

NYSE Euronext  
Form 10-Q  
November 04, 2011

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**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 SEPTEMBER 30, 2011  
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)**

**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  
(Do not check if a smaller reporting company) 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 November 1, 2011, the registrant had approximately 262 million shares of common stock, \$0.01 par value per share, outstanding.

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**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.

Archipelago®, Archipelago Exchange®, Euronext®, NYSE®, NYSE Bids™, NYSE Life®, Pacific Exchange® and SFTI®, among others, are trademarks or service marks of NYSE Euronext or its licensees or licensors with all rights reserved.

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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, as amended (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.

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**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, estimate, predict, potential or continue, and the negative of these terms and 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, 2010, 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, alliances or combinations, including the proposed Deutsche Börse AG transaction described in our Annual Report on Form 10-K filed for the year ended December 31, 2010 and in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K;

the recruitment and retention of officers and employees;

expected levels of compensation;

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

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.

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**NYSE EURONEXT**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

(In millions, except per share data)

(Unaudited)

	<b>September 30, 2011</b>	<b>December 31, 2010</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 340	\$ 327
Financial investments	30	52
Accounts receivable, net	489	526
Deferred income taxes	70	120
Other current assets	194	149
Total current assets	1,123	1,174
Property and equipment, net	974	1,021
Goodwill	4,091	4,050
Other intangible assets, net	5,839	5,837
Deferred income taxes	564	633
Other assets	635	663
Total assets	\$ 13,226	\$ 13,378
<b>Liabilities and equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 703	\$ 772
Related party payable	40	40
Section 31 fees payable	37	98
Deferred revenue	244	176
Short term debt	31	366
Deferred income taxes	24	2
Total current liabilities	1,079	1,454
Long term debt	2,084	2,074
Deferred income taxes	1,941	2,007
Accrued employee benefits	440	499
Deferred revenue	376	366
Related party payable	36	75
Other liabilities	27	59
Total liabilities	5,983	6,534
Commitments and contingencies		
Redeemable noncontrolling interest	256	

**Equity**

NYSE Euronext stockholders' equity:

Common stock, \$0.01 par value, 800 shares authorized; 277 and 276 shares issued; 262 and 261 shares outstanding	3	3
Common stock held in treasury, at cost; 15 shares	(416)	(416)
Additional paid-in capital	8,007	8,180
Retained earnings	484	212
Accumulated other comprehensive loss	(1,154)	(1,183)
Total NYSE Euronext stockholders' equity	6,924	6,796
Noncontrolling interest	63	48
Total equity	6,987	6,844
Total liabilities and equity	\$ 13,226	\$ 13,378

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



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**NYSE EURONEXT**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In millions, except per share data)

(Unaudited)

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>				
Transaction and clearing fees	\$ 904	\$ 726	\$ 2,461	\$ 2,415
Market data	93	94	281	278
Listing	113	105	334	315
Technology services	92	82	263	236
Other revenues	56	43	159	136
<b>Total revenues</b>	<b>1,258</b>	<b>1,050</b>	<b>3,498</b>	<b>3,380</b>
Transaction-based expenses:				
Section 31 fees	109	77	287	239
Liquidity payments, routing and clearing	445	374	1,167	1,243
<b>Total revenues, less transaction-based expenses</b>	<b>704</b>	<b>599</b>	<b>2,044</b>	<b>1,898</b>
Other operating expenses:				
Compensation	160	147	480	479
Depreciation and amortization	72	69	212	201
Systems and communications	46	52	143	151
Professional services	77	76	219	200
Selling, general and administrative	61	75	197	222
Merger expenses and exit costs	29	25	68	70
<b>Total other operating expenses</b>	<b>445</b>	<b>444</b>	<b>1,319</b>	<b>1,323</b>
<b>Operating income</b>	<b>259</b>	<b>155</b>	<b>725</b>	<b>575</b>
Interest expense	(31)	(27)	(92)	(80)
Investment income	2	1	4	2
Loss from associates	(2)	(1)	(5)	(4)
Other (loss) income	(1)			53
<b>Income before income taxes</b>	<b>227</b>	<b>128</b>	<b>632</b>	<b>546</b>
Income tax provision	(21)	(5)	(126)	(119)
<b>Net income</b>	<b>206</b>	<b>123</b>	<b>506</b>	<b>427</b>
Net (income) loss attributable to noncontrolling interest	(6)	5	2	15
<b>Net income attributable to NYSE Euronext</b>	<b>\$ 200</b>	<b>\$ 128</b>	<b>\$ 508</b>	<b>\$ 442</b>
Basic earnings per share attributable to NYSE Euronext	\$ 0.76	\$ 0.49	\$ 1.94	\$ 1.69

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Diluted earnings per share attributable to NYSE Euronext      \$ 0.76      \$ 0.49      \$ 1.93      \$ 1.69

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

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**NYSE EURONEXT**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)

(Unaudited)

	<b>Nine months ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 506	\$ 427
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	218	219
Deferred income taxes	(35)	(5)
Deferred revenue amortization	(72)	(66)
Stock-based compensation	30	29
Gain on sale of equity investment and businesses		(56)
Other non-cash items	9	
<b>Change in operating assets and liabilities:</b>		
Accounts receivable, net	53	(19)
Other assets	(83)	(62)
Accounts payable, accrued expenses, and Section 31 fees payable	8	(154)
Related party payable	(40)	(43)
Deferred revenue	138	98
Accrued employee benefits	(57)	(12)
Net cash provided by operating activities	675	356
<b>Cash flows from investing activities:</b>		
Sales of investments	740	316
Purchases of investments	(715)	(299)
Purchases of equity investments and businesses, net of cash acquired	(33)	(8)
Sale of equity investments at cost		175
Net proceeds from disposition of asset held-for-sale	34	
Purchases of property and equipment	(116)	(244)
Other investing activities	4	(4)
Net cash used in investing activities	(86)	(64)
<b>Cash flows from financing activities:</b>		
Commercial paper (repayments) borrowings, net	(343)	(140)
Dividends to shareholders	(235)	(235)
Other	(1)	
Net cash used in financing activities	(579)	(375)
Effects of exchange rate changes on cash and cash equivalents	3	(16)
Net increase (decrease) in cash and cash equivalents for the period	13	(99)
Cash and cash equivalents at beginning of period	327	423

Cash and cash equivalents at end of period	\$ 340	\$ 324
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**Non-cash investing and financing activities:**

Acquisition of APX	\$ 40	\$
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Issuance of shares in connection with the sale of the American Stock Exchange building	\$ 12	\$
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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**NYSE EURONEXT**

**Notes to Condensed Consolidated Financial Statements (unaudited)**

**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 European-based exchanges that comprise Euronext N.V. ( Euronext ) the Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the 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.

**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. ( U.S. GAAP ) and reflect all adjustments, consisting of 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 U.S. GAAP 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 U.S. GAAP, 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, 2010. Operating results for the three months and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

**Note 2 Strategic Investments and Divestitures**

*Proposed Business Combination*

On February 15, 2011, we announced that we entered into a business combination agreement with Deutsche Börse AG ( Deutsche Börse ). Under the agreement, the companies will combine (the Combined Company ) to create the world's premier global exchange group. Each of the group's national exchanges will keep its name in its local market and all exchanges will continue to operate under local regulatory frameworks and supervision. Following full completion of the contemplated transactions, the former Deutsche Börse shareholders would own approximately 60% of the Combined Company and the former NYSE Euronext shareholders would own approximately 40% of the Combined Company on a fully diluted basis and assuming that all Deutsche Börse shares are tendered in the contemplated exchange offer. The transaction is subject to approval by the relevant competition and financial, securities and other regulatory authorities in the United States and Europe, and other customary closing conditions, and we can provide no assurance that such approvals and conditions will be obtained or satisfied.

On July 7, 2011, NYSE Euronext shareholders approved the adoption of the business combination agreement with Deutsche Börse and related proposals, and on August 2, 2011, Deutsche Börse announced that holders representing more than 95% of its outstanding shares had tendered into the exchange offer, surpassing the requisite 75% needed to approve the proposed combination. On October 5, 2011, the EU competition commission issued a Statement of Objections, setting out the provisional position of the commission. We and Deutsche Börse presented our case to the commission in an oral hearing on October 27th and 28th. We expect the commission to complete its review in 2011.

Subject also to satisfaction of other remaining approvals and conditions, we expect to close the transaction within a few weeks after the commission completes its review.

*NYSE Amex Options*

On June 29, 2011, NYSE Euronext completed the sale of a significant equity interest in NYSE Amex Options, one of our two U.S. options exchanges, to seven external investors, Bank of America Merrill Lynch, Barclays Capital, Citadel Securities, Citi, Goldman Sachs, TD AMERITRADE and UBS. NYSE Euronext remains the largest shareholder in the entity and manages the day-to-day operations of NYSE Amex Options, which operates under the supervision of a separate board of directors and a dedicated chief executive officer. NYSE Euronext consolidates this entity for financial reporting purposes.

As part of the agreement, the external investors have received an equity instrument which is tied to their individual contribution to the options exchange's success. Under the terms of the agreement, the external investors have the option to require NYSE Euronext to repurchase a portion of the instruments on an annual basis over the course of five years starting in 2011. The amount NYSE Euronext is required to purchase under this arrangement is capped each year at between 5% and 15% of the total outstanding shares of NYSE Amex Options. NYSE Euronext recognized the full redemption value, i.e. fair value, of this instrument as mezzanine equity and classified the related balance as

Redeemable noncontrolling interest in the condensed consolidated statement of financial condition as of September 30, 2011. On September 16, 2011, approximately 10% of the ownership stake held by external investors was put-back to NYSE Euronext which there by reduced the amount of redeemable noncontrolling interest.

