



1Q20 Earnings Presentation

April 22, 2020

NASDAQ 1Q20 HIGHLIGHTS

Driving Accelerating Growth, Creating Sustainable Value

Non-Trading Segments Organic Revenue Growth¹

1Q20:

+8% Y-o-Y

Market Services Organic Revenue Growth¹

1Q20:

+22% Y-o-Y

Non-GAAP EPS Growth²

1Q20:

+23% Y-o-Y

Achieves Quarterly Highs

- Net Revenues
- Non-GAAP EPS
- Non-GAAP operating margin
- Operating cash flow

Non-GAAP Operating Margin²

52% in 1Q20

versus

49% in 1Q19

Capital Returned to Shareholders

\$200 million in 1Q20,
including \$122 million in
share repurchases

¹Please refer to slides 14, 25 and 26 for a reconciliation of organic revenue growth.

²Please refer to the appendix for a reconciliation of U.S. GAAP to non-GAAP measures.

1Q20 NON-GAAP SUMMARY(1)

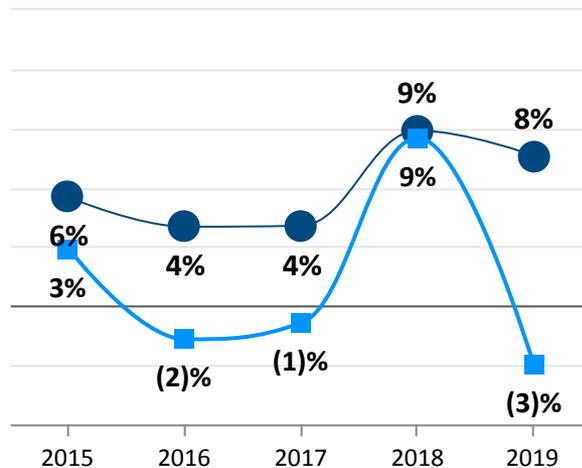
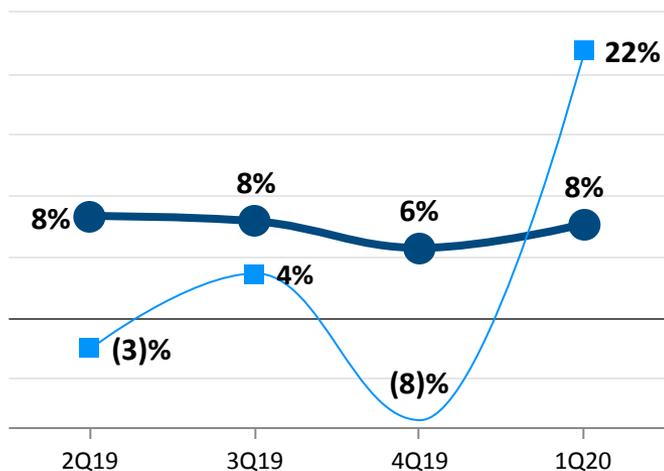
<i>(US\$ millions, except per share)</i>	1Q20	1Q19	% Δ
Revenue from non-trading segments ⁽²⁾	\$420	\$391	7%
Market Services Net Revenue ⁽³⁾	\$281	\$233	21%
Other Revenue	\$—	\$10	(100)%
Net Revenues⁽³⁾	\$701	\$634	11%
Operating Expenses	\$336	\$322	4%
Operating Income	\$365	\$312	17%
Operating Margin	52%	49%	—
Net Income	\$251	\$204	23%
Diluted EPS	\$1.50	\$1.22	23%
Diluted Shares Outstanding	166.8	167.0	—%

- 1Q20 net revenues⁽³⁾ totaled \$701 million.
 - Revenues from non-trading segments⁽²⁾ increased 7%, or \$29 million y-o-y, with increases in Information Services, Corporate Services and Market Technology.
 - Net revenues⁽³⁾ from Market Services increased 21%, or \$48 million y-o-y.
 - Other revenues declined \$10 million y-o-y, due to the divestiture of B Wise in March 2019.

1. Please refer to the appendix for a reconciliation of U.S. GAAP to non-GAAP measures.
2. Represents revenues from our Corporate Services, Information Services and Market Technology segments.
3. Represents revenues less transaction-based expenses.

ORGANIC REVENUE AND OUTLOOK

NASDAQ YEAR-OVER-YEAR REVENUE GROWTH EXCLUDING ACQUISITIONS AND DIVESTITURES, CONSTANT CURRENCY⁽¹⁾



● Non-Trading Segments (IS, CS, MT)
 ■ Market Services

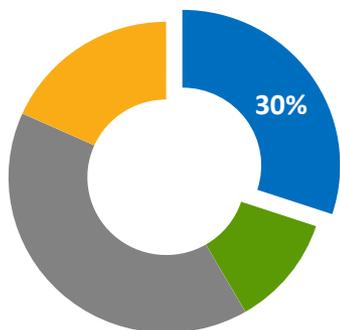
NASDAQ MEDIUM-TERM (3-5 YR) ORGANIC REVENUE GROWTH OUTLOOK

U.S. GDP ⁽²⁾	Information Services	Market Technology	Corporate Services	Non-Trading Segments (IS, CS, MT)
0%	5% - 7%	8% - 11%	3% - 5%	5% - 7%

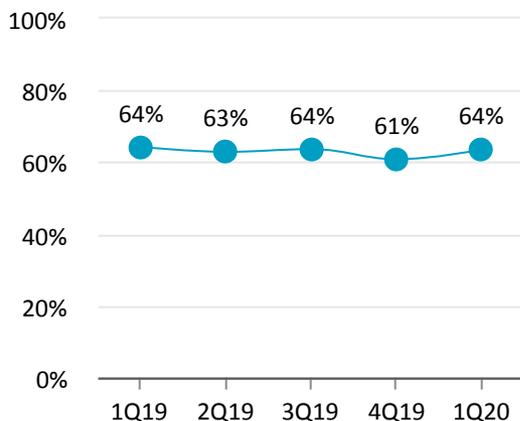
1. Please refer to slides 14, 25 and 26 for a reconciliation of organic revenue growth.
2. Average of U.S. GDP forecasts for 2020 and 2021 according to Consensus Economics Inc.

INFORMATION SERVICES

IS 1Q20
Net Revenue
Contribution



Operating Income Margin ⁽¹⁾



1. Information Services' margins reflect the allocation of certain costs that support the operation of various aspects of Nasdaq's business, including Market Services, to units other than Information Services.

Information Services Performance Summary

	1Q20	1Q19	% Δ	
Net Revenue	\$211M	\$193M	9%	<ul style="list-style-type: none"> • 3% decrease in Market Data revenues: Primarily due to lower collections from under reported usage, partially offset by organic growth in U.S. proprietary products. • 35% increase in Index revenues: Primarily driven by higher licensing revenue from higher average assets under management (AUM) in exchange traded products (ETPs) linked to Nasdaq indexes, higher licensing revenue from futures trading linked to the Nasdaq 100 Index and a \$5 million collection related to prior period usage.
Operating Income	\$134M	\$124M	8%	
Operating Income Margin	64%	64%		<ul style="list-style-type: none"> • 5% increase in Investment Data & Analytics revenues: Primarily due to organic growth in eVestment.

