

NYSE Euronext  
Form 10-Q  
November 13, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(MARK ONE)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

OR

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

COMMISSION FILE NUMBER: 001-33392

**NYSE Euronext**

(Exact name of Registrant as specified in its charter)

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**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**20-5110848**  
(I.R.S. Employer  
Identification No.)

**11 Wall Street**

**New York, New York 10005**

(Address, including zip code, of Registrant's principal executive offices)

**(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 checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer   
Do not check if a smaller

Smaller reporting company

reporting company

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

As of November 10, 2008, the registrant had approximately 265 million shares of common stock, \$0.01 par value per share, outstanding.

**CERTAIN TERMS**

Throughout this report, unless otherwise specified or if the context otherwise requires:

Archipelago refers to, prior to and following the completion of its merger with the New York Stock Exchange, Inc., which occurred on March 7, 2006, Archipelago Holdings, Inc., a Delaware corporation, and, where the context requires, its predecessor, Archipelago Holdings, LLC, a Delaware limited liability company;

combination agreement refers to the Combination Agreement, dated as of June 1, 2006, as amended and restated as of November 24, 2006, by and among NYSE Group, Euronext, NYSE Euronext, and Jefferson Merger Sub, Inc., a Delaware corporation and a newly formed, wholly owned subsidiary of NYSE Euronext;

Euronext refers to Euronext N.V., a company organized under the laws of the Netherlands, including its subsidiaries;

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

NYSE Arca refers 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., where that specific term is used, refers to the entity registered as a U.S. national securities exchange (formerly known as the Pacific Exchange, Inc.);

NYSE Group refers to NYSE Group, Inc., a Delaware corporation, and its subsidiaries;

NYSE Alternext refers to NYSE Alternext US LLC, a Delaware limited liability company and an entity registered as a U.S. national securities exchange (formerly known as the American Stock Exchange LLC ( Amex )); and

NYSE Euronext, we, us, and our refers to NYSE Euronext, a Delaware corporation, and its subsidiaries.

### FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains statements that may constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, and the negative or other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. 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 our Annual Report on Form 10-K filed for the year ended December 31, 2007, 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 of all factors 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.

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 contained or referred to in this report.

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

(In millions, except per share data)

	September 30, 2008 (Unaudited)	December 31, 2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 682	\$ 934
Short term financial investments	470	557
Securities purchased under agreements to resell	1	9
Accounts receivable, net	787	489
Deferred income taxes	85	111
Other current assets	188	60
Current assets from discontinued operations (Note 4)	139	118
<b>Total current assets</b>	<b>2,352</b>	<b>2,278</b>
Property and equipment, net	677	519
Goodwill	5,212	4,687
Other intangible assets, net	6,805	7,180
Investments in associates	9	337
Deferred income taxes	471	384
Other assets	760	792
Non-current assets from discontinued operations (Note 4)	407	441
<b>Total assets</b>	<b>\$ 16,693</b>	<b>\$ 16,618</b>
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 827	\$ 761
Section 31 fees payable	40	169
Deferred revenue	235	124
Short term debt	1,402	2,164
Deferred income taxes	47	53
Current liabilities of discontinued operations (Note 4)	201	191
<b>Total current liabilities</b>	<b>2,752</b>	<b>3,462</b>
Accrued employee benefits	318	312
Deferred revenue	351	349
Long term debt	1,800	494
Deferred income taxes	2,258	2,295
Other liabilities	40	27
Non-current liabilities from discontinued operations (Note 4)	114	119
<b>Total liabilities</b>	<b>7,633</b>	<b>7,058</b>
Minority interest	16	176
Commitments and contingencies		
<b>Stockholders equity</b>		

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Common stock, \$0.01 par value, 800 shares authorized; 267 shares issued; 265 shares outstanding	3	3
Common stock held in treasury, at cost: 2 shares	(67)	(67)
Additional paid-in capital	8,326	8,319
Retained earnings	1,010	637
Accumulated other comprehensive (loss) income	(228)	492
<b>Total stockholders' equity</b>	<b>9,044</b>	<b>9,384</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 16,693</b>	<b>\$ 16,618</b>

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

## NYSE EURONEXT

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
<b>Revenues</b>				
Activity assessment	\$ 46	\$ 131	\$ 189	\$ 432
Cash trading	634	466	1,708	1,103
Derivatives trading	229	243	729	441
Listing	98	96	294	285
Market data	112	101	321	270
Software and technology services	47	24	107	74
Regulatory	8	29	36	136
Licensing, facility and other	31	36	102	100
Total revenues	1,205	1,126	3,486	2,841
Section 31 fees	(46)	(131)	(189)	(432)
Liquidity payments	(358)	(211)	(887)	(510)
Routing and clearing	(77)	(64)	(211)	(164)
Merger expenses and exit costs	(30)	(22)	(83)	(49)
Compensation	(168)	(166)	(480)	(443)
Systems and communications	(66)	(77)	(237)	(180)
Professional services	(44)	(27)	(106)	(75)
Depreciation and amortization	(65)	(66)	(181)	(168)
Occupancy	(37)	(31)	(96)	(83)
Marketing and other	(48)	(50)	(133)	(117)
Regulatory fine income	1	10	3	19
<b>Operating income from continuing operations</b>	267	291	886	639
Interest expense	(42)	(46)	(114)	(91)
Investment income	11	25	42	57
Gain on sale of equity investment		32	2	34
Income from associates	(1)	6		9
Other income	6	5	28	18
Income from continuing operations before income tax provision and minority interest	241	313	844	666
Income tax provision	(70)	(50)	(244)	(172)
Minority interest		(6)	(5)	(8)
<b>Income from continuing operations</b>	171	257	595	486
Income from discontinued operations (Note 4)	3	1	5	1
<b>Net income</b>	\$ 174	\$ 258	\$ 600	\$ 487
Diluted earnings per share				
Earnings per share, continuing operations	\$ 0.65	\$ 0.97	\$ 2.24	\$ 2.12
Earnings per share, discontinued operations	0.01		0.02	0.01
	\$ 0.66	\$ 0.97	\$ 2.26	\$ 2.13