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On February 18, 2011, the formation of the NYSE Blue joint venture was consummated. NYSE Blue is a new global company that is majority owned by NYSE Euronext. NYSE Blue consists of the businesses of APX (headquartered in the New York City region) and BlueNext (headquartered in Paris). In its environmental unit, NYSE Blue provides infrastructure and services to environmental sponsors and market participants, through its environmental management account for asset and risk management as well as its registry services for renewable energy in the United States and voluntary carbon credits worldwide. Additionally, NYSE Blue operates, through BlueNext, a leading spot exchange for the European Emissions Trading System, a multi-country, multi-sector greenhouse gas emission trading scheme. In its power unit, NYSE Blue is a leading provider of hosted power scheduling and settlement services for wholesale power market participants. NYSE Euronext consolidates the results of operations and financial condition of NYSE Blue.

*New York Portfolio Clearing ( NYPC )*

NYPC, NYSE Euronext's joint venture with The Depository Trust & Clearing Corporation ( DTCC ), became operational in the first quarter of 2011. NYPC will initially clear fixed income derivatives traded on NYSE Liffe US and will have the ability to provide clearing services for other exchanges and Derivatives Clearing Organizations in the future. NYPC uses NYSE Euronext's clearing technology, TRS/CPS, to process and manage cleared positions and post-trade position transfers. DTCC's Fixed Income Clearing Corporation provides capabilities in risk management, settlement, banking and reference data systems. As of September 30, 2011, NYSE Euronext had a minority ownership interest in, and board representation on, DTCC. NYSE Euronext has agreed to make a \$50 million financial guarantee as an additional contribution to the NYPC default fund, of which \$25 million had been contributed as of September 30, 2011 and is held in escrow by NYPC. NYSE Euronext's investment in NYPC is treated as an equity method investment.

*Sale of American Stock Exchange building ( Amex building )*

In the first quarter of 2011, the Amex building was sold and, in accordance with the Amex acquisition agreement, approximately 340,000 NYSE Euronext shares of common stock were issued to former Amex members in June 2011.

**Note 3 Restructuring****Severance Costs**

As a result of streamlining certain business processes, NYSE Euronext has launched various voluntary and involuntary severance plans in the U.S. and Europe. The following is a summary of the severance charges recognized in connection with these plans, utilization of the accrual through September 30, 2011, and the remaining accrual as of September 30, 2011 (in millions):

	<b>Derivatives</b>	<b>Cash Trading and Listings</b>	<b>Information Services and Technology Solutions</b>	<b>Corporate/ Eliminations</b>	<b>Total</b>
Balance as of December 31, 2010	\$ 1	\$ 30	\$ 5	\$ 2	\$ 38
Employee severance and related benefits		9	2		11
Severance and benefit payments	(1)	(27)	(4)	(2)	(34)
Currency translation and other		1			1
Balance as of September 30, 2011	\$	\$ 13	\$ 3	\$	\$ 16

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 September 30, 2011, NYSE Euronext expects to pay these amounts throughout 2011 and into 2012.

**Note 4 Segment Reporting**

NYSE Euronext operates under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. We have aggregated all of our corporate costs, including the costs to operate as a public company, within Corporate/ Eliminations.

The following is a description of our reportable segments:

Derivatives consist of the following in NYSE Euronext's global businesses:

- providing access to trade execution in derivatives products, options and futures;

- providing certain clearing services for derivatives products; and

- selling and distributing market data and related information.

Cash Trading and Listings consist of the following in NYSE Euronext's global businesses:

- providing access to trade execution in cash trading and settlement of transactions in certain European markets;

- obtaining new listings and servicing existing listings;

- selling and distributing market data and related information; and

- providing regulatory services.

Information Services and Technology Solutions consist of the following in NYSE Euronext's global businesses:

- operating sellside and buy-side connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;

- providing trading and information technology software and solutions;



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selling and distributing market data and related information to data subscribers for proprietary data products; and

providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

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

		<b>Cash Trading and Listings</b>	<b>Information Services and Technology Solutions</b>	<b>Corporate/ Eliminations</b>	<b>Total</b>
<b>Three months ended September 30, 2011</b>	<b>Derivatives</b>				
Revenues	\$ 308	\$ 825	\$ 125	\$	\$1,258
Operating income (loss)	128	149	29	(47)	259
<b>2010</b>					
Revenues	\$ 243	\$ 694	\$ 113	\$	\$1,050
Operating income (loss)	88	86	19	(38)	155
		<b>Cash Trading and Listings</b>	<b>Information Services and Technology Solutions</b>	<b>Corporate/ Eliminations</b>	<b>Total</b>
<b>Nine months ended September 30, 2011</b>	<b>Derivatives</b>				
Revenues	\$ 891	\$ 2,246	\$ 363	\$ (2)	\$3,498
Operating income (loss)	384	397	91	(147)	725
<b>2010</b>					
Revenues	\$ 846	\$ 2,205	\$ 330	\$ (1)	\$3,380
Operating income (loss)	350	292	46	(113)	575

**Note 5 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):

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Net income	\$ 206	\$ 123	\$ 506	\$ 427
Net (income) loss attributable to noncontrolling interest	(6)	5	2	15
Net income attributable to NYSE Euronext	\$ 200	\$ 128	\$ 508	\$ 442
Shares of common stock and common stock equivalents:				
Weighted average shares used in basic computation	262	261	262	261
Dilutive effect of: Employee stock options and restricted stock units	1	1	1	1
Weighted average shares used in diluted computation	263	262	263	262
Basic earnings per share attributable to NYSE Euronext	\$ 0.76	\$ 0.49	\$ 1.94	\$ 1.69

Diluted earnings per share attributable to NYSE Euronext	\$ 0.76	\$ 0.49	\$ 1.93	\$ 1.69
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Dividends per common share	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90
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As of September 30, 2011 and 2010, 4.1 million and 4.7 million restricted stock units, respectively, and options to purchase 0.2 million and 0.5 million shares of common stock, respectively, were outstanding. For the three and nine months ended September 30, 2011, 0.3 million awards were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive. For the three and nine months ended September 30, 2010, 1.4 million and 0.8 million awards, respectively, were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

#### Note 6 Pension and Other Benefit Programs

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

Three months ended September 30,	Pension Plans		SERP Plans		Postretirement Benefit Plans	
	2011	2010	2011	2010	2011	2010
Service cost	\$ 1	\$ 1	\$	\$	\$	\$
Interest cost	12	12	1	2	2	3
Expected return on assets	(15)	(14)				
Actuarial loss	(1)	2				
Curtailement loss						
Net periodic (benefit) cost	\$ (3)	\$ 1	\$ 1	\$ 2	\$ 2	\$ 3

Nine months ended September 30,	Pension Plans		SERP Plans		Postretirement Benefit Plans	
	2011	2010	2011	2010	2011	2010
Service cost	\$ 3	\$ 3	\$	\$	\$	\$
Interest cost	36	36	3	4	6	9
Expected return on assets	(43)	(42)				
Actuarial loss	6	6	1			
Curtailement loss					2	2
Net periodic cost	\$ 2	\$ 3	\$ 4	\$ 4	\$ 8	\$ 11

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During the three and nine months ended September 30, 2011, NYSE Euronext contributed \$2 million and \$41 million, respectively, to its pension plans. Based on current actuarial assumptions, NYSE Euronext anticipates funding an additional \$1 million to its pension plans for the remainder of fiscal 2011.

**Note 7 Goodwill and Other Intangible Assets**

The change in the net carrying amount of goodwill (in millions):

	<b>Derivatives</b>	<b>Cash Trading and Listings</b>	<b>Information Services and Technology Solutions</b>	<b>Total</b>
Balance as of December 31, 2010	\$ 2,252	\$ 1,439	\$ 359	\$ 4,050
Acquisitions		19	11	30
Purchase accounting adjustments		(9)		(9)
Currency translation and other	5	13	2	20
Balance as of September 30, 2011	\$ 2,257	\$ 1,462	\$ 372	\$ 4,091

The following table presents the details of the intangible assets (in millions):

	<b>Assigned value</b>	<b>Accumulated amortization</b>	<b>Useful Life (in years)</b>
<b>Balance as of September 30, 2011</b>			
National securities exchange registrations	\$ 5,025	\$	Indefinite
Customer relationships	872	204	7 to 20
Trade names and other	192	46	2 to 20
Other intangible assets	\$ 6,089	\$ 250	

	<b>Assigned value</b>	<b>Accumulated amortization</b>	<b>Useful Life (in years)</b>
<b>Balance as of December 31, 2010</b>			
National securities exchange registrations	\$ 5,003	\$	Indefinite
Customer relationships	852	166	7 to 20
Trade names and other	187	39	2 to 20
Other intangible assets	\$ 6,042	\$ 205	

For the three and nine months ended September 30, 2011, amortization expense for the intangible assets was approximately \$15 million and \$46 million, respectively. For the three and nine months ended September 30, 2010, amortization expense for the intangible assets was approximately \$14 million and \$43 million, respectively.

The estimated future amortization expense of acquired purchased intangible assets as of September 30, 2011 was as follows (in millions):

**Year ending December 31,**

Remainder of 2011 (from October 1st through December 31st)	\$ 12
2012	58
2013	58
2014	58

2015	58
Thereafter	570
Total	\$ 814

### **Note 8 Fair Value of Financial Instruments**

NYSE Euronext accounts for certain financial instruments at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic 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 the Fair Value Measurements and Disclosures Topic, 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 nor 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.