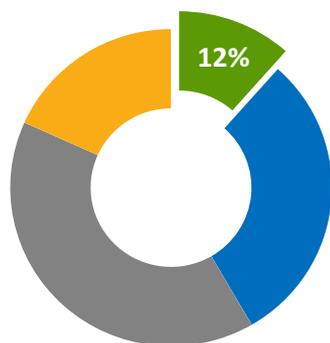
INFORMATION SERVICES NET REVENUES



■ Market Data
■ Index
■ Investment Data & Analytics

MARKET TECHNOLOGY

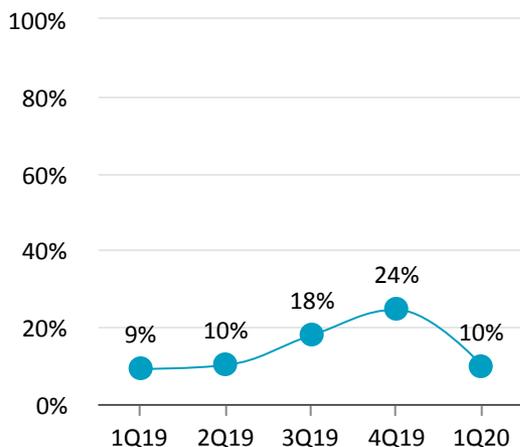
MT 1Q20
Net Revenue
Contribution



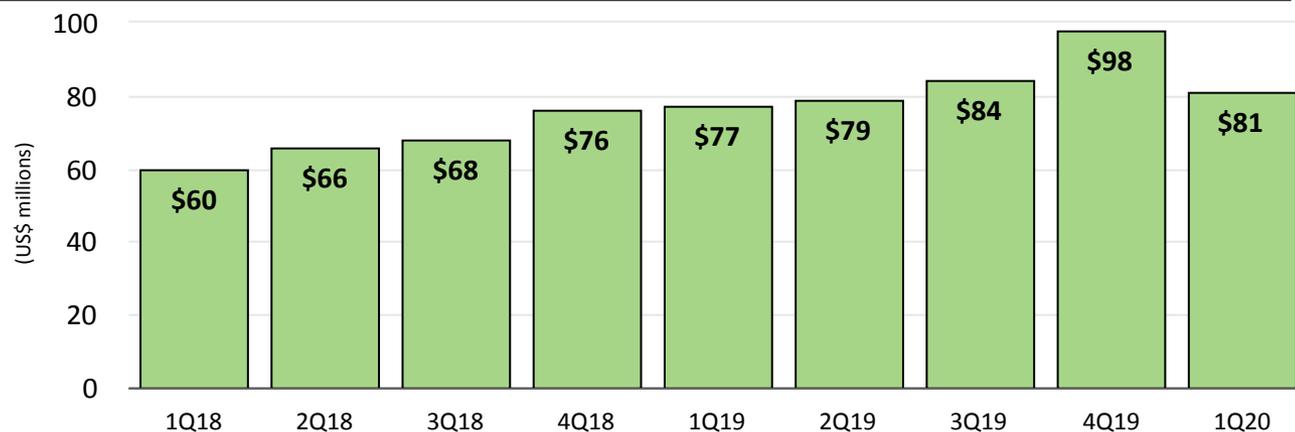
Market Technology Performance Summary			
	1Q20	1Q19	% Δ
Net Revenue	\$81M	\$77M	5%
Operating Income	\$8M	\$7M	14%
Operating Income Margin	10%	9%	

- **5% growth in Market Technology revenues:** Primarily due to higher SaaS surveillance revenues and an increase in software delivery and support projects, partially offset by a decrease in change request revenues and an unfavorable impact from foreign exchange of \$2 million.
- \$80 million new order intake and \$257 million in annualized recurring revenue, or ARR, in 1Q20, the latter an increase of 9% from the prior year period.

Operating Income Margin

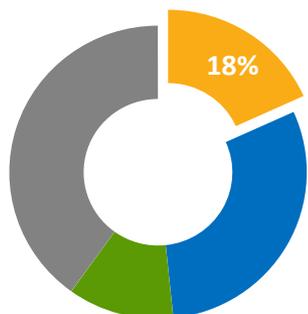


MARKET TECHNOLOGY NET REVENUES



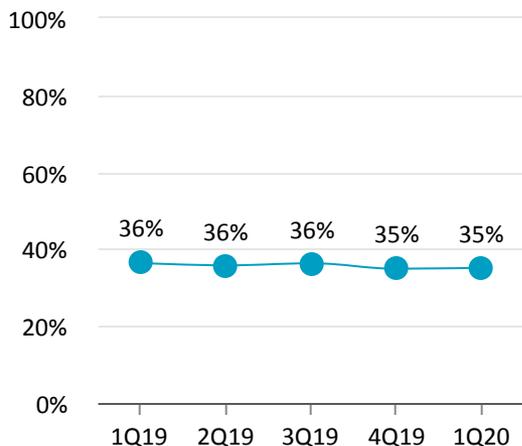
CORPORATE SERVICES

CS 1Q20
Net Revenue
Contribution



Corporate Services Performance Summary				
	1Q20	1Q19	% Δ	
Net Revenue	\$128M	\$121M	6%	<ul style="list-style-type: none"> ● 6% increase in Listing Services revenues: Reflecting higher listing revenues due to an increase in the total number of listed companies and annual renewal fees.
Operating Income	\$45M	\$44M	2%	<ul style="list-style-type: none"> ● 6% increase Corporate Solutions revenues: Reflecting an increase in governance solutions revenues and IR intelligence revenues.
Operating Income Margin	35%	36%		<ul style="list-style-type: none"> ● 56 new U.S. listings including 27 IPOs in 1Q20, and a 69% U.S. IPO win rate. European new listings totaled 9 in 1Q20.

