

NASDAQ OMX Group, Inc.

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Nasdaq Q1 net falls by half on Facebook botched IPO charges

Nasdaq OMX Group Inc. (NASDAQ:NDAQ), the second-largest U.S. stock exchange, said its profit fell by half in the first quarter as the company booked \$62 million to reimburse firms which lost money due to Facebook Inc.'s (NASDAQ:FB) botched market debut last May.

Net income for the three months that ended March 31 fell to \$42 million, or 25 cents a share, from \$85 million, or 48 cents a share, in the year-earlier period, the New York-based company said in a statement on Wednesday.

Net U.S. equity revenue at Nasdaq during the quarter dropped 23 percent from a year earlier to \$23 million, as its market share declined to 18.4 percent from 21.3 percent.

The company said it may pay \$10 million to resolve a Securities and Exchange Commission investigation into the mishandling of Facebook's initial public offering.

Facebook went public on May 18, but technical glitches at the Nasdaq delayed the start of trading and threw the debut into chaos. Technical problems kept many investors from buying shares that morning, selling them later in the day.

Nasdaq OMX Group Inc., which runs its namesake stock market along with a series of other platforms and clearinghouses in the U.S. and overseas, has had to deal with subdued trading volumes. It has slashed costs to blunt lower market activity. Exchange revenue slumped 4 percent from a year earlier to \$182 million.

"While the volume environment remained challenging, our portfolio of corporate, trading, technology, and information businesses continue to deliver consistent revenue and earnings performance," the company said, citing CEO Bob Greifeld.

Nasdaq's shares gave up 2.1 percent to \$27.86 on Wednesday after the earnings were announced, ending three days of gains. The stock has gained approximately 11 percent since the beginning of the year, outpacing the Nasdaq Composite Index (INDEXNASDAQ:.IXIC), which has gained 8 percent.

Stripping out one-time items, earnings in the January-to-March period rose to 64 cents a share from 61 cents per share a year ago, it said. That exceeded the 62 cents a share average projection of analysts.

Net revenue grew 1 percent to \$418 million, matching analysts' expectations.

For the full year, Nasdaq projected core operating expenses in the range of \$910 million to \$930 million. In addition, Nasdaq forecast \$50 million to \$60 million for "new initiative spending" and \$12 million related to a 2013 accounting

Price: 103.59

Market Cap: \$16.98 billion

1 Year Share Price Graph



Share Information

Code: NDAQ

Listing: NASDAQ

52 week	High	Low
	105.24	75.5

Sector: Financial Services

Website: www.nasdaqomx.com

Company Synopsis:

The NASDAQ OMX Group, Inc. is a global exchange group that delivers trading, exchange technology, securities listing, and public company services across six continents.

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reclassification of certain Corporate Solutions expenses.

"We are confident that a recovering economy and increasing investor confidence will eventually lead to stronger tailwinds for our businesses," Greifeld said in the statement.

The company will pay a regular quarterly dividend of 13 cents a share, payable on June 28 to shareowners of record at the close of business on June 14.

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