasing expenses and office services, are invoiced between companies within the Group according to the cost-coverage method.

LEASING

In the consolidated accounts, leasing is classified as financial or operational leasing. Financial leasing applies where the financial risks and benefits associated with ownership are, in all material aspects, transferred to the lessee. Where this is not the case, operational leasing applies. In the case of operational leasing, leasing fees are expensed over the period of the lease, which commences when usage starts. OMX only has operational leasing commitments.

DIVIDENDS

Dividends to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period when the dividend is approved by the Parent Company's shareholders.

FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

When a decision has been made to discontinue an asset or cash-generating unit by selling it, the asset or unit in question is classified as being held for sale.

Assets classified as held for sale are reported separately in the balance sheet at the lower of carrying amount and fair value, with a deduction made for selling costs. Earnings of discontinued operations and operations in the process of being discontinued are reported in a separate column in the income statement. Losses resulting from decreases in value when assets are classified for sale are included in the income statement.

CASH-FLOW STATEMENT

The cash-flow statement was prepared in accordance with the indirect method. Financial investments with a duration in excess of three months are not included in cash equivalents. Accordingly, cash equivalents may fluctuate when there are changes in the duration of investments.

CURRENT TRADING ACCOUNT

The current trading account's assets and liabilities in OMX's exchange operations have been reported according to the net accounting principle within the respective clearing operations in cases where a right of offset exists.

ASSESSMENT OF THE EFFECTS ON OUR FINANCIAL REPORTING RELATING TO FUTURE ACCOUNTING STANDARDS

When the consolidated financial statements were prepared as at December 31, 2007, the following standards and interpretations had been published but had not yet come into effect.

The following standards or statements come into effect in 2008/2009:

- IAS 1 Amendment: Presentation of Financial Statements (January 1, 2009)
- IAS 23 Amendment: Borrowing Costs (January 1, 2009)
- IAS 27 Amendment: Consolidated and Separate Financial Statements (January 1, 2009)
- IFRS 2 Amendment: Share-based Payment (January 1, 2009)
- IFRS 3 Amendment: Business Combination (July 1, 2009)
- IFRS 8 Operating Segments (January 1, 2009)
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions (January 1, 2008).

The following standards or statements will come into effect in 2008/2009 but are not relevant to the Group:

- IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (January 1, 2008)
- IFRIC 12 Service Concession Arrangements (January 1, 2008)
- IFRIC 13 Customer Loyalty Programmes (July 1, 2008).

Of the above-listed standards and interpretations, the amendments to IAS 1, IAS 23, IAS 27, IFRS 2, IFRS 3, IFRIC 12, IFRIC 13 and IFRIC 14 had not been adopted by the EU at January 1, 2008. A number of annual improvements to standards and statements are expected in 2008/2009, which have not been adopted by the EU. In the management's view, none of these new standards or changes to standards is expected to have any influence on the Group's earnings or financial position at present.

RISK MANAGEMENT

RISK MANAGEMENT AT OMX

OMX's business operations place high demands on effective risk management which comprise a fundamental part of the Group's strategic and systematic efforts to achieve operational goals while minimizing potential disruptions. Parts of OMX are subject to special regulation and supervision. The conditions for an efficient process are created through a business adapted and integrated risk management model that takes into account external and internal requirements. This enables controlled risk for the purpose of optimizing business value. There is particular focus at Group and business area levels to maintain high levels of capability in crisis management, business-related continuity and incident management, as well as business intelligence.

The aim of risk management is to increase value for our shareholders, customers, employees and other stakeholders by maintaining an adequate level of protection of the Group's prioritized assets. This is achieved by eliminating or minimizing risks and disruptions to our business operations that would otherwise generate financial losses or other undesired costs.

OMX'S RISK MANAGEMENT ORGANIZATION

The following roles and responsibilities are included in OMX's risk management in order to ensure compliance with laws and regulations, governance, coordination and the development of methodology, as well as operational risk management activities:

The Board of Directors is ultimately responsible for adequate and efficient risk management.

The President is ultimately responsible for ensuring that risk management is applied in accordance with the Board's directions.

The Group Risk Management & Control (GRMC) staff function has the task of governing and coordinating risk management with regard to organization, roles and responsibilities, framework including methodology, reporting and control. GRMC includes governance of Security, Risk Management, Insurance and Internal Control including coordination and support in the event of crises and major incidents.

Management (at executive, business area and business support level) is responsible for identifying, assessing, managing and reporting the risks found within their respective areas of responsibility.

Specialists in various security areas, such as operational and financial risk management and insurance, support management and others in the line organization with analyses and management of risks and incidents.

All employees and contracted personnel are, to a certain extent, included in risk management in their roles and respective areas of responsibility. Internal Audit is responsible for the independent audit of risk management, regarding both observance of governance, control activities and reporting.

OMX'S RISK MANAGEMENT PROCESS

OMX's risk management is a business-integrated process that covers both business and support units at various levels in the organization. The methodology applied is partially based on the international ERM-standard (Enterprise Risk Management standard) in accordance with COSO (the Committee of Sponsoring Organizations of the Treadway Commission) with additional methodology for the areas of Security, Insurance and Internal Control. The risk management process is integrated in the operations conducting business activities, such as strategic management and development work, and is directly linked to the company's business planning and follow-up.

Risk management is a standardized and continuous process which aims to identify, evaluate, manage, control and report significant risks to which OMX may be exposed. Risk management employs different forms of preventative measures and strategies, such as risk prevention, damage limitation and risk financing, in order to safeguard the Group's objectives and the majority of goals set at business area and operational levels.

OMX's risk management not only includes risks in the day-to-day business operations but also risks arising in conjunction with forward-looking strategic investments in order to optimize the company's business opportunities.

Risk management including control activities is decentralized to each business area and support function. As a result, all business areas, support functions and Group staff functions work with the management of financial, operational and strategic risks. Risks are divided into short-term and long-term risks.

The operations report identified and assessed risks periodically to GRMC, which presents consolidated risk reports to the Risk Steering Group. The CEO reports on consolidated risks in OMX to the Board.

RISK MANAGEMENT IN OMX'S BUSINESS AREAS

The Nordic Marketplaces business area and its units comprise operations that are subject to special regulation. Corresponding requirements apply to the Information Services & New Markets business area which includes trading information, the Baltic exchange operations and central securities depositories. Finally, the Market Technology business area provides system solutions, systems operation and other services to exchanges, clearing organizations, central securities depositories and other types of authorized companies in the financial markets in a number of different countries. All business areas manage operational and strategic risks particularly those that fall under their respective areas of focus and responsibility.

Nordic Marketplaces

Nordic Marketplaces primarily manages risks attributable to the clearing operations for derivatives instruments. These risks arise as a result of the clearing organization serving as the counterparty in those transactions, entailing issuing a guarantee for ensuring that a clearing contract will be fulfilled. The clearing operations' risks include counterparty risks, settlement risks and liquidity risks, of which the significant risk is that one or more clearing counterparties will fail to fulfill its commitments. One of the primary obligations of clearing counterparties is to pledge the requisite collateral, in terms of both amount and securities as required by the applicable rules, as protection against the counterparty risk assumed. In addition, netting is applied which implies that the counterparty risk is reduced to the net exposure of outstanding positions in relation to each counterparty. This facilitates risk management in the clearing operations by decreasing the value of the payments to be made, and reducing the need for liquidity facilities.

Market Technology

The special risks associated with the Market Technology business area are attributable mainly to the various phases in the provision of a service: the sales phase, the delivery and implementation phase and the production phase.

The sales phase involves the risk of the absence of profitability and foreign exchange risk. Operational risks are managed in the other phases. Significant emphasis placed on IT security and planning for continuity and reliable operations encompasses risk management with the aim of preventing risks and limiting damage.

FINANCIAL RISK MANAGEMENT IN 2007

OMX is exposed to various kinds of financial risks through its international operations.

ORGANIZATION AND OPERATION

The Group's financial operations and financial risk management are centered around OMX's internal bank, OMX Treasury. The goal of OMX Treasury is, within given risk limitations, to manage the Group's financial risk exposure, to optimize net financial income and generate value for business operations through financial services. Significant economies of scale, lower financial costs and better oversight and management of the Group's financial risks are achieved through centralized financial operations. Operations are conducted according to a Finance Policy, which forms the framework and specifies guidelines and limitations. The Finance Policy is determined by OMX AB's Board of Directors and revised continuously.

The Policy deals with the following risks:

- Credit and counterparty risks
- Liquidity and financing risks
- Market risks
    - Currency risks (transaction and translation exposure)
    - Interest-rate risks
    - Price risk.

CREDIT AND COUNTERPARTY RISKS

OMX's financial transactions give rise to credit risks towards financial counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty does not fulfill its obligations. There are counterparty risks when investing in cash equivalents. In accordance with the Finance Policy, financial assets are divided into regulatory capital and surplus liquidity. The assets are handled differently depending on the type of capital managed. The aim is to centralize all surplus liquidity to OMX Treasury to reduce the Group's liabilities. For cases in which a liability cannot be reduced, this liquidity shall be invested in fixed-income instruments with counterparties that have a high degree of creditworthiness and are defined in the Finance Policy. The management of regulatory capital is centralized to OMX Treasury and comprises the main portion of the Group's outstanding investments, which according to the Finance Policy are to be invested only in fixed-income instruments with low credit risks. On December 31, 2007, the majority of the regulatory capital was invested in securities issued by the Swedish Government.

The derivative instruments that OMX uses involve a counterparty risk, that is, that the counterparty will not fulfill its portion of the agreement relating to futures or options.

All handling of derivative instruments, apart from derivative instruments attributable to OMX Nordic Exchange Stockholm AB's clearing operations, are centralized to OMX Treasury. To reduce credit risk, all derivative instruments are usually extended by only three months, meaning that the credit risk involved is low. In order to limit counterparty risk, only counterparties with a high degree of creditworthiness according to the adopted Finance Policy are accepted. OMX Treasury also uses ISDA agreements to minimize counterparty risk.

Counterparty risk is monitored continuously within OMX Treasury. Any deviations from mandates are reported to the CFO. The scope of the counterparty risks at year-end is described in the table “Counterparty risks.” No change in the method or assumptions applied to the calculation of counterparty risk took place during the year. The risks existing on the closing date are deemed to be representative for the Group’s risk during the year.

Counterparty risk also arises through OMX Derivative Markets (which is a secondary name for OMX Nordic Exchange Stockholm AB) providing clearing services and thereby serving as the central counterparty in all contracts subject to counterparty clearing. The Risk Management Department at OMX Derivative Markets has the primary responsibility for managing this risk. The aim is to manage the risk in accordance with surveillance requirements, international industry standards and the permitted risk level determined by OMX AB’s Board, and other relevant bodies within the Group. The principles for managing this risk according to this aim are based on a high level of quality in the clearing operations, a high level of quality in the risk-management framework, application of suitable and conservative methodology for calculating the margin, ensuring a solid legal foundation (that is, an established, clear and transparent set of regulations) and maintaining suitable financial capital and suitable resources in the clearing operations. Pledged collateral amounts to SEK 15,886 m (15,458) (see Note 29 Collateral received by OMX’s exchange operations) on December 31, 2007. The pledged collateral meets the criteria for approved collateral as stipulated by OMX Derivative Market’s derivative regulations. None of OMX Derivative Market’s clearing members, or other counterparties, accounted for more than 15 percent of the total exposure on December 31, 2007.

The Group’s financial transactions regarding accounts receivable give rise to credit risks with financial counterparties. OMX’s work to ensure the credit quality of its accounts receivable and to minimize the risk of customer losses is described below.

Nordic Marketplaces och Information Services

A company that intends to be listed on any of OMX’s exchanges is required to fulfill the criteria set forth in the listing agreement. One of these requirements is that the company shall provide documentation on its profitability and financial resources to conduct its operations.

As regards other services and products in Nordic Marketplaces and Information Services, fixed fees are invoiced in advanced and larger variable fees are invoiced monthly in arrears. This minimizes the risk of losses in accounts receivable.

Market Technology

Customers in Market Technology are exchanges, alternative trading venues, banks and securities brokers. Each major project commences shall have a documented project plan that includes a credit assessment of the customer. The assessment is primarily based on the ownership structure of the potential customer and the customer’s financial strength and/or business plans prepared for new initiatives. A start fee, covering OMX’s costs for the immediate period of the project, is invoiced when the project begins. In general, OMX works actively with collection of outstanding accounts receivable. Weekly follow-ups are complied and reported to executive management. The claim is sent to debt recovery as a final stage if a customer does not pay. None of OMX's customers accounted for more than 9 percent of invoicing on December 31, 2007.

Liquidity and financing risks

Liquidity risk, or financing risk, is the risk that OMX is unable to fulfill its commitments associated with financial liabilities. OMX's borrowing represents the most significant portion of the Group's financial liabilities. In accordance with the Finance Policy, OMX Treasury is to ensure that OMX has sufficient cash equivalents and/or credit facilities to cover short-term liability payments. The aim is that the key figure of "payment readiness" shall exceed one (1), meaning that OMX shall have adequate funds in the form of cash equivalents or credit facilities to cover, at a minimum, liabilities that are due for payment within one year. Financing risk refers to the risk that costs will be higher and financing possibilities limited when a loan is to be refinanced, and that it will not be possible to fulfill payment obligations due to insufficient liquidity or difficulties in obtaining financing. OMX Treasury follows the level of payment readiness and submits monthly reports to the CFO and quarterly reports to the Board. If the payment readiness target has not bee fulfilled, OMX Treasury presents a report to the CFO and takes remedial action as soon as possible.

No change to the methodology or assumptions in the calculation of financing risk took place during the year. However, the liability portfolio has consciously not been extended due to the future combination with NASDAQ, which is why the maturity structure has been shortened and payment readiness decline during the year.

Financing risk is also dealt with by endeavoring to find a suitable balance between short and long-term financing and a diversification between various forms of financing and markets. OMX's total granted credit facilities as per December 31, 2007 amounted to SEK 3,684 m (3,741), of which SEK 82 m (30) has been utilized (see table: Credit facilities). Of OMX's credit facilities, SEK 2,100 m is a syndicated credit facility with a three-year term. One portion, SEK 1,500 m, is linked to the company's commercial paper program for the same amount and, if OMX is unable to issue the commercial papers, entitles the company to borrow capital in the amount of SEK 1,500 m. There are also overdraft and credit facilities for approximately a year of SEK 1,568 m which is dedicated to liquidity requirements linked to OMX's clearing operations. Financial conditions linked to these credit facilities will be applied if OMX receives a credit rating from Standard & Poor's of BBB or below. OMX's long-term counterparty rating with Standard & Poor's was "A with a negative outlook," its short-term counterparty rating was "A-1 with a negative outlook", and it had a rating of K1 on the Nordic scale. During the year, Standard & Poor's assessment of OMX's credit rating was changed from "a stable outlook" to "a negative outlook" when the merger between OMX and NASDAQ was announced.

The average term of liabilities as at December 31, 2007 was 2.4 years (3.4). There are five bond loans totaling SEK 1,350 m (see table: Interest-bearing assets and liabilities, Group).

The terms for all of the Group's financial liabilities are described in the table Maturity structure, financial liabilities.

For OMX's capital structure, the OMX Board has determined that the financial target for the net debt/equity ratio shall not exceed 30 percent over time. This financial target is continuously monitored by OMX Treasury and reported to the CFO every month and to the Board every quarter. The net debt/equity ratio varied between 14 and 30 percent during the year. Interest-bearing net liabilities amounted to SEK 850 m (847) and shareholders' equity to SEK

5,117 m (4,614) on December 31, 2007, which meant that the net debt/equity ratio was 16.6 percent (18.4)

Market risk

Market risk is the risk that future cash flows or the fair value of a financial instrument will vary due to changes in the market price. There are three types of market risk: currency risk, interest-rate risk and other price risks.

Currency risks

A significant portion of the Group's sales are attributable to operations outside Sweden, which means that changes in currency exchange rates have an impact on the Group's income statement and balance sheet. Currency risk exposure occurs during the sale and purchase of foreign currencies (transaction exposure) and during the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

In accordance with the Group's Financial Policy, 100 percent of contracted flows and 0-100 percent of forecast flows up to 12 months shall be hedged. Deviations from the prescribed hedge levels can occur within specified guidelines. Hedging of transaction exposure is carried out through currency forwards and options or loans in foreign currencies.

The majority of transaction exposure arising within the Group is attributable to the technology operations through customer contracts and costs in foreign currency. OMX's total net exposure and hedging of this exposure is monitored continuously by OMX Treasury and reported every month to the CFO and every quarter to the Board. The Currency transaction exposure table describes OMX's transaction exposure before and after hedging transactions. The table also shows the effect that exchange-rate fluctuations of +/- 5 percent would have on OMX's earnings. At December 31, 2007, this effect amounted to SEK 6 m. The time of such impact on earnings should be spread over the period that the hedged flows will have an effect on the income statement. Exchange-rate fluctuations of +/- 5 percent are based on the risk parameter defined in OMX's Financial Policy under currency risk.

Currency forwards that hedge contracted flows fulfill the conditions for hedge accounting. These forwards have been defined as hedging of fair value and are reported in the income statement together with changes in fair value of the asset which gave rise to the hedged risk, see the Hedge relations table. The forward contracts that hedge forecast flows fulfill the requirements for hedge accounting. These forward contracts have been defined as cash-flow hedging. Changes in fair value of these hedges are reported directly against shareholders' equity, while the portion of the hedge that is not effective is reported directly in the income statement.

Transaction exposure originating from financial cash flows is eliminated by the subsidiaries raising borrowings and making investments in local currency or by hedging these flows by using currency forwards (see table: Hedging of financial loans and assets).

Translation exposure occurs in conjunction with the translation of OMX's foreign subsidiaries' balance sheets and income statements and in the recalculation of consolidated goodwill relating to foreign subsidiaries into SEK. In accordance with the Financial Policy, portions of the translation exposure are hedged in order to reduce the volatility of OMX's financial key ratios. The table Translation exposure – net assets in foreign subsidiaries describes OMX's translation exposure before and after hedging transactions. The table also shows the effect that exchange-rate fluctuations of +/- 5 percent would have on OMX's shareholders' equity. At December 31, 2007, this effect amounted to SEK 208 m. The time of such impact on shareholders' equity should be the closing date. No change to the methodology or assumptions in the calculation of currency risk exposure took place during the year. The risks existing on the closing date are deemed to be representative for the Group's risk during the year.

Interest-rate risks

The Group is exposed to interest-rate risks that can impact the Group's earnings due to changing market rates. Both the Group's interest-bearing assets, consisting primarily of regulatory capital for counterparty risks within the exchange and clearing operations, and interest-bearing liabilities are exposed to interest-rate risks. The speed with which a permanent change in interest rates can impact the Group's net financial income depends on the fixed-interest terms of investments and loans.

Fixed-interest terms for Group liabilities are short as stipulated in the Financial Policy. According to the Financial Policy, interest swaps and standardized interest futures are used to change the length of fixed-interest terms, thereby minimizing interest-rate risk.

The Financial Policy provides guidelines on how regulatory capital is to be managed based on an index with a duration of approximately two years. OMX Treasury has a mandate to deviate from this index, although the duration deviation in the portfolio must fall within an interval of zero to three years. As a rule, surplus liquidity is placed in investments with short fixed-interest terms. OMX Treasury continuously monitors the Group's interest-rate risk for both assets and liabilities. This risk is reported to the CFO every month and to the Board every quarter.

At year-end, net financial debt amounted to SEK 850 m (net debt: SEK 847 m). Financial assets as of December 31, 2007 amounted to SEK 1,081 m (950) and the average effective rate of interest for these assets was 4.03 percent (3.70), while the fixed-interest term was approximately 1.2 years. Interest-bearing securities that are retained are booked at fair value.

At year-end, interest-bearing financial liabilities amounted to SEK 1,931 m (1,797), of which SEK 858 m (1,350) are long-term (see table: Interest-bearing assets and liabilities, Group). During the year, the average fixed-interest term for liabilities varied between two and five months. As per December 31, 2007, the fixed-interest term for borrowings was three months and the effective rate was 4.72 percent (3.33). The interest-bearing financial liabilities are not booked at fair value since the liabilities are to be held until maturity. The exceptions are bonds which have been hedged by using fixed-income derivatives. These fixed-income derivatives are defined as hedging of fair value and fulfill the requirements for hedge accounting. The fixed-income derivative agreements are reported in the income statement together with changes in fair value of the asset or liability that gave rise to the hedged risk (see the Hedge relations table).

In the event of a parallel shift in the Swedish and foreign yield curves upward by one percentage point, the Group's earnings would be negatively affected in an amount of SEK 22 m (23) on an annualized basis, given the nominal amount and the fixed-interest terms prevailing on December 31, 2007.

No change to the methodology or assumptions in the calculation of interest-rate risk exposure took place during the year. The risks existing on the closing date are deemed to be representative for the Group's risk during the year.

Price risk in shareholding

OMX is exposed to price risk in the equities market through the holdings of shares in Oslo Børs VPS A/S. The holdings were valued at SEK 449 m on

December 31, 2007. The holdings are continuously monitored by OMX Treasury. At December 31, 2007, a 10-percent lower share price would entail a negative change in value of SEK 45 m in OMX's holdings in Oslo Børs VPS A/S. This change in value would be directly reported against shareholders' equity. Other shareholdings are not significant in size (see Note 16). The holdings in associated companies are not included in the sensitivity analysis.

No change to the methodology or assumptions in the calculation of price risk took place during the year. The risks existing on the closing date are deemed to be representative for the Group's risk during the year.

HEDGING OF EMPLOYEE STOCK OPTION PROGRAM

In order to limit costs for the programs if the share price were to increase, limit dilution and ensure that shares can be provided when options are exercised, an agreement has previously been made with an external party regarding the provision of OMX shares, known as an equity swap. The agreement is valid until June 30, 2009 and corresponds to approximately 130,000 shares at an agreed price of SEK 220.50 per share. The equity swap agreement covers the portion of outstanding employee stock options that are currently deemed to be exercised. In the case that over time it is deemed likely that a different number of employee stock options will be utilized, the number of shares in the agreement with the third party will be adjusted.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares (approximately 130,000 shares). Interest expenses are based on a STIBOR of 90 days.

Changes in OMX's share price affect the value of the equity swap. These changes in fair value are reported in the income statement.

OMX Treasury continuously monitors the company's exposure and manages the equity swaps to attain the desired hedging effect.

HEDGING OF SHARE MATCH PROGRAM

In order to limit expenses for the program in the event of an increase in the share price, eliminate dilution, and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed an equity-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The equity swap covers the portion of shares that are expected to be allotted at the end of the program. The equity swap is reported as an equity instrument in accordance with IAS 32.

OMX has also signed an equity-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 in order to limit the expenses for the social security contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

OMX Treasury continuously monitors the company's exposure and manages the equity swaps to attain the desired hedging effect.

CALCULATION OF FAIR VALUE

The fair value of financial instruments that are traded in an active market is based on quoted market prices on the closing date.

The fair value of financial instruments that are not traded in an active market is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency forwards is determined based on market prices for currency forwards on the closing date.

The par value of accounts receivable and accounts payable, less any estimated credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

CURRENCY EXPOSURE

CURRENCY TRANSACTION EXPOSURE

The table shows the Group's commercial future net flows and net exposure as at December 31, 2007. A sensitivity analysis shows the effect on earnings of a +/- 5 percent change in the value of the SEK.

Currency	Net flow in each base currency (m)	Future net flow December 31, 2007 (SEK m)	Net exposure after hedging (SEK m)	Sensitivity base [1] (SEK m)
AUD/SEK	-6.5	-36.4	-40.3	-2.0
EUR/SEK	65.1	614.7	40.0	-2.0
GBP/SEK	-0.5	-6.8	-13.0	-0.6
NOK/SEK	26.5	31.4	-6.7	-0.3
RUB/SEK	16.0	4.2	0.0	0.0
SGD/SEK	2.1	9.2	-8.3	-0.4
USD/SEK	61.7	395.6	8.2	-0.5
Total		**1,011.9**	**-20.1**	**-5.8**

1) The negative change in earnings in the event of a +/- 5-percent change in the exchange-rate.

HEDGING OF CURRENCY TRANSACTION EXPOSURE

The table shows a summary of outstanding futures as of December 31, 2007 pertaining to all hedges for commercial flows and transaction exposure. The purpose of the hedges is to safeguard the value of contracted future flows and to increase forecastability. In accordance with the Group's Financial Policy, 100 percent of the contracted flows and 0–100 percent of estimated flows of up to 12 months shall be hedged. Deviations from the prescribed degree of hedging are permitted within the established guidelines. Currency hedging is undertaken in the market through currency futures, option contracts or loans in foreign currencies.

Currency	Hedged in each base currency (m)[1]	Nominal value at year-end rate (SEK m)	Nominal value at forward rate (SEK m)	Unrealized forward result (SEK m)	Average forward rate[2]	Date of maturity
AUD/SEK	-0.7	-3.9	-3.7	-0.2	5.35	<12 months
EUR/SEK	-60.9	-574.7	-571.7	-2.9	9.39	<12 months
GBP/SEK	-0.5	-6.2	-6.0	-0.2	12.47	<12 months
NOK/SEK	-32.2	-38.2	-39.1	0.9	1.22	<12 months
RUB/SEK	-16.0	-4.2	-4.1	-0.1	0.26	<12 months
SGD/SEK	-3.9	-17.5	-17.1	-0.4	4.36	<12 months
USD/SEK	-60.3	-387.3	-387.0	-0.4	6.41	<12 months
Total	**-174.5**	**-1,032.0**	**-1,028.7**	**-3.3**		

1) The aggregated negative change in value of the forward contracts in the event of a +/- 5-percent change in the exchange-rate corresponds to SEK 51.4 m (based on the nominal amount of the contract at forward rate).
2) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

TRANSLATION EXPOSURE – NET INVESTMENTS IN FOREIGN SUBSIDIARIES

The table shows foreign subsidiaries' net assets in foreign operations and goodwill denominated in foreign currencies. Translation exposure is hedged in order to reduce the volatility in OMX's key ratios. A sensitivity analysis shows the effect on results in the event of a +/- 5-percent change in the value of SEK.

Currency	Equity (SEK m)	Goodwill (SEK m)	Hedging of net investment[1]	Total (SEK m)	Sensitivity[2] (SEK m)
AUD	17.2	0.0	0.0	17.2	-0.9
CAD	4.6	0.0	0.0	4.6	-0.2
DKK	713.6	1,176.1	0.0	1,889.6	-94.5
EUR	1,667.2	1,362.1	-1,510.6	1,518.6	-75.9
EEK	51.4	2.3	0.0	53.7	-2.7
GBP	-170.2	61.9	0.0	-1,08.3	-5.4
HKD	-2.1	0.0	0.0	-2.1	-0.1
ISK	158.6	154.2	0.0	312.7	-15.6
LTL	21.6	11.6	0.0	33.2	-1.7
LVL	24.2	1.0	0.0	25.2	-1.3
NOK	55.0	22.4	0.0	77.4	-3.9
SGD	7.5	0.0	0.0	7.5	-0.4
USD	-113.2	8.3	0.0	-104.7	-5.1
Total	**2,435.4**	**2,799.9**	**-1,510.6**	**3,724.6**	**-207.7**

1) The aggregated negative change in value of the forward contracts in the event of a +/- 5-percent change in the exchange-rate corresponds to SEK 75.5 m (based on the nominal amount of the contract at forward rate).
2) The negative change in earnings in the event of a +/- 5-percent change in the exchange-rate.

HEDGING RELATIONS

The table summarizes the hedging relations reported by the Group for which hedge accounting are applied. The type of hedging entered into is specified in the table.

All currency hedges expire within 12 months. The hedging relation for interest swaps expires in December 2008.

Hedging instrument	Type of hedging	Hedged item	Currency	Hedged amount in base currency (m)	Nominal value at year-end rate, (SEK m)	Nominal value at forward rate, (SEK m)	Unrealized forward rate, (SEK m)	Average forward rate[1]
Currency future	Fair value hedge	Contracted Currency flows	EUR/SEK	-60.9	-574.7	-571.7	-2.9	9.39
Currency future	Hedge of net investment	Shareholders' equity equity in subsidiary	EUR/SEK	-160.0	-1,510.6	-1,510.9	0.2	9.44
Currency future	Fair value hedge	Contracted Currency flows	NOK/SEK	-32.2	-38.2	-39.1	0.9	1.22
Currency future	Fair value hedge	Contracted Currency flows	RUB/SEK	-16.0	-4.2	-4.1	-0.1	0.26
Currency future	Fair value hedge	Contracted Currency flows	USD/SEK	-60.4	-387.4	-386.9	-0.4	6.41
Interest swap	Fair value hedge	Issued bonds	SEK	200.0	200.0	N/A	-0.4	N/A
Total							**-2.7**	

1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

HEDGING OF FINANCIAL LOANS AND ASSETS

The table shows a summary of the Group's currency futures for hedging of financial assets and loans as at December 31, 2007.

Currency	Hedged in each base currency (m)[1]	Nominal value at year-end rate (SEK m)	Nominal value at forward rate (SEK m)	Unrealized forward result (SEK m)	Average forward rate[2]	Date of maturity
AUD/SEK	17.2	96.9	97.4	-0.5	5.66	< 12 mån
CAD/SEK	0.1	0.5	0.5	0.0	6.41	< 12 mån
DKK/SEK	460.1	582.4	573.2	9.2	1.25	< 12 mån
EUR/SEK	47.3	446.3	444.5	1.8	9.40	< 12 mån
GBP/SEK	-16.2	-208.7	-212.5	3.8	13.11	< 12 mån
HKD/SEK	-4.1	-3.3	-3.3	0.0	0.81	< 12 mån
ISK/SEK	866.2	89.0	92.1	-3.2	0.11	< 12 mån
NOK/SEK	21.3	25.3	25.9	-0.6	1.22	< 12 mån
SGD/SEK	0.8	3.3	3.3	0.1	4.37	< 12 mån
THB/SEK	-8.4	-1.8	-1.7	-0.1	0.20	< 12 mån
USD/SEK	13.1	83.8	84.0	-0.3	6.43	< 12 mån
Total		**1,113.7**	**1,103.4**	**10.2**		

1) The aggregated negative change in value of the forward contracts in the event of a +/- 5-percent change in the exchange-rate corresponds to SEK 76.9 m (based on the nominal amount of the contract at forward rate).
2) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

FINANCIAL ASSETS

The tables below show a summary of the Group's and the Parent Company's financial assets and a maturity structure of financial assets due for payment.

GROUP	On December 31, 2007 Carrying amount	On December 31, 2007 of which due for payment	On December 31, 2006 Carrying amount	On December 31, 2006 of which due for payment
Other investments held as fixed assets[1]	505	—	363	—
Receivables with associated companies	—	—	6	—
Other long-term receivables	42	0	40	
Accounts receivable[2]	594	229	425	173
Market value of outstanding derivative positions[3]	3,404	—	4,401	—
Other short-term receivables[4] [5]	848	—	889	—
Short-term investments	607	—	518	—
Cash equivalents	424	—	410	—
TOTAL	**6,424**	**229**	**7,052**	**173**

1) The item "Other investments held as fixed assets" is not exposed to credit risk. Refer instead to the section on Market risk.
2) OMX's work to ensure a high level of credit quality in its accounts receivables is described in the Credit and counterparty risk section on page 74.
3) Customers, who either through an option or futures contract, incur a financial obligation towards OMX Nordic Exchange Stockholm AB must pledge collateral against this obligation in accordance with the specific rules regulating this area. At December 31, 2007, the pledged collateral for these items totaled SEK 15,886 m. The main portion of this pledged collateral comprises cash and securities issued by the Swedish Government (see Note 29).

4) This item primarily refers to current trading account assets, which amounted to SEK 628 m (748) at December 31, 2007. During the period between transaction and settlement, usually one to five days, OMX has a receivable from the purchasing party and a liability with the selling party. The counterparty risk is limited to one of the parties not delivering the sold securities or the agreed purchase prices, and does not comprise the full value of the total receivable.

5) The balance sheet also includes items that are not classified as financial instruments under IFRS 7.

The maximum credit exposure corresponds to the carry amounts stated above.

FINANCIAL RECEIVABLES DUE FOR PAYMENT

Days	>30	31–90	91–180	181–360	< 360
On December 31, 2007 Accounts receivable	155	39	23	3	9
On December 31, 2006 Accounts receivable	95	51	8	10	9

PROVISION FOR ANTICIPATED LOSSES IN ACCOUNTS RECEIVABLES

	December 31, 2007	December 31, 2006
Accounts receivable	620	426
Provision for anticipated losses[1)]	-26	-1
Carrying amount, accounts receivable	594	425

1) Accounts receivable were impaired in the amount of SEK 1 m (1) during the year.

INTEREST-BEARING ASSETS AND LIABILITIES

The table shows interest-bearing assets and liabilities as per December 31, 2007 and shows average remaining terms, fixed-interest terms and average interest.

	Outstanding amount	Remaining term, months	Remaining fixed-interest term, months	Average interest rate, %
ASSETS				
Current assets (including cash and bank balances and excluding regulatory capital)	203	<12	<12	4.89
Long-term assets	21	>12	<12	4.16
Regulatory capital	857	>12	>12	3.83
TOTAL ASSETS	1,081			4.03
LIABILITIES				
Commercial paper	545[1)]	2	2	4.64

Bond loans				
OMX PP March 2008	300	2	2	4.899
OMX PP December 2008[2)]	200	12	3	5.08
OMX PP December 2009	200	24	3	5.05
OMX PP May 2013	400	65	4	4.85
OMX PP Nov 2014	250	84	5	4.85
Bond loans, total	1,350	41	3.6	4.88
Bank loans	28	0	0	
Other	8	0	0	
TOTAL LIABILITIES	**1,931**	**29**	**3.0**	**4.72**

1) The market value of the outstanding commercial paper.
2) The issued bond has been swapped from a fixed to a floating interest rate. The swapped interest rate is applied when calculating the average interest rate.

COUNTERPARTY RISKS

The table shows the Group's counterparty risks in financial instruments (excluding counterparty risks related to the clearing operations and accounts receivables) at December 31, 2007.

	Total counterparty exposure (SEK m)	**Maximum exposure toward individual institutions/ players[1)] (SEK m)**
Regulatory capital invested in fixed-income instruments issued by the Swedish Government	607	607
Regulatory capital invested in mortgage certificates	154	154
Other regulatory capital and surplus liquidity invested in banks and other short-term investments	299	68
Other financial assets	21	6
Total interest-bearing assets	1,081	835
Derivative transactions	22	13

1) No institutions/players represent maximum exposure in more than one category.

CREDIT FACILITIES

The table shows the Group's total credit facilities and those that had been utilized as at December 31, 2007.

(SEK m)	**Contracted facilities**	**Utilized facilities**
Syndicated bank loan/commercial paper program	1,500[1)]	0
Syndicated bank loan	600	0

Overdraft facility	116	12
Contracted facilities for exchange and clearing operations		
Sweden (SEK)	1,200	0
Norway (NOK)	95	0
Denmark (DKK)	51	38
UK (GBP)	103	29
Finland (EUR)	9	3
Iceland (ISK)	10	0
Total	**3,684**	**82**

1) Since the credit facility is linked to the commercial paper program and is to function as a credit facility if OMX is unable to issue a commercial paper program, the unutilized credit facility shall be reduced by the outstanding commercial paper. The outstanding commercial paper as of December 31, 2007 amounted to SEK 550 m, implying that OMX can utilize only SEK 950 m of the current credit facility.

MATURITY STRUCTURE, FINANCIAL LIABILITIES

The table below shows an analysis of the terms of the remaining contracts for financial liabilities. The amounts reported refer to the actual payments that are associated with the Group's financial liabilities.

GROUP

At December 31, 2007	Due for payment	< 1 month	1–3 months	3–12 months	1–5 years	> 5 years
Interest-bearing long-term liabilities	—	—	2	40	372	663
Other long-term liabilities	—	—	—	—	82	10
Liabilities to credit institutions	—	75	778	200	—	—
Accounts payable	3	165	1	3	—	—
Market value of outstanding derivative positions	—	3,404	—	—	—	—
Other current liabilities	—	596[2)]	23	63	16	—
Hedging transactions[2)]	—	551	2,739	—	—	—
TOTAL	**3**	**4,791**	**3,543**	**306**	**470**	**673**

At December 31, 2006	Due for payment	> 1 months	1–3 months	3–12 months	1–5 years	> 5 years
Interest-bearing long-term liabilities	—	—	6	21	853	675
Other long-term liabilities	—	—	—	—	107	1
Liabilities to credit institutions	—	350	50	—	—	—
Accounts payable	12	77	4	16	—	—
Market value of outstanding derivative positions	—	4,401	—	—	—	—
Other current liabilities	—	734[1)]	3	72	6	—
Hedging transactions[2)]	—	241	2,440	—	—	—
TOTAL	**12**	**5,803**	**2,503**	**109**	**966**	**676**

1) Of which SEK 28 m (38) refers to a credit facility that is automatically extended.
2) The cash flows are related to the Group's hedging transactions (currency futures). However, most of the outflows that arise will, at the same time, generate corresponding inflows in another currency. Accordingly, the significant negative cash-flow effects shown in the table under this category will not arise in net amounts. Customer payments in foreign currency that are received prior to the hedging instruments falling due for payment have, on in certain instances, been swapped to fall due for payment at the same time and with the same counterparty. As a result, only a net flow arises in these instances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate values for 2006. “OMX” refers to the OMX Group, that is OMX AB and its subsidiaries.

NOTE 1. USE OF ESTIMATES

In order to prepare the accounting in accordance with generally accepted accounting principles, company management and the Board of Directors are required to make assessments and assumptions that affect asset and liability items, income and expense items, and other information reported in the accounts, for example contingent liabilities. These assessments are based on historical experience and the various assumptions that management and the Board deem to be reasonable under the prevailing circumstances. Consequently, such conclusions form the basis of decisions concerning reported values of assets and liabilities in the case that it is not possible to determine such values based on information from other sources. Actual outcomes may differ from these assessments if different assumptions are made or if different circumstances prevail. The areas of revenue recognition and doubtful receivables, the valuation of goodwill and capitalized development projects, taxes, provisions for expenses for premises and other restructuring measures, legal disputes and contingent liabilities in particular may entail a significant impact on OMX’s results and financial position (see the respective following Notes for further information).

NOTE 2. CLASSIFICATION OF REVENUE

The classification of revenue is based on a number of assessments and assumptions concerning revenue recognition in delivery projects in the Technology operations. These are reported as “License, support and project revenue” below. The uncertainty inherent in these assessments primarily refers to the forecast time of completion.

REVENUE PER SIGNIFICANT TYPE OF REVENUE, CONTINUING OPERATIONS

(SEK m)	2007	2006
Total revenue:		
Trading revenue	1,578	1,291
Issuers’ revenue	391	343
Information revenue	568	443
Revenue from Baltic Markets	76	68
Revenue from Broker Services	186	205
License, support and project revenue	834	758
Facility Management Services	220	200
Other revenue	228	178
Total	**4,073**	**3,486**

CAPITAL GAINS WITHIN OTHER REVENUES, CONTINUING OPERATIONS

Group	2007	2006
Capital gains, sale of NOS ASA	—	22
Capital gains, sale of VPC AB	—	83
Capital gains, sale of shares in Orc Software AB	101	—
Capital gains, sale of Lawshare	3	—
Total	**104**	**105**

CURRENCY EFFECTS

The Group's total revenue includes exchange-rate differences totaling negative SEK 6 m (neg: 7). Exchange-rate differences also had an effect on operating expenses of SEK 0 m (0).

FINANCIAL ITEMS REPORTED IN OPERATIONS

Financial items had a negative effect on operating revenue amounting to SEK 12 m (pos: 8). For further information, refer to Note 9, Financial items.

NOTE 3. BUSINESS AREAS AND GEOGRAPHIC SEGMENTS

Internal reporting and follow-up within OMX is organized based on the business areas Nordic Marketplaces, Information Services & New Markets and Market Technology.

These business areas make up OMX's primary reporting segments while the geographic divisions make up the secondary reporting segment. OMX is divided into four geographic regions: Nordic countries, Rest of Europe, North America and Asia/Australia. This geographic division is based on the areas in which the Group's operations have relatively similar systems solutions, frameworks of regulations and customer behavior.

