

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)

(unaudited)

	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
U.S. GAAP operating income	\$ 264	\$ 244	\$ 233
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	1	-	-
Total non-GAAP adjustments	26	43	35
Non-GAAP operating income	\$ 290	\$ 287	\$ 268
Revenues less transaction-based expenses	\$ 607	\$ 602	\$ 585
U.S. GAAP operating margin ⁽⁴⁾	43 %	41 %	40 %
Non-GAAP operating margin ⁽⁵⁾	48 %	48 %	46 %

(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 Sybetix 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 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) U.S. GAAP operating margin equals U.S. GAAP operating income divided by total revenues less transaction-based expenses.

(5) Non-GAAP operating margin equals non-GAAP operating income divided by total revenues less transaction-based expenses.