Operating Income Margin

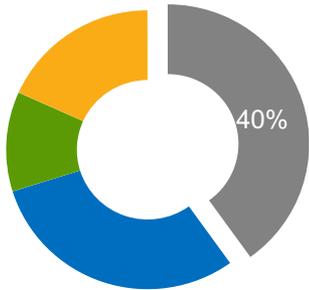


CORPORATE SERVICES NET REVENUES



MARKET SERVICES

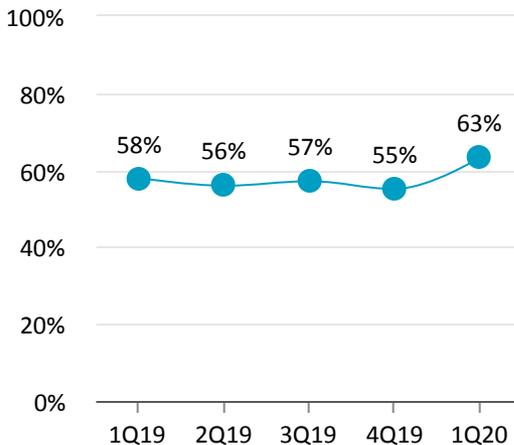
MS 1Q20
Net Revenue
Contribution



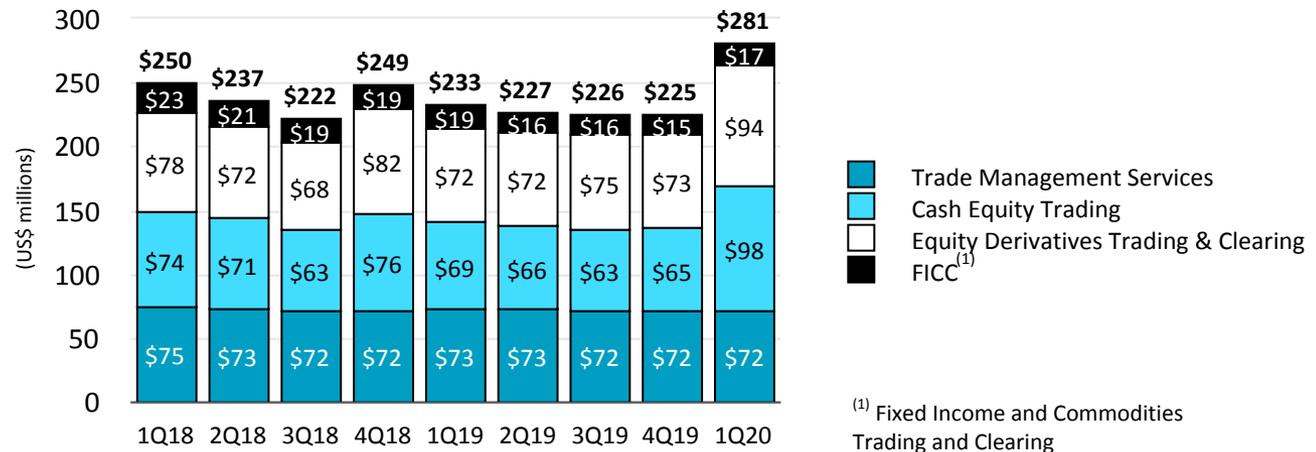
Market Services Performance Summary			
	1Q20	1Q19	% Δ
Net Revenue	\$281M	\$233M	21%
Operating Income	\$178M	\$135M	32%
Operating Income Margin	63%	58%	

- **31% increase in Equity Derivative Trading and Clearing revenues:** Primary reflects higher U.S. industry trading volumes, partially offset by lower overall U.S. matched market share executed on Nasdaq's exchanges and a lower U.S. net capture rate.
- **42% increase in Cash Equity Trading revenues:** Primarily reflects higher U.S. and European industry trading volumes and a higher U.S. capture rate, partially offset by lower overall U.S. matched market share executed on Nasdaq's exchanges.
- **11% decrease in Fixed Income and Commodities Trading and Clearing revenues:** The decrease was driven by the sale of the core assets of our NFX business and lower fixed income revenues, partially offset by higher European commodity products revenues.
- **1% decrease in Trade Management Services revenues.**

Operating Income Margin



MARKET SERVICES NET REVENUES

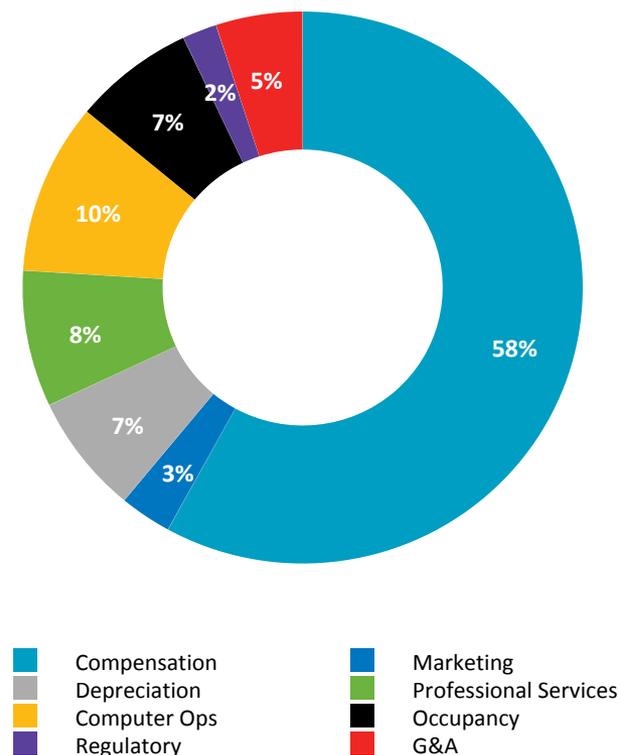


NON-GAAP OPERATING EXPENSES¹

(US\$ millions)

Total Non-GAAP operating expenses	1Q20	4Q19	1Q19
Compensation and benefits	195	189	175
Professional and contract services ⁽²⁾	27	27	32
Computer operations and data communications	35	35	33
Occupancy ⁽²⁾	24	23	24
General, admin. & other ⁽²⁾	16	22	19
Marketing and advertising	9	10	10
Depreciation and amortization ⁽²⁾	23	21	22
Regulatory	7	8	7
Total non-GAAP operating expenses	336	335	322

1Q20 EXPENSE CATEGORIES



1. Please refer to the appendix for a reconciliation of U.S. GAAP to non-GAAP measures.
2. General, administrative and other expense and depreciation and amortization expense in all periods were adjusted from GAAP expense. Occupancy expense was adjusted for 1Q20 and 4Q19. Professional and contract services expense was adjusted for 4Q19 and 1Q19. Refer to slides 21-23 for the amounts and details of the adjustments for all periods presented.

2020 NON-GAAP EXPENSE AND TAX GUIDANCE¹

Nasdaq Non-GAAP Operating Expense Guidance		
	January 29, 2020 Guidance	April 22, 2020 Update
Core Non-GAAP Operating Expenses	\$1,220-\$1,250 Million	\$1,230-\$1,260 Million
R&D Expenses	\$90-\$110 Million	\$90-\$110 Million
Total Non-GAAP Operating Expenses	<i>\$1,310-\$1,360 Million</i>	<i>\$1,320-\$1,370 Million</i>
Non-GAAP Tax Rate	<i>25.5% - 27.5%</i>	<i>25.5% - 27.5%</i>

¹U.S. GAAP operating expense and tax rate guidance are not provided due to the inherent difficulty in quantifying certain amounts due to a variety of factors including the unpredictability in the movement in foreign currency rates, as well as future charges or reversals outside of the normal course of business.

DEBT OVERVIEW

Debt Key Highlights

- 1Q20 debt increased by \$721M vs. 4Q19 primarily due to net borrowing of approximately \$800M on the revolver, partially offset by net payment of \$42M of commercial paper.
- 1Q20 Total debt to EBITDA increased to 3.0x as compared to 2.6x in 4Q19.
- 1Q20 net interest expense was \$24M, \$10M lower than in 1Q19, primarily due to refinancings in the first half of 2019.

\$3.1B Net Debt

(US\$ millions)	3/31/2020	12/31/2019	Maturity Date
Commercial Paper	349	391	Various
Revolver (Libor + 117.5 bps) ⁽²⁾	797	(2)	Apr 2022
3.875% Euro Notes repaid in March 2020	—	671	Jun 2021
0.875% Euro Notes	655	—	Feb 2030
1.75% Euro Notes	658	668	May 2023
4.25% Notes	497	497	Jun 2024
3.85% Notes	497	497	Jun 2026
1.75% Euro Notes	655	665	Mar 2029
Total Debt Obligations	\$4,108	\$3,387	
Less Cash and Cash Equivalents ⁽³⁾	(1,015)	(332)	
Net Debt	\$3,093	\$3,055	

Leverage Ratios

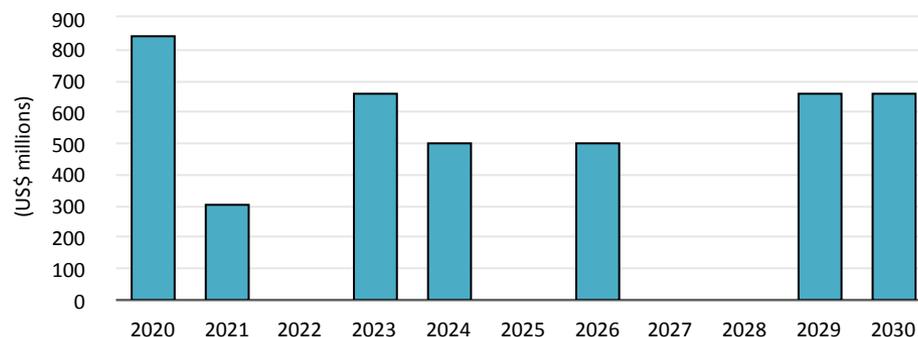
Net Debt to EBITDA ⁽¹⁾ = 2.3x

Total Debt to EBITDA ⁽¹⁾ = 3.0x

LTM EBITDA ⁽¹⁾ = \$1,369M

1. See Appendix for EBITDA reconciliation.
2. Includes debt issuance costs of \$2M at Mar 31, 2020 and \$2M at Dec 31, 2019
3. Excludes \$29M of restricted cash in 1Q20 and \$30M in 4Q19.
4. 2020 includes commercial paper and a portion of the amount drawn on the revolver. 2021 Includes the remainder of the amount drawn on the revolver.