REVENUE AND EARNINGS BY DIVISION, CONTINUING OPERATIONS

(SEK m)	2007	2006
Revenue		
Nordic Marketplaces	2,111	1,778
Information Services & New Markets	854	752
Market Technology	1,768	1,300
Group eliminations	-660	-344
TOTAL GROUP	**4,073**	**3,486**
Operating income		
Nordic Marketplaces[1)]	981	940
Information Services & New Markets[1)]	261	217
Market Technology[1)]	213	93
Difference in elimination of expenses and income in the Group[2)]	-95	—
TOTAL GROUP	**1,360**	**1,250**

1) Including distribution of income for the Parent Company and other functions totaling a loss of SEK 284 m (income: 15).

2) Development of Genium occurs within the Market Technology business area. Initially, Genium was developed for OMX Nordic Exchanges, which is why OMX's created assets on March 31, 2007 were transferred to the Nordic Marketplaces business area. Since there is a difference between expenses in Market Technology and the amount that OMX can capitalize, a difference arises in the eliminations of costs and income in the Group. This accounting effect will remain for the duration of the development project.

ASSETS AND LIABILITIES PER BUSINESS AREA

	2007		2006	
(SEK m)	Assets	Liabilities	Assets	Liabilities
Nordic Marketplaces	7,875	5,421	8,439	5,099
Information Services & New markets	509	124	440	69
Market Technology	2,446	1,227	2,702	1,128
Operations being discontinued	47	—	70	—
Unallocated items	1,359	347	877	1,618
TOTAL GROUP	**12,236**	**7,119**	**12,528**	**7,914**

Items per business area are tangible assets, intangible assets, external operating receivables, external operating liabilities and goodwill. Other items are not allocated in the Group and are reported as unallocated items. Unallocated items also include all eliminations of internal business dealings between the various business areas and all interest-bearing liabilities. Assets and liabilities that could be affected by the business areas are allocated in accordance with OMX's business control model, which does not support a full distribution of balance-sheet items.

INVESTMENTS, DEPRECIATION AND IMPAIRMENT PER BUSINESS AREA

	2007		2006	
(SEK m)	Invest.	Deprec./ impairment	Invest.	Deprec./ impairment
Nordic Marketplaces	198	-76	294	-70
Information Services & New Markets	164	-53	19	-22
Market Technology[1)]	231	-140	529	-132
TOTAL GROUP	**593**	**-269**	**842**	**-224**

1) Impairments of SEK 7 m in operations being discontinued are included in the Jan – Dec 2007 period and SEK 8 m for the Jan – Dec 2006 period.

Investments refer to acquisitions of tangible and intangible fixed assets. For further information on acquisitions, depreciation and impairment, see Notes 13 and 14.

INFORMATION REGARDING SECONDARY SEGMENTS (GEOGRAPHIC AREAS)

EXTERNAL REVENUE PER GEOGRAPHIC AREA[1)]

(SEK m)	2007	2006
Nordic countries	2,505	2,134
Rest of Europe	1,244	990
North America	388	146
Asia/Australia	168	340
TOTAL GROUP	**4,305**	**3,610**

1) Based on the location of customers.

ASSETS AND INVESTMENTS PER GEOGRAPHIC AREA

	2007		2006	
(SEK m)	Assets	Invest.	Assets	Invest.
Nordic countries	6,232	576	5,581	788
Rest of Europe	1,135	7	1,269	45
North America	83	7	103	5
Asia/Australia	27	3	26	4
Group eliminations and unallocated items[1)]	4,759	—	5,549	—
TOTAL GROUP	**12,236**	**593**	**12,528**	**842**

1) Group eliminations and unallocated items include goodwill in the amount of SEK 3,318 m (2,967).

Investments refer to acquisitions of tangible and intangible fixed assets.

NOTE 4. DISCONTINUING OPERATIONS

Operations being discontinued comprise the UK operations in securities administration services.

Revenue from discontinuing operations was SEK 232 m (124) during January – December, while expenses amounted to SEK 285 m (163). Operating loss was SEK 53 m (loss: 39), comparative figure has been adjusted compared with the 2006 annual report due to OMX, at the beginning of 2007, signing an agreement with HCL Technologies, the global IT services provider, regarding an extended partnership, which means that OMX no longer has any discontinuing operations in the Nordic region. The partnership meant that HCL Technologies assumed responsibility for the development and maintenance of systems for securities management targeting banks and brokers and that the remaining part of the Nordic operations will be moved to the Information Services & New Markets business area, and included in the Broker Services unit. The reported figures for 2006 are pro forma, which meant that operating profit improved by SEK 34 m.

During the fourth quarter of 2007, Lawshare was divested, a unit within operations being discontinued that supplies broker services to investment companies and asset managers. The divestment resulted in capital gain of SEK 3 m in the fourth quarter of 2007.

OMX's aim is to identify a long-term solution with clear advantages for the remaining parts of the operations being discontinued. Discussions are currently in progress with potential partners.

Assets classified as holdings held for sale

(SEK m)	2007	2006
Group		
Intangible assets	43	62
Tangible fixed assets	4	8
Total fixed assets held for sale	**47**	**70**

NOTE 5. ACQUIRED OPERATIONS

FINDATA AB

In March 2007, OMX announced acquisition of Findata AB, a leading supplier of information about Nordic companies, which also offers adapted index. Findata has seven employees in Stockholm and the company's sales amounted to SEK 17 m with favorable profitability for the full-year 2006. The purchase consideration amounted to SEK 43.5 m and a possible supplementary purchase consideration of a maximum of SEK 35 m. The operation will be consolidated into the Information Services & New Markets business area.

PRELIMINARY ACQUISITION ESTIMATE

(SEK m)	
Cash	71
Acquisition costs	3
ACQUISITION PRICE	**74**
Acquired net assets	**31**
Goodwill	**43**

ACQUIRED ASSETS AND LIABILITIES

(SEK m)	Fair value	Carrying amount
Fixed assets	30	0
Current assets	3	3
Cash and bank balances	1	1
Current liabilities	-3	-3
ACQUIRED NET ASSETS	**31**	**1**

The difference between fair value and the carrying amount of fixed assets is primarily attributable to the valuation of acquired contracts.

Findata contributes SEK 13 m to the Group's revenue and SEK 4 m in net income. Goodwill is attributable to the expected synergies arising from the continued development of OMX information services. The cash-flow effect of the acquisition amounts to SEK 73 m, comprising a cash payment of SEK 71 m, acquisition costs of SEK 3 m, less received cash balances of SEK 1 m. Of the total amount of acquisition costs, SEK 43.5 m was paid during the first quarter of 2007. Supplementary purchasing consideration of SEK 5 m was paid during the third quarter of 2007 and an additional SEK 5 m will be paid during 2008. The remaining profit-related supplementary purchase consideration, which is assessed to amount to SEK 17.5 m, will be paid in the first quarter of 2008 and 2009. Of the acquisition costs, SEK 1 m had an effect on cash flow in the first quarter, the remaining costs were paid during the second quarter.

NOTE 6. AUDITORS' FEES

The following fees were paid to auditors and accounting firms for auditing and audit-related services required by law as well as for advice and other assistance arising from observations made during the course of the auditing process.

Fees were also paid for additional independent advice, mostly pertaining to audit-related consultations on accounting and taxation issues.

FEES TO THE GROUP'S AUDITORS

	GROUP	
(SEK 000s)	**2007**	**2006**
PricewaterhouseCoopers		
Auditing assignments[1)]	12,814	10,729
Other assignment[2)]	2,749	2,337
Ernst & Young		
Auditing assignments	296	488
Other assignments	768	918
KPMG		
Auditing assignments	474	335
Other assignments	2,087	378
BDO Feinstein		
Auditing assignments	—	36
Other assignments	—	—
Övriga revisorer		
Auditing assignments	376	780
Other assignments	649	310
TOTAL	**20,213**	**16,311**

1) For 2007, auditing assignments pertaining to proposed mergers and public takeover bids for OMX amounting to SEK 5,048,000.

2) For 2007, other assignments refer primarily to tax consultations.

NOTE 7. PERSONNEL

PERSONNEL EXPENSES AND BENEFITS PAID TO SENIOR EXECUTIVES

The reporting of senior executive benefits has been carried out in accordance with the recommendations of the Swedish Industry and Commerce Stock Exchange Committee (NBK).

SENIOR MANAGEMENT

NBK divides senior management into two categories: "top management" and "other senior management". Top management comprises: the Chairman of the Board, any Board members receiving remuneration in addition to Board fees and the President and Chief Executive Officer (CEO). Other senior management normally relates to members of the executive management team.

Top management at OMX is defined as:

- Urban Bäckström (Chairman of the Board)
- Magnus Böcker (CEO of OMX and President of OMX AB).

Other senior management at OMX is defined as the Group's Executive Management Team and comprises the following five individuals:

- Jukka Ruuska (President of Nordic Marketplaces)
- Hans-Ole Jochumsen (President of Information Services and New Markets)
- Markus Gerdien (President of Market Technology)
- Kristina Schauman (Chief Financial Officer)
- Bo Svefors (Senior Vice President Marketing & Communications).

The Secretary to the Executive Management Team was OMX's General Counsel

Magnus Billing.

OMX'S REMUNERATION COMMITTEE

The Remuneration Committee is appointed on an annual basis by the Board of Directors. The Remuneration Committee's task is to prepare remuneration matters for Board decisions on issues relating to the salary and remuneration paid to the President and CEO, and to approve salaries and other remuneration to Executive Management Team which is subsequently reported to the Board. The Committee also approves the targets for the Executive Management Team established by the President. In addition, the Remuneration Committee's task is to propose remuneration for the Board members in the subsidiaries within the OMX Group that have external Board members, and to make recommendations regarding remuneration principles, benefits and other types of remuneration for OMX employees. The Board appointed the following people as members of the Remuneration Committee: Urban Bäckström (Chairman), Birgitta Klasén and Bengt Halse. The Committee's secretary until June was Pernilla Gladh, Senior Vice President Human Resources. From July, Elin Sebö, Head of Compensation & Benefits, was the Committee's secretary. During 2007, the Remuneration Committee held a total of six meetings at which minutes were taken.

OMX'S REMUNERATION POLICY

The aim of OMX's remuneration policy is to offer market-based remuneration that is competitive and that promotes a situation whereby qualified expertise can be recruited to and retained within OMX.

The fundamental principles are:

- To work towards a consensus between employees and shareholders regarding the long-term perspective of operations.
- To ensure that employees within OMX's different organizations receive remuneration that reflects market conditions and is competitive.
- To offer a salary scale based on results achieved, work duties, skills, experience and position held, which also means adopting a neutral stance in relation to gender, ethnic background, disability, sexual orientation, etc.

REMUNERATION STRUCTURE 2007

OMX's employee remuneration comprises the following parts:

- Fixed salary
- Variable salary
- Short Term Incentive Program
- Long Term Incentive Scheme (OMX Share Match Program 2007)
- Pension
- Severance pay and other benefits.

At the discretion of the Board of Directors, decisions can be made to revise or terminate an existing program related to the remuneration structure.

REMUNERATION STRUCTURE 2008

The Board has not proposed any guidelines for remuneration to the company's President and the Executive Management Team since the company will probably no longer be traded on the OMX Nordic Exchange due to the merger with NASDAQ.

FIXED SALARY

Every OMX employee has an annual salary review, with the exception of the members of the Executive Management Team, for whom a review takes place every second year and the President, for whom a review takes places every third year. The review considers employee performance, salary levels in the market and any changes to responsibilities as well as the company's development and local rules and agreements.

VARIABLE SALARY

Short Term Incentive Program

OMX has had a Group-wide program for variable salary called "OMX Short Term Incentive Program" since 2004. The program consists of quantitative (financial) and qualitative (individual) goals. The prerequisite for achieving the quantitative goal is that OMX attained its established targets. The maximum dividend of the quantitative portion occurs at 130-percent fulfillment of the company's goals. The qualitative goals are individual and are determined by an employee's immediate superior during the first quarter of the year. The immediate manager also evaluates whether these goals have been achieved one year later.

Short Term Incentive 2007

The program for variable salary, "OMX Short Term Incentive 2007," comprised approximately 200 managers and key employees. The total maximum variable portion that can be paid out for 2007 is SEK 43 m, excluding social security contributions. For 2007, the program comprised financial and individual goals, of which 60 percent is financial goal and 40 percent individual goal. The financial goal for 2007 was connected to achievement of the budgeted operating income for OMX. Of the maximum SEK 26 m representing the financial portion, SEK 17 m will be paid out. The estimated payment for the individual portion is calculated at 75 percent of the maximum of SEK 17 m. The total outcome for 2007 is estimated at SEK 30 m, excluding social security contributions.

Short Term Incentive 2008

Variable salary 2008 follows the same structure for 2007. The financial goal for 2008 is also connected to the budgeted operating income for OMX. The "OMX Short Term Incentive 2008" program also includes 200 managers and key employees. In 2008, individuals included in the program received an increase in possible variable remuneration and as a result will be excluded from the OMX salary review for 2008. The total maximum variable portion that can be paid out for 2008 is SEK 73 m, excluding social security contributions. The prerequisites for the payment follow the same guidelines as the preceding year.

The maximum bonus to senior executives for variable salary for 2008 is 75 percent of fixed salary, with the exception of Magnus Böcker, OMX President, whose maximum variable remuneration is 50 percent of fixed salary and the financial goal is connected to OMX's return on capital employed and the budgeted operating income.

Long Term Incentive Scheme

OMX Share Match Program 2006

OMX's Annual General Meeting in April 2006 approved the OMX Share Match Program 2006. The program for 2006 was directed to 30 senior executives and key individuals in OMX. Participants in the program are required to invest in OMX shares at a maximum of 7.5 percent of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2005 after tax. Under the prerequisite that employment is not terminated, the participants in the program will receive up to five OMX shares, known as matching shares, in 2009, for each invested OMX share, if the following conditions have been fulfilled:

(i) The average percentage increase in earnings per share between January 1, 2006 and December 31, 2008 is equal to or exceeds 25 percent, and

(ii) The total annual return to shareholders is equal to or exceeds an index determined by the Board, plus 10 percentage points.

No matching shares will be issued if the average annual percentage increase in earnings per share falls below 2 percent per year or if the total annual return to shareholders has not improved on the comparative index.

OMX Share Match Program 2007

At the Annual General Meeting in April 2007, the OMX Share Match Program 2007 was approved. The program for 2007 was directed to 95 senior executives and key employees within OMX. The program largely followed the same structure and guidelines as the OMX Share Match Program 2006.

At the beginning of May 2007, when NASDAQ announced its bid for OMX, the Board decided to close the OMX Share Match Program 2007 before participants made their investments. Participants will be compensated for this by twice the maximum investing level, following the finalization of the transaction in the spring of 2008. The cost for 2007 amounted to SEK 17 m, total cost is estimated at approximately SEK 41 m.

PENSIONS

OMX offers its employees a defined-contribution occupational pension unless otherwise regulated in local agreements or other regulations. OMX’s pension plan for employees in Sweden has been created to provide employees with a market-competitive occupational pension. The age of retirement is 65 years. OMX’s President and CEO, Magnus Böcker, receives a defined-contribution pension benefit. The total premium provision amounts to 30 percent of fixed salary.

Other members of the Executive Management Team are included in the OMX pension plan, with the exception of Jukka Ruuska and Hans-Ole Jochumsen. Jukka Ruuska is included in the pension plan stipulated by the Finnish labor market regulations. Current premiums for Jukka Ruuska are equivalent to a pension provision of 17 percent of total remuneration. Hans-Ole Jochumsen, is included in the pension plan stipulated by Danish labor market practice; current premiums are equivalent to a pension provision of 20 percent.

The retirement age for employees, including the President and CEO and the Executive Management Team is 65 years.

The President and other members of the Executive Management Team have the possibility to waive salaries, variable remunerations and remunerations for long-term incentive programs in favor of direct pensions. During 2007, Magnus Böcker chose to convert a certain part of his remunerations into direct pension.

SEVERANCE PAY AND OTHER BENEFITS

Severance Terms/Period of Notice

The period of notice that applies between OMX and the President and CEO is 12 months from the company’s side and six months from the employee’s side. In the event of a company initiative to terminate the employment contract of the President and CEO, remuneration will be paid to the President and CEO corresponding to the fixed salary and other benefits (occupational pension and insurance including health insurance) during the period of notice. In addition to this, the President and CEO will receive a severance payment of six months’ fixed salary. Other members of the Executive Management Team have a period of notice of 12 months from the company’s side and six months from the employee’s side. In addition, Jukka Ruuska, President Nordic Marketplaces and Hans-Ole Jochumsen, President New Markets & Information Services have severance pay of six months' fixed salary. The President and CEO and other senior executives have a non-competition clause of 12 months, which includes a penalty if not followed. Since January 1, 2007, President Magnus Böcker had a clause in his employment contract that entitles him to six months' salary compensation in the event of ownership change, in which Magnus Böcker's own role changes and results in his decision to leave the company. The primary reason for the addition of this clause is to promote an ownership change regardless of the impact on Magnus Böcker's own position.

Other Benefits

In addition to the occupational pension premiums detailed above, OMX also pays for long-term disability insurance, occupational group life insurance (TGL) and workers' compensation insurance (TFA). Employees may also complement their insurance coverage through OMX's optional group insurance. Employees in Finland and Denmark have equivalent benefits that are stipulated in the collective agreement for the financial sector. Also, the Executive Management Team and other senior executives are entitled to health insurance. In addition, during 2007, Jukka Ruuska, President Nordic Marketplaces has added a clause to his employment contract that entitles him to six months' salary as compensation in the event of an ownership change, for the same reason.

ABSENCE DUE TO ILLNESS

The number of employees on absence due to illness during the fiscal year is accounted for as a percentage of the employees' total ordinary working hours in parent company. Long-term absence due to illness is absence for 60 or more consecutive days.

Absence due to illness, Parent Company, %	2007	2006
Total absence due to illness	0.8	1.5
Long-term absence (portion of total absence)	28.4	46.5
Absence due to illness, men	0.1	0.3
Absence due to illness, women	1.6	2.4
Absence due to illness, employees under 29 years of age	1.5	0
Absence due to illness, employees 30 – 49 years	0.8	1.5
Absence due to illness, employees over 50 years	0.4	1.7

DISTRIBUTION ACCORDING TO GENDER

	2007		2006	
	Number	of whom men	Number	of whom men
Board of Directors (excl. CEO)[1)]				
Parent Company	7	5	8	6
Subsidiaries	62	55	85	76
TOTAL GROUP	**69**	**60**	**93**	**82**

1) Pertains to the number of Board members in the Group's operating companies on December 31, 2007.

	2007		2006	
	Number	of whom men	Number	of whom men
Group management (incl. CEO)[2)]				
Parent Company	6	5	6	5
Subsidiaries	91	67	62	46
TOTAL GROUP	**97**	**72**	**68**	**51**

2) Group management is defined as all presidents in the Group's operating companies, persons who are members of the Executive Management Team and persons in the management groups within the OMX business areas on December 31, 2007.

REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

EXPENSED REMUNERATION

Board fees have not been paid to Board members who are employees of the Group. In addition to the Board fees below, Board fees totaling SEK 5 m (7) were paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the Group.

(SEK)		Board fees	Fixed salary	Variable salary	Pension	Benefits	TOTAL
Urban Bäckström	2007	800,000	—	—	—	—	800,000
	2006	325,000	—	—	—	—	325,000
Magnus Böcker	2007	—	5,137,522	1,550,000	1,500,000	6,899,235 [2]	15,086,757
	2006	—	4,646,117	1,665,000	1,007,400	1,969,353	9,287,870
Executive Management, others [1]	2007	—	13,835,863	6,175,000	2,850,474	383,026	23,244,363
	2006	—	12,260,008	4,955,000	2,459,845	128,787	19,803,640
Adine Grate Axén	2007	—	—	—	—	—	—
	2006	400,000	—	—	—	—	400,000
Bengt Halse	2007	300,000	—	—	—	—	300,000
	2006	300,000	—	—	—	—	300,000
Birgitta Kantola	2007	325,000	—	—	—	—	325,000
	2006	—	—	—	—	—	—
Birgitta Klasén	2007	300,000	—	—	—	—	300,000
	2006	250,000	—	—	—	—	250,000
Tarmo Korpela	2007	—	—	—	—	—	—
	2006	250,000	—	—	—	—	250,000
Markku Pohjola	2007	250,000	—	—	—	—	250,000
	2006	250,000	—	—	—	—	250,000
Hans Munk Nielsen	2007	350,000	—	—	—	—	350,000
	2006	325,000	—	—	—	—	250,000
Olof Stenhammar	2007	—	—	—	—	—	—
	2006	800,000	—	—	—	543	800,543
Lars Wedenborn	2007	325,000	—	—	—	—	325,000
	2006	—	—	—	—	—	—
TOTAL	**2007**	**2,650,000**	**18,973,385**	**7,725,000**	**4,350,474**	**7,282,261**	**40,981,120**
TOTAL	**2006**	**2,900,000**	**16,906,125**	**6,620,000**	**3,467,245**	**2,098,683**	**31,917,053**

1) Executive Management Team for 2006 and 2007 comprise: Jukka Ruuska, Kristina Schauman, Bo Svefors, Hans-Ole Jochumsen and Markus Gerdien.

2) Refers primarily to the divestment of 76,000 employee stock options.

FINANCIAL INSTRUMENT

(Quantity)	Employee stock options[1] 2002	2001	2000	Share Match Program[2]
Magnus Böcker	0	0	150,000	4,615
Executive Management, others [3]	0	0	0	10,023
TOTAL	**0**	**0**	**150,000**	**14,638**

1) No remuneration was paid for employee stock options from those allotted options.

2) Pertains to the stock option program 2006.

3) Pertains to members of the Executive Management Team on December 31, 2007.

INFORMATION ON EACH YEAR'S EMPLOYEE STOCK OPTION PROGRAM

	2002	2001
Strike price, SEK	71	175
Redemption of shares with effect from	July 2, 2003	June 15, 2002
Expiry date	July 2, 2009	June 15, 2008
Number of allotted options	733,000	1,150,000
Opening balance	195,000	400,000
Exercised options	152,000	312,000
Expired and obsolete	3,000	34,000
Closing balance	40,000	54,000
Of which fully vested (guaranteed) December 31, 2007	40,000	54,000
Theoretical value, SEK m[1]	7	5
Theoretical value per option at issue[1], SEK	15	38
Theoretical value per option, SEK, as at Dec 31, 2007	185	88
Theoretical dilution[2], %	0.03	0.05
Weighted average share price for redeemed employee stock options during the year	210.58	—

1) The theoretical value of allotted options is fixed through an established options valuation model (Black & Scholes) at the time they are allotted. As at December 31, 2007, a volatility of 40 percent has been utilized.

2) Theoretical dilution refers to the maximum number of shares that could be issued were it decided, on execution of redemption, to allot shares through a new share issue. However, to limit such dilution, hedging has been arranged through a "share swap," meaning that no such dilution will occur.

OPENING AMOUNT OF NON-REDEEMED PORTION OF THE EMPLOYEE STOCK OPTIONS PROGRAM IN THE INCOME STATEMENT

(SEK m)	2007	2006
Income statement		
Social security expenses attributable to personnel expenses	1	1
Interest attributable to agreements on synthetic share buy-back	-2	-2
Change in value, employee stock options	3	3
Change in value, share swap	-9	15
Balance sheet		
Liability pertaining to employee stock options program	12	15
Liability, social security expenses, employee stock options program	3	4
Receivable pertaining to share swap	5	1

In accordance with IFRS 2, the expenses for the stock options program are reported on an ongoing basis as personnel expenses in the income statement.

In order to limit costs for the programs (including social security contributions), if the share price were to increase, limit dilution and ensure that shares can be provided when redemption is requested, an agreement has previously been made with an external party regarding the provision of OMX shares if redemption were to be requested, known as a share swap. The agreement is valid until June 30, 2009 and corresponds to approximately 400,000 shares at an agreed price of SEK 126 per share. The buy-back agreement covers the portion of outstanding employee stock options that are currently deemed to be exercised. In the case that it is deemed probable that a number of employee stock options will be exercised over time, the number of shares in the agreement with the third-party will be amended. OMX continuously pays interest compensation to the counterparty in exchange for the counter-party undertaking to provide the shares. OMX receives the share dividend paid during the term of the agreement. Changes in the share price of OMX's shares affect the value of the share swap and the result is reported against personnel expenses in the income statement.

SHARE MATCH PROGRAM 2006

Start date	April 6, 2006
Matching date	April 30, 2009
Number of invested shares	26 855
Maximum number of matching shares	134 275
Estimated number of matching shares	57 000
Total estimated expense, SEK m	20
Expenses for the year, SEK m	8

Participants in the Share Match Program 2006 invest in OMX shares and, depending on whether OMX achieves performance targets related to earnings per share and how OMX's shares perform in comparison to its competitors, participants may obtain a maximum of five matching shares per invested OMX share after three years. The number of shares that the participant may buy in the program is limited.

In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed a share-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The share swap covers the portion of shares that are expected to be allotted at the end of the program. The share swap is reported as an equity instrument in accordance with IAS 32. OMX has also signed a share-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 to limit the expenses for the social security contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement. OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

At the OMX Annual General Meeting on April 12, 2007, it was decided to approve the proposed share match program for 2007 pertaining to approximately 95 senior executives and key employees of OMX. The share match program for 2007 has not commenced, and will not commence, as a result of OMX being the target of public takeover bid since May 2007.

AVERAGE NUMBER OF EMPLOYEES

	2007		2006	
	Number of employees	**of whom men**	**Number of employees**	**of whom men**
Parent Company	**35**	**20**	**33**	**17**
Subsidiaries				
Sweden	892	602	821	555
Australia	79	61	66	54
Denmark	99	60	90	55
Estonia	44	12	38	10
Finland	112	59	107	58
Hong Kong	5	2	5	2
Iceland	66	44	29	23
Italy	3	3	2	2
Canada	19	13	16	11
Latvia	29	11	25	9
Lithuania	22	10	19	7
Norway	9	9	9	9
Singapore	6	5	5	5
UK	21	17	17	13
USA	40	32	42	35
Total subsidiaries	**1,446**	**940**	**1,291**	**848**
TOTAL GROUP	**1,481**	**960**	**1,324**	**865**

SALARIES AND REMUNERATION

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	2007		2006	
(SEK m)	**Salaries and other remuneration**	**Social security expenses (of which pension expenses)**	**Salaries and other remuneration**	**Social security expenses (of which pension expenses)**
Parent Company	39	27(11)	34	19(6)
Subsidiaries	944	340(118)	797	268(99)
TOTAL GROUP	**983**	**367(129)**	**831**	**287(105)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED PER COUNTRY AND BETWEEN BOARD MEMBERS AND EMPLOYEES

	2007		2006	
	Board of Directors and CEO (of which remuneration and similar)	**Other employees**	**Board of Directors and CEO (of which remuneration and similar)**	**Other employees**
Parent Company	**16 (2)**	**23**	**9 (2)**	**25**
Subsidiaries				
Sweden	8 (2)	513	9 (3)	455
Australia	1 (0)	57	4 (0)	38
Canada	— (–)	12	— (–)	9
Denmark	2 (1)	63	4 (1)	57
Iceland	5 (2)	44	1 (-)	19
Hong Kong	— (–)	3	2 (0)	3
Singapore	— (–)	4	1 (0)	4
Italy	2 (1)	1	2 (1)	1
Norway	— (–)	5	— (–)	6
UK	3 (0)	104	3 (0)	72
USA	— (–)	41	— (–)	43
Finland	5 (1)	52	4 (0)	47
Estonia	0 (0)	8	1 (0)	5
Latvia	1 (0)	5	2 (-)	2
Lithuania	1 (0)	4	0 (0)	3
Total subsidiaries	**28 (7)**	**916**	**33 (5)**	**764**
TOTAL GROUP	**44 (9)**	**939**	**42 (7)**	**789**

PENSIONS

OMX's defined-contribution pension obligations are mainly accounted for at the cost (premium/contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial valuation of the pension plan and the Group's earnings are charged for expenses in pace with the benefits being earned.

INFORMATION ABOUT RELATED PARTIES

With the exception of remunerations to Board members and senior executives as reported above, no other remunerations or loans were granted to Board members, senior executives or their related parties during the 2007 and 2006 fiscal years.

NOTE 8. TRANSACTIONS WITH RELATED PARTIES

"Related parties" refers to companies and individuals on whom OMX is in a position to exercise significant, though not controlling, influence.

When transactions with associated companies reported in accordance with the equity method are not eliminated in the consolidated financial statements, separate information is shown in the table below to disclose those transactions that took place between OMX and these companies.

Information relating to transactions with individuals in close proximity (Board of Directors and senior executives) is set out in Note 7.

TRANSACTIONS WITH RELATED PARTIES, GROUP, 2007

(SEK m)	Sales[1)]	Purchases[1)]	Receivables	Liabilities
Associated companies				
Central Securities Depositories of Lithuania	1	—	—	—
EDX London Ltd	32	—	8 [2)]	—
Orc Software AB	—	3	—	—

1) Sales and purchases from related parties occur at market prices.

2) Entire receivable is current.

Note 9. Financial items

FINANCIAL ITEMS REPORTED IN INCOME STATEMENT

Financial item reported in financial items

	GROUP	
	2007	**2006**
FINANCIAL REVENUE		
Interest revenue		
- Financial assets valued at fair value in the income statement[1)]	2	5
- Interest revenue, Group companies	—	—
- Interest revenue, other	61	37
Dividends		
- Financial assets available for sale	17	—
- Group companies	—	—
Changes in financial assets/liabilities		
- Valued at fair value in the income statement	15	7
- Derivatives intended for hedging of shareholders' equity in subsidiaries	—	—
Total financial revenue	**95**	**49**
FINANCIAL EXPENSES		
Interest expenses		
- Interest expenses, Group companies	—	—
- Interest expenses, other	-123	-93
Changes in financial assets/liabilities		
- Valued at fair value in income statement	-16	-11
- Valued at fair value in income statement[2)]	-1	—
- Derivatives intended for hedging of shareholders' equity in subsidiaries	—	—
- Impairment loss on shares in subsidiaries	—	—
Other financial expenses	-27	-5
Total financial expenses	**-167**	**-109**
TOTAL FINANCIAL ITEMS	**-72**	**-60**

FINANCIAL ITEMS REPORTED IN OPERATIONS

	GROUP	
	2007	**2006**
Revenue		
Ineffectiveness of following hedging:		
- Cash-flow hedging	—	—
- Net investing hedges	—	—
Changes in hedging instrument valued at fair value in the income statement	47	76
Total revenue	**47**	**76**
EXPENSES		
Amount transferred from shareholders' equity and reported in income statement		
- Cash flow hedging	-10	-9

	GROUP	
	2007	**2006**
- Net investing hedging	—	—
Ineffectiveness of the following hedging:		
- Cash flow hedging	—	—
- Net investment hedging	—	—
Changes in hedging objects valued at fair value in the income statement	-49	-59
Total expenses	**-59**	**-68**
TOTAL FINANCIAL ITEMS REPORTED IN OPERATION	**-12**	**8**

1) Interest revenue of SEK 9 m and interest revenue of SEK 11 m on December 31, 2007.

2) Capital gain on hedging instrument SEK 4 m and capital loss on financial instrument of SEK 5 m on December 31, 2007.

NOTE 10. ASSOCIATED COMPANIES

SHARES IN ASSOCIATED COMPANIES CONSOLIDATED IN ACCORDANCE WITH THE EQUITY METHOD

	GROUP	
(SEK m)	**2007**	**2006**
Reported value at beginning of year	186	623
Reclassification of owner change[1]	-72	—
Sale of associated companies	-11	-459
Share in earnings of associated companies	44	46 [2]
Dividends and Group contributions received from associated companies	-10	-34
Translation differences	2	-3
Other changes in associated companies' equity	—	13
Reported value at year-end	**139**	**186**

1) The entire expense of SEK 72 m pertains to Näringslivskredit NKL AB, which from December 1, 2007 is a wholly owned subsidiary of OMX.

2) Share in earnings of assoiated companies includes VPC AB in the amount of SEK 24 m in 2006.

Consolidated values pertaining to owned participation in revenue, earnings, assets and liabilities are specified below.

The market value of the holding in Orc Software (3.8 million shares) was SEK 624 m (524) as per December 31, 2007. The carrying amount was SEK 85 m (76). Other holdings are not listed. For these amounts the fair value is deemed to be the same as the carrying amount.

SEK m	Country	Revenue	Earnings	Assets	Liabilities	Shareholders' equity	Participation, %
Associated companies, 2007							
Central Securities Depositories of Lithuania	Lithuania	6	2	12	1	11	40
EDX London Ltd	UK	35	16	34	4	40	24
ORC Software AB	Sweden	133	25	152	67	85	25
Associated companies, 2006							
Central Securities Depositories of Lithuania	Lithuania	5	2	11	0	11	40
EDX London Ltd	UK	26	3	31	6	25	24
Näringslivskredit NLK AB	Sweden	1	1	99	27	72	48 [1]
ORC Software AB	Sweden	123	16	140	64	76	30

1) Portion of equity amounts to 90 percent.

None of the above participations in associated companies is owned by the Parent Company. Participations in associate companies on December 31, 2007 include goodwill of SEK 2 m (2).

NOTE 11. TAXES

Both current and deferred income tax are reported for Swedish and foreign Group entities under "Taxes" in the income statement. Companies in the Group are liable to pay tax in accordance with relevant taxation legislation in the respective countries. The corporate tax rate was calculated on nominal reported income adding non-deductible items and deducting non-taxable revenue. Assessments and assumptions have been made when calculating the amounts and percentages presented in this Note. All assessments and assumptions involve a certain degree of uncertainty.

DISTRIBUTION OF INCOME BEFORE TAX

	GROUP	
(SEK m)	**2007**	**2006**
Sweden	352	334
Other countries	840	771
Share in earnings of associated companies	43	46
TOTAL	1,235	1,151

The "Distribution of tax for the year" table reports how tax is specified between Sweden and other countries and the division of current and deferred taxes. The positive earnings in the Swedish portion of the operations did not lead to a corresponding dissolution of tax loss carryforwards equivalent to tax assets, since the Group had tax-exempted revenue and deficit that were not previously taken into account. The Group's operations in other countries resulted in mostly current tax. The Parent Company's taxable revenue deviated significantly from earnings before tax since the company had major tax-exempted dividends from subsidiaries and adjustments for previous years.

DISTRIBUTION OF TAX FOR THE YEAR

	GROUP	
(SEK m)	**2007**	**2006**
Current tax		
Sweden	-25	-3
Other countries	-176	-112
Total	-201	-115
Deferred tax		
Sweden	-15	-97
Other countries	-33	-28
Total	-48	-125
Total	-249	-240
Tax rate, %	20	21

The Group's positive deviation from the nominal Swedish tax rate of 28 percent is primarily due to tax-exempt capital gains arising from the sale of shares in ORC Software, and other tax-exempt revenue. The fact that the Group conducts operations in several countries with a lower tax rate than Sweden also has a positive impact on the tax rate. The fact that operations are conducted in countries with lower tax rates than the nominal Swedish tax rate also had a positive effect on the tax rate. Another positive effect is that the Group has booked tax assets on tax loss carry-forwards that were not previously included due to the open statement in the income tax returns. The negative effects of the tax rates are the losses that are attributable to discontinuing operations which were not included in the tax calculations. The fact that operations are conducted in countries with lower tax rates than the nominal Swedish tax rate and that the Group will continue to receive tax-exempted revenue will result in the Group's tax rate will continue to be lower than 25 percent.

RECONCILIATION OF EFFECTIVE TAX

	GROUP	
(%)	**2007**	**2006**
Swedish income tax rate	28	28
Difference between different countries' tax rates	-2	-1
Deficit for which tax-loss carryforwards have not been observed	5	1
Utilization of previously non-capitalized deficits	-3	—
Capital gains	-2	-4
Tax-exempt revenues	-7	-5
Non-deductible expenses	1	1
Earnings from associated companies	-4	-1
Adjustments for preceding year	3	—
Other	1	2
EFFECTIVE TAX RATE	20	21

Of the Group's total tax-loss carryforwards, which is approximately SEK 923 m, only SEK 317 m is considered in the calculation of deferred tax. The tax-loss carryforwards that are considered in the calculation of deferred tax are reported to the extent that it is probable that it will be utilized against future taxable surplus. It is not deemed possible for those tax-loss carryforwards not considered in the calculation to be utilized against in the foreseeable future since these loss carryforwards are attributable to countries in which the Group has limited revenues. The Parent Company's accumulated tax-loss carryforwards have, despite the fiscal loss, reduced with SEK 176 m due to the Group contribution received in the amount of SEK 336 m.

DISTRIBUTION OF ACCUMULATED TAX-LOSS CARRYFORWARDS

	GROUP	
(SEK m)	**2007**	**2006**
Sweden	315	369
Other countries	608	528
TOTAL	923	897

TOTAL TAX-LOSS CARRYFORWARDS THAT CORRESPOND TO TAX ASSETS

	GROUP	
(SEK m)	**2007**	**2006**
Sweden	315	369
Other countries	83	64
TOTAL	398	433

The Group's deferred tax assets attributable to Sweden are deemed to be consumed within the forthcoming two years. The largest portion of foreign loss carryforwards that correspond to tax assets should be utilized within the same time period. Deferred tax assets referring to restructuring will be utilized at the same rate as the utilization of restructuring provisions.

DEFERRED TAX ASSETS AND TAX LIABILITIES

(SEK m)	GROUP 2007	2006
Deferred tax assets		
Loss carryforwards	108	115
Provisions for restructuring measures	5	10
Total deferred tax assets	113	125
Deferred tax liabilities		
Untaxed reserves	-56	-39
Other	-20	—
Total deferred tax liabilities	-76	-39
DEFERRED TAX ASSETS, NET	37	86

Losses in Swedish companies can be utilized for an unlimited amount of time. For foreign subsidiaries, the useful life of the loss is limited in certain cases. The minimum time period within which foreign losses can be utilized is 15 years. Of the losses that can be utilized for a limited amount of time (2017 - 2018), SEK 21 m are tax-loss carry-forwards that correspond to tax assets.

UTILIZATION OF TOTAL LOSSES AT YEAR-END

(SEK m)	GROUP 2007	2006
Last utilization year		
2017–2018	90	128
Unlimited	833	769
TOTAL	923	897

UNTAXED RESERVES

Stockholmsbörsen AB signed a credit insurance related to clearing participants' default. The insurance is intended to cover losses arising in clearing operations and which normally are covered solely by the company's shareholders' equity. The insurance has been signed by OMX's wholly owned insurance company OMX Capital Insurance AG in Switzerland, which for part of the risk has secured reinsurance from Radian Asset Assurance Inc. in the US. OMX Capital Insurance AG has reserved funds in an insurance provision. At the Group level, the provision is distributed between unrestricted capital and deferred tax liabilities.

OTHER DEFERRED TAX LIABILITIES

In certain countries, subsidiaries' earnings are taxed only following the decision on dividends. In order that Group shareholders can utilize profits from these countries, companies must pay tax. Deferred tax liability on these profits has been reported in the Group.

TAX ITEM REPORTED DIRECTLY AGAINST SHAREHOLDERS' EQUITY

(SEK m)	GROUP 2007	2006
Deferred tax attributable to revaluation of financial instruments	18	-7
Current tax in Group contribution received		—
TOTAL	18	-7

ONGOING TAX DISPUTES

Ongoing current disputes, either individually or collectively, are not considered to pose any material threat to the Group's business operations, its financial position or its earnings.

NOTE 12. OPERATIONAL LEASING

GROUP

OMX has no financial leasing commitments. Set out below are the operational leasing commitments of the Group.

LEASING FEES FOR THE PERIOD

(SEK m)	2007	2006
Equipment	22	2
Computer operations	59	57
Premises	201	190
TOTAL	282	249

CONTRACTED LEASING FEES

(SEK m)	2008	2009	2010	2011	2012	2013–18
Equipment	4	5	2	—	—	—
Computer operations	34	25	9	—	—	—
Premises	190	186	167	167	167	774
of which, premises sublet	23	24	20	21	21	46
of which, provisions made	16	11	7	6	5	9
TOTAL	228	216	178	167	167	774

In September 2007, an agreement was signed for the outsourcing with Verizon Business, which pertains to services for the operation of external network and computer center. The agreement extends for seven years. The total contract amount is approximately SEK 600 m for the entire agreement period.

