

Nasdaq
2014
ANNUAL
REPORT



Global Ambition
am·bi·tion

am'biSH(ə)n/

desire and determination to achieve success.

2014 Annual Shareholder Letter

“ At Nasdaq, delivering value for our clients and shareholders has always been our highest ambition and the ultimate measure of our success. We do this through an unwavering dedication to our core values, a laser-focus on effective and efficient operation of our businesses and through actively listening to our clients as we expand our offerings and move into new businesses. ”

/ Robert Greifeld



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To our Shareholders,

At Nasdaq, delivering value for our clients and shareholders has always been our highest ambition and the ultimate measure of our success. We do this through an unwavering dedication to our core values, a laser-focus on effective and efficient operation of our businesses and through actively listening to our clients as we expand our offerings and move into new businesses. Our approach, I am pleased to report, yielded another year of record financial performance for Nasdaq in 2014. Our net revenues increased nine percent to \$2,067 million, non-GAAP net income rose over 12 percent to \$499 million and non-GAAP earnings per share rose over 10 percent to \$2.88. Even more indicative of our strong performance was an overall organic expense reduction of two percent and a full 11 percent increase in non-GAAP operating income for the year.

Like any great organization, success starts with our people. We put in place a new management structure, which includes the leadership of two presidents. Under their shared leadership, we are well positioned for the future and better aligned to do more for our clients, shareholders and employees around the globe.

Together with new leadership, we also introduced a new brand identity and tagline in 2014: “Ignite Your Ambition.” This core proposition is truly reflective of our partnership with our clients, as well as our responsibility to our shareholders. We see ourselves as a catalyst for our customers’ success, helping them achieve their ambition.

Financial Highlights

Record Performance

\$2,067M
net revenues
+9.1%
y-o-y

\$998M
EBITDA*
+5.6%
y-o-y

\$499M
net income*
+12.1%
y-o-y

\$2.88
EPS*
+10.8%
y-o-y

Returned **\$276M** in value to shareholders through **\$178M** in repurchased stock and **\$98M** in paid dividends

Business Performance

Record Revenue

Technology Solutions

\$542M
+19.1%

y-o-y

- Record year with new order intake of \$193 million and an order backlog of \$704 million
- 98% of S&P 500 and 81% of FTSE are clients

Market Services

\$814M
+4.9%

y-o-y

- Single largest liquidity pool for global equities
- Fifth year of leading market share in U.S. Equity Options

Information Services

\$473M
+8.5%

y-o-y

- 99B in AUM, representing a 8.0% y-o-y increase
- Record Data Products revenue of \$384M representing a 6.1% y-o-y increase with a 48% y-o-y increase in Nasdaq Basic subscribers

Listing Services

\$238M
+4.4%

y-o-y

- Won 61% of U.S. IPOs in 2014
- 189 Nasdaq-listed IPOs is a 13-year high
- Record of 72 New listings in the Nordic region

Ambition: Listen to clients and deliver

In many ways, 2014 was a year of renewed focus on the priorities that will continue to drive our business forward. By truly listening to our clients—to their pain points, their strategies and their vision—we made significant progress toward helping them achieve their ambitions. While our ambitions have been and will continue to be high, we have maintained our operational excellence and are ready to go to work in order to succeed.

One of the great examples of our intense client-centric focus is the work we are doing in our Corporate Solutions business. Nearly a decade ago, we embarked on a journey to support our listed companies by providing them with the tools to better handle the rigors of being a public company. And with the addition of the IR, PR and Multimedia Solutions businesses of Thomson Reuters, we have developed a global offering with an unmatched product set. We are shepherding our more than 10,000 clients beyond their IPO—taking a ‘cradle to growth’ approach—through their life and development as a public company. Throughout the year, we have been particularly focused on transforming the IR space and improving the workflow for these professionals. At the heart of this effort is our Next Gen platform, which combines a wealth of feature-rich data and information into a single dashboard for the IR professional. Our customers have been enthusiastic about our new offering—which is scheduled for release later in 2015—and their feedback and ongoing dialogue has shaped our product design and technology innovation.