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Basic earnings per share

Earnings per share, continuing operations	\$ 0.65	\$ 0.97	\$ 2.24	\$ 2.13
Earnings per share, discontinued operations	0.01		0.02	0.01
	\$ 0.66	\$ 0.97	\$ 2.26	\$ 2.14

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



## NYSE EURONEXT

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Nine months ended September 30,	
	2008	2007
<b>Cash flows from operating activities:</b>		
Net income	\$ 600	\$ 487
Income from discontinued operations	(5)	(1)
Income from continuing operations	595	486
<b>Adjustment to reconcile income from continuing operations to net cash provided by continuing operating activities:</b>		
Depreciation and amortization	191	184
Deferred income taxes	(11)	(62)
Deferred revenue amortization	(60)	(66)
Stock based compensation	38	24
Gain on sale of equity investment and businesses	(2)	(34)
Other non-cash items	1	22
<b>Change in operating assets and liabilities:</b>		
Accounts receivable, net	(315)	46
Other assets	(176)	13
Accounts payable, accrued expenses and Section 31 fees payable	(28)	(370)
Deferred revenue	149	174
Accrued employee benefits	19	(12)
Net cash provided by continuing operating activities	401	405
<b>Cash flows from investing activities:</b>		
Euronext merger, net of cash acquired	(395)	(2,850)
Sales of investments	2,164	6,671
Purchases of investments	(2,203)	(6,072)
Sales of securities purchased under agreements to resell	17	19
Purchases of equity investments and businesses	(532)	(144)
Sale of equity investments and businesses	144	727
Purchases of property and equipment	(243)	(120)
Other investing activities	7	1
Net cash used in continuing investing activities	(1,041)	(1,768)
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	1,929	15
Commercial paper (repayments) borrowings, net	(1,551)	1,994
Bank overdraft borrowings, net	226	
Dividends to shareholders	(227)	(132)
Purchases of treasury stock	(1)	(1)
Repayment of other debt		(119)
Employee stock transactions	12	29
Principal payment of capital lease obligations	(5)	(6)
Net cash provided by continuing financing activities	383	1,780
Effects of exchange rate changes on cash and cash equivalents	14	50
Cash flows from discontinued operations:		
Net cash provided by operating activities of discontinued operations	32	16

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Net cash used in investing activities of discontinued operations	(28)	(23)
Net cash used in financing activities of discontinued operations	(13)	(10)
Net (decrease) increase in cash and cash equivalents for the period	(252)	450
Cash and cash equivalents at beginning of period	934	278
Cash and cash equivalents at end of period	\$ 682	\$ 728
<b>Non cash investing and financing activities:</b>		
Euronext merger	\$	\$ 6,644

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

**Note 1 Organization and Basis of Presentation**

**Organization**

NYSE Euronext is a holding company that, through its subsidiaries, operates the following securities exchanges: the NYSE, NYSE Arca, Inc. and NYSE Alternext in the United States and the five European-based exchanges that comprise Euronext the Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the Liffe derivatives markets in London, Paris, Amsterdam, Brussels and Lisbon. 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 and Euronext. NYSE Euronext common stock is dually listed on the NYSE and Euronext Paris under the symbol NYX. As of December 31, 2006 and up until April 4, 2007, NYSE Euronext had no significant assets and had not conducted any material activities other than those incidental to its formation. However, on April 4, 2007, upon the consummation of the combination of NYSE Group and Euronext, NYSE Euronext became the parent company of NYSE Group and Euronext and each of their respective subsidiaries.

**Basis of Presentation**

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

The business combination transaction between NYSE Group and Euronext has been treated as a purchase business combination for accounting purposes, with NYSE Group determined to be the business and accounting acquirer. As a result, the results of NYSE Group are the historical results of NYSE Euronext, prior to the business combination.

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

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

The condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of NYSE Euronext as of and for the year ended December 31, 2007. Operating results for the three and nine months ended September 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008.

The operations of GL Trade are reflected as discontinued (See Note 4).

**Note 2 Business Combinations, Other Acquisitions and Dispositions**

*Euronext*

On April 4, 2007, NYSE Group and Euronext combined their businesses under NYSE Euronext, a holding company formed for that purpose. On that date, NYSE Group became a wholly-owned subsidiary of NYSE Euronext.

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Also on April 4, 2007, NYSE Euronext acquired 91.4% of the share capital and 92.2% of the voting rights of Euronext through an exchange offer in which NYSE Euronext, through its indirect wholly owned subsidiary NYSE Euronext (Holding) N.V. ( NYSE Euronext (Holding) ), offered to acquire all of the outstanding shares of Euronext for 21.32 in cash and 0.98 of a share of NYSE Euronext common stock.

On April 2, 2007, NYSE Euronext commenced a second offer period to acquire Euronext shares that were not tendered during the initial exchange offer period. On April 27, 2007, the second offer period closed, resulting in NYSE Euronext's holding, through NYSE Euronext (Holding), 97.0% of the share capital and 97.7% of the voting rights of Euronext.

In May 2008, NYSE Euronext completed the statutory buy-out of the remaining Euronext shareholders who held approximately 2.3% of the shares of Euronext N.V. for an aggregate consideration of 252 million (\$395 million). As a result of this buy-out, Euronext N.V. and its subsidiaries are now wholly-owned by NYSE Euronext. Shares of Euronext N.V were delisted from Euronext Paris in connection with the completion of the statutory buy-out.

Under the purchase method of accounting, total merger consideration paid to Euronext shareholders in the exchange offer for outstanding shares of Euronext was approximately \$10.2 billion. The results of Euronext have been included in the consolidated results of operations since April 4, 2007.