NOTE 13. INTANGIBLE ASSETS

GROUP, (SEK m)	Goodwill	Capitalized expenditure for deve-lopment	Other intangible assets
Acquisition cost brought forward, Jan 1, 2006	2,960	1,059	640
Assets acquired through acquisitions	335	—	244
Assets acquired during the year	—	185	26
Reclassifications	—	112	-94
Exchange-rate differences	-120	—	-10
Acquisition cost carried forward, Dec 31, 2006	3,175	1,356	806
Amortization brought forward, Jan 1, 2006	—	456	110
Amortization for the year	—	51	78
Amortization carried forward, Dec 31, 2006	—	507	188
Impairment brought forward, Jan 1, 2006	5	194	7

Change for the year	—	21 [1]	4
Impairment carried forward, Dec 31, 2006	5	215	11
CARRYING AMOUNT, DEC 31, 2006	3,170	634	607
Of which assets held for sale	31	—	31
Acquisition cost brought forward, Jan 1, 2007	3,175	1,356	806
Assets acquired through acquisitions	47	—	30
Assets acquired during the year	—	363	87
Divestments during the year	-15	—	—
Reclassifications	—	8	—
Exchange-rate differences	117	3	9
Acquisition cost carried forward, Dec 31, 2007	3,324	1,730	932
Amortization brought forward, Jan 1, 2007	—	507	188
Amortization for the year	—	108	66
Amortization carried forward, Dec 31, 2007	—	615	254
Impairment brought forward, Jan 1, 2007	5	215	11
Impairment for the year	—	—	4
Impairment carried forward, Dec 31, 2007	5	215	15
CARRYING AMOUNT, DEC 31, 2007	3,319	900	663
Of which assets held for sale	15	—	28

1) SEK 20 m relates to the impairment of intangible assets that took place in conjunction with the sale of shares in VPC AB.

TOTAL INTANGIBLE ASSETS, USEFUL LIFE

(SEK m)	Acquisition cost	Carrying amount
Development in progress	570	529
3 years	59	26
5 years	1 157	349
10 years	429	269
20 years	435	390
TOTAL	2,650 [1]	1,563

1) Excluding exchange-rate differences of SEK 12 m.

The useful life for intangible assets in the Parent Company is five years.

Development in progress relates to various components in the marketplace system. Their values are reviewed continuously and amortization is initiated when the respective component has been completed. Of the carrying amount per December 31, 2007, SEK 43 m refers to the Banks & Brokers operation which is being discontinued.

Assets with a useful life of ten years mainly consist of the product EXIGO CSD, which is a central system in OMX’s systems platform.

Assets with a useful life of 20 years comprise surplus values in customer contracts attributable to the acquisition of CSE and EV.

The testing of the value of all intangible assets takes place on an ongoing basis throughout the year by using a risk-adjusted discounted cash flow. This review is based on assumptions and assessments, which entail a certain degree of uncertainty. OMX’s WACC has been utilized as the discount factor, which is 10 percent for the Technology operations and 9 percent for the Exchange operations. The lifetime is assumed to be the same as the amortization period.

During 2007, impairment of SEK 4 m was recognized since it was not possible to justify the carrying amount of these assets with the value of the future cash flow and that the carrying amount exceeded fair value. The cost has been booked as an impairment in the income statement.

CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT

This item relates to OMX's systems solutions. The major components are the new development of OMX's platform for future systems solutions – GENIUM, a new system for settlement, registration and custody of securities – EXIGO CSD, the next generation of CLICKTM – CLICK XT, a systems solution for banks and brokerage firms – STP, and a systems platform for energy trading – CONDICOTM.

OTHER INTANGIBLE ASSETS
GROUP

(SEK m)	2007	2006
Software	151	102
Licenses	10	8
Surpluses in acquired customer contracts	417	405
Other	85	92
TOTAL	663	607

GOODWILL
Goodwill is divided between the Group's cash-generating units, primarily within the Nordic Marketplaces business area:

(SEK m)	2007	2006
Nordic Marketplaces		
Stockholm Stock Exchange	590	590
Helsinki Stock Exchange	1,362	1,304
Copenhagen Stock Exchange	925	876
Iceland Stock Exchange	138	130
Total Nordic Marketplaces	3,015	2,900
Information Services & New Markets		
Findata, Libra	59	14
Other exchanges	15	14
Market Technology		
Computershare	184	180
Other	46	62
Total Market Technology	230	242
Total	3,319	3,170

An impairment test of goodwill was performed at the end of 2007. It is necessary to make a number of assessments and assumptions that entail a certain degree of uncertainty for this test.

The value in use of goodwill attributable to exchange operations was calculated based on the discounted eternal cash flow with a growth rate of 0 percent and a discount rate of 9 percent which corresponds to the company's WACC for the Exchange operations.

The perpetual useful life was applied against the background of the company's long history of a stable and strong cash flow. The acquisitions are of great strategic importance to OMX. A larger market and increased liquidity were achieved through these acquisitions. Cost-efficiency, and thereby competitiveness are increased by integrating the technical infrastructure. OMX's technology operations also benefit from the large home market that was created. A growth rate of 0 percent based on expected outcome for 2007 was applied by way of prudence due to the difficulty in assessing the market of the exchange operations. The value in use was calculated at a discount rate (WACC) of 10 percent corresponding to the company's average cost of capital for the Technology operations. No impairment requirements were identified.

A sensitivity analysis in which the discount rate was increased by 10 percent and the cash flow was decreased by 10 percent did not give rise to any further impairment requirements.

NOTE 14. TANGIBLE FIXED ASSETS

	GROUP	
(SEK m)	**2007**	**2006**
Equipment		
Acquisition cost brought forward	1,088	1,091
Assets acquired through acquisitions	—	1
Acquisitions for the year	66	77
Disposals	-38	-36
Sales	-8	-23
Reclassifications	-3	—
Exchange-rate differences	2	-22
Acquisition cost carried forward	1,107	1,088
Depreciation brought forward	737	711
Depreciation for the year	88	87
Disposals	-35	-28
Sales	-1	-15
Exchange-rate differences	—	-18
Depreciation carried forward	789	737
Impairment brought forward	22	18
Impairment for the year	4	4
Impairment carried forward	26	22
CARRYING AMOUNT	292	329
Of which assets held for sale	4	8

The useful life for computers amounts to three years, for leasehold improvements to ten years and for other equipment to five years.

NOTE 15. OTHER SECURITIES INVESTMENTS HELD AS FIXED ASSETS

	GROUP	
(SEK m)	**2007**	**2006**
Financial assets available for sale		
Shares and participations	505	363
Total	505	363

(SEK m)	**2007**	**2006**
Acquisition cost brought forward	363	56
Acquisitions during the year	12	363
Divestments during the year	—	-56
Revaluation of shareholders’ equity	120	—
Reclassification	10	—
ACQUISITION COST CARRIED FORWARD	505	363

NOTE 16. FINANCIAL ASSETS AND LIABILITIES

The tables below show the Group's and the Parent Company's financial assets and liabilities. For a description of OMX's risk management regarding the items reported, refer to the Risk Management section.

	CARRYING AMOUNT IN THE BALANCE SHEET,[3)] December 31, 2007		
GROUP	Accrued acquisition cost	Fair value recognized in income statement	Fair value recognized in shareholders' equity
OTHER INVESTMENTS HELD AS FIXED ASSETS			
Financial assets available for sale			
- Other financial assets available for sale	—	—	505
OTHER LONG-TERM RECEIVABLES			
Financial assets stated at fair value in the income statement (first occasion)			
- Fixed-income derivatives to which hedge accounting at fair value is applied	—	0	—
- Equity derivatives valued at fair value	—	2	—
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	35	—	—
Other[2)]			
- Equity derivatives valued at fair value	—	—	5
ACCOUNTS RECEIVABLE			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	594	—	—
MARKET VALUE OF OUTSTANDING DERIVATIVE POSITIONS			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	3,404	—	—
OTHER SHORT-TERM RECEIVABLES[1)]			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	823	—	—
Financial assets stated at fair value in the income statement (held for trading)			
- Currency derivatives	—	25	—
SHORT-TERM INVESTMENTS			
Financial assets stated at fair value in the income statement (held for trading)			
- Other financial assets stated at fair value in the income statement	—	607	—
CASH EQUIVALENTS			
Financial assets stated at fair value in the income statement (first occasion)			
- Other financial assets stated at fair value in the income statement	—	424	—
Total financial assets	4,856	1,058	510

GROUP	CARRYING AMOUNT IN THE BALANCE SHEET,[3] December 31, 2006 Accrued acquisition cost	Fair value recognized in income statement	Fair value recognized in shareholders' equity
OTHER INVESTMENTS HELD AS FIXED ASSETS			
Financial assets available for sale			
- Other financial assets available for sale	—	—	363
OTHER LONG-TERM RECEIVABLES			
Financial assets stated at fair value in the income statement (first occasion)			
- Fixed-income derivatives to which hedge accounting at fair value is applied	—	3	—
- Equity derivatives valued at fair value	—	0	—
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	42	—	—
Other[2]			
- Equity derivatives valued at fair value	—	—	1
ACCOUNTS RECEIVABLE			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	425	—	—
MARKET VALUE OF OUTSTANDING DERIVATIVE POSITIONS			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	4,401	—	—
OTHER SHORT-TERM RECEIVABLES[1]			
Loan receivables and accounts receivable			
- Other loan receivables and accounts receivable	873	—	—
Financial assets stated at fair value in the income statement (held for trading)			
- Currency derivatives	—	16	—
SHORT-TERM INVESTMENTS			
Financial assets stated at fair value in the income statement (held for trading)			
- Other financial assets stated at fair value in the income statement	—	518	—
CASH EQUIVALENTS			
Financial assets stated at fair value in the income statement (first occasion)			
- Other financial assets stated at fair value in the income statement	—	410	—
Total financial assets	5,741	947	364

GROUP	CARRYING AMOUNT IN THE BALANCE SHEET,[3)] December 31, 2007 Accrued acquisition cost	Fair value recognized in income statement	Fair value recognized in shareholders' equity
INTEREST-BEARING LONG-TERM LIABILITIES			
Financial assets stated at fair value in the income statement (first occasion)			
- Financial liabilities to which hedge accounting with fixed-income derivatives at fair value is applied	—	0	—
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	858	—	—
OTHER LONG-TERM LIABILITIES[1)]			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	92	—	—
-			
LIABILITIES TO CREDIT INSTITUTIONS			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	1,045	—	—
ACCOUNTS PAYABLE			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	172		
MARKET VALUE OF OUTSTANDING DERIVATIVE POSITIONS			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	3,404	—	—
OTHER SHORT-TERM LIABILITIES[1)]			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	706	—	—
Financial liabilities stated at fair value in the income statement (held for trading)			
- Currency derivatives	—	18	—
Other[2)]			
- Of which currency derivatives to which hedge accounting of cash flows is applied	—	-8	—
- Of which derivatives to which hedge accounting of net investments is applied		0	
Total financial liabilities	6,277	10	—

GROUP	CARRYING AMOUNT IN THE BALANCE SHEET,[3] December 31, 2006 Accrued acquisition cost	Fair value recognized in income statement	Fair value recognized in shareholders' equity
INTEREST-BEARING LONG-TERM LIABILITIES			
Financial assets stated at fair value in the income statement (first occasion)			
- Financial liabilities to which hedge accounting with fixed-income derivatives at fair value is applied	—	2	—
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	1,358	—	—
OTHER LONG-TERM LIABILITIES[1]			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	108	—	—
-			
LIABILITIES TO CREDIT INSTITUTIONS			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	398	—	—
ACCOUNTS PAYABLE			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	109		
MARKET VALUE OF OUTSTANDING DERIVATIVE POSITIONS			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	4,401	—	—
OTHER SHORT-TERM LIABILITIES[1]			
Financial liabilities valued at accrued acquisition cost			
- Other financial liabilities valued at accrued acquisition cost	822	—	—
Financial liabilities stated at fair value in the income statement (held for trading)			
- Currency derivatives	—	5	—
Other2)			
- Of which currency derivatives to which hedge accounting of cash flows is applied	—	17	—
- Of which derivatives to which hedge accounting of net investments is applied		0	—
Total financial liabilities	7,196	24	—

1) The balance sheet also includes items that are not classified as financial instruments under IFRS 7.

2) Derivatives that meet the criteria for hedge accounting and for which fair value is recognized in shareholders' equity up to the point of realization. The products do not fall under any category established by IFRS 7.

3) The carrying amount in the balance sheet concurs with the fair value.

NOTE 17. OTHER LONG-TERM RECEIVABLES

GROUP (SEK m)	2007 Carrying amount	2006 Carrying amount
Other deposits	8	17
Long-term project receivables	—	—
Hedge employee stock options	8	—
Other long-term receivables	26	23
TOTAL	42	40

The fair value of other long-term receivables corresponds to the carrying amounts above.

NOTE 18. MARKET VALUE, OUTSTANDING DERIVATIVE POSITIONS

Through its clearing operations in the derivative markets, Nordic Marketplaces is the formal counterparty in all derivative positions traded via the exchanges. However, the exchanges do not utilize the derivatives for purpose of conducting their own trading, instead these derivatives are to be seen as a method of documenting the counterparty guarantees established in the clearing operations. Counterparty risks are measured by models that have been agreed upon with the financial supervisory authority in the respective countries. The risk situation associated with the divestment of positions remains unchanged compared with prior years. Collateral for the divestment of outstanding derivative instruments is provided as previously. According to IAS 39/32, the market value of the above-mentioned derivative positions is reported in the balance sheet.

Receivables and liabilities attributable to outstanding derivative positions have been netted to the extent that such a legal offset right exists and, at the same time, that it is OMX's intention to settle these items. The market value as per December 31, 2007 was SEK 3,404 m (4,401), which almost exclusively refers to the Stockholm Stock Exchange's derivative positions.

NOTE 19. OTHER RECEIVABLES

	GROUP	
(SEK m)	**2007**	**2006**
Current account assets	628	748
Other non-interest-bearing receivables	162 1)	139
Other interest-bearing receivables	29	1
TOTAL	819	888

1) Costs have arisen in OMX in conjunction with the ongoing work regarding the combination with NASDAQ that will be reimbursed by NASDAQ, of which SEK 97 m are reported in the Group and SEK 80 m are reported in the Parent Company.

NOTE 20. PREPAID EXPENSES AND ACCRUED INCOME

	GROUP	
(SEK m)	**2007**	**2006**
Premises, rent	57	34
Systems sales, facility management[1)]	209	216
Information sales	44	86
Transaction revenue	12	25
Licenses	16	11
IT	6	—
Insurance	6	14
Unrealized exchange-rate gains	27	23
Other	17	9
TOTAL	394	418

1) The item includes project revenue reported in accordance with the percentage- of-completion principle.

NOTE 21. FINANCIAL ASSETS AVAILABLE FOR SALE

	GROUP	
(SEK m)	**2007**	**2006**
Government securities	607	518
TOTAL	607	518

The fair values of the above items correspond to the carrying amounts.

NOTE 22. SHAREHOLDERS' EQUITY

The number of shares in 2007 amounted to 120,640,467, with a ratio value of SEK 2 with one vote per share. Consolidated shareholders' equity amounted to SEK 42 (38) per share.

ASSOCIATED COMPANIES

Income that is not paid out as a dividend in associated companies is recorded in the Group's shareholders' equity among profit/loss brought forward. The application of the equity method of accounting for associated companies means that the value of shareholders' equity in the Group is reported at SEK 110 m (76) higher than if the cost method had been used.

SHAREHOLDERS' EQUITY, GROUP

(SEK m)	2007	2006
Share capital	241	241
Other contributed funds	3,536	3,536
Other reserves		
Fair value reserve	120	—
Hedging reserve	—	-18
Translation reserve	47	-85
Profit/loss brought forward	169	16
Net income for the year	979	907
Minority interests	25	17
TOTAL SHAREHOLDERS' EQUITY	5,117	4,614

OTHER RESERVES, GROUP

(SEK m)	Fair value reserve	Hedging reserv	Translation reserve	Total
Opening balance, 2006	12	—	88	100
Cash-flow hedging				
Gain/loss to shareholders' equity	—	-9	—	-9
Transferred to income statement	—	-9	—	-9
Exchange-rate differences				
Hedging of equity	—	—	25	25
Translation differences	—	—	-198	-198
Financial assets available for sale				
Transferred to income statement	-12	—	—	-12
Opening balance, 2007	—	-18	-85	-103
Cash-flow hedging				
Gain/loss to shareholders' equity	—	8	—	8
Transferred to income statement	—	10	—	10
Exchange-rate differences				
Hedging of equity	—	—	-46	-46
Translation differences	—	—	178	178
Financial assets available for sale				
Gain/loss to shareholders' equity	120	—	—	120
Closing balance 2007	120	—	47	167

Items are reported net after tax.

FAIR VALUE RESERVE

The fair value reserve includes the accumulated net change in fair value of financial assets available for sale until the asset is eliminated from the balance sheet.

HEDGING RESERVE

The hedging reserve includes the change in value of cash-flow hedges. The change in value is re-entered in the income statement in line with the hedged cash flow impacting the income statement.

TRANSLATION RESERVE

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK). The translation reserve also comprises exchange-rate differences arising in conjunction with the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

NOTE 23. LONG-TERM LIABILITIES

This Note contains information on the Group's and Parent Company's long-term liabilities. For information regarding dates of maturity for the long term liabilities, and for information regarding the Group's exposure to interest rate risks and risks of exchange-rate fluctuations, refer to the section entitled Risk Management on page 19.

For information regarding the reporting of employee stock options, refer to the section entitled Accounting Principles.

DIVISION OF LONG-TERM LIABILITIES

	GROUP	
(SEK m)	**2007**	**2006**
Interest-bearing long-term liabilities		
Bond loans (interest-bearing)	858	1,360
Other long-term liabilities		
Liabilities, employee stock options	12	15
Liabilities Computershare	79	97
Rent deposit	10	9
Other	3	2
TOTAL	962	1,483

NOTE 24. PROVISIONS

OTHER PROVISIONS

	GROUP	
(SEK m)	**2007**	**2006**
Opening balance	79	128
Reclassifications	—	—
Provisions made during the period	5	—
Utilized reserves	-25	-44
Exchange-rate effects	-2	-5
TOTAL	57	79

The opening balance comprises the provisions for expenses for unutilized premises of SEK 79 m. The provision for premises was utilized in the amount of SEK 27 m including exchange-rate effects.

The provision for expenses for unutilized premises is based on management's assumptions and assessments and is associated with a certain degree of uncertainty. These expenses refer primarily to OMX's offices in London and New York. The provision was established in 2004 as a result of the reduction in personnel associated with the focus on cost-savings and efficiency-enhancement measures in the operations with which OMX has worked in recent years, and a decline in market conditions for the lease of premises, leading to certain areas being leased at a lower rent than OMX's lease conditions. See Note 12 regarding the cash-flow dates. For leasing contracts invoicing sub-lets, a reserve has been established for known losses for five years in the future. The leasing contract will expire during the period 2009–2015.

RESTRICTED RESERVE, CSE

The total amount of provisions presented below also includes a reserve attributable to the operations in the Copenhagen Stock Exchange, CSE. This reserve may not be distributed and may only be used to cover losses in CSE in accordance with the Danish Security Trading Act. The reserve amounts to SEK 68 m as per December 31, 2007 and is classified in its entirety as long term.

TOTAL PROVISIONS

	GROUP	
(SEK m)	**2007**	**2006**
Long-term portion	100	121
Short-term portion	25	24
TOTAL	125	145

NOTE 25. OTHER LIABILITIES

	GROUP	
(SEK m)	**2007**	**2006**
Current account liabilities	550	650
Other non-interest-bearing liabilities	112	148
Other interest-bearing liabilities	28	38
TOTAL	690	836

NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP	
(SEK m)	**2007**	**2006**
Personnel expenses	235	187
Delivery costs	28	—
Systems sales[1)]	8	8
Support revenue	30	26
Facility Management[1)]	17	15
Trading revenue	4	10
Issuers' revenue[2)]	58	60
Commission revenue	31	22
License revenue	11	—
Other deferred income	12	27
Unrealized exchange-rate losses	19	13
Accrued interest	41	30
Other	89	75
TOTAL	583	473

1) Customer invoicing terms for projects are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at a given time. Work that has been invoiced, but not yet carried out, is treated as a liability to the customer. During the period when the work to which the invoice relates is carried out, this liability is re-booked as revenue.

2) Relates to listing fees paid by companies listed on the exchanges within OMX's exchanges. These fees are paid quarterly in advance and are based on the average market capitalization of a company over the preceding 12-month period.

NOTE 27. OTHER INTEREST-BEARING AND NON-INTEREST-BEARING RECEIVABLES AND LIABILITIES

This note contains information on the classification between interest-bearing and non-interest-bearing items in the balance sheet. For infomation regarding dates of maturity, fixed-interest periods and the average weighted interest of interest-bearing items, refer to the section entitled Risk Management on page 19.

	GROUP		
(SEK m)	Interest-bearing	Non-interest-bearing	Total
Financial fixed assets	21	778	799
Current receivables	29	5,203	5,232
Short-term investments	607	—	607
Cash equivalents	424	—	424
Long-term liabilities	858	280	1,138
Short-term liabilities	1,073	4,908	5,981
RECEIVABLES AND LIABILITIES, NET	-850	793	-57

NOTE 28. COLLATERAL RECEIVED BY OMX'S EXCHANGE OPERATIONS

Through its clearing operations, OMX Nordic Exchange Stockholm is a counterparty in every options and futures contract and thereby guarantees the fulfillment of each contract. Customers, who through an options or futures contract, assume an obligation to OMX Nordic Exchange Stockholm, must pledge collateral for the obligation according to special rules for this.

GROUP (SEK m)	2007	2006
OMX Nordic Exchange Stockholm	15,886	15,458
TOTAL	15,886	15,458

NOTE 29. PLEDGED COLLATERAL

GROUP (SEK m)	2007	2006	
OMX Technology Pty Ltd	3	3	Lease deposit
OMX Technology Ltd (Hong-Kong)	0	0	Lease deposit
HEX Securities Services Ltd OY [1]	33	32	Liquidity guarantee
Other	1	—	Other
TOTAL	37	35	

1) Relates to pledged collateral for the right to act as the Swedish equivalent of the account-handling institution.

NOTE 30. CONTINGENT LIABILITIES

GROUP (SEK m)	2007	2006
Guarantees issued for clearing operations (OMX AB)[1]	2,878	3,020
Other guarantees (OMX AB)[2]	187	174
Total	3,065	3,194

1) Through its clearing operations, OMX AB's exchange operations act as a counterparty in each transaction and thereby guarantees the fulfillment of each contract. OMX's exchange operations are to pledge collateral for commitments with other clearing houses. The amount of these commitments is calculated on the gross exposure between the clearing houses. As collateral for these obligations, the operations have obtained bank guarantees, which are guaranteed by OMX AB through counterparty agreements.

2) Primarily obligations for leasing contracts and in conjunction with the systems sales in Market Technology. In addition to the items above, there are general Parent Company guarantees for wholly owned subsidiaries of OMX AB.

OMX is party to a number of cases and disputes for which no provisions have been established since it is the opinion of management that all cases will be found in favor of OMX. There is a certain degree of uncertainty associated with this opinion.

NOTE 31. EARNINGS PER SHARE

CHANGE IN NUMBER OF SHARES

No change in the number of shares took place in 2007.

	2007	2006
Outstanding shares at beginning of the period	120,640,467	118,474,307
New share issue	—	2,166,160
Outstanding shares at the end of the period	120,640,467	120,640,467

EARNINGS PER SHARE

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2007	2006
Net income/loss for the year, SEK m, attributable to the shareholders in OMX AB	979	907
Average number of shares outstanding	120,640,467	118,671,254
EARNINGS PER SHARE, SEK	8.12	7.64
Of which attributable to continuing operations	8.64	8.03
Of which attributable to discontinued operations	-0.52	-0.39

EARNINGS PER SHARE AFTER DILUTION

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2007	2006
Net income/loss for the year, SEK m, attributable to the shareholders in OMX AB	979	907
Average number of shares after dilution and with full utilization of options[1]	120,640,467	118,885,754
EARNINGS PER SHARE, SEK[2]	8.12	7.64

1) No dilution of shares took place in 2007.

2) Earnings per share after dilution corresponds to earnings per share before dilution since it has not been deemed probable that the warrants will be utilized due to the fact that the issue price was higher than the share price in 2005 and 2006.

NOTE 32. CASH FLOW

CASH EQUIVALENTS

The following sub-components are included in cash equivalents:*

	GROUP	
(SEK m)	**2007**	**2006**
Cash and bank balances	180	257
Short-term investments	851	671
Total cash equivalents	1,031	928
Short-term investments with		
terms of > 3 months	-607	-518
Total according to balance sheet	424	410

Financial assets available for sale are short-term investments that comprise discounting instruments, bonds and securities issued by the government, local authority, a Swedish limited liability bank company and a Swedish housing finance institution. All short-term investments entail an insignificant risk of fluctuations in value and can readily be converted to cash funds. However, only those investments with a maximum terms of three months are included in the item “Cash equivalents” in the balance sheet and in the cash-flow statement. Other short-term investments are reported as “Cash flow from investing activities.”

Cash equivalents that were not available to the Group amounted to SEK 221 m at the end of the period. Funds dedicated for operations under supervision amount to SEK 685 m, of which SEK 607 m is reported as short-term investments and is included in cash flow from investing activities.

FINANCIAL ITEMS

The following financial items reported in the income statement affect the cash flow:

	GROUP	
(SEK m)	**2007**	**2006**
Financial revenue		
Interest	63	42
Dividends	17	—
Change in financial assets/liabilities		
- valued at fair value in the income statement	15	7
- derivative contracts intended to protect subsidiaries’ shareholders’ equity	—	—
Total revenue	95	49
Interest expenses and similar profit/loss items		
Interest	-113	-95
Change in financial assets/liabilities		
- valued at fair value in the income statement	-16	-11
- valued at fair value in the income statement	-1	—
- derivative contracts intended to protect subsidiaries’ shareholders’ equity	—	—
Other	-27	-5
Total expenses	-157	-111
TOTAL	-62	-62

CASH FLOW FROM ACQUISITIONS AND DIVESTMENTS OF GROUP

COMPANIES

Cash flow from acquisitions

In 2007, Findata AB and the shares in the former associated company Näringslivskredit AB were acquired. In 2006, Eignarhaldsfelagid Verdbrefathing (EV) was acquired. The cash flow from the acquisition of Findata AB is described in the table below:

	GROUP	
(SEK m)	**2007**	**2006**
Intangible assets	73	275
Tangible fixed assets	—	1
Financial fixed assets	—	8
Receivables	3	19
Cash equivalents	1	33
Long-term liabilities	—	—

Current liabilities	-3	-22
Minority interests	—	—
Total purchase price	74	314
Total purchase price paid	-74	-314
Less earlier holding in acquired company	—	—
Less payment with treasury shares	—	256
Purchase price paid	-74	-58
Cash equivalents in acquired Group company	1	33
TOTAL CASH FLOW FROM ACQUISITIONS	-73	-25
Acquisition costs affecting cash flow in the forthcoming year	22	6
TOTAL CASH FLOW FROM ACQUISITIONS DURING THE FISCAL YEAR	-51	-19

The cash-flow effect of the increased shareholdings in Näringslivskredit AB amounted to SEK 106 m. The positive effect is attributable to the company's cash and bank balance being consolidated in the Group from December. The purchase price paid amounted to SEK 375,000.

In 2007, additional costs from the acquisition of Eignarhaldsfelagid Verdbrefathing (EV) arose and impacted cash flow from investments negatively in the amount of SEK 5 m.

Cash flow from divestments

During 2007, Lawshare, a unit under discontinuing operations, was divested. The cash flow from the divestment is described in the table below:

	GROUP	
(SEK m)	**2007**	**2006**
Intangible assets	15	—
Tangible fixed assets	3	—
Receivables	179	—
Long-term liabilities	—	—
Current liabilities	-169	—
Total purchase price	28	—
Capital gains/losses	3	—
Total of purchase price received	31	—
Cash equivalents in divested Group companies	-5	—
Purchase price not yet paid	31	—
CASH FLOW FROM DIVESTMENTS	-5	—

ITEMS NOT AFFECTING CASH FLOW

Changes in the company's asset structure related to acquisition are accounted for in the tables above "Cash flow from acquisitions" and "Cash flow from divestments." Other transactions related to investment and financing operations that do not give rise to payments, despite the fact that they impact the company's capital and asset structure, encompass depreciation/amortization and impairment, utilization of reserves, share in earnings of associated companies and capital gains/losses.

LIQUIDITY AND FINANCING

Interest-bearing net liabilities amounted to SEK 850 m (847) at the end of the reporting period. OMX's interest-bearing financial assets totaled SEK 1,081 m (950), of which SEK 20 m (21) represented financial fixed assets.

Interest-bearing financial liabilities totaled SEK 1,931 m (1,797), of which SEK 858 m (1,360) was long-term.

Granted credit facilities amounted to SEK 3,684 m (3,741), of which SEK 82 m (30)was utilized. Of the granted credit facilities, SEK 1,468 m (1,335) refers to clearing operations. Cash equivalents equaled SEK 424 m (410) and consisted of short-term investments and cash and bank balances. Investments with lifetimes shorter than three months are included in the item "Cash equivalents", since these securities are exposed to an insignificant level of risk and can be readily turned into cash.

NOTE 33. INFORMATION REGARDING THE PARENT COMPANY

OMX AB (publ) is a limited liability company registered in Sweden, with its registered office in Stockholm. The Parent Company's shares are listed on the stock exchanges in Stockholm, Helsinki, Copenhagen and Iceland. The address of the headquarters is: OMX AB, SE-105 78 Stockholm, Sweden.

The consolidated accounts for 2007 comprise the Parent Company and its subsidiaries, referred to collectively as the Group. The Group also includes shareholdings in associated companies.

NOTE 34. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

CHANGE IN OWNERSHIP

On February 15, 2008, Borse Dubai announced that acceptance corresponding to approximately 68.6 percent of the total number of shares and votes in OMX had been provided for Borse Dubai's public offer for OMX, which together with Borse Dubai's earlier holdings in OMX and options agreements corresponds to approximately 97.6 percent of the total number of shares and votes in OMX. In light of this, Borse Dubai announced that the conditions of the offer had been satisfied, that Borse Dubai is to complete the offer, and that the acceptance period would be extended to make it possible for the shareholders who have not yet accepted the offer to tender their shares in OMX. According to Borse Dubai, the subsequent transactions with NASDAQ will take place as soon as possible following settlement of the shares tendered, provided the remaining terms and conditions for such transaction are satisfied or waived at such time.

Exhibit 99.4

OMX AB

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditor

To the Shareholders in OMX AB

We have audited the accompanying consolidated balance sheets of OMX AB and its subsidiaries as of December 31, 2006 and December 31, 2005 and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OMX AB and its subsidiaries at December 31 2006 and December 31, 2005 and the results of their operations and their cash flows for each of the two years ended December 31, 2006 and December 31, 2005, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

As discussed in the Accounting Principles to the consolidated financial statements, with effect from January 1, 2005, the Company prospectively adopted IAS 39, "Financial Instruments" and in 2006, the company adopted prospectively IAS 39 amendment "Cashflow hedge accounting of Forecast Intra group Transactions".

August 6, 2007

PricewaterhouseCoopers AB
Stockholm Sweden

OMX AB
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(in millions of SEK)	Note	2006	2005
Continuing operations[1]			
Revenues	2, 3		
Net sales		3,313	2,969
Own work capitalized		68	125
Other revenues		105	—
Total revenues, etc		**3,486**	**3,094**
Expenses			
Premises expenses	12	(204)	(189)
Marketing expenses		(63)	(40)
Consultancy expenses	6	(310)	(253)
Operations and maintenance, IT	12	(239)	(225)
Other external expenses	6	(167)	(201)
Personnel expenses	7	(1,083)	(1,049)
Depreciation, amortization and impairment	13,14	(216)	(225)
Total expenses		**(2,282)**	**(2,182)**
Participation in earnings of associated companies	10	46	15
Operating income	3	1,250	927
Financial items	9		
Financial revenues		48	48
Financial expenses		(101)	(112)
Total financial items		**(53)**	**(64)**
Income/loss after financial items		**1,197**	**863**
Tax for the year	11	(240)	(303)
Net profit/loss for the period, continuing operations		**957**	**560**
Discontinuing operations [1]			
Net profit/loss for the period, discontinuing operations		**(46)**	**(17)**
Net profit/loss for the period		**911**	**543**
of which, attributable to shareholders of OMX AB		907	538
of which, attributable to minority interests		4	5
Average number of shares, millions		118.671	118.108
Number of shares, millions		120.640	118.474
Average number of shares after dilution, millions		118.886	118.394
Number of shares after dilution, millions		120.640	118.760
Continuing operations			
Earnings per share, SEK[2]	32	8.03	4.70
Earnings per share after dilution, SEK[2]	32	8.03	4.70
Discontinuing operations			
Earnings per share, SEK[2]	32	(0.39)	(0.14)
Earnings per share after dilution, SEK[2]	32	(0.39)	(0.14)
OMX Total			
Earnings per share, SEK[2]	32	7.64	4.56
Earnings per share after dilution, SEK[2]	32	7.64	4.56
Dividend per share, SEK		6.50	6.50

1) The income statements for discontinuing operations has been adjusted compared with the 2006 and 2005 Annual reports as a result of organizational changes which led to certain parts of the business being retained.

2) Earnings per share are calculated on the basis of the weighted average number of shares during the year. The amount is based on OMX AB shareholders' portion of net profit/loss for the period.

CONSOLIDATED BALANCE SHEETS

(SEK m)	Note	December 31, 2006	December 31, 2005
ASSETS			
Fixed assets			
Intangible assets	13		
Goodwill		3,140	2,925
Capitalized expenditure for R&D		523	409
Other intangible assets		687	498
Tangible fixed assets	14		
Equipment		321	355
Financial fixed assets	28		
Participations in associated companies	10	186	623
Other investments held as fixed assets	15	363	56
Deferred tax assets	11	125	237
Receivables from associated companies	8	6	15
Other long-term receivables	16, 27	40	163
Total fixed assets		**5,391**	**5,281**
Current assets			
Short-term receivables	28		
Accounts receivable-trade	18, 27	425	367
Market value, outstanding derivative positions	17	4,401	2,312
Receivables from associated companies	8	1	39
Tax receivables	11, 27	6	37
Other receivables	19, 27	888	684
Prepaid expenses and accrued income	20, 27	418	587
Financial assets available for sale	21, 28	519	328
Cash equivalents	33, 28	409	915
Assets held for sale[1]	4, 27	70	62
Total current assets		**7,137**	**5,331**
TOTAL ASSETS		**12,528**	**10,612**

1) Assets held for sale has been adjusted compared with the 2006 and 2005 Annual Reports as a result of organizational changes which led to certain parts of the discontinuing operations being retained.

(SEK m)	Note	December 31, 2006	December 31, 2005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	22		
Share capital (120,640,467 shares, ratio value SEK 2)		241	237
Other capital contributions		3,536	3,271
Reserves		-103	100
Profit brought forward		923	1,127
Equity attributable to shareholders in Parent Company		**4,597**	**4,735**
Minority interest		17	14
Total shareholders' equity		**4,614**	**4,749**
Long-term liabilities	28		
Interest-bearing long-term liabilities	23	1,360	1,409
Deferred tax liability	11	39	26
Other long-term liabilities	23,27	123	19
Provisions	24,27	121	154
Total long-term liabilities		**1,643**	**1,608**
Short-term liabilities	28		
Liabilities to credit institutions	27	398	498
Accounts payable – trade	27	109	137
Tax liabilities	11,27	30	20
Market value, outstanding derivative positions	17	4,401	2,312
Other liabilities	25,27	836	701
Accrued expenses and deferred income	26,27	473	546
Provisions	24,27	24	41
Total short-term liabilities		**6,271**	**4,255**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,528**	**10,612**

For information on the Group's pledged assets and contingent liabilities, see Notes 29, 30 and 31.

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY, SEE NOTE 22

(SEK m)	Note	Attributable to shareholders in the Parent Company: Share capital	Other capital contributions	Reserves	Profit/loss brought forward	Minority interest	Total shareholders equity
OPENING BALANCE, JANUARY 1, 2005		**231**	**3,045**	**-37**	**590**	**30**	**3,859**
New share issue, net after transaction costs of SEK 0		6	226				232
Minority interest						-23	-23
Translation differences				125			125
Financial assets available for sale;							
Revaluations reported directly against shareholders' equity				20			20
Tax attributable to items reported directly against shareholders' equity	11			-8			-8
Change in associated companies' shareholders' equity					-6		-6
Profit for 2005					543	7	550
OPENING BALANCE, JANUARY 1, 2006		**237**	**3,271**	**100**	**1,127**	**14**	**4,749**
New share issue, net after transaction costs of SEK 0		4	265				269
Minority interest						-1	-1
Dividend to shareholders					-1,120		-1,120
Equity swap for Share Match Program					-8		-8
Share Match Program					2		2
Cash-flow hedging							
Gain/loss attributable to shareholders' equity				-9			-9
Carried forward/transferred to income				-9			-9
Exchange-rate differences							
Hedging of shareholders' equity				25			25
Translation differences				-198			-198
Financial assets available for sale							
Carried forward/transferred to income				-12			-12
Change in associated companies' shareholders' equity					15		15
Profit for 2006					907	4	911
CLOSING BALANCE, DECEMBER 31, 2006		**241**	**3,536**	**-103**	**923**	**17**	**4,614**

OMX AB
CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

(in millions of SEK)	Note	Year Ended December 31, 2006	2005
Operating activities			
Continuing operations			
Net profit/loss for the period		957	560
Adjustments for items not included in cash flow			
Depreciation/amortization	13,14	208	215
Impairment	13,14	8	10
Utilization of provisions	24	(41)	(144)
Participations in earnings of associated companies	10	(46)	(14)
Capital gain		(109)	—
Financial items		(2)	8
Income tax paid		158	190
Other adjustments		(93)	(1)
Total cash flow from operating activities before changes in working capital		**1,040**	**824**
Changes in working capital			
Operating receivables		154	37
Operating liabilities		(158)	(418)
Total changes in working capital		**(4)**	**(381)**
Cash flow from operating activities, continuing operations		**1,036**	**443**
Discontinuing operations			
Net cash flow from operating activities, discontinuing operations		**(4)**	**37**
Cash flow from operating activities, total		**1,032**	**480**
Investing activities			
Continuing operations			
Investments in intangible assets	13	(379)	(287)
Sale of intangible assets	13	4	—
Investments in tangible assets	14	(67)	(71)
Sale of tangible assets	14	9	—
Cash flow from associated companies	10	34	(13)
Acquisitions of subsidiaries	5	(19)	(905)
Sale of subsidiaries		—	—
Sale of associated companies	10	575	—
Sale of operations in OMX companies		—	29
Increase/decrease in other shares and participations		(304)	—
Decrease/increase in long-term receivables	16	60	(11)
Increase/decrease in long-term liabilities	23	14	(20)
Decrease/increase in short-term investments of more than three months		206	(25)
Cash flow from investing activities, continuing operations		**133**	**(1,303)**
Discontinuing operations			
Net cash flow from investing activities, discontinuing operations		**-21**	**-71**
Cash flow from investing activities, total		112	(1,374)
Financing activities			
Continuing operations			
Dividend		(1,120)	—
New share issue		13	—
Change in financial receivables		70	76
Loans raised		—	553
Amortization of loans		(157)	—
Change in current trading account		(1)	(5)
Cash flow from financing activities, continuing operations		**(1,195)**	**624**
Discontinuing operations			
Net cash flow from financing activities, discontinuing operations		**(42)**	**74**
Cash flow from investing activities, total		**(1,237)**	**698**
Cash equivalents		**(93)**	**(196)**
Cash equivalents – opening balance		519	672
Exchange-rate difference in cash equivalents		(17)	43
Cash equivalents – closing balance		409	519

ACCOUNTING PRINCIPLES

OMX AB (publ), Corporate Registration Number, 556243-8001 is a limited liability company registered in Sweden. The Parent Company has its registered office in Stockholm and is listed on the Stockholm Stock Exchange, the Copenhagen Stock Exchange, the Helsinki Stock Exchange and the Iceland Stock Exchange. OMX pertains to the OMX Group, comprising OMX AB and subsidiaries.