Well Laddered Debt Maturities⁴



APPENDIX

HISTORICAL CASH FLOW/ USES OF CASH FLOW

Free Cash Flow Calculation (US\$ millions)	2017	2018	2019	2020 YTD	2017-2020 YTD
Cash flow from operations	\$909	\$1,028	\$963	\$380	\$3,280
Capital expenditure	(144)	(111)	(127)	(26)	(408)
Free cash flow	765	917	836	354	2,872
Section 31 fees, net ⁽¹⁾	(9)	9	(14)	26	12
Free cash flow ex. Section 31 fees	\$756	\$926	\$822	\$380	\$2,884
Uses of cash flow					
Share repurchases	\$203	\$394	\$200	\$122	\$919
Net repayment/(borrowing) of debt	(411)	320	430	(694)	(355)
Acquisitions, net of dispositions and other	776	(380)	63	148	607
Dividends paid	243	280	305	78	906
Total uses of cash flow	\$811	\$614	\$998	\$(346)	\$2,077

1. Net of change in Section 31 fees receivables of \$11 million in 2017; \$(10) million in 2018; \$9 million in 2019; \$55 million in 2020 YTD; and \$65 million in 2017-2020 YTD.

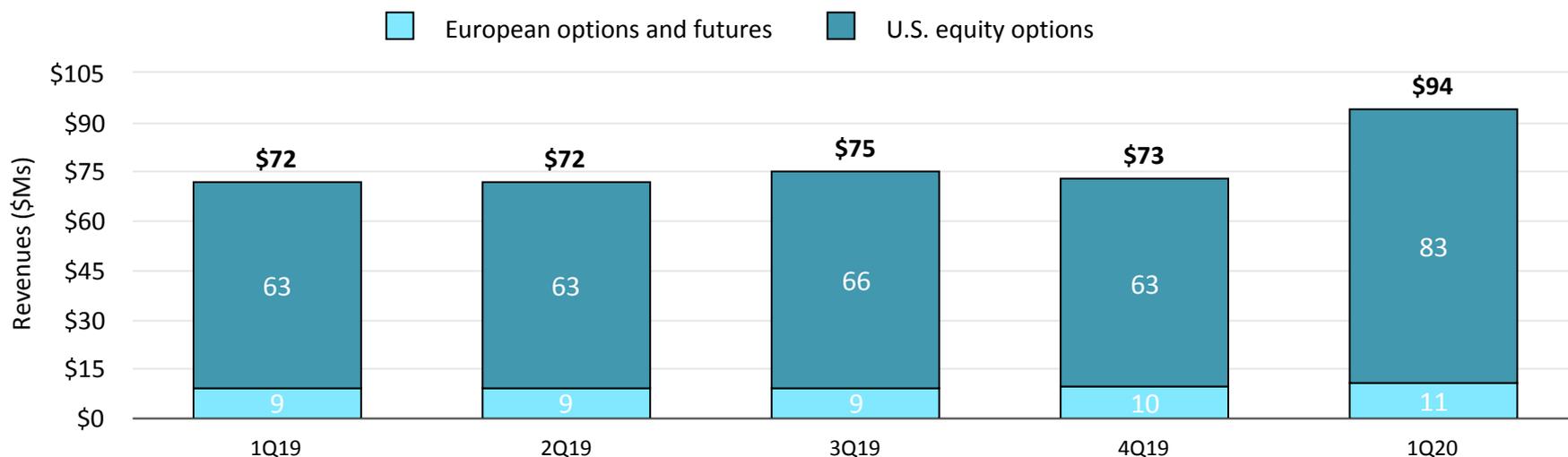
TOTAL VARIANCE NET IMPACTS: 1Q20

<i>All figures in US\$ Millions</i>	1Q20 actual	1Q19 actual	Total Variance		Organic Impact		Net Acquisition & Divestiture Impact ²		FX Impact (Prior Year Rates)	
			\$M	%	\$M	%	\$M	%	\$M	%
Market Services	\$281	\$233	\$48	21 %	\$51	22 %	\$—	— %	(\$3)	(1)%
Corporate Services	128	121	7	6 %	7	6 %	1	1 %	(1)	(1)%
Information Services	211	193	18	9 %	18	9 %	—	— %	—	— %
Market Technology	81	77	4	5 %	5	6 %	1	1 %	(2)	(3)%
Other	—	10	(10)	(100)%	—	— %	(10)	(100)%	—	— %
Total Non-trading Segment Revenue¹	420	391	29	7 %	30	8 %	2	1 %	(3)	(1)%
Total Revenue less transaction expenses	701	634	67	11 %	81	13 %	(8)	(1)%	(6)	(1)%
Non-GAAP Operating Expenses	336	322	14	4 %	23	7 %	(5)	(2)%	(4)	(1)%
Non-GAAP Operating Income	365	312	53	17 %	58	19 %	(3)	(1)%	(2)	(1)%
Non-GAAP Operating Margin	52 %	49 %	—	—	—	—	—	—	—	—

¹Represents our Corporate Services, Information Services and Market Technology segments.

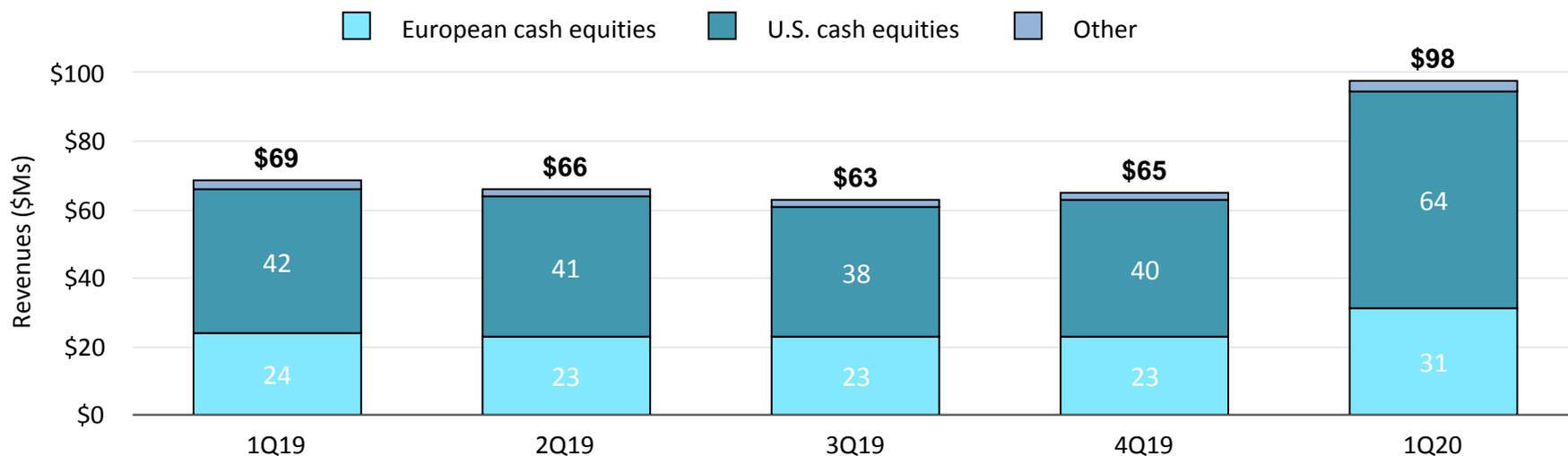
²Reflects the impact of the Cinnober, Center for Board Excellence and Solovis acquisitions as well as the sale of the BWISE enterprise governance, risk and compliance software platform in March 2019

