



**STRATEGIC UPDATE AND  
ACQUISITION OF EVESTMENT**

*SEPTEMBER 5, 2017*

# DISCLAIMERS

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## **Website Disclosure**

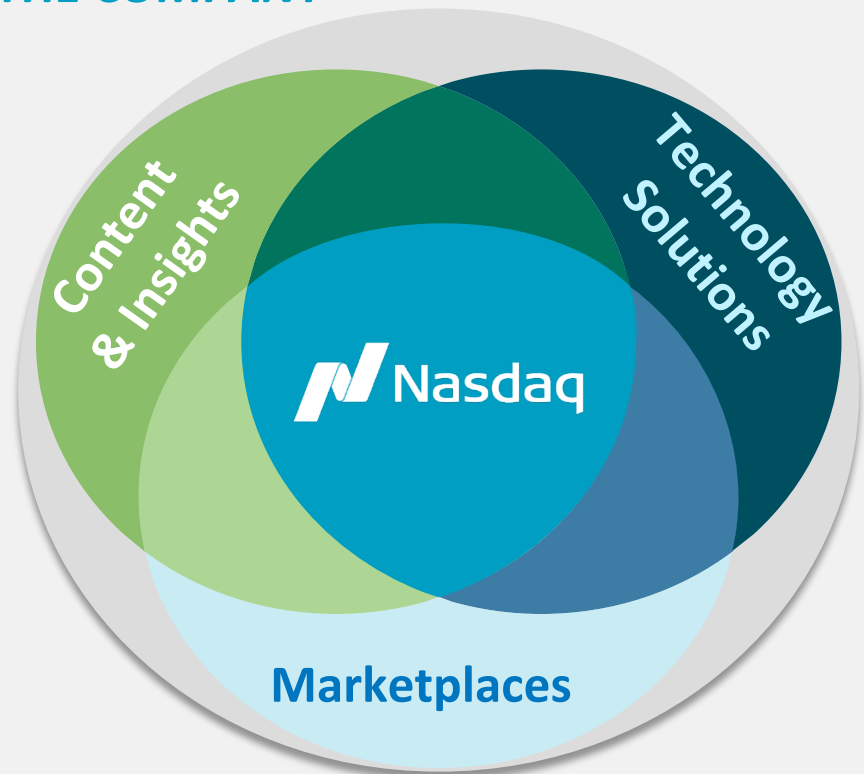
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# NASDAQ'S STRATEGIC REVIEW CONCLUSIONS

## *FOCUSED DECISION TO REORIENT THE COMPANY*

### We Are Reorienting Our Vision, Mission, And Strategy:

- To Embrace Our Leading Technology, Information Analytics, and Marketplace Strengths
- To Further Strengthen Our Focus On Our Clients



*Providing  
Transparency &  
Analytics to Users*

- Information Services
- Corporate Solutions

*Delivering Best-In-  
Class Markets and  
Connectivity*

- Market Services
- Listing Services

*Offering Dynamic &  
Flexible PaaS  
Customer Solutions*

- Market Technology

# EVOLUTION OF INDUSTRY CREATES OPPORTUNITIES

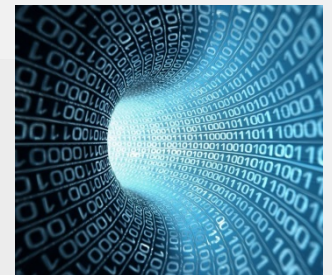
## Marketplace Economy

Increasingly commerce is being transacted via electronic marketplaces and financial institutions are seeking to digitize processes to gain efficiencies.



## Data Explosion

A “trillion sensor” economy creates new real-time data sources, new investment processes and analytic capability.



## Evolution of Investment Management

Alternative investment and financing options are becoming more accessible, creating new opportunities and challenges.