The consolidated accounts were approved for publication by the Board on February 15, 2007 and will be presented to the Annual General Meeting on April 12, 2007 for approval. Amounts are in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate values for 2005.

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The most central accounting principles applied in the preparation of the consolidated accounts are described below. These principles have been applied consistently for all of the years presented unless otherwise stated.

The following standards and statements came into effect in 2006

- IAS 19 Amendment – Actuarial Gains and Losses, Group Plans and Disclosures (January 1, 2006)
- IAS 21 Amendment – Net investment in Foreign Operation (January 1, 2006)
- IAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions (January 1, 2006)
- IAS 39 Amendment – The Fair Value Option (January 1, 2006)
- IAS 39 and IFRS 4 Amendment Financial Guarantee Contracts (January 1, 2006)
- IFRS 1 First-time Adoption of IFRS, IFRS4 and IFRS 6 Amendment (before January 1, 2006)
- IFRS 6 Exploration for and Evaluation of Mineral Resources (January 1, 2006)
- IFRIC 4 Determining whether an Arrangement contains a Lease (January 1, 2006)
- IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (January 1, 2006)
- IFRIC 6 Liabilities arising from Participating in a Specific Market: Waste Electrical and Electronic Equipment (December 1, 2005).

The new/amended IFRSs that came into effect from January 1, 2006 impact the OMX Group's income statement, balance sheet, cash-flow statement and shareholders' equity only as regards cash-flow hedging (IAS 39 Amendment—Cash flow Hedge Accounting of Forecast Intragroup Transactions). From January 1, 2006, OMX applies hedge accounting of hedging of internally forecast flows in foreign currency. Income from cash-flow hedges are reported against shareholders' equity.

Regarding IFRIC 4, the Group has a number of large outsourcing contracts in which it assumes responsibility for operations for its customers. In management's opinion, these contracts do not contain a leasing component since the OMX fixed assets involved are not utilized exclusively by one single customer.

COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting principles Standards Board (IASB) and the interpretations issued by International Financial Reporting Interpretations Committee (IFRIC). In addition, the consolidated accounts also include certain additional information provided in accordance with the Swedish Financial Accounting Standards Council's standard RR 30, Supplementary Accounting Regulations for Groups.

BASIS FOR THE PREPARATION OF THE REPORTS

The Group's functional currency is SEK, which is also the reporting currency for the Group. This means that the financial statements are presented in SEK. Unless otherwise indicated, all amounts are rounded off to the nearest thousand. Assets and liabilities are stated at their historical cost, except for certain financial assets and liabilities that are stated at fair value. Financial assets and liabilities stated at fair value comprise derivative instruments, financial assets classed as financial assets stated at fair value in the income statement or as financial assets available for sale.

Fixed assets and disposal groups held for sale are stated at the lower of their previous carrying amount or their fair value after deductions for sales costs.

Preparing financial statements in accordance with IFRS requires that management make evaluations, estimations and assumptions that affect the application of the accounting principles and the stated amounts of assets, liabilities, revenues and costs. Estimations and assumptions are based on historical experience and a number of other factors that may be considered reasonable under prevailing conditions. The results of these estimations and assumptions are then used to evaluate the carrying amounts of assets and liabilities not otherwise clear from other sources. The actual outcome may deviate from these estimations and assumptions.

Estimations and assumptions are regularly reviewed. Changes in estimations are reported in the period in which the change is made, if the change affects only that period, or in the period in which the change is made and subsequent periods if the change affects both the period concerned and subsequent periods.

Evaluations made by management in the implementation of IFRS that have a significant effect on financial statements and the estimations made that may entail material adjustments in subsequent years' financial statements are described in greater detail in Note 1.

CONSOLIDATED ACCOUNTS

SUBSIDIARIES

Subsidiaries are all companies in which OMX has the right to devise financial and operative strategies in a manner normally associated with a shareholding amounting to more than half of voting rights. Subsidiaries are included in the consolidated accounts from the date on which the Group gains this controlling influence. Subsidiaries are excluded from the consolidated accounts from the date on which the controlling influence ceases. The purchase accounting method is used for the reporting of the Group's acquisitions of subsidiaries. The acquisition cost of an acquisition comprises the fair value of assets transferred in payment, issued equity instruments and liabilities arising or assumed on the date of transfer, plus costs directly attributable to the acquisition. The identifiable acquired assets, assumed liabilities and contingent liabilities associated with an acquisition are initially valued at fair value on the date of acquisition, regardless of the extent of any minority interests. The surplus consisting of the difference between the acquisition cost and the fair value of the Group's share of identifiable acquired net assets is reported as goodwill. If the acquisition cost is less than the fair value of the acquired subsidiary's net assets, the difference is reported directly in the income statement. Inter-company transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for subsidiaries have been changed, where necessary, to guarantee the consistent application of Group principles.

ASSOCIATED COMPANIES

An associated company is an operation that is neither a subsidiary nor a joint venture, usually on the basis of holdings of between 20 and 50 percent of the voting rights, but in which OMX exercises a significant influence over its management. Associated companies are accounted for using the equity method and are initially valued at cost. The carrying amount of the Group’s holdings in associated companies includes goodwill (net after any impairment) identified on acquisition.

The Group’s share of the associated company’s earnings after tax generated following the acquisition is reported in the operating income and its share of changes in provisions following the acquisition is reported among provisions. The share of earnings is reported in operating income for cases in which the operations of the associated companies are similar to OMX’s own operations. Accumulated changes following the acquisition are reported as changes in the carrying amount of the holding. If the Group’s participations in an associated company’s losses amounts to or exceeds its holding in the associated company, including any unsecured receivables, the Group will not report further losses unless it has assumed obligations or made payments on behalf of the associated company. Any dilution gains or losses in associated companies are reported directly in shareholders’ equity.

Unrealized gains on transactions between the Group and its associated companies are eliminated in relation to the Group’s holding in the associated company. Unrealized losses are also eliminated, unless the transaction is evidence of the need for impairment to be recognized in the transferred asset. The accounting principles for associated companies have been changed, where necessary, to guarantee the consistent application of principles within the Group.

SEGMENT REPORTING

A business segment is a group of assets and operations providing products or services exposed to risks and opportunities that differ from those applicable to other business segments. Geographic segments provide products and services within an economic environment exposed to risks and opportunities that differ from those applicable to other economic environments.

From January 1, 2006, OMX has been divided into three divisions—Nordic Marketplaces, Information Services & New Markets and Market Technology. Geographically, OMX is divided into four regions: Nordic Countries, Rest of Europe, North America and Asia/Australia. The geographic grouping corresponds to regions where the company’s operations have relatively similar system solutions, rules and regulations and customer behavior. Comparative figures have been adjusted according to the new organization.

CURRENCY TRANSLATION

FUNCTIONAL CURRENCY AND REPORTING CURRENCY

Items included in the financial statements of the various units within the Group are valued in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated accounts, SEK is used, which is the Parent Company’s functional and reporting currency.

TRANSACTIONS AND BALANCE SHEET ITEMS

Transactions in foreign currencies are translated into the functional currency according to the exchange rates applicable on the transaction date. Exchange-rate gains and losses arising through the payment of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the exchange rate applicable on the closing date are reported in the income statement. The exception is where transactions represent hedges meeting the requirements for hedge accounting of cash flows or net investments where gains and losses are reported against shareholders’ equity. Translation differences for non-monetary items, such as shares classed as financial assets available for sale, are entered in the reserves in shareholders’ equity.

GROUP COMPANIES

The earnings and financial position of all Group companies (of which none uses a high-inflation currency), which use a functional currency other than the reporting currency, are translated into the Group’s reporting currency in accordance with the following:

a) assets and liabilities for each balance sheet are translated at the closing date exchange rate,

b) revenues and expenses for each income statement are translated at the average exchange rate, and

c) all exchange-rate differences that arise are reported as a separate item in shareholders’ equity.

In consolidation, exchange-rate differences arising as a consequence of the translation of net investments in foreign operations, borrowing and other currency instruments identified as hedges for such investments are allocated to shareholders’ equity. In the divestment of foreign operations, such exchange-rate differences are reported in the income statement as part of the capital gain/loss. Goodwill and adjustments of fair value arising in the acquisition of foreign operations are treated as assets and liabilities associated with those operations and are translated at the closing date exchange rate.

Tangible fixed assets

Tangible fixed assets are reported at their acquisition cost with deductions for depreciation and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner. All other forms of repairs and maintenance shall be reported as costs in the income statement during the period in which they are incurred. Straight-line depreciation is conducted over three to ten years, which is estimated to be the asset's useful life. Assets' residual value and useful life are tested and adjusted as necessary. An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount. On divestment, gains and losses are determined by comparing the sales proceeds and the carrying amount and are reported in the income statement.

Intangible fixed assets

Intangible fixed assets are reported at their acquisition cost with deductions for amortization and possible impairment. The acquisition cost includes expenses directly attributable to the acquisition of the asset. Depending on which alternative is suitable, additional expenses are added to the carrying amount of the asset or are reported as a separate asset only if it is probable that future financial advantages associated with the asset will benefit the Group and if the acquisition cost of the asset can be ascertained in a reliable manner.

GOODWILL

Goodwill comprises the amount by which the acquisition cost exceeds the identifiable fair value of the Group's share of the net assets of the acquired subsidiary/associated company at the time of acquisition. Goodwill on the acquisition of subsidiaries is reported as an intangible asset. On the acquisition of associated companies, goodwill is included in the holding in the associated company. Goodwill is deemed to have an indeterminate useful life and is divided among cash-generating units at as detailed a level as possible and is tested annually to identify possible impairment. The Group's goodwill values are attributable mainly to the acquisitions of the Nordic exchanges within the Nordic Marketplaces division, where each legal company represents a cash-generating unit. The carrying amount is the acquisition cost less accumulated impairment. Gains or losses on the divestment of a unit include the remaining carrying amount of the goodwill attributable to the divested unit.

OTHER INTANGIBLE FIXED ASSETS

Other intangible fixed assets are amortized on a straight-line basis over an expected useful life of three to 20 years. All other intangible fixed assets are tested annually to identify possible impairment needs.

Capitalized expenditure for research and development

All expenditures for research are charged as an expense when they arise. Expenses relating to the development of new products are treated as intangible assets when they fulfill the following criteria: it is likely that the asset will provide future financial benefit to the Group (contribute a positive cash flow), the acquisition cost can be calculated in a reliable manner, the company intends to take the asset to completion, and that the company has the technical, financial and other resources to complete development, use or sell the asset. Important documentation for the verification of such capitalization includes business plans, budgets, outcomes and external evaluations. In certain cases, capitalization is based on the company's estimation of future outcome, such as prevailing market conditions. The acquisition cost of an internally developed intangible asset is the total of those expenses incurred from the time when the intangible asset first fulfils the criteria set out by generally accepted accounting principles (see criteria above). Internally developed intangible assets are reported at acquisition cost with deductions for accumulated impairment losses and any write-downs. Revenue from in-house work carried out during the fiscal year on company assets that have been carried forward as fixed assets is reported in the income statement under the heading "Own work capitalized." The item relates only to capitalized personnel expenses. No reduction of personnel expenses has been made for work that relates to capitalized assets. Instead, these expenses have been met by the reported revenue. Own work capitalized has therefore no impact on income but does have a negative impact on the operating margin.

Customer contacts

Customer agreements that have been identified in conjunction with acquisitions have been valued on the basis of expected cash flow and reported as intangible assets. Reported customer agreements are entirely attributable to the acquisitions of the Copenhagen Stock Exchange (CSE) and Eignarhaldsfelagid Verdbrefathing hf (EV). Straight-line amortization is applied to these agreements over their estimated useful lives (20 years).

Brands and licenses

Brands and licenses are reported at their acquisition cost. Brands and licenses are reported at acquisition cost less accumulated amortization. Straight-line amortization is applied to distribute the cost of brands and licenses over their estimated useful lives (five to 20 years).

Software

Acquired software licenses are capitalized on the basis of the costs arising when the software concerned is acquired and brought into use. These costs are amortized over the estimated useful life (three to five years). Costs for the development or maintenance of software are expensed as they arise. Costs closely associated with the production of identifiable and unique software controlled by the Group, which generates probable financial benefit for more then a year and exceeds the costs, are reported as intangible assets. Costs closely associated with the production of software include personnel costs for software development and a reasonable portion of attributable indirect costs. Development costs for software reported as assets are amortized over their estimated useful lives.

Impairment

Assets with an indeterminable useful life are not depreciated/amortized but tested annually for impairment. Depreciated/amortized assets are assessed for a reduction in value whenever events or changes in conditions indicate that the carrying amount may not be recoverable. Impairment is recognized in the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less sale costs and its value in use. In assessing the need for impairment, assets are grouped at the lowest level at which separately identifiable cash flows exist (cash-generating units). On the closing date, a test is performed on other assets than financial assets and goodwill that have previously been depreciated/amortized to ascertain whether the asset should be reversed.

Financial instruments

The Group classifies its financial instruments according to the following categories:

- financial assets stated at fair value in the income statement
- loan receivables and accounts receivable
- financial instruments held to maturity
- financial assets available for sale
- financial liabilities stated at fair value in the income statement
- financial liabilities carried at amortized cost.

The classification depends on the purpose for which the instruments were acquired. Management determines the classification of instruments on the first occasion on which they are reported and reassesses their classification on each report occasion.

A financial asset or liability is entered in the balance sheet when the company becomes a party to the contractual conditions of the instrument. Accounts receivable are recognized in the balance sheet once the invoice has been sent. Liabilities are recognized when the corresponding party has performed its undertaking and the company is liable for payment, even if the invoice has not yet been received. Accounts payable are recognized when invoices are received.

A financial asset is derecognized in the balance sheet when the rights conveyed by the agreement are realized, when they mature or when the company loses control over them. The same applies to part of a financial asset. A financial liability is derecognized in the balance sheet when the obligations of the contract have been met or otherwise concluded. The same applies to part of a financial liability.

Acquisitions and disposals of financial assets are recognized on the date of the transaction, the date on which the Group undertakes to acquire or divest the assets, except in cases where the company acquires or divests listed securities, in which case settlement date accounting is applied.

Financial instruments are initially stated at fair value plus transaction costs, which applies to all financial assets that are not valued at fair value in the income statement.

Financial assets stated at fair value in the income statement

This category has two subordinate categories: financial assets held for trading and those initially categorized as stated at fair value in the income statement. A financial asset is classified in this category if it is primarily acquired with the purpose of being sold within a short period of time or if this classification is determined by management. Derivative instruments are also categorized as held for trading if not identified as hedges. Assets in this category are classified as current assets if held for trading or expected to be sold within 12 months from the closing date. Assets in this category are continuously reported at fair value and changes in value are reported in the income statement.

Loan receivables and accounts receivable

Loan receivables and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not listed in an active market. They are characterized by the fact that they arise when the Group makes funds, goods or services available directly to a customer without intending to trade the resulting receivable. They are included among current assets with the exception of items maturing more than 12 months after the closing date, which are classified as fixed assets. Loan receivables and accounts receivable are included under the heading accounts receivable and other receivables in the balance sheet. Accounts receivable are reported at the amount expected to be received less deductions for doubtful receivables judged on an individual basis. Because accounts receivable are expected to have a short maturity period, values are reported at a nominal amount without discounting. Impairment losses on accounts receivable are reported among operating expenses. Loan receivables are stated at amortized cost applying the effective interest method.

Financial instruments held to maturity

Financial instruments that are held to maturity are non-derivative financial assets with fixed or determinable payments and with specified terms, which the Group’s management intends and has the ability to hold until maturity. Assets in this category are stated at amortized cost applying the effective interest method.

Financial assets available for sale

Financial assets available for sale are non-derivative assets that are either attributable to this category or have not been classified in any of the other categories. They are included in fixed assets if management does not intend to divest the asset within 12 months after the balance sheet date. Assets in this category are continuously valued at fair value and the change in value is reported in shareholders’ equity. Exchange-rate fluctuations in monetary securities are reported in the income statement while exchange-rate fluctuations in non-monetary securities are reported against shareholders’ equity. When instruments classified as instruments available for sale are divested or when impairment losses are to be made on the instruments, accumulated adjustments in fair value are recognized in the income statement as gains and losses from financial instruments. Interest on securities available for sale that have been calculated by applying the effective interest method are reported in the income statement under other revenue. Dividends on equity instruments available for sale are reported in the income statement under other revenue when the Group’s right to receive payment has been established.

Financial liabilities stated at fair value in the income statement

Financial liabilities valued at fair value in the income statement are derivatives with negative fair values unless identified as hedges.

Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost denotes financial liabilities other than those included in the category financial liabilities stated at fair value in the income statement.

Borrowing is included among other financial liabilities, initially at fair value, net after transaction costs. Borrowing is subsequently reported at accrued acquisition cost and any difference between the amount received (net) and the repayment amount is distributed over the term of the loan as interest expense applying the effective interest method.

Cash equivalents

Cash equivalents include cash and bank balances and other short-term investments maturing within three months from the acquisition date and that can easily be converted into cash.

Share capital

Transaction costs directly attributable to the issuing of new shares or options are reported net after tax in shareholders' equity as a deduction from the proceeds of the new share issue. In the event that a Group company acquires shares in the Parent Company (repurchase of treasury shares), the purchase price paid, including any directly attributable transaction costs (net after tax) reduces that part of shareholders' equity that relates to shareholders in the Parent Company until the shares have been canceled, reissued or divested. If these shares are subsequently sold or reissued, the amount received, net after directly attributable transaction costs and income tax effects, is reported in that portion of shareholders' equity that relates to shareholders in the Parent Company.

Deferred tax

Current and deferred income tax for Swedish and foreign Group companies is reported under the heading Taxes in the income statement. The companies are liable to pay taxes according to applicable legislation in each country. National income tax is calculated on nominally entered earnings with additions for non-deductible items, deductions for non-taxable revenues and other deductions, primarily untaxed dividends from subsidiaries. In the balance sheet, deferred tax liabilities and assets are calculated and reported on the basis of temporary differences between the carrying amounts and taxable values of assets and liabilities, as well as other tax-related deductions or deficits. Deferred tax assets are reported at a value considered true and fair and only when it is likely that it will be possible to realize the underlying loss carryforwards within the foreseeable future. The reported values are reviewed at each closing date. Deferred income tax is calculated by applying the tax rates and laws that have been decided or announced on the closing date and that are expected to apply when the deferred tax asset in question is realized or when the deferred tax liability is settled. The effects of changes in applicable tax rates are recognized in income in the period in which the change becomes law. See Note 11.

EMPLOYEE BENEFITS

PENSION COMMITMENTS

According to IAS 19, pension obligations are classified as defined-contribution plans or defined-benefit plans. The defined-contribution plans are mainly accounted for at the cost (premium/contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial evaluation of the pension plan from an insurance perspective and the Group's earnings are charged for expenses in pace with the benefits being earned. Defined-benefit plans must be established according to the present value of defined-benefit obligations and the fair value of any plan assets. In that case, the "Projected Unit Credit Method" is used to calculate obligations and costs, in which consideration is also given to future salary increases. OMX has only defined-contribution pension obligations and in the event that companies with defined-benefit plans are acquired, management will determine whether there is cause and opportunity to replace the defined-benefit plan with a defined-contribution plan.

EMPLOYEE STOCK OPTION PROGRAM

OMX issued employee stock options during the years 2000, 2001 and 2002.

If the share price exceeds the redemption price when the options are redeemed, the employee is entitled to receive shares or compensation in cash for the difference between the share price and the redemption price. This is known as a "cash-settled plan." The options were allocated free of charge, and their fair value was reported as a liability as of January 1, 2004, when the transition to IFRS 2 took place. The valuation of the liability is affected by changes in the fair value of the options and by personnel turnover, and this is reported as changes in personnel costs in the income statement. When employees leave the company, the liability is reduced by the corresponding amount of the employee's share. In order to limit the costs for the program (including social security contributions) in the event of a price increase, limit dilution and secure the provision of shares upon exercise of these options, an agreement was signed earlier with an external party to provide OMX shares at a fixed price (share swap). As described under "Financial instruments," above, the share swap will be stated at fair value on an ongoing basis. Changes in fair value are transferred to the income statement and reported as changes in personnel costs, and thus limit the effect of changes in the fair value of the employee stock options as described above. The financing costs for the share swap are reported as a financial expense. For OMX employees in countries where social security contributions are payable for share-based benefits, the social security contributions are expensed on an ongoing basis for the benefit of the employee. The benefit consists of the fair value of the options as described above.

SHARE MATCH PROGRAM

A Share Match Program was introduced in 2006. The Share Match Program is a long-term program for approximately 30 senior executives and key individuals in OMX and runs over a period of three years.

The Share Match Program is a program regulated/settled on the basis of shareholders' equity. Payroll costs for the Share Match Program are reported during the vesting period for matching shares based on the fair value of the shares on allotment date. The fair value is based on the share price when the investment is made, adjusted to ensure that no dividend is paid prior to the matching and adjusted to the market conditions included in the program. This date is the date of the offering. Amounts corresponding to the costs for the Share Match Program are reported in the balance sheet as shareholders' equity. The vesting conditions affect the number of shares that OMX will match. We estimate the probability of achieving performance targets for shares under performance-based programs when personnel expenses are calculated for these shares. Costs are calculated based on the number of shares that is expected to be matched at the end of the vesting period. Non-market related conditions for vesting are considered in the assumptions regarding the number of options expected to be vested. When purchased and vested shares are matched, social security contributions shall be paid on the value of the employee benefit in certain countries. The employee benefit is generally based on the market value on matching date. Provisions for estimated social security contributions are established during the vesting period.

COMPENSATION UPON TERMINATION OF EMPLOYMENT

Compensation is payable upon termination of employment when an employee is given notice of termination of employment before the normal pension time, or when an employee voluntarily resigns in exchange for such compensation. The Group reports severance pay when it is demonstrably obliged either to layoff employees irrevocably in accordance with a detailed formal plan, or to pay compensation upon termination of employment resulting from an offer made to encourage voluntary resignation.

VARIABLE SALARY

The Group reports a liability and an expense for variable salary, based on a Group-wide program, "Short-term Incentive 2006," see Note 7. The Group reports a provision when there is a legal obligation to do so, or an informal obligation based on prior practice.

Provisions

Provisions are reported in the balance sheet when the Group has an existing legal or informal obligation in this regard due to the occurrence of an event that can be expected to result in an outflow of financial benefits that can reasonably be estimated. Provisions for restructuring costs are reported when the Group has presented a detailed plan for implementing the measures, the plan has been communicated to the parties concerned, and a well-founded expectation has been created. See Note 24.

Derivative instruments and hedging measures

Derivative instruments comprise, among others, futures, options and swaps that are used to cover the risk of exchange-rate fluctuations or exposure to interest-rate risks. Derivative instruments are first reported at fair value on the date on which the contract was signed and the fair value is subsequently reassessed on each reporting occasion. The method for reporting gains or losses depends on whether the derivative instrument is classified as a hedging instrument and in such a case the nature of the hedged item. In the Group, derivative instruments are classified as either hedging of fair value of reported assets or liability or of a binding commitment (hedging of fair value), hedging of forecasted transactions (cash-flow hedging) or as hedging of net investments in foreign operations.

Whenever hedging is entered into, the relationship between the hedging instrument and the hedged items, and the company's risk-management targets and strategy for hedging is documented in the Group. The Group also documents, whenever hedging is entered into, its assessment of whether the derivatives used in conjunction with hedging transactions are expected to be effective in achieving counteracting effects in fair value or the cash flow that are attributable to the hedged risk. The Group continuously documents the effectiveness of the hedging transactions.

Hedging of fair value

Changes in the fair value of derivative instruments classified as hedging of fair value are reported on the same line of the income statement as the change in value of the hedged item. Gains and losses pertaining to hedging are reported in the income statement on the same date as when gains and losses are reported for items that have been hedged. Since the entire change in value of the derivative instrument is reported directly in the income statement, any ineffective portion of the derivative instrument is recognized in the income statement. In the case that the conditions for hedge accounting are no longer fulfilled, the derivative instrument is reported at fair value including any change in value in the income statement in accordance with the principle described above.

Cash-flow hedging

Changes in value of cash-flow hedging are reported in shareholders' equity and re-entered in the income statement in line with the hedged cash flow impacting the income statement. Any ineffective portion of the change in value is reported directly in the income statement. If the forecasted cash flow forming the basis of the hedging transaction is no longer deemed to be probable, the accumulated result reported in shareholders' equity is transferred directly to the income statement.

Hedging of foreign net investments

Changes in value of exchange-rate differences attributable to derivative instruments intended to hedge net investments in foreign operations are reported in shareholders' equity. Any ineffective portion of gains or losses is reported directly in the income statement as a financial item. The accumulated result in shareholders' equity is re-entered in the income statement in the event that the foreign operations are divested.

Derivatives to which hedge accounting is not applied

If hedge accounting is not applied, increases or decreases in the value of the derivative are reported as income or expense in Operating profit/loss or in Net financial income/expense, depending on the purpose for which the derivative instrument is being used and whether its use relates to an operating item or a financial item. If hedge accounting is not applied when interest swaps are used, the interest coupon is reported as interest and any other value change of the interest swap is reported as other financial income or other financial expense.

Derivative positions at Nordic Marketplaces

By virtue of their clearing operations in the derivatives markets, Nordic Marketplaces is formally the counterparty in all derivative positions traded via the exchanges. However, the derivatives are not used by the exchanges for the purpose of trading on their own behalf but should be seen as a way of documenting the counterparty guarantees given in clearing operations. The counterparty risks are measured using models that are agreed with the financial inspection authority of the country in question. The risk situation in regard to the risks involved in liquidating positions is unchanged compared with before. Collateral for liquidating outstanding derivative instruments is pledged in the same manner as before. According to IAS 39/IAS 32, the market value of the above mentioned derivative positions must be reported gross in the balance sheet after netting by customer where an offset possibility exists.

Calculation of fair value

The fair value of financial instruments that are traded in an active market (such as market-listed derivative instruments, financial assets held for trading and financial assets available for sale) is based on quoted market prices on the closing date. The shares in Oslo Børs Holding ASA are listed on the Norwegian Securities Dealers Association's OTC list. The market for the share is characterized by a low number of settlements and high volatility. The value of the shareholding is based on the volume-weighted average of transactions in the most recent quarter.

The fair value of financial instruments that are not traded in an active market (such as OTC derivatives) is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency futures is determined based on market prices for currency futures on the closing date. The par value of accounts receivable and accounts payable, less any perceived credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated, for clarification in notes, by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

Collateral pledged to OMX's exchange operations

Through their clearing operations, OMX's exchanges enter as the counterparty into each options and futures contract, thereby guaranteeing the fulfillment of each contract. Customers, who either through an option or futures contract, incur a financial obligation towards OMX's exchanges, must pledge collateral against this obligation in accordance with the specific rules regulating this area. Most of the collateral pledged comprises cash and securities issued by the Swedish State. For other collateral pledged, see Note 30.

Contingencies

A contingency relates to a possible commitment arising from events that have occurred but where the actual commitment can only be confirmed by the occurrence of one or more uncertain future events that are not fully within the company's control, or a commitment that arises from events that have occurred but are not reported as liabilities or provisions due to the fact that it is unlikely that an outflow of resources will be required to regulate the commitment, or that the size of the commitment cannot be calculated with sufficient accuracy.

Revenue recognition

The Group's reported net sales relate primarily to trading revenue and the sale of systems and services. Revenue is recognized in the income statement when the product or service has been delivered in accordance with the applicable terms and conditions for delivery and it is probable that future financial benefits will flow to the company and these benefits can be measured reliably. Interest income is recognized on a time proportion basis that is calculated on the basis of the yield on the underlying asset. Dividends are recognized in the income statement when the shareholders' right to receive payment is established. Income received in the form of assets (for example shares) is valued at fair value on the transaction date.

NORDIC MARKETPLACES

Revenues within this business area comprise, in addition to trading revenues, premium revenues for options written and payments for futures sold. Premium revenue and expenses as well as futures payments made and received are shown as net figures in the income statement. Consequently, current account assets and liabilities are reported according to the net accounting principle in the balance sheet where right of offset applies. Issuers' revenues are recognized on a continuous basis as services are rendered.

INFORMATION SERVICES & NEW MARKETS

Revenues within this business area comprise, in addition to trading revenues from Baltic Markets, information revenue, revenues from the central securities depositories in Tallinn and Riga and revenue from services in securities administration. These revenues are recognized on a continuous basis as services are rendered.

MARKET TECHNOLOGY

OMX applies the percentage-of-completion method to its technology sales, license and project revenues. In applying the percentage-of-completion method, income is recognized in line with the completion (development) of a project. An anticipated loss on a project is immediately treated as an expense. The fundamental premise of the percentage-of-completion method is that project revenue and expenditure can be accurately assessed and that the degree of development can be reliably established. At OMX, the degree of development is established through the relationship between the hours that have been worked by closing date and the estimated number of project hours in total. The occasional project arises for which an accurate assessment of project revenue and expenditure cannot be made when the year-end accounts are prepared. In these cases, no profit is reported for the project. The percentage-of-completion method is applied as soon as possible. A present-value calculation has been performed for those project receivables that do not fall due within 12 months. Income from support and facility management services is recognized on a continuous basis as services are rendered and over the contract period.

Internal sales

The main principle for transactions between companies within the Group is that the price is determined according to market price. Market price is the price an external customer is willing to pay or the price an external supplier would charge for providing the service. In cases where comparable market prices cannot be established, the price of the transaction is determined according to the cost-coverage method plus a margin. The cost-coverage method entails remuneration for direct costs as well as a reasonable portion of the indirect costs that the company has accumulated while providing the service. Any internal profit that arises as a result is eliminated within the Group. Common functions, such as premises-leasing expenses and office services, are invoiced between companies within the Group according to the cost-coverage method.

Leasing

In the consolidated accounts, leasing is classified as financial or operational leasing. Financial leasing applies where the financial risks and benefits associated with ownership are, in all material aspects, transferred to the lessee. Where this is not the case, operational leasing applies. In the case of operational leasing, leasing fees are expensed over the period of the lease, which commences when usage starts. OMX only has operational leasing commitments.

Dividends

Dividends to the Parent Company's shareholders are reported as a liability in the Group's financial statements in the period when the dividend is approved by the Parent Company's shareholders.

Fixed assets held for sale and discontinued operations

When a decision has been made to discontinue an asset or cash-generating unit by selling it, the asset or unit in question is classified as being held for sale.

Assets classified as held for sale are reported separately in the balance sheet at the lower of carrying amount and fair value, with a deduction made for selling costs. Earnings of discontinued operations and operations in the process of being discontinued are reported in a separate column in the income statement.

Losses resulting from decreases in value when assets are classified for sale are included in the income statement.

Cash-flow statement

The cash-flow statement was prepared in accordance with the indirect method. Financial investments with a duration in excess of three months are not included in cash equivalents. Accordingly, cash equivalents may fluctuate when there are changes in the duration of investments.

Current trading account

The current trading account's assets and liabilities in OMX's exchange operations have been reported according to the net accounting principle within the respective clearing operations in cases where a right of offset exists.

Clarification concerning future standards

When the consolidated financial statements were prepared as at December 31, 2006, the following standards and interpretations had been published but had not yet come into effect:

- IAS 1 Amendment – Capital Disclosures (January 1, 2007)*
- IFRS 7 Financial Instruments: Disclosures (January 1, 2007)*
- IFRS 8 Operating Segments (January 1, 2009)*
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (March 1, 2006)*
- IFRIC 8 Scope of IFRS 2 (May 1, 2006)*
- IFRIC 9 Reassessment of Embedded Derivatives (June 1, 2006)*
- IFRIC 10 Interim Financial Reporting & Impairment (November 1, 2006)*
- IFRIC 11 Group and Treasury Share Transactions (March 1, 2007)*
- IFRIC 12 Service Concession Arrangements (January 1, 2008)*.

* Earlier application encouraged.

Of the above-listed standards and interpretations, IFRS 8, IFRIC 10, IFRIC 11 and IFRIC 12 had not been adopted by the EU at January 1, 2007. In the management's view, none of these new standards or changes to standards is expected to have any influence on the Group's earnings or financial position at present.

RISK MANAGEMENT

(A) Risk Management at OMX

OMX's business operations place high demands on effective risk management which comprise a fundamental part of the Group's strategic and systematic efforts to achieve operational goals while minimizing potential disruptions. Units in OMX are directly or indirectly subject to special regulation and supervision. The conditions for an efficient process and controlled risk for the purpose of optimizing business value are created through a business adapted and integrated risk management model. There is particular focus at Group and business area levels to maintain high levels of capability in crisis management, business-related continuity and incident management, as well as business intelligence.

The aim of risk management is to increase value for our shareholders, customers, employees and other stakeholders by maintaining an adequate level of protection of the Group's prioritized assets. This is achieved by eliminating or minimizing risks and disruptions to our business operations that would otherwise generate financial losses or other undesired costs.

(i) OMX's risk management organization

The following roles and responsibilities are included in OMX's risk management in order to ensure compliance with laws and regulations, governance, coordination and the development of methodology, as well as operational risk management activities:

- The Board of Directors is ultimately responsible for adequate and efficient risk management.
- The President is ultimately responsible for ensuring that risk management is applied in accordance with the Board's directions.
- The Group Risk Management & Control (GRMC) staff function has the task of governing and coordinating risk management with regard to organization, roles and responsibilities, framework including methodology, reporting and control. GRMC includes governance of Security, Risk Management, Insurance and Internal Control including coordination and support in the event of crises and major incidents.
- Management (at executive, business area and business support level) is responsible for identifying, assessing, managing and reporting the risks found within their respective areas of responsibility.
- Specialists in various security areas, such as operational and financial risk management and insurance, support management and others in the line organization with analyses and management of risks and incidents.
- All employees and contracted personnel are, to a certain extent, included in risk management in their roles and respective areas of responsibility.
- Internal Audit is responsible for the independent audit of risk management, regarding both observance of governance, control activities and reporting.

(ii) OMX's risk management process

OMX's risk management is a business-integrated process that covers both business and support units at various levels in the organization. The methodology applied is partially based on the international ERM-standard (Enterprise Risk Management standard) in accordance with COSO (the Committee of Sponsoring Organizations of the Treadway Commission) with additional methodology for the areas of Security, Insurance and Internal

Control. The risk management process is integrated in the operations conducting business activities, such as strategic management and development work, and is directly linked to the company's business planning and follow-up.

Risk management is a standardized and continuous process which aims to identify, evaluate, manage, control and report significant risks to which OMX may be exposed. Risk management employs different forms of preventative measures and strategies, such as risk prevention, damage limitation and risk financing, in order to safeguard the Group's objectives and the majority of goals set at business area and operational levels.

OMX's risk management not only includes risks in the day-to-day business operations but also risks arising in conjunction with forward-looking strategic investments in order to optimize the company's business opportunities.

Risk management including control activities is decentralized to each business area and support function. As a result, all business areas, support functions and Group staff functions work with the management of financial, operational and strategic risks. Risks are divided into short-term and long-term risks.

The business areas and central support functions periodically report on risks to GRMC which presents consolidated risk reports to the Risk Steering Group. The CEO is the Chairman of the Risk Steering Group and periodically reports on risks in OMX to the OMX Board.

(iii) Risk management in OMX's business areas

The Nordic Marketplaces business area and its units comprise operations that are subject to special regulation. Corresponding requirements apply to the Information Services & New Markets business area which comprises trading information, the Baltic exchange operations and central securities depositories. Finally, the Market Technology business area provides system solutions, systems operation and other services to exchanges, clearing organizations, central securities depositories and other types of authorized companies in the financial markets in a number of different countries. All business areas manage operational and strategic risks particularly those that fall under their respective areas of focus and responsibility.

(a) Nordic Marketplaces

Nordic Marketplaces primarily manages risks attributable to the clearing operations for derivatives instruments. These risks arise as a result of the clearing organization serving as the counterparty in those transactions that are subject to counterparty clearing in different markets, entailing issuing a guarantee for ensuring that a clearing contract will be fulfilled. The clearing operations' risks include counterparty risks, settlement risks and liquidity risks, of which the significant risk is that one or more clearing counterparties will fail to fulfill its commitments. One of the primary obligations of clearing counterparties is to pledge the requisite collateral as required by the applicable rules as protection against the counterparty risk assumed. In addition, netting is applied which facilitates risk management in the clearing operations by decreasing the value of the payments to be made, thereby reducing the need for liquidity facilities. Furthermore, netting implies that the counterparty risk is reduced to the net exposure of outstanding positions vis-à-vis respective counterparties.

(b) Market Technology

The special risks associated with the Market Technology business area are attributable mainly to the various phases in the provision of a service: the sales phase, the delivery and implementation phase and the production phase. The sales phase involves the risk of the absence of profitability and foreign exchange risk. Operational risks are managed in the other phases. Significant emphasis is also placed on managing IT security and continuity operations.

(B) Financial Risk Management

OMX is exposed to various kinds of financial risks through its international operations.

(i) Organization and Operation

The Group's financial operations and financial risk management are centered around OMX's internal bank, OMX Treasury. The goal of OMX Treasury is, within given risk limitations, to manage the Group's financial risk exposure, to optimize net financial income and generate value for business operations through financial services. Significant economies of scale, lower financial costs and better oversight and management of the Group's financial risks are achieved through centralized financial operations. Operations are conducted according to a Financial Policy, which forms the framework and specifies guidelines and limitations. The Financial Policy is determined by OMX AB's Board of Directors and revised continuously.

The Policy deals with the following risks:

- Currency risks (transaction and translation exposure);
- Interest-rate risks;
- Financing risks; and
- Credit and counterparty risks.

(a) Currency risks

A significant portion of the Group's sales are attributable to operations outside Sweden, which means that changes in currency exchange rates have an impact on the Group's income statement and balance sheet. Currency risk exposure occurs during the sale and purchase of foreign currencies (transaction exposure) and during the translation of foreign subsidiaries' balance sheets and income statements to SEK (translation exposure).

In accordance with the Group's Financial Policy, 100% of contracted flows and 0–100% of forecast flows up to 12 months shall be hedged. Deviations from the prescribed hedge levels can occur within specified guidelines. Hedging of transaction exposure is carried out through currency forwards and options or loans in foreign currencies. Currency forwards that hedge contracted flows fulfill the conditions for hedge accounting. These forwards have been defined as hedging of fair value and are reported in the income statement together with changes in fair value of the asset which gave rise to the hedged risk, see the Hedge relations table. The forward contracts that hedge forecasted flows fulfill the requirements for hedge accounting. These forward contracts have been defined as cash-flow hedging. Changes in fair value of these hedges are reported directly against shareholders' equity, while the portion of the hedge that is not effective is reported directly in the income statement.

Transaction exposure originating from financial cash flows is eliminated by the subsidiaries raising borrowings and making investments in local currency or by hedging these flows by using currency forwards. Translation exposure occurs in conjunction the translation of OMX's foreign subsidiaries' balance sheets and income statements and in the recalculation of consolidated goodwill relating to foreign subsidiaries into SEK. In accordance with the Financial Policy, portions of the translation exposure are hedged in order to reduce the volatility of OMX's financial key ratios (see table below in (C)(iii): Translation exposure).

(b) Interest-rate risks

The Group is exposed to interest-rate risks that can impact the Group's earnings due to changing market rates. Both the Group's interest-bearing assets, consisting primarily of regulatory capital for counterparty risks within the exchange and clearing operations, and interest-bearing liabilities are exposed to interest-rate risks. The speed with which a permanent change in interest rates can impact the Group's net financial income depends on the fixed-interest terms of investments and loans.

Fixed-interest terms for the Group liabilities are short as stipulated in the Financial Policy. According to the Financial Policy, interest swaps and standardized interest futures are used to change the length of fixed-interest terms, thereby minimizing interest-rate risk.

