

**The Nasdaq Stock Market, Inc.**  
**Condensed Consolidated Statements of Income**  
**(Unaudited)**  
**(in millions, except per share amounts)**

	<b>Three months ended</b>			<b>Nine months ended</b>	
	<b>September 30, 2003</b>	<b>June 30, 2003</b>	<b>September 30, 2002</b>	<b>September 30, 2003</b>	<b>September 30, 2002</b>
<b>Revenues</b>					
Transaction Services	\$ 54.4	\$ 60.4	\$ 93.2	\$ 182.7	\$ 301.9
Market Information Services	36.0	36.5	49.7	116.4	152.9
Corporate Client Group	41.2	42.9	44.3	126.5	132.1
Other	13.2	11.6	11.6	36.5	28.4
Total revenues	<u>144.8</u>	<u>151.4</u>	<u>198.8</u>	<u>462.1</u>	<u>615.3</u>
<b>Expenses</b>					
Compensation and benefits	38.3	49.9	51.3	136.1	142.4
Marketing and advertising	3.8	5.5	6.1	14.6	14.2
Depreciation and amortization	24.3	28.4	25.1	78.2	75.2
Professional and contract services	9.4	11.3	17.3	35.6	49.3
Computer operations and data communications	34.8	31.6	35.3	99.8	113.2
Provision for bad debts	-	1.5	2.5	1.6	9.0
Travel, meetings and training	2.1	2.7	2.7	7.1	9.4
Occupancy	8.2	8.3	7.5	24.9	24.4
Publications, supplies and postage	1.5	2.1	2.7	5.3	7.8
Other	3.3	5.3	1.8	13.5	19.2
Total direct expenses	<u>125.7</u>	<u>146.6</u>	<u>152.3</u>	<u>416.7</u>	<u>464.1</u>
Elimination of non-core product lines, initiatives and severance	49.3	59.8	-	109.1	-
Nasdaq Japan impairment loss	-	(5.0)	-	(5.0)	15.2
Support costs from related parties, net	15.4	15.9	21.1	48.4	56.5
Total expenses	<u>190.4</u>	<u>217.3</u>	<u>173.4</u>	<u>569.2</u>	<u>535.8</u>
Net operating (loss) income	(45.6)	(65.9)	25.4	(107.1)	79.5
Interest income	2.5	2.6	3.1	7.9	9.7
Interest expense	(5.3)	(5.3)	(6.5)	(16.0)	(14.2)
Minority interests	2.4	6.4	2.9	11.4	8.5
Net (loss) income before taxes	<u>(46.0)</u>	<u>(62.2)</u>	<u>24.9</u>	<u>(103.8)</u>	<u>83.5</u>
Benefit (provision) for income taxes	8.0	13.2	(12.2)	19.3	(40.7)
Net (loss) income	<u>\$ (38.0)</u>	<u>\$ (49.0)</u>	<u>\$ 12.7</u>	<u>\$ (84.5)</u>	<u>\$ 42.8</u>
<b>Net (loss) income applicable to common stockholders:</b>					
Net (loss) income	\$ (38.0)	\$ (49.0)	\$ 12.7	\$ (84.5)	\$ 42.8
Preferred stock:					
Dividends declared	(2.5)	(2.5)	-	(5.7)	-
Accretion of preferred stock	-	-	(2.4)	-	(7.3)
Net (loss) income applicable to common stockholders	<u>\$ (40.5)</u>	<u>\$ (51.5)</u>	<u>\$ 10.3</u>	<u>\$ (90.2)</u>	<u>\$ 35.5</u>
<b>Earnings per common share:</b>					
Basic (loss) earnings per share	<u>\$ (0.52)</u>	<u>\$ (0.66)</u>	<u>\$ 0.13</u>	<u>\$ (1.15)</u>	<u>\$ 0.42</u>
Diluted (loss) earnings per share	<u>\$ (0.52)</u>	<u>\$ (0.66)</u>	<u>\$ 0.13</u>	<u>\$ (1.15)</u>	<u>\$ 0.40</u>