# OPTIMIZE INVESTMENT CAPITAL AND RESOURCES

*MAINTAINING RESILIENT FOUNDATION WHILE INVESTING IN GREATEST OPPORTUNITIES*

Increase  
Resources  
For  
Growth



Increase Investment In Our  
Strongest Growth Assets

Continue To Invest In New  
Opportunities  
With High Potential

**Sizable, defined opportunities  
that leverage foundation:**

Market Technology  
Info Services  
NPM/NFX

Sustain  
Our  
Foundation



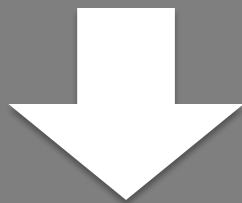
Sustain Investment  
in Core Assets

Focus On  
Operational Excellence

**Nasdaq's leading marketplaces  
and listings franchises**

Market Services  
Corporate Services

Optimize  
Slower  
Growth  
Businesses



De-emphasize resources  
and capital allocation

Focus On Efficiency

**Capital/resources can be  
released for reinvestment  
towards higher returns**

Business unit sub-segments

# UNIQUE AND GROWING ASSET IN THE INVESTMENT MANAGEMENT SPACE



High TAM and  
Growth  
Opportunity

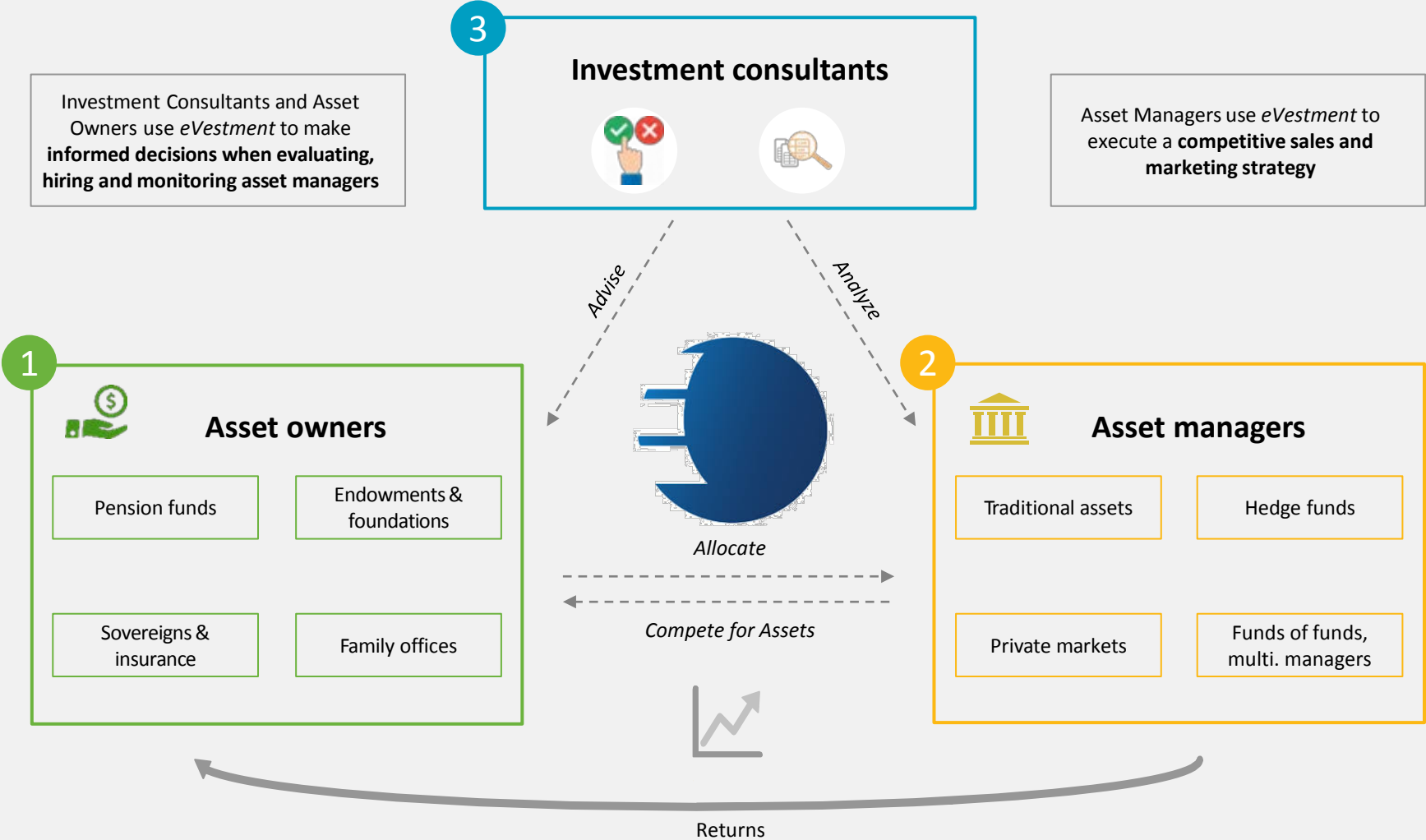
#1 Provider  
Of Services  
