Nasdaq, Inc.

Reconciliation of U.S. GAAP Net Income (Loss), Diluted Earnings (Loss) 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		
	December 31, 2017	September 30, 2017	December 31 2016
U.S. GAAP net income (loss) attributable to Nasdaq	$ 246	$ 171	$ (224
Non-GAAP adjustments:			
Amortization expense of acquired intangible assets [(1)]	25	22	23
Merger and strategic initiatives [(2)]	24	3	20
Restructuring charges [(3)]	—	—	—
Asset impairment charge [(4)]	—	—	578
Regulatory matter [(5)]	—	1	6
Executive compensation [(6)]	—	—	12
Sublease loss reserves [(7)]	2	—	1
Extinguishment of debt [(8)]	—	—	—
Other [(9)]	—	—	6
Total non-GAAP adjustments	51	26	646

Non-GAAP adjustment to the income tax provision [10]	(21)	(16)	(261
Impact of newly enacted U.S. tax legislation [11]	(87)	—	—
Excess tax benefits related to employee share-based compensation [12]	(10)	(7)	—
Total non-GAAP adjustments, net of tax	(67)	3	385
Non-GAAP net income attributable to Nasdaq	$ 179	$ 174	$ 161
U.S. GAAP diluted earnings (loss) per share	$ 1.45	$ 1.01	$ (1.35
Adjustment to GAAP loss per share to include fully diluted weighted average shares	—	—	0.03
Total adjustments from non-GAAP net income above	(0.40)	0.01	2.27
Non-GAAP diluted earnings per share	$ 1.05	$ 1.02	$ 0.95
Weighted-average diluted common shares outstanding for non-GAAP earnings per share:	169.7	170.0	169.3

(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 and year ended December 31, 2017 and for the three months ended September 30, 2017, merger and strategic initiatives expense is primarily related to our acquisitions of eVestment, Inc. and International Securities Exchange, or ISE, 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 and year ended December 31, 2016, merger and strategic initiatives expense primarily related to our acquisitions of ISE, Boardvantage, Inc., and Marketwired L.P. 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 2016, we completed our 2015 restructuring plan. For the year ended December 31, 2016, restructuring charges primarily related to severance and other termination benefits, asset impairment charges, and other charges.

(4) For the three months and year ended December 31, 2016, we recorded a pre-tax, non-cash intangible asset impairment charge of $578 million related to the full write-off of the eSpeed trade name due to a continued decline in operating performance of the eSpeed business during 2016 and a rebranding of our Fixed Income business.

(5) During 2016, the Swedish Financial Supervisory Authority, or SFSA, completed their investigations of cybersecurity processes at our Nordic exchanges and clearinghouse. In December 2016, we were issued a $6 million fine by the SFSA as a result of findings in connection with its investigation. The SFSA's conclusions related to governance issues rather than systems and platform security. We have appealed the SFSA's decision, including the amount of the fine. The court has not yet reached a decision regarding our appeal. This charge is included in regulatory expense in the Condensed Consolidated Statements of Income (Loss) for the three months and year ended December 31, 2016.

(6) For the three months and year ended December 31, 2016, we recorded $12 million in accelerated expense due to the retirement of the company's former CEO for equity awards previously granted.

(7) For the three months and year ended December 31, 2017 and for the three months ended December 31, 2016, we established a sublease loss reserve on space we currently occupy due to excess capacity. The credit of $1 million for the year ended December 31, 2016, pertains to the release of a previously recorded sublease loss reserve due to the early exit of a facility, partially offset by a sublease loss reserve charge recorded on space we currently occupy due to excess capacity.

(8) For the year ended December 31, 2017, in connection with the early extinguishment of our 5.25% senior unsecured notes 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.

(9) For the year ended December 31, 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 (loss) from unconsolidated investees in the Condensed Consolidated Statements of Income (Loss). For the three months and year ended December 31, 2016, other charges primarily include the impact of the write-off of an equity method investment, partially offset by a gain resulting from the sale of a percentage of a separate equity method investment. We recorded the net loss in net income (loss) from unconsolidated investees in the Condensed Consolidated Statements of Income (Loss).

(10) The non-GAAP adjustment to the income tax provision includes 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 $12 million for the year ended December 31, 2017. For the three months and year ended December 31, 2017, we recorded a decrease to tax expense of $6 million, which reflects the impact of amending our assertion regarding the indefinite reinvestment of earnings of certain subsidiaries outside the U.S. For the year ended December 31, 2016, we recorded a $27 million tax expense due to an unfavorable tax ruling received during the second quarter of 2016, the impact of which is related to prior periods.

(11) The Tax Cuts & Jobs Act was enacted on December 22, 2017. For the three months and year ended December 31, 2017, we recorded a decrease to tax expense of $87 million, which reflects the estimated impact associated with the enactment of this act. The decrease in tax expense primarily relates to the remeasurement of our net U.S. deferred tax liability at the lower U.S. federal corporate income tax rate. The estimate may be refined in the future as new information becomes available.

(12) For the three months and year ended December 31, 2017 and for the three months ended September 30, 2017, excess tax benefits relates to employee share-based compensation resulting from the adoption of new accounting guidance which requires all income tax effects of share-based awards to be recognized as income tax expense or benefit in the income statement when the awards vest or are settled on a prospective basis, as opposed to stockholders' equity where it was previously recorded. Refer to the non-GAAP information section of the earnings release for further discussion on why we consider excess tax benefits related to employee share-based compensation to be a non-GAAP adjustment.