The following is a summary of the purchase price in the Euronext combination (in millions, except per share data):

Euronext shares tendered	109 shares
Times	0.98(a)
Times	\$ 61.70(b)
Equity component	\$ 6,600
plus:	
Euronext shares tendered	109 shares
Times	\$ 28.54(a)
Cash component for shares tendered	\$ 3,115
Cash component for 2.3% Euronext N.V. shares	\$ 395
Acquisition costs	\$ 74
Fair value of stock, equity awards and other instruments	\$ 58
Total purchase price	\$ 10,242

- (a) Each tendered Euronext share was exchanged into 0.98 of a share of NYSE Euronext common stock and 21.32 (\$28.54) in cash.
- (b) Corresponding to the average closing stock price of NYSE Group common stock for the five-day period beginning two days before and ending after June 1, 2006 (the date the combination was agreed to and announced).

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The purchase price was allocated to the assets acquired and liabilities assumed based on the estimated fair value of Euronext net assets as of the combination date as follows (in millions):

Historical equity of Euronext	\$ 2,263
Elimination of Euronext's historical goodwill and intangibles	(1,066)
Fair value of identifiable intangible assets:	
National securities exchange registrations	5,377
Customer relationships	805
Trade names and other intangibles	185
Fair value adjustment of property and equipment	108
Fair value adjustment of equity method investments and investment in affiliates	136
Deferred tax impact of purchase accounting adjustments	(1,983)
Minority interest	37
Goodwill	4,380
 Total purchase price	 \$ 10,242

NYSE Euronext entered into a \$2.5 billion bridge facility to fund the cash portion of the consideration paid to Euronext shareholders in April 2007 in connection with the exchange offer. The bridge facility was subsequently redeemed using proceeds from the \$3.0 billion global commercial paper program launched by NYSE Euronext in April 2007. NYSE Euronext also entered into a \$3.0 billion syndicated revolving facility primarily used as a backstop for the global commercial paper program. This facility is also available for general corporate purposes and included a \$1.0 billion 364-day tranche that matured on April 2, 2008 and a \$2.0 billion 5-year tranche maturing on April 4, 2012. On April 2, 2008, the \$1.0 billion tranche was refinanced by a \$1.0 billion 364-day facility maturing on April 1, 2009. On September 15, 2008, the amount of commitments readily available to NYSE Euronext under the \$2.0 billion April 2012 facility decreased from \$2.0 billion to \$1,833 million as a result of the bankruptcy filing of Lehman Brothers Holdings Inc., which had provided a \$167 million commitment under this facility. The commercial paper program and the credit facilities include terms and conditions customary for agreements of this type, which may restrict NYSE Euronext's ability to engage in additional transactions or incur additional indebtedness.

In the second quarter of 2008, NYSE Euronext issued \$750 million of fixed rate bonds due in June 2013 and \$750 million (\$1,181 million) of 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. These bonds bear interest at a rate per annum of 4.8% and 5.375%, respectively. 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 change of control. The terms of the bonds also provide for customary events of default and a negative pledge covenant.

### *Pro Forma Results*

The following table provides pro forma results of operations as if the business combination transaction between NYSE Group and Euronext had been completed on January 1, 2007 (in millions, except per share data):

	<b>Nine months ended September 30, 2007</b>
Total revenues	\$ 3,203
Net income	\$ 529
Basic earnings per share	\$ 2.00
Diluted earnings per share	\$ 1.99

In 2008, NYSE Group initiated a voluntary resignation incentive plan (VRIP) and voluntary retirement plan which 235 employees accepted during the nine months ended September 30, 2008. NYSE Euronext incurred a charge of \$9 million and \$29 million for the three and nine months ended September 30, 2008, respectively, related to the VRIP and voluntary retirement plan. Additionally, as part of the business combination transaction between NYSE Group and Euronext, NYSE Euronext has undertaken efforts to eliminate employee positions. The following is a summary of the severance charges recognized in connection with these plans, utilization of the accrual through September 30, 2008 and the remaining accrual as of September 30, 2008 (in millions):

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	US Operations	European Operations
Balance as of December 31, 2007	\$ 3	\$ 11
Employee severance and related benefits	43	20
Severance and benefit payments	(12)	(20)
Balance as of September 30, 2008	\$ 34	\$ 11

Based on current severance dates and the accrued severance at September 30, 2008, NYSE Euronext expects to pay these amounts through December 31, 2009. Based on the scheduled departure dates of employees in the VRIP, NYSE Euronext anticipates incurring additional severance charges of approximately \$7 million for the remainder of fiscal 2008 and approximately \$9 million in fiscal 2009.

*Amex (now known as NYSE Alternext)*

On October 1, 2008, NYSE Euronext completed its acquisition of The Amex Membership Corporation ( MC ). NYSE Euronext acquired the business of MC, including its subsidiary Amex (now known as NYSE Alternext) and as a result of the completion of the transaction, (1) each holder of a regular membership of MC became entitled to receive approximately 8,100 shares of NYSE Euronext common stock and (2) each holder of an options principal membership of MC became entitled to receive approximately 7,200 shares of NYSE Euronext common stock, in each case, with any fractional shares to be paid in cash. A total of approximately 6.8 million shares of NYSE Euronext common stock were issued in the merger for \$260 million. In addition, each holder of a regular or options principal membership of MC will be entitled to receive additional consideration calculated by reference to the net proceeds, if any, from the sale of the NYSE Alternext headquarters in lower Manhattan, if such sale occurs within a specified period of time and certain conditions are satisfied.

The transaction enhances NYSE Euronext's scale in U.S. options, exchange traded funds, closed-end funds, structured products and cash equities.

In December 2008, it is anticipated that NYSE Alternext's equities trading platform will transition to NYSE Euronext technology and NYSE Alternext systems will be retired. In addition, NYSE Euronext plans to relocate NYSE Alternext's options trading floor operations to the NYSE options trading floor during the first quarter of 2009, and to transition from the NYSE Alternext-supported technology to NYSE Euronext-supported technology for electronic options trading. The migration to NYSE Euronext systems is expected to significantly improve the functionality and the customer experience across all NYSE Alternext offerings.