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If the inputs used to measure the financial instruments fall within different levels of the fair value 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 September 30, 2011 and December 31, 2010 (in millions):

	<b>As of September 30, 2011</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets				
Mutual Funds (SERP/SESP) <sup>(1)</sup>	\$ 30	\$	\$	\$ 30
Total Financial investments	\$ 30	\$	\$	\$ 30
Liabilities				
Foreign exchange derivative contracts	\$	\$ 3	\$	\$ 3
	<b>As of December 31, 2010</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets				
Mutual Funds (SERP/SESP) <sup>(1)</sup>	\$ 37	\$	\$	\$ 37
Corporate Bonds		1		1
Auction Rate Securities			7	7
Equity Securities	1			1
Foreign exchange derivative contracts		6		6
Total Financial investments	\$ 38	\$ 7	\$ 7	\$ 52
Liabilities				
Foreign exchange derivative contracts	\$	\$	\$	\$

<sup>(1)</sup> Equity and fixed income mutual funds held for the purpose of providing future payments to the Supplemental Executive Retirement Plan (SERP) and Supplemental Executive Savings Plan (SESP).

The fair value of our long-term debt instruments was approximately \$2.2 billion as of September 30, 2011. The carrying value of all other financial assets and liabilities approximates fair value. As of September 30, 2011 and December 31, 2010, NYSE Euronext had \$0 and \$7 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. The decrease in the amount of auction rate securities from \$7 million at December 31, 2010 to \$0 is attributable to the disposal of all of these securities.

**Note 9 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 derivative instruments only with counterparties that meet high creditworthiness and rating standards. NYSE Euronext adopted the Subtopic 65 in the Derivatives and Hedging Topic of the FASB Accounting Standards Codification on January 1, 2009.

NYSE Euronext records all derivative instruments at fair value on the condensed consolidated statement of financial condition. Certain derivative instruments are designated as hedging instruments under fair value hedging relationships, cash flow hedging relationships or net investment hedging relationships. Other derivative instruments remain

undesigned. The details of each designated hedging relationship are formally documented at the inception of the relationship, including the risk management objective, hedging strategy, hedged item, specific risks being hedged, derivative 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 (in millions):

<b>September 30, 2011</b>	<b>Notional Amount</b>	<b>Fair Value of Derivative Instruments</b>	
		<b>Asset<sup>(1)</sup></b>	<b>Liability</b>
Derivatives not designated as hedging instruments			
Foreign exchange contracts	\$ 491	\$ 0	\$ 3
Derivatives designated as hedging instruments			
Foreign exchange contracts			
Total derivatives	\$ 491	\$ 0	\$ 3

<sup>(1)</sup> Included in Financial investments in the condensed consolidated statements of financial condition.

The effective portion and the ineffective portion of the pre-tax gains and losses on derivative instruments designated as hedged items under net investment hedging relationship for the three and nine months ended September 30, 2011 were insignificant.

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Pre-tax gains and losses on derivative instruments not designated in hedging relationships for the three and nine months ended September 30, 2011 were as follows (in millions):

	<b>Gain/ (loss) recognized in income</b>	
	<b>Three months ended</b>	<b>Nine months ended</b>
	<b>September 30, 2011</b>	
Derivatives not designated as hedging instrument		
Foreign exchange contracts	\$ (4)	\$ 12

For the nine months ended September 30, 2011, NYSE Euronext had euro/U.S. dollar and sterling/U.S. dollar foreign exchange contracts in place with tenors less than 3 months in order to hedge various financial positions. These contracts were not designated as hedging instruments under the Derivatives and Hedging Topic. As of September 30, 2011, NYSE Euronext had a £146 million (\$228 million) sterling/U.S. dollar foreign exchange swap outstanding with a positive fair value of \$0 million and a 193 million (\$263 million) euro/U.S. dollar contract outstanding with a negative fair value of \$3 million. These instruments matured in October 2011. For the three and nine months ended September 30, 2011, the cumulative net loss recognized under foreign exchange contracts in Other income in the condensed consolidated statement of operations was insignificant.

Pre-tax net gains on non-derivative net investment hedging relationships recognized in Other comprehensive income for the three months ended September 30, 2011 was \$99 million and pre-tax net losses on non-derivative net investment hedging relationships recognized in Other comprehensive income for the nine months ended September 30, 2011 was \$35 million.

For the nine months ended September 30, 2011, NYSE Euronext had no derivative instruments in fair value hedging relationships and cash flow hedging relationships.

**Note 10 Commitments and Contingencies**

For the nine months ended September 30, 2011, the following supplements and amends our discussion set forth in Note 17 ( Commitments and Contingencies Legal Matters ) to Item 8 of the Annual Report on Form 10-K filed by NYSE Euronext for the year ended December 31, 2010, and Note 10 ( Commitments and Contingencies ) of the Quarterly Reports on Form 10-Q filed by NYSE Euronext for the three months ended March 31, 2011 and the six months ended June 30, 2011, respectively, and no other matters were reportable during the period.

*Costs Associated with the Proposed Business Combination*

NYSE Euronext estimates that it will incur approximately \$120 million of legal, banking and other professional fees and costs related to the proposed combination with Deutsche Börse, of which approximately \$60 million will be contingent upon approval and consummation of the combination and approximately \$60 million of which will be payable regardless of whether the combination is completed.

Through September 30, 2011, NYSE Euronext incurred approximately \$45 million of fees and other costs directly attributable to the proposed business combination. Such costs are included in Merger expenses and exit costs in the condensed consolidated statement of operations for the nine months ended September 30, 2011.

*IRS Notice*

Subsequent to an appeals conference in the matter, the Internal Revenue Service Appeals Office issued a determination on October 5, 2011 that there is no deficiency in the tax returns filed by NYSE for the years 2001, 2002 and 2003, thereby resolving the matter in favor of the NYSE.

In addition to the matters described above and in the prior disclosures 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 records accrued liabilities for litigation and regulatory matters when those matters represent loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, NYSE Euronext does not establish an accrued liability. As a litigation or regulatory matter develops, NYSE Euronext evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. 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 financial statements as a whole.

**Note 11 Income Taxes**

For the three and nine months ended September 30, 2011, our effective tax rate was 9.5% and 20.0%, respectively. NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to a discrete deferred tax benefit of \$40 million related to an enacted reduction in the corporate tax rate from 27% to 25% in the United Kingdom and higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate. The applicable tax rate was 4% and 22% for both the three and nine months ended September 30, 2010, respectively. The 2010 effective tax rate was lower than the U.S. statutory rate primarily due to a discrete deferred tax benefit related to an enacted reduction in the corporate tax rate from 28% to 27% in the United Kingdom, higher earnings from foreign operations and the reorganization of certain of our European businesses.

**Note 12 Related Party Transactions**

*LCH.Clearnet*

NYSE Liffe's London Market (for the purposes of this section, NYSE Liffe) launched NYSE Liffe Clearing in July 2009. This involves an arrangement with LCH.Clearnet Ltd (LCH.Clearnet), whereby NYSE Liffe assumes 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.

On June 16, 2011, NYSE Euronext announced that LCH.Clearnet agreed to extend the arrangements under which LCH.Clearnet provides clearing services to the European securities and continental derivatives markets of NYSE Euronext. Termination of these arrangements was scheduled to occur in November 2011, following the notice given by NYSE Euronext in May 2010. The agreed extension means that the current clearing arrangements will continue to June 2013 for derivatives and December 2013 for cash.

As of September 30, 2011, NYSE Euronext had a 9.1% stake in LCH.Clearnet Group Limited's outstanding share capital and the right to appoint one director to its board of directors.

*Qatar*



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On June 19, 2009, 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, with the remaining \$160 million to be paid annually in four equal installments. NYSE Euronext's investment in the Qatar Exchange is treated as an equity method investment. The \$76 million present value of this remaining liability is included in Related party payable in the condensed consolidated statements of financial condition as of September 30, 2011.

*New York Portfolio Clearing ( NYPC )*

NYPC, NYSE Euronext's joint venture with The Depository Trust & Clearing Corporation ( DTCC ), became operational in the first quarter of 2011. NYPC will initially clear fixed income derivatives traded on NYSE Liffe US and will have the ability to provide clearing services for other exchanges and Derivatives Clearing Organizations in the future. NYPC uses NYSE Euronext's clearing technology, TRS/CPS, to process and manage cleared positions and post-trade position transfers. DTCC's Fixed Income Clearing Corporation provides capabilities in risk management, settlement, banking and reference data systems. As of September 30, 2011, NYSE Euronext had a minority ownership interest in, and board representation on, DTCC.