In Segment

Strong  
Network  
Effect

Resilient,  
Recurring  
and Growing  
Revenue

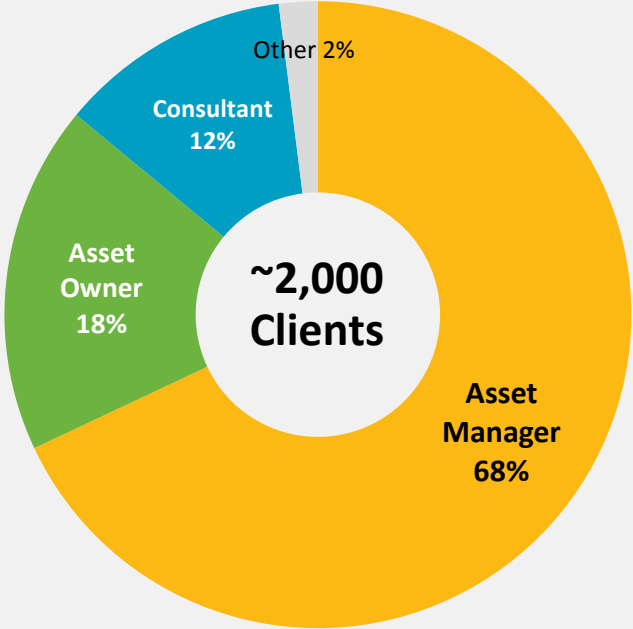
Scalable,  
SaaS  
Oriented  
Business

# PREEMINENT ANALYTICS PROVIDER WITH STRONG NETWORK EFFECTS



# EVESTMENT'S BROAD CLIENT BASE & DEEP CONTENT

Strong customer base includes leading industry constituents



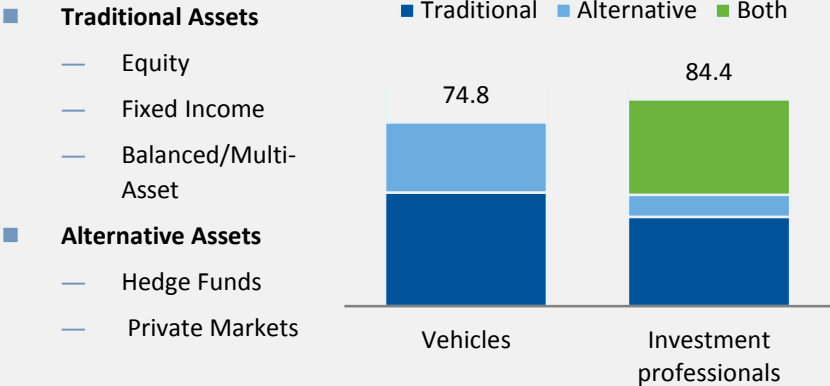
**92%**  
of top 50  
asset managers

**76%**  
of top 50  
consultants

**70%**  
of top 20  
pension funds

Proprietary Data Content Exhibits Breadth and Depth

Over 74,000 investment vehicles in 45+ countries



Over 2,800 traditional data points collected



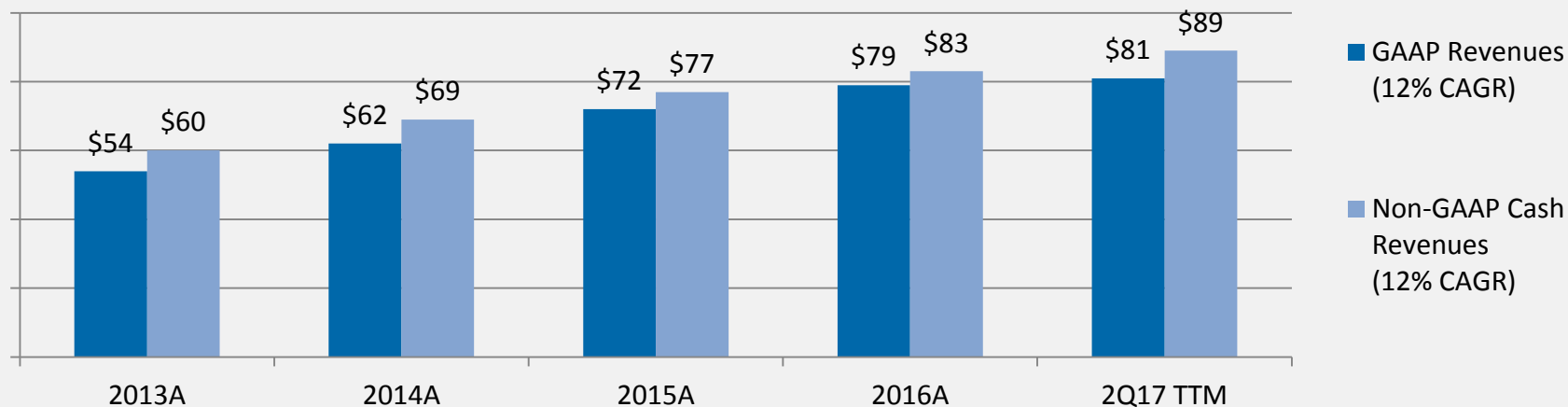
1.4 million profile views and 1.5 billion unique fields searched annually



# EVESTMENT GROWTH PROFILE

TRACK RECORD DRIVEN BY FAVORABLE EXTERNAL/INTERNAL DRIVERS & OPPORTUNITIES

## eVestment Revenue Track Record



### External Growth Drivers

- Global Asset Management AUM Growing:
  - 8% CAGR from 2008 to 2015, growing to \$71T<sup>1</sup>
  - AUM expected to grow at 6% CAGR to over \$100T by 2020
- Untapped geographic expansion
  - Expected annual growth of 10% in APAC and 13% in Emerging Markets from 2012 to 2020<sup>2</sup>
- Complexity and asset class diversification is increasing the demand for consultants (of which 76% of the top 50 use eVestment<sup>3</sup>)
- Alternative investments are expected to grow a CAGR of 9%<sup>2</sup> by 2020

### Internal Growth Drivers

- Growth in number of investment products on the platform - 7% CAGR over the last two years
- Customer base of Asset Managers, Asset Owners and Consultants growing – 8% CAGR over the last two years
- Expanding services to existing customer - the Average spend per customer growing at 9% CAGR over the last two years as they take additional data and analysis through eVestment's platform

**Expect Double-Digit Annual Revenue And EBITDA Growth Over Medium Term**

(Reported Results Year 1 and Year 2 from Close Will Reflect Accounting Impact of Purchase Adjustment to Deferred Revenue)