The results of operation and financial condition of NYSE Alternext will be consolidated within our statement of income and statement of financial condition commencing October 1, 2008.

*NYSE LIFFE*

NYSE Liffe, LLC, the new U.S. futures exchange of NYSE Euronext received Designated Contract Market or DCM status on August 21, 2008 and began trading of full and e-mini gold and silver futures and options on futures contracts on September 9, 2008. On October 14, 2008, NYSE Liffe selected The Options Clearing Corporation to provide clearing services. The precious metals contracts provide a point of entry for us into the U.S. futures market and complement our existing commodities franchise at Liffe.

*AEMS*

On August 5, 2008, NYSE Euronext completed the acquisition of the 50% stake in Atos Euronext Market Solutions (AEMS) previously owned by Atos Origin. Through the transaction, NYSE Euronext acquired (i) the NSC cash trading and LIFFE CONNECT<sup>®</sup> derivatives trading platform technology, and all of the management and development services surrounding these platforms, (ii) AEMS's third-party exchange technology business, and (iii) TRS/CPS, clearing software. The purchase price in the transaction was approximately 162 million (\$255 million), net of approximately 120 million (\$189 million) of cash acquired, and is subject to certain post-closing adjustments. The results of operations and financial condition of AEMS have been consolidated within our statement of income and statement of financial results subsequent to the August 5, 2008, acquisition. Following the transaction, the third-party exchange technology business became part of our Advanced Trading Solutions business while the remaining businesses acquired have been renamed to NYSE Euronext Technology (NYXT).

*FINRA*

On July 30, 2007 NYSE Group and NYSE Regulation, Inc. ( NYSE Regulation ), each wholly owned subsidiaries of NYSE Euronext, entered into and completed an asset purchase agreement with National Association of Securities Dealers, Inc. ( NASD ) pursuant to which the member firm regulatory functions of NYSE Regulation, including related enforcement activities, risk assessment and the arbitration service (collectively, the Transferred Operations ), were consolidated with those of the NASD. The consolidated organization is known as Financial Industry Regulation Authority, Inc. ( FINRA ).

The transaction involved the transfer to FINRA of the assets and liabilities associated with the Transferred Operations (including related expenses and revenues and approximately 427 employees), the sublease to FINRA of office space at 20 Broad Street and 14 Wall Street in New York City, and the provision by NYSE Group of certain security and facilities services to the FINRA locations at 20 Broad Street and 14 Wall Street for a five-year period. NYSE Group received total consideration of \$41 million at closing and realized a \$32 million gain.

*Qatar*

On June 24, 2008, NYSE Euronext and the State of Qatar announced that pursuant to the terms of a shareholders agreement between NYSE Euronext and the Qatar Investment Authority (QIA), NYSE Euronext has agreed to acquire 25% ownership interest of Doha Securities Market or its successor (DSM) for \$250 million. The State of Qatar will retain the remaining 75% ownership of DSM through the QIA. Under the terms

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of the shareholders agreement, NYSE Euronext will be responsible for providing management services and technology in accordance with terms to be negotiated by the parties and set forth in definitive documentation. The closing of the transaction is expected to take place during the fourth quarter of 2008, subject to the completion of documentation and regulatory approvals.

### **Note 3 Segment Reporting**

Subsequent to the business combination transaction between NYSE Group and Euronext, NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. NYSE Euronext evaluates segment performance primarily based on operating income.

The U.S. Operations consist of (i) obtaining new listings and servicing existing listings; (ii) providing access to trade execution in cash equities, options and futures; (iii) selling market and related information and distributing market information to data subscribers; (iv) issuing trading licenses; (v) providing data processing operations; (vi) providing regulatory services in the U.S. markets and (vii) providing trading technology, software and connectivity to end-users.

European Operations consist of (i) the management of trading in all cash products as well as a wide range of derivatives products and bonds and repos; (ii) listing of cash instruments; (iii) the sale of market data and related information; (iv) settlement of transactions and the safe-custody of physical securities in the European markets and (v) providing electronic trading solutions as well as software and connectivity to end-users.

As NYSE Euronext progresses towards the integration of its NYSE Group and Euronext businesses, management will continue to assess its segment reporting structure and may, if and when appropriate, decide to revise its segment reporting upon completion of certain integration milestones.



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

Three months ended September 30, 2008	U.S. Operations	European Operations	Corporate items and eliminations	Consolidated
Revenues	\$ 764	\$ 441	\$	\$ 1,205
Operating income (loss) from continuing operations	79	196	(8)	267
2007				
Revenues	\$ 695	\$ 431	\$	\$ 1,126
Operating income (loss) from continuing operations	96	204	(9)	291
Nine months ended September 30, 2008	U.S. Operations	European Operations	Corporate items and eliminations	Consolidated
Revenues	\$ 2,136	\$ 1,350	\$	\$ 3,486
Operating income (loss) from continuing operations	283	638	(35)	886
2007				
Revenues	\$ 2,053	\$ 788	\$	\$ 2,841
Operating income (loss) from continuing operations	301	360	(22)	639

**Note 4 Discontinued Operations**

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Revenues	\$ 82	\$ 72	\$ 248	\$ 138
Income before income tax provision and minority interest	\$ 12	\$ 7	\$ 31	\$ 14
Income tax provision	(2)	(2)	(10)	(5)
Minority interests	(7)	(4)	(16)	(8)
Income from discontinued operations	\$ 3	\$ 1	\$ 5	\$ 1

The following table summarizes the assets and liabilities of GL Trade:

	September 30, 2008	December 31, 2007
Cash and equivalents	\$ 58	\$ 30
Accounts receivable, net	81	77
Goodwill	294	365
Other intangible assets, net	41	46
Other assets	72	41
Total assets	\$ 546	\$ 559

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Accounts payable and accrued expenses	\$	86	\$	82
Deferred revenue		75		81
Short term debt		40		28
Long term debt		16		27
Deferred income taxes		31		37
Minority interests		67		55
Total liabilities	\$	315	\$	310