**The Nasdaq Stock Market, Inc.**  
**Key Drivers**  
**(Unaudited)**

	<b>Three months ended</b>			<b>Nine months ended</b>	
	<b>September 30,</b>	<b>June 30,</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
	<b>2003</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b><u>Revenue Details (in millions)</u></b>					
<b>Transaction Services</b>					
Access Services	\$ 26.1	\$ 26.7	\$ 34.7	\$ 83.1	\$ 109.4
Execution Services	19.1	20.7	37.0	59.3	126.1
Trade Reporting	8.4	12.2	19.9	38.0	61.5
Other Transaction Services Revenue	0.8	0.8	1.6	2.3	4.9
Total Transaction Services Revenue	<u>54.4</u>	<u>60.4</u>	<u>93.2</u>	<u>182.7</u>	<u>301.9</u>
<b>Market Information Services</b>					
Level 1 Service	31.8	30.9	34.6	93.9	108.2
NQDS/ViewSuite	12.6	11.1	8.9	35.7	28.7
Nasdaq InterMarket & other	6.8	6.5	10.9	20.0	38.0
Unlisted Trading Privileges ("UTP")	(15.2)	(12.0)	(4.7)	(33.2)	(13.0)
Nasdaq Data Revenue Sharing	-	-	-	-	(9.0)
Total Market Information Services Revenue	<u>36.0</u>	<u>36.5</u>	<u>49.7</u>	<u>116.4</u>	<u>152.9</u>
<b>Corporate Client Group</b>					
Annual Renewal Fee	23.6	24.2	25.9	71.8	77.4
Listing Additional Shares ("LAS") Fee	9.2	9.4	9.4	27.8	28.2
Initial Listing Fee	8.0	8.1	8.4	24.3	25.2
Other Corporate Client Group Revenue	0.4	1.2	0.6	2.6	1.3
Total Corporate Client Group Revenue	<u>41.2</u>	<u>42.9</u>	<u>44.3</u>	<u>126.5</u>	<u>132.1</u>
<b>Other revenue</b>	13.2	11.6	11.6	36.5	28.4
<b>Total revenues</b>	<u>\$ 144.8</u>	<u>\$ 151.4</u>	<u>\$ 198.8</u>	<u>\$ 462.1</u>	<u>\$ 615.3</u>
<b><u>Other Drivers</u></b>					
Average daily shares traded (in billions)	1.7	1.8	1.7	1.7	1.8
Percentage of share volume executed on Nasdaq	16.5%	17.6%	23.2%	17.6%	27.9%
Percentage of trades printed at Nasdaq	47.5%	57.1%	82.3%	61.3%	83.4%
Initial Public Offerings	14	2	6	19	35
Number of Companies Listed	3,367	3,440	3,765	3,367	3,765

**The Nasdaq Stock Market, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in millions)

	<b>September 30,</b>	<b>December 31,</b>		<b>September 30,</b>	<b>December 31,</b>
	<b>2003</b>	<b>2002</b>		<b>2003</b>	<b>2002</b>
	<b>(Unaudited)</b>			<b>(Unaudited)</b>	
<b>Assets</b>					
Current assets:			<b>Liabilities</b>		
Cash and cash equivalents	\$ 127.8	\$ 204.3	Current liabilities:		
Investments:			Accounts payable and accrued expenses	\$ 44.7	\$ 79.6
Available-for-sale, at fair value	194.8	222.1	Accrued personnel costs	45.9	47.5
Held-to-maturity, at amortized cost	26.7	18.7	Deferred revenue	84.0	64.6
Receivables, net	128.1	166.5	Current portion of senior notes	5.0	11.3
Receivables from related parties	5.7	11.3	Other accrued liabilities	64.5	40.5
Deferred tax asset	53.9	53.0	Current obligation under capital lease	5.9	4.4
Other current assets	19.3	21.1	Payables to related parties	15.4	27.3
Total current assets	<u>556.3</u>	<u>697.0</u>	Total current liabilities	<u>265.4</u>	<u>275.2</u>
Investments:			Senior notes	28.3	189.7
Held-to-maturity, at amortized cost	1.5	9.7	Subordinated notes	240.0	240.0
Property and equipment:			Non-current obligation under capital lease	3.0	7.7
Land, buildings and improvements	96.4	94.5	Accrued pension costs	25.2	23.6
Data processing equipment and software	410.4	452.3	Non-current deferred tax liability	51.9	49.2
Furniture, equipment and leasehold improvements	192.8	192.1	Non-current deferred revenue	84.5	102.1
	<u>699.6</u>	<u>738.9</u>	Other liabilities	29.2	24.0
Less accumulated depreciation and amortization	(421.1)	(377.7)	Total liabilities	<u>727.5</u>	<u>911.5</u>
Total property and equipment, net	278.5	361.2	Minority interests	-	(6.5)
Non-current deferred tax asset	70.4	70.0	<b>Stockholders' equity</b>		
Goodwill	-	10.1	Common stock, \$0.01 par value, 300,000,000 authorized, shares issued:	1.3	1.3
Other intangible assets	1.9	6.5	130,610,921 at September 30, 2003 and 130,518,921 at December 31, 2002; shares		
Other assets	1.2	21.4	outstanding: 78,431,581 at September 30, 2003 and 78,266,708 at December 31, 2002		
Total assets	<u>\$ 909.8</u>	<u>\$ 1,175.9</u>	Preferred stock, 30,000,000 authorized, Series A: 1,338,402 shares issued and	133.8	133.8
			outstanding; Series B: 1 share issued and outstanding		
			Additional paid-in capital	359.2	358.2
			Common stock in treasury, at cost: 52,179,340 at September 30, 2003 and	(668.4)	(669.4)
			52,252,213 shares at December 31, 2002		
			Accumulated other comprehensive income	(1.6)	(2.3)
			Deferred stock compensation	(1.2)	(1.9)
			Common stock issuable	3.1	4.9
			Retained earnings	356.1	446.3
			Total stockholders' equity	<u>182.3</u>	<u>270.9</u>
			Total liabilities, minority interests and stockholders' equity	<u>\$ 909.8</u>	<u>\$ 1,175.9</u>

