Nasdaq, Inc.

Reconciliation of U.S. GAAP Net Income, Diluted Earnings Per Share, Operating Income and Operating Expenses to Non-GAAP Net Income, Diluted Earnings Per Share, Operating Income, and Operating Expenses

(in millions, except per share amounts)

(unaudited)

	Three Months Ended		
	September 30, 2017	**June 30, 2017**	**September 30, 2016**
U.S. GAAP net income attributable to Nasdaq	$ 171	$ 147	$ 131
Non-GAAP adjustments:			
Amortization expense of acquired intangible assets (1)	22	22	23
Merger and strategic initiatives (2)	3	11	12
Extinguishment of debt (3)	-	10	-
Other (4)	1	2	-
Total non-GAAP adjustments	26	45	35
Non-GAAP adjustment to the income tax provision (5)	(16)	(20)	(12)
Total non-GAAP adjustments, net of tax	10	25	23
Non-GAAP net income attributable to Nasdaq	$ 181	$ 172	$ 154
U.S. GAAP diluted earnings per share	$ 1.01	$ 0.87	$ 0.77
Total adjustments from non-GAAP net income above	0.05	0.15	0.14
Non-GAAP diluted earnings per share	$ 1.06	$ 1.02	$ 0.91
Weighted-average diluted common shares outstanding for earnings per share:	170.0	168.5	169.5

(1) Refer to the non-GAAP information section of the earnings release for further discussion of why we consider amortization expense of acquired intangible assets to be a non-GAAP adjustment.

(2) For the three months ended September 30, 2017, merger and strategic initiatives expense is primarily related to our acquisitions of eVestment, Inc and Sybenetix as well as costs associated with the potential strategic alternatives for our Public Relations and Digital Media businesses within our Corporate Solutions business. For the three months ended June 30, 2017 and September 30, 2016, merger and strategic initiatives expense primarily related to our acquisition of International Securities Exchange, or ISE. Refer to the non-GAAP information section of the earnings release for further discussion on why we consider merger and strategic initiatives expense to be a non-GAAP adjustment.

(3) During the three months ended June 30, 2017, in connection with the early extinguishment of our 5.25% senior unsecured notes issued in December 2010 and the $300 million repayment on our $400 million senior unsecured term loan facility due November 25, 2019, we recorded a charge of $10 million primarily related to a premium paid for early redemption.

(4) For the three months ended June 30, 2017, other charge relates to wind down costs associated with an equity method investment that was previously written off, which is included in net income from unconsolidated investees in the Condensed Consolidated Statements of Income.

(5) For the three months ended September 30, 2017, June 30, 2017, and September 30, 2016, the non-GAAP adjustment to the income tax provision primarily reflects the tax impact of each non-GAAP adjustment. In addition, the non-GAAP adjustment to the income tax provision reflects the recognition of previously unrecognized tax benefits associated with positions taken in prior years of $8 million for the three months ended September 30, 2017 and $4 million for the three months ended June 30, 2017.