

NYSE Euronext
Form 10-Q
August 07, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____.

COMMISSION FILE NUMBER 001-33392

NYSE Euronext

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of
incorporation or organization)

20-5110848
(I.R.S. Employer

Identification Number)

11 Wall Street

New York, New York 10005

(Address of principal executive offices) (Zip Code)

(212) 656-3000

Registrant's Telephone Number, Including Area Code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller

reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 7, 2009, the registrant had approximately 260 million shares of common stock, \$0.01 par value per share, outstanding.

CERTAIN TERMS

In this Quarterly Report on Form 10-Q, *NYSE Euronext*, *we*, *us*, and *our* refer to NYSE Euronext, a Delaware corporation, and its subsidiaries, except where the context requires otherwise.

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Unless otherwise specified or the context otherwise requires:

NYSE refers to (1) prior to the completion of the merger between the New York Stock Exchange, Inc. and Archipelago Holdings, Inc. (*Archipelago*), which occurred on March 7, 2006, New York Stock Exchange, Inc., a New York Type A not-for-profit corporation, and (2) after completion of the merger, New York Stock Exchange LLC, a New York limited liability company, and, where the context requires, its subsidiaries, NYSE Market, Inc., a Delaware corporation, and NYSE Regulation, Inc., a New York not-for-profit corporation. New York Stock Exchange LLC is registered with the U.S. Securities and Exchange Commission (the *SEC*) under the U.S. Securities Exchange Act of 1934 (the *Exchange Act*) as a national securities exchange.

NYSE Arca refers collectively to NYSE Arca, L.L.C., a Delaware limited liability company (formerly known as Archipelago Exchange, L.L.C.), NYSE Arca, Inc., a Delaware corporation (formerly known as the Pacific Exchange, Inc.), and NYSE Arca Equities, Inc., a Delaware corporation (formerly known as PCX Equities, Inc.). NYSE Arca, Inc. is registered with the SEC under the Exchange Act as a national securities exchange.

NYSE Amex refers to NYSE Amex LLC, a Delaware limited liability company (formerly known as the American Stock Exchange LLC). NYSE Amex LLC is registered with the SEC under the Exchange Act as a national securities exchange.

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains statements that may constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, and the negative or other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business and industry. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks and uncertainties described under Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K filed for the year ended December 31, 2008, and any additional risks and uncertainties described in our subsequent Quarterly Reports on Form 10-Q.

These risks and uncertainties are not exhaustive. Other sections of this report describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact that these factors will have on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this report to conform our prior statements to actual results or revised expectations and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

possible or assumed future results of operations and operating cash flows;

strategies and investment policies;

financing plans and the availability of capital;

our competitive position and environment;

potential growth opportunities available to us;

the risks associated with potential acquisitions or alliances;

the recruitment and retention of officers and employees;

expected levels of compensation;

potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;

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the likelihood of success and impact of litigation;

protection or enforcement of intellectual property rights;

expectations with respect to financial markets, industry trends and general economic conditions;

our ability to keep up with rapid technological change;

the timing and results of our technology initiatives;

the effects of competition; and

the impact of future legislation and regulatory changes.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We expressly qualify in their entirety all forward-looking statements attributable to us or any person acting on our behalf by the cautionary statements referred to above.

PART I FINANCIAL INFORMATION**Item 1. Financial Statements****NYSE EURONEXT****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(In millions, except per share data)

(Unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 507	\$ 777
Financial investments	128	236
Accounts receivable, net	661	744
Deferred income taxes	90	113
Other current assets	234	156
Total current assets	1,620	2,026
Property and equipment, net	811	695
Goodwill	4,178	3,985
Other intangible assets, net	6,153	5,866
Deferred income taxes	629	671
Other assets	897	705
Total assets	\$ 14,288	\$ 13,948
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,262	\$ 997
Related party payable	91	249
Section 31 fees payable	170	84
Deferred revenue	308	113
Short term debt	410	1,101
Deferred income taxes	25	38
Total current liabilities	2,266	2,582
Accrued employee benefits	540	576
Deferred revenue	352	360
Long term debt	2,137	1,787
Deferred income taxes	2,064	2,002
Related party payable	109	
Other liabilities	68	67
Total liabilities	7,536	7,374
Commitments and contingencies		
Equity		
NYSE Euronext shareholders' equity:		
Common stock, \$0.01 par value, 800 shares authorized; 275 and 274 shares issued; 260 and 259 shares outstanding	3	3
Common stock held in treasury, at cost; 15 shares	(416)	(416)

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Additional paid-in capital	8,347	8,522
Accumulated deficit	(409)	(331)
Accumulated other comprehensive loss	(800)	(1,222)
Total NYSE Euronext shareholders' equity	6,725	6,556
Noncontrolling interest	27	18
Total equity	6,752	6,574
Total liabilities and equity	\$ 14,288	\$ 13,948

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Revenues				
Activity assessment	\$ 126	\$ 41	\$ 156	\$ 143
Cash trading	615	511	1,235	1,074
Derivatives trading	207	230	393	500
Listing	101	98	200	196
Market data	101	105	204	209
Software and technology services	44	34	87	59
Regulatory	8	14	22	27
Other	49	35	96	72
Total revenues	1,251	1,068	2,393	2,280
Section 31 fees	(126)	(41)	(156)	(143)
Liquidity payments	(447)	(255)	(879)	(528)
Routing and clearing	(67)	(65)	(143)	(135)
Merger expenses and exit costs	(442)	(38)	(465)	(55)
Compensation	(158)	(139)	(326)	(313)
Systems and communications	(56)	(86)	(113)	(169)
Professional services	(43)	(31)	(98)	(61)
Depreciation and amortization	(66)	(59)	(134)	(116)
Occupancy	(38)	(28)	(74)	(59)
Marketing and other	(37)	(46)	(75)	(86)
Regulatory fine income	1		1	2
Operating (loss) income from continuing operations	(228)	280	(69)	617
Interest expense	(31)	(40)	(62)	(72)
Investment income	4	17	9	31
Other income	4	12	9	24
(Loss) income from continuing operations before income tax benefit (provision)	(251)	269	(113)	600
Income tax benefit (provision)	72	(74)	40	(172)
(Loss) income from continuing operations	(179)	195	(73)	428
(Loss) income from discontinued operations, net of tax		1		2
Net (loss) income	(179)	196	(73)	430
Net income attributable to noncontrolling interest	(3)	(1)	(5)	(4)
Net (loss) income attributable to NYSE Euronext	\$ (182)	\$ 195	\$ (78)	\$ 426
Basic (loss) earnings per share attributable to NYSE Euronext				
(Loss) earnings per share, continuing operations	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.59
(Loss) earnings per share, discontinued operations				0.01
	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.60

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Diluted (loss) earnings per share attributable to NYSE Euronext				
(Loss) earnings per share, continuing operations	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.59
(Loss) earnings per share, discontinued operations				0.01
	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.60

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Six months ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net (loss) income	\$ (73)	\$ 430
Income from discontinued operations		(2)
(Loss) income from continuing operations	(73)	428
Adjustment to reconcile (loss) income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	156	121
Deferred income taxes	(3)	19
Deferred revenue amortization	(37)	(41)
Stock based compensation	21	25
Gain on sale of equity investment and businesses		(2)
Other non-cash items	2	(5)
Change in operating assets and liabilities:		
Accounts receivable, net	96	(40)
Other assets	(111)	(61)
Accounts payable, accrued expenses, and Section 31 fees payable	254	(111)
Related party payable	(186)	
Deferred revenue	258	183
Accrued employee benefits	(11)	16
Net cash provided by operating activities	366	532
Cash flows from investing activities:		
Euronext merger, net of cash acquired		(395)
Sales of investments	539	1,274
Purchases of investments	(436)	(1,417)
Net sales (purchases) of securities purchased under agreements to resell	(1)	8
Purchases of equity investments and businesses	(44)	(218)
Sale of equity investments and businesses		145
Purchases of property and equipment	(212)	(173)
Other investing activities		(14)
Net cash used in investing activities	(154)	(790)
Cash flows from financing activities:		
Proceeds from issuance of debt	312	1,929
Commercial paper (repayments) borrowings, net	(265)	(1,788)
Repayment of other debt	(412)	(2)
Dividends to shareholders	(156)	(139)
Purchases of treasury stock		(1)
Employee stock transactions	1	4
Other	1	(4)
Net cash used in financing activities	(519)	(1)
Effects of exchange rate changes on cash and cash equivalents	37	33
Cash flows from discontinued operations:		
Net cash provided by operating activities of discontinued operations		59

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Net cash used in investing activities of discontinued operations		(33)
Net cash used in financing activities of discontinued operations		(16)
Net decrease in cash and cash equivalents for the period	(270)	(216)
Cash and cash equivalents at beginning of period	777	934
Cash and cash equivalents at end of period	\$ 507	\$ 718

The accompanying notes are an integral part of these condensed consolidated financial statements.

NYSE EURONEXT

Notes to Condensed Consolidated Financial Statements

Note 1 Organization and Basis of Presentation

Organization

NYSE Euronext is a holding company that, through its subsidiaries, operates the following securities exchanges: the New York Stock Exchange (NYSE), NYSE Arca, Inc. (NYSE Arca) and NYSE Amex LLC (NYSE Amex) in the United States and the five European-based exchanges that comprise Euronext N.V. (Euronext) the Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the Liffe derivatives markets in London, Paris, Amsterdam, Brussels and Lisbon (collectively, NYSE Liffe) and the United States futures market, NYSE Liffe US, LLC (NYSE Liffe US). NYSE Euronext is a global provider of securities listing, trading, market data products, and software and technology services. NYSE Euronext was formed in connection with the April 4, 2007 combination of NYSE Group (which was formed in connection with the March 7, 2006 merger of the NYSE and Archipelago) and Euronext. NYSE Euronext common stock is dually listed on the NYSE and Euronext Paris under the symbol NYX. Until April 4, 2007, NYSE Euronext had no significant assets and had not conducted any material activities other than those incidental to its formation. However, on April 4, 2007, upon the consummation of the combination of NYSE Group and Euronext, NYSE Euronext became the parent company of NYSE Group and Euronext and each of their respective subsidiaries.

Basis of Presentation

The accompanying condensed unaudited consolidated financial statements include the accounts of NYSE Euronext and its subsidiaries.

The accompanying condensed unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. and reflect all adjustments, consisting of only normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results for the period. All material intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally required in financial statements under accounting principles generally accepted in the U.S., have been condensed or omitted; however, management believes that the disclosures are adequate to make the information presented not misleading.

The preparation of these condensed unaudited consolidated financial statements, in conformity with accounting principles generally accepted in the U.S., requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be materially different from these estimates. Certain prior period amounts have been reclassified to conform to the current period's presentation.

The condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of NYSE Euronext as of and for the year ended December 31, 2008. Operating results for the three and six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The operations of GL Trade are reflected as discontinued. See Note 5.