**The Nasdaq Stock Market, Inc.**  
**Reconciliation of GAAP Earnings**  
**(Unaudited)**  
(in millions, except per share amounts)

	Three months ended			Nine months ended	
	September 30, 2003	June 30, 2003	September 30, 2002	September 30, 2003	September 30, 2002
<b>GAAP Net (Loss) Income</b>	\$ (38.0)	\$ (49.0)	\$ 12.7	\$ (84.5)	\$ 42.8
Adjustment:					
Strategic Review Charge	(38.7)	(47.3)	-	(86.0)	-
Minority Interest	-	1.6	-	1.6	-
Net Impact to Nasdaq After Tax (Net Strategic Review Charge)	(38.7)	(45.7)	-	(84.4)	-
<b>Non-GAAP Net Income (Loss)</b>	<u>\$ 0.7</u>	<u>\$ (3.3)</u>	<u>\$ 12.7</u>	<u>\$ (0.1)</u>	<u>\$ 42.8</u>
<b>GAAP Net (Loss) Income Applicable to Common Stockholders:</b>	\$ (40.5)	\$ (51.5)	\$ 10.3	\$ (90.2)	\$ 35.5
Adjustment:					
Strategic Review Charge	(38.7)	(47.3)	-	(86.0)	-
Minority Interest	-	1.6	-	1.6	-
Net Strategic Review Charge	(38.7)	(45.7)	-	(84.4)	-
<b>Non-GAAP Net (Loss) Income Applicable to Common Stockholders</b>	<u>\$ (1.8)</u>	<u>\$ (5.8)</u>	<u>\$ 10.3</u>	<u>\$ (5.8)</u>	<u>\$ 35.5</u>
<b>GAAP (Loss) Earnings per Common Share:</b>					
Basic (Loss) Earnings Per Share	\$ (0.52)	\$ (0.66)	\$ 0.13	\$ (1.15)	\$ 0.42
Adjustment:					
Strategic Review	(0.50)	(0.59)	-	(1.08)	-
<b>Non-GAAP Basic (Loss) Earnings per Common Share</b>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>	<u>\$ 0.13</u>	<u>\$ (0.07)</u>	<u>\$ 0.42</u>
<b>GAAP (Loss) Earnings per Common Share:</b>					
Diluted (Loss) Earnings Per Share	\$ (0.52)	\$ (0.66)	\$ 0.13	\$ (1.15)	\$ 0.40
Adjustment:					
Strategic Review	(0.50)	(0.59)	-	(1.08)	-
<b>Non-GAAP Diluted (Loss) Earnings per Common Share</b>	<u>\$ (0.02)</u>	<u>\$ (0.07)</u>	<u>\$ 0.13</u>	<u>\$ (0.07)</u>	<u>\$ 0.40</u>
<b>GAAP Total Expenses</b>	\$ 190.4	\$ 217.3	\$ 173.4	\$ 569.2	\$ 535.8
Adjustment:					
Strategic Review	(49.3)	(59.8)	-	(109.1)	-
<b>Non-GAAP Total Expenses (Recurring Core Expenses)</b>	<u>\$ 141.1</u>	<u>\$ 157.5</u>	<u>\$ 173.4</u>	<u>\$ 460.1</u>	<u>\$ 535.8</u>