EQUITY DERIVATIVE TRADING AND CLEARING



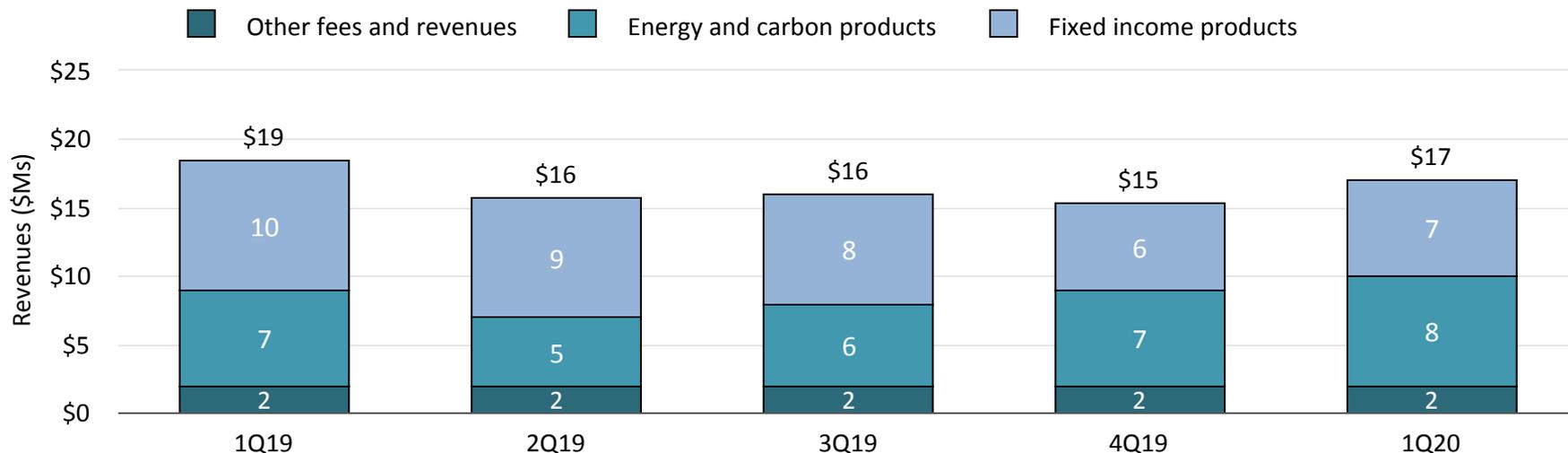
	1Q19	2Q19	3Q19	4Q19	1Q20
Net Revenues (US\$ in Millions)					
U.S. equity options	63	63	66	63	83
European options and futures	9	9	9	10	11
Equity Derivatives	72	72	75	73	94
Nasdaq Volumes					
U.S. equity options (millions of contracts)	406	420	434	434	568
European options and futures (millions of contracts)	22.4	22.7	21.8	24.8	28.8
Revenue Capture					
U.S. equity options (RPC)	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.14	\$ 0.15
European options and futures (RPC)	\$ 0.42	\$ 0.40	\$ 0.39	\$ 0.40	\$ 0.39
<i>SEK/US\$ average</i>	\$ 0.109	\$ 0.106	\$ 0.104	\$ 0.104	\$ 0.103
<i>Euro/US\$ average</i>	\$ 1.136	\$ 1.124	\$ 1.111	\$ 1.107	\$ 1.102

CASH EQUITY TRADING



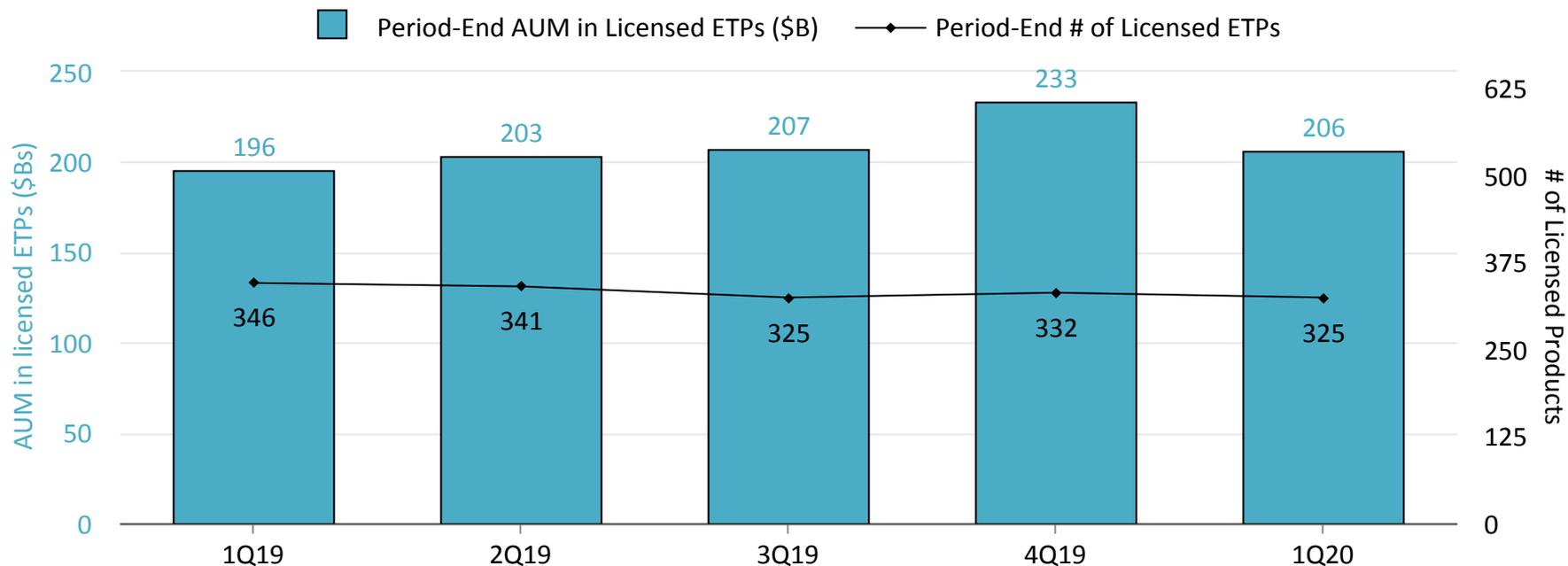
	1Q19	2Q19	3Q19	4Q19	1Q20
Net Revenues (US\$ in Millions)					
U.S. cash equities	42	41	38	40	64
European cash equities	24	23	23	23	31
Other	3	2	2	2	3
Cash Equity Trading	69	66	63	65	98
Nasdaq Volumes					
U.S. cash equities (billions of shares)	90.6	87.7	90.2	79.5	126.8
European cash equities value shares traded (\$B)	211	189	192	202	301.5
Revenue Capture					
U.S. cash equities revenue capture per 1000 shares	\$ 0.47	\$ 0.46	\$ 0.42	\$ 0.50	\$ 0.50
European cash equities revenue capture per \$1000 traded	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.10
<i>SEK/US\$ average</i>	\$ 0.109	\$ 0.106	\$ 0.104	\$ 0.104	\$ 0.103
<i>Euro/US\$ average</i>	\$ 1.136	\$ 1.124	\$ 1.111	\$ 1.107	\$ 1.102