Note 2 Acquisitions and Divestitures

AEMS

On August 5, 2008, NYSE Euronext completed the acquisition of the 50% stake in AEMS previously owned by Atos Origin. Through the transaction, NYSE Euronext acquired (i) the NSC cash trading and LIFFE CONNECT derivatives trading platform technology, and all of the management and development services surrounding these platforms, (ii) AEMS's third-party exchange technology business, and (iii) TRS/CPS, clearing software. The purchase price in the transaction was approximately 162 million (\$255 million), net of approximately 120 million (\$189 million) of cash acquired. The results of operations and financial condition of AEMS have been included in our consolidated financial statements since August 5, 2008.

NYSE Amex

On October 1, 2008, NYSE Euronext completed its acquisition of The Amex Membership Corporation. NYSE Euronext acquired the business of The Amex Membership Corporation, including its subsidiary the American Stock Exchange (now known as NYSE Amex). In the transaction, each holder of a regular membership of The Amex Membership Corporation became entitled to receive approximately 8,100 shares of NYSE

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Euronext common stock and each holder of an options principal membership became entitled to receive approximately 7,200 shares of NYSE Euronext common stock. A total of approximately 6.8 million shares of NYSE Euronext common stock was issued with a value of approximately \$260 million. In addition, each former holder of a regular or options principal membership will be entitled to receive additional consideration calculated by reference to the net proceeds, if any, from the sale of the NYSE Amex headquarters in lower Manhattan, if such sale occurs within a specified period of time and certain conditions are satisfied. The results of operations and financial condition of NYSE Amex have been included in our consolidated financial statements since October 1, 2008.

Wombat

On March 7, 2008, NYSE Euronext completed the acquisition of Wombat Financial Software, Inc. (Wombat), a privately held global leader in high-performance financial market data management solutions. This strategic acquisition broadened NYSE Euronext's offering of comprehensive market-agnostic connectivity, transaction and data management solutions to customers globally by integrating Wombat's industry leading and rapidly growing market data enterprise software and services with the NYSE TransactTools connectivity and messaging business. NYSE Euronext acquired Wombat for \$200 million in cash consideration, and created a retention pool for Wombat employees consisting of restricted stock unit grants in an amount equal to \$25 million. The results of operations and financial condition of Wombat have been included in our consolidated financial statements since March 7, 2008.

Other transactions

Qatar

On June 19, 2009, we amended the Shareholders' Agreement dated June 24, 2008 with Qatar Holding (QH), the strategic and direct investment arm of Qatar Investment Authority (QIA), a Qatar governmental entity. The amended Shareholders' Agreement represents a strategic partnership between us and the State of Qatar to establish the Qatar Exchange, the successor to the Doha Securities Market (DSM). The Qatar Exchange will continue to provide a market for cash equities, and the aim of management is also to create a new derivatives market. In addition, the Qatar Exchange will adopt the latest NYSE Euronext trading and network

technologies and we will provide certain management services to the Qatar Exchange at negotiated rates.

NYSE Euronext agreed to contribute \$200 million in cash to acquire a 20% ownership interest in the Qatar Exchange, \$40 million of which was paid upon closing on June 19, 2009 and generally, the remaining \$160 million is to be paid in four equal installments on each of the next four anniversaries of the closing date. The \$148 million present value of this liability is included in *Related party payable* in the condensed consolidated statement of financial condition as of June 30, 2009. QIA will retain the remaining 80% ownership of the Qatar Exchange through QH, and the current DSM, including approximately \$200 million in cash, will be transferred to the new Qatar Exchange.

New York Portfolio Clearing (NYPC)

On June 18, 2009, NYSE Euronext and The Depository Trust and Clearing Corporation (DTCC) entered into an exclusive arrangement to pursue a joint venture that is expected to be operational in the second quarter of 2010, subject to definitive documentation and other approvals. NYSE Euronext plans to contribute \$15 million in working capital and commit a \$50 million financial guarantee as an additional contribution to the NYPC default fund. Pending Registered Derivatives Clearing Organization status approval from the U.S. Commodity Futures Trading Commission as well as other required regulatory approvals, NYPC initially will clear interest rate products traded on NYSE Liffe US, with the ability to add other exchanges in the future. NYPC will use NYSE Euronext's clearing technology. DTCC's Fixed Income Clearing Corporation will provide capabilities in risk management, settlement, banking and reference data systems.

Note 3 Restructuring

Severance Costs

2008 plan

In 2008, NYSE Euronext initiated a voluntary resignation incentive plan (2008 VRIP) and voluntary retirement plan in the U.S., which 235 employees accepted during the twelve months ended December 31, 2008. As part of the business combination between NYSE Group and Euronext, NYSE Euronext entered into a plan to eliminate employee positions.

NYSE Euronext initiated a new plan in Europe in 2008 which was finalized in June 2009. This plan included a net reduction of approximately 230 employees.

2009 plan

As a result of streamlining certain business processes in the first quarter of 2009, NYSE Euronext launched a new voluntary resignation incentive plan in June 2009 (2009 VRIP) in the U.S. which 62 employees accepted.

The following is a summary of the severance charges recognized in connection with these plans, utilization of the accrual through June 30, 2009 and the remaining accrual as of June 30, 2009 (in millions):

	U.S. Operations	European Operations	Total
Balance as of December 31, 2008	\$ 52	\$ 89	\$ 141
Employee severance and related benefits	17	47	64
Severance and benefit payments	(28)	(7)	(35)
Currency translation and other		3	3
Balance as of June 30, 2009	\$ 41	\$ 132	\$ 173

The severance charges are included in merger expenses and exit costs in the condensed consolidated statements of operations. Based on current severance dates and the accrued severance at June 30, 2009, NYSE Euronext expects to pay these amounts through June 2010.

Contract Termination

LCH.Clearnet Contract Termination/ NYSE Liffe Clearing

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For the year ended December 31, 2008 and the six months ended June 30, 2009, NYSE Euronext used the services of LCH.Clearnet Group Limited for clearing transactions executed on its European cash and derivatives markets and the services of Euroclear for settling transactions on its European cash markets (except in Portugal).

On October 31, 2008, NYSE Euronext announced that NYSE Liffe's London Market (for the purposes of this section, NYSE Liffe) entered into binding agreements with LCH.Clearnet Ltd. (LCH.Clearnet) to terminate its current clearing arrangements and to establish new arrangements known as NYSE Liffe Clearing, whereby NYSE Liffe assumed full responsibility for clearing activities for the U.K. derivatives market. To achieve this, NYSE Liffe became a self-clearing Recognised Investment Exchange and outsourced the existing clearing guarantee arrangements and related risk functions to LCH.Clearnet.

In connection with this arrangement, NYSE Euronext agreed to make a one-time 260 million (\$355 million) payment to compensate LCH.Clearnet for economic losses arising as a result of the early termination of its current clearing arrangements with LCH.Clearnet (the NYSE Liffe Clearing Payment).

On May 27, 2009, NYSE Liffe received regulatory approval from the Financial Services Authority (FSA) to launch NYSE Liffe Clearing. Following such approval, NYSE Euronext recorded a \$355 million expense which was classified as Merger expenses and exit costs in our condensed consolidated statement of operations for the three and six months ended June 30, 2009.

On July 30, 2009, NYSE Liffe Clearing launched operations and NYSE Liffe made the \$355 million payment to LCH.Clearnet. This payment is tax deductible.

As of June 30, 2009, NYSE Euronext retained a 5% stake in LCH.Clearnet Group Limited's outstanding share capital and the right to appoint one director to its board of directors.

Note 4 Segment Reporting

NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. NYSE Euronext evaluates segment performance primarily based on operating income from continuing operations.

U.S. Operations consist of the following in NYSE Euronext's U.S. markets:

providing access to trade execution in cash equities, options and futures;

obtaining new listings and servicing existing listings;

selling and distributing market data and related information;

providing regulatory services for cash equities and options;

operating connectivity networks for our markets and for other major market centers and market participants in the United States; and

providing trading and information technology solutions.

European Operations consist of the following in NYSE Euronext's European markets:

providing access to trade execution in cash equities, derivatives products, bonds and repos;

obtaining new listings and servicing existing listings;

selling and distributing market data and related information;

providing settlement of transactions and the safe-custody of physical securities in certain European markets;

operating connectivity networks for our markets and for other major market centers and market participants in Europe; and

providing trading and information technology solutions.

Summarized financial data of our reportable segments is as follows (in millions):

Three months ended June 30, 2009	U.S. Operations	European Operations	Corporate Items and Eliminations	Consolidated
Revenues	\$ 906	\$ 352	\$ (7)	\$ 1,251
Operating income (loss) from continuing operations	50	(272)*	(6)	(228)

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2008								
	\$	637	\$	431	\$	1,068		
Revenues								
Operating income (loss) from continuing operations		104		187	(11)	280		
Six months ended June 30,								
		U.S.	European	Corporate Items		Consolidated		
		Operations	Operations	and Eliminations				
2009								
Revenues	\$	1,713	\$	700	\$	(20)	\$	2,393
Operating income (loss) from continuing operations		90		(148)*	(11)			(69)
2008								
Revenues	\$	1,372	\$	908	\$		\$	2,280
Operating income (loss) from continuing operations		208		436	(27)			617

* Includes the \$355 million impact of the LCH.Clearnet contract termination / NYSE Liffe Clearing Payment. See Note 3. Management continues to assess its segment reporting structure and may, if and when appropriate, decide to revise its segment reporting upon completion of certain integration milestones or reorganization of its businesses.

Note 5 Discontinued Operations

On August 1, 2008, SunGard and GL Trade announced SunGard's intention to acquire a majority stake in GL Trade. Under the terms of the offer, SunGard acquired approximately 64.5% of GL Trade from Euronext Paris S.A., a wholly-owned subsidiary of NYSE Euronext, and other significant shareholders at a price of \$41.70 per share. As a result, the operations of GL Trade are reflected as discontinued operations.

In October 2008, NYSE Euronext received \$161.6 million (\$227.5 million) from the sale of its 40% ownership stake in GL Trade to SunGard.