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

<b>Income (expenses)</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
LCH.Clearnet	\$ (12)	\$ (12)	\$ (35)	\$ (33)
Qatar	2	11	6	24
NYPC			1	

**Note 13 Other Comprehensive Income**

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

<b>Income/(expenses)</b>	<b>Three months ended September 30,</b>					
	<b>2011</b>			<b>2010</b>		
	<b>NYSE</b>	<b>Noncontrolling</b>	<b>Total</b>	<b>NYSE</b>	<b>Noncontrolling</b>	<b>Total</b>
	<b>Euronext</b>	<b>interest</b>		<b>Euronext</b>	<b>interest</b>	
Net income (loss)	\$ 200	\$ 6	\$ 206	\$ 128	\$ (5)	\$ 123
Change in market value adjustments of available-for-sale securities				7		7
Foreign currency translation adjustments	(362)	(2)	(364)	486	2	488
Total comprehensive income (loss)	\$ (162)	\$ 4	\$ (158)	\$ 621	\$ (3)	\$ 618

<b>Income/(expenses)</b>	<b>Nine months ended September 30,</b>					
	<b>2011</b>			<b>2010</b>		
	<b>NYSE</b>	<b>Noncontrolling</b>	<b>Total</b>	<b>NYSE</b>	<b>Noncontrolling</b>	<b>Total</b>
	<b>Euronext</b>	<b>Interest</b>		<b>Euronext</b>	<b>Interest</b>	
Net income (loss)	\$ 508	\$ (2)	\$ 506	\$ 442	\$ (15)	\$ 427
Change in market value adjustments of available-for-sale securities	4		4	5		5
	23		23	(277)	(2)	(279)

Foreign currency translation  
adjustments

Total comprehensive income (loss)	\$ 535	\$	(2)	\$ 533	\$ 170	\$	(17)	\$ 153
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**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 herein and the information under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2010 and under Part II, Item 1A of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, 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. We operate under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. We have aggregated all of our corporate costs, including the costs to operate as a public company, within Corporate/ Eliminations.

The following is a description of our reportable segments:

Derivatives consist of the following in NYSE Euronext's global businesses:

- providing access to trade execution in derivatives products, options and futures;

- providing certain clearing services for derivatives products; and

- selling and distributing market data and related information.

Cash Trading and Listings consist of the following in NYSE Euronext's global businesses:

- providing access to trade execution in cash trading and settlement of transactions in certain European markets;

- obtaining new listings and servicing existing listings;

- selling and distributing market data and related information; and

- providing regulatory services.

Information Services and Technology Solutions consist of the following in NYSE Euronext's global businesses:

- operating sellside and buy-side connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;

- providing trading and information technology software and solutions;

- selling and distributing market data and related information to data subscribers for proprietary data products; and

- providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

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

**Proposed Business Combination**

On February 15, 2011, we announced that we entered into a business combination agreement with Deutsche Börse AG (Deutsche Börse). Under the agreement, the companies will combine (the Combined Company) to create the world's premier global exchange group. Each of the group's national exchanges will keep its name in its local market and all

exchanges will continue to operate under local regulatory frameworks and supervision. Following full completion of the contemplated transactions, the former Deutsche Börse shareholders would own approximately 60% of the Combined Company and the former NYSE Euronext shareholders would own approximately 40% of the Combined Company on a fully diluted basis and assuming that all Deutsche Börse shares are tendered in the contemplated exchange offer. The transaction is subject to approval by the relevant competition and financial, securities and other regulatory authorities in the United States and Europe, and other customary closing conditions, and we can provide no assurance that such approvals and conditions will be obtained or satisfied.

On July 7, 2011, NYSE Euronext shareholders approved the adoption of the business combination agreement with Deutsche Börse and related proposals, and on August 2, 2011, Deutsche Börse announced that holders representing more than 95% of its outstanding shares had tendered into the exchange offer, surpassing the requisite 75% needed to approve the proposed combination. On October 5, 2011, the EU competition commission issued a Statement of Objections, setting out the provisional position of the commission. We and Deutsche Börse presented our case to the commission in an oral hearing on October 27th and 28th. We expect the commission to complete its review in 2011. Subject also to satisfaction of other remaining approvals and conditions, we expect to close the transaction within a few weeks after the commission completes its review.

The foregoing summary of the business combination agreement and the Proposed Business Combination does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the business combination agreement, which was filed with our Current Report on Form 8-K filed with the SEC on February 16, 2011, as amended, and incorporated herein by reference.

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**Factors Affecting Our Results**

The business environment in which NYSE Euronext operates directly affects its results of operations. Its results have been and will continue to be affected by many factors, including the level of trading activity in its markets, which during any period is significantly influenced by general market conditions, competition, market share and the pace of industry consolidation, broad trends in the brokerage and finance industry, price levels and price volatility, the number and financial health of companies listed on the NYSE Euronext's cash markets, changing technology in the financial services industry, and legislative as well as regulatory changes and requirements, including competition law, among other factors. In particular, in recent years, the business environment has been characterized by increasing competition among global markets for listing and trading volumes; 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 NYSE Euronext's trading and market data revenues could be adversely impacted if it is unsuccessful in attracting additional volumes. Historically NYSE Euronext has seen its market share, trading revenues and share of market data revenues decline through the entrance of new players, increased competition, and more recently an increase in internalization and trading on alternative trading systems. While NYSE Euronext's market share has been relatively stable in the past year, market share dynamics are constantly changing and no assurance can be provided that further declines will not occur in the future. The maintenance and growth of NYSE Euronext's revenues could also be impacted if it faces increased pressure on pricing.

Lingering uncertainty in the global credit markets continues to impact economies around the world. Equity market indices have experienced volatility and the market may remain volatile throughout 2011. Economic uncertainty in the European Union and United States and the political upheaval in certain North African countries could spread to other countries and may continue to negatively affect global financial markets. While markets may improve, these factors have adversely affected NYSE Euronext's revenues and operating income and may negatively impact future growth. As a result of recent events, there has been, and it is likely that there will continue to be, significant change in the U.S. and European regulatory environment in which NYSE Euronext operates. Such regulatory reforms could adversely affect NYSE Euronext's business or result in increased costs and the expenditure of significant resources.

While NYSE Euronext has not experienced reductions in its 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 NYSE Euronext's business may increase and its ability to implement its business initiatives could be limited. Also, an additional downgrade of U.S. Sovereign debt could result in incrementally higher borrowing costs.

NYSE Euronext expects that all of these factors will continue to impact its 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 concerns, contagion concerns in relation to the sovereign debt issues faced by some countries around the world, as well as the general state of the world economy. NYSE Euronext continues to focus on its strategy to broaden and diversify its revenue streams, as well as its company-wide expense reduction initiatives in order to mitigate these uncertainties.

**Table of Contents****Sources of Revenues***Transaction and Clearing Fees*

Our transaction and clearing fees consist of fees collected from our cash trading, derivatives trading and clearing businesses.

*Cash trading.* Revenues for cash trading consist of transaction charges for executing trades on our cash markets, as well as transaction charges related to orders on our U.S. cash markets that are routed to other market centers for execution. Additionally, our U.S. cash markets 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. Activity assessment fees are collected from member organizations executing trades on our U.S. cash markets, and are recognized when these amounts are 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.

*Derivatives trading and clearing.* Revenues from derivatives trading and clearing consist of per-contract fees for executing trades of derivatives contracts and clearing charges on the London market of NYSE Liffe and NYSE Liffe US and executing options contracts traded on NYSE Arca and NYSE Amex. Revenues from NYSE Liffe's continental derivatives markets consist of per-contract fees for executing derivatives contracts. In some cases, these fees are subject to caps.

Revenues for per-contract fees are driven by the number of trades executed and fees charged per contract. The principal types of derivative contracts traded and cleared 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 and clearing activity for all products is also influenced by market conditions and other factors. See Factors Affecting Our Results.

*Market Data*

We generate revenues from the dissemination of our market data in the U.S. and Europe to a variety of users. In the U.S., 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 and charged to vendors based on their redistribution of data. 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, NYSE Amex listed and NYSE Arca listed securities are disseminated through Tape A and Tape B, which constitute the majority of NYSE Euronext's U.S. revenues from consortium-based market data revenues. We also receive a share of the revenues from Tape C, which represents data related to trading of certain securities that are listed on Nasdaq. 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 Reference Prices on their respective websites.

In Europe, 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.

#### *Listing*

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 generally not applicable to companies that transfer to one of our U.S. securities exchanges from another market, except for companies transferring to NYSE Amex from the over-the-counter market. 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. In the U.S., annual fees are charged based on the number of outstanding shares of the listed U.S. 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 as revenue on a pro rata basis over the calendar year.

Original fees are recognized as revenue 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.

Listing fees for our European markets 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. Original listing fees, subject to a minimum and maximum amount, are based on the number of shares that the company initially lists. Revenues from annual listing fees relate to the number of shares outstanding and the market capitalization of the listed company.

In general, Euronext Paris, Euronext Amsterdam, Euronext Brussels and Euronext Lisbon have adopted a common set of listing fees. 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 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. Non-domestic companies that are in the Euronext 100 index are treated as domestic. 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.

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### *Technology Services*

Revenues are generated primarily from connectivity services related to the SFTI and FIX networks, software licenses and maintenance fees and strategic consulting services. Colocation revenue is recognized monthly over the life of the contract. We also generate revenues from software license contracts and maintenance agreements. We provide software that 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 agreement revenues are recognized monthly over the life of the maintenance term subsequent to acceptance. Expert 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. Customer specific software license revenue is recognized at the time of client acceptance. NYSE Euronext records revenues from subscription agreements on a pro rata basis over the life of the subscription agreements. The unrealized portions of invoiced subscription fees, maintenance fees and prepaid consulting fees are recorded as deferred revenue on the consolidated statements of financial condition.

### *Other Revenues*

Other revenues include trading license fees, fees for facilities and other services provided to designated market makers ( DMMs ), 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, the results of our NYSE Blue business and fees for clearance and settlement activities in our European markets, as well as regulatory revenues. Regulatory fees are charged to member organizations of our U.S. securities exchanges.

## **Components of Expenses**

### *Section 31 Fees*

See Sources of Revenues Transaction and Clearing Fees above.

### *Liquidity Payments, Routing and Clearing*

We offer our customers a variety of liquidity payment structures, tailored to specific market, product and customer characteristics in order to attract order flow, enhance liquidity and promote use of our markets. 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.