**Note 5 Earnings and Dividends Per Share**

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

	Three months ended		Nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Net income				
Continuing operations	\$ 171	\$ 257	\$ 595	\$ 486
Discontinued operations	3	1	5	1
Net income	\$ 174	\$ 258	\$ 600	\$ 487
Shares of common stock and common stock equivalents: Weighted average shares used in basic computation	266	265	266	227
Dilutive effect of: Employee stock options and restricted stock units		1		1
Weighted average shares used in diluted computation	266	266	266	228
Basic earnings per share:				
Continuing operations	\$ 0.65	\$ 0.97	\$ 2.24	\$ 2.13
Discontinued operations	0.01		0.02	0.01
Basic earnings per share	\$ 0.66	\$ 0.97	\$ 2.26	\$ 2.14
Diluted earnings per share:				
Continuing operations	\$ 0.65	\$ 0.97	\$ 2.24	\$ 2.12
Discontinued operations	0.01		0.02	0.01
Diluted earnings per share	\$ 0.66	\$ 0.97	\$ 2.26	\$ 2.13
Dividends per common share	\$ 0.30	\$ 0.25	\$ 0.85	\$ 0.50

As of September 30, 2008 and 2007, 2.9 million and 2.3 million restricted stock units, respectively, and options to purchase 0.7 million and 1.6 million shares of common stock, respectively, were outstanding. For the three and nine months ended September 30, 2008, 1.5 million and 0.9 million awards, respectively, 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, 2007, 0.3 million awards were excluded from the diluted earnings per share computation because their inclusion 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):

	Pension Plans		SERP Plans		Postretirement Benefit Plans	
	Three months ended September 30,					
	2008	2007	2008	2007	2008	2007
Service cost	\$ 1	\$ 1	\$	\$	\$ 1	\$ 1
Interest cost	11	11	1	1	3	3
Expected return on assets	(16)	(15)				
Recognized net actuarial loss					(1)	
Plan amendment		4				
Curtailement		(1)				
Net periodic (benefit) cost	\$ (4)	\$	\$ 1	\$ 1	\$ 3	\$ 4

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	Pension Plans		SERP Plans		Postretirement Benefit Plans	
	Nine months ended September 30,					
	2008	2007	2008	2007	2008	2007
Service cost	\$ 3	\$ 2	\$	\$ 1	\$ 3	\$ 3
Interest cost	33	30	3	3	9	9
Expected return on assets	(48)	(43)				2
Recognized net actuarial loss		4			(3)	
Curtailement		(1)	1		7	(13)

Net periodic (benefit) cost \$ (12) \$ (8) \$ 4 \$ 4 \$ 16 \$ 1

During the three and nine months ended September 30, 2008, NYSE Euronext contributed \$3.5 million to its pension plans. Based on current actuarial assumptions, NYSE Euronext anticipates funding an additional \$1.5 million to the pension plans for the remainder of fiscal 2008.

*Curtailement to the Plans*

For the nine months ended September 30, 2008, NYSE Euronext recorded a \$7 million curtailement loss as a result of various employee actions, including the VRIP, on its US benefit plans. For the nine months ended September 30, 2007, NYSE Euronext recorded a \$13 million curtailement gain as a result of the elimination of certain components of the OPEB plans.

**Note 7 Fair Value of Financial Instruments**

NYSE Euronext accounts for certain financial instruments at fair value, including available-for-sale instruments, derivatives instruments and certain debt instruments. NYSE Euronext adopted the provisions of FAS 157, Fair Value Measurements, in the first quarter of 2008. FAS 157 defines fair value, establishes a fair value hierarchy on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.

In accordance with FAS 157, NYSE Euronext has categorized its financial instruments measured at fair value into the following three-level fair value hierarchy based upon the level of judgment associated with the inputs used to measure the fair value:

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

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

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

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

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

	Assets & liabilities measured at fair value as of September 30, 2008			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments	\$ 99	\$ 183	\$	\$ 282
Other assets	44			44
<b>Liabilities</b>				
Derivatives		3		3

The difference between the total financial assets and liabilities as of September 30, 2008 presented in the table above and the related amounts in the condensed consolidated statement of financial condition is primarily due to investments recorded at cost or adjusted cost such as non-quoted equity securities, bank deposits and other interest rate investments, and to debt instruments recorded at amortized cost.

**Note 8 Goodwill and Other Intangible Assets**

The following table presents the details of the acquired intangible assets and goodwill by reportable segments as of September 30, 2008 (in millions):

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	U.S. Operations			European Operations		
	Estimated fair value	Accumulated Amortization	Useful Life (in years)	Estimated fair value	Accumulated Amortization	Useful Life (in years)
National securities exchange registrations	\$ 527	\$	Indefinite	\$ 5,326	\$	Indefinite
Customer relationships	54	6	10 to 20	789	59	7 to 20
Trade names and other	49	6	20	177	45	2 to 20
Other intangibles	\$ 630	\$ 12		\$ 6,291	\$ 104	
Goodwill	\$ 756			\$ 4,456		

For the three and nine months ended September 30, 2008, amortization expense for the intangible assets was approximately \$16 million and \$47 million, respectively. Change in goodwill primarily reflects foreign currency fluctuations and current business combinations (see Note 2).

The estimated future amortization expense (excluding the impact of future foreign exchange rate changes) of acquired purchased intangible assets as of September 30, 2008 was as follows (in millions):

Year ending December 31,	
Remainder of 2008 (from October 1st through December 31st)	\$ 13
2009	53
2010	53
2011	53
2012	53
Thereafter	728
<b>Total</b>	<b>\$ 953</b>

**Note 9 Commitments and Contingencies**

On June 25, 2008, the New York Court of Appeals entered an order affirming the May 2007 order of the Appellate Division of the New York Supreme Court ( Appellate Division ) dismissing four of the six claims asserted against Mr. Grasso by the New York Attorney General ( NYAG ). Both the Appellate Division and Court of Appeals concluded that those four claims were not expressly authorized under the New York Not-for-Profit Corporation Law ( N-PCL ), and thus the NYAG lacked authority to assert them.