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GL Trade earned revenue mainly from annual subscriptions to its software and technology offerings. Operating results of GL Trade, which were formerly included in European Operations, are summarized as follows (in millions):

	Three months ended June 30, 2008	Six months ended June 30, 2008
Revenues	\$ 85	\$ 166
Income from GL Trade operations before income tax provision	9	19
Income tax provision	(4)	(8)
Income from GL Trade operations	5	11
Noncontrolling interest	(4)	(9)
Income from discontinued operations	\$ 1	\$ 2

Note 6 Earnings and Dividend Per Share

The following is a reconciliation of the basic and diluted earnings per share computations (in millions, except per share data):

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Net (loss) income				
Continuing operations	\$ (179)	\$ 195	\$ (73)	\$ 428
Discontinued operations		1		2
Net (loss) income attributable to noncontrolling interest	(3)	(1)	(5)	(4)
Net (loss) income attributable to NYSE Euronext	\$ (182)	\$ 195	\$ (78)	\$ 426
Shares of common stock and common stock equivalents: Weighted average shares used in basic computation	260	266	260	266
Dilutive effect of: Employee stock options and restricted stock units				
Weighted average shares used in diluted computation	260	266	260	266
Basic (loss) earnings per share:				
Continuing operations	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.59
Discontinued operations				0.01
Basic (loss) earnings per share attributable to NYSE Euronext	\$ (0.70)	\$ 0.73	\$ 0.30)	\$ 1.60
Diluted (loss) earnings per share:				
Continuing operations	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.59
Discontinued operations				0.01
Diluted (loss) earnings per share attributable to NYSE Euronext	\$ (0.70)	\$ 0.73	\$ (0.30)	\$ 1.60
Dividend per common share	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.55

As of June 30, 2009 and 2008, 4.1 million and 3.0 million restricted stock units, respectively, and options to purchase 0.7 million and 0.9 million shares of common stock, respectively, were outstanding. For the three and six months ended June 30, 2009, diluted net loss per common share is the same as basic net loss per common share since the assumed conversion of stock options and restricted stock units would have been anti-dilutive due to the loss position. For the three and six months ended June 30, 2008, 0.5 million awards were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

Note 7 Pension and Other Benefit Programs

The components of net periodic (benefit) expense are set forth below (in millions):

Pension Plans

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Three months ended June 30,	2009	2008	SERP Plans		Postretirement Benefit Plans	
			2009	2008	2009	2008
Service cost	\$ 1	\$ 1	\$	\$	\$ 1	\$ 1
Interest cost	12	11	1	1	3	3
Expected return on assets	(15)	(16)				
Recognized net actuarial loss						(1)
Curtailement loss (gain)	1			1	(9)	7
Net periodic (benefit) cost	\$ (1)	\$ (4)	\$ 1	\$ 2	\$ (5)	\$ 10

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Six months ended June 30,	Pension Plans		SERP Plans		Postretirement Benefit Plans	
	2009	2008	2009	2008	2009	2008
Service cost	\$ 2	\$ 2	\$	\$	\$ 2	\$ 2
Interest cost	24	22	2	2	6	6
Expected return on assets	(30)	(32)				
Recognized net actuarial loss						(2)
Curtailment loss (gain)	1			1	(9)	7
Net periodic (benefit) cost	\$ (3)	\$ (8)	\$ 2	\$ 3	\$ (1)	\$ 13

During the three and six months ended June 30, 2009, NYSE Euronext did not make any material contributions to its pension plans. Based on current actuarial assumptions, NYSE Euronext anticipates funding an additional \$5 million to its European Operations pension plans and zero to its U.S. Operations pension plans for the remainder of fiscal 2009.

Curtailment to the Plans

For the three and six months ended June 30, 2009, NYSE Euronext recorded a \$10 million curtailment gain associated with changes to its U.S. retiree medical plan, \$1 million curtailment loss associated with the launch of 2009 VRIP in the U.S., and \$1 million curtailment gain in Europe. For the three and six months ended June 30, 2008, NYSE Euronext recorded a \$7 million curtailment loss as a result of various employee actions, including the 2008 VRIP, on its U.S. benefit plans.

Note 8 Goodwill and Other Intangible Assets

The change in the net carrying amount of goodwill by reportable segments was as follows (in millions):

	U.S. Operations	European Operations	Total
Balance as of January 1, 2009	\$ 947	\$ 3,038	\$ 3,985
Purchase accounting adjustments/acquisitions	(30)	18	(12)
Currency translation and other		205	205
Balance as of June 30, 2009	\$ 917	\$ 3,261	\$ 4,178

The following table presents the details of the intangible assets by reportable segments as of June 30, 2009 and December 31, 2008 (in millions):

	U.S. Operations			European Operations		
	Gross carrying value	Accumulated depreciation	Useful Life (in years)	Gross carrying value	Accumulated depreciation	Useful Life (in years)
Balance as of June 30, 2009						
National securities exchange registrations	\$ 620	\$	Indefinite	\$ 4,611	\$	Indefinite
Customer relationships	96	(13)	10 to 20	756	(87)	7 to 20
Trade names and other	56	(9)	20	140	(17)	2 to 20
Other intangibles	\$ 772	\$ (22)		\$ 5,507	\$ (104)	

	U.S. Operations			European Operations		
	Gross carrying value	Accumulated depreciation	Useful Life (in years)	Gross carrying value	Accumulated depreciation	Useful Life (in years)

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Balance as of December 31, 2008

National securities exchange registrations	\$ 583	\$	Indefinite	\$ 4,379	\$	Indefinite
Customer relationships	98	(9)	10 to 20	708	(62)	7 to 20
Trade names and other	55	(7)	20	168	(47)	2 to 20
Other intangibles	\$ 736	\$ (16)		\$ 5,255	\$ (109)	

For the three and six months ended June 30, 2009, amortization expense for the intangible assets was approximately \$14 million and \$28 million, respectively. For the three and six months ended June 30, 2008, amortization expense for the intangible assets was approximately \$19 million and \$37 million, respectively.

The estimated future amortization expense of acquired purchased intangible assets as of June 30, 2009 was as follows (in millions):

Year ending December 31,	
Remainder of 2009 (from July 1st through December 31st)	\$ 30
2010	58
2011	58
2012	58
2013	58
Thereafter	660
Total	\$ 922

Note 9 Fair Value of Financial Instruments

NYSE Euronext accounts for certain financial instruments at fair value pursuant to the provisions of SFAS No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a fair value hierarchy on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

In accordance with SFAS No. 157, NYSE Euronext has categorized its financial instruments measured at fair value into the following three-level fair value hierarchy based upon the level of judgment associated with the inputs used to measure the fair value:

Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in an active market that NYSE Euronext has the ability to access. Generally, equity and other securities listed in active markets and investments in publicly traded mutual funds with quoted market prices are reported in this category.

Level 2: Inputs are either directly or indirectly observable for substantially the full term of the assets or liabilities. Generally, municipal bonds, certificates of deposits, corporate bonds, mortgage securities, asset backed securities and certain derivatives are reported in this category. The valuation of these instruments is based on quoted prices or broker quotes for similar instruments in active markets.

Level 3: Some inputs are both unobservable and significant to the overall fair value measurement and reflect management's best estimate of what market participants would use in pricing the asset or liability. Generally, assets and liabilities carried at fair value and included in this category are certain structured investments, derivatives, commitments and guarantees that are neither eligible for Level 1 or Level 2 due to the valuation techniques used to measure their fair value. The inputs used to value these instruments are both observable and unobservable and may include NYSE Euronext's own projections.

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the valuation inputs may result in a reclassification for certain financial assets or liabilities.

The following table presents NYSE Euronext's fair value hierarchy of those assets and liabilities measured at fair value on a recurring basis as of June 30, 2009 and December 31, 2008 (in millions):

	Assets & liabilities measured at fair value as of June 30, 2009			Total
	Level 1	Level 2	Level 3	
Assets				
Investments	\$ 94	\$ 19	\$ 15	\$ 128
Other assets	60			60
Liabilities				
Derivatives				

Assets & liabilities measured at fair value as of December 31, 2008

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	Level 1	Level 2	Level 3	Total
Assets				
Investments	\$ 157	\$ 113	\$ 14	\$ 284
Other assets	26			26
Liabilities				
Derivatives		1		1

The difference between the total financial assets and liabilities as of June 30, 2009 and December 31, 2008 presented in the tables above and the related amounts in the condensed consolidated statement of financial condition is primarily due to investments recorded at cost or adjusted cost such as non-quoted equity securities, bank deposits and other interest rate investments, and to debt instruments recorded at amortized cost. As of June 30, 2009 and December 31, 2008, NYSE Euronext had \$15 million and \$14 million, respectively, of Level 3 securities consisting of auction rate securities purchased by NYSE Amex prior to its acquisition by NYSE Euronext on October 1, 2008. Since February 2008, these auction rate securities have failed at auction and are currently not valued at par. As of June 30, 2009, the weighted average price of these auction rate securities was 88 cents to a dollar and NYSE Euronext had recorded in other comprehensive income a \$1 million unrealized gain on these securities.

Note 10 Derivatives and Hedges

NYSE Euronext may use derivative instruments to hedge financial risks related to its financial position or risks that are otherwise incurred in the normal course of its operations. NYSE Euronext does not use derivative instruments for speculative purposes and enters into derivatives instruments only with counterparties that meet high creditworthiness and rating standards. NYSE Euronext adopted the provisions of SFAS No. 161, Disclosures about Derivatives Instruments and Hedging Activities (SFAS No. 161) on January 1, 2009.

NYSE Euronext records all derivatives instruments at fair value on the condensed consolidated statement of financial condition. Certain derivatives instruments are designated as hedging instruments under fair value hedging relationships, cash flow hedging relationships or net investment hedging relationships. Other derivatives instruments remain undesignated. The details of each designated hedging relationship are formally documented at the inception of the relationship, including the risk

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management objective, hedging strategy, hedged item, specific risks being hedged, derivatives instrument, how effectiveness is being assessed and how ineffectiveness, if any, will be measured. The hedging instrument must be highly effective in offsetting the changes in cash flows or fair value of the hedged item and the effectiveness is evaluated quarterly on a retrospective and prospective basis.

The following presents the aggregated notional amount and the fair value of NYSE Euronext's derivative instruments reported on the condensed consolidated statement of financial condition as of June 30, 2009 (in millions):

	Notional Amount	Fair Value of Derivative Instruments	
		Asset (1)	Liability (2)
Derivatives designated as hedging instruments under SFAS No. 133			
Interest rate swaps	\$	\$	\$
Derivatives not designated as hedging instruments under SFAS No. 133			
Foreign exchange contracts	139		
Total derivatives	\$ 139	\$	\$

(1) included in Financial investments in the condensed consolidated statement of financial condition; the ending balance is insignificant for the period.

(2) included in Short term debt in the condensed consolidated statement of financial condition; the ending balance is insignificant for the period.

Pre-tax gains and losses on derivative instruments affecting the condensed consolidated statement of operations for the three and six months ended June 30, 2009 were as follows (in millions):

Derivatives in SFAS No. 133 fair value hedging relationship	Gain/(loss) recognized in income on derivatives		Hedged items in SFAS No. 133 hedging relationship	Gain/(loss) recognized in income on hedged items	
	Three months ended	Six months ended		Three months ended	Six months ended
	June 30, 2009			June 30, 2009	
Interest rate swaps	\$ (2)	\$ (4)	Fixed-rate debt	\$ 2	\$ 4

Derivatives not designated as hedging instrument under SFAS No. 133	Gain/(loss) recognized in income	
	Three months ended	Six months ended
	June 30, 2009	
Foreign exchange contracts	\$ 2	\$ 2

In order to hedge its interest rate exposures, NYSE Euronext may enter into interest rate derivative instruments, such as swaps. For the six months ended June 30, 2009, the only significant interest rate hedge was a fixed-to-floating rate swap that matured on June 16, 2009 and hedged the £250 million (\$412 million) fixed rate sterling bond repaid on June 16, 2009. The interest rate swap hedged the changes in the bond fair value due to the changes in Libor rates. Changes in the fair value of the swap were recognized in Interest expense in the condensed consolidated statement of operations and were substantially offset by the changes in fair value of the hedged bond due to fluctuations in Libor rates. For the six months ended June 30, 2009, the fair value of the interest rate swap decreased by £2.7 million (\$4.0 million), offsetting the £2.9 million (\$4.3 million) adjustment of the hedged bond for the fair value fluctuations in Libor rates.