We also 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. Furthermore, 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 compensation, depreciation and amortization, systems and communications, professional services, selling, general and administrative, and merger expenses and exit costs.

#### *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 ( SERP ) charges. Part-time help, primarily related to security personnel at the NYSE, is also recorded as part of compensation.

#### *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.

#### *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.

*Professional Services*

Professional services expense includes consulting charges related to various technological and operational initiatives, including fees paid to LCH.Clearnet in connection with certain clearing guarantee arrangements and FINRA in connection with the transfer of certain member firm regulatory functions, as well as legal and audit fees.

*Selling, General and Administrative*

Selling, general and administrative expenses include (i) occupancy costs; (ii) marketing costs consisting of advertising, printing and promotion expenses; (iii) insurance premiums, travel and entertainment expenses, co-branding, investor education and advertising expenses with NYSE listed companies; (iv) general and administrative expenses; and (v) regulatory fine income levied by NYSE Regulation. Regulatory fine income must be used for regulatory purposes. Subsequent to the July 30, 2007 asset purchase agreement with FINRA, the amount of regulatory fine income has been relatively immaterial.

*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 combinations and cost reduction initiatives.

**Table of Contents****Results of Operations****Three Months Ended September 30, 2011 Versus Three Months Ended September 30, 2010**

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the three months ended September 30, 2011 and 2010, as well as the percentage increase or decrease for each condensed consolidated statement of operations item for the three months ended September 30, 2011, as compared to such item for the three months ended September 30, 2010.

<b>(Dollars in Millions)</b>	<b>Three months ended September 30,</b>		<b>Percent Increase (Decrease)</b>
	<b>2011</b>	<b>2010</b>	
<b>Revenues</b>			
Transaction and clearing fees	\$ 904	\$ 726	25%
Market data	93	94	(1)%
Listing	113	105	8%
Technology services	92	82	12%
Other revenues	56	43	30%
<b>Total revenues</b>	<b>1,258</b>	<b>1,050</b>	<b>20%</b>
Transaction-based expenses:			
Section 31 fees	109	77	42%
Liquidity payments, routing and clearing	445	374	19%
<b>Total revenues, less transaction-based expenses</b>	<b>704</b>	<b>599</b>	<b>18%</b>
Other operating expenses:			
Compensation	160	147	9%
Depreciation and amortization	72	69	4%
Systems and communications	46	52	(12)%
Professional services	77	76	1%
Selling, general and administrative	61	75	(19)%
Merger expenses and exit costs	29	25	16%
<b>Total other operating expenses</b>	<b>445</b>	<b>444</b>	<b>%</b>
<b>Operating income</b>	<b>259</b>	<b>155</b>	<b>67%</b>
Interest expense	(31)	(27)	15%
Investment income	2	1	100%
Loss from associates	(2)	(1)	100%
Other (loss) income	(1)		(100)%
<b>Income before income taxes</b>	<b>227</b>	<b>128</b>	<b>77%</b>
Income tax provision	(21)	(5)	320%
<b>Net income</b>	<b>206</b>	<b>123</b>	<b>67%</b>
Net (income) loss attributable to noncontrolling interest	(6)	5	220%
<b>Net income attributable to NYSE Euronext</b>	<b>\$ 200</b>	<b>\$ 128</b>	<b>56%</b>



**Table of Contents****Highlights**

For the three months ended September 30, 2011, NYSE Euronext reported total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of \$704 million, \$259 million and \$200 million, respectively. This compares to total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of \$599 million, \$155 million and \$128 million, respectively, for the three months ended September 30, 2010.

The \$105 million increase in total revenues, less transaction-based expenses, \$104 million increase in operating income and \$72 million increase in net income attributable to NYSE Euronext for the period reflect the following principal factors:

*Increased total revenues, less transaction-based expenses* Total revenues, less transaction-based expenses, increased primarily due to increased average daily volume across all trading venues, the growth in our non-transaction-based revenues (including listing and technology services) as well as the favorable impact of foreign currency translation.

*Increased operating income* The period-over-period increase in operating income of \$104 million was primarily due to increased total revenues, less transaction-based expenses. Excluding the impact of foreign currency of \$10 million, incremental costs associated with acquisitions and new business initiatives of \$8 million and merger expenses and exit costs, our operating expenses decreased \$21 million as compared to the three months ended September 30, 2010.

*Increased net income attributable to NYSE Euronext* The period-over-period increase in net income attributable to NYSE Euronext of \$72 million was mainly due to increased operating income. Our effective tax rate for the three months ended September 30, 2011 and 2010 was 9.5% and 4.0%, respectively, primarily due to discrete deferred tax benefits related to enacted reductions in the corporate tax rate in the United Kingdom from 28% to 27% in the 2010 period and from 27% to 25% in the 2011 period.

**Segment Results**

We operate under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. For discussion of these segments, see Note 4 to the condensed consolidated financial statements and Overview above.

Segment Revenues (in millions)	Three months ended September 30,			
	2011	2010	% of Total Revenues	
			2011	2010
Derivatives	\$ 308	\$ 243	24%	23%
Cash Trading and Listings	825	694	66%	66%
Information Services and Technology Solutions	125	113	10%	11%
Total segment revenues	\$ 1,258	\$ 1,050	100%	100%

**Derivatives**

(in millions)	Three months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues	
				2011	2010
Transaction and clearing fees	\$ 288	\$ 223	29%	93%	92%
Market data	11	11	%	4%	4%
Other revenues	9	9	%	3%	4%
Total revenues	308	243	27%	100%	100%
Transaction-based expenses:					
Liquidity payments, routing and clearing	82	55	49%	27%	23%

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Total revenues, less transaction-based expenses	226	188	20%	73%	77%
Total other operating expenses	98	100	(2)%	32%	41%
Operating income	\$ 128	\$ 88	45%	41%	36%

For the three months ended September 30, 2011, Derivatives operating income increased \$40 million to \$128 million, and operating income as a percentage of revenues in 2011 increased 5 percentage points to 41%. Compared to the third quarter of 2010, the \$38 million increase in total revenues, less transaction-based expenses was driven by an increase of 14% in our average daily trading volume on our European markets, a 48% increase in our U.S. equity options contracts and the favorable impact of foreign currency translation. Compared to the third quarter of 2010, our average net revenue per contract decreased on both the U.S. and European platforms. Other operating expenses for the three months ended September 30, 2011 decreased \$2 million reflecting modest operating efficiencies.

**Cash Trading and Listings**

(in millions)	Three months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues	
				2011	2010
Transaction and clearing fees	\$ 616	\$ 503	22%	74%	73%
Market data	49	52	(6)%	6%	7%
Listing	113	105	8%	14%	15%
Other revenues	47	34	38%	6%	5%
Total revenues	825	694	19%	100%	100%
Transaction-based expenses:					
Section 31 fees	109	77	42%	13%	11%
Liquidity payments, routing and clearing	363	319	14%	44%	46%
Total revenues, less transaction-based expenses	353	298	18%	43%	43%
Total other operating expenses	204	212	(4)%	25%	30%
Operating income	\$ 149	\$ 86	73%	18%	13%

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For the three months ended September 30, 2011, Cash Trading and Listings operating income increased \$63 million to \$149 million, and operating income as a percentage of revenues in 2011 increased 5 percentage points to 18%. The improved operating performance was primarily due to an increase in total revenues, less transaction-based expenses of \$55 million as a result of an increase of 40% and 9% in our average daily trading volume on our European and U.S. platforms, respectively, the growth in our listing business and the favorable impact of foreign currency translation. Other operating expenses for the three months ended September 30, 2011 decreased \$8 million reflecting the results of improved operating efficiencies.

**Information Services and Technology Solutions**

(in millions)	Three months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues 2011	2010
Market data	\$ 33	\$ 31	6%	26%	27%
Technology services	92	82	12%	74%	73%
Total revenues	125	113	11%	100%	100%
Total other operating expenses	96	94	2%	77%	83%
Operating income	\$ 29	\$ 19	53%	23%	17%

For the three months ended September 30, 2011, Information Services and Technology Solutions operating income increased \$10 million to \$29 million, and operating income as a percentage of revenues in 2011 increased 6 percentage points to 23%. The increase was primarily due to higher revenues in our connectivity business.

**Corporate / Eliminations**

(in millions)	Three months ended September 30,		
	2011	2010	Increase (decrease)
Other revenues	\$	\$	
Total revenues			
Total other operating expenses	47	38	24%
Operating (loss) income	\$ (47)	\$ (38)	24%

Corporate and eliminations include unallocated costs primarily related to corporate governance, public company expenses, duplicate costs associated with migrating our data centers and costs associated with our pension, SERP and postretirement benefit plans and intercompany eliminations of revenues and expenses. Operating expenses for the three months ended September 30, 2011 increased \$9 million to \$47 million primarily due to merger expenses related to the proposed business combination with Deutsche Börse.

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**Non-Operating Income and Expenses**

**Interest Expense**

Interest expense is primarily attributable to the interest expense on the debt incurred in connection with \$750 million of fixed rate bonds due in June 2013 and 1,000 million of fixed rate bonds due in June 2015. See Liquidity and Capital Resources .

**Investment Income**

Investment income is primarily attributable to our average cash and investment balances, change in interest rates and foreign currency rates. For the three months ended September 30, 2011, the investment income remained flat compared to the same period a year ago.

**Loss from Associates**

For the three months ended September 30, 2011, the loss from associates was primarily due to the operations of NYPC, which recently became operational but remains in a loss position.