On July 1, 2008, the Appellate Division entered an order relating to various rulings made by the lower court in October 2006. In relevant part, the Appellate Division reversed the lower court's granting of partial summary judgment for the NYAG against Mr. Grasso, ruling that the lower court erred in determining that Mr. Grasso had breached his fiduciary duties to the NYSE. The Appellate Division also ruled that the lower court erred in holding that the NYAG had authority to continue to pursue its N-PCL claims against Messrs. Grasso and Langone after the NYSE converted in 2006 into a for-profit entity. Accordingly, the Appellate Division directed that the N-PCL claims against Messrs. Grasso and Langone be dismissed. The Appellate Division also affirmed the lower court's ruling that granted summary judgment to the NYSE and John Reed on Mr. Grasso's cross-claims for breach of contract and defamation. On July 16, 2008, the lower court, pursuant to a stipulation filed by the NYAG and the NYSE, dismissed with prejudice the NYAG's remaining claim against NYSE (which had sought declaratory relief only).

On July 31, 2008, a stipulation was filed with the Supreme Court of New York in which the NYAG, Mr. Grasso and the NYSE agreed that no party would appeal the Appellate Division's July 1, 2008 decision which, among other things, had affirmed the dismissal of Mr. Grasso's contract claims and defamation claims against NYSE.

At December 31, 2003, the NYSE accrued compensation expense amounting to \$36.0 million related to Mr. Grasso. Based upon the final termination of any claims by Mr. Grasso against the NYSE, no additional payments were or will be made, and the above-referenced accrual was reversed and included in compensation in the condensed consolidated statements of income for the nine months ended September 30, 2008.

On August 20, 2008, the plaintiffs in the Sea Carriers matter (a matter related to In re NYSE Specialists Securities Litigation) voluntarily dismissed without prejudice that class action complaint, which asserted violations of federal antitrust and securities laws and common law in connection with the placing of market orders through NYSE's SuperDOT order routing system.

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 does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its operating results or financial condition.

**Note 10 Income taxes**

For the three and nine months ended September 30, 2008, NYSE Euronext's effective tax rate is lower than statutory rate primarily due to foreign operations and the reorganization of certain of our businesses. The applicable tax rate was 29% for both the three and nine months ended September 30, 2008. For the three and nine months ended September 30, 2007, NYSE Euronext effective tax rate included a \$55 million discrete deferred tax benefit related to an enacted reduction in corporate tax rate from 30% to 28% in the United Kingdom. The applicable tax rate for the three and nine months ended September 30, 2007 was 16% and 26%, respectively, due to this change.

**Note 11 Related Party Transactions***AEMS*

On August 5, 2008, NYSE Euronext completed the acquisition of the 50% stake in AEMS previously owned by Atos Origin (see Note 2). Prior to the acquisition, NYSE Euronext outsourced the information technology requirements of its European Operations, such as development and maintenance of information technology applications and use of resources and software to AEMS. AEMS provided information technology services to NYSE Euronext pursuant to a services agreement, dated July 2005, between it, Euronext and Atos Origin, which was entered into at the time of the formation of AEMS. Under separate service level agreements, NYSE Euronext also invoiced AEMS for the use of resources of NYSE Euronext.

*FINRA*

As part of the July 30, 2007 asset purchase agreement with FINRA, FINRA and NYSE Group have entered into service agreements with FINRA and its affiliates. Based on these service agreements, FINRA provides certain regulatory services to NYSE Group and its affiliates (see Note 2).

*LCH.Clearnet*

As of September 30, 2008, NYSE Euronext used the services of LCH.Clearnet for clearing transactions executed on its European cash markets and Liffe, and the services of Euroclear for settling transactions on its cash markets (except in Portugal).

On July 27, 2007, LCH.Clearnet redeemed all of the outstanding LCH.Clearnet redeemable convertible preference shares held by NYSE Euronext, and repurchased a portion of LCH.Clearnet ordinary shares held by NYSE Euronext for 399 million (\$548 million). On June 11, 2008, LCH.Clearnet purchased an additional 6 million ordinary shares from NYSE Euronext for 62 million (\$97 million). As of September 30, 2008, NYSE Euronext retains a 5% stake in LCH.Clearnet's outstanding share capital and the right to appoint one director to LCH.Clearnet's board of directors (see Note 13 regarding the LiffeClear arrangements).

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

Income (expenses)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
AEMS(1)	\$ (10)	\$ (45)	\$ (91)	\$ (95)
FINRA	5	4	16	4
LCH.Clearnet	1	19	4	39

(1) Through August 5, 2008.

**Note 12 Other Comprehensive Income**

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

Income (expenses)	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income	\$ 174	\$ 258	\$ 600	\$ 487
Change in market value adjustments of available-for-sale securities	(40)	(2)	(91)	(2)
Employee benefit plan adjustments	(4)		(11)	1
Foreign currency translation adjustments	(1,028)	294	(617)	394
Total comprehensive (loss) income	\$ (898)	\$ 550	\$ (119)	\$ 880

**Note 13 Subsequent Events**



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Subsequent to its October 1, 2008 acquisition of Amex (see Note 2), NYSE Euronext commenced its repurchase of up to \$1 billion of its common stock. The plan was announced on March 18, 2008. NYSE Euronext plans to continue to repurchase stock from time to time at the discretion of management in open market or privately negotiated transactions or otherwise, subject to applicable United States and European laws, regulations and approvals, strategic considerations, market conditions and other factors. As of November 10, 2008, NYSE Euronext had repurchased 7.7 million shares at an average price of \$29.11 per share.

Also as previously disclosed on July 31, 2008, effective upon the Amex acquisition, the board of directors of NYSE Euronext approved the removal of the transfer restrictions on the remaining 41.8 million shares issued as part of the business combination transaction between New York Stock Exchange, Inc. and Archipelago Holdings, Inc., which was completed on March 7, 2006. Accordingly, on October 1, 2008, the transfer restrictions on these shares were released. These shares were previously restricted until March 2009.