FIXED INCOME AND COMMODITIES TRADING & CLEARING



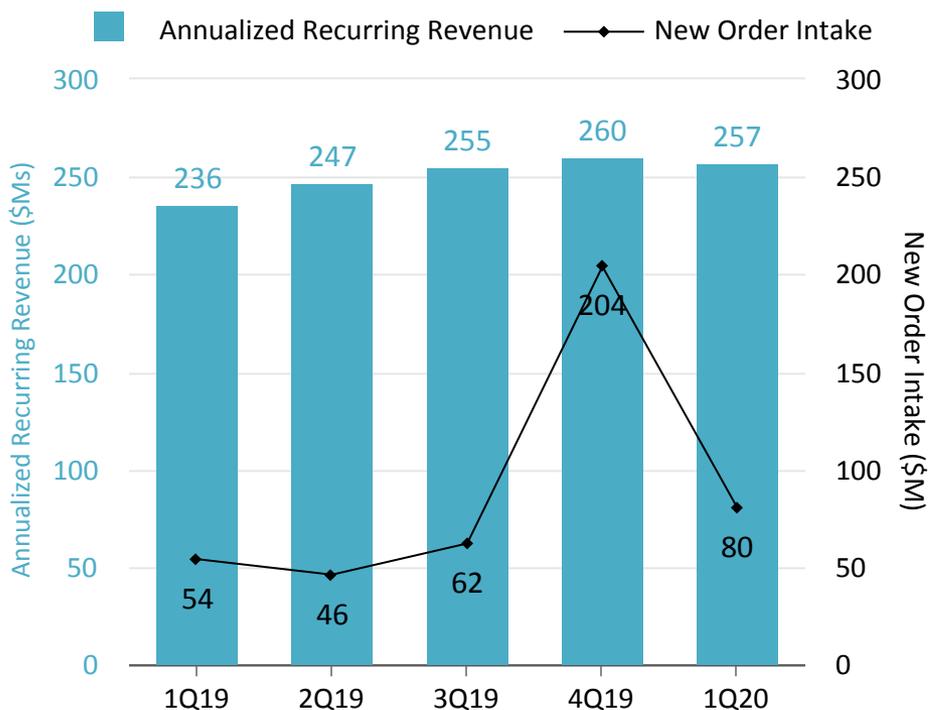
	1Q19	2Q19	3Q19	4Q19	1Q20
Net Revenues (US\$ in Millions)					
Fixed income products	10	9	8	6	7
Energy and carbon products	7	5	6	7	8
Other fees and revenues	2	2	2	2	2
Fixed Income and Commodities Trading and Clearing	19	16	16	15	17
Nasdaq Volumes					
U.S. Fixed income trading volume (billions of \$ notional)	2,715	2,921	3,033	1,796	2,067
European Fixed income products (millions of contracts)	7.3	7.5	6.9	6.5	7.3
Energy trading and clearing (TWh)	367	254	290	341	451
Revenue Capture					
European Fixed Income (RPC)	\$ 0.61	\$ 0.51	\$ 0.52	\$ 0.52	\$ 0.65
Energy trading and clearing (\$1000 per TWh traded and cleared)	\$ 18.8	\$ 19.3	\$ 19.4	\$ 19.0	\$ 17.5
<i>SEK/US\$ average</i>	\$ 0.109	\$ 0.106	\$ 0.104	\$ 0.104	\$ 0.103
<i>Euro/US\$ average</i>	\$ 1.136	\$ 1.124	\$ 1.111	\$ 1.107	\$ 1.102

INDEX



	1Q19	2Q19	3Q19	4Q19	1Q20
Period-End # of Licensed ETPs	346	341	325	332	325
Period-End AUM in Licensed ETPs (\$B)	196	203	207	233	206
Index Revenues (\$M)	54	55	56	57	73

MARKET TECHNOLOGY



Annualized Recurring Revenue¹ (ARR)

- ARR is the total annualized revenue of active software support and SaaS subscription revenues.
- ARR represented 79% of Market Technology annualized revenues in 1Q20.
- The company believes ARR is a key performance metric to assess the trajectory of the business as it captures the growth in SaaS revenues.
- ARR increased 9% in 1Q20 versus the prior year period. Excluding the unfavorable impact from changes in foreign exchange rates, ARR increased 11% year over year.

	1Q19	2Q19	3Q19	4Q19	1Q20
New Order Intake (\$M)	54	46	62	204	80
Annualized Recurring Revenue¹ (\$M)	236	247	255	260	257
Net Revenue (\$M)	77	79	84	98	81

¹Annualized Recurring Revenue (ARR) for a given quarter is the annualized revenue of Market Technology support and SaaS subscription contracts. ARR is currently one of our key performance metrics to assess the health and trajectory of our business. ARR does not have any standardized definition and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace either of those items. ARR is not a forecast and the active contracts during the reporting period used in calculating ARR may or may not be extended or renewed by our customers.

RECONCILIATIONS OF U.S. GAAP to NON-GAAP

NON-GAAP ADJUSTMENTS

<i>(US\$ millions)</i>	1Q20	4Q19	3Q19	2Q19	1Q19	2019	2018	2017
Amortization expense of acquired intangible assets ⁽¹⁾	\$ 25	\$ 25	\$ 25	\$ 26	\$ 26	\$ 101	\$ 109	\$ 92
Merger and strategic initiatives expense ⁽²⁾	7	5	10	5	9	30	21	44
Restructuring charges ⁽³⁾	12	9	30	—	—	39	—	—
Extinguishment of debt ⁽⁴⁾	36	—	—	11	—	11	—	10
Net gain on divestiture of businesses ⁽⁵⁾	—	—	—	—	(27)	(27)	(33)	—
Clearing default ⁽⁶⁾	—	—	—	—	—	—	31	—
Provision for notes receivable ⁽⁷⁾	—	—	20	—	—	20	—	—
Net income from unconsolidated investees ⁽⁸⁾	(16)	(14)	(15)	(9)	(45)	(82)	(16)	(13)
Other ⁽⁹⁾	5	8	4	3	2	17	17	3
Gain on sale of investment security ⁽¹⁰⁾	—	—	—	—	—	—	(118)	—
Total Non-GAAP adjustments	69	33	74	36	(35)	109	11	136
Non-GAAP adjustment to the income tax (benefit) provision ⁽¹¹⁾	(18)	(19)	(12)	(7)	(4)	(43)	6	(66)
Impact of enacted U.S. tax legislation ⁽¹²⁾	—	—	—	—	—	—	290	(89)
Excess tax benefits related to employee share-based compensation	(3)	(1)	—	—	(4)	(5)	(9)	(40)
Reversal of Swedish tax benefits ⁽¹³⁾	—	—	—	—	—	—	41	—
Total Non-GAAP tax adjustments	(21)	(20)	(12)	(7)	(8)	(48)	328	(195)
Total Non-GAAP Adjustments, net of tax	\$ 48	\$ 13	\$ 62	\$ 29	\$ (43)	\$ 61	\$ 339	\$ (59)

Please see slides 22-23 for footnotes.