**Other (Loss) Income**

For the three months ended September 30, 2011 and 2010, other (loss) income was \$1 million loss and \$0 million, respectively. Other income consists primarily of foreign exchange gains and losses and dividends on certain investments, which may vary period over period.

**Noncontrolling Interest**

For the three months ended September 30, 2011 and 2010, NYSE Euronext recorded net income attributable to noncontrolling interest of \$6 million and loss of \$5 million, respectively. Following the June 29, 2011 sale of a significant interest in NYSE Amex Options, \$11 million of profits generated by that venue were shared with our partners in the third quarter of 2011. This was partially offset by losses of NYSE Liffe US, which is still in its initial phase of launch.

**Income Taxes**

For the three months ended September 30, 2011 and 2010, NYSE Euronext provided for income taxes at an estimated tax rate of 9.5% and 4.1%, respectively. For the three months ended September 30, 2011, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to a discrete deferred tax benefit of \$40 million related to an enacted reduction in the corporate tax rate from 27% to 25% in the United Kingdom and higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate.

**Table of Contents****Nine Months Ended September 30, 2011 Versus Nine Months Ended September 30, 2010**

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the nine months ended September 30, 2011 and 2010, as well as the percentage increase or decrease for each condensed consolidated statement of operations item for the nine months ended September 30, 2011, as compared to such item for the nine months ended September 30, 2010.

<b>(Dollars in Millions)</b>	<b>Nine months ended September 30,</b>		<b>Percent Increase (Decrease)</b>
	<b>2011</b>	<b>2010</b>	
<b>Revenues</b>			
Transaction and clearing fees	\$ 2,461	\$ 2,415	2%
Market data	281	278	1%
Listing	334	315	6%
Technology services	263	236	11%
Other revenues	159	136	17%
<b>Total revenues</b>	<b>3,498</b>	<b>3,380</b>	<b>3%</b>
Transaction-based expenses:			
Section 31 fees	287	239	20%
Liquidity payments, routing and clearing	1,167	1,243	(6)%
<b>Total revenues, less transaction-based expenses</b>	<b>2,044</b>	<b>1,898</b>	<b>8%</b>
Other operating expenses:			
Compensation	480	479	%
Depreciation and amortization	212	201	5%
Systems and communications	143	151	(5)%
Professional services	219	200	10%
Selling, general and administrative	197	222	(11)%
Merger expenses and exit costs	68	70	(3)%
<b>Total other operating expenses</b>	<b>1,319</b>	<b>1,323</b>	<b>%</b>
<b>Operating income</b>	<b>725</b>	<b>575</b>	<b>26%</b>
Interest expense	(92)	(80)	15%
Investment income	4	2	100%
Loss from associates	(5)	(4)	25%
Other income		53	(100)%
<b>Income before income taxes</b>	<b>632</b>	<b>546</b>	<b>16%</b>
Income tax provision	(126)	(119)	6%
<b>Net income</b>	<b>506</b>	<b>427</b>	<b>19%</b>
Net loss attributable to noncontrolling interest	2	15	(87)%
<b>Net income attributable to NYSE Euronext</b>	<b>\$ 508</b>	<b>\$ 442</b>	<b>15%</b>



**Table of Contents****Highlights**

For the nine months ended September 30, 2011, NYSE Euronext reported total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of \$2,044 million, \$725 million and \$508 million, respectively. This compares to total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of \$1,898 million, \$575 million and \$442 million, respectively, for the nine months ended September 30, 2010.

The \$146 million increase in total revenues, less transaction-based expenses, \$150 million increase in operating income and \$66 million increase in net income attributable to NYSE Euronext for the period reflect the following principal factors:

*Increased total revenues, less transaction-based expenses* Total revenues, less transaction-based expenses, increased primarily due to growth within our non-transaction-based revenues, higher trading volume in our U.S. derivative venues coupled with improved net revenue capture per contract in our European derivative venues, and the favorable impact of foreign currency translation.

*Increased operating income* The period-over-period increase in operating income of \$150 million was primarily due to increased total revenues, less transaction-based expenses. Excluding the impact of foreign currency of \$28 million, incremental costs associated with acquisitions and new initiatives of \$23 million and merger expenses and exit costs, our operating expenses decreased \$53 million as compared to the nine months ended September 30, 2010.

*Increased net income attributable to NYSE Euronext* The period-over-period increase in net income attributable to NYSE Euronext of \$66 million was mainly due to increased operating income, the favorable impact of foreign currency translation and lower effective tax rate primarily due to a discrete deferred tax benefit of \$40 million related to an enacted reduction in the corporate tax rate from 27% to 25% in the United Kingdom, partially offset by the recognition of a one-time gain on the sale of our equity interest in the National Stock Exchange of India in the first nine months of 2010.

**Segment Results**

Segment Revenues (in millions)	Nine months ended September 30,			
	2011	2010	% of Total Revenues	
			2011	2010
Derivatives	\$ 891	\$ 846	26%	25%
Cash Trading and Listings	2,246	2,205	64%	65%
Information Services and Technology Solutions	363	330	10%	10%
Total segment revenues	\$ 3,500	\$ 3,381	100%	100%

**Derivatives**

(in millions)	Nine months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues	
				2011	2010
Transaction and clearing fees	\$ 825	\$ 783	5%	93%	93%
Market data	35	35	%	4%	4%
Other revenues	31	28	11%	3%	3%
Total revenues	891	846	5%	100%	100%
Transaction-based expenses:					
Liquidity payments, routing and clearing	216	208	4%	24%	25%
Total revenues, less transaction-based expenses	675	638	6%	76%	75%

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Total other operating expenses	291	288	1%	33%	34%
Operating income	\$ 384	\$ 350	10%	43%	41%

For the nine months ended September 30, 2011, Derivatives operating income increased \$34 million to \$384 million, and operating income as a percentage of revenues increased 2 percentage points to 43%. Compared to the nine months ended September 30, 2010, total revenues, less transaction-based expenses increased \$37 million reflecting an increase in average daily trading volume in our U.S. derivative venues, improved net revenue capture per contract in our European derivative venues, and the favorable impact of foreign currency translation. Other operating expenses for the nine months ended September 30, 2011 remained relatively flat compared to the same period a year ago.

**Cash Trading and Listings**

(in millions)	Nine months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues	
				2011	2010
Transaction and clearing fees	\$ 1,636	\$ 1,632	%	73%	74%
Market data	147	149	(1)%	6%	7%
Listing	334	315	6%	15%	14%
Other revenues	129	109	18%	6%	5%
Total revenues	2,246	2,205	2%	100%	100%
Transaction-based expenses:					
Section 31 fees	287	239	20%	13%	11%
Liquidity payments, routing and clearing	951	1,035	(8)%	42%	47%
Total revenues, less transaction-based expenses	1,008	931	8%	45%	42%
Total other operating expenses	611	639	(4)%	27%	29%
Operating income	\$ 397	\$ 292	36%	18%	13%

For the nine months ended September 30, 2011, Cash Trading and Listings operating income increased \$105 million to \$397 million, and operating income as a

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percentage of revenues in 2011 increased 5 percentage points to 18%. The improved operating performance was primarily due to an increase in total revenues, less transaction-based expenses of \$77 million as a result of the growth in our listing and other non-transaction-based revenues and the favorable impact of foreign currency translation. Other operating expenses for the nine months ended September 30, 2011 decreased \$28 million reflecting the results of improved operating efficiencies.

**Information Services and Technology Solutions**

(in millions)	Nine months ended September 30,				
	2011	2010	Increase (decrease)	% of Revenues	
				2011	2010
Market data	\$ 99	\$ 94	5%	27%	28%
Technology services	264	236	12%	73%	72%
Total revenues	363	330	10%	100%	100%
Total other operating expenses	272	284	(4)%	75%	86%
Operating income	\$ 91	\$ 46	98%	25%	14%

For the nine months ended September 30, 2011, Information Services and Technology Solutions operating income increased \$45 million to \$91 million, and operating income as a percentage of revenues in 2011 increased 11 percentage points to 25%. The increase was primarily due to higher revenues in our connectivity business and lower operating expenses as a result of improved operating efficiencies.

**Corporate / Eliminations**

(in millions)	Nine months ended September 30,		
	2011	2010	Increase (decrease)
Other revenues	\$ (2)	\$ (1)	(100)%
Total revenues	(2)	(1)	(100)%
Total other operating expenses	145	112	29%
Operating (loss) income	\$ (147)	\$ (113)	30%

Corporate and eliminations include unallocated costs primarily related to corporate governance, public company expenses, duplicate costs associated with migrating our data centers and costs associated with our pension, SERP and postretirement benefit plans and intercompany eliminations of revenues and expenses. Operating expenses for the nine months ended September 30, 2011 increased \$33 million to \$145 million primarily due to merger expenses related to the proposed business combination with Deutsche Börse.

**Non-Operating Income and Expenses****Interest Expense**

Interest expense is primarily attributable to the interest expense on the debt incurred in connection with \$750 million of fixed rate bonds due in June 2013 and 1,000 million of fixed rate bonds due in June 2015. See Liquidity and Capital Resources .

**Investment Income**

Investment income is primarily attributable to our average cash and investment balances, change in interest rates and foreign currency rates. For the nine months ended September 30, 2011, investment income increased \$2 million to \$4 million as compared to the same period a year ago.

**Loss from Associates**

For the nine months ended September 30, 2011, the loss from associates was primarily due to the operations of NYPC, which recently became operational but remains in a loss position.