<sup>1</sup> Boston Consulting Group, "Global Asset Management 2016: Doubling Down on Data"

<sup>2</sup> PWC, "Asset Management 2020: A Brave New World"

<sup>3</sup> eVestment management materials

# STRATEGIC RATIONALE

## EXPANSION OF NASDAQ'S BUY-SIDE FOCUS

### What Nasdaq Does

- ✓ Produces and calculates thousands of indexes and investment models supporting over 300 ETFs with over \$150B in AUM
- ✓ Mutual Fund Quotation Service (MFQS) reports daily valuations from 35k mutual funds, UITs and other instruments
- ✓ Leading market surveillance solution through SMARTS with buy-side specific offering, to be supported by Sybenetix, a buy-side specific analytics company
- ✓ Nasdaq Private Markets and NPM Alternatives platforms enable transactions of otherwise illiquid private equity and other private fund partner interests
- ✓ Trading signals derived from combining unique data with machine intelligence through Analytics Hub
- ✓ Investment tools to 8k+ RIAs through Dorsey Wright

### What eVestment Does

- ✓ The leader in comprehensive data for the institutional asset management industry
- ✓ Collects, cleans and distributes high quality, proprietary data on over 74,000 instruments
- ✓ Quantitative data including - performance, holdings, AUM, liquidity, fees, yield
- ✓ Qualitative data including – strategy, style/philosophy, research approach, investment professionals, geographies
- ✓ Derived data including – platform viewership, user activity, macro-level industry research, AUM flows, competitive intelligence

### What We Will Do Together

#### Help our clients navigate an ever increasingly complex and competitive landscape

- Always maintain the position as the trusted guardian of the industry's proprietary data
- Consistently expand the data available based on our reach across geographies
- Leverage eVestment's deep client relationships to expand valuation reporting within MFQS
- Provide complementary solutions around such areas as reporting, risk assessment and compliance
- Support the need for asset managers to innovate with our own data and analytics along with data from trusted 3<sup>rd</sup> parties
- As the lines blur between retail, advisor and institutional, Nasdaq, with eVestment, will sit in a unique position to provide solutions with products and customers across all three areas

# ENHANCED PRODUCT OFFERINGS

## Multiple Revenue Enhancement Opportunities

### Nasdaq Indexes and investment models

- Provide eVestment's ecosystem with access to thousands of **Nasdaq Indexes** and models for benchmarking and strategy creation
- Partner with asset managers to create new strategies drawing on combined knowledge and data from the institutional and ETF marketplaces

### Machine Intelligence

- Utilize the data and machine intelligence capabilities from the **Analytics Hub** to enhance eVestment's Analytics offerings, highlighting trends and emerging focus areas

### Performance Distribution and Reporting

- Today **Nasdaq Mutual Fund Quotation Services** distributes end of day valuation for thousands of mutual funds, UITs and other investments vehicles to over 35k outlets. Some of eVestment's asset management customers could greatly benefit by having access to this very broad reporting and distribution capability.

### Geographic expansion

- Combine both companies efforts to expand core products into APAC in support of the rapidly expanding asset management industry in the region
- Provide best practice guidance to the emerging asset managers based on results from the global institutional marketplace and the growing ETF sector.

### Institutional Database to Corporates

- Opportunity to augment **Nasdaq Corporate Solutions' investor contact database** with eVestment's database of fund manager contact information
- Fund-level performance and other publicly available stats from eVestment could be incorporated into **IR Insights**