For the six months ended June 30, 2009, NYSE Euronext also entered into euro/U.S. dollar and sterling/U.S. dollar foreign exchange contracts with tenors less than 3 months in order to hedge various financial positions. These swaps were not designated as hedging instruments under SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities. At June 30, 2009, NYSE Euronext had a £20 million (\$33 million) sterling/U.S. dollar foreign exchange swap outstanding with a negative fair value of \$0.1 million and a 75 million (\$106 million)

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euro/U.S. dollar forward contract outstanding with a positive fair value of \$0.1 million. These instruments matured in July 2009. For the six months ended June 30, 2009, the cumulative net gain recognized under foreign exchange contracts in *Other income* in the condensed consolidated statement of operations amounted to \$2.1 million.

For the six months ended June 30, 2009, NYSE Euronext had no derivative instruments in SFAS No. 133 cash flow hedging relationships and net investment hedging relationships.

Note 11 Commitments and Contingencies

For the six months ended June 30, 2009, NYSE Euronext incorporates herein by reference the discussion set forth under *Legal Proceedings* in Part II, Item 1 of the Form 10-Q filed by NYSE Euronext on May 11, 2009, and Part I, Item 3 of the Form 10-K filed by NYSE Euronext for the year ended December 31, 2008, and no other matters were reportable during the period.

In addition to the matters incorporated herein by reference, NYSE Euronext is from time to time involved in various legal proceedings that arise in the ordinary course of its business. NYSE Euronext does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its operating results or financial condition.

Note 12 Income taxes

For the three and six months ended June 30, 2009 and 2008, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to foreign operations and the reorganization of certain of our businesses. Excluding the impact of discrete items, which are primarily related to certain tax credits and positive impact of prior tax positions, the applicable tax rate was 29% and 35% for the three and six months ended June 30, 2009, respectively.

Note 13 Related Party Transactions

AEMS

On August 5, 2008, NYSE Euronext acquired the remaining interest in AEMS previously owned by Atos Origin. Prior to the acquisition, NYSE Euronext owned 50% of AEMS and had entered into mutual service agreements. See Note 2.

FINRA

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As part of the July 30, 2007 asset purchase agreement with FINRA, FINRA and NYSE Group have entered into service agreements with FINRA and its affiliates. Based on these service agreements and pre-existing arrangements with NYSE Amex, FINRA provides certain regulatory services to NYSE Group and its affiliates.

LCH.Clearnet Contract Termination/ NYSE Liffe Clearing

See Note 3 for a discussion of NYSE Liffe Clearing.

Qatar

See Note 2 for a discussion of the Shareholders Agreement.

The following presents income and expenses derived or incurred from these related parties (in millions):

Income (expenses)	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
AEMS	\$	\$ (42)	\$	\$ (81)
FINRA	4	5	9	11
LCH.Clearnet	(355)	1	(354)	3
Qatar	1		1	
<i>BlueNext</i>				

BlueNext is the European carbon exchange business launched by NYSE Euronext in 2008. BlueNext is established in France and is 60% owned by NYSE Euronext and 40% owned by Caisse des Dépôts et Consignation (CDC). NYSE Euronext consolidates the results of operations and the financial condition of BlueNext. In the regular course of business, BlueNext pays recoverable Value Added Tax (VAT) to certain customers on a daily basis and recovers such VAT from the French Tax Authorities on a one-month lag. CDC provides BlueNext with an overdraft to fund the VAT receivable. Under this arrangement, BlueNext had \$52 million and \$249 million overdraft balances outstanding with CDC as of June 30, 2009 and December 31, 2008, respectively. Effective in July 2009, the carbon traded on the BlueNext exchange will be exempt from VAT.

Note 14 Other Comprehensive Income

The following outlines the components of other comprehensive income (in millions):

Income/(expenses)	Three months ended June 30,					
	2009			2008		
	NYSE Euronext	Noncontrolling interest	Total	NYSE Euronext	Noncontrolling interest	Total
Net (loss) income	\$ (182)	\$ 3	\$ (179)	\$ 195	\$ 1	\$ 196
Change in market value adjustments of available-for-sale securities	22		22	(3)		(3)
Employee benefit plan adjustments				(6)		(6)
Foreign currency translation adjustments	644	2	646	11	(1)	10
Total comprehensive (loss) income	\$ 484	\$ 5	\$ 489	\$ 197	\$	\$ 197

Income/(expenses)	Six months ended June 30,					
	2009			2008		
	NYSE Euronext	Noncontrolling Interest	Total	NYSE Euronext	Noncontrolling Interest	Total
Net (loss) income	\$ (78)	\$ 5	\$ (73)	\$ 426	\$ 4	\$ 430
Change in market value adjustments of available-for-sale securities	30		30	(51)		(51)

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Employee benefit plan adjustments	(13)		(13)	(7)		(7)
Foreign currency translation adjustments	405	1	406	411	5	416
Total comprehensive (loss) income	\$ 344	\$ 6	\$ 350	\$ 779	\$ 9	\$ 788

Foreign currency translation adjustments is the only item in other comprehensive income impacted by the noncontrolling interest. Our equity components attributable to noncontrolling interest did not change materially from December 31, 2008 to June 30, 2009.

Our employee benefit plan adjustments for the six months ended June 30, 2009 include a \$9.5 million amount relating to an under-accrual of our pension plan liabilities as of December 31, 2008. This entry had no impact to our net income and was not material to the other comprehensive loss or accrued employee benefit liabilities in our consolidated financial statements in any prior year reporting period.

Note 15 Subsequent Events

As of June 30, 2009, NYSE Euronext adopted SFAS No. 165, Subsequent Events (SFAS No. 165). SFAS No. 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009. NYSE Euronext has evaluated subsequent events through August 7, 2009, which is the date the financial statements were issued.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion together with the condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements. Actual results may differ from such forward-looking statements. See "Forward-Looking Statements" and, in Part I, Item 1A. of our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, "Risk Factors." Certain prior period amounts presented in the discussion and analysis have been reclassified to conform to the current presentation.

Overview

NYSE Euronext was formed from the combination of the businesses of NYSE Group and Euronext, which was consummated on April 4, 2007. Prior to that date, NYSE Euronext had no significant assets and did not conduct any material activities other than those incidental to its formation. Following consummation of the combination, NYSE Euronext became the parent company of NYSE Group and Euronext and each of their respective subsidiaries. Under the purchase method of accounting, NYSE Group was treated as the accounting and legal acquiror in the combination with Euronext. On October 1, 2008, NYSE Euronext completed its acquisition of The Amex Membership Corporation, including its subsidiary the American Stock Exchange, which is now known as NYSE Amex.

NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. NYSE Euronext evaluates segment performance primarily based on operating income.

U.S. Operations consist of the following in NYSE Euronext's U.S. markets:

providing access to trade execution in cash equities, options and futures;

obtaining new listings and servicing existing listings;

selling and distributing market data and related information;

providing regulatory services for cash equities and options;

operating connectivity networks for our markets and for other major market centers and market participants in the United States; and

providing trading and information technology solutions.

European Operations consist of the following in NYSE Euronext's European markets:

providing access to trade execution in cash equities, derivatives products, bonds and repos;

obtaining new listings and servicing existing listings;

selling and distributing market data and related information;

providing settlement of transactions and the safe-custody of physical securities in certain European markets.

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operating connectivity networks for our markets and for other major market centers and market participants in Europe; and

providing trading and information technology solutions.

For a discussion of these segments, see Note 4 to the condensed consolidated financial statements.

Factors Affecting Our Results

The business environment in which NYSE Euronext operates directly affects its results of operations. Our results have been and will continue to be affected by many factors, including the level of trading activity in our markets, which during any period is significantly influenced by general market conditions, competition and market share, broad trends in the brokerage and finance industry, price levels and price volatility, the number and financial health of companies listed on NYSE Euronext's cash markets, changing technology in the financial services industry, and legislative and regulatory changes, among other factors. In particular, in recent years, the business environment has been characterized by increasing competition among global markets for trading volumes and listings, the globalization of exchanges, customers and competitors, market participants' demand for speed, capacity and reliability, which requires continuing investment in technology, and increasing competition for market data revenues. For example, the growth of our trading and market data revenues could be adversely impacted if we are unsuccessful in attracting additional volumes. The maintenance and growth of our revenues could also be impacted if we face increased pressure on pricing.

During 2008 and the first half of 2009, there was turmoil in the economy and upheaval in the credit markets. Equity market indices have experienced volatility throughout this period and the market may remain volatile throughout 2009. Continuing volatility and uncertainty regarding the capital markets have dampened economic activity and have resulted in a decline in volumes and in new listings in some of our markets as well as a deterioration of the economic welfare of our listed companies, which could adversely affect the level of delistings. These factors have adversely affected our revenues and operating income from continuing operations and may negatively impact future growth.

These disruptions and developments have resulted in a range of actions by the U.S. and foreign governments to attempt to bring liquidity and order to the financial markets and to prevent a prolonged recession in the world economy. Securities and banking regulators have also been active in proposing and establishing rules and regulations to respond to this crisis. Some of these actions have resulted in restrictions on certain types of securities transactions. Some of the proposed rules and regulations may not be adopted, and we cannot predict whether the government efforts which are implemented will be successful. Additionally, those that are implemented may result in increased costs and require significant resources.

Dislocation in the credit markets has led to increased liquidity risk. While we have not experienced reductions in our borrowing capacity, lenders in general have taken actions that indicate their concerns regarding liquidity in the marketplace. These actions have included reduced advance rates for certain security types, more stringent requirements for collateral eligibility and higher interest rates. Should lenders continue to take additional similar actions, the cost of conducting our business may increase and our ability to implement our business initiatives could be limited.

We expect that all of these factors will continue to impact our businesses. Any potential growth in the global cash markets in the upcoming months will likely be tempered by investor uncertainty resulting from volatility in the cost of energy and commodities, unemployment and recession concerns, as well as the general state of the world economy. During these times of economic turmoil, we continue to focus on our strategy to broaden and diversify our revenue streams, as well as our company-wide expense reduction initiatives.