In October 2008, NYSE Euronext received 161.6 million (\$227.5 million) from the sale of its 40% ownership stake in GL Trade to SunGard (see Note 4).

On October 31, 2008, NYSE Euronext announced that its derivatives subsidiary, LIFFE Administration & Management ( LIFFE ), is to take full responsibility for clearing activities in its London market, subject to regulatory approval, with the target of beginning operations in the first quarter of 2009. To achieve this, LIFFE will become a self-clearing Recognised Investment Exchange and will outsource certain clearing functions to LCH.Clearnet Ltd. ( LCH.Clearnet ). LIFFE has entered into binding agreements with LCH.Clearnet to terminate its current clearing arrangements and to establish the new arrangements, known as LiffeClear . As part of the termination of its current clearing arrangements with LCH.Clearnet, NYSE Euronext will make a one-time 260 million (approximately \$326 million) payment to LCH.Clearnet. It is expected that the transaction will have a positive impact on earnings from 2009.

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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, as well as the forward looking statements described under Forward-Looking Statements. Certain prior period amounts presented in the discussion and analysis have been reclassified to conform to the current presentation.

**Overview**

NYSE Euronext was organized on May 22, 2006 in connection with 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 incident to its formation. Following the 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 acquirer in the combination with Euronext.

Following the combination of the businesses of NYSE Group and Euronext, NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. NYSE Euronext evaluates segment performance primarily based on operating income. NYSE Euronext's U.S. Operations consist of (i) obtaining new listings and servicing existing listings, (ii) providing access to trade execution in cash equities, options and futures, (iii) selling market data and related information and distributing market information to data subscribers, (iv) issuing trading permits, (v) providing data processing operations, (vi) providing regulatory services with respect to NYSE Euronext's U.S. markets and (vii) providing trading technology, software and connectivity to end-users. NYSE Euronext's European Operations consist of (i) providing access to trade execution in all cash products as well as a wide range of derivatives products, (ii) providing listing services, (iii) selling market data and related information, (iv) providing transaction settlement and for the safe-custody of physical securities in the European markets and (v) providing electronic trading solutions as well as software and connectivity to end-users. The results of operations and financial condition from NYSE Alternext will be included in the consolidated financial statements beginning October 1, 2008 (see Note 2 to the condensed consolidated financial statements). For a discussion of these segments, see Note 3 to the condensed consolidated financial statements.

As NYSE Euronext progresses towards the integration of these businesses, management will continue to assess its segment reporting structure and may, if and when appropriate, decide to revise its segment reporting upon completion of certain integration milestones.

**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, broad trends in the brokerage and finance industry, price levels and price volatility, the number and financial health of companies listed on NYSE Euronext's cash markets, changing technology in the financial services industry, legislative and regulatory changes, and competition, among other factors. In particular, in recent years, the business environment has been characterized by increasing competition among global markets for trading volumes and listings, the globalization of exchanges, customers and competitors, market participants' demand for speed, capacity and reliability, which requires continuing investment in technology, and increasing competition for market data revenues. For example, while total trading volumes have been increasing, the growth of our trading and market data revenues could be adversely impacted if we are unsuccessful in attracting additional volumes. The maintenance and growth of our revenues could also be impacted if we face intense pressure on pricing.

As previously mentioned, our business is sensitive to market conditions. Equity market indices declined from a year ago and since the end of the first quarter, all indices have continued to decline. Lower levels of economic activity and uncertainty regarding the capital markets may result in a decline in trading volume and deterioration of the economic welfare of our listed companies, which may adversely affect our revenues and future growth. Declines in volumes may impact our market share or pricing structures.

The quarter brought turmoil in the general economy and upheaval in the credit markets. These disruptions and developments have resulted in a range of actions by the U.S. and foreign governments to attempt to bring liquidity and order to the financial markets and to prevent a prolonged recession in the world economy. Securities and banking regulators have also been active in establishing temporary rules and regulations to respond to this crisis. Some of these actions have resulted in temporary or, in some cases, permanent, restrictions on certain types of securities transactions, most notably short sales of equity securities of certain financial institutions.

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

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We expect that all of these factors may have an impact on our businesses. The welfare of our listed companies and our trading community is directly impacted by the economic environment in general as well as all the actions taken by the U.S. and foreign governments. Additionally, any potential growth in the global cash markets in the upcoming months will likely be tempered by investor uncertainty resulting from volatility in the cost of energy and commodities, unemployment and recession concerns, as well as the general state of the U.S. and world economies.

**Operating Data**

The following tables present selected operating data for the periods presented.