According to OMX's Financial Policy, the average fixed-interest term for regulatory capital for exchange and clearing operations is a maximum of three years. As a rule, other surplus liquidity is placed in investments with short fixed-interest terms. At year-end, net financial debt amounted to SEK 847 million (net debt: SEK 572 million, net asset: SEK 155 million). Financial assets as per December 31, 2006 amounted to SEK 950 million (1,334, 1,517) and the average effective rate of interest for these assets was 3.70%, while the fixed-interest term was approximately 1.2 years. Interest-bearing securities that are retained are booked at fair value. At year-end, interest-bearing financial liabilities amounted to SEK 1,797 million (1,906, 1,362), of which SEK 1,350 million (1,400, 700) are long-term (see table: Interest-bearing assets and liabilities). During the year, the average fixed-interest term for liabilities varied between two and four months. As per December 31, the fixed-interest term for borrowings was three months and the effective rate was 3.33%. The interest-bearing financial liabilities are not booked at fair value since the liabilities are to be held until maturity. The exceptions are bonds which have been hedged by using fixed-income derivatives. These fixed-income derivatives are defined as hedging of fair value and fulfill the requirements for hedge accounting. The fixed income derivative agreements are reported in the income statement together with changes in fair value of the asset or liability that gave rise to the hedged risk (see table below in (C)(iv): Hedge relations).

In the event of a parallel shift in the Swedish and foreign yield curves upward by one percentage point, the Group's earnings would be negatively affected in an amount of SEK 23 million on an annualized basis, given the nominal amount and the fixed-interest terms prevailing on December 31, 2006.

(c) Financing risks

Financing risk refers to the risk that costs will be higher and financing possibilities limited when a loan is to be refinanced, and that it will not be possible to fulfill payment obligations due to insufficient liquidity or difficulties in obtaining financing. The Financial Policy specifies that unutilized credit facilities of sufficient size must exist to guarantee access to adequate funds. Financing risk is also dealt with by endeavoring to find a suitable balance between short and long-term financing and a diversification between various forms of financing and markets. OMX's total granted credit facilities as per December 31, 2006 amounted to SEK 3,741 million (3,033, 3,067), of which SEK 30 million (0, 14) has been utilized (see table below in (E): Credit facilities).

Of OMX's credit facilities, SEK 2,100 million is a syndicated credit facility with a three-year term. One portion, SEK 1,500 million, is linked to the company's commercial paper program for the same amount and, if OMX is unable to issue the commercial papers, entitles the company to borrow capital in the amount of SEK 1,500 million. There is also a credit facility for approximately a year of SEK 1,200 million which is dedicated to liquidity requirements linked to the Stockholm Stock Exchange's clearing operations. Financial conditions linked to these credit facilities will be applied if OMX receives a credit rating from Standard & Poor's of BBB or below.

OMX's rating with Standard & Poor's remained unchanged during the year (with a long-term counterparty rating of "A with a stable outlook," a short-term counterparty rating of A-1, and a rating of K1 on the Nordic scale).

During the year, a two-year bond of SEK 300 million was repaid and an eight-year bond of SEK 250 million was issued. This has resulted in the expansion and diversification of the Group's total maturity structure of its liability portfolio. The average term of liabilities as per December 31, 2006 was 3.4 years (3.1). There are five bond loans totaling SEK 1,350 million (see table: Interest-bearing assets and liabilities).

(d) Credit and counterparty risks

The Group's financial transactions give rise to credit risks towards financial counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty does not fulfill its obligations. There are credit risks when investing in cash equivalents. In accordance with the Financial Policy, in the interest of limiting risk exposure, only investments in highly creditworthy securities with high liquidity are permitted.

A majority of the Group's outstanding investments at year-end were in securities issued by the Swedish Government. The Group has no significant concentration of credit exposure to any other individual counterparty.

The derivative instruments that OMX uses involve a counterparty risk, that is, that the counterparty will not fulfill its portion of the agreement relating to futures or options. In order to limit counterparty risk, only counterparties with a high degree of creditworthiness according to the adopted Financial Policy are accepted. OMX also uses an ISDA agreement to minimize counterparty risk. The total counterparty risk related to financial transactions amounted to SEK 409 million as per December 31, 2006, including bank balances but excluding counterparty risk attributable to the Stockholm Stock Exchange's clearing operations (see below) and collateral funds invested in Swedish Government securities. The largest exposure to an individual institution amounted to SEK 97 million.

No single OMX customer was responsible for more than 20% of invoicing as of December 31, 2006. Counterparty risk arises by the Stockholm Stock Exchange providing clearing services and thereby acts as the central counterparty in all contracts subject to counterparty clearing. For the purpose of minimizing this counterparty risk, the Stockholm Stock Exchange requires that the counterparties pledge collateral to guarantee fulfillment of their commitments to the Stockholm Stock Exchange. Pledged collateral amounts to SEK 15,458 million (11,533, 10,245) (see Note 29 Collateral received by OMX's exchange operations). None of the members of the Stockholm Stock Exchange accounted for more than 15% of the total exposure on December 31, 2006.

(ii) Hedging of employee stock option program

In order to limit costs for the programs if the share price were to increase, limit dilution and ensure that shares can be provided when options are exercised, an agreement has previously been made with an external party regarding the provision of OMX shares, known as an equity swap. The agreement is valid until June 30, 2009 and corresponds to approximately 400,000 shares at an agreed price of SEK 126 per share. The equity swap agreement covers the portion of outstanding employee stock options that are currently deemed likely to be exercised. The amount of the equity swap will be continuously adjusted so that it corresponds to the number of employee stock options that are expected to be utilized.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares (approximately 400,000). Interest expenses are based on a STIBOR of 90 days.

Changes in OMX's share price affect the value of the equity swap. These changes in fair value are reported in the income statement.

(iii) Hedging of share match program

In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed an equity-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The equity swap covers the portion of shares that are expected to be allotted at the end of the program and will be continuously adjusted so that it corresponds to the number of shares that are expected to be allotted. The share swap is reported as an equity instrument in accordance with IAS 32.

OMX has also signed an equity-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 in order to limit the expenses for the social security contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement.

OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

Following the Annual General Meeting's approval of the Board's proposal regarding authorization to repurchase shares, OMX replaced the equity swap utilized for hedging the Share Match program with the purchase of own shares.

(iv) Calculation of fair value

The fair value of financial instruments that are traded in an active market is based on quoted market prices on the closing date.

The fair value of financial instruments that are not traded in an active market is determined by applying generally accepted valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions that prevail on the closing date. Quoted market prices or quotes by brokers for similar instruments are used for long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to determine the fair value of the remaining financial instruments. The fair value of interest swaps is calculated as the present value of the estimated future cash flows. The fair value of currency forwards is determined based on market prices for currency forwards on the closing date.

The par value of accounts receivable and accounts payable, less any estimated credits, is assumed to correspond to their fair value. The fair value of financial liabilities is calculated by discounting the future contracted cash flow to the current market rate of interest available to the Group for similar financial instruments.

(C) Currency Exposure

(i) Transaction Exposure

The table shows the Group's commercial future net flows and net exposure as at December 31, 2006. A sensitivity analysis shows the effect on earnings of a plus or minus 5% change in the value of the SEK.

Currency	Net flow in each base currency (millions)	Future net flow December 31, 2006 (in millions of SEK)	Net exposure after hedging (in millions of SEK)	Sensitivity base (in millions of SEK)
AUD/SEK	7.5	40.6	(48.6)	(2.4)
EUR/SEK	21.7	195.8	0.0	0.0
GBP/SEK	1.1	15.2	(2.3)	(0.1)
NOK/SEK	121.6	133.5	3.4	(0.2)
SGD/SEK	4.9	22.0	0.0	0.0
USD/SEK	27.2	187.0	(24.8)	(1.2)
TOTAL		**594.1**	**(72.3)**	**(3.9)**

(ii) Hedging of Transaction Exposure

The table shows a summary of outstanding futures as per December 31, 2006 pertaining to all hedges for commercial flows and transaction exposure. The purpose of the hedges is to safeguard the value of contracted future flows and to increase forecastability. In accordance with the Group's Financial Policy, 100% of the contracted flows and 0–100% of estimated flows of up to 12 months shall be hedged. Deviations from the prescribed degree of hedging are permitted within the established guidelines. Currency hedging is undertaken in the market through currency futures, option contracts or loans in foreign currencies.

Currency	Hedged in each base currency (millions)	Nominal value at year-end rate (in millions of SEK)	Nominal value at forward rate (in millions of SEK)	Unrealized forward result (in millions of SEK)	Average forward rate(1)	Date of maturity
AUD/SEK	(16.5)	(89.2)	(89.5)	0.3	5.4350	<12 months
EUR/SEK	(21.7)	(195.9)	(199.5)	3.6	9.2080	<12 months
GBP/SEK	(1.3)	(17.5)	(17.5)	—	13.4252	<12 months
NOK/SEK	(118.6)	(130.1)	(130.4)	0.3	1.0997	<12 months
SGD/SEK	(4.9)	(22.0)	(22.3)	0.3	4.5415	<12 months
USD/SEK	(30.8)	(211.7)	(218.5)	6.8	7.0843	<12 months
TOTAL		**(666.4)**	**(677.7)**	**11.3**		

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

(iii) Translation Exposure – Net Investments in Foreign Subsidiaries

The table shows foreign subsidiaries' net assets in foreign operations and goodwill denominated in foreign currencies. Translation exposure is hedged in order to reduce the volatility in OMX's key ratios. A sensitivity analysis shows the effect on results in the event of a plus or minus 5% change in the value of SEK.

Currency	Equity	Goodwill	Hedging of net investment	Total	Sensitivity
			(in millions of SEK)		
AUD	14.5	—	—	14.5	0.7
CAD	2.0	—	—	2.0	0.1
DKK	788.1	1,126.5	—	1,914.6	95.7
EUR	1,746.5	1,304.2	(1,446.5)	1,604.3	80.2
EEK	27.8	2.2	—	30.0	1.5
GBP	(204.5)	—	—	(204.5)	10.2
HKD	(2.2)	—	—	(2.2)	0.1
ISK	35.6	280.3	—	315.9	15.8
LTL	(0.8)	11.1	—	10.3	0.5
LVL	9.4	1.0	—	10.4	0.5
NOK	43.4	20.7	—	64.1	3.2
SGD	4.3	—	—	4.3	0.2
USD	(129.3)	8.9	—	(120.4)	6.0
Total	**2,334.8**	**2,754.9**	**(1,446.5)**	**3,643.3**	**214.7**

(iv) Hedging Relations

The table summarizes the hedging relations reported by the Group for which hedge accounting are applied. The type of hedging entered into is specified in the table. All currency hedges expire within 12 months. The hedging relation for interest swaps expires in December 2008.

Hedging instrument	Type of hedging	Hedged item	Currency	Hedged amount in base currency (millions)	Nominal value at year-end rate, (in millions of SEK)	Nominal value at forward rate, (in millions of SEK)	Unrealized forward rate, (in millions of SEK)	Average forward rate(1)
Currency future	Fair value hedge	Contracted currency flows	AUD/SEK	(43.4)	(234.8)	(235.7)	0.9	5.44
Currency future	Cash-flow hedge	Forecast currency flows	AUD/SEK	26.9	145.6	146.2	(0.6)	5.44
Currency future	Fair value hedge	Contracted currency flows	EUR/SEK	(21.7)	(195.9)	(199.5)	3.6	9.21
Currency future	Hedge of net investment	Shareholders' equity in subsidiary	EUR/SEK	(160.0)	(1,446.5)	(1,446.4)	(0.1)	9.04
Currency future	Fair value hedge	Contracted currency flows	GBP/SEK	(2.0)	(27.2)	(27.1)	(0.1)	13.42
Currency future	Cash-flow hedge	Forecast currency flows	GBP/SEK	0.7	9.7	9.7	—	13.42
Currency future	Fair value hedge	Contracted currency flows	NOK/SEK	(57.8)	(63.4)	(63.6)	0.1	1.10
Currency future	Cash-flow hedge	Forecast currency flows	NOK/SEK	(60.8)	(66.7)	(66.8)	0.2	1.10
Currency future	Fair value hedge	Contracted currency flows	SGD/SEK	(4.9)	(22.0)	(22.3)	0.3	4.54
Currency future	Fair value hedge	Contracted currency flows	USD/SEK	(45.2)	(310.6)	(320.4)	9.8	7.08
Currency future	Cash-flow hedge	Forecast currency flows	USD/SEK	14.4	98.8	101.9	(3.0)	7.08
Interest swap	Fair value hedge	Issued bonds	SEK	200.0	200.0	N/A	2.7	N/A

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

(v) Hedging of Financial Loans and Assets

The table shows a summary of the Group's currency futures for hedging of financial assets and loans as at December 31, 2006.

Currency	Hedged in each base currency (millions)	Nominal value at year end rate (in millions of SEK)	Nominal value at forward rate (in millions of SEK)	Unrealized forward result (in millions of SEK)	Average forward rate(1)	Date of maturity
AUD/SEK	21.2	114.8	115.2	(0.3)	5.43	< 12 months
CAD/SEK	(0.8)	(4.6)	(4.6)	—	5.96	< 12 months
DKK/SEK	385.7	467.6	467.7	(0.1)	1.21	< 12 months
EUR/SEK	54.0	487.7	487.6	0.1	9.04	< 12 months
GBP/SEK	(12.6)	(169.4)	(168.4)	(1.1)	13.38	< 12 months
HKD/SEK	(4.0)	(3.5)	(3.5)	—	0.88	< 12 months
NOK/SEK	4.9	5.4	5.6	(0.2)	1.13	< 12 months
SGD/SEK	0.9	3.8	3.8	—	4.47	< 12 months
THB/SEK	(8.0)	(1.5)	(1.5)	—	0.19	< 12 months
USD/SEK	7.5	51.5	51.1	0.4	6.82	< 12 months
Total		951.8	953.0	(1.2)		

(1) The average forward rate is based on the spot rate in the forward contracts entered into. Thus, the forward premium is excluded.

(D) Interest-Bearing Assets and Liabilities

The table shows interest-bearing assets and liabilities as per December 31, 2006 and shows average remaining terms, fixed-interest terms and average interest.

	Outstanding amount	Remaining term, months	Remaining fixed-interest term, months	Average interest rate, %
Assets				
Current assets	182	<12	<12	3.93
Long-term assets	21	>12	<12	4.40
Regulatory capital	747	>12	>12	3.63
Total assets	**950**			**3.70**
Liabilities				
Commercial paper	398	1	1	3.00
Bond loans				
OMX PP March 2008	300	15	2	3.29
OMX PP December 2008(1)	200	24	3	4.00
OMX PP December 2009	200	36	3	3.45
OMX PP May 2013	400	77	4	3.51
OMX PP Nov 2014	250	96	5	3.65
Bond loans, total	1,350	53	3.5	3.55
Bank loans	39	—	—	
Other	10	—	—	
Total liabilities	**1,797**	**40**	**3.0**	**3.33**

(1) The issued bond has been swapped from a fixed to a variable interest rate. The swapped interest rate is applied when calculating the average interest rate.

(E) Credit Facilities

The table shows the Group's total credit facilities and those that had been utilized as at December 31, 2006.

(in millions of SEK)	Contracted facilities	Utilized facilities
Syndicated bank loan/commercial paper program	1,500(1)	—
Syndicated bank loan	600	—
Overdraft facility	171	4
Credit facility	135	—
Contracted facilities for exchange and clearing operations		
Sweden (SEK)	1,200	—
Norway (NOK)	44	—
Denmark (DKK)	24	—
UK (GBP)	67	26
Total	**3,741**	**30**

(1) Since the credit facility is linked to the commercial paper program and is to function as a credit facility if OMX is unable to issue a commercial paper program, the unutilized credit facility shall be reduced by the outstanding commercial paper. The outstanding commercial paper as per December 31, 2006 amounted to SEK 400 million, implying that OMX can utilize only SEK 1,100 million of the current credit facility.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in SEK millions (SEK m) unless otherwise stated. Amounts in parentheses indicate values for 2005. "OMX" refers to the OMX Group, that is OMX AB and its subsidiaries.

NOTE 1. USE OF ESTIMATES

In order to prepare the accounting in accordance with generally accepted accounting principles, company management and the Board of Directors are required to make assessments and assumptions that affect asset and liability items, income and expense items, and other information reported in the accounts, for example contingent liabilities. These assessments are based on historical experience and the various assumptions that management and the Board deem to be reasonable under the prevailing circumstances. Consequently, such conclusions form the basis of decisions concerning reported values of assets and liabilities in the case that it is not possible to determine such values based on information from other sources. Actual outcomes may differ from these assessments if different assumptions are made or if different circumstances prevail. The areas of revenue recognition and doubtful receivables, the valuation of goodwill and capitalized development projects, taxes, provisions for expenses for premises and other restructuring measures, legal disputes and contingent liabilities in particular may entail a significant impact on OMX's results and financial position (see the respective following Notes for further information).

NOTE 2. CLASSIFICATION OF REVENUE

The classification of revenue is based on a number of assessments and assumptions concerning revenue recognition in delivery projects in the Technology operations. These are reported as "License, support and project revenue" below. The uncertainty inherent in these assessments primarily refers to the forecast time of completion.

REVENUE PER SIGNIFICANT TYPE OF REVENUE, CONTINUING OPERATIONS

(SEK m)	2006	2005
Net sales:		
Trading revenue	1,291	1,108
Issuers' revenue	343	309
Information revenue	443	367
Revenue from Baltic Markets	68	63
Revenue from Broker Services	205	258
License, support and project revenue	758	716
Facility Management Services	200	222
Other revenue	178	51
Total	**3,486**	**3,094**

CAPITAL GAINS WITHIN OTHER REVENUES, CONTINUING OPERATIONS

Group	2006	2005
Capital gains, sale of NOS ASA	22	—
Capital gains, sale of VPC AB	83	—
Total	**105**	**—**

CURRENCY EFFECTS

The Group's total revenue includes exchange-rate differences totaling negative SEK 7 m (positive: 17). Exchange-rate differences also had an effect on operating expenses of SEK 0 m(0, negative: 2).

NOTE 3. BUSINESS AREAS AND GEOGRAPHIC SEGMENTS

Internal reporting and follow-up within OMX is organized based on the business areas Nordic Marketplaces, Information Services & New Markets and Market Technology.

These business areas make up OMX's primary reporting segments while the geographic divisions make up the secondary reporting segment. OMX is divided into four geographic regions: Nordic countries, Rest of Europe, North America and Asia/Australia. This geographic division is based on the areas in which the Group's operations have relatively similar systems solutions, frameworks of regulations and customer behavior.

REVENUE AND EARNINGS BY DIVISION, CONTINUING OPERATIONS

(SEK m)	2006	2005
Revenue		
Nordic Marketplaces	1,778	1,510
Information Services & New Markets	752	709
Market Technology	1,300	1,155
Group eliminations	(344)	(280)
TOTAL GROUP	**3,486**	**3,094**
Operating income		
Nordic Marketplaces[1)]	940	689
Information Services & New Markets[1)]	217	176
Market Technology[1)]	93	61
Result from participations in associated companies attributable to the Parent Company and other functions	—	1
TOTAL GROUP	**1,250**	**927**

1) Including distribution of income for the Parent Company and other functions by SEK 15 m (loss: 117, loss: 256).

ASSETS AND LIABILITIES PER BUSINESS AREA

(SEK m)	2006 Assets	2006 Liabilities	2005 Assets	2005 Liabilities
Nordic Marketplaces	8,439	5,099	6,310	2,723
Information Services & New Markets	417	72	302	135
Market Technology	2,655	1,128	2,000	907
Operations being discontinued	70	—	62	—
Unallocated items	947	1,615	1,938	2,098
TOTAL GROUP	**12,528**	**7,914**	**10,612**	**5,863**

Items per business area are tangible assets, intangible assets, external operating receivables, external operating liabilities and goodwill. Other items are not allocated in the Group and are reported as unallocated items. Unallocated items also include all eliminations of internal business dealings between the various business areas and all interest-bearing liabilities. Assets and liabilities that could be affected by the business areas are allocated in accordance with OMX's business control model, which does not support a full distribution of balance-sheet items.

INVESTMENTS, DEPRECIATION AND IMPAIRMENT PER BUSINESS AREA

(SEK m)	2006 Invest.	2006 Deprec./ impairment	2005 Invest.	2005 Deprec./ impairment
Nordic Marketplaces	294	-70	1,389	-83
Information Services & New Markets	19	-22	12	-21
Market Technology	529	-132	318	-122
TOTAL GROUP	**842**	**-224**	**1,719**	**-226**

Investments refer to acquisitions of tangible and intangible fixed assets. For further information on acquisitions, depreciation and impairment, see Notes 13 and 14.

INFORMATION REGARDING SECONDARY SEGMENTS (GEOGRAPHIC AREAS), CONTINUING OPERATIONS

EXTERNAL REVENUE PER GEOGRAPHIC AREA[1)]

(SEK m)	2006	2005
Nordic countries	2,134	2,005
Rest of Europe	886	600
North America	146	186
Asia/Australia	340	303
TOTAL GROUP	**3,486**	**3,094**

1) Based on the location of customers.

ASSETS AND INVESTMENTS PER GEOGRAPHIC AREA

\(SEK m)	2006 Assets	2006 Invest.	2005 Assets	2005 Invest.
Nordic countries	5,581	788	3,620	1,673
Rest of Europe	1,269	45	1,128	43
North America	103	5	152	0
Asia/Australia	26	4	22	3
Group eliminations and unallocated items[1)]	5,549	—	5,690	—
TOTAL GROUP	**12,528**	**842**	**10,612**	**1,719**

1) Group eliminations and unallocated items include goodwill in the amount of SEK 2,967 m (2,944).

Investments refer to acquisitions of tangible and intangible fixed assets.

NOTE 4. DISCONTINUING OPERATIONS

In August 2005, OMX announced the focusing of its technology operations through the divestment of operations targeting banks and brokerages within the former Banks & Brokers business area. During 2006, the continuing operations not yet divested were included among discontinuing operations. These primarily comprise the Nordic portion of the operations targeting banks and brokerages, which offer development and maintenance of systems for securities management, and the UK operations in securities administration services.

After the end of the reporting period, OMX signed an agreement with HCL Technologies, the global IT services provider, regarding an extended partnership, which means that OMX no longer has any discontinuing operations in the Nordic region. The partnership means that HCL Technologies will assume the responsibility for the development of systems for securities management targeting banks and brokers and that the remaining part of the Nordic operations, will be moved to the Information Services & New Markets business area, and will be included in the Broker Services unit. The statements for discontinuing operations has been adjusted compared with the 2006 Annual Report since only the UK sales operations in securities administration services remain as discontinuing operations.

OMX's aim is to identify a long-term solution with clear advantages for the remaining parts of the discontinuing operations. Discussions are currently in progress with potential partners.

Income statement, discontinuing operations

(in millions of SEK)	2006	2005
Revenues		
Net Sales	124	42

Own work capitalized		—
Other revenues		—
Total revenues	**124**	**42**
Expenses		
Premises expenses	(6)	(2)
Marketing expenses	—	—
Consultancy expenses	—	—
Operations and maintenance, IT	(16)	(7)
Other external expenses	(56)	(29)
Personnel expenses	(77)	(20)
Depreciation and impairment	(-8)	(1)
Total expenses	**(163)**	**(59)**
Participation in earnings of ass. Companies	—	—
Operating income	**(39)**	**(17)**
Financial items		
Financial items	(7)	—
Total financial items	**(7)**	**—**
Income/loss after financial items	**(46)**	**(17)**
Tax for the year	—	—
Net profit/loss for the period	**(46)**	**(17)**

Assets classified as holdings held for sale

(SEK m)	2006	2005
Group		
Intangible assets	61	53
Tangible fixed assets	9	9
Total fixed assets held for sale	**70**	**62**

NOTE 5. ACQUIRED OPERATIONS

COMPUTERSHARE

On January 31,2006, OMX signed a contract with Computershare Ltd regarding the acquisition of Computershare's Market Technology operations in the amount of SEK 249 m. Payment will be paid in cash over a period of five years. The acquisition price has been discounted to present value. Acquisition costs amounted to SEK 5 m. The acquired operations are consolidated within OMX effective February 1, 2006.

(SEK m)	Fair value	Book value
Acquired net assets	69	75
Goodwill	180	
ACQUISITION PRICE	**249**	

The acquired net assets comprise marketplace systems. Goodwill is attributable to the revenue and cost synergies that arose in conjunction with the integration with Market Technology. It is not possible in practical terms to provide disclosure regarding Computershare's revenues and net income during the period since the operations have been fully consolidated with Market Technology's operations since February 1.

EIGNARHALDSFELAGID VERDBREFATHING

On November 30, 2006, OMX acquired 100 percent of Eignarhaldsfelagid Verdbrefathing (EV) for a total amount of SEK 314 m, of which SEK 41 m was paid in cash and SEK 256 m was paid by 2,067,560 newly issued shares. The acquisition cost totaled SEK 17 m.

EV is consolidated into OMX's income statement and balance sheet from December 1, 2006. The price of the new shares issued by OMX, which were utilized in the acquisition of EV, was SEK 123.75 on November 30.

ACQUIRED ASSETS AND LIABILITIES

(SEK m)	Fair value	Book value
Fixed assets	149	9
Current assets	19	19
Cash and bank balances	33	33
Current liabilities	-22	-22
ACQUIRED NET ASSETS	**179**	**39**
Goodwill	**135**	
ACQUISITION PRICE	**314**	

The difference between fair value and the carrying amount of fixed assets is primarily attributable to the valuation of acquired contracts.

Goodwill is attributable to the high level of profitability in the company and expected revenue synergies arising from the continued integration of the Nordic-Baltic securities market.

The cash-flow effect of the acquisition amounts to SEK 25 m, comprising a cash payment of SEK 41 m, acquisition costs of SEK 17 m, less received cash balances of SEK 33 m. Of the total amount of acquisition costs of SEK 17 m, only SEK 11 m had an effect on cash flow in 2006. The remaining SEK 6 m will impact cash flow in 2007. The new shares issued are valued at market value on the acquisition date.

During the year, EV contributed SEK 11 m to the Group’s revenue and SEK 5 m to net profit. EV’s revenue for the full-year 2006 amounts to SEK 102 m and net profit to SEK 26 m.

2005

At the beginning of 2005, OMX acquired 100% of Copenhagen Stock Exchange (CSE) at a value totaling SEK 1,457 million, of which SEK 1,174 million was paid in cash and SEK 232 million was paid in 2,927,292 newly-issued shares. Acquisition costs amounted to SEK 33 million.

Copenhagen Stock Exchange (CSE) has been included in the consolidated income statement and consolidated balance sheet since January 1, 2005 when it became known that the offer was to be accepted and the work to integrate the company was initiated. The newly-issued shares in OMX, which were utilized in the acquisition of CSE, were valued at a share price of SEK 79 on February 7, 2005.

Acquired assets and liabilities

(in millions of SEK)	Fair value	Book value
Fixed assets	350	107
Current assets	80	80
Cash and bank balances	307	307
Current liabilities	(187)	(187)
Acquired Net Assets	**550**	**307**
Goodwill	907	
Acquisition Price	**1,457**	

The difference between fair value and the reported values of fixed assets is primarily attributable to the valuation of acquired contracts.

Goodwill is attributable to the company’s positive profitability and expected revenue synergy effects in conjunction with the continued integration of the Nordic-Baltic securities market.

Cash-flow effects of the acquisition amount to SEK 900 million, comprising a cash payment of SEK 1,174 million, acquisition costs of SEK 33 million, minus received cash and bank balances of SEK 307 million. Newly-issued shares are valued at market capitalization on acquisition date.

CSE contributed SEK 377 million to the Group’s revenues and SEK 131 million to net results during the year.

NOTE 6. AUDITORS’ FEES

The following remuneration was paid to auditors and accounting firms for auditing and audit-related services required by law as well as for advice and other assistance arising from observations made during the course of the auditing process.

Remuneration was also paid for additional independent advice, mostly pertaining to audit-related consultations on accounting and taxation issues.

REMUNERATION TO THE GROUP’S AUDITORS

	GROUP	
(SEK 000s)	2006	2005
PricewaterhouseCoopers		
Auditing assignments	10,729	9,022
Other assignments[1)]	2,337	11,548
Ernst & Young		
Auditing assignments	488	713
Other assignments[2)]	918	3,452
KPMG		
Auditing assignments	335	422
Other assignments	378	730
BDO Feinstein		
Auditing assignments	36	118

Other assignments	—	21
Other auditors		
Auditing assignments	780	315
Other assignments	310	1,605
TOTAL	**16,311**	**27,946**

1) For 2006, other assignments refer primarily to tax consultations. For 2005, includes SEK 1,334,000 related to IFRS and costs in connection with the acquisition of CSE and Computershare of SEK 4,612,000. Otherwise, other assignments in 2005 pertain primarily to tax consultation.

2) For 2006, other assignments refer primarily to tax consultations and IT reviews. For 2005, other assignments refer mainly to IFRS, tax consultation and IT studies.

NOTE 7. PERSONNEL

PERSONNEL EXPENSES AND BENEFITS PAID TO SENIOR EXECUTIVES

The reporting of senior executive benefits has been carried out in accordance with the recommendations of the Swedish Industry and Commerce Stock Exchange Committee (NBK).

SENIOR MANAGEMENT

NBK divides senior management into two categories: “top management” and “other senior management.” Top management comprises: the Chairman of the Board, any Board members receiving remuneration in addition to Board fees and the President and Chief Executive Officer (CEO). Other senior management normally relates to members of the executive management team.

Top management at OMX is defined as:

- Olof Stenhammar (Chairman of the Board)
- Magnus Böcker (CEO of OMX and President of OMX AB).

Other senior management at OMX is defined as the Group’s Executive Management Team and comprises the following five individuals:

- Jukka Ruuska (President of Nordic Marketplaces)
- Hans-Ole Jochumsen (President of Information Services and New Markets)
- Markus Gerdien (President of Market Technology)
- Kristina Schauman (Chief Financial Officer)
- Bo Svefors (Senior Vice President Marketing & Communications).

The Secretary to the Executive Management Team was OMX’s General Counsel Magnus Billing.

OMX’S REMUNERATION COMMITTEE

The Remuneration Committee is appointed on an annual basis by the Board of Directors. The Remuneration Committee’s task is to prepare remuneration matters for Board decisions on issues relating to the salary and remuneration paid to the President and CEO, and to approve salaries and other remuneration to Executive Management Team which is subsequently reported to the Board. The Committee also approves the targets for the Executive Management Team established by the President. In addition, the Remuneration Committee’s task is to propose remuneration for the Board members in the subsidiaries within the OMX Group that have external Board members, and to make recommendations regarding remuneration principles, benefits and other types of remuneration for OMX employees. The Board appointed the following people as members of the Remuneration Committee: Olof Stenhammar (Chairman), Adine Grate Axén and Bengt Halse. The Committee’s secretary until April 2006 was Ulrika Wahllöf, acting Head of Human Resources. The Committee’s secretary during the remainder of the year was Pernilla Gladh, Senior Vice President of Corporate Functions & Human Resources. During 2006, the Remuneration Committee held a total of seven meetings at which minutes were taken. Among other matters during the year, the Committee had a particular focus on the following issues: programs for variable salaries 2006 and 2007 (Short Term Incentive), the Share Match Program 2006 and 2007 for senior executives (Long Term Incentive Scheme), remuneration to the President and proposals for principles for remuneration and other conditions of employment for the Executive Management Team.

OMX’S REMUNERATION POLICY

The aim of OMX’s remuneration policy is to offer market-based remuneration that is competitive and that promotes a situation whereby qualified expertise can be recruited to and retained within OMX.

The fundamental principles are:

- To work towards a consensus between employees and shareholders regarding the long-term perspective of operations.
- To ensure that employees within OMX’s different organizations receive remuneration that reflects market conditions and is competitive.
- To offer a salary scale based on results achieved, work duties, skills, experience and position held, which also means adopting a neutral stance in relation to gender, ethnic background, disability, sexual orientation, etc.

REMUNERATION STRUCTURE 2006

OMX's employee remuneration comprises the following parts:

- Fixed salary
- Variable salary
  - Short Term Incentive Program
  - Long Term Incentive Scheme (OMX Share Match Program 2006 and 2007)
- Pension
- Severance pay and other benefits.

At the discretion of the Board of Directors, decisions can be made to revise or terminate an existing program related to the remuneration structure.

FIXED SALARY

Every OMX employee has an annual salary review, with the exception of the members of the Executive Management Team, for whom a review takes place every second year and the President, for whom a review takes places every third year. The review considers employee performance, salary levels in the market and any changes to responsibilities as well as the company's development and local rules and agreements.

VARIABLE SALARY

Short Term Incentive Program

OMX has had a Group-wide program for variable salary called OMX Short Term Incentive Program since 2004. The program consists of quantitative (financial) and qualitative (individual) goals. The prerequisite for achieving the quantitative goal is that OMX attained its established targets. The maximum dividend of the quantitative portion occurs at 130-percent fulfillment of the company's goals. The qualitative goals are individual and are determined by an employee's immediate superior during the first quarter of the year. The immediate superior also evaluates whether these goals have been achieved one year later.

Short Term Incentive 2006

The program for variable salary, Short Term Incentive 2006, comprised approximately 150 managers and key employees. The total maximum variable portion that can be paid out for 2006 is SEK 35 m, excluding social security contributions. The program comprised quantitative and qualitative targets, of which 60 percent were quantitative and 40 percent were qualitative. The quantitative goal for 2006 was connected to achievement of the budgeted operating income for OMX. Of the maximum SEK 21 m representing the quantitative portion, SEK 11.5 m will be paid out. The estimated payment for the qualitative portion is calculated at 75 percent of the maximum of SEK 14m, excluding social security contributions for 2006.

Short Term Incentive 2007

Variable salary 2007 follows the same structure for 2006. The program comprises quantitative and qualitative targets, of which 60 percent are quantitative and 40 percent are qualitative. The quantitative goal for 2007 is also connected to achievement of the budgeted operating income for OMX. OMX Short Term Incentive 2007 has been expanded to encompass 200 managers and key employees, compared with 150 employees in 2006. The total maximum variable portion that can be paid out for 2007 is SEK 43 m, excluding social security contributions. The prerequisites for the payment of bonuses follow the same guidelines as for 2005 and 2006.

The maximum bonus to senior executives for variable salary for 2004-2007 is 50 percent of fixed salary. The quantitative goals are linked to OMX's return on capital employed and budgeted operating profit.

Long Term Incentive Scheme

OMX Share Match Program 2006

OMX's Annual General Meeting in April 2006 approved the OMX Share Match Program 2006. The program for 2006 was directed to 30 senior executives and key individuals in OMX. Participants in the program are required to invest in OMX shares at a maximum of 7.5 percent of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2005 after tax. Under the prerequisite that employment is not terminated, the participants in the program will receive up to five OMX shares, known as matching shares, in 2009, for each invested OMX share, if the following conditions have been fulfilled:

(i) The average percentage increase in earnings per share between January 1, 2006 and December 31, 2008 is equal to or exceeds twenty five (25) percent, and

(ii)the total annual return to shareholders is equal to or exceeds an index determined by the Board, plus 10 percentage points.

No matching shares will be issued if the average annual percentage increase in earnings per share falls below two percent per year or if the total annual return to shareholders has not improved on the comparative index.

OMX Share Match Program 2007

At the Annual General Meeting of OMX on April 12, 2007, the shareholders approved the proposal of OMX's Board of Directors to continue and expand the share match program for senior executives for a second year. The program for 2007 is targeted at 95 senior executives and key individuals in OMX. Participants in the program are required to invest in OMX shares at a maximum of 7.5 percent of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2006 after tax. Approximately 30 of the 95 participants may invest in OMX shares at a maximum of 15 percent of their fixed salary on an annual basis before tax or the maximum amount earned under the Short Term Incentive program in 2006 aftertax. Under the prerequisite that employment is not terminated, the participants in the program will receive in 2010 up to five OMX shares, known as matching shares, for each invested OMX share. President and CEO Magnus Böcker may invest a maximum of 10,000 OMX shares with a maximum matching level of eight OMX shares. For maximum matching, the following conditions must be fulfilled:

(i) The average percentage increase in earnings per share between January 1, 2007 and December 31, 2009 is equal to or exceeds twenty percent, and

(ii)the total annual return to shareholders is equal to or exceeds an index determined by the Board, plus 10 percent.

No matching shares will be issued if the average annual percentage increase in earnings per share falls below two percent per year or if the total annual return to shareholders has not improved on the comparative index.

PENSIONS

OMX offers its employees a defined-contribution occupational pension unless otherwise regulated in local agreements or other regulations. OMX's pension plan for employees in Sweden has been created to provide employees with a market-competitive occupational pension. The age of retirement is 65 years. OMX's President and CEO Magnus Böcker receives a defined-contribution pension benefit. The total premium provision amounts to 23 percent of fixed salary. For 2007, the pension premium is up to 30 percent of fixed salary.

Other members of the Executive Management Team are included in the OMX pension plan, with the exception of Jukka Ruuska and Hans-Ole Jochumsen. Jukka Ruuska is included in the pension plan stipulated by the Finnish labor market regulations. Current premiums for Jukka Ruuska are equivalent to a pension provision of 17 percent of total remuneration. Hans-Ole Jochumsen, is included in the pension plan stipulated by Danish labor market practice. Current premiums for Hans-Ole Jochumsen are equivalent to a pension provision of 20 percent of fixed remuneration.

The retirement age for employees, including the President and CEO and the Executive Management Team is 65 years.

SEVERANCE PAY AND OTHER BENEFITS

Severance Terms/Period of Notice

The period of notice that applies between OMX and the President and CEO is 12 months from the company's side and six months from the employee's side. In the event of a company initiative to terminate the employment contract of the President and CEO, remuneration will be paid to the President and CEO corresponding to the fixed salary and other benefits (occupational pension and insurance including health insurance) during the period of notice. In addition to this, the President and CEO will receive a severance payment of six months' fixed salary. Other members of the Executive Management Team have a period of notice of 12 months from the company's side and six months from the employee's side. The President and CEO and other senior executives have a non-competition clause of 12 months. A penalty is included in the clause.

Other Benefits

In addition to the occupational pension premiums detailed above, OMX also pays for long-term disability insurance, occupational group life insurance (TGL) and workers' compensation insurance (TFA). Employees may also complement their insurance coverage through OMX's optional group insurance. Employees in Finland and Denmark have equivalent benefits that are stipulated in the collective agreement for the financial sector. Also, the Executive Managment Team is entitled to health insurance.

ABSENCE DUE TO ILLNESS

The number of employees on absence due to illness during the fiscal year is accounted for as a percentage of the employees' total ordinary working hours in Sweden. Long-term absence due to illness is absence for 60 or more consecutive days.

ABSENCE DUE TO ILLNESS, SWEDEN, %	2006	2005
Total Absence due to illness	2.3	2.4
Absence due to long-term illness (portion of total illness)	41.7	46.8
Absence due to illness, men	1.7	1.8
Absence due to illness, women	3.6	3.2
Absence due to illness, employees under the age of 29	1.5	1.4
Absence due to illness, employees aged between 30 and 49	2.4	2.4
Absence due to illness, employees aged 50 and above	2.3	2.3

DISTRIBUTION ACCORDING TO GENDER

	2006 Number	2006 of whom men	2005 Number	2005 of whom men
Board of Directors (excl. CEO) [1]				
Parent Company	8	6	9	7
Subsidiaries	85	76	71	66
TOTAL GROUP	**93**	**82**	**80**	**73**

1) Pertains to the number of Board members in the Group's operating companies.

DISTRIBUTION ACCORDING TO GENDER (CONTIN.)

	2006 Number	2006 of whom men	2005 Number	2005 of whom men
Group management (incl. CEO) [2]				
Parent Company	6	5	7	6
Subsidiaries	62	46	53	40
TOTAL GROUP	**68**	**51**	**60**	**46**

2) Group management is defined as all presidents in the Group's operating companies, persons who are members of the Executive Management Team and persons in the management groups within the OMX business areas.