Sources of Revenues

Activity Assessment

Our U.S. securities exchanges pay fees to the SEC pursuant to Section 31 of the Exchange Act. These Section 31 fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. NYSE Group, in turn, collects activity assessment fees from member organizations executing trades on our U.S. securities exchanges, and recognizes these amounts when invoiced. Fees received are included in cash at the time of receipt and, as required by law, the amount due to the SEC is remitted semiannually and recorded as an accrued liability until paid. The activity assessment fees are designed so that they are equal to the Section 31 fees. As a result, activity assessment fees and Section 31 fees do not have an impact on NYSE Euronext's net income.

Cash Trading

In our U.S. Operations, we charge transaction fees for executing trades in NYSE-listed equities on the NYSE, NYSE Arca, and NYSE Amex, as well as on orders that are routed to other market centers for execution. Changes to the pricing structure throughout 2008 and 2009 allowed further alignment of transaction revenue with executed volume.

In our European Operations, Euronext generates cash trading revenue from fees charged primarily for the execution of trades of equity and debt securities and other cash instruments on Euronext's cash market, which is comprised of the separate cash markets operated in Amsterdam, Brussels, Lisbon and Paris.

Revenue from cash trading in any given period depends primarily on the number of shares traded on our U.S. securities exchanges, the number of trades executed on Euronext, and the fees charged for execution. The level of trading activity in any period is significantly influenced by a number of factors discussed above under [Factors Affecting Our Results](#).

NYSE Euronext's cash trading pricing structures continue to be examined closely as part of a broad strategic review of NYSE Euronext's opportunities for revenue growth and efficiency improvement. As a result, we have and may continue to periodically modify our trading pricing structures. NYSE Euronext seeks to better capture value for the services it renders by aligning more closely transaction revenue with executed volume, product expansion and new product development. For example, effective October 1, 2008, we began offering a global pricing rebate to our European customers who exceed certain volume thresholds on each of our Euronext, NYSE and NYSE Arca trading platforms. Transaction fees that NYSE Euronext earns in the future also continue to depend on the effect of certain regulations and rule changes, such as MiFID, which have the potential to impact the competitive environment in which NYSE Euronext operates.

Derivatives Trading

Revenue from derivatives trading consists of fixed per-contract fees for the execution of trades of derivatives contracts on NYSE Liffe and executing options contracts traded on NYSE Arca and NYSE Amex. In some cases, these fees are subject to caps.

Revenues for fixed per-contract fees are driven by the number of trades executed and fees charged per contract. The principal types of derivative contracts traded are equity and index products and short-term interest rate products. Trading in equity products is primarily driven by price volatility in equity markets and indices and trading in short-term interest rate products is primarily driven by volatility resulting from uncertainty over the direction of short-term interest rates. The level of trading activity for all products is also influenced by market conditions and other factors. See also [Factors Affecting Our Results](#).

Listings

There are two types of fees applicable to companies listed on our U.S. and European securities exchanges—listing fees and annual fees. Listing fees consist of two components: original listing fees and fees related to other corporate-related actions. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that the company initially lists. Original listing fees, however, are not applicable to companies that transfer to one of our U.S. securities exchanges from another listing venue. Other corporate action related fees are paid by listed companies in connection with corporate actions involving the issuance of new shares to be listed, such as stock splits, rights issues, sales of additional securities, as well as mergers and acquisitions, which are subject to a minimum and maximum fee.

Annual fees are charged based on the number of outstanding shares of the listed company at the end of the prior year. Non-U.S. companies pay fees based on the number of listed securities issued or held in the United States. Annual fees are recognized on a pro rata basis over the calendar year. Original fees are recognized as income on a straight-line basis over estimated service periods of ten years for the NYSE and the Euronext cash equities markets and five years for NYSE Arca and NYSE Amex. Unamortized balances are recorded as deferred revenue on the condensed consolidated statements of financial condition.

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Listing fees for Euronext subsidiaries comprise admission fees paid by issuers to list securities on the cash market, annual fees paid by companies whose financial instruments are listed on the cash market, and corporate activity and other fees, consisting primarily of fees charged by Euronext Paris and Euronext Lisbon for centralizing shares in IPOs and tender offers. Revenues from annual listing fees relate to the number of shares outstanding and the market capitalization of the listed company.

In general, Euronext has adopted a common set of listing fees for Euronext Paris, Euronext Amsterdam, Euronext Brussels and Euronext Lisbon. Under the harmonized fee book, domestic issuers (i.e., those from France, the Netherlands, Belgium and Portugal) pay admission fees to list their securities based on the market capitalization of the respective issuer. Subsequent listings of securities receive a 50% discount on admission fees. Non-domestic companies listing in connection with raising capital are charged admission and annual fees on a similar basis, although they are charged lower maximum admission fees and annual fees. Euronext Paris and Euronext Lisbon also charge centralization fees for collecting and allocating retail investor orders in IPOs and tender offers.

The revenue NYSE Euronext derives from listing fees is primarily dependent on the number and size of new company listings as well as the level of other corporate-related activity of existing listed issuers. The number and size of new company listings and other corporate-related activity in any period depend primarily on factors outside of NYSE Euronext's control, including general economic conditions in Europe and the United States (in particular, stock market conditions) and the success of competing stock exchanges in attracting and retaining listed companies.

Market Data

In our U.S. Operations, we collect market data fees principally for consortium-based data products and, to a lesser extent, for NYSE proprietary data products. Consortium-based data fees are dictated as part of the securities industry plans. Consortium-based data revenues from the dissemination of market data (net of administrative costs) are distributed to participating markets on the basis of a formula set by the SEC under Regulation NMS. Last sale prices and quotes in NYSE-listed securities are disseminated through Tape A, which constitutes the majority of the NYSE Euronext's U.S. revenues from consortium-based market data.

revenues. We also receive a share of the revenues from Tape B and Tape C, which represents data related to trading of certain securities that are listed on NYSE Arca, NYSE Amex, other regional exchanges and Nasdaq, respectively. These revenues are influenced by demand for the data by professional and nonprofessional subscribers. In addition, we receive fees for the display of data on television and for vendor access. Our proprietary products make market data available to subscribers covering activity that takes place solely on our U.S. markets, independent of activity on other markets. Our proprietary data products also include the sale of depth of book information, historical price information and corporate action information.

NYSE Euronext offers NYSE Realtime Reference Prices, which allows internet and media organizations to buy real-time, last-sale market data from NYSE and provide it broadly and free of charge to the public. CNBC, Google Finance and nyse.com display NYSE Realtime stock prices on their respective websites.

In our European Operations, we charge a variety of users, primarily the end-users, for the use of Euronext's real-time market data services. We also collect annual license fees from vendors for the right to distribute Euronext market data to third parties and a service fee from vendors for direct connection to market data. A substantial majority of European market data revenues is derived from monthly end-user fees. We also derive revenues from selling historical and reference data about securities, and by publishing the daily official lists for the Euronext markets. The principal drivers of market data revenues are the number of end-users and the prices for data packages.

Other Revenues

Other revenues include software and technology services and regulatory revenues, as well as trading license fees and other fees, fees for facilities and other services provided to specialists, brokers and clerks physically located on the floors of our U.S. markets that enable them to engage in the purchase and sale of securities on the trading floor, and fees for clearance and settlement activities in our European Operations.

Software and Technology Services

We generate revenues by operating connectivity networks for our markets and for other major market centers and market participants in the United States and Europe. Customers pay to gain access to SFTI market centers via direct circuit to a SFTI access point or through a third-party service bureau or extranet provider. SFTI revenue typically includes a connection fee and monthly recurring revenue based on a customer's connection bandwidth. Hardware co-location services are also offered at SFTI data centers, and customers typically sign multi-year contracts. Co-location revenue is recognized monthly over the life of the contract. Revenue is also earned from providing trading and information technology solutions, such as sales of our enterprise software platform, which provides low-latency messaging and trade lifecycle management. Software license revenue is recorded at the time of sale, and maintenance contracts are recognized monthly over the life of the maintenance term. Unrealized portions of invoiced maintenance fees are recorded as deferred revenue. Expert strategic consulting services are offered for customization or installation of the software and for general advisory services. Consulting revenue is generally billed in arrears on a time and materials basis, although customers sometimes prepay for blocks of consulting services in bulk. Prepaid consulting revenue is booked as deferred revenue until the services are rendered.

We also generate revenues from software license contracts and maintenance agreements. We provide software which allows customers to receive comprehensive market-agnostic connectivity, transaction and data management solutions. Software license revenues are recognized at the time of client acceptance and maintenance agreements revenues are recognized monthly over the life of the maintenance term subsequent to acceptance.

Regulatory

Regulatory fees are charged to member organizations of our U.S. securities exchanges.

Components of Expenses

Section 31 Fees

See Sources of Revenues Activity Assessment above.

Liquidity Payments

To attract order flow, enhance liquidity and promote use of our markets, we offer our customers a variety of liquidity payment structures, tailored to specific market, product and customer characteristics. We charge a per share or per contract execution fee to the market participant who takes the liquidity on certain of our trading platforms and, in turn, we pay, on certain of our markets, a portion of this per share or per contract execution fee to the market participant who provides the liquidity.

Routing and Clearing

We incur routing charges in the U.S. when we do not have the best bid or offer in the market for a security that a customer is trying to buy or sell on one of our U.S. securities exchanges. In that case, we route the customer's order to the external market center that displays the best bid or offer. The external market center charges us a fee per share (denominated in tenths of a cent per share) for routing to its system. We include costs incurred due to erroneous trade execution within routing and clearing. Also, NYSE Arca incurs clearance, brokerage and related transaction expenses, which primarily include costs incurred in self-clearing activities, and service fees paid per trade to exchanges for trade execution.

Other Operating Expenses

Other operating expenses include merger expenses and exit costs, compensation, systems and communications, professional services, depreciation and amortization, occupancy and marketing and other.

Merger Expenses and Exit Costs

Merger expenses and exit costs consist of severance costs and related curtailment losses, contract termination costs, depreciation charges triggered by the acceleration of certain fixed asset useful lives, as well as legal and other expenses directly attributable to business combination and cost reduction initiatives.

Compensation

Compensation expense includes employee salaries, incentive compensation (including stock-based compensation) and related benefits expense, including pension, medical, post-retirement medical and supplemental executive retirement plan charges. Part-time help, primarily related to security personnel at the NYSE, is also recorded as part of compensation.

Systems and Communications

Systems and communications expense includes costs for development and maintenance of trading, regulatory and administrative systems; investments in system capacity, reliability and security; and cost of network connectivity between our customers and data centers, as well as connectivity to various other market centers.

Systems and communications expense also includes fees paid to third-party providers of networks and information technology resources, including fees for consulting, research and development services, software rental costs and licenses, hardware rental and related fees paid to third-party maintenance providers. Until the August 5, 2008 acquisition of the 50% stake in AEMS we did not already own, such expenses for Euronext consisted primarily of fees charged by AEMS for information technology services relating to the operation and maintenance of Euronext's cash and derivatives trading platforms, including license fees relating to NSC and LIFFE CONNECT. Following the acquisition of AEMS, we have insourced our technology and the results of AEMS have been consolidated in our results of operations. As such, the reduction in systems and communications expense will be offset by increases in other components of expenses (including compensation, professional services and occupancy costs) in future periods.