**Other Income**

For the nine months ended September 30, 2011 and 2010, other income was \$0 million and \$53 million, respectively. Other income consists primarily of foreign exchange gains and losses and dividends on certain investments, which may vary period over period. For the nine months ended September 30, 2010, we recognized a \$56 million one-time gain on the sale of our equity interest in the National Stock Exchange of India.

**Noncontrolling Interest**

For the nine months ended September 30, 2011 and 2010, NYSE Euronext recorded noncontrolling interest losses of \$2 million and \$15 million, respectively. Following the June 29, 2011 sale of a significant interest in NYSE Amex Options, \$11 million of profits generated by that venue were shared with our partners in the nine months ended September 30, 2011. This was more than offset by losses of NYSE Liffe US, which is still in its initial phase of launch.

**Income Taxes**

For the nine months ended September 30, 2011 and 2010, NYSE Euronext provided for income taxes at an estimated tax rate of 20.0% and 21.9%, respectively. For the nine months ended September 30, 2011, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to a discrete deferred tax benefit of \$40 million related to an enacted reduction in the corporate tax rate from 27% to 25% in the United Kingdom and higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate.

**Table of Contents****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 nine months ended September 30, 2011, net cash provided by operating activities was \$675 million, representing primarily net income of \$506 million and an increase in working capital of \$19 million. Capital expenditures for the nine months ended September 30, 2011 were \$116 million.

*Net financial indebtedness*

As of September 30, 2011, NYSE Euronext had approximately \$2.1 billion in debt outstanding and \$0.4 billion of cash, cash equivalents and financial investments, resulting in \$1.7 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):

	<b>September 30, 2011</b>	<b>December 31, 2010</b>
Cash and cash equivalents	\$ 340	\$ 327
Financial investments	30	52
<b>Cash, cash equivalents and financial investments</b>	<b>370</b>	<b>379</b>
Short term debt	31	366
Long term debt	2,084	2,074
<b>Total debt</b>	<b>2,115</b>	<b>2,440</b>
<b>Net indebtedness</b>	<b>\$ 1,745</b>	<b>\$ 2,061</b>

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 September 30, 2011, NYSE Euronext's main debt instruments were as follows (in millions):

	<b>Principal amount as of September 30, 2011</b>	<b>Maturity</b>
4.8% bond in U.S. dollar	\$ 750	June 30, 2013
5.375% bond in Euro	1,000 (\$1,345)	June 30, 2015

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 September 30, 2011, NYSE Euronext had no debt outstanding 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.

The commercial paper program is backed by a \$2.0 billion 5-year syndicated revolving bank facility maturing on April 4, 2012. This bank facility is also available for general corporate purposes and was not drawn as of September 30, 2011. On September 15, 2008, the amount of commitments readily available to NYSE Euronext under this 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. The commercial paper program and the bank facility 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 August 2006, prior to the combination with NYSE Group, Euronext entered into a \$300 million revolving credit facility available for general corporate purposes, which matured on August 4, 2011.

In 2008, NYSE Euronext issued \$750 million of 4.8% fixed rate bonds due in June 2013 and \$750 million of 5.375% fixed rate bonds due in June 2015 in order to, among other things, refinance outstanding commercial paper and lengthen the maturity profile of its debt. In 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.

**Table of Contents***Share repurchase program*

In 2008, our board of directors authorized the repurchase of up to \$1 billion of our common stock. Under the program, we may repurchase stock from time to time at the discretion of management in open market or privately negotiated transactions or otherwise, subject to applicable U.S. or European laws, regulations and approvals, strategic considerations, market conditions and other factors. This stock repurchase plan does not obligate us to repurchase any dollar amount or number of shares of our common stock and any such repurchases will be made in compliance with the applicable laws and regulations, including rules and regulations of the SEC and applicable EU regulations and regulations of the AMF.

In 2008, NYSE Euronext repurchased 13.4 million shares at an average price of \$26.04 per share. No shares were repurchased in 2009, 2010 and through the first nine months of 2011.

On October 27, 2011, NYSE Euronext announced its intention to resume its repurchases of up to \$100 million of common stock in the fourth quarter of 2011.

**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 generally not applicable to companies that transfer to one of our U.S. securities exchanges from another market, except for companies transferring to NYSE Amex from the over-the-counter 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 Subtopic 605 in the Software Topic of the FASB Accounting Standards Codification, which involves significant judgment. The technology services revenues in our condensed consolidated statement of operations include revenues generated from the sale of software licenses, software related services as well as hardware components. We enter into multiple-element sales arrangements to provide technology solutions and services to our customers. In such arrangements, we first allocate the total arrangement consideration based on the relative selling prices of the software group of elements as a whole and to the non-software elements. We then further allocate consideration within the software group to the respective elements within that group in accordance with Subtopic 605 in the Software Topic of the FASB Accounting Standards Codification and accounting standards updates described below in the *Recent Adopted Accounting Guidance* section. We recognize revenues upon delivery of non-software elements of our technology solutions and services. For software license arrangements that do not require customization or significant modification of the underlying software, we recognize revenues when (i) we enter into a legally binding agreement with a customer for the license of software, (ii) we deliver the products and (iii) customer payment is determinable and free of significant uncertainties or contingencies. Most of our arrangements are recognized in this manner. For software license arrangements that require customization or significant modification, we generally recognize revenues upon delivery provided the acceptance terms are perfunctory and all other revenue recognition criteria have been met. For revenues associated with maintenance and support, we recognize it ratably over the term of the arrangement, typically one to two years.

***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



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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 Derivatives and Hedging Topic of the FASB Accounting Standards Codification. The Derivatives and Hedging Topic 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.

***Recent Adopted Accounting Guidance***

The FASB issued Accounting Standards Update (ASU) 2009-13, *Multiple-Deliverable Revenue Arrangements*, which supersedes certain provisions in Subtopic 25 in the Revenue Recognition Topic of the Codification. ASU 2009-13 requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. It also eliminates the use of the residual method of allocation, which was allowed under previous guidance and requires the use of the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverable subject to the Subtopic 25 in the Revenue Recognition Topic. ASU 2009-13 also requires both ongoing disclosures regarding an entity's multiple-element revenue arrangements as well as certain transitional disclosures during periods after adoption. This new guidance became effective on or after June 15, 2010. NYSE Euronext adopted this provision on January 1, 2011, and it did not have a significant impact on our condensed consolidated financial statements.

The FASB issued ASU 2009-14, *Certain Revenue Arrangements That Include Software Elements*, which amends certain provisions in Subtopic 605 in the Software Topic of the Codification. The amendments in ASU 2009-14 change revenue recognition for tangible products containing software elements and non-software elements as follows: (1) the tangible element of the product is always outside the scope of Subtopic 605 in the Software Topic (2) the software elements of tangible products are outside of the scope of Subtopic 605 in the Software Topic when the software elements and non-software elements function together to deliver the product's essential functionality and (3) undelivered elements in the arrangement related to the non-software components also are excluded from the software revenue recognition guidance. ASU 2009-14 applies to transactions that contain both software and non-software elements. For these transactions, companies will have to go through a two-step process for the software elements. First, a company has to allocate the total consideration to separate units of account for the non-software elements and software elements as a group, using relative selling-price method. Second, the amount allocated to the software elements as a group will then be accounted for in accordance with the requirements in Subtopic 605 in the Software Topic of the Codification. This may require the use of Residual Method of allocation if VSOE (vendor specific objective evidence) or TPE (third party evidence) does not exist for the undelivered elements. This new guidance became effective on or after June 15, 2010, and it is also applicable to existing arrangements that are materially modified after the effective date. NYSE Euronext adopted this provision on January 1, 2011, and it did not have a significant impact on our condensed consolidated financial statements.

***Recently Issued Accounting Guidance***

The FASB issued ASU 2011-05, *Presentation of Comprehensive Income*, which amends certain provisions in Subtopic 220-10 in the Comprehensive Income Topic of the Codification. The amendments in ASU 2011-05 require that the statement of changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The amendments in ASU 2011-05 do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments also do not change the option for an entity to present components of other comprehensive income either

net of related tax effects or before related tax effects, with one amount shown for the aggregate income tax expense or benefit related to the total of other comprehensive income items. In both cases, the tax effect for each component must be disclosed in the notes to the financial statements or presented in the statement in which other comprehensive income is presented. These amendments should be applied retrospectively and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011.

The FASB issued ASU 2011-08, *Testing Goodwill for Impairment*, which amends certain provisions in Subtopic 350-20 in the Intangibles – Goodwill and Other Topic of the Codification. The amendments in ASU 2011-08 provide changes to the goodwill impairment guidance that are intended to reduce the cost and complexity of the annual impairment test. The changes allow entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The new qualitative indicators replace those currently used to determine whether an interim goodwill impairment test is required. In addition, the indicators will be applicable for assessing whether to perform step two for reporting units with zero or negative carrying amounts. These amendments will be effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Earlier adoption is permitted. NYSE Euronext is assessing the impact of ASU 2011-08 on our 2011 impairment testing methodology.

### **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 analyses to determine the effects that market risk exposures may have. 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

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exposure to interest rate risk as of September 30, 2011 (in millions of U.S. dollars):

	Financial assets	Financial liabilities	Net Exposure	Impact(2) of a 100 bp adverse shift in interest rates(3)
<b>Floating rate(1) positions in</b>				
Dollar	\$ 90	\$ 12	\$ 78	\$ (0.8)
Euro	36	18	18	(0.2)
Sterling	213		213	(2.1)
<b>Fixed rate positions in</b>				
Dollar		749	(749)	(13.2)
Euro		1,335	(1,335)	(48.1)
Sterling				

(1) Includes floating rate, fixed rate with an outstanding maturity or reset date falling in less than one year and fixed rate swapped to floating rate.