**Targeting \$8 To \$10 Million Revenue Synergies  
In The Medium Term (3-5 Years)**

# SUMMARY TRANSACTION OVERVIEW

<b>Overview</b>	<ul style="list-style-type: none"><li>■ Nasdaq has agreed to acquire eVestment for \$705 million in cash</li><li>■ Evestment provides a leading data solution used by asset managers, investment consultants, and asset owners to help facilitate investment decisions</li></ul>
<b>Reinforces Nasdaq's Double-Digit Value Creation Ambition</b>	<ul style="list-style-type: none"><li>■ Provides EPS accretion in second year following closing, longer than typical due to temporary, non-cash purchase accounting adjustments to deferred revenue</li><li>■ Positive impact on key valuation-sensitive fundamentals:<ul style="list-style-type: none"><li>■ Increases organic growth of Nasdaq, while increasing the proportion from the most resilient, recurring subscription revenue sources.</li><li>■ Highly scalable SaaS business which brings strong incremental margins, margin expansion opportunities with continued growth</li><li>■ ROIC expected to be above our weighted average cost of capital medium-term with significant upside longer-term</li></ul></li></ul>
<b>Shareholder Returns</b>	<ul style="list-style-type: none"><li>■ Continue to use repurchases to offset impacts of annual share issuance/dilution.</li><li>■ Unchanged commitment to grow dividend as earnings and cash flow grow.</li></ul>
<b>Financing</b>	<ul style="list-style-type: none"><li>■ Financing expected through a combination of cash on hand, commercial paper, and new bank term loan</li></ul>
<b>Closing</b>	<ul style="list-style-type: none"><li>■ Closing expected fourth quarter of 2017, subject to Hart Scott Rodino (HSR) review</li></ul>

# EVESTMENT FINANCIAL CONSIDERATIONS

## Track Record of Growth with Strong Potential

- 12% non-GAAP revenue CAGR since 2013 on a cash basis adjusting for changes in deferred revenue
- Attractive margins and high operating leverage deliver strong EBITDA growth

## Cash EBITDA & Purchase Price Multiple

- EBITDA is lower than adjusted cash EBITDA due to cash revenue adjustments primarily relating to the change in deferred revenue given the high-growth characteristics of the business
- \$705 million purchase price represents a transaction multiple of 16.5x on adjusted cash EBITDA for 2018

## Deferred Revenue Purchase Accounting

- In 2017 and 2018, reported revenues will be reduced as a result of a non-cash write-down of deferred revenue under purchase accounting (ASC 805)

## Leverage Implications

- Total debt to EBITDA expected to go from 3.0x at 6/30/17 to low 3's at close
- Achieve leverage ratio target of mid-2x in early/mid-2019

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# RECONCILIATIONS OF U.S. GAAP TO NON-GAAP

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# NASDAQ'S EBITDA: EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION

<i>(US\$ millions)</i>	TTM <sup>(1)</sup>
<b>GAAP net income attributable to Nasdaq:</b>	<b>\$223</b>
Income tax provision	2
Net income from unconsolidated investees	(5)
Other investment income	(1)
Asset impairment charges	578
Net interest expense	141
<b>GAAP operating income:</b>	<b>\$938</b>
Non-GAAP Adjustments	169
<b>Non-GAAP operating income:</b>	<b>\$1,107</b>
Depreciation and amortization of tangibles (Nasdaq)	92
<b>EBITDA:</b>	<b>\$1,199</b>

1. Numbers may not add up due to rounding.

# EVESTMENT'S CASH REVENUE

<i>(US\$ millions)</i>	2013	2014	2015	2016	LTM'17
<b>U.S. GAAP revenue</b>	<b>\$54</b>	<b>\$62</b>	<b>\$72</b>	<b>\$79</b>	<b>\$81</b>
Change in deferred revenue <sup>(1)</sup>	6	7	5	9	8
Billing timing adjustment <sup>(2)</sup>	-	-	-	(4)	-
<b>Non-GAAP Cash revenue:</b>	<b>\$60</b>	<b>\$69</b>	<b>\$77</b>	<b>\$83</b>	<b>\$89</b>

1. Represents the change in deferred revenue at the beginning and end of each period to adjust revenues on a cash basis.
2. In 2016, eVestment changed its invoicing policy to bill 60 days in advance versus 30 days in advance.