Professional Services

Professional services expense includes consulting charges related to various technological and operational initiatives, as well as legal and audit fees.

Depreciation and Amortization

Depreciation and amortization expenses consist of costs from depreciating fixed assets (including computer hardware and capitalized software) and amortizing intangible assets over their estimated useful lives.

Occupancy

Occupancy includes costs related to NYSE Euronext's leased premises, as well as real estate taxes and maintenance of owned premises.

Marketing and Other

Marketing and other expenses includes advertising, printing and promotion expenses, insurance premiums, travel and entertainment expenses, co-branding, investor education and advertising expenses with NYSE listed companies as well as general and administrative expenses.

Regulatory Fine Income

Regulatory fine income, which we include in our operating income, is generated from fines levied by NYSE Regulation, which regulates and monitors trading on our U.S. securities exchanges. The frequency with which fines may be levied and their amount will vary based upon the actions of participants on our U.S. securities exchanges. Regulatory fine income is required to be used for regulatory purposes.

Results of Operations

The results of operations of NYSE Euronext include the results of operations of Wombat, AEMS and NYSE Amex since their respective dates of acquisition (March 7, 2008, August 5, 2008 and October 1, 2008, respectively). The operations of GL Trade, which were sold on October 1, 2008, are reflected as discontinued.

Three Months Ended June 30, 2009 Versus Three Months Ended June 30, 2008

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the three months ended June 30, 2009 and 2008, as well as the percentage increase or decrease for each consolidated statement of operations item for the three months ended June 30, 2009, as compared to such item for the three months ended June 30, 2008.

(Dollars in Millions)	Three months ended June 30,		Percent Increase (Decrease)
	2009	2008	
Revenues			
Activity assessment	\$ 126	\$ 41	207%
Cash trading	615	511	20%
Derivatives trading	207	230	(10)%
Listing	101	98	3%
Market data	101	105	(4)%
Other revenues	101	83	22%
Total revenues	1,251	1,068	17%
Section 31 fees	(126)	(41)	207%
Liquidity payments	(447)	(255)	75%
Routing and clearing	(67)	(65)	3%
Other operating expenses	(840)	(427)	97%
Regulatory fine income	1		100%
Operating (loss) income from continuing operations	(228)	280	(181)%
Interest expense	(31)	(40)	(23)%
Interest and investment income	4	17	(76)%
Other income	4	12	(67)%
(Loss) income from continuing operations before income tax benefit (provision)	(251)	269	(193)%
Income tax benefit (provision)	72	(74)	(197)%
(Loss) income from continuing operations	(179)	195	(192)%
Income from discontinued operations, net of tax		1	(100)%
Net (loss) income	(179)	196	(191)%
Net income attributable to noncontrolling interest	(3)	(1)	200%
Net (loss) income attributable to NYSE Euronext	\$ (182)	\$ 195	(193)%

Highlights

For the three months ended June 30, 2009, NYSE Euronext reported revenues (excluding activity assessment fees), operating loss from continuing operations and net loss attributable to NYSE Euronext of \$1,125 million, \$(228) million and \$(182) million, respectively. This compares to revenues (excluding activity assessment fees), operating income from continuing operations and net income attributable to NYSE Euronext of \$1,027 million, \$280 million and \$195 million, respectively, for the three months ended June 30, 2008.

The \$98 million increase in revenues (excluding activity assessment fees), \$(508) million decrease in operating income from continuing operations and \$(377) million decrease in net income attributable to NYSE Euronext for the period reflect the following principal factors:

Increased revenues Revenues increased primarily due to an increase in trading volumes and pricing on U.S. cash markets, as well as an increase in volume in our European markets, partially offset by (i) the decrease of our revenue capture per trade in Europe following certain pricing changes, and (ii) the unfavorable effect of foreign currency translation.

Decreased operating income from continuing operations The period-over-period decrease in operating income from continuing operations of \$(508) million was primarily due to (i) increased merger and exit costs resulting from the NYSE Liffe Clearing Payment (approximately \$355 million) and additional severance charges and other exit costs incurred as part of our restructuring efforts (approximately \$49 million), (ii) additional liquidity payments, routing and clearing expenses on higher trading volumes and pricing changes (approximately \$194 million), and (iii) additional costs associated with acquired businesses, new initiatives and duplicative data center costs (approximately \$52 million), partially offset by (i) increased revenues (approximately \$98 million) and (ii) reduced operating expenses as a result of cost containment initiatives (approximately \$50 million).

Decreased net income attributable to NYSE Euronext The period-over-period decrease in net income attributable to NYSE Euronext of \$(377) million was mainly due to decreased operating income from continuing operations.

Consolidated and Segment Results

NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. For discussion of these segments, see Note 4 to the condensed consolidated financial statements and [Overview](#) above.

Revenues

(Dollars in Millions)	Three Months Ended							
	June 30, 2009			June 30, 2008				
	U.S. Operations	European Operations	Corporate Items	Total	U.S. Operations	European Operations	Corporate Items	Total
Activity assessment	\$ 126	\$	\$	\$ 126	\$ 41	\$	\$	\$ 41
Cash trading	528	85	2	615	356	155		511
Derivatives trading	46	161		207	31	199		230
Listing	91	10		101	90	8		98
Market data	54	47		101	50	55		105
Other	61	49	(9)	101	69	14		83
Total revenues	\$ 906	\$ 352	\$ (7)	\$ 1,251	\$ 637	\$ 431	\$	\$ 1,068

Activity Assessment. Activity assessment fees are collected from member organizations executing trades on U.S. markets. The increase in activity assessment fees was mainly due to an increase in the related SEC rate compared to the same period a year ago.

Cash trading. For the three months ended June 30, 2009, U.S. Operations contributed \$528 million to NYSE Euronext's cash trading revenues, a \$172 million increase as compared to three months ended June 30, 2008. The primary drivers for this increase were increased handled trading volume on the NYSE Arca platforms and price changes on the NYSE and NYSE Arca trading platforms. European Operations contributed \$85 million in cash trading revenues, a \$(70) million decrease as compared to the three months ended June 30, 2008. The primary drivers for this decrease were (i) lower revenue capture per trade following the implementation of Pack Epsilon and other pricing changes (approximately \$58 million), and (ii) the unfavorable effect of foreign currency (approximately \$12 million) as a result of the strengthening of the U.S. dollar versus the Euro as compared to the same period a year ago.

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Derivatives trading. Derivatives trading revenues decreased by \$(23) million to \$207 million, primarily due to the unfavorable effect of foreign currency translation (approximately \$39 million) as a result of the weakening of the pound sterling versus the U.S. dollar as compared to the same period a year ago, partially offset by the inclusion of the results of NYSE Amex for the three months ended June 30, 2009, with no comparison in the prior period, coupled with an increase in trading volume in our European equity and equity index products (approximately \$16 million).

Listing and Market Data. For the three months ended June 30, 2009, listing fees and market data revenues remained relatively unchanged from the comparable period a year ago.

Other. For the three months ended June 30, 2009, other revenues increased \$18 million to \$101 million. Other revenues from European Operations increased primarily due to (i) the inclusion in the current period of software and technologies revenues as a result of the AEMS acquisition in August 2008 and (ii) increased volumes on Bluenext, partially offset by the unfavorable impact of foreign currency translation.

Expenses

(Dollars in Millions)	Three Months Ended							
	June 30, 2009				June 30, 2008			
	U.S. Operations	European Operations	Corporate and Other	Total	U.S. Operations	European Operations	Corporate and Other	Total
Section 31 fees	\$ (126)	\$	\$	\$ (126)	\$ (41)	\$	\$	\$ (41)
Liquidity payments	(409)	(37)	(1)	(447)	(216)	(39)		(255)
Routing and clearing	(67)			(67)	(65)			(65)
Other operating expenses	(255)	(587)	2	(840)	(211)	(205)	(11)	(427)
Regulatory fine income	1			1				

Section 31 fees

Section 31 fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. NYSE Group, in turn, collects activity assessment fees from member organizations executing trades on our U.S. securities exchanges and remits these amounts semi-annually to the SEC. The increase in Section 31 fees for the three months ended June 30, 2009 was due to an increase in the SEC rate as compared to the same period a year ago.

Liquidity Payments

For the three months ended June 30, 2009, liquidity payments were \$447 million, an increase of \$192 million compared to the three months ended June 30, 2008. This increase mainly reflects an increase in handled trading volume on NYSE Arca platforms and the impact of changes in our pricing structure (approximately \$202 million), partially offset by the favorable effect of currency translation (approximately \$10 million).

Routing and Clearing

For the three months ended June 30, 2009, routing and clearing fees remained relatively unchanged from the comparable period a year ago.

Other Operating Expenses

For the three months ended June 30, 2009, other operating expenses were \$840 million, an increase of \$413 million compared to the same period a year ago. The increase was primarily due to (i) increased merger and exit costs resulting from the NYSE Liffe Clearing Payment (approximately \$355 million) and additional severance charges and other exit costs incurred as part of our restructuring efforts (approximately \$49 million), and (ii) the inclusion of operating expenses from recently acquired businesses (including Wombat, AEMS and NYSE Amex) and other strategic initiatives for the full period (approximately \$52 million), partially offset by (i) the favorable effect of foreign currency translation (approximately \$30 million) and (ii) reduced operating expenses as a result of cost containment initiatives (approximately \$50 million).

Regulatory Fine Income

Regulatory fine income will continue to decrease in future periods as the result of the creation of FINRA.

Interest Expense

Interest expense is primarily attributable to the interest expense on the debt incurred to fund the cash portion of the consideration paid to Euronext shareholders in April 2007 as well as interest expense on the debt incurred in connection with \$750 million of fixed rate bonds due in June 2013 and 1,000 million (\$1,405 million) of fixed rate bonds due in June 2015. (See Liquidity and Capital Resources)

Investment Income

The decrease in our average cash and investment balances, reduction of interest rates and foreign currency rates were the primary drivers of the \$13 million decrease in investment income.

Other Income

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For the three months ended June 30, 2009, other income was \$4 million, a decrease of \$8 million compared to the same period a year ago. Other income consists primarily of foreign exchange gains and dividends on certain investments, which may vary period over period.

Noncontrolling Interest

For the three months ended June 30, 2009 and 2008, NYSE Euronext recorded noncontrolling interest of \$3 million and \$1 million, respectively.

Income Taxes

For the three months ended June 30, 2009 and 2008, NYSE Euronext provided for income taxes at an estimated tax rate of 29% and 28%, respectively. For the three months ended June 30, 2009, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to foreign operations and the reorganization of certain of its businesses.

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Six Months Ended June 30, 2009 Versus Six Months Ended June 30, 2008

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the six months ended June 30, 2009 and 2008, as well as the percentage increase or decrease for each consolidated statement of operations item for the six months ended June 30, 2009, as compared to such item for the six months ended June 30, 2008.