Our ability to forge partnerships, uncover new opportunities and be a supporter on the issues affecting both public and private companies has always been one of our greatest strengths. To this end, we launched the NASDAQ Private Market (NPM) in 2014

to help private companies succeed. It is truly one of the more exciting initiatives we have undertaken for some time and a prime example of our drive to meet market realities and to better serve our clients. NPM is an innovative response to the opportunities offered by the JOBS Act, and also recognizes that many companies are choosing to stay private longer. Our offering helps private companies address their liquidity needs and identify and manage relationships with long-term institutional investors. There are now more than 60 companies using NPM products today, and we believe that our experience in running public markets will enable us to improve the liquidity and transparency for all stakeholders in the private market for years to come.

This year, Nasdaq will also celebrate 25 years in the Bay Area. We have always shared the same entrepreneurial spirit and drive with many of the progressive companies that have come out of this vibrant Valley. It is our partnership and affinity for technology and progress that has enabled us to serve as the home for the majority of IPOs coming to market in the US. This is an undeniable part of our DNA. In 2014, we also announced our plans to open the Nasdaq Entrepreneurial Center in San Francisco, further underscoring our longstanding commitment to innovative companies and the ground-breaking ideas that emanate from the Bay Area. Scheduled to open in 2015, the center is a non-profit organization that aims to bring thought leaders and aspiring entrepreneurs from Silicon Valley and the Bay Area together to offer ongoing educational programming, including lectures and seminars. We are excited by the opportunity to further strengthen our presence in this important region and further our voice as an advocate for growth and technological progress.

Ambition: Increase our competitiveness

Certainly one of the most important yardsticks by which we measure our progress in any given year is how well we improved our competitive position in the marketplaces we serve. We believe that differentiating ourselves is what ultimately provides us with the substance for growth and new opportunities.

In 2014, we saw our best year in the IPO market in over a decade. Nasdaq led the field with a 61 percent win rate of all IPOs in the US, and it was also the best year across our Nordic and Baltic markets since 2000. All this helped to deliver five percent growth in our global listings base, compared to the prior year. In all, we finished the year with 189 IPOs on Nasdaq and total proceeds of over \$22 billion raised. To put this into context, these numbers far and away eclipsed our strong 2013 IPO total of 126. We were the only exchange globally to surpass 150 IPO listings in 2014, welcoming tremendous global brands to the Nasdaq family, including GoPro, TrueCar.com, Virgin America, Juno Therapeutics and JD.com. Moreover, with the additional improvements we made to increase transparency and stability of our IPO Cross process and the renovations we made to MarketSite in the heart of Times Square to enhance its features and functionality, we continue to provide one of the best platforms in the world for initial public offerings, adding tangible benefit for the companies that list with us.

Similarly, in our global trading businesses, we increased our competitive position on many levels by taking advantage of increased volume in the markets and increasing our market share performance by doing what we do well—focusing on our customers and leveraging our core assets. Our cash equities net trading revenues were a full 17 percent higher than the previous year. Our US equity derivatives markets finished the year with leading US equity and ETP options market share for the fifth year in a row—truly remarkable. In the Nordics, we were the first clearing house to achieve EMIR compliance certification for multi-asset derivatives clearing, which will enable us to offer more

product enhancements for our customers in this important region.

As a technology company and market operator for over four decades, we have the ability to provide our clients with a comprehensive set of solutions and advisory services that are unmatched. As a result of our strong competitive position, our Market Technology business closed 2014 in record fashion, with new order intake at \$193 million in the fourth quarter and an order backlog of \$704 million as of December 31, 2014. We won business in new markets, including the Shanghai Futures Exchange in China, the Philippines Stock Exchange, and extended many existing client partnerships such as in Japan with JPX where we will upgrade their derivatives market transaction and surveillance platform. We are encouraged by our progress and remain confident in our ability to deliver the core technology that supports trading, clearing, surveillance and risk management functions for our clients around the globe.

Clearly one of the great cornerstones of our business at Nasdaq has always been our Information Services business, and 2014 was no different. We grew our revenue and substantially expanded our products licensed to our indices (which now include approximately 39,000 indexes) and grew assets under management and licensed Exchange Traded Products (ETPs) by eight percent. Similarly, in our data products business, we saw a 38 percent increase in Nasdaq Basic, which delivers a low-cost option, saving our clients millions of dollars annually. This segment continues to provide Nasdaq with a wealth of opportunities to serve our customers in new and different ways. Looking ahead, 2015 is already shaping up to be a strong year for these businesses. Our acquisition of Dorsey, Wright & Associates will enable us to offer comprehensive information and data around the growing smart beta index segment. We will continue to leverage our robust technology and distribution channels to provide unique intelligence and insight for the investment community.

