

John S. Reed
Interim Chairman and Chief Executive Officer

New York Stock Exchange, Inc.
11 Wall Street
New York, NY 10005



November 4, 2003

Dear Member:

After we "went to the printers" with the enclosed proxy statement, we discovered the need to clarify several points on the "fast track" authority and the independence of the regulatory function.

First, I neglected to subject to the SEC process my expectation that the new boards would begin operating immediately. While I will immediately begin to work with the new boards, their actions will have no legal effect under the federal securities laws until the SEC approves our new Constitution.

Second, my description in the proxy statement of the interaction of the CEO with the Regulatory Oversight Committee should read:

"The CEO's views on the regulatory function, its plans, programs, staffing and budget may be sought, but the Regulatory Oversight Committee's views on compensating regulatory personnel will be recommended through the Compensation Committee to the full Board for approval."

Finally, the new Constitution includes provisions to assure the separation and independence of the regulatory function from the Exchange's marketplace function and from inappropriate influence by members and member organizations. To further clarify and underscore this separation, we need to make some additional changes.

The new Constitution permits your new Board to amend four of its 16 articles. At its organizational meeting, I will present specific language for approval and filing with the SEC. Those further changes will:

- Codify the authority of the Audit Committee to hire its own counsel.
- Clarify that the CEO is recused from Board deliberations on the activities of the Standing Committees specified in Article IV, Section 12(a).

- Clarify that rulemaking on the subjects described in Article IV, Section 14(a) as normally confined to the Board or its committees may, if necessary, be authorized by an officer of the Exchange in between board meetings, subject to informing the Board at its next meeting, and to the approval of the Chief Regulatory Officer if on a regulatory matter.
- Clarify in Article VI, Section 1 that the President does not appoint regulatory officers, and in Section 3 that the CEO's responsibilities are subject to the specific provisions elsewhere in the Constitution regarding the separation of the regulatory functions.

I apologize for the need to supplement the proxy statement, but it is important to make clear to all the independence of our regulatory function under our proposed new architecture.

Best,

A handwritten signature in black ink, appearing to read "John S. Reed". The signature is written in a cursive style with a large initial "J" and "R".

John S. Reed