	2006 Number	2006 of whom men	2005 Number	2005 of whom men
Other employees				
Parent Company	28	12	20	5
Subsidiaries	1,284	837	1,229	772
TOTAL GROUP	**1,312**	**849**	**1,249**	**777**

REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT TEAM

EXPENSED REMUNERATION

Board fees have not been paid to Board members who are employees of the Group. In addition to the Board fees below, Board fees totaling SEK 7 m (5) were paid during the year to subsidiary Board members. These fees have only been paid to persons who are not employees of the Group.

(SEK)		Board fees	Fixed salary	Variable salary	Pension	Benefits	TOTAL
Olof Stenhammar	2006	800,000	—	—	—	543	800,543
	2005	750,000	—	—	—	9,197,314 1)	9,947,314
Magnus Böcker	2006	—	4,646,117	1,665,000	1,007,400	1,969,353 3)	9,287,870
	2005	—	4,636,230	1,498,000	1,007,400	95,190	7,236,820
Executive Management, others [2]	2006	—	12,260,008	4,955,000	2,459,845	128,787	19,803,640
	2005	—	13,908,558	3,888,040	2,453,046	636,117	20,885,761
Adine Grate Axén	2006	400,000	—	—	—	—	400,000
	2005	300,000	—	—	—	—	300,000
Urban Bäckström	2006	325,000	—	—	—	—	325,000
	2005	250,000	—	—	—	—	250,000
Bengt Halse	2006	300,000	—	—	—	—	300,000
	2005	250,000	—	—	—	—	250,000
Birgitta Klasen	2006	250,000	—	—	—	—	250,000
	2005	200,000	—	—	—	—	200,000
Tarmo Korpela	2006	250,000	—	—	—	—	250,000
	2005	200,000	—	—	—	—	200,000
Henrik Normann	2006	—	—	—	—	—	—
	2005	33,333	—	—	—	—	33,333
Markku Pohjola	2006	250,000	—	—	—	—	250,000
	2005	250,000	—	—	—	—	250,000
Timo Ihamuotila	2006	—	—	—	—	—	—
	2005	166,667	—	—	—	—	166,667
Mikael Lilius	2006	—	—	—	—	—	—
	2005	166,667	—	—	—	—	166,667
Hans Munk Nielsen	2006	325,000	—	—	—	—	325,000
	2005	133,333	—	—	—	—	133,333
TOTAL	**2006**	**2,900,000**	**16,906,125**	**6,620,000**	**3,467,245**	**2,098,683**	**31,992,053**
TOTAL	**2005**	**2,700,000**	**18,544,788**	**5,386,040**	**3,460,446**	**9,928,621**	**40,019,895**

1) Includes remuneration to one of Olof Stenhammar's majority-owned companies comprising a fixed salary as well as a profit-related payment based on a license agreement. The profit-related portion represents 1 percent of OMX's income after financial items. Remuneration for 2005 amounts to SEK 9,172,298. The amounts are paid out quarterly in arrears. The agreement, which was signed and stems from the founding of OM in 1985, has been terminated and expired on December 31, 2005.

2) The other members of the Executive Management Team for 2006 includes: Jukka Ruuska, Kristina Schauman. Bo Svefors, Hans-Ole Jochumsen and Markus Gerdien.

3) Refers primarily to the divestment of 37,000 employee stock options.

FINANCIAL INSTRUMENTS

(Quantity)	Employee stock options [1] 2002	2001	2000	Share Match Program [2]
Magnus Böcker	0	76,000	150,000	4,615
Executive Management, others [3]	0	0	0	10,023
TOTAL	**0**	**76,000**	**150,000**	**14,638**

1) For employee stock options, no consideration has been paid by employees who received options. For the theoretical value of the options at the time of issue, refer to the table below.

2) Refers to the Share Match Program 2006.

3) Refers to persons included in the Executive Management Team at December 31, 2006.

INFORMATION ON EACH YEAR'S EMPLOYEE STOCK OPTION PROGRAM

	2002	2001	2000
Strike price, SEK	71	175	400
Redemption of shares with effect from	July 2, 2003	June 15, 2002	May 25, 2001
Expiry date	July 2, 2009	June 15, 2008	June 28, 2007
Number of allotted options	733,000	1,100,000	1,400,000
Opening balance	356,000	513,000	666,000
Exercised options	155,000	—	—
Expired and obsolete	6,000	164,000	212,000
Closing balance	195,000	349,000	454,000
Of which fully vested (guaranteed) (guaranteed) Dec 31, 2006	195,000	349,000	454,000
Theoretical value, SEK m[1]	11	4	0
Theoretical value per option at issue[1], SEK	15	38	90
Theoretical value per option, SEK, as at Dec 31, 2006	59	11	0
Theoretical dilution[2], %	0.2	0.3	0.4
Weighted average share price for redeemed employee stock options during the year	131.66		

1) The theoretical value of allotted options is fixed through an established options valuation model (Black & Scholes) at the time they are allotted. As at December 31, 2006, a volatility of 40 percent has been utilized.

2) Theoretical dilution refers to the maximum number of shares that could be issued were it decided, on execution of redemption, to allot shares through a new share issue. However, to limit such dilution, hedging has been arranged through a "share swap," meaning that no such dilution will occur.

OPENING AMOUNT OF NON-REDEEMED PORTION OF THE EMPLOYEE STOCK OPTIONS PROGRAM IN THE INCOME STATEMENT

(SEK m)	2006	2005
Income statement		
Social security expenses attributable to personnel expenses	1	-1
Interest attributable to agreements on synthetic share buy-back	-2	-2
Change in value, employee stock options	3	-6
Change in value, share swap	15	35
Balance sheet		
Liability pertaining to employee stock options program	15	19
Liability, social security expenses, employee stock options program	4	5
Receivable pertaining to share swap[1]	1	68

1) The opening balance for 2005, recalculated in accordance with IAS 39, amounted to SEK 33 m.

In accordance with IFRS 2, the expenses for the stock options program are reported on an ongoing basis as personnel expenses in the income statement.

In order to limit costs for the programs (including social security contributions) if the share price were to increase, limit dilution and ensure that shares can be provided when redemption is requested, an agreement has previously been made with an external party regarding the provision of OMX shares if redemption were to be requested, known as a share swap. The agreement is valid until June 30, 2009 and corresponds to approximately 400,000 shares at an agreed price of SEK 126 per share. The buy-back agreement covers the portion of outstanding employee stock options that are currently deemed to be exercised. In the case that it is deemed probable that a number of employee stock options will be exercised over time, the number of shares in the agreement with the third-party will be amended. OMX continuously pays interest compensation to the counter-party in exchange for the counter-party undertaking to provide the shares. OMX receives the share dividend paid during the term of the agreement. Changes in the share price of OMX's shares affect the value of the share swap and the result is reported against personnel expenses in the income statement. The share swap had a positive impact of SEK 15 m on personnel expenses for 2006.

SHARE MATCH PROGRAM 2006

Start date	April 6, 2006
Matching date	April 30, 2009
Number of invested shares	26,855
Maximum number of matching shares	134,275
Estimated number of matching shares	57,000
Total estimated expense, SEK m	12
Expenses for the year, SEK m	3

Participants in the Share Match Program 2006 invest in OMX shares and, depending on whether OMX achieves performance targets related to earnings per share and how OMX's shares perform in comparison to its competitors, participants may obtain a maximum of five matching shares per invested OMX share after three years. The number of shares that the participant may buy in the program is limited.

In order to limit expenses for the program in the event of an increase in the share price and to ensure that shares can be provided when shares are matched in the Share Match Program, OMX has signed a share-swap agreement amounting to approximately 57,000 shares at a predetermined price of SEK 146 per share. The share swap covers the portion of shares that are expected to be allotted at the end of the program. The share swap is reported as an equity instrument in accordance with IAS 32. OMX has also signed a share-swap agreement amounting to 18,000 shares at a predetermined price of SEK 123.50 to limit the expenses for the social security contributions arising in conjunction with the Share Match Program. Changes in the price of OMX's shares affect the value of the share swap. These changes in fair value are reported in the income statement. OMX continuously pays interest compensation to the counterparty in exchange for the counterparty undertaking to provide the shares. Interest compensation in the agreement corresponds to the net amount of interest expenses on the underlying value of the shares when the agreement was signed and the dividend on the underlying shares. Interest expenses are based on a STIBOR of 90 days.

WARRANTS ISSUED TO EMPLOYEES

Subscription date	Nov 20, 2003
Subscription price, SEK	138.5
Number of shares upon full subscription	1,150,000
Dilution upon full subscription, %	1.0
Subscribed as at September 30, 2006	286,000
Premium, SEK	7.80
New subscription of shares with effect from	July 1, 2006
Maturity date	Sept 30, 2006

The warrants expired on September 30, 2006. Of the total number of 286,000 subscribed warrants, 98,600 warrants were utilized. Each warrant entitles the holder to one share and 98,600 new shares were issued.

AVERAGE NUMBER OF EMPLOYEES

	2006		2005	
	Number of employees	of whom men	Number of employees	of whom men
Parent Company	**33**	**17**	**31**	**13**
Subsidiaries				
Sweden	821	555	896	590
Australia	66	54	37	29
Denmark	90	55	83	54
Estonia	38	10	33	10
Finland	107	58	164	92
Hong Kong	5	2	4	3
Iceland	29	23	—	—
Italy	2	2	3	3
Canada	16	11	—	—
Latvia	25	9	24	10
Lithuania	19	7	18	9
Norway	9	9	11	10
Singapore	5	5	3	3
UK	17	13	17	11
USA	42	35	46	37
Total subsidiaries	**1,291**	**848**	**1,339**	**861**
TOTAL GROUP	**1,324**	**865**	**1,370**	**874**

SALARIES AND REMUNERATION

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	2006		2005	
(SEK m)	Salaries and other remuneration	Social security expenses (of which pension expenses)	Salaries and other remuneration	Social security expenses (of which pension expenses)
Parent Company	34	19 (6)	37	16 (6)
Subsidiaries	797	268 (99)	755	265 (98)
TOTAL GROUP	**831**	**287 (105)**	**792**	**281 (104)**

SALARIES AND OTHER REMUNERATION DISTRIBUTED PER COUNTRY AND BETWEEN BOARD MEMBERS AND EMPLOYEES

	2006		2005	
(SEK m)	Board of Directors and CEO (of which variable remuneration and similar)	Other employees	Board of Directors and CEO (of which variable remuneration and similar)	Other employees
Parent Company	**9 (2)**	**25**	**9 (1)**	**27**
Subsidiaries				
Sweden	9 (3)	455	9 (2)	476
Australia	4 (0)	38	1 (0)	23
Canada	- (-)	9	- (-)	—
Denmark	4 (1)	57	4 (1)	55
Iceland	1 (-)	19	- (-)	—
Hong Kong	2 (0)	3	2 (-)	3
Singapore	1 (0)	4	1 (-)	2
Italy	2 (1)	1	1 (0)	1
Norway	- (-)	6	1 (-)	8
UK	3 (0)	72	5 (0)	30
USA	- (-)	43	- (-)	45
Finland	4 (0)	47	4 (1)	72
Estonia	1 (0)	5	1 (0)	5
Latvia	2 (-)	2	1 (0)	3
Lithuania	0 (0)	3	0 (0)	3
Total subsidiaries	**33 (5)**	**764**	**30 (4)**	**726**
TOTAL GROUP	**42 (7)**	**789**	**39 (5)**	**753**

PENSIONS

OMX's defined-contribution pension obligations are mainly accounted for at the cost (premium/contribution) incurred during the fiscal year for securing employee pension benefits. In these cases, there is no need to perform an actuarial valuation of the pension plan and the Group's earnings are charged for expenses in pace with the benefits being earned.

INFORMATION ABOUT RELATED PARTIES

During 2005, one of Board Chairman Olof Stenhammar's majority-owned subsidiaries received remuneration based on a license agreement related to the formation of OM in 1985. The payment comprises a fixed and a profit-related amount. The profit-related amount is 1 percent of OMX's profit after financial items. The remuneration for 2005 amounts to SEK 9.2 m. The agreement has been terminated and expired on December 31, 2005.

NOTE 8. TRANSACTIONS WITH RELATED PARTIES

“Related parties” refers to companies and individuals on whom OMX is in a position to exercise significant, though not controlling, influence. When transactions with associated companies reported in accordance with the equity method are not eliminated in the consolidated financial statements, separate information is shown in the table below to disclose those transactions that took place between OMX and these companies. Information relating to transactions with individuals in close proximity (Board of Directors and senior executives) is set out in Note 7.

TRANSACTIONS WITH RELATED PARTIES, GROUP, 2006

(SEK m)	Sales	Purchases	Receivables	Liabilities
Associated companies				
EDX London Ltd	36	—	7[1)]	—
VPC AB	19	1	—	—
Näringslivskredit, NLK AB	—	13	—	—
Orc Software AB	—	10	—	—

1) Of which SEK 6 m is a long-term receivable.

Sales and purchases from related parties occur at market prices.

NOTE 9. FINANCIAL ITEMS

	GROUP	
(SEK m)	2006	2005
FINANCIAL REVENUE		
Interest revenue	41	34
Interest revenue, Group companies	—	—
Dividends	—	—
Other investments including derivatives	5	16
Exchange-rate differences		
On derivatives intended for protection of shareholders’ equity in subsidiaries	—	—
On other loans and derivatives	2	—
Total financial revenue	**48**	**50**
FINANCIAL EXPENSES		
Interest expenses	-85	-74
Other investments including derivatives		
Net loss attributable to divestment of financial assets available for sale	-11	-1
Exchange-rate differences		
On other loans and derivatives	—	-11
Refinancing of subsidiaries		—
Impairment loss on shares in subsidiaries	—	—
Other[1)]	-5	-28
Total financial expenses	**-101**	**-114**
TOTAL FINANCIAL ITEMS	**-53**	**-64**

1) For 2005, this item included impairment of external receivables of SEK 11 m and accrued interest for the repayment of VAT in the negative amount of SEK 3.5 m.

NOTE 10. ASSOCIATED COMPANIES

SHARES IN ASSOCIATED COMPANIES CONSOLIDATED IN ACCORDANCE WITH THE EQUITY METHOD

(SEK m)	GROUP 2006	2005
Reported value at beginning of year	623	633
Acquisition of associated companies and capital contribution	—	67
Sale of associated companies	-459	0
Share in earnings of associated companies[1)]	46	15
Dividends and Group contributions received from associated companies	-34	-15
Translation differences	-3	4
Other changes in associated companies' equity	13	-81
Reported value at year-end	**186**	**623**

1) Share in earnings of associated companies includes VPC AB in the amount of SEK 24 m in 2006.

The consolidated value of owned shares in income, earnings, assets and liabilities are specified below.

The market value of the holding in Orc Software (4.5 million shares) was SEK 524 m (398) as per December 31, 2006. The book value was SEK 76 m (62). Other holdings are not listed. For these amounts the fair value is deemed to be the same as book value.

At the beginning of October, OMX announced that it had sold its entire holding of 443,700 shares in VPC AB for a total of 575 m. The gain of SEK 83 m from this transaction was reported as other revenue.

(SEK m)	Country	Revenue	Income/loss	Assets	Liabilities	Shareh. equity	Ownership in %
Associated *companies, 2006*							
Central Securities Depositories of Lithuania	Lithuania	5	2	11	0	11	40
EDX London Ltd	UK	26	3	31	6	25	24
Näringslivskredit NLK AB	Sweden	1	1	99	27	72	48[2)]
ORC Software AB	Sweden	123	16	140	64	76	30
Associated *companies,* 2005							
Central Securities Depositories of Lithuania	Lithuania	5	2	13	1	12	40
EDX London Ltd	UK	55	-23	28	6	22	24
VPC AB	Sweden	137	32	293	53	240	20
Näringslivskredit NLK AB	Sweden	3	0	140	69	71	48[2)]
ORC Software AB	Sweden	86	4	100	40	60	31

2) Share of equity amounts to 90 percent

None of the above participations in associated companies are owned by the Parent Company. At December 31, 2006, participations in associated companies included goodwill amounting to SEK 2 m (217).

NOTE 11. TAXES

Both current and deferred income tax are reported for Swedish and foreign Group entities under "Taxes" in the income statement. Companies in the Group are liable to pay tax in accordance with relevant taxation legislation in the respective countries. The corporate tax rate was calculated on nominal reported income adding non-deductible items and deducting non-taxable revenue. Assessments and assumptions have been made when calculating the amounts and percentages presented in this Note. All assessments and assumptions involve a certain degree of uncertainty.

DISTRIBUTION OF INCOME BEFORE TAX

(SEK m)	GROUP 2006	2005
Sweden	334	381
Other countries	771	450
Share in earnings of associated companies	46	15
TOTAL	**1,151**	**846**

The "Distribution of tax for the year" table reports how tax is specified between Sweden and other countries and the division of current and deferred taxes. The positive earnings in the Swedish portion of the operations led to a dissolution of tax loss carryforwards equivalent to tax assets. The Group's operations in other countries resulted in mostly current tax and, to a lesser extent, utilized loss carryforwards.

DISTRIBUTION OF TAX FOR THE YEAR

(SEK m)	GROUP 2006	2005
Current tax		
Sweden	-3	-79
Other countries	-112	-40
Total	**-115**	**-119**
Deferred tax		
Sweden	-97	-109
Other countries	-28	-75
Total	**-125**	**-184**
TOTAL	**-240**	**-303**
Tax rate, %	21	36

The Group’s positive deviation from the nominal Swedish tax rate of 28 percent is primarily due to tax-exempt capital gains arising from the sale of shares in VPC AB and NOS AS, and other tax-exempt revenue. The fact that the Group conducts operations in several countries with a lower tax rate than Sweden also has a positive impact on the tax rate. The fact that operations are conducted in countries with lower tax rates than the nominal Swedish tax rate and that the company receives tax-exempt revenues will continue to entail that the Group’s tax rate will amount to approximately 25 percent.

RECONCILIATION OF EFFECTIVE TAX

(%)	GROUP 2006	2005
Swedish income tax rate	28	28
Difference between different countries' tax rates	-1	-1
Deficit for which tax loss carryforwards have not been observed	1	2
Utilization of previously non-capitalized deficits	—	-1
Capital gains	-4	
Tax-exempt revenues	-5	-1
Non-deductible expenses	1	
Earnings from associated companies	-1	0
Adjustments for previous year	—	9
Other	2	0
EFFECTIVE TAX RATE	**21**	**36**

Of the Group's total tax loss carryforwards, which is approximately SEK 897 m, only SEK 433 m is considered in the calculation of deferred tax. The tax loss carryforwards that are considered in the calculation of deferred tax are reported to the extent that it is probable that it will be utilized against future taxable surplus. It is not deemed possible for those tax loss carryforwards not considered in the calculation to be utilized against in the foreseeable future since these loss carryforwards are attributable to countries in which the Group has limited revenues.

DISTRIBUTION OF ACCUMULATED TAX LOSS CARRYFORWARDS

(SEK m)	GROUP 2006	2005
Sweden	369	699
Other countries	528	617
TOTAL	**897**	**1,316**

TOTAL TAX LOSS CARRYFORWARDS THAT CORRESPOND TO TAX ASSETS

(SEK m)	GROUP 2006	2005
Sweden	369	699
Other countries	64	108
TOTAL	**433**	**807**

The Group's deferred tax assets attributable to Sweden are deemed to be consumed within the forthcoming two years. The largest portion of foreign loss carryforwards that correspond to tax assets should be utilized within the same time period. Deferred tax assets referring to restructuring will be utilized at the same rate as the utilization of restructuring provisions and other provisions.

DEFERRED TAX ASSETS AND TAX LIABILITIES

(SEK m)	GROUP 2006	2005
Deferred tax assets		
Loss carryforwards	115	217
Provisions for restructuring measures	10	20
Total deferred tax assets	**125**	**237**
Deferred tax liabilities		
Untaxed reserves	-39	-26
Total deferred tax liabilities	**-39**	**-26**
DEFERRED TAX ASSETS, NET	**86**	**211**

Losses in Swedish companies can be utilized for an unlimited amount of time. For foreign subsidiaries, the useful life of the loss is limited in certain cases. The minimum time period within which foreign losses can be utilized is 16 years. Of the losses that can be utilized for a limited amount of time (2019-2024), SEK 28 m are tax loss carryforwards that correspond to tax assets.

UTILIZATION OF TOTAL LOSSES AT YEAR-END

(SEK m)	GROUP 2006	2005
Last utilization year		
2019-2024	128	147
Unlimited	769	1,169
TOTAL	**897**	**1,316**

UNTAXED RESERVES

Stockholmsbörsen AB signed a credit insurance related to clearing participants' default. The insurance is intended to cover losses arising in clearing operations and which normally are covered solely by the company's shareholders' equity. The insurance has been signed by OMX's wholly owned insurance company OMX Capital Insurance AG in Switzerland, which for part of the risk has secured reinsurance from Radian Asset Assurance Inc. in the US. OMX Capital Insurance AG has reserved funds in an insurance provision. At the Group level, the provision is distributed between unrestricted funds and deferred tax.

TAX ITEM REPORTED DIRECTLY AGAINST SHAREHOLDERS' EQUITY

(SEK m)	GROUP 2006	GROUP 2005
Deferred tax attributable to changed accounting principles	—	10
Deferred tax attributable to revaluation of financial instruments	7	8
Current tax in Group contribution received	—	—
TOTAL	**7**	**18**

ONGOING TAX DISPUTES

OMX's associated company, NLK, is party to a tax case concerning the possibility of loss carryforwards for which an appeal has been lodged with the Swedish Supreme Administrative Court. Since NLK has paid the tax expenses, the dispute will not have any further negative impact on the Group.

The Stockholmsbörsen AB subsidiary received a ruling from the Swedish Tax Board in 2004 pursuant to which the company will be subject to a value added tax surcharge for the support and facility management services it purchases from other companies in the Group. Stockholmsbörsen AB does not share the Swedish Tax Board's assessment and will appeal against the ruling. Should the Swedish Tax Board's opinion ultimately be upheld, this would give rise to a cost for the Group of SEK 90-110 m based on the situation on December 31, 2006 and increase ongoing expenses by SEK 2 m per month.

Other ongoing current disputes, either individually or collectively, are not considered to pose any material threat to the Group's business operations, its financial position or its earnings.

NOTE 12. OPERATIONAL LEASING

GROUP

The Group has no financial leasing commitments. Set out below are the operational leasing commitments of the Group.

LEASING FEES FOR THE PERIOD

(SEK m)	2006	2005
Equipment	2	1
Computer operations	57	76
Premises	190	209
TOTAL	**249**	**286**

CONTRACTED LEASING FEES

(SEK m)	2007	2008	2009	2010	2011	2012-17
Equipment[1)]	18	2	2	—	—	—
Computer operations	18	15	7	—	—	—
Premises	175	165	168	170	167	890
of which, premises sublet	25	25	25	22	22	71
of which, provisions made	24	17	12	6	5	15
TOTAL	**211**	**182**	**177**	**170**	**167**	**890**

1) Of which SEK 16 m contracted for 2007 relates to leasing of computer equipment from the associated company, Näringslivskredit, NLK AB.

NOTE 13. INTANGIBLE ASSETS

GROUP, (SEK m)	Goodwill	Capitalized expenditure for development	Other intangible assets
Acquisition cost brought forward Jan 1, 2005	1,950	879	199
Assets acquired through acquisitions	917	—	350
Assets acquired during the year	—	200	96
Reclassifications	—	-20	—
Exchange-rate differences	93	—	-5
Acquisition cost carried forward, Dec 31, 2005	**2,960**	**1,059**	**640**
Amortization brought forward, Jan 1, 2005	—	383	67
Amortization for the year	—	73	43
Amortization carried forward, Dec 31, 2005	—	**456**	**110**
Impairment brought forward, Jan 1, 2005	3	185	5
Impairment for the year	2	9	2
Impairment carried forward, Dec 31, 2005	**5**	**194**	**7**
BOOK VALUE, DEC 31, 2005	**2,955**	**409**	**523**
Of which assets held for sale	31	—	25
Acquisition cost brought forward, Jan 1, 2006	2,960	1,059	640
Assets acquired through acquisitions	335	—	244
Assets acquired during the year	—	185	26
Reclassifications	—	—	18
Exchange-rate differences	-120	—	-10
Acquisition cost carried forward, Dec 31, 2006	**3,175**	**1,244**	**918**
Amortization brought forward, Jan 1, 2006	—	456	110
Amortization for the year	—	51	78
Amortization carried forward, Dec 31, 2006	—	**507**	**188**
Impairment brought forward, Jan 1,2006	5	194	7
Impairment for the year	—	21[1)]	4
Impairment carried forward, Dec 31, 2006	**5**	**215**	**11**
BOOK VALUE, DEC 31, 2006	**3,170**	**522**	**719**
Of which assets held for sale	30	—	32

1) Of which SEK 20 m relates to the impairment of intangible assets that took place in conjunction with the sale of shares in VPC AB.

TOTAL INTANGIBLE ASSETS, USEFUL LIFE

(SEK m)	Acquisition cost	Book value
Development in progress	294	269
3 years	22	4
5 years	1,019	313
10 years	390	250
20 years	435	405
TOTAL	**2,160**	**1,241**
(out of which assets held for sale	30	30)

The useful life for intangible assets found in the Parent Company is five years.

Development in progress relates to various components in the marketplace system. Their values are reviewed continuously and amortization is initiated when the respective part has been completed. Of the book value per December 31, 2006, SEK 32 m refers to the Banks & Brokers operation which is being discontinued.

Assets with a useful life of 10 years mainly consist of the product EXIGO CSD, which is a central system in OMX's systems platform.

Assets with a useful life of 20 years comprise surplus values in customer contracts attributable to the acquisition of CSE and EV.

The review of the value of all intangible assets takes place on an ongoing basis throughout the year by using a risk-adjusted discounted cash flow. This review is based on assumptions and assessments, which entail a certain degree of uncertainty. OMX's WACC has been utilized as the discount factor, which is 10 percent for the Technology operations and 9 percent for the Exchange operations. The lifetime is assumed to be the same as the amortization period.

During 2006, impairment of SEK 21 m was recognized since it was not possible to justify the book value of these assets with the value of the future cash flow and that the book value exceeded fair value. The cost has been booked as an impairment in the income statement.

CAPITALIZED EXPENDITURE FOR RESEARCH AND DEVELOPMENT

This item relates to OMX's systems solutions. The major components are the new development of OMX's platform for future systems solutions – GENIUM, a new system for settlement, registration and custody of securities – EXIGO CSD, the next generation of CLICK™ – CLICK XT, a systems solution for banks and brokerage firms – STP, and a systems platform for energy trading – CONDICO™.

OTHER INTANGIBLE ASSETS

	GROUP	
(SEK m)	2006	2005
Software	120	119
Licenses	1	2
Surpluses in acquired customer contracts	405	285
Other	161	92
TOTAL	**687**	**498**

GOODWILL

Goodwill is divided between the Group's cash-generating units, primarily within the Nordic Marketplaces business area:

(SEK m)	2006	2005
Nordic Marketplaces		
Stockholm Stock Exchange	590	590
Helsinki Stock Exchange	1,304	1,362
Copenhagen Stock Exchange	876	924
Iceland Stock Exchange	130	—
Total Nordic Marketplaces	**2,900**	**2,876**
Information Services & New Markets		
Other exchanges	14	15
Market Technology		
Computer share	180	—
Other	76	64
Total Market Technology	**256**	**64**
TOTAL	**3,170**	**2,955**
out of which assets held for sale	30	30

An impairment test of goodwill was performed at the end of 2006. It is necessary to make a number of assessments and assumptions that entail a certain degree of uncertainty for this test.

The value in use of goodwill attributable to exchange operations was calculated based on the discounted eternal cash flow with a growth rate of 0 percent and a discount rate of 9 percent which corresponds to the company's WACC for the Exchange operations.

The eternal useful life was applied against the background of the company's long history of a stable and strong cash flow. The acquisitions are of great strategic importance to OMX. A larger market and increased liquidity were achieved through these acquisitions. Cost-efficiency, and thereby competitiveness are increased by integrating the technical infrastructure. OMX's technology operations also benefit from the large home market that was created. A growth rate of 0 percent based on expected outcome for 2006 was applied by way of precaution due to the difficulty in assessing the market of the exchange operations. The value in use was calculated at a discount rate (WACC) of 10 percent corresponding to the company's average cost of capital for the Technology operations. No impairment requirements were identified.

A sensitivity analysis in which the discount rate was increased by 10 percent and the cash flow was decreased by 10 percent did not give rise to any further impairment requirements.

NOTE 14. TANGIBLE FIXED ASSETS

	GROUP	
(SEK m)	2006	2005
Equipment		
Acquisition cost brought forward	1,091	1,111
Assets acquired through acquisitions	1	10
Acquisitions for the year	77	85
Disposals	-36	-144
Sales	-23	-6
Exchange-rate differences	-22	35
Acquisition cost carried forward	**1,088**	**1,091**
Depreciation brought forward	711	727
Depreciation for the year	87	97
Disposals	-28	-137
Sales	-15	-2
Exchange-rate differences	-18	26
Depreciation carried forward	**737**	**711**
Impairment brought forward	18	18
Impairment for the year	4	—
Impairment carried forward	**22**	**18**
BOOK VALUE	**329**	**362**
Of which assets held for sale	8	7

The useful life for computers amounts to three years, for reconstructions to ten years and for other equipment to five years.

NOTE 15. OTHER INVESTMENTS HELD AS FIXED ASSETS

GROUP

(SEK m)	2006	2005
Financial assets valued at fair value via the income statement		
Shares and participations	—	4
Financial assets available for sale		
Shares and participations	363	52
TOTAL	**363**	**56**

(SEK m)	2006	2005
Acquisition cost brought forward	56	50
Acquisitions during the year	363	4
Divestments during the year	-56	-15
Revaluation of shareholders' equity	—	20
Reclassification	—	-3
ACQUISITION COST CARRIED FORWARD	**363**	**56**

NOTE 16. OTHER LONG-TERM RECEIVABLES

GROUP

	2006		2005	
(SEK m)	Reported value	Fair value	Reported value	Fair value
Other deposits	17	17	53	53
Long-term project receivables	—	—	—	—
Hedge employee stock options	—	—	68	68
Other long-term receivables	23	23	42	42
TOTAL	**40**	**40**	**163**	**163**

NOTE 17. MARKET VALUE, OUTSTANDING DERIVATIVE POSITIONS

Through its clearing operations in the derivative markets, Nordic Marketplaces is the formal counterparty in all derivative positions traded via the exchanges. However, the exchanges do not utilize the derivatives for purpose of conducting their own trading, instead these derivatives are to be seen as a method of documenting the counterparty guarantees established in the clearing operations. Counterparty risks are measured by models that have been agreed upon with the financial supervisory authority in the respective countries. The risk situation associated with the divestment of positions remains unchanged compared with prior years. Collateral for the divestment of outstanding derivative instruments is provided as previously. According to IAS 39/32, the market value of the above-mentioned derivative positions is reported in the balance sheet.

Receivables and liabilities attributable to outstanding derivative positions have been netted to the extent that such a legal offset right exists and, at the same time, that it is OMX's intention to settle these items. The market value as per December 31, 2006 was SEK 4,401 m, which almost exclusively refers to the Stockholm Stock Exchange's derivative positions.

NOTE 18. ACCOUNTS RECEIVABLE — TRADE

(SEK m)	GROUP 2006	GROUP 2005
Accounts receivable	426	372
Less doubtful receivables	-1	-5
TOTAL	**425**	**367**

NOTE 19. OTHER RECEIVABLES

(SEK m)	GROUP 2006	GROUP 2005
Current account assets	748	556
Other non interest-bearing receivables	139	126
Other interest bearing receivables	1	2
TOTAL	**888**	**684**

NOTE 20. PREPAID EXPENSES AND ACCRUED INCOME

(SEK m)	GROUP 2006	GROUP 2005
Premises, rent	34	43
Systems sales, facility management[1)]	216	304
Information sales	97	59
Transaction revenue	25	109
Insurance	14	12
Unrealized exchange-rate gains	23	39
Other	9	21
TOTAL	**418**	**587**

1) The item includes project revenue reported in accordance with the percentage-of-completion principle.

NOTE 21. FINANCIAL ASSETS AVAILABLE FOR SALE

(SEK m)	GROUP 2006	GROUP 2005
Government securities	519	724
Bank and financial institutions	—	—
TOTAL	**519**	**724**

The fair values of the above items correspond to the reported values.

NOTE 22. SHAREHOLDERS' EQUITY

A new share issue took place in October in conjunction with the expiry of the employee warrants program, entailing that the number of shares increased by 98,600 to 118,572,907. In November, a new share issue took place in conjunction with the acquisition of Eignarhaldsfelagid Verdbrefathing, entailing that the number of shares increased by 2,067,560 to 120,640,467, with a ratio value of SEK 2 with one vote per share. Consolidated shareholders' equity amounted to SEK 38 (40) per share.

ASSOCIATED COMPANIES

Income that is not paid out as a dividend in associated companies is recorded in the Group's shareholders' equity among profit/loss brought forward. The application of the equity method of accounting for associated companies means that the value of shareholders' equity in the Group is reported at SEK 76 m (64) higher than if the acquisition cost method had been used.

SHAREHOLDERS' EQUITY, GROUP

(SEK m)	2006	2005
Share capital	241	237
Other contributed funds	3,536	3,271
Other reserves		
Fair value reserve	—	12
Hedging reserve	-18	—
Translation reserve	-85	88
Profit/loss bought forward	16	584
Net income for the year	907	543
Minority interests	17	14
TOTAL SHAREHOLDERS' EQUITY	**4,614**	**4,749**

OTHER RESERVES, GROUP

(SEK m)	Fair value reserve	Hedging reserve	Translation reserve	Total
Opening balance, 2005	—	—	-37	-37
Revaluation of shares available for sale	12	—	—	12
Translation differences	—	—	125	125
Closing balance 2005	**12**	**—**	**88**	**100**
Cash-flow hedging				
Gain/loss to shareholders' equity	—	-9	—	-9
Transferred to income statement	—	-9	—	-9

Exchange-rate differences				
Hedging of equity	—	—	25	25
Translation differences	—	—	-198	-198
Financial assets available for sale				
Transferred to income statement	-12	—	—	-12
Closing balance 2006	**—**	**-18**	**-85**	**-103**

Items are reported net after tax.

FAIR VALUE RESERVE

The fair value reserve includes the accumulated net change in fair value of financial assets available for sale until the asset is eliminated from the balance sheet.

HEDGING RESERVE

The hedging reserve includes the change in value of cash-flow hedges. The change in value is re-entered in the income statement in line with the hedged cash flow impacting the income statement.

TRANSLATION RESERVE

The translation reserve includes all exchange-rate differences arising in conjunction with the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK). The translation reserve also comprises exchange-rate differences arising in conjunction with the translation of liabilities reported as hedging instruments of a net investment in a foreign operation.

NOTE 23. LONG-TERM LIABILITIES

This Note contains information on the Group's long-term liabilities. For information regarding dates of maturity for the long-term liabilities, refer to Note 27 and for information regarding the Group's exposure to interest rate risks of exchange-rate fluctuations, refer to section entitled Risk Management on page 13.

For information regarding the reporting of employee stock options, refer to the section entitled Accounting principles.

Division of long-term liabilities.

(SEK m)	GROUP 2006	2005
Interest-bearing long-term liabilities		
Bond loans (interest-bearing)	1,360	1,409
Other long-term liabilities		
Liabilities, employee stock options	15	18
Liabilities Computershare	97	—
Rent deposit	9	—
Other long-term liabilities	2	1
TOTAL	**1,483**	**1,428**

NOTE 24. PROVISIONS

RESTRUCTURING RESERVE

(SEK m)	GROUP 2006	2005
Opening balance	—	26
Provisions made during the period	—	—
Utilized reserves	—	-26
TOTAL	**—**	**—**

Refers to savings program in 2003. All remaining reserves were utilized in 2005.

OTHER PROVISIONS

(SEK m)	GROUP 2006	2005
Opening balance	128	208
Reclassifications	—	27
Provisions made during the period	—	—
Utilized reserves	-44	-113
Exchange-rate effects	-5	6
TOTAL	**79**	**128**

The opening balance comprises the reserve of SEK 10 m for the integration of OM and HEX, and provisions for expenses for unutilized premises of SEK 118 m. The integration reserve was utilized during the year in the amount of SEK 10 m and has thereby been utilized in its entirety. The provision for premises was utilized in the amount of SEK 39 m including exchange-rate effects.

The provision for expenses for unutilized premises is based on management's assumptions and assessments and is associated with a certain degree of uncertainty. These expenses refer primarily to OMX's offices in London and New York. The provision was established in 2004 as a result of the reduction in personnel associated with the focus on cost-savings and efficiency-enhancement measures in the operations which OMX has worked with in recent years, and a decline in market conditions for the lease of premises, leading to certain areas being leased at a lower rent than OMX's lease conditions. See Note 12 regarding the cash-flow dates. For leasing contracts invoicing sub-lets, a reserve has been established for known losses for five years in the future. The leasing contract will expire during the period 2009-2015.

RESTRICTED RESERVE, CSE

The total amount of provisions presented below also includes a reserve attributable to the operations in the Copenhagen Stock Exchange, CSE. This reserve may not be distributed and may only be used to cover losses in CSE in accordance with the Danish Security Trading Act. The reserve amounts to SEK 66 m as per December 31, 2006 and is classified in its entirety as long term.

TOTAL PROVISIONS

(SEK m)	GROUP 2006	2005
Long-term portion	121	154
Short-term portion	24	41
TOTAL	**145**	**195**

NOTE 25. OTHER LIABILITIES

(SEK m)	GROUP 2006	2005
Current account liabilities	650	613
Other non interest-bearing liabilities	148	88
Other interest-bearing liabilities	38	—
TOTAL	**836**	**701**

NOTE 26. ACCRUED EXPENSES AND DEFERRED INCOME

(SEK m)	GROUP 2006	GROUP 2005
Personnel expenses	187	182
Systems sales[1)]	8	11
Support revenue	26	—
Facility Management[1)]	15	12
Trading revenue	10	—
Issuers' revenue[2)]	60	53
Commission revenue	22	—
Other deferred income	27	53
Unrealized exchange-rate losses	13	106
Accrued interest	30	—
Other	75	129
TOTAL	**473**	**546**

1) Customer invoicing terms for projects are usually set within a contract and it is not uncommon that payments do not correspond to work carried out at a given time. Work that has been invoiced, but not yet carried out, is treated as a liability to the customer. During the period when the work to which the invoice relates is carried out, this liability is re-booked as revenue.

2) Relates to listing fees paid by companies listed on the exchanges within OMX's exchanges. These fees are paid quarterly in advance and are based on the average market capitalization of a company over the preceding 12-month period.

NOTE 27. DUE DATES FOR RECEIVABLES AND LIABILITIES

GROUP

(SEK m)	Within 12 months	Within 2-5 years	After 5 years	TOTAL
Other long-term receivables	—	29	11	40
Accounts receivable	425	—	—	425
Tax assets	6	—	—	6
Other receivables	888	—	—	888
Prepaid expenses and accrued income	397	20	1	418
Assets available for sale	70	—	—	70
Interest-bearing long-term liabilities	—	1,360	—	1,360
Other long-term liabilities	—	122	1	123
Provisions	24	40	81	145
Liabilities to credit institutions[1)]	398	—	—	398
Accounts payable	109	—	—	109
Tax liabilities	30	—	—	30
Other liabilities	836	—	—	836
Accrued expenses and deferred income	458	15	—	473
NET RECEIVABLE (+)/NET LIABILITY (-)	**-69**	**-1,488**	**-70**	**-1,627**

1) Refers to the commercial paper program.

NOTE 28. OTHER INTEREST-BEARING AND NON INTEREST-BEARING RECEIVABLES AND LIABILITIES

This Note contains information on the classification between interest-bearing and non interest-bearing items in the balance sheet. For information regarding dates of maturity, fixed-interest periods and the average weighted interest of interest-bearing items, refer to section entitled Risk Management on page 13.