Our Values

We act with integrity /

We embrace good governance by holding ourselves to the highest ethical standards in all of our interactions. We are a trusted partner to our clients, the investing public and our shareholders. In doing so, we strive to be open and informative in all of our interactions with our clients, stakeholders and each other.

We are passionate /

We strive to go above and beyond in everything we do and take pride in delivering extraordinary products and support to our clients (both internally and externally). In addition to having strong skills and capabilities, our desire to execute on our vision drives our success.

We lead change /

As innovators and thought leaders we actively partner with our clients, stakeholders and each other to develop new ideas, approaches, and solutions that move our business and clients forward. In doing so, we strive to engage in activities that drive growth.

We are effective /

We invest our time, talent and resources in activities that deliver the greatest results for our clients, shareholders and each other. In doing so, we hold ourselves accountable by measuring our performance and accomplishments.

We are Resilient /

We commit to operational excellence and foster an environment where openness and raising issues before they escalate are encouraged. We take pride in our ability to navigate around challenges and deliver quality results.

Nasdaq *Vision*

We connect business, capital and ideas to advance today's global economies.

Nasdaq *Mission*

We provide market-leading technology solutions and intelligence to help business and investors succeed in today's global markets.

Experience *Nasdaq*

business.nasdaq.com

Ambition: Deliver for shareholders

The progress we made across our business in 2014 has been impressive. As I mentioned, one of the greatest measures of our success at Nasdaq, in addition to the results we deliver quarter-to-quarter, is how competitive we are at any given point in time. I am proud to say that when I look across our franchise, and all of our businesses, we are in fact more competitive today than at any time in my near 12-year tenure. And because of the strong progress we have made, we are excited about the future and in our ability to continue to deliver for our customers and shareholders in meaningful ways.

What also emerged from this strong progress are new, higher baselines for our revenue, profitability and earnings metrics, as well as

an improved strategic alignment between our people, products and operational expertise with our clients. But even in light of these achievements, we view our progress as merely a starting point from which to build.

We continue to demonstrate our ability to invest in our future, make strategic acquisitions that deliver for our clients and shareholders and demonstrate solid organic growth across the franchise. We have the unwavering desire to win and grow, and we are determined to challenge ourselves to remain competitive in order to continually deliver for our clients, our shareholders and our employees. That objective will always remain our primary ambition.

/ Robert Greifeld

Nasdaq Chief Executive Officer

Our *Leadership*



Robert Greifeld
Chief Executive Officer



Adena Friedman
President



Hans-Ole Jochumsen
President



Lee Shavel
Executive Vice President
& Chief Financial Officer



Brad Peterson
Executive Vice President
& Chief Information
Officer



Edward S. Knight
Executive Vice President
& General Counsel



Salil Donde
Executive Vice President,
Information Services



Anna Ewing
Executive Vice President,
Corporate Solutions



Nelson Griggs
Executive Vice President,
Listing Services



Lars Ottersgård
Executive Vice President,
Market Technology



Thomas A. Wittman
Executive Vice President,
Global Equities

Non-GAAP Information

In addition to disclosing results determined in accordance with 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 make certain adjustments or exclude certain charges and gains that are described in the reconciliation table of GAAP to non-GAAP information provided in our **Q4 2014 News Release**. Further information regarding EBITDA is available on the last slides of our **Q4 2014 Earnings Presentation** and **Q4 2013 Earnings Presentation**. Management believes that this non-GAAP information provides investors with additional information to assess Nasdaq's operating performance by making certain adjustments or excluding costs or gains and assists investors in comparing our operating performance to prior periods. Management uses this non-GAAP information, along with GAAP information, in evaluating its historical operating performance.

The non-GAAP information is not prepared in accordance with GAAP and may not be comparable to non-GAAP information used by other companies. The non-GAAP information should not be viewed as a substitute for, or superior to, other data prepared in accordance with GAAP.

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