NON-GAAP ADJUSTMENTS FOOTNOTES

- (1) We amortize intangible assets acquired in connection with various acquisitions. Intangible asset amortization expense can vary from period to period due to episodic acquisitions completed, rather than from our ongoing business operations.
- (2) We have pursued various strategic initiatives and completed acquisitions and divestitures in recent years which have resulted in expenses which would not have otherwise been incurred. These expenses generally include integration costs, as well as legal, due diligence and other third party transaction costs and will vary based on the size and frequency of the activities described above.
- (3) In September 2019, we initiated the transition of certain technology platforms to advance the company's strategic opportunities as a technology and analytics provider and continue the realignment of certain business areas. Charges associated with this plan represent a fundamental shift in our strategy and technology as well as executive re-alignment and will be excluded for purposes of calculating non-GAAP measures as they are not reflective of ongoing operating performance or comparisons in Nasdaq's performance between periods. For the three months ended March 31, 2020, we recorded \$12 million in charges which primarily consisted of consulting services, asset impairment charges primarily related to capitalized software that was retired, and accelerated depreciation expense on certain assets as a result of a decrease in their useful life. For the three months ended December 31, 2019, we recorded \$9 million in charges primarily related to severance and employee-related costs. For the three months ended September 30, 2019, we recorded \$30 million in charges primarily related to asset impairment charges mainly related to capitalized software that was retired.
- (4) In the relevant periods, these charges primarily included a make-whole redemption price premium paid on the early extinguishment of outstanding debt. These charges are included in general, administrative and other expense in our Condensed Consolidated Statements of Income.
- (5) For 2019, represents the pre-tax gain on the sale of the Bwise enterprise governance, risk and compliance software platform, and for 2018, represents the pre-tax gain on the sale of the Public Relations Solutions and Digital Media Services businesses.
- (6) Represents charges associated with the clearing default which occurred in 2018. These charges are recorded in general, administrative and other expense in our Consolidated Statements of Income.
- (7) For the three months ended September 30, 2019, we recorded a provision for notes receivable associated with the funding of technology development for the consolidated audit trail, which is recorded in general, administrative and other expense in our Consolidated Statements of Income.
- (8) In the relevant periods, primarily represents net income recognized from our equity interest in OCC. In February 2019, the SEC disapproved the OCC rule change that established OCC's 2015 capital plan, and OCC suspended customer rebates and dividends to owners. We were not able to determine the impact of the disapproval of the OCC capital plan on OCC's 2018 net income until March 2019, when OCC's 2018 financial statements were made available to us. As a result, in March 2019, we recognized \$36 million of income relating to our share of OCC's net income for the year ended December 31, 2018 as well as our share of OCC's first quarter 2019 net income of \$9 million. We also recognized our share of OCC's net income of \$17 million for the three months ended March 31, 2020 and \$14 million for the three months ended December 31, 2019. We will continue to exclude net income related to our share of OCC's earnings for purposes of calculating non-GAAP measures as our income on this investment will vary significantly compared to prior years. This will provide a more meaningful analysis of Nasdaq's ongoing operating performance or comparisons in Nasdaq's performance between periods.

NON-GAAP ADJUSTMENTS FOOTNOTES

(9) For the three months ended March 31, 2020, other charges primarily included accrued expenses associated with our donation to COVID-19 response and relief efforts which is recorded in general, administrative and other expense in our Condensed Consolidated Statements of Income. For 2019, other charges included costs for a tax reserve for certain prior year examinations, which are recorded in general, administrative and other expense in our Consolidated Statements of Income and certain litigation costs which are recorded in professional and contract services expense in the Consolidated Statements of Income. For 2018, other charges included litigation costs which are recorded in professional and contract services expense in our Consolidated Statements of Income and certain charges related to uncertain positions pertaining to sales and use tax and VAT which are recorded in general, administrative and other expense in our Consolidated Statements of Income.

(10) In December 2018, we sold our 5.0% ownership interest in LCH Group Holdings Limited for \$169 million in cash. As a result of the sale, we recognized a pre-tax gain of \$118 million (\$93 million after tax).

(11) The non-GAAP adjustment to the income tax provision primarily includes the tax impact of each non-GAAP adjustment. In addition, for the three months and year ended December 31, 2019, a tax benefit of \$10 million was recorded, primarily related to an adjustment to the 2018 federal and state tax returns. The year ended December 31, 2019 also includes a tax benefit of \$10 million related to capital distributions from the OCC recorded in March 2019. See footnote 8 above for further discussion of our OCC investment. In certain periods the adjustment may include the recognition of previously unrecognized tax benefits associated with positions taken in prior years.

(12) The impact of enacted U.S. tax legislation relates to the Tax Cuts and Jobs Act which was enacted on December 22, 2017. We were required to remeasure all of our U.S. deferred tax assets and liabilities and record the impact of such remeasurement in our 2017 financial statements. The net effect of applying the provisions of the act on our 2017 Consolidated Statement of Income was a non-cash provisional tax benefit of \$89 million, substantially all of which reflects the estimated impact associated with the remeasurement of our net U.S. deferred tax liability at the lower U.S. federal corporate income tax rate. This guidance allowed us to record provisional amounts during a measurement period of up to one year from the enactment date to finalize the recording of any related tax impacts. During the fourth quarter of 2018, we completed our accounting for the tax effects of the act, finalizing our analysis of the act and subsequent guidance issued by the U.S. Internal Revenue Service. As a result, we recorded a \$290 million non-cash tax charge, reducing deferred tax assets relating to foreign currency translation.

(13) In 2018, we recorded a reversal of previously recognized Swedish tax benefits, due to unfavorable court rulings received by other Swedish entities during the year, the impact of which is related to prior periods.

RECONCILIATION OF U.S. GAAP to NON-GAAP: OPERATING EXPENSES, OPERATING INCOME, NET INCOME AND DILUTED EARNINGS PER COMMON SHARE

<i>(US\$ millions, except per share)</i>	1Q20	4Q19	1Q19	2019	2018	2017
U.S. GAAP operating expenses:	\$426	\$386	\$359	\$1,518	\$1,498	\$1,420
Total Non-GAAP adjustments:	(90)	(51)	(37)	(223)	(178)	(149)
Non-GAAP operating expenses:	\$336	\$335	\$322	\$1,295	\$1,320	\$1,271
U.S. GAAP operating income:	\$275	\$260	\$275	\$1,017	\$1,028	\$991
Total Non-GAAP adjustments:	90	51	37	223	178	149
Non-GAAP operating income:	\$365	\$311	\$312	\$1,240	\$1,206	\$1,140
Revenues less transaction based expenses	\$701	\$646	\$634	\$2,535	\$2,526	\$2,411
U.S. GAAP operating margin ⁽¹⁾	39 %	40 %	43 %	40 %	41 %	41 %
Non-GAAP operating margin ⁽²⁾	52 %	48 %	49 %	49 %	48 %	47 %
U.S. GAAP net income attributable to Nasdaq:	\$203	\$202	\$247	\$774	\$458	\$729
Total Non-GAAP Adjustments, net of tax:	48	13	(43)	61	339	(59)
Non-GAAP net income attributable to Nasdaq:	\$251	\$215	\$204	\$835	\$797	\$670
U.S. GAAP diluted earnings per share:	\$1.22	\$1.21	\$1.48	\$4.63	\$2.73	\$4.30
Total adjustments from non-GAAP net income above:	0.28	0.08	(0.26)	0.37	2.02	(0.35)
Non-GAAP diluted earnings per share:	\$1.50	\$1.29	\$1.22	\$5.00	\$4.75	\$3.95