	GROUP		
(SEK m)	Interest-bearing	Non interest-bearing	Total
Financial fixed assets	21	699	720
Current receivables	1	6,138	6,139
Financial assets available for sale	519	—	519
Cash equivalents	409	—	409
Long-term liabilities	1,361	258	1,619
Short-term liabilities	436	5,859	6,295
RECEIVABLES AND LIABILITIES, NET	**-847**	**720**	**-127**

NOTE 29. COLLATERAL RECEIVED BY OMX'S EXCHANGE OPERATIONS

Through its clearing operations, the Stockholm Stock Exchange is a counterparty in every options and futures contract and thereby guarantees the fulfillment of each contract. Customers, who through an options or futures contract, assume an obligation to the Stockholm Stock Exchange, must pledge collateral for the obligation according to special rules for this.

GROUP

(SEK m)	2006	2005
Stockholm Stock Exchange	15,458	11,533
TOTAL	**15,458**	**11,533**

NOTE 30. PLEDGED COLLATERAL

GROUP

(SEK m)	2006	2005	
OMX Treasury AB	—	45	Lease deposit
OMX Technology Pty Ltd	3	2	Lease deposit
OMX Technology Ltd (Hong-Kong)	—	1	Lease deposit
HEX Securities Services Ltd OY[1)]	32	44	Liquidity guarantee
TOTAL	**35**	**92**	

1) Relates to pledged collateral for the right to act as the Swedish equivalent of the account-handling institution.

NOTE 31. CONTINGENT LIABILITIES

GROUP

(SEK m)	2006	2005
Guarantees issued for clearing operations (OMX AB)[1)]	3,020	1,414
Other guarantees (OMX AB)[2)]	174	69
Total	**3,194**	**1,483**

1) Through its clearing operations, OMX AB's exchange operations act as a counterparty in each transaction and thereby guarantees the fulfillment of each contract. OMX's exchange operations are to pledge collateral for commitments with other clearing houses. The amount of these commitments is calculated on the gross exposure between the clearing houses. As collateral for these obligations, the operations have obtained bank guarantees, which are guaranteed by OMX AB through counterparty agreements.

2) Primarily obligations for leasing contracts and in conjunction with the systems sales in Market Technology. In addition to the items above, there are general Parent Company guarantees for wholly owned subsidiaries of OMX AB.

OMX is party to a number of cases and disputes for which no provisions have been established since it is the opinion of management that all cases will be found in favor of OMX. There is naturally a certain degree of uncertainty associated with this opinion.

NOTE 32. EARNINGS PER SHARE

CHANGE IN NUMBER OF SHARES

After authorization was received at OMX's Extraordinary General Meeting of shareholders on October 23, 2006, the company's share capital was increased by SEK 4,135,120 by a new share issue of 2,067,560. The newly-issued shares were utilized as part payment for the acquisition of Eignarhaldsfelagid Verdbrefathing (the holding company for the Iceland Stock Exchange and central securities depository). A new share issue took place in October in conjunction with the expiry of the employee warrants program, entailing that the company's share capital increased by SEK 197,200 and the number of shares increased by 98,600.

	2006	2005
Outstanding shares at beginning of the period	118,474,307	115,547,015
New share issue	2,166,160	2,927,292
Outstanding shares at the end of the period	**120,640,467**	**118,474,307**

EARNINGS PER SHARE BEFORE DILUTION

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2006	2005
Net income/loss for the year, SEK m, attributable to the shareholders in OMX AB	907	538
Average number of shares outstanding	118,671,254	118,108,396
EARNINGS PER SHARE, SEK	**7.64**	**4.56**
Of which attributable to continuing operations	8.03	4.70
Of which attributable to discontinued operations	-0.39	-0.14

EARNINGS PER SHARE AFTER DILUTION

Earnings per share are based on net income/loss for the year attributable to the Parent Company's owners:

	2006	2005
Net income/loss for the year, SEK m, attributable to the shareholders in OMX AB	907	538
Average number of shares after dilution and with full utilization of options[1)]	118,885,754	118,394,396
EARNINGS PER SHARE, SEK[2)]	**7.64**	**4.56**

1) For information relating to OMX's employee stock options (no dilution), see Note 7.

2) Earnings per share after dilution corresponds to earnings per share before dilution since it has not been deemed probable that the warrants will be utilized due to the fact that the issue price was higher than the share price in 2005 and 2006.

NOTE 33. CASH FLOW

CASH EQUIVALENTS

The following sub-components are included in cash equivalents:

	GROUP	
(SEK m)	**2006**	**2005**
Cash and bank balances	409	519
Financial assets available for sale	519	724
Total cash equivalents	**928**	**1243**
Financial assets available for sale with tenures of > 3 months	-519	-724
Total according to balance sheet	**409**	**519**

Financial assets available for sale are short-term investments that comprise discounting instruments, bonds and securities issued by the government, local authority, a Swedish limited liability company and a Swedish housing finance institution. All short-term investments entail an insignificant risk of fluctuations in value and can readily be converted to cash funds. However, only those investments with a maximum tenure of three months are included in the item "Cash equivalents" in the balance sheet and in the cash-flow statement. Other short-term investments are reported as "Cash flow from investing activities".

Cash equivalents that were not available to the Group amounted to SEK 21 m at the end of the period. Blocked funds primarily refer to cash equivalents utilized as hedging in clearing activities. The Group's total hedges in interest-bearing assets relating to clearing activities amount to approximately SEK 750 m, the majority of which are investments with tenures exceeding three months.

FINANCIAL ITEMS

The following financial items reported in the income statement affect the cash flow:

	GROUP	
(SEK m)	**2006**	**2005**
Other interest income and similar profit/loss items		
Dividends	—	—
Interest	48	34
Exchange-rate differences	0	—
Other	5	4
Total	**53**	**38**
Interest expense and similar profit/loss items		
Interest	-99	-74
Interest, Group	—	—
Exchange-rate differences	—	-11
Other	-16	-9
Total	**-115**	**-94**
TOTAL	**-62**	**-56**

CASH FLOW FROM ACQUISITIONS AND DIVESTMENTS OF GROUP COMPANIES

Cash flow from acquisitions

During 2006, Eignarhaldsfelagid Verdbrefathing (EV) was acquired and in 2005 the Copenhagen Stock Exchange (CSE) was acquired. The cash flow from these acquisitions is described in the table below:

	GROUP	
(SEK m)	**2006**	**2005**
Intangible assets	275	1,224
Tangible fixed assets	1	12
Financial fixed assets	8	21
Receivables	19	80
Cash equivalents	33	307
Long-term liabilities	—	—
Current liabilities	-22	-187
Minority interests	—	—
Total purchase price	**314**	**1,457**
Total purchase price paid	**-314**	**-1,457**
Less earlier holding in acquired company	—	18
Less payment with treasury shares	256	232
Purchase price paid	**-58**	**-1,207**
Cash equivalents in acquired Group company	33	307
CASH FLOW FROM ACQUISITIONS	**-25**	**-900**
Acquisition costs affecting cash flow in the forthcoming year	6	—
TOTAL CASH FLOW FROM ACQUISITIONS DURING THE FISCAL YEAR	**-19**	**-900**

Cash flow from divestments

During 2005, the operations within Banks & Brokers in Australia were divested. The cash flow from these divestments is described in the table below;

	GROUP	
(SEK m)	**2006**	**2005**
Intangible assets	—	29
Tangible fixed assets	—	—
Receivables	—	—
Cash equivalents	—	—
Long-term liabilities	—	—
Current liabilities	—	—
Total purchase price	**—**	**29**
Capital gains/losses	—	—
Total of purchase price received	**—**	**29**
Less cash equivalents in divested companies	—	—
Restructuring reserve	—	—
Cash and cash equivalents in divested Group companies	—	—
CASH FLOW FROM DIVESTMENTS	**—**	**29**

ITEMS NOT AFFECTING CASH FLOW

Changes in the company's asset structure related to acquisition are accounted for in the tables above "Cash flow from acquisitions" and "Cash flow from divestments." Other transactions related to investment and financing operations that do not give rise to payments, despite the fact that they impact the company's capital and asset structure, encompass depreciation/amortization and impairment, utilization of reserves, share in earnings of associated companies and capital gains/losses.

LIQUIDITY AND FINANCING

Interest-bearing net liabilities amounted to SEK 847 m (572) at the end of the reporting period. OMX's interest-bearing financial assets totaled SEK 950 m (1,334), of which SEK 21 m (90) represented financial fixed assets.

Interest-bearing financial liabilities totaled SEK 1,797 m (1,906), of which SEK 1,360 m (1,400) was long-term.

Agreed credit facilities amounted to SEK 3,741 m (3,033), of which SEK 30 m (0) was utilized. Of the granted credit facilities, SEK 1,335 m (823) refers to clearing operations. Cash equivalents equaled SEK 409 m (915) and consisted of short-term investments and cash and bank balances. Investments with lifetimes shorter than three months are included in the item "Cash equivalents", since these securities are exposed to an insignificant level of risk and can be readily turned into cash.

NOTE 34. INFORMATION REGARDING THE PARENT COMPANY

OMX AB (publ) is a limited liability company registered in Sweden, with its registered office in Stockholm. The Parent Company's shares are listed on the stock exchanges in Stockholm, Helsinki, Copenhagen and Iceland. The address of the headquarters is: OMX AB, 105 78 Stockholm, Sweden.

The consolidated accounts for 2006 comprise the Parent Company and its subsidiaries, referred to collectively as the Group. The Group also includes shareholdings in associated companies.

NOTE 35. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

DISCONTINUING OPERATIONS

After the end of the reporting period, OMX signed an agreement with HCL Technologies, the global IT services provider, regarding an extended partnership which means that OMX no longer has any discontinuing operations in the Nordic region. The partnership means that HCL Technologies will assume responsibility for the development and maintenance of systems for securities management targeted to banks and brokers and that the remaining part of the Nordic operations will be moved to Information Services & New Markets business area, and will be included in the Broker Services unit. A number of employees' work tasks will be within the Market Technology business area to replace consultants and minimize new recruitments. The transferred unit had sales of SEK 160 m and costs of SEK 195 m in 2006. The unit expects to report a profit in 2007. The changes will be implemented in OMX's financial statements as per January 1, 2007.

SHARE MATCH PROGRAM 2007

On April 12, 2007, the Annual General Meeting of OMXAB approved the proposal of the OMX Board to continue and expand the share match program for senior executives for a second year. The program is targeted at approximately 95 senior executives and key individuals in OMX. The duration of the program is three years and requires employees to invest their own funds in OMX shares. Participants in the program invest in OMX shares and, provided that OMX achieves performance targets related to earnings per share and how the OMX's shares perform in comparison to its competitors, after three years, participants may obtain a maximum of five matching shares per invested share. President and CEO Magnus Böcker may receive a maximum of eight matching shares per invested OMX share. The number of shares that the participant may buy in the program is limited.

Costs for OMX's Share Match Program for 2007 involve administrative expenses, compensation costs and social security contributions which the Board expects to amount to approximately SEK 25 m over the period 2007-2009.

PROPOSAL FOR AUTHORIZATION ON REPURCHASE OF SHARES

After the reporting period, the OMX Board decided to propose to the 2007 Annual General Meeting that it authorize the Board to repurchase shares corresponding to a maximum of 10 percent of the number of shares outstanding. The repurchase could take place through trading on the stock exchange or a directed offering to shareholders. OMX does not currently own any treasury shares. This mandate shall apply until the 2008 Annual General Meeting. The purpose of the proposal is to be able to continuously adapt the capital structure to the company's needs, and thereby increase value for shareholders and repurchase shares that could be used for the execution of OMX's Share Match Program. The details of the proposal will be communicated when notice of the 2007 Annual General Meeting is made.

Exhibit 99.5

The NASDAQ OMX Group, Inc.
Unaudited Pro Forma Condensed Combined Statement of Income
Year Ended December 31, 2007
(in thousands, except per share amounts)

	Nasdaq	OMX US GAAP	Equity Investment in DIFX (Note 4)	Pro Forma Adjustments	Note	NASDAQ OMX Pro Forma Combined	PHLX	PHLX Pro Forma Adjustments	Note	Pro Forma Combined
Revenues										
Market Services	$ 2,152,390	$397,864	$ —	$ —		$ 2,550,254	$125,526	$ —		$ 2,675,780
Issuer Services	283,885	60,363	—	—		344,248	—	—		344,248
Market Technology	—	111,575	7,429	—		119,004	—	—		119,004
Other	317	1,043	—	—		1,360	7,335	—		8,695
Total revenues	2,436,592	570,845	7,429	—		3,014,866	132,861	—		3,147,727
Cost of revenue										
Liquidity rebates	(1,049,812)	—	—	—		(1,049,812)	—	—		(1,049,812)
Brokerage, clearance and exchange fees	(574,541)	—	—	—		(574,541)	—	—		(574,541)
Total cost of revenues	(1,624,353)	—	—	—		(1,624,353)	—	—		(1,624,353)
Revenues less liquidity rebates, brokerage, clearance and exchange fees	812,239	570,845	7,429	—		1,390,513	132,861	—		1,523,374
Expenses										
Compensation and benefits	200,369	176,214	—	—		376,583	70,067	—		446,650
Marketing and advertising	20,822	10,321	—	—		31,143	—	—		31,143
Depreciation and amortization	38,890	40,553	—	(12,820)	5(b)	96,523	12,597	11,000	3(a)	120,120
				29,900	5(a)					
Professional and contract services	32,113	64,546	—	(11,840)	5(g)	84,819	9,187	—		94,006
Computer operations and data communications	28,694	47,753	—	(12,932)	5(h)	63,515	12,585	—		76,100
Provision for bad debts	1,858	—	—	—		1,858	—	—		1,858
Occupancy	34,556	29,931	—	—		64,487	4,899	—		69,386
Regulatory	28,865	—	—	—		28,865	—	—		28,865
General, administrative and other	60,410	47,532	—	(5,836)	6(a)	102,106	17,023	(5,600)	3(b)	113,529
Total operating expenses	446,577	416,850	—	(13,528)		849,899	126,358	5,400		981,657
Operating income	365,662	153,995	7,429	13,528		540,614	6,503	(5,400)		541,717
Interest income	37,646	13,906	—	(16,318)	5(i)	35,234	2,364	—		37,598
Interest expense	(72,863)	(21,341)	—	(88,800)	5(c)	(113,624)	—	(47,600)	3(c)	(161,224)
				(9,362)	5(c)					
				21,341	5(c)					
				57,401	6(a)					
Loss from unconsolidated investees, net	—	6,495	(7,408)	—		(913)	—	—		(913)
Gain on foreign currency contracts	43,950	—	—	7,841	6(a)	51,791	—	—		51,791
Dividend income	14,540	—	—	(14,540)	6(a)	—	532	—		532
Capital gains from shares in equity investments	—	15,178	—	—		15,178	—	—		15,178
Gain on sale of strategic initiative	431,383	—	—	(431,383)	6(a)	—	—	—		—
Strategic initiative costs	(26,511)	—	—	26,511	6(a)	—	—	—		—
Minority interests	96	(1,035)	—	—		(939)	—	—		(939)
Income before income taxes	793,903	167,198	21	(433,781)		527,341	9,399	(53,000)		483,740
Income tax provision	275,502	32,571	8	(140,822)	5(e)	167,259	6,132	(26,026)	3(d)	147,364
Net income	$ 518,401	$134,627	$ 13	$(292,959)		$ 360,082	$ 3,267	$ (26,974)		$ 336,376
Basic and diluted earnings per share:										
Basic	$ 4.47	$ 1.12								$ 1.90
Diluted	$ 3.46	$ 1.12								$ 1.62
Weighted-average common shares outstanding for earnings per share:										
Basic	116,064	120,640		60,562	5(f)					176,626
Diluted	152,529	120,640		60,562	5(f)					213,091

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

The NASDAQ OMX Group, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of March 31, 2008
(in thousands, except share and par value amounts)

	NASDAQ OMX Consolidated	PHLX	Pro Forma Adjustments	Note	Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 736,020	$ 51,239	$ (43,700)	3	$ 714,334
			(9,743)	3	
			(2,000)	3, 3(c)	
			(17,482)	2	
Financial investments, at fair value	121,208	16,547	—		137,755
Receivables, net	403,614	22,293	—		425,907
Deferred tax assets	15,987	—	—		15,987
Market value, outstanding derivative positions	476,954	—	—		476,954
Other current assets	181,231	8,838	(3,257)	3	186,812
Total current assets	1,935,014	98,917	(76,182)		1,957,749
Clearing and depository items	—	6,921	—		6,921
Advance to clearing accounts	—	3,124	—		3,124
Available for sale, held to maturity	—	3,068	—		3,068
Property and equipment, net	189,786	60,852	(26,536)	2	224,102
Non-current deferred tax assets	156,948	19,720	—		176,668
Goodwill	3,918,636	—	428,322	3	4,502,910
			98,897	5(a)	
			57,055	2	
Intangible assets, net	2,214,228	—	335,000	3	2,385,628
			(163,600)	5(a)	
Other assets	376,695	622	(7,148)	2	370,169
Total assets	$8,791,307	$193,224	$ 645,808		$9,630,339
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable and accrued expenses	$ 208,837	$ 22,594	—		$ 231,431
Section 31 fees payable to SEC	77,686	—	—		77,686
Accrued personnel costs	82,762	2,435	5,641	2	90,838
Deferred revenue	203,195	5,648	—		208,843
Income tax payable	110,293	9,010	—		119,303
Other accrued liabilities	155,855	921	—		156,776
Deferred tax liabilities	29,579	171	5,023	3(a)	28,156
			(6,617)	5(a)	
Market value, outstanding derivative positions	476,954	—	—		476,954
Current portion of debt obligations	68,906	—	24,375	3(c)	93,281
Total current liabilities	1,414,067	40,779	28,422		1,483,268
Clearing and depository items	—	6,921	—		6,921
Debt obligations	1,574,590	—	625,625	3(c)	2,200,215
Non-current deferred tax liabilities	925,832	—	147,938	3(a)	1,015,684
			(58,086)	5(a)	
Non-current deferred revenue	136,835	—	—		136,835
Other liabilities	115,007	47,185	248	2	162,440
Total liabilities	4,166,331	94,885	744,147		5,005,363
Minority interests	12,391	—	—		12,391
Stockholders' equity					
Common stock, $0.01 par value, 300,000,000 shares authorized, 199,921,225 shares issued and 199,665,445 shares outstanding	2,001	4	(4)	3	2,001
Preferred stock, 30,000,000 shares authorized, none issued or outstanding	—	—	—		—
Additional paid-in capital	3,465,194	113,614	(113,614)	3	3,465,194
Common stock in treasury, at cost: 255,780 shares	(9,259)	(3,240)	3,240	3	(9,259)
Accumulated other comprehensive income	2,888	(3,678)	3,678	3	2,888
Retained earnings	1,151,761	(8,361)	8,361	3	1,151,761
Total stockholders' equity	4,612,585	98,339	(98,339)		4,612,585
Total liabilities, minority interests and stockholders' equity	$8,791,307	$193,224	$ 645,808		$9,630,339

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

The NASDAQ OMX Group, Inc.
Unaudited Pro Forma Condensed Combined Statement of Income
Three Months Ended March 31, 2008
(in thousands, except per share amounts)

	NASDAQ OMX Consolidated	OMX US GAAP: 1/1/08-2/26/08	Equity Investment in DIFX: 1/1/08-2/26/08 (Note 4)	OMX Pro Forma Adjustments	Note	NASDAQ OMX Pro Forma Combined	PHLX	PHLX Pro Forma Adjustments	Note	Pro Forma Combined
Revenues										
Market Services	$ 726,963	$ 72,525	$ —	$ —		$ 799,488	$38,110	$ —		$ 837,598
Issuer Services	75,688	10,508	—	—		86,196	—	—		86,196
Market Technology	11,023	12,642	1,238	—		24,903	—	—		24,903
Other	152	69	—	—		221	1,102	—		1,323
Total revenues	813,826	95,744	1,238	—		910,808	39,212	—		950,020
Cost of revenue										
Liquidity rebates	(384,771)	—	—	—		(384,771)	—	—		(384,771)
Brokerage, clearance and exchange fees	(150,723)	—	—	—		(150,723)	—	—		(150,723)
Total cost of revenues	(535,494)	—	—	—		(535,494)	—	—		(535,494)
Revenues less liquidity rebates, brokerage, clearance and exchange fees	278,332	95,744	1,238	—		375,314	39,212	—		414,526
Expenses										
Compensation and benefits	73,402	31,111	—	—		104,513	17,735	—		122,248
Marketing and advertising	1,898	1,899	—	—		3,797	—	—		3,797
Depreciation and amortization	15,912	7,296	—	(2,195)	5(b)	24,599	3,400	2,750	3(a)	30,749
				3,586	5(a)					
Professional and contract services	13,801	10,163	—	—		23,964	2,296	—		26,260
Computer operations and data communications	8,177	7,874	—	—		16,051	2,928	—		18,979
Provision for bad debts	966	—	—	—		966	—	—		966
Occupancy	12,333	4,253	—	—		16,586	1,316	—		17,902
Regulatory	7,472	—	—	—		7,472	—	—		7,472
Merger expenses	1,461	—	—	—		1,461	—	—		1,461
General, administrative and other	9,891	6,830	—	—		16,721	4,822	—		21,543
Total operating expenses	145,313	69,426	—	1,391		216,130	32,497	2,750		251,377
Operating income	133,019	26,318	1,238	(1,391)		159,184	6,715	(2,750)		163,149
Interest income	10,146	1,098	—	(6,348)	5(i)	4,896	374	—		5,270
Interest expense	(8,687)	(3,426)	—	(12,510)	5(c)	(22,656)	—	(9,907)	3(c)	(32,563)
				(1,459)	5(c)					
				3,426	5(c)					
Investment income	397	1,349	—	—		1,746	—	—		1,746
Gain from unconsolidated investees, net	26,336	738	(1,418)	(26,000)	4	(344)	—	—		(344)
Gain on foreign currency contracts	35,254	—	—	—		35,254	—	—		35,254
Dividend income	—	—	—	—		—	123	—		123
Minority interests	(253)	(154)	—	195	5(d)	(212)	—	—		(212)
Income before income taxes	196,212	25,923	(180)	(44,087)		177,868	7,212	(12,657)		172,423
Income tax provision	74,849	7,513	(71)	(18,086)	5(e)	64,205	3,217	(5,779)	3(d)	61,643
Net income	$ 121,363	$ 18,410	$ (109)	$ (26,001)		$ 113,663	$ 3,995	$ (6,878)		$ 110,780
Basic and diluted earnings per share:										
Basic	$ 0.75	$ 0.15								$ 0.56
Diluted	$ 0.69	$ 0.15								$ 0.52
Weighted-average common shares outstanding for earnings per share:										
Basic	160,979	120,640		37,934	5(f)					198,913
Diluted	176,184	120,640		37,934	5(f)					214,118

See Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Notes to the Unaudited Pro Forma Condensed Combined Financial Statements of The NASDAQ OMX Group, Inc.

Note 1. Description of the PHLX Acquisition and OMX Business Combination

Acquisition of PHLX

On July 24, 2008, NASDAQ OMX completed the acquisition of PHLX, or the PHLX acquisition. NASDAQ OMX's cost to acquire PHLX of approximately $708.7 million ($652.0 million cash paid plus approximately $56.7 million of direct acquisition costs and working capital adjustments) is subject to certain post-closing adjustments.

Business Combination with OMX

On February 27, 2008, Nasdaq and OMX combined their businesses and Nasdaq was renamed The NASDAQ OMX Group, Inc., or NASDAQ OMX. The business combination was completed pursuant to the terms of an agreement with Borse Dubai Limited, a Dubai company, or Borse Dubai, dated November 15, 2007. Pursuant to that agreement, Borse Dubai conducted an offer to acquire all of the outstanding shares of OMX and subsequently, on February 27, 2008, sold the OMX shares acquired in the offer or otherwise owned by Borse Dubai or its subsidiaries to Nasdaq. Nasdaq acquired 117,227,931 OMX shares, representing 97.0% of the share capital of OMX for SEK 11,678,630,352 ($1,879.4 million) in cash and 60,561,515 shares of Nasdaq common stock ($2,266.8 million) issued to Borse Dubai. Subsequently, Borse Dubai acquired an additional 2,013,350 shares of OMX and, on March 17, 2008, sold those OMX shares to us in exchange for SEK 533,537,750 ($88.4 million) in cash, as a result of which we now own 98.8% of OMX's outstanding shares. Nasdaq's cost to acquire OMX of $4,309.4 million, which includes $74.8 million of direct acquisition costs, is recorded in the NASDAQ OMX historical condensed combined balance sheet as of March 31, 2008 and is subject to certain post-closing adjustments. The cash component of the purchase price, including acquisition and acquisition-related costs, was financed through cash on hand, our new credit facilities and the issuance of 2.5% convertible senior notes.

As part of the business combination with OMX, on February 27, 2008, we also acquired 33 $^{1}/_{3}$% of the equity of DIFX in exchange for a contribution of $50 million in cash to DIFX and the entry into certain technology and trademark licensing agreements.

The business combination of Nasdaq and OMX and the acquisition of the equity interest in DIFX are collectively referred to herein as the Transactions.

Note 2. Basis of Presentation

The unaudited pro forma condensed combined financial statements are presented to illustrate the effects of the PHLX acquisition and the Transactions on the historical financial position and operating results of Nasdaq, OMX and PHLX. In accordance with Regulation S-X, we have excluded the material non-recurring charges or credits and related tax effects which resulted directly from our initial equity investment in DIFX that were included in our historical condensed consolidated statement of income for the three months ended March 31, 2008. The remaining effects of the DIFX transaction have been included in our pro forma condensed combined statements of income. In addition, we have also excluded the material non-recurring charges or credits and related tax effects related to our investment in the London Stock Exchange plc, or the LSE, that were included in Nasdaq's historical statement of income for the year ended December 31, 2007. On September 25, 2007, Nasdaq, through its wholly-owned subsidiary Nightingale Acquisition Limited, sold shares, representing at that time 28.0% of the share capital of the LSE, to Borse Dubai for $1,590.7 million in cash. Nasdaq sold the substantial balance of its remaining holdings in the LSE in open market transactions for approximately $193.5 million in cash on September 26, 2007. Total proceeds from the sale of our holdings in the LSE were $1,784.2 million. As a result of the sale, Nasdaq recognized a $431.4 million pre-tax gain, which is net of $18.0 million of costs directly related to the sale, primarily broker fees. On September 28, 2007, Nasdaq used approximately $1,055.5 million of the proceeds from the above transactions to repay in full and terminate our then-outstanding credit facilities. The remaining effects of the LSE transaction have also been included in our pro forma statement of income. See Note 4, "Equity Investment in DIFX," and Note 6, "LSE Related Transactions," for further discussion.

The unaudited pro forma condensed combined statements of income combine the historical consolidated statements of income of Nasdaq, OMX and PHLX, giving effect to the PHLX acquisition and the Transactions as if they had been completed on January 1, 2007. The unaudited pro forma condensed combined statement of income for the three months ended March 31, 2008, or the interim pro forma income statement, includes OMX's operations from the date of the business combination of February 27, 2008 through March 31, 2008, and the historical OMX consolidated statement of income from January 1, 2008 through February 26, 2008. The equity investment in DIFX and the OMX pro forma adjustments in the interim pro forma income statement represent adjustments for the period January 1, 2008 through February 26, 2008, as results after February 26, 2008 have been consolidated in the historical NASDAQ OMX income statement. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balances sheets of NASDAQ OMX and PHLX, giving effect to the PHLX acquisition as if it had occurred on March 31, 2008.

The unaudited pro forma condensed combined financial statements have been prepared using the purchase method of accounting with NASDAQ OMX treated as the acquirer, have been prepared in accordance with U.S. GAAP and should be read together with the separate financial statements of Nasdaq, OMX and PHLX.

The unaudited pro forma condensed combined financial data is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the PHLX acquisition and the Transactions had been completed during the period or as of the dates for which the pro forma data is presented. In addition, the unaudited pro forma condensed combined financial data does not purport to project the future consolidated financial position or operating results of the combined company.

The purchase price for PHLX has been allocated to the assets acquired and liabilities assumed based on management's preliminary estimate of their respective fair values. Independent valuation specialists assisted NASDAQ OMX's management in the acquisition in determining the fair values of the net assets acquired and the intangible assets. The work performed by the independent valuation specialists has been considered by management in determining the fair values reflected in these unaudited pro forma condensed combined financial statements. The valuations are based on the actual assets acquired and liabilities assumed at the acquisition date and management's consideration of the independent specialists' valuation work. Among the provisions of Statement of Financial Accounting Standards, or SFAS, No. 141, "Business Combinations," or SFAS 141, criteria have been established for determining whether intangible assets should be recognized separately from goodwill. SFAS No. 142, "Goodwill and Other Intangible Assets," or SFAS 142, provides, among other guidelines, that goodwill and intangible assets with indefinite lives will not be amortized, but rather are tested for impairment on at least an annual basis. The purchase price allocation pro forma adjustments are preliminary, have been made solely for the purpose of providing unaudited pro forma condensed combined financial data and are subject to revision based on a final determination of fair value as soon as possible, but no later than one year from the date of the PHLX acquisition.

The accompanying unaudited pro forma condensed combined statements of income do not include (1) any revenue or cost saving synergies that may be achievable through the PHLX acquisition and the business combination with OMX, or (2) the impact of non-recurring items directly related to the PHLX acquisition and the business combination with OMX.

NASDAQ OMX expects to incur a number of non-recurring costs associated with combining the operations of the companies such as, but not limited to, severance, contract terminations and technology integration and the related elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of their respective businesses. We have begun to finalize our plan to integrate certain activities related to our business combination with OMX. In accordance with EITF 95-3, we have identified $57.1 million of adjustments associated with combining the operations of Nasdaq and OMX. As these adjustments constitute additional purchase price under the provisions of EITF 95-3, we have included them as pro forma adjustments to goodwill in the unaudited pro forma condensed combined balance sheet. The additional costs are as follows (in millions):

• Additional direct acquisition costs incurred	$17.5
• Technology write-downs	26.5
• Reduction in the fair value of certain assets acquired	7.2
• Additional severance costs	5.6
• Other	0.3
	$57.1

For PHLX, such costs have not been reflected in the pro forma condensed combined financial data because they represent non-recurring charges directly attributable to the PHLX acquisition. At this time, the specific amount cannot be estimated as sufficient information is not available. Following the completion of the integration with OMX and PHLX, NASDAQ OMX will continue to revise its disclosure on a go-forward basis.

For the purpose of the pro forma condensed combined financial information, OMX financial information has been translated into U.S. Dollars and is presented in accordance with U.S. GAAP. The statement of income of OMX for the year ended December 31, 2007 has been translated using an average exchange rate of 6.7568. The presentation in U.S. Dollars of OMX's statement of income for the period January 1, 2008 through February 26, 2008 is based on average monthly SEK/U.S. Dollar exchange rates in effect for the applicable periods.

Certain reclassifications have been made to the historical financial statements of PHLX and OMX to conform to the presentation expected to be used by NASDAQ OMX. We expect there could be additional reclassifications in the year following the completion of the PHLX acquisition and the business combination with OMX.

Note 3. PHLX Acquisition

Purchase price

The total preliminary purchase price is estimated at approximately $708.7 million and is comprised of (in millions):

Cash component	$652.0(a)
Acquisition costs	13.0(b)
Working capital adjustments	43.7(c)
Total purchase consideration	$708.7

(a) Source of the cash component is the drawdown of debt of $650.0 million under a five-year $2,000.0 million senior secured term loan facility and the use of $2.0 million cash on hand.

(b) Management's estimate of direct costs of the acquisition, which include legal and advisory fees incurred by NASDAQ OMX. This estimate was based on NASDAQ OMX's historical experience as well as fee estimates provided by advisors. Of the $13.0 million of acquisition costs, $3.3 million were capitalized as other assets on the historical balance sheet of NASDAQ OMX as of March 31, 2008 and included as a pro forma adjustment to that line on the unaudited pro forma condensed combined balance sheet. The remaining costs were funded with cash on hand.

(c) Estimated working capital surplus paid at closing per the acquisition agreement. We deposited $15.0 million of the approximately $43.7 million into an escrow account until the final working capital adjustment is calculated. This payment will be funded with cash on hand.

The above estimated purchase price has been preliminarily allocated based on an estimate of the fair value of PHLX's assets acquired and liabilities assumed. In addition, we have begun to finalize our plan to integrate certain activities related to our acquisition of PHLX. We are still gathering information from which to make final decisions regarding the optimal organization of the combined company, from which additional adjustments and refinements to our plan will arise. As such, additional adjustments to the PHLX purchase price allocation will be recorded as we estimate restructuring costs associated with integration activities of the combined company in accordance with the requirements of Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," or EITF 95-3. Upon completion of the organizational analysis and the approval of appropriate management, our plan will be finalized. The future adjustments, whether increasing or decreasing our plan's total value, will impact goodwill and accounts payable and accrued liabilities. We expect our plan to be finalized during the one year allocation period. We are completing our plan under the provisions of EITF 95-3. All other restructuring liabilities outside the scope of EITF 95-3 will be recognized in the income statement when those costs have been incurred in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The final valuation of net assets will be completed as soon as possible but no later than one year from the acquisition date. To the extent that the estimates need to be adjusted, we will do so, but no later than one year after closing in accordance with SFAS 141.

The following is a summary of the preliminary allocation of the total purchase price in the PHLX acquisition as reflected in the unaudited pro forma condensed combined balance sheet as of March 31, 2008:

	(in millions)
Historical equity of PHLX	$ 98.3
Fair value of identifiable intangible assets:	
Exchange and futures registrations	198.5
Customer relationships	119.5
Technology	10.6
Trade name	6.4
Total fair value of identifiable intangible assets	335.0
Deferred tax impact of purchase accounting adjustments	(152.9)
Residual goodwill created from the PHLX acquisition	428.3
Total preliminary purchase price	$ 708.7

In performing the preliminary purchase price allocation, NASDAQ OMX considered, among other factors, the intention for the future use of the acquired assets, analyses of historical financial performance, and an estimate of the future performance of PHLX's business. The estimate of the fair values of intangible assets is based, in part, on a valuation using an income approach, market approach, or cost approach, as appropriate. The risk-adjusted discount rates used to compute the present value of the expected net cash flows of individual intangible assets, based on PHLX's weighted average cost of capital, ranged from 12.0% to 12.5%. These discount rates were determined after consideration of PHLX's rate of return on debt and equity and the weighted-average return on invested capital. In estimating the remaining useful lives of the intangible assets, NASDAQ OMX considered the six factors presented in paragraph 11 of SFAS 142 and an analysis of the intangible assets' relevant historical attrition data.

Pro forma adjustments

a) To adjust the book value of PHLX assets to their estimated fair value and record amortization expense on PHLX intangible assets. The preliminary allocations are as follows (in millions):

	Value	Estimated Average Remaining Useful Life (in Years)	Estimated Annual Depreciation and Amortization Expense for 2007	Estimated Three Month Depreciation and Amortization Expense for 2008
Intangible assets:				
Exchange and futures registrations	$198.5	Indefinite	#	#
Customer relationships	119.5	19-23 years	$ 5.7	$ 1.4
Technology	10.6	1-3 years	5.3	1.4
Trade name	6.4	Indefinite	#	#
Total depreciation and amortization expense			$ 11.0	$ 2.8
Total intangible assets	$335.0			

\# Not Applicable

Exchange and Futures Registrations

The exchange and futures registrations represent licenses that provide PHLX with the ability to operate its equity and options exchanges. NASDAQ OMX views these intangible assets as perpetual licenses to operate the exchange and futures functions so long as PHLX meets certain regulatory requirements. NASDAQ OMX selected a variation of the income approach called the Greenfield Approach to value the self-regulatory organization, or SRO, exchange registration and the cost approach to value the Philadelphia Board of Trade, or PBOT, futures registration. PBOT is a subsidiary of The Philadelphia Stock Exchange, Inc.

An indefinite life was assumed for these registrations as PHLX is the oldest securities exchange in the United States. Furthermore, since no legal, contractual, competitive, economic, or other factors limit the useful life of these intangible assets, NASDAQ OMX considered the useful life of the exchange and futures registrations to be indefinite. We assessed the factors listed in paragraph 11 of SFAS 142 in making this indefinite life determination.

SRO Exchange Registration

The Greenfield Approach refers to a discounted cash flow analysis that assumes the buyer is building the exchange operation from a start-up business to a normalized level of operation as of the acquisition date. This discounted cash flow model considers the required resources and eventual returns from the build-out of an operational exchange and the acquisition of customers, once the exchange registration is obtained. The advantage of the approach is that it reflects the actual expectations that will arise from an investment in the registration and it directly values the registration. The Greenfield Approach relies on assumptions regarding projected revenues, margins, market share, capital expenditures, depreciation, and working capital during the two year pre-trade phase, the 10 year ramp-up period, and the terminal period.

A steady state projection for PHLX was established first. The projection excluded revenue from options and clearing. A steady state projection was used starting in year 12 based on the assumption that a stock exchange can expect to reach normalized operations at this time. In the terminal year, NASDAQ OMX assumed a market share equal to 80.0% of current projections. This is because PHLX would be a late entrant into this business and would not achieve the same market penetration they currently enjoy given their long history. It also reflects what a market participant would be able to achieve by the end of the 10 year ramp-up period. A terminal growth rate of 3.0% was chosen as a reasonable estimate of the growth rate of the stock exchange industry on a long-term basis.

NASDAQ OMX divided the costs into fixed costs and variable costs. Annual fixed costs were estimated to grow steadily from $20 million in 2008 to $50 million in 2019. Variable costs were estimated as a proportion of the revenue.

Based on historical working capital levels and a review of working capital for comparable companies operating in the industry, working capital for a typical market participant, as a percentage of incremental revenue, is projected to be approximately 34.0%.

The cash flows were then tax-effected at a rate of 40.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the SRO exchange registration would be amortized for tax purposes over a period of 15 years.

The following is a summary of the indicated fair value for the SRO exchange registration:

(in millions)	SRO Exchange Registration
Sum of costs	$ 160.0
Discounted tax amortization benefit	38.0
Indicated fair value	$ 198.0

PBOT Futures Registration

The fair value of PBOT futures registration was valued using the cost approach, specifically the replacement cost new approach, to determine the current cost to purchase or replace the futures registration. This valuation methodology is based on the concept that a prudent investor would pay no more for an asset than the amount necessary to replace the asset.

The following is a summary of the indicated fair value for PBOT futures registration:

(in millions)	PBOT Futures Registration
Sum of costs	$ 0.4
Discounted tax amortization benefit	0.1
Indicated fair value	$ 0.5

Customer Relationships

Customer relationships represent the non-contractual and contractual relationships that PHLX has with its members. PHLX's customer relationships were valued using the income approach, specifically an excess earnings method. This valuation approach relied on assumptions regarding projected revenues, attrition rates, and operating cash flows for its customers, which were projected up to 35 years.

NASDAQ OMX assumed annual revenue attrition of 5.0% for the customers and that 95.0% of the projected revenue growth came from existing customer relationships. Charges for contributory assets were taken, and the tax-effected cash flows were discounted at a rate of 12.5%.

The cash flows were then tax-effected at a rate of 40.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the customer relationships would be amortized for tax purposes over a period of 15 years.

The following is a summary of the indicated fair value for the customer relationships asset:

(in millions)	Total
Sum of discounted cash flows	$ 97.1
Discounted tax amortization benefit	22.4
Indicated fair value	$119.5

The estimated remaining useful life captures 90.0% to 95.0% of the present value of the cash flows generated by the customer relationships. The remaining useful life was determined based on an analysis of the historical attrition rates of PHLX customers and paragraph 11 of SFAS 142, which included an analysis of the legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this intangible asset. The useful life of customer relationships is addressed in the section below, "Customer Relationships and Technology Lives."

Technology – XL, PBOT, XLE, and SCCP

NASDAQ OMX acquired five technologies from PHLX: XL, PBOT, XLE, SCCP, and certain supporting technologies. These technologies represent the existing portfolio of software technologies that PHLX had developed or acquired and currently uses to operate its exchange.

NASDAQ OMX will develop new integrated trading functions based on existing NASDAQ OMX technologies, and accordingly will either re-platform or discontinue using PHLX's XL, PBOT, XLE, and SCCP technologies while incorporating several supporting, peripheral technologies into the revised platform. The fair values of the technologies being re-platformed or discontinued were valued using the income approach, specifically the relief from royalty approach, relying on publicly available information to determine the royalty rate that PHLX would have to pay a third-party for the use of the technologies. This valuation methodology is based on the concept that because PHLX owns the technologies, it does not have to pay a third-party for the right to license the technology.