(Dollars in Millions)	Six months ended June 30,		Percent Increase (Decrease)
	2009	2008	
Revenues			
Activity assessment	\$ 156	\$ 143	9%
Cash trading	1,235	1,074	15%
Derivatives trading	394	500	(21)%
Listing	200	196	2%
Market data	203	209	(3)%
Other revenues	205	158	30%
 Total revenues	 2,393	 2,280	 5%
Section 31 fees	(156)	(143)	9%
Liquidity payments	(879)	(528)	66%
Routing and clearing	(143)	(135)	6%
Other operating expenses	(1,285)	(859)	50%
Regulatory fine income	1	2	(50)%
 Operating (loss) income from continuing operations	 (69)	 617	 (111)%
Interest expense	(62)	(72)	(14)%
Interest and investment income	9	31	(71)%
Other income	9	24	(63)%
 (Loss) income from continuing operations before income tax benefit (provision)	 (113)	 600	 (119)%
Income tax benefit (provision)	40	(172)	(123)%
 (Loss) income from continuing operations	 (73)	 428	 (117)%
Income from discontinued operations, net of tax		2	(100)%
 Net (loss) income	 (73)	 430	 (117)%
Net income attributable to noncontrolling interest	(5)	(4)	25%
 Net (loss) income attributable to NYSE Euronext	 \$ (78)	 \$ 426	 (118)%

Highlights

For the six months ended June 30, 2009, NYSE Euronext reported revenues (excluding activity assessment fees), operating loss from continuing operations and net loss attributable to NYSE Euronext of \$2,237 million, \$(69) million and \$(78) million, respectively. This compares to revenues (excluding activity assessment fees), operating income from continuing operations and net income attributable to NYSE Euronext of \$2,137 million, \$617 million and \$426 million, respectively, for the six months ended June 30, 2008.

The \$100 million increase in revenues (excluding activity assessment fees), \$(686) million decrease in operating income from continuing operations and \$(504) million decrease in net income attributable to NYSE Euronext for the period reflect the following principal factors:

Increased revenues Revenues increased primarily due to an increase in trading volumes and pricing on U.S. cash markets, partially offset by (i) the impact of lower European cash and derivatives volumes as well as lower revenue capture per trade, (ii) the unfavorable effect of foreign currency translation and (iii) increased liquidity payments and routing and clearing expenses as a result of the higher trading volumes and changes to the U.S. cash pricing model.

Decreased operating income from continuing operations The period-over-period decrease in operating income from continuing operations of \$(686) million was primarily due to (i) increased merger and exit costs resulting from the NYSE Liffe Clearing Payment (approximately \$355 million) and additional severance charges and other exit costs incurred as part of our restructuring efforts (approximately \$55 million), (ii) additional liquidity payments, routing and clearing expenses on higher trading volumes and pricing changes (approximately \$359 million), and (iii) additional costs associated with acquired businesses, new initiatives and duplicate data center costs (approximately \$133 million), partially offset by (i) increased revenues (approximately \$100 million) and (ii) reduced operating expenses as a result of cost containment initiatives (approximately \$89 million).

Decreased net income attributable to NYSE Euronext The period-over-period decrease in net income attributable to NYSE Euronext of \$(504) million was due to decreased operating income from continuing operations and the reduction of our effective tax rate in connection with tax credits and the positive impact of prior tax positions received during the period.

Consolidated and Segment Results

Revenues

(Dollars in Millions)	Six Months Ended				Six Months Ended			
	June 30, 2009			Total	June 30, 2008			Total
U.S. Operations	European Operations	Corporate Items	U.S. Operations		European Operations	Corporate Items		
Activity assessment	\$ 156	\$	\$	\$ 156	\$ 143	\$	\$	\$ 143
Cash trading	1,048	187		1,235	749	325		1,074
Derivatives trading	90	304		394	69	431		500
Listing	182	18		200	179	17		196
Market data	111	92		203	104	105		209
Other	126	99	(20)	205	128	30		158
Total revenues	\$ 1,713	\$ 700	\$ (20)	\$ 2,393	\$ 1,372	\$ 908	\$	\$ 2,280

Activity Assessment. Activity assessment fees are collected from member organizations executing trades on U.S. markets. The increase in activity assessment fees was mainly due to an increase in the related SEC rate compared to the same period a year ago.

Cash trading. For the six months ended June 30, 2009, U.S. Operations contributed \$1,048 million to NYSE Euronext's cash trading revenues, a \$299 million increase as compared to six months ended June 30, 2008. The primary drivers for this increase were increased handled trading volume on the NYSE Arca platforms and price changes on the NYSE and NYSE Arca trading platforms (approximately \$307 million). European Operations contributed \$187 million in cash trading revenues, a \$138 million decrease as compared to the six months ended June 30, 2008. The primary drivers for this decrease were (i) lower revenue capture per trade following the implementation of Pack Epsilon and other pricing changes coupled with lower trading volumes (approximately \$114 million), as well as (ii) the unfavorable effect of foreign currency (approximately \$27 million) as a result of the strengthening of the U.S. dollar versus the Euro as compared to the same period a year ago.

Derivatives trading. Derivatives trading revenues decreased by \$106 million to \$394 million, primarily due to reduced European trading volumes (approximately \$41 million) and the unfavorable effect of foreign currency translation (approximately \$87 million) as a result of the

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weakening of the pound sterling versus the U.S. dollar as compared to the same period a year ago, partially offset by the inclusion of the results of NYSE Amex for the six months ended June 30, 2009, with no comparison in the prior period.

Listing and Market Data. For the six months ended June 30, 2009, listing fees and market data revenues remained relatively unchanged from the comparable period a year ago.

Other. For the six months ended June 30, 2009, other revenues increased \$47 million to \$205 million. Other revenue from European Operations increased primarily due to (i) the inclusion in the current period of software and technologies revenues as a result of the AEMS acquisition in August 2008 and (ii) increased volumes on Bluenext, partially offset by the unfavorable impact of foreign currency translation.

Expenses

(Dollars in Millions)	June 30, 2009				Six Months Ended			
	U.S. Operations			Corporate and Other	U.S. Operations			Corporate and Other
	U.S. Operations	European Operations	Total		U.S. Operations	European Operations	Total	
Section 31 fees	\$ (156)	\$	\$	\$ (156)	\$ (143)	\$	\$	\$ (143)
Liquidity payments	(812)	(68)	1	(879)	(442)	(86)		(528)
Routing and clearing	(143)			(143)	(135)			(135)
Other operating expenses	(513)	(780)	8	(1,285)	(446)	(386)	(27)	(859)
Regulatory fine income	1			1	2			2

Section 31 fees

Section 31 fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. NYSE Group, in turn, collects activity assessment fees from member organizations executing trades on our U.S. securities exchanges and remits these amounts semiannually to the SEC. The increase in Section 31 fees for the six months ended June 30, 2009 was due to an increase in the SEC rate as compared to the same period a year ago.

Liquidity Payments

For the six months ended June 30, 2009, liquidity payments were \$879 million, an increase of \$351 million compared to the six months ended June 30, 2008. This increase reflects an increase in handled trading volume on NYSE Arca platforms and the impact of changes in our U.S. pricing structure (approximately \$371 million), partially offset by a decrease in trading volume on our European derivatives platform and favorable effect of currency translation.

Routing and Clearing

For the six months ended June 30, 2009, routing and clearing fees remained relatively unchanged from the comparable period a year ago.

Other Operating Expenses

For the six months ended June 30, 2009, other operating expenses were \$1,285 million, an increase of \$426 million compared to the same period a year ago. The increase was primarily due to (i) increased merger and exit costs resulting from the NYSE Liffe Clearing Payment (approximately \$355 million) and additional severance charges and other exit costs incurred as part of our restructuring efforts (approximately \$55 million), (ii) the inclusion of operating expenses from recently acquired businesses (including Wombat, AEMS and NYSE Amex) and other strategic initiatives for the full period (approximately \$133 million), partially offset by (i) the favorable effect of foreign currency translation (approximately \$64 million) and (ii) reduced operating expenses as a result of cost containment initiatives (approximately \$89 million).

Regulatory Fine Income

Regulatory fine income will continue to decrease in future periods as the result of the creation of FINRA.

Interest Expense

Interest expense is primarily attributable to the interest expense on the debt incurred to fund the cash portion of the consideration paid to Euronext shareholders in April 2007 as well as interest expense on the debt incurred in connection with \$750 million of fixed rate bonds due in June 2013 and 1,000 million (\$1,405 million) of fixed rate bonds due in June 2015. (See Liquidity and Capital Resources)

Investment Income

The decrease in our average cash and investment balances, reduction of interest rates and foreign currency rates were the primary drivers of the \$22 million decrease in investment income.

Other Income

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For the six months ended June 30, 2009, other income was \$9 million, a decrease of \$15 million compared to the same period a year ago. Other income consists primarily of foreign exchange gains and dividends on certain investments, which may vary period over period.

Noncontrolling Interest

For the three months ended June 30, 2009 and 2008, NYSE Euronext recorded noncontrolling interest of \$5 million and \$4 million, respectively.

Income Taxes

For the six months ended June 30, 2009 and 2008, NYSE Euronext provided for income taxes at an estimated tax rate of 35% and 29%, respectively. For the six months ended June 30, 2009, NYSE Euronext's income tax benefit was recorded at a higher estimated tax rate than the income tax provision booked in the prior period primarily due to \$8 million of favorable discrete items recorded during the first quarter of 2009.

Liquidity and Capital Resources

NYSE Euronext's financial policy seeks to finance the growth of its business, remunerate shareholders and ensure financial flexibility, while maintaining strong creditworthiness and liquidity. NYSE Euronext's primary sources of liquidity are cash flows from operating activities, current assets and existing bank facilities. NYSE Euronext's principal liquidity requirements are for working capital, capital expenditures and general corporate use.

Cash flows from operating activities

For the six months ended June 30, 2009, net cash provided by continuing operating activities was \$366 million, representing net loss of \$73 million, depreciation and amortization of \$156 million, and \$300 net positive working capital changes. Capital expenditures for the six months ended June 30, 2009 were \$212 million.

Net financial indebtedness

As of June 30, 2009, NYSE Euronext had approximately \$2.5 billion in debt outstanding and \$0.6 billion of cash, cash equivalents and financial investments, resulting in \$1.9 billion in net indebtedness. We define net indebtedness as outstanding debt less cash, cash equivalents and financial investments.

Net indebtedness was as follows (in millions):

	June 30, 2009	December 31, 2008
Cash and cash equivalents	\$ 507	\$ 777
Financial investments	128	236
Cash, cash equivalents and financial investments	635	1,013
Short term debt	410	1,101
Long term debt	2,137	1,787
Total debt	2,547	2,888
Net indebtedness	\$ 1,912	\$ 1,875

Cash, cash equivalents and financial investments are managed as a global treasury portfolio of non-speculative financial instruments that are readily convertible into cash, such as overnight deposits, term deposits, money market funds, mutual funds for treasury investments, short duration fixed income investments and other money market instruments, thus ensuring high liquidity of financial assets.