(2) Impact on profit and loss for floating rate positions (cash flow risk) and on equity until realization in profit and loss for fixed rate positions (price risk).

(3) 100 basis points parallel shift of yield curve.

NYSE Euronext is exposed to price risk on its outstanding fixed rate positions. As of September 30, 2011, fixed rate positions in U.S. dollar and in euro with an outstanding maturity or reset date falling in more than one year amounted to \$749 million and \$1,335 million, respectively. A hypothetical shift of 1% in the U.S. dollar or in the euro interest rate curves would in the aggregate impact the fair value of these positions by \$13.2 million and \$48.1 million, respectively.

NYSE Euronext is exposed to cash flow risk on its floating rate positions. Because NYSE Euronext is a net lender in U.S. dollar, euro and sterling, when interest rates in U.S. dollar, euro or sterling decrease, NYSE Euronext's net interest and investment income decreases. Based on September 30, 2011 positions, a hypothetical 1% decrease in U.S. dollar, euro or sterling rates would negatively impact annual income by \$0.8 million, \$0.2 million and \$2.1 million, respectively.

**Currency risk**

As an international group, NYSE Euronext is subject to currency translation risk. A significant part of NYSE Euronext's assets, liabilities, revenues and expenses is recorded in euro and sterling. Assets, liabilities, revenues and expenses of foreign subsidiaries are generally denominated in the local functional currency of such subsidiaries. NYSE Euronext's exposure to foreign denominated earnings for the nine months ended September 30, 2011 is presented by primary foreign currency in the following table (in millions, except average rate):

	Nine months ended September 30, 2011	
	Euro	Sterling
Average rate in the period	\$ 1.4071	\$ 1.6147
Average rate in the same period one year before	\$ 1.3162	\$ 1.5339
Foreign denominated percentage of		
Revenues	17%	16%
Operating expenses	9%	14%
Operating income	47%	21%

Impact of the currency fluctuations <sup>(1)</sup> on		
Revenues	\$ 36.9	\$ 26.6
Operating expenses	16.5	19.4
Operating income	20.4	7.2

(1) Represents the impact of currency fluctuation for the nine months ended September 30, 2011 compared to the same period in the prior year.

NYSE Euronext's exposure to net investment in foreign currencies is presented by primary foreign currencies in the table below (in millions):

	<b>September 30, 2011</b>	
	<b>Position in euros</b>	<b>Position in sterling</b>
Assets	3,876	£ 2,725
of which is goodwill	1,042	1,073
Liabilities	1,972	384
of which is borrowings	1,004	
Net currency position before hedging activities	1,904	£ 2,341
Impact of hedging activities	193	146
Net currency position	2,097	£ 2,487
Impact on consolidated equity of a 10% decrease in the foreign currency exchange rates	\$ (282)	\$ (389)

At September 30, 2011, NYSE Euronext was exposed to net exposures in euro and sterling of 2.1 billion (\$2.8 billion) and £2.5 billion (\$3.9 billion), respectively. NYSE Euronext's borrowings in euro of 1.0 billion (\$1.3 billion) constitute a partial hedge of NYSE Euronext's net investments in foreign entities. As of September 30, 2011, NYSE Euronext also had a 193 million (\$263 million) euro/U.S. dollar and a £146 million (\$228 million) sterling/U.S. dollar foreign exchange contract outstanding. These contracts matured in October 2011. As of September 30, 2011, the fair value of these contracts was a \$3 million liability.

Based on September 30, 2011 net currency positions, a hypothetical 10% decrease of euro against dollar would negatively impact NYSE Euronext's equity by \$282 million and a hypothetical 10% decrease of sterling against dollar would negatively impact NYSE Euronext's equity by \$389 million. For the nine months ended September 30, 2011, currency exchange rate differences had a positive impact of \$23 million on NYSE Euronext's consolidated equity.

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***Credit risk***

NYSE Euronext is exposed to credit risk in the event of a counterparty default. NYSE Euronext limits its exposure to credit risk by rigorously selecting the counterparties with which it makes investments and executes agreements. Credit risk is monitored by using exposure limits depending on ratings assigned by rating agencies as well as the nature and maturity of transactions. NYSE Euronext's investment objective is to invest in securities that preserve principal while maximizing yields, without significantly increasing risk. NYSE Euronext seeks to substantially mitigate credit risk associated with investments by ensuring that these financial assets are placed with governments, well-capitalized financial institutions and other creditworthy counterparties.

An ongoing review is performed to evaluate changes in the status of counterparties. In addition to the intrinsic creditworthiness of counterparties, NYSE Euronext's policies require diversification of counterparties (banks, financial institutions, bond issuers and funds) so as to avoid a concentration of risk. Derivatives are negotiated with highly rated banks.

**Table of Contents****Item 4. Controls and Procedures**

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. No significant changes were made during the quarterly period ended September 30, 2011 in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) or in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

For the nine months ended September 30, 2011, the following supplements and amends our discussion set forth in Note 17 ( Commitments and Contingencies – Legal Matters ) to Item 8 of the Annual Report on Form 10-K filed by NYSE Euronext for the year ended December 31, 2010, and Note 10 ( Commitments and Contingencies ) of the Quarterly Reports on Form 10-Q filed by NYSE Euronext for the three months ended March 31, 2011 and the six months ended June 30, 2011, respectively, and no other matters were reportable during the period.

*IRS Notice*

Subsequent to an appeals conference in the matter, the Internal Revenue Service Appeals Office issued a determination on October 5, 2011 that there is no deficiency in the tax returns filed by NYSE for the years 2001, 2002 and 2003, thereby resolving the matter in favor of the NYSE.

In addition to the matters described above and in the prior disclosures 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 records accrued liabilities for litigation and regulatory matters when those matters represent loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, NYSE Euronext does not establish an accrued liability. As a litigation or regulatory matter develops, NYSE Euronext evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. 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 financial statements as a whole.

**Item 1A. Risk Factors**

For the nine months ended September 30, 2011, there were no material changes from the Risk Factors as previously disclosed in Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2010, and Part II, Item 1A. of our Quarterly Reports on Form 10-Q for the three months and six months ended March 31, 2011 and June 30, 2011, respectively, which disclosures are incorporated herein by reference, other than risks discussed below, which supplement the Risk Factors disclosed in such Annual Report and Quarterly Reports.

**Risk Factors Related to the Proposed Business Combination**

As previously disclosed in our Quarterly Report on Form 10-Q for the three months ended March 31, 2011, the Proposed Business Combination, if completed, would expose the Combined Company to various risks and uncertainties. Although the Combined Company will generally be subject to risks similar to those that we are already subject to in our existing businesses and to risks similar to those that Deutsche Börse is already subject to in its existing businesses, the Combined Company will also be subject to the risks described below. The completion of the Proposed Business Combination is subject to numerous approvals and conditions and we can provide no assurance that such approvals and conditions will be obtained or satisfied or that the Proposed Business Combination will be completed on a timely basis or at all.

*The Combined Company may be adversely affected by the pending financial reforms in Europe to a greater extent than NYSE Euronext may be as an independent company.*

As previously disclosed, the European Commission has proposed or is consulting on significant financial reforms on several subjects that could have a material adverse effect on our business if such reform proposals are adopted. See

Part I, Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2010, Risk Factors Risks Relating to Regulation We may be adversely affected by the new financial reform legislation in the United States and pending reforms in Europe. It is expected that market participants will change their behavior in response to these new regulations if they are adopted in Europe. NYSE Euronext and Deutsche Börse are highly dependent upon the levels and nature of activity on their exchanges and clearing houses, in particular the volume of financial instruments traded and cleared, the number of participants in the market, the relative attractiveness of the financial instruments traded on their exchanges and cleared in their clearing houses and similar factors. To the extent that these regulatory proposals are adopted and cause market participants to reduce the levels or restrict the nature of activity on NYSE Euronext's and/or Deutsche Börse's exchanges, and/or clearing houses, the business and cash flows, financial condition and results of operations of the Combined Company may be adversely affected. Furthermore, their international exchanges compete for listings in other jurisdictions. If any of the pending European legislation or any other legislation that might be adopted in the future adversely affects the legal and regulatory environment surrounding the markets that NYSE Euronext and Deutsche Börse operate, or the market perceptions thereof, it may make it difficult for their exchanges and/or clearing houses to compete with other competitors in different jurisdictions, which could have a material adverse effect on the Combined Company's business and cash flows, financial condition and results of operations. Because the Combined Company will have proportionally more of its operations located in Europe, and will therefore generate proportionally more of its revenues from European operations, than NYSE Euronext does as an independent company, if any of the pending European legislation is adopted, such legislation may have a more significant impact on the Combined Company's business and cash flows, financial condition and results of operations than it might have on NYSE Euronext if it continued to operate as an independent company.

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**Item 6. Exhibits**

**Exhibit No. Description**

31.1*	Certification of the principal executive officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2*	Certification of the principal financial officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1*	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350.
101.INS**	XBRL Report Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.PRE**	XBRL Taxonomy Presentation Linkbase Document
101.CAL**	XBRL Taxonomy Calculation Linkbase Document
101.LAB**	XBRL Taxonomy Label Linkbase Document

\* Furnished herewith.

\*\* As provided in Rule 406T of Regulation S-T, this information is deemed furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934, as amended.



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, NYSE Euronext has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

NYSE Euronext

Date: November 4, 2011

By: /s/ Michael Geltzeiler  
Michael Geltzeiler  
Group Executive Vice President and Chief  
Financial Officer  
NYSE Euronext

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