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

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

NON-TRADING SEGMENTS ORGANIC REVENUE GROWTH

<u>Non-Trading Segments</u>			Total Variance		Organic Impact		Other Impact ⁽¹⁾	
<i>All figures in US\$ Millions</i>	Current Period	Prior-year Period	\$	%	\$	%	\$	%
1Q20 ²	\$420	\$391	29	7 %	30	8 %	(1)	— %
4Q19 ²	421	386	35	9 %	22	6 %	13	3 %
3Q19 ²	406	368	38	10 %	29	8 %	9	2 %
2Q19 ²	396	361	35	10 %	30	8 %	5	1 %
2019 ²	\$1,613	\$1,471	142	10 %	112	8 %	30	2 %
2018 ²	1,471	1,294	177	14 %	115	9 %	62	5 %
2017	1,530	1,449	81	6 %	59	4 %	22	2 %
2016	1,449	1,319	130	10 %	53	4 %	77	6 %
2015	1,319	1,271	48	4 %	70	6 %	(22)	(2)%

1. Other impact includes acquisitions, divestitures, and changes in FX rates.

2. Revenues from the BWISE enterprise governance, risk and compliance software platform, which was sold in March 2019, and the Public Relations Solutions and Digital Media Services businesses, which were sold in mid-April 2018, are included in Other Revenues for these periods and therefore not reflected above.

MARKET SERVICES ORGANIC REVENUE GROWTH

<u>Market Services Segment</u>			Total Variance		Organic Impact		Other Impact ⁽¹⁾	
<i>All figures in US\$ Millions</i>	Current Period	Prior-year Period	\$	%	\$	%	\$	%
1Q20	\$281	\$233	48	21 %	51	22 %	(3)	(1)%
4Q19	225	249	(24)	(10)%	(21)	(8)%	(3)	(1)%
3Q19	226	222	4	2 %	8	4 %	(4)	(2)%
2Q19	227	237	(10)	(4)%	(6)	(3)%	(4)	(2)%
2019	\$912	\$958	(46)	(5)%	(29)	(3)%	(17)	(2)%
2018	958	881	77	9 %	75	9 %	2	— %
2017	881	827	54	7 %	(7)	(1)%	61	7 %
2016	827	771	56	7 %	(13)	(2)%	69	9 %
2015	771	796	(25)	(3)%	23	3 %	(48)	(6)%

1. Other impact includes changes in FX rates.

EBITDA: EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

<i>(US\$ millions)</i>	LTM	1Q20	4Q19	3Q19	2Q19
U.S. GAAP net income attributable to Nasdaq:	\$729	\$203	\$202	\$150	\$174
Income tax provision	250	70	50	65	65
Net income from unconsolidated investees	(56)	(17)	(14)	(15)	(10)
Other income	(10)	(5)	(4)	—	(1)
Net interest expense	104	24	26	26	28
U.S. GAAP operating income:	\$1,017	\$275	\$260	\$226	\$256
Non-GAAP Adjustments ⁽¹⁾	275	90	51	89	45
Non-GAAP operating income:	\$1,292	\$365	\$311	\$315	\$301
Depreciation and amortization of tangibles (Nasdaq)	88	23	21	22	22
EBITDA of acquisitions pre-acquisition date	(11)	(2)	(3)	(3)	(3)
EBITDA pro forma for acquisitions:	\$1,369	\$386	\$329	\$334	\$320

1. Please see slides 21-24 for a reconciliation of U.S. GAAP operating income to non-GAAP operating income.

TAX RATE: RECONCILIATION OF GAAP EFFECTIVE TAX RATE TO NON-GAAP EFFECTIVE TAX RATE

<i>(US\$ millions, except effective tax rate)</i>	Three Months Ended Mar 31, 2020		
	U.S. GAAP	Non-GAAP Adjustments ⁽¹⁾	Non-GAAP
Income before income taxes	\$273	\$69	\$342
Income tax provision	70	21	91
Net Income	\$203	\$48	\$251
Effective tax rate	25.6 %	30.4 %	26.6 %

1. Please see slides 21-23 for details of non-GAAP adjustments and non-GAAP adjustment to the income tax provision.

DISCLAIMERS

Non-GAAP Information

In addition to disclosing results determined in accordance with U.S. GAAP, Nasdaq also discloses certain non-GAAP results of operations, including, but not limited to, net income attributable to Nasdaq, diluted earnings per share, operating income, and operating expenses, that include certain adjustments or exclude certain charges and gains that are described in the reconciliation table of U.S. GAAP to non-GAAP information provided at the end of this release. Management uses this non-GAAP information internally, along with U.S. GAAP information, in evaluating our performance and in making financial and operational decisions. We believe our presentation of these measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. In addition, we believe the presentation of these measures is useful to investors for period-to-period comparisons of results as the items described below do not reflect ongoing operating performance.

These measures are not in accordance with, or an alternative to, U.S. GAAP, and may be different from non-GAAP measures used by other companies. In addition, other companies, including companies in our industry, may calculate such measures differently, which reduces their usefulness as a comparative measure. Investors should not rely on any single financial measure when evaluating our business. This information should be considered as supplemental in nature and is not meant as a substitute for our operating results in accordance with U.S. GAAP. We recommend investors review the U.S. GAAP financial measures included in this earnings release. When viewed in conjunction with our U.S. GAAP results and the accompanying reconciliations, we believe these non-GAAP measures provide greater transparency and a more complete understanding of factors affecting our business than U.S. GAAP measures alone.

We understand that analysts and investors regularly rely on non-GAAP financial measures, such as non-GAAP net income attributable to Nasdaq, non-GAAP diluted earnings per share, non-GAAP operating income and non-GAAP operating expenses to assess operating performance. We use these measures because they highlight trends more clearly in our business that may not otherwise be apparent when relying solely on U.S. GAAP financial measures, since these measures eliminate from our results specific financial items, such as those described below, that have less bearing on our ongoing operating performance.

Foreign exchange impact: In countries with currencies other than the U.S. dollar, revenues and expenses are translated using monthly average exchange rates. Certain discussions in this release isolate the impact of year-over-year foreign currency fluctuations to better measure the comparability of operating results between periods. Operating results excluding the impact of foreign currency fluctuations are calculated by translating the current period's results by the prior period's exchange rates.

DISCLAIMERS

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this communication contains forward-looking statements that involve a number of risks and uncertainties. Nasdaq cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to (i) projections relating to our future financial results, total shareholder returns, growth, trading volumes, products and services, ability to transition to new business models, order backlog, taxes and achievement of synergy targets, (ii) statements about the closing or implementation dates and benefits of certain acquisitions and other strategic, restructuring, technology, de-leveraging and capital allocation initiatives, (iii) statements about our integrations of our recent acquisitions, (iv) statements relating to any litigation or regulatory or government investigation or action to which we are or could become a party (v) the potential impact of the COVID-19 pandemic on our business, operations, results of operations, financial condition, workforce or the operations or decisions of our customers, suppliers or business partners, and (vi) other statements that are not historical facts. Forward-looking statements involve a number of risks, uncertainties or other factors beyond Nasdaq's control. These factors include, but are not limited to, Nasdaq's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors detailed in Nasdaq's filings with the U.S. Securities and Exchange Commission, including its annual reports on Form 10-K and quarterly reports on Form 10-Q which are available on Nasdaq's investor relations website at <http://ir.nasdaq.com> and the SEC's website at www.sec.gov. Nasdaq undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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