NASDAQ OMX researched public documents and accessed the Royalty Source database for license agreements involving similar trade names in the financial services industries. The guideline sample of license agreements yielded a range of royalty rates extending from 0.25% to 40.0% for financial services technologies. Based on the functionality of the technologies, NASDAQ OMX estimated the royalty rates to be 8.0% for XL, XLE, and SCCP technologies and 5.0% for PBOT technology.

The cash flows were then tax-effected at a rate of 40.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the technologies would be amortized for tax purposes over a period of 15 years.

The following is a summary of the indicated fair value for XL, PBOT, XLE, and SCCP technologies:

	XL	PBOT	XLE	SCCP	Total
			(in millions)		
Sum of discounted cash flows	$6.2	$ 0.0	$0.0	$ 0.0	$6.2
Discounted tax amortization benefit	1.4	0.0	0.0	0.0	1.4
Indicated fair value	$7.6	$ 0.0	$0.0	$ 0.0	$7.6

The estimated useful life of the technologies was based on discussions with PHLX management as to the likely duration of benefit to be derived from the technology. Since NASDAQ OMX will be re-platforming most of the existing technologies, NASDAQ OMX considered the migration cycle for re-platforming the existing technologies. NASDAQ OMX also gave consideration to paragraph 11 of SFAS 142 and to the pace of the technological changes in the industries in which PHLX sells its products.

Technology – Supporting

The fair values of certain supporting technologies were valued using the cost approach, specifically the replacement cost new approach, to determine the current cost to purchase or replace the supporting technologies. This valuation methodology is based on the concept that a prudent investor would pay no more for an asset than the amount necessary to replace the asset.

The following is a summary of the indicated fair value for the supporting technologies:

(in millions)	Supporting
Sum of estimated replacement costs	$ 2.5
Discounted tax amortization benefit	0.5
Indicated fair value	$ 3.0

Trade Name

In valuing PHLX's trade names and trademarks, we used the income approach, specifically the relief from royalty approach, relying on publicly available information to determine the royalty rate that PHLX would have to pay a third-party for the use of the trade name. This valuation methodology is based on the concept that because PHLX owns the trade name, it does not have to pay a third-party for the right to use the trade name.

NASDAQ OMX researched public documents and accessed the Royalty Source database for license agreements involving similar trade names in the financial services and technology industries. The guideline sample of license agreements yielded a typical royalty rate of 0.5% for financial services companies.

The cash flows were then tax-effected at a rate of 40.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the trade name would be amortized for tax purposes over a period of 15 years.

The following is a summary of the indicated fair value for the trade name asset:

(in millions)	Total
Sum of discounted cash flows	$5.2
Discounted tax amortization benefit	1.2
Indicated fair value	$6.4

Customer Relationships and Technology Lives

The following summarizes the methodologies and assumptions NASDAQ OMX used to estimate the remaining economic lives of the customer relationships and technology.

a. *The expected use of the asset by the entity*—As previously discussed, most of the existing technology will be re-platformed or discontinued in the next two years. The determination of the useful life of supporting technologies was based on the historical development and life cycles of existing technology products within NASDAQ OMX.

b. *The expected useful life of another asset or group of assets to which the useful life of the intangible asset may relate*—The useful lives of the technology and customer relationships assets are not significantly impacted by any other asset or group of assets. The life of the customer relationships is about 19 to 23 years. For technology, the existing technologies will be re-platformed in the next 0.25 to two years whereas supporting technologies have a 5 year life.

c. *Any legal, regulatory or contractual provisions that may limit the useful life*—We are not aware of any.

d. *Any legal, regulatory or contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost*—We are not aware of any other legal, regulatory, or contractual provisions that may impact the lives of the customer relationships and technology.

e. *The effects of obsolescence, demand, competition, and other economic factors*—Since NASDAQ OMX will re-platform most of the existing technologies, they would become obsolete in approximately 0.25 to two years. The life cycles were based on the business plans to re-platform the existing technologies within NASDAQ OMX and PHLX. With regards to the customer relationships, an analysis of attrition rates was performed based on historical information.

f. *The level of maintenance expenditures required to obtain the expected future cash flows from the asset.* PHLX expects to incur research and development expenses to maintain its technology. With respect to the customer relationships, PHLX incurs little, if any, sales and marketing expenses to maintain the current customers. NASDAQ OMX believes that historically the research and development have maintained the quality of its products and services, thus contributing to the shorter life.

Deferred Tax Liability

A $5.0 million current deferred tax liability and a $147.9 million non-current deferred tax liability (total deferred tax liability of $152.9 million) has been set up against the $335.0 million value of PHLX's assets outlined in the above table. The deferred tax liabilities represent the tax effect of the difference between the estimated assigned fair value of the acquired intangible assets ($335.0 million) and the tax basis ($0) of such assets. The estimated amount of $152.9 million is determined by multiplying the difference of $335.0 million by the U.S. effective tax rate of 45.66%.

b) To adjust general, administrative and other expense for non-recurring charges recorded by PHLX in 2007 of $3.1 million related to the payment for a class action lawsuit that was settled in 2007 and $2.5 million expense related to additional PHLX Board of Governors meeting fees. The additional meeting expense was related to the acquisition by NASDAQ OMX. The total adjustment to general, administrative and other expense totaled $5.6 million.

c) To adjust debt obligations for the borrowing of $650.0 million ($24.4 million short-term and $625.6 million long-term) under our senior secured term loan facility to finance the $652.0 million cash payment for the acquisition of PHLX. NASDAQ OMX utilized cash on hand for the difference between the cash purchase price of $652.0 million and the debt financing of $650.0 million and also utilized $43.0 million of cash on hand for both the acquisition and acquisition-related costs. The term loan has a variable interest rate.

Pro forma interest expense resulting from our additional debt obligation is as follows (dollars in millions):

	Year Ended December 31, 2007	Three Months Ended March 31, 2008
Average term loan borrowing (i)	$ 647.0 (1)	$ 625.6 (1)
Interest rate (average 3 month LIBOR plus spread of 2.0%) (ii)	7.36%	6.33%
Months outstanding (iii)	12/12	3/12
Pro forma adjustment (i)* (ii)*(iii)	$ 47.6	$ 9.9

(1) The terms of our senior secured term loan facility contain a mandatory principal payment of $12.2 million each quarter beginning September 30, 2008. We have incorporated these payments in our average outstanding debt obligation as of December 31, 2007 and March 31, 2008 as if they began on September 30, 2007, in order to calculate interest expense for the periods then ended.

A 1.0% increase in the variable interest rate on the senior secured term loan facility would result in additional pro forma interest expense of $6.5 million for the year ended December 31, 2007 and $1.6 million for the three months ended March 31, 2008.

d) To record an income tax benefit of $26.0 million for the year ended December 31, 2007 and $5.8 million for the three months ended March 31, 2008 based on the PHLX pro forma income statement adjustments related to the following items (in millions):

December 31, 2007	Jurisdiction	Amount	Tax Rate	Tax Benefit
Depreciation and amortization	U.S.	$ 11.0	45.66%	$ 5.0
General, administrative and other	U.S.	(1.6) (1)	45.66%	(0.7)
Interest expense	U.S.	47.6	45.66%	21.7
Total		$ 57.0		$ 26.0

(1) Of the $5.6 million pro forma adjustment to general, administrative and other expense, $1.6 million is tax deductible and included in the pro forma tax adjustment.

March 31, 2008	Jurisdiction	Amount	Tax Rate	Tax Benefit
Depreciation and amortization	U.S.	$ 2.8	45.66%	$ 1.3
Interest expense	U.S.	9.9	45.66%	4.5
Total		$ 12.7		$ 5.8

Note 4. Equity Investment in DIFX

As part of the Transactions, we also acquired 33 1/3% of the equity of DIFX in exchange for $50 million of cash consideration to DIFX and the entry into certain technology and trademark licensing agreements. These agreements are intended to be nontransferable and perpetual, subject to various exceptions. The agreements grant to DIFX and/or its affiliates rights to use or sublicense certain intellectual property (including, in some instances, on an exclusive basis). We will also be responsible for 50% of any additional capital contribution calls made by DIFX, subject to a maximum aggregate additional commitment by us of up to $25 million.

Included in the NASDAQ OMX historical balance sheet as of March 31, 2008 is our equity method investment in DIFX, for approximately $128 million. Our investment includes $50 million of cash consideration and the contribution of certain licenses related to our technology, or technology licenses, and the Nasdaq trade name with a gross value of $117 million (net value of $78 million after reduction by the portion of economic interest retained through our 33 1/3% equity investment in DIFX). Upon the concurrent closing of the Transactions, we recognized a non-recurring pre-tax gain of $26 million ($15.7 million after-tax) in the first quarter of 2008 on the transfer of the Nasdaq trade name asset. In accordance with Regulation S-X, we have excluded this $26 million gain and related tax effect from the December 31, 2007 and March 31, 2008 unaudited pro forma condensed combined statements of income as it represents a material non-recurring charge. In addition, as discussed below, we recorded deferred revenue of $52 million related to the transfer of the technology licenses and will ratably recognize this revenue over a seven year period, which is an estimate of the relevant period for which service will be provided to DIFX.

The basis of the estimated fair values of the technology licenses and the Nasdaq trade name and the calculation of deferred revenue on the technology licenses and the calculation of the Nasdaq trade name pre-tax and after-tax gains are presented below.

Estimated Fair Value of Licenses related to Technology and Calculation of Deferred Revenue

Estimated Fair Value of Technology Licenses

The technology licenses contributed to DIFX was valued using the cost savings method. As part of the Transactions, DIFX was granted the rights to use or sublicense certain intellectual property (including in some instances, on an exclusive basis) for use in DIFX's operations in certain territories. Furthermore, DIFX can sublicense current or future commercially available technologies owned by NASDAQ OMX to any of its affiliated entities. Nasdaq estimated the hypothetical after-tax license fees saved by DIFX based on similar license agreements. The applicable license fees saved by the affiliated entities were based on the analysis of likely licensors of commercially available technologies. A hypothetical license agreement with DIFX and their affiliated entities was assumed to span a period of five years, and the license fees were assumed to be paid at the beginning of each period. The tax rate in Dubai is zero. The tax-effected license fee savings cash flows were discounted at a rate of 19.1%. The discount rate was developed using the comparable public company data and economic data reflecting the risk environment in DIFX's market area. The discount rate was based on the capital asset pricing model and represents the weighted-average cost of capital.

The fair value of the technology licenses was determined to be approximately $78 million.

Calculation of Deferred Revenue

As part of the perpetual technology license agreement, we are obligated to provide DIFX with additional unspecified software developed or marketed by NASDAQ OMX in the future. As such, we have deemed our contribution of technology to be an "in-substance subscription" in accordance with SOP 97-2, "Software Revenue Recognition." As such, revenue that is earned as a result of the license agreement will be recognized ratably over its estimated economic useful life. We have recorded deferred revenue equal to the fair value of the technology licenses. The deferred revenue will be reduced by the portion of the economic interest retained since we will have a $33\frac{1}{3}\%$ equity investment in DIFX and the deferred revenue will be recognized ratably over the estimated economic useful life of the technology licenses, which is seven years.

Calculation is as follows:

- $78 million value to technology licenses *$66\frac{2}{3}\%$ interest sold = $52 million.

As noted above, the $52 million will be recognized ratably over the estimated economic useful life of the technology licenses which is estimated to be seven years. As the recognition of this revenue is considered a recurring item, we have included a pro forma adjustment to revenue of $7.4 million ($4.5 million after-tax) for the year ended December 31, 2007 and $1.2 million ($0.7 million after-tax) for the period ended February 26, 2008 in the unaudited pro forma condensed combined statements of income.

Estimated Fair Value of License related to the Nasdaq Trade Name and Calculation of Gain on Transfer of the Nasdaq Trade Name

Estimated Fair Value of Nasdaq Trade Name

Nasdaq used the relief from royalty method in valuing DIFX's right to the Nasdaq trade name. As a part of the Transactions, DIFX received rights to use the Nasdaq trade name. The valuation methodology used is based on the after-tax royalties saved by DIFX because of the licensing agreement. The royalty rate used was selected after researching publicly available information on license agreements involving similar trade names. Based on these license agreements, a royalty rate of 3.0% was selected, which was multiplied by DIFX's projected revenue stream to derive the after-tax royalty savings. The tax rate in Dubai is zero. The resulting after-tax royalty savings were discounted using a rate of 19.1%, which represents the weighted average cost of capital.

The fair value of the license related to the Nasdaq trade name was determined to be approximately $39 million.

Calculation of Gain on Transfer of Asset

As noted above, the fair value of the license related to the Nasdaq trade name was approximately $39 million and had a zero carrying value on Nasdaq's books and records prior to the transfer. The contribution of the Nasdaq trade name is considered an exchange of monetary assets in accordance with EITF 01-02 "Interpretations of APB Opinion No. 29", therefore we determined that a gain should be recognized for the difference between Nasdaq's carrying value and the fair value of this contributed asset. This gain is reduced by the portion of economic interest retained since we will have a $33\frac{1}{3}\%$ equity investment in DIFX, resulting in a gain of $26.0 million (15.7 million after-tax)

The pre-tax gain was calculated as follows:

- $39 million value to trade name *$66\frac{2}{3}\%$ interest sold = $26 million.

The after-tax gain was calculated as follows:

- $26 million gain less taxes at 39.55% ($10.3 million) = $15.7 million.

DIFX Loss Calculation

Under the equity method of accounting, we recognized a loss of $7.4 million (4.5 million after-tax) for the year ended December 31, 2007 and $1.4 million ($0.8 million after-tax) for the period ended February 26, 2008 on our investment in DIFX. The loss was calculated as 33 1/3% of DIFX's net loss for the respective periods. DIFX recorded a loss of $22.2 million for the year ended December 31, 2007 and $4.3 million for the three months ended March 31, 2008, under IFRS. The difference between IFRS and U.S. GAAP was immaterial. The amortization expense related to identified finite lived intangible assets was immaterial.

Note 5. OMX Pro Forma Adjustments

(a) To record amortization expense on OMX intangible assets (in millions):

	Value	Estimated Average Remaining Useful Life (in Years)	Estimated Annual Depreciation and Amortization Expense for 2007	Estimated Depreciation and Amortization Expense for the period January 1, 2008 through February 26, 2008, adjusted(3)
Intangible assets:				
Exchange registrations	$ 1,143.7	Indefinite	#	#
Trade name	195.7	Indefinite	#	#
Customer relationships:				
Issuer/Market Services	439.9	22-28 years	$ 17.6	$ 3.0
Market Technology	65.3	22-26 years	2.7	0.1
Total customer relationships	505.2		20.3	3.1
Market technology:				
Developed	28.7	3 years	9.6	0.5
New	4.5	9 years	— (2)	— (2)
Total market technology	33.2		9.6	0.5
Total intangible assets	$1,877.8 (1)			
Total depreciation and amortization expense			$ 29.9	$ 3.6 (3)

—Not Applicable

(1) As we finalize the factors and assumptions that we obtained to determine the purchase price allocation, the fair values of certain purchased intangible assets were adjusted resulting in a decrease of $163.6 million. The adjusted fair value of purchased intangible assets is $1,877.8 million. Based on the adjusted fair values, current and non-current deferred tax liabilities decreased $6.6 million and $58.1 million, respectively, and goodwill increased $98.9 million. We have not finalized the allocation of the purchase price related to the OMX business combination and expect there to be further adjustments to goodwill within one year from the purchase date.

(2) The new technology asset is not in production, therefore we have not recorded amortization expense related to this intangible asset.

(3) Based on our preliminary estimate of the fair values of intangible assets, NASDAQ OMX recorded $3.9 million of amortization expense related to OMX's intangible assets in our historical condensed consolidated statement of income for the three months ended March 31, 2008. As noted in footnote (1) above, as we finalize the factors and assumptions that we obtained to determine the purchase price allocation, the fair values of certain purchased intangible assets were adjusted and are stated above. Based on the adjusted fair values, the estimated amortization expense for the three months ended March 31, 2008 is $7.5 million. Therefore, $3.6 million ($7.5 million less $3.9 million) of amortization expense was recorded in the pro forma condensed combined statement of income for the period January 1, 2008 through February 26, 2008.

In performing the preliminary purchase price allocation, Nasdaq considered, among other factors, the intention for the future use of the acquired assets, analyses of historical financial performance, and an estimate of the future performance of OMX's business. The preliminary estimate of the fair values of intangible assets is based, in part, on a valuation using an income or cost approach, as appropriate. The risk-adjusted discount rates used to compute the present value of the expected net cash flows of individual intangible assets were based on OMX's weighted average cost of capital, which ranged from 7.8% to 9.6%. These discount rates were determined after consideration of OMX's rate of return on debt and equity and the weighted-average return on invested capital. In estimating the remaining useful lives of the intangible assets, we considered the six factors presented in paragraph 11 of SFAS 142 and an analysis of the intangible assets' relevant historical attrition data.

Exchange and Clearing Registrations

The exchange and clearing registrations represent licenses that provide OMX with the ability to operate its equity and derivative exchanges as well as the clearing function. Nasdaq views these intangible assets as a perpetual license to operate the exchanges so long as OMX meets its regulatory requirements. Nasdaq selected a variation of the income approach called the Greenfield Approach to value the exchange and clearing registrations. The Greenfield Approach refers to a discounted cash flow analysis that assumes the buyer is building the exchange and clearing operations from a start-up business to a normalized level of operations as of the acquisition date. This discounted cash flow model considers the required resources and eventual returns from the build-out of operational exchanges and the acquisition of customers, once the exchange and clearing registrations are obtained. The advantage of the approach is that it reflects the actual expectations that will arise from an investment in the registrations and it directly values the registrations. The Greenfield Approach relies on assumptions regarding projected revenues, margins, capital expenditures, depreciation, and working capital during the two year pre-trade phase, the 10 year ramp-up period as well as the terminal period.

A steady state projection for OMX was established first. The projection included synergies that a market participant buyer could realize. Since OMX has a strong market position, Nasdaq assumed that the projected revenues represent nearly 100.0% of the potential market until 2019, and that a market participant would be able to achieve 90.0% of the market within the 12 year ramp-up period. A terminal growth rate of 4.0% was chosen as a reasonable estimate of the growth rate of the stock exchange industry on a long-term basis. A steady state projection was used starting in year 12 based on the assumption that a stock exchange can expect to reach normalized operations at this time.

Nasdaq characterized the costs into fixed costs, variable costs, and technology costs. Annual fixed costs remained constant throughout the projection at approximately $135.8 million, which represents 50.0% of normalized costs. The remaining 50.0% of the costs were variable costs, which were estimated as a proportion to the revenue. It was estimated that OMX would have to incur approximately $200.0 million in upfront technology to start the exchanges, and ongoing maintenance technology costs would be equal to 15.0% of revenues thereafter.

The initial capital expenditures in years one and two reflect the costs associated with obtaining the fixed assets and the minimal regulatory fees required to start exchanges. Subsequent annual capital expenditures and depreciation were estimated at 6.1% of the revenue, assuming that maintenance capital expenditures are required to replace the depreciated fixed assets. Nasdaq also assumed that the exchanges would require $100.0 million of initial clearing capital which would increase to $300.0 million by the time the exchange reached normalized operations.

Based on historical working capital levels and a review of working capital for comparable companies operating in the industry, working capital for a typical market participant, as a percentage of incremental revenue, is projected to be approximately 12.5%.

The cash flows were then tax-effected at a rate of 25.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the exchange registrations would be amortized for tax purposes over a period of seven years.

An indefinite life was assumed for these registrations as the exchanges have operated, in some cases, for more than 140 years and the authorization to operate these exchanges is perpetual so long as OMX meets its regulatory requirements. Furthermore, since no legal, contractual, competitive, economic, or other factors limit the useful life of these intangible assets, Nasdaq considered the useful life of the exchange and clearing registrations to be indefinite. As noted above, we assessed the factors listed in paragraph 11 of SFAS 142 in making this indefinite life determination.

The fair value of the exchange registrations was determined to be approximately $1,143.7 million.

Trade Name

Nasdaq has incorporated OMX into three reporting segments - Issuer Services, Market Services, and Market Technology. The OMX trade name was valued as used in each of these reporting segments. The trade name represents the value of the market recognition of quality service that OMX and its predecessor entities have developed in their 140 years of operation. In valuing the acquired trade names, we used the income approach, specifically the relief from royalty approach, relying on publicly available information to determine the royalty rate that OMX would have to pay a third-party for the use of the trade name. This valuation methodology is based on the concept that because OMX owns the trade name, it does not have to pay a third-party for the right to use the trade name.

Nasdaq researched public documents and accessed the Royalty Source database for license agreements involving similar trade names in the financial services and technology industries. The guideline sample of license agreements yielded a range of royalty rates extending from 0.5% to 2.0% for financial services and technology companies. Based on the margins of the reporting segments, Nasdaq estimated the royalty rates to be 2.0% for Issuer Services, 2.0% for Market Services, and 0.5% for Market Technology.

The cash flows were then tax-effected at a rate of 25.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the trade name would be amortized for tax purposes over a period of seven years for Issuer Services and Market Services and five years for Market Technology.

The following is a summary of the indicated fair value for the trade name asset:

	Issuer Services	Market Services	Market Technology	Total
		(in millions)		
Sum of discounted cash flows	$ 17.8	$126.3	$ 15.0	$159.1
Discounted tax amortization benefit	4.1	28.6	3.9	36.6
Indicated fair value	$ 21.9	$154.9	$ 18.9	$195.7

Customer Relationships

Customer relationships represent the non-contractual and contractual relationships that OMX has with issuers, traders, information vendors, and technology customers. OMX's customer relationships were valued using the income approach, specifically an excess earnings method. This valuation approach relied on assumptions regarding projected revenues, attrition rates, and operating cash flows for each customer type, which were projected up to 45 years.

The following chart depicts OMX's primary revenue streams and how the 2008 revenues were divided amongst the three customer relationship intangible assets:

	Issuer Services	Market Services	Market Technology	Unallocated
		(in millions)		
The Nordic Exchange				
Trading revenues		100%		
Issuers' revenues	100%			
Other revenues				100%
Information Services				
Information sales		100%		
Revenues from Baltic Markets		100%		
Revenues from Broker Services		100%		
Other revenues				100%
Market Technology				
License, support, and project revenues			75%	25%
Facility management services revenues			75%	25%
Other revenues				100%

For operating income, Nasdaq assumed that the weighted-average growth for existing customers was 20.0% for each reporting segment. Nasdaq also adjusted for synergies that would be available to the typical market participant, as well as the cost savings, assumed to be 2.0% of revenue, related to servicing an existing customer base versus a future revenue base.

Nasdaq assumed annual revenue attrition of 5.0% for the customers for all reporting segments, as well as charges for contributory assets. The tax-effected cash flows were discounted at a rate of 9.6%, 10.1%, and 8.0% for Issuer Services, Market Services, and Market Technology, respectively.

The cash flows were then tax-effected at a rate of 25.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the customer relationships would be amortized for tax purposes over a period of seven years for Issuer and Market Services and five years for Market Technology.

The following is a summary of the indicated fair value for the customer relationship assets:

	Issuer Services	Market Services	Market Technology	Total
		(in millions)		
Sum of discounted cash flows	$103.3	$256.4	$ 51.7	$411.4
Discounted tax amortization benefit	23.3	56.9	13.6	93.8
Indicated fair value	$126.6	$313.3	$ 65.3	$505.2

The estimated remaining useful life captures 90.0% to 95.0% of the present value of the cash flows generated by each customer relationship. The remaining useful life was determined based on an analysis of the historical attrition rates of OMX customers and paragraph 11 of SFAS 142, which included an analysis of the legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this intangible asset. The useful life is addressed in the section below, which discusses the assessment of the lives of the customer relationships and market technology.

Technology – Licensed to Third Parties

Nasdaq acquired two types of technology from OMX, developed and new. The developed technology represents the existing portfolio of software technologies that OMX had developed or acquired. These software technologies are licensed to more than 60 external unrelated customers and are also currently used internally by OMX. The new technology includes Genium. Our future technology platform is an ongoing effort as we further evaluate both Nasdaq and OMX technologies. NASDAQ OMX has refocused the development of Genium to combine our INET (Nasdaq's current trading platform) and CLICK technologies with the original Genium concepts and components. Ongoing Genium development will predominantly incorporate our core INET functionality, including order routing that will be deployed in the new NASDAQ OMX Pan-European Market. We will develop new integrated trading and clearing functions based on CLICK and SECUR, and the Genium platform will include Genium Market Info, our information dissemination solution. The Nordic Exchange will begin the migration to the Genium platform in 2010. The fair values of the technologies licensed to third parties were computed using the income approach, specifically the excess earnings approach. This valuation approach relied on assumptions regarding projected revenues, operating cash flows and core technology charges for each technology, which were projected over three years for developed technology and over 10 years for new technology.

The technology revenue streams include 75.0% of license, support, and project revenues and facility management services revenues. Nasdaq assumed that certain customers will gradually start migrating from the existing technology to Genium starting in 2010 and will be almost fully migrated to Genium by 2014.

The projected margins for the technology business are consistent with the overall Market Technology business but are adjusted for research and development, or R&D, costs spent on each technology. Nasdaq assumed that for developed technology, 2.0% of the overall expenses were related to R&D associated with developed technology, and that for new technology, 10.0% of the overall expenses were related to R&D associated with developed technology.

A contributory asset charge for the use of other assets was deducted from the after-tax operating income yielding the excess earnings generated by the technologies, which were discounted at a rate of 8.0% for developed and new technologies.

The cash flows were then tax-effected at a rate of 25.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the technology would be amortized for tax purposes over a period of five years.

The fair value of the new technology was adjusted for the INET components that Nasdaq and OMX are incorporating into Genium, which represented approximately 96.0% of value.

The following is a summary of the indicated fair value for the technology asset:

	Developed Technology	New Technology
	(in millions)	
Sum of discounted cash flows	$ 0.5	$ 36.7
Discounted tax amortization benefit	0.1	9.6
Indicated fair value	0.6	46.3
Value Adjustment for Nasdaq and OMX	—	(44.7)
Indicated fair value	$ 0.6	$ 1.6

The estimated useful life of the developed and new technology was based on discussions with OMX management as to the likely duration of benefit to be derived from the technology. Nasdaq considered such factors as the migration cycle from the existing technology to Genium, the estimated research and development costs, and the development of future generations of technology. Nasdaq also gave consideration to paragraph 11 of SFAS 142 and to the pace of the technological changes in the industries in which OMX sells its products.

Technology – Internal Use

The fair values of the internally used technology were valued using the income approach, specifically the relief from royalty approach, relying on publicly available information to determine the royalty rate that OMX would have to pay a third-party for the use of the technologies. This valuation methodology is based on the concept that because OMX owns the technologies it does not have to pay a third-party for the right to license the technology.

Nasdaq researched public documents and accessed the Royalty Source database for license agreements involving similar trade names in the financial services and technology industries. The guideline sample of license agreements yielded a range of royalty rates extending from 0.25% to 40.0% for financial services technologies. Based on the functionality of the technologies, Nasdaq estimated the royalty rates to be 5.0% for the developed and new technology.

The cash flows were then tax-effected at a rate of 25.0%, and a discounted tax amortization benefit was added to the fair value of the asset under the assumption that the technologies would be amortized for tax purposes over a period of seven years.

The fair value of the new technology was adjusted for the INET components that Nasdaq and OMX are incorporating into Genium, which represented approximately 96.0% of value.

The following is a summary of the indicated fair value for the internally licensed existing and new technologies:

	Developed Technology	New Technology
	(in millions)	
Sum of discounted cash flows	$ 22.9	$ 66.4
Discounted tax amortization benefit	5.2	15.0
Indicated fair value	28.1	81.4
Value Adjustment for Nasdaq and OMX	—	(78.5)
Indicated fair value	$ 28.1	$ 2.9

Customer Relationships and Market Technology Lives

The following summarizes the methodologies and assumptions Nasdaq used to estimate the remaining economic lives of the customer relationships and market technology.

a. *The expected use of the asset by the entity*—As previously discussed, the existing technology will be partially replaced by the Genium technology over the next 6 years. In addition, the existing technology and Genium technology will be obsolete after three and 10 years, respectively. The determination of the useful life of Genium was based on the historical development and life cycles of existing technology products within Nasdaq and OMX.

b. *The expected useful life of another asset or group of assets to which the useful life of the intangible asset may relate*—The useful lives of the technology and customer relationship assets are not significantly impacted by any other asset or group of assets. The life of the customer relationships varies depending on the customers. The issuers generally have a 22 to 28 year life, the traders/information vendors have a 22 to 28 year life, and the market technology customers have a 22 to 26 year life. For technology, the existing technology has a three year life whereas Genium has a 9 to 10 year life.

c. *Any legal, regulatory or contractual provisions that may limit the useful life*—We are not aware of any.

d. *Any legal, regulatory or contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost*—The market technology customers enter into license and facilities management contracts with a duration of three to 10 years. Such contracts are generally renewed at least once with minimal cost. The useful life of 22 to 26 years was selected based on the fact that many contracts are renewed more than one time, and a majority of the contracts have terms in the eight to 10 year range. We are not aware of any other legal, regulatory, or contractual provisions that may impact the lives of the customer relationships and market technology.

e. *The effects of obsolescence, demand, competition, and other economic factors*—Genium will be introduced both internally and externally beginning in 2010 and will be fully operational by 2009. The existing technology would become obsolete in approximately three years. In addition, Genium would become obsolete in approximately ten years should OMX not invest in upgrades and improvements. The life cycles were based on the historical development and life cycles of existing software products within Nasdaq and OMX.

With respect to the customer relationships, the issuers are generally loyal to their home country and, as such, list on the local exchanges. Most delistings relate to mergers or acquisitions rather than competition. However, within Europe, there has been increased competition with respect to the trading business, resulting in higher attrition rates for the listing/information vendor business. Finally, for the market technology customers, OMX faced competition from exchanges that choose to develop their own exchange technologies. The present competition does not have a large impact on the life cycle as customers typically return due to better pricing options and the high cost of changing providers.

f. *The level of maintenance expenditures required to obtain the expected future cash flows from the asset.* OMX expects to incur research and development expenses to maintain its technology. With respect to the customer relationships, OMX incurs sales and marketing expenses to maintain the current customers. Nasdaq believes that historically the research and development and sales and marketing expenses have maintained the quality of its products and services, thus contributing to a longer life.

(b) To eliminate amortization expense of $12.8 million for the year ended December 31, 2007 and $2.2 million for the period ended February 26, 2008 related to the historical intangible assets recorded by OMX.

(c) To adjust debt obligations for the borrowing of $1,050.0 million under our senior secured term loan facility and $475.0 million in 2.50% convertible senior notes by Nasdaq to finance the $1,967.8 million cash payment for OMX and refinance existing debt at OMX of $294.1 million. Nasdaq also utilized cash on hand for the cash payment for OMX and the OMX debt refinancing, which totaled $736.9 million. The senior secured term loan facility has a variable interest rate and the notes have a fixed interest rate.

Pro forma interest expense is as follows **(**dollars in millions):

	Year Ended December 31, 2007	For the Period January 1, 2008 through February 26, 2008
Average term loan borrowing (i)	$ 1,045.1 (1)	$ 1,010.6(1)
Interest rate (average 3 month LIBOR plus spread of 2.0%) (ii)	7.36%	6.25%
Months outstanding (iii)	12/12	2/12
Pro forma adjustment (i)*(ii)*(iii)	$ 76.9	$ 10.5
Convertible note borrowing (iv)	$ 475.0	$ 475.0
Interest rate (fixed 2.5%) (v)	2.5%	2.5%
Months outstanding (vi)	12/12	2/12
Pro forma adjustment (iv)*(v)*(vi)	$ 11.9	$ 2.0
Total pro forma interest expense	$ 88.8	$ 12.5

(1) The terms of our senior secured term loan facility contain a mandatory principal payment of $19.7 million each quarter beginning September 30, 2008. We have incorporated these payments in our average outstanding debt obligation as of December 31, 2007 and February 26, 2008 as if they began on Septemer 30, 2007, in order to calculate interest expense for the periods then ended.

A 1.0% increase in the variable interest rate on the term loan would result in additional pro forma interest expense of $10.5 million for the year ended December 31, 2007 and $1.7 million for the period January 1, 2008 through February 26, 2008.

As the interest expense calculated above includes the refinancing of the existing OMX debt, we have included pro forma adjustments to remove OMX's historical interest expense of $21.3 million for the year ended December 31, 2007 and $3.4 million for the period January 1, 2008 through February 26, 2008.

In addition, Nasdaq incurred and paid with cash on hand $46.8 million in debt issuance costs related to the above, which were capitalized as other assets at the time of the combination and will be amortized over five years. We recorded pro forma amortization expense of $9.4 million for the year ended December 31, 2007 and $1.5 million for the period January 1, 2008 through February 26, 2008 in the unaudited pro forma condensed combined statements of income.

(d) NASDAQ OMX owned 98.8% of the outstanding shares of OMX at March 31, 2008 and recorded minority interest for the 1.2% of OMX's net income from February 27, 2008 through March 31, 2008. For pro forma purposes, we assume that we have a 100.0% ownership in OMX as of January 1, 2007 and therefore excluded $0.2 million of minority interest recorded in the NASDAQ OMX historical condensed combined statement of income for the three months ended March 31, 2008.

(e) To record an income tax benefit of $140.8 million for the year ended December 31, 2007 and $18.1 million for the three months ended March 31, 2008 based on the condensed combined statements of income OMX pro forma adjustments related to the following items (in millions):

December 31, 2007

Item	Jurisdiction	Amount	Tax Rate	Tax Benefit
Depreciation and amortization	Sweden	$ (12.8)	28.0%	$ (3.6)
Depreciation and amortization	U.S	29.9	39.6%	11.9
Professional and contract services	Sweden	(11.8)	28.0%	(3.3)
Computer operations and data communications	Sweden	(12.9)	28.0%	(3.6)
General, administrative and other	U.S	(5.8)	39.6%	(2.3)
Interest income	U.S	16.3	39.6%	6.4
Interest expense	U.S	40.7	39.6%	16.1
Interest expense	Sweden	(21.4)	28.0%	(6.0)
Loss on foreign currency option contracts	U.S	(7.8)	39.6%	(3.1)
Dividend income	U.S	14.5	35.0%	5.1
Gain on sale of strategic initiative	U.S	431.4	31.0%	133.7
Strategic initiative costs	U.S	(26.5)	39.6%	(10.5)
Total		$433.8		$ 140.8

March 31, 2008

Item	Jurisdiction	Amount	Tax Rate	Tax Benefit
Depreciation and amortization	Sweden	$ (2.2)	28.0%	$ (0.6)
Depreciation and amortization	U.S	3.6	39.6%	1.4
Interest income	U.S	6.4	39.6%	2.6
Interest expense	U.S	13.9	39.6%	5.5
Interest expense	Sweden	(3.4)	28.0%	(1.0)
Gain from unconsolidated investees, net	U.S	26.0	39.6%	10.3
Minority interest	U.S	(0.2)	39.6%	(0.1)
Total		$ 44.1		$ 18.1

(f) To adjust the weighted average number of shares outstanding used to determine basic and diluted pro forma earnings per share based upon approximately 60.6 million Nasdaq shares issued upon completion of the Transactions. The historical NASDAQ OMX condensed combined statement of income for three months ended March 31, 2008 included the 60.6 million Nasdaq shares issued on February 27, 2008 in the weighted average number of shares outstanding since that date. The additional 37.9 million shares included in the March 31, 2008 unaudited pro forma condensed combined statement of income represents the pro forma weighted average affect of issuing the 60.6 million shares as of January 1, 2007.

For the year ended December 31, 2007, 2.8 million options and 37,753 shares of restricted stock were considered antidilutive and were properly excluded.

For the three month ended March 31, 2008, 2.8 million options and 736 shares of restricted stock were considered antidilutive and were properly excluded.

(g) OMX has incurred direct acquisition-related costs related to the proposed offer, which includes legal and advisory fees. Nasdaq and OMX signed an agreement where Nasdaq will reimburse OMX for such costs. Therefore, under IFRS, OMX has deferred such costs until reimbursed by Nasdaq.

Under U.S. GAAP, since the agreement to reimburse such costs is not unconditional, OMX has recognized these acquisition-related costs incurred as expense in their historical statement of income for the year ended December 31, 2007. As these costs are material non-recurring transactions under Regulation S-X, we recorded a pro forma adjustment to exclude these costs from the pro forma condensed combined statement of income. At December 31, 2007, these direct acquisition costs totaled $11.8 million.

(h) To adjust computer operations and data communications expense for a non-recurring charge of $12.9 million incurred by OMX in 2007 related to a valued added tax surcharge for the support and operations services OMX purchased from other companies within the OMX group.

(i) To adjust interest income earned on the cash received from the sale of our investment in the LSE. Pro forma cash and cash equivalents is net of the cash received from the sale of the LSE investment, as well as cash used for the business combination with OMX and PHLX acquisition (in millions):

	Year ended December 31, 2007	Period ended March 31, 2008
Pro forma cash and cash equivalents (i)	$ 421.3	$ 728.6
Average interest income rate (ii)	5.05%	2.06%
Months outstanding (iii)	12/12	3/12
Interest income on pro forma cash balance (i)*(ii)*(iii)	$ 21.3	$ 3.7
Historical interest income (iv)	37.6	10.1
Pro forma interest income adjustment (iii)-(iv)	$ (16.3)	$ (6.4)

Note 6. LSE Related Transactions

(a) In accordance with Regulation S-X, we have excluded the material non-recurring charges or credits and related tax effects related to our investment in the LSE that were included in our historical statement of income for the year ended December 31, 2007. The remaining effects of the LSE Transaction have been included in our pro forma condensed combined statement of income.

The LSE related transactions for the year ended December 31, 2007 included the following (in millions, except dividend per share and exchange rate):

Income (expense)		
• Loss on the early extinguishment of debt related to the repayment of our credit facilities		$ (5.8)
• Interest expense related to the financing of the purchase of our share capital of the LSE (see 5(b) below for calculation)		(57.4)
• Loss on foreign currency option contracts purchased to hedge the foreign currency exposure on our acquisition bid:		
Sale amount	$ 65.3	
Book value	(73.1)	(7.8)
• Dividend income received from the LSE:		
5/16/07 dividend per share	£ 0.12	
Shares held	x 61.3	
GBP exchange rate	x 1.98	14.5
• Gain on sale of our share capital of the LSE:		
Gross proceeds	$ 1,784.2	
Cost basis	(1,334.8)	
Costs to sell	(18.0)	431.4
• Strategic initiative costs – these costs include direct acquisition costs, such as legal and advisory, in connection with our strategic initiative related to the LSE including our acquisition bid		(26.5)

See Note 5(e) for the tax impact of the above adjustments.

(b) The determination of the interest expense adjustment is as follows (in millions, except weighted-average interest rate):

	December 31, 2007
Weighted-Average Daily Balances	
$825.0 million senior credit agreement	$ 724.6
$434.8 million secured term loan credit agreement	333.5
Weighted-Average Interest Rate	
$825.0 million senior credit agreement	7.13%
$434.8 million secured term loan credit agreement	7.13%
Number of Days	270
Interest Expense (calculated on a 360 day convention)	
$825.0 million senior credit agreement	38.8
$434.8 million secured term loan credit agreement	17.8
Amortized Financing Fees	
$825.0 million senior credit agreement	0.3
$434.8 million secured term loan credit agreement	0.5
Total Interest Expense	
$825.0 million senior credit agreement	39.1
$434.8 million secured term loan credit agreement	18.3
	$ 57.4

Note 7. Integration Plan

NASDAQ OMX expects that in the period beginning twelve months following consummation of the PHLX acquisition, this acquisition will be accretive to stockholders, primarily as a result of technology cost savings and other synergies as follows:

- Both parties believe the acquisition will create substantial value for shareholders, with net pre-tax annual synergies estimated at $51 million. Of this amount, $57 million constitutes estimated cost synergies and $(6) million estimated revenue synergies;
- Cost synergies will be realized through the rationalization of IT systems and data centers, rationalization of non-IT functions, and reduced capital and procurement expenditure; and
- Negative Revenue synergies will be realized due to the discontinuation of certain business units.