As of June 30, 2009, NYSE Euronext's main debt instruments were as follows (in millions):

	Principal amount as of June 30, 2009	Maturity
Commercial paper issued under the global commercial paper program	\$410	July 10, 2009 to August 28, 2009
4.8% bond in U.S. dollar	\$750	June 30, 2013
5.375% bond in Euro	1,000(\$1,405)	June 30, 2015

The £250 million (\$412 million) fixed rate bonds issued in 2004 to refinance the acquisition of LIFFE by Euronext was repaid at maturity on June 16, 2009.

In 2007, NYSE Euronext entered into a U.S. dollar and euro-denominated global commercial paper program of \$3.0 billion in order to refinance the acquisition of the Euronext shares. As of June 30, 2009, NYSE Euronext had \$0.4 billion of debt outstanding at an average interest rate of 0.7% under this commercial paper program. The effective interest rate of commercial paper issuances does not materially differ from short term interest rates (Libor U.S. for commercial paper issued in U.S. dollar and Euribor for commercial paper issued in euro). The fluctuation of these rates due to market conditions may therefore impact the interest expense incurred by NYSE Euronext.

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The commercial paper program is backed by a \$2.0 billion 5-year syndicated revolving bank facility maturing on April 4, 2012 and a \$500 million 364-day syndicated revolving bank facility maturing on March 31, 2010. These bank facilities are also available for general corporate purposes and were not drawn upon as of June 30, 2009. On September 15, 2008, the amount of commitments readily available to NYSE Euronext under the \$2.0 billion April 2012 facility decreased from \$2.0 billion to \$1,833 million as a result of the bankruptcy filing of Lehman Brothers Holdings Inc., which had provided a \$167 million commitment under this facility.

In August 2006, prior to the combination with NYSE Group, Euronext entered into a \$300 million (\$422 million) revolving credit facility available for general corporate purposes, which matures on August 4, 2011. On a combined basis, as of June 30, 2009, NYSE Euronext had three committed bank credit facilities totaling \$2.7 billion, with no amount outstanding under any of these facilities. The commercial paper program and the credit facilities include terms and conditions customary for agreements of this type, which may restrict NYSE Euronext's ability to engage in additional transactions or incur additional indebtedness.

In the second quarter of 2008, NYSE Euronext issued \$750 million of 4.8% notes due in June 2013 and \$750 million of 5.375% notes due in June 2015 in order to, among other things, refinance outstanding commercial paper and lengthen the maturity profile of its debt. On April 22, 2009, NYSE Euronext increased the \$750 million 5.375% notes due in June 2015 to \$1 billion as a result of an incremental offering of \$250 million. The terms of the bonds do not contain any financial covenants. The bonds may be redeemed by NYSE Euronext or the bond holders under certain customary circumstances, including a change in control. The terms of the bonds also provide for customary events of default and a negative pledge covenant.

Liquidity risk

NYSE Euronext continually reviews its liquidity and debt positions, and subject to market conditions and credit and strategic considerations, may from time to time determine to vary the maturity profile of its debt and diversify its sources of financing. NYSE Euronext anticipates being able to support short-term liquidity and operating needs primarily through existing cash balances and financing arrangements, along with future cash flows from operations. If existing financing arrangements are insufficient to meet the anticipated needs of its current operations or to refinance existing debt, NYSE Euronext may seek additional financing in either the debt or equity markets. NYSE Euronext may also seek equity or debt financing in connection with future acquisitions or other strategic transactions. While we believe that we generally have access to debt markets, including bank facilities and publicly and privately issued long and short term debt, we may not be able to obtain additional

financing on acceptable terms or at all.

Because commercial paper's new issues generally fund the retirement of old issues, NYSE Euronext is exposed to the rollover risk of not being able to issue new commercial paper. In order to mitigate the rollover risk, NYSE Euronext maintains undrawn backstop bank facilities for an aggregate amount exceeding at any time the amount issued under its commercial paper program. In case we would not be able to issue new commercial paper, NYSE Euronext would immediately draw on these backstop facilities.

Critical Accounting Policies and Estimates

The following provides information about NYSE Euronext's critical accounting policies and estimates. Critical accounting policies reflect significant judgments and uncertainties, and potentially produce materially different results, assumptions and conditions.

Revenue Recognition

There are two types of fees applicable to companies listed on the NYSE, NYSE Arca, NYSE Amex and Euronext—listing fees and annual fees. Listing fees consist of two components: original listing fees and fees related to other corporate action. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that the company initially lists with the NYSE, NYSE Arca or Euronext. Original listing fees, however, are not applicable to companies when they list on the NYSE or NYSE Arca in the context of a transfer from another market. Other corporate action related fees are paid by listed companies in connection with corporate actions involving the issuance of new shares. Annual fees are recognized on a pro rata basis over the calendar year. Original listing fees are recognized on a straight-line basis over their estimated service periods of 10 years for the NYSE and Euronext, and 5 years for NYSE Arca and NYSE Amex. Unamortized balances are recorded as deferred revenue on the condensed consolidated statements of financial condition.

In addition, NYSE Euronext licenses software and provides software services which are accounted for in accordance with American Institute of Certified Public Accountants Statement of Position (SOP) 97-2, Software Revenue Recognition, which involves significant judgment.

Goodwill and Other Intangible Assets

NYSE Euronext reviews the carrying value of goodwill for impairment at least annually based upon estimated fair value of NYSE Euronext's reporting units. Should the review indicate that goodwill is impaired, NYSE Euronext's goodwill would be reduced by the difference between the carrying value of goodwill and its fair value.

NYSE Euronext reviews the useful life of its indefinite-lived intangible assets to determine whether events or circumstances continue to support the indefinite useful life categorization. In addition, the carrying value of NYSE Euronext's other intangible assets is reviewed by NYSE Euronext at least annually for impairment based upon the estimated fair value of the asset.

For purposes of performing the impairment test, fair values are determined using discounted cash flow methodology. This requires significant judgments including estimation of future cash flows, which, among other factors, is dependent on internal forecasts, estimation of the long-term rate of growth for businesses, and determination of weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill and other intangible impairment for each reporting unit.

Income Taxes

NYSE Euronext records income taxes using the asset and liability method, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when the taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Deferred income taxes are provided for the estimated income tax effect of temporary differences between financial and tax bases in assets and liabilities. Deferred tax assets are also provided for certain tax carryforwards. A valuation allowance to reduce deferred tax assets is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

NYSE Euronext is subject to numerous tax jurisdictions primarily based on our operations in these jurisdictions. Significant judgment is required in assessing the future tax consequences of events that have been recognized in NYSE Euronext's financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could have a material impact on NYSE Euronext's financial position or results of operations.

Pension and Other Post-Retirement Employee Benefits

Pension and other post-retirement employee benefits costs and liabilities are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, health care cost trend rates, benefits earned, interest cost, expected return on assets, mortality rates, and other factors. In accordance with U.S. generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect NYSE Euronext's pension and other post-retirement obligations and future expense.

Hedging Activities

NYSE Euronext uses derivative instruments to limit exposure to changes in foreign currency exchange rates and interest rates. NYSE Euronext accounts for derivatives pursuant to SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 establishes accounting and reporting standards for derivative instruments and requires that all derivatives be recorded at fair value on the statement of financial condition. Changes in the fair value of derivative financial instruments are either recognized in other comprehensive income or net income depending on whether the derivative is being used to hedge changes in cash flows or changes in fair value.

New Accounting Pronouncements

SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141(R)), requires the acquiring entity in a business combination to (1) recognize all assets acquired and liabilities assumed generally at their acquisition-date fair values; (2) record those assets and liabilities at their full fair value amounts even if there is noncontrolling (minority) interest; (3) include noncontrolling interest earnings through net income; (4) expense acquisition-related transaction costs; and (5) disclose information needed to evaluate and understand the nature and financial effect of the business combination.

SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS No. 160), which is to be retrospectively applied, requires entities to include noncontrolling (minority) interests in partially owned consolidated subsidiaries within shareholders' equity in the consolidated financial statements. SFAS No. 160 also requires the consolidating entity to include the earnings of the consolidated subsidiary attributable to the noncontrolling interest holder in its income statement with an offsetting charge (credit) to the non-controlling interest in shareholders' equity.

SFAS No. 161, *Disclosure about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133* (SFAS No. 161) is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS No. 161 applies to all derivative instruments within the scope of SFAS No. 133. It also applies to non-derivative hedging instruments and all hedged items designated and qualifying as hedges under SFAS No. 133. SFAS No. 161 amends the current qualitative and quantitative disclosure requirements for derivative instruments and hedging activities set forth in SFAS No. 133 and generally increases the level of disaggregation that will be required in an entity's financial statements. SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative agreements.

SFAS No. 165, *Subsequent Events* (SFAS No. 165), establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard is based on the same principles as those that currently exist in the auditing standards Section 560. The standard, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009.

NYSE Euronext adopted SFAS No. 141(R), SFAS No. 160 and SFAS No. 161 on January 1, 2009, as well as SFAS No. 165 on June 15, 2009.

Item 3. Quantitative and Qualitative Disclosures about Market Risk**General**

As a result of its operating and financing activities, NYSE Euronext is exposed to market risks such as interest rate risk, currency risk and credit risk. NYSE Euronext has implemented policies and procedures designed to measure, manage, monitor and report risk exposures, which are regularly reviewed by the appropriate management and supervisory bodies. NYSE Euronext's central treasury is charged with identifying risk exposures and monitoring and managing such risks on a daily basis. To the extent necessary and permitted by local regulation, NYSE Euronext's subsidiaries centralize their cash investments, report their risks and hedge their exposures with the central treasury. NYSE Euronext performs sensitivity analysis to determine the effects that market risk exposures may have on its financial condition and results of operations.

NYSE Euronext uses derivative instruments solely to hedge financial risks related to its financial position or risks that are otherwise incurred in the normal course of its commercial activities. It does not use derivative instruments for speculative purposes.

Interest Rate Risk

Except for fixed rate bonds, most of NYSE Euronext's financial assets and liabilities are based on floating rates, on fixed rates with an outstanding maturity or reset date falling in less than one year or on fixed rates that have been swapped to floating rates via fixed-to-floating rate swaps. The following table summarizes NYSE Euronext's exposure to interest rate risk as of June 30, 2009:

Dollars (in Millions)	Financial assets	Financial liabilities	Net Exposure	Impact ⁽²⁾ of a 100 bp adverse shift in interest rates ⁽³⁾
Floating rate ⁽¹⁾ positions in				
Dollar	\$ 192	\$ 167	\$ 25	\$ (0.3)
Euro	80	244	(164)	(1.6)
Sterling	290		290	(2.9)
Fixed rate positions in				
Dollar	1	749	(748)	(27.9)
Euro		1,388	(1,388)	(69.9)
Sterling				