**NYSE Euronext****Selected Statistical Data:****Volume Summary - Cash Products**

(Unaudited)	Average Daily Volume			Total Volume			Total Volume % Chg vs.	
	Q3 08	Q3 07	% Chg	Q3 08	Q3 07	% Chg	YTD 2008	YTD 2007
Number of Trading Days - European Markets	66	65		66	65		192	
Number of Trading Days - U.S. Markets	64	63		64	63		189	
<b>European Cash Products (trades in thousands)</b>								
Equities	1,552	1,341	15.7%	102,421	87,177	17.5%	293,235	24.3%
Exchange-Traded Funds	1,502	1,287	16.7%	99,146	83,653	18.5%	283,250	25.4%
Structured Products	8	7	20.0%	526	431	21.9%	1,496	37.3%
Bonds	37	42	-11.1%	2,451	2,715	-9.7%	7,489	-1.6%
<b>U.S. Cash Products (shares in millions)</b>								
Bonds	5	6	-22.2%	298	378	-21.0%	1,000	-20.3%
<b>NYSE Listed Issues <sup>1</sup></b>								
NYSE Group Handled Volume <sup>2</sup>	3,622	3,101	16.8%	231,803	195,358	18.7%	632,836	17.0%
NYSE Group Matched Volume <sup>3</sup>	2,659	2,420	9.9%	170,167	152,451	11.6%	469,306	11.9%
NYSE Group TRF Volume <sup>4</sup>	2,395	2,219	7.9%	153,289	139,784	9.7%	423,333	8.5%
Total NYSE Listed Consolidated Volume	416	90	359.9%	26,595	5,693	367.2%	55,983	729.0%
<b>NYSE Group Share of Total Consolidated Volume</b>								
Handled Volume <sup>2</sup>	5,633	3,729	51.1%	360,498	234,927	53.5%	905,642	45.7%
Matched Volume <sup>3</sup>	47.2%	64.9%	-17.7%	47.2%	64.9%	-17.7%	51.8%	-15.6%
TRF Volume <sup>4</sup>	42.5%	59.5%	-17.0%	42.5%	59.5%	-17.0%	46.7%	-16.0%
<b>NYSE Arca &amp; Amex Listed Issues</b>								
Handled Volume <sup>2</sup>	7.4%	2.4%	5.0%	7.4%	2.4%	5.0%	6.2%	5.1%
Matched Volume <sup>3</sup>	508	267	90.5%	32,495	16,790	93.5%	77,835	104.9%
NYSE Group Matched Volume <sup>3</sup>	445	231	92.9%	28,498	14,542	96.0%	67,670	106.2%
NYSE Group TRF Volume <sup>4</sup>	223	32	587.2%	14,283	2,046	598.1%	27,179	912.6%
Total NYSE Arca & Amex Listed Consolidated Volume	1,609	704	128.4%	102,988	44,381	132.1%	237,723	137.4%
<b>NYSE Group Share of Total Consolidated Volume</b>								
Handled Volume <sup>2</sup>	31.6%	37.8%	-6.2%	31.6%	37.8%	-6.2%	32.7%	-5.2%
Matched Volume <sup>3</sup>	27.7%	32.8%	-5.1%	27.7%	32.8%	-5.1%	28.5%	-4.3%
TRF Volume <sup>4</sup>	13.9%	4.6%	9.3%	13.9%	4.6%	9.3%	11.4%	8.8%
<b>Nasdaq Listed Issues</b>								
Handled Volume <sup>2</sup>	455	415	9.8%	29,141	26,117	11.6%	85,696	2.5%
NYSE Group Matched Volume <sup>3</sup>	387	338	14.5%	24,747	21,270	16.3%	71,772	5.1%
NYSE Group TRF Volume <sup>4</sup>	249	155	60.8%	15,938	9,755	63.4%	41,536	162.3%
Total Nasdaq Listed Consolidated Volume	2,261	2,183	3.6%	144,705	137,525	5.2%	428,240	5.4%
<b>NYSE Group Share of Total Consolidated Volume</b>								
Handled Volume <sup>2</sup>	20.1%	19.0%	1.1%	20.1%	19.0%	1.1%	20.0%	-0.6%
Matched Volume <sup>3</sup>	17.1%	15.5%	1.6%	17.1%	15.5%	1.6%	16.8%	0.0%
TRF Volume <sup>4</sup>	11.0%	7.1%	3.9%	11.0%	7.1%	3.9%	9.7%	5.8%

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**Exchange-Traded Funds <sup>1,5</sup>**

NYSE Group Handled Volume <sup>2</sup>	539	354	52.2%	34,473	22,302	54.6%	82,759	62.1%
NYSE Group Matched Volume <sup>3</sup>	474	315	50.3%	30,338	19,866	52.7%	72,391	58.8%
NYSE Group TRF Volume <sup>4</sup>	246	45	444.2%	15,776	2,854	452.8%	30,138	678.1%
Total ETF Consolidated Volume	1,699	862	97.2%	108,732	54,277	100.3%	250,137	107.6%

**NYSE Group Share of Total Consolidated Volume**

Handled Volume <sup>2</sup>	31.7%	41.1%	-9.4%	31.7%	41.1%	-9.4%	33.1%	-9.3%
Matched Volume <sup>3</sup>	27.9%	36.6%	-8.7%	27.9%	36.6%	-8.7%	28.9%	-8.9%
TRF Volume <sup>4</sup>	14.5%	5.3%	9.2%	14.5%	5.3%	9.2%	12.0%	8.8%

Please refer to footnotes on the following page.

**NYSE Euronext****Selected Statistical Data:****Volume Summary - Derivatives Products**

(Unaudited; contracts in thousands)	Average Daily Volume			Total Volume			Total Volume % Chg vs.	
	Q3 08	Q3 07	% Chg	Q3 08	Q3 07	% Chg	YTD 2008	YTD 2007
Number of Trading Days - European Markets	66	65		66	65		192	
Number of Trading Days - U.S. Markets	64	63		64	63		189	
<b>European Derivatives Products</b>	3,756	4,187	-10.3%	247,864	272,185	-8.9%	813,622	12.3%
<b>Total Interest Rate Products</b>	1,920	2,471	-22.3%	126,723	160,613	-21.1%	443,738	11.2%
Short Term Interest Rate Products	1,816	2,357	-22.9%	119,855	153,187	-21.8%	423,361	12.4%
Medium and Long Term Interest Rate Products	104	114	-8.9%	6,868	7,426	-7.5%	20,377	-8.4%
<b>Total Equity Products</b> <sup>6</sup>	1,786	1,665	7.3%	117,861	108,196	8.9%	359,465	13.7%
Total Individual Equity Products	1,116	1,008	10.7%	73,657	65,520	12.4%	234,432	17.5%
Total Equity Index Products	670	657	2.0%	44,203	42,676	3.6%	125,033	7.2%
<i>of which Bclear</i>	637	374	70.1%	42,014	24,330	72.7%	145,208	61.7%
Individual Equity Products	519	298	74.3%	34,241	19,350	77.0%	124,880	65.7%
Equity Index Products	118	77	53.7%	7,773	4,979	56.1%	20,328	41.0%
<b>Commodity Products</b>	50	52	-4.3%	3,281	3,375	-2.8%	10,418	11.8%
<b>U.S. Derivatives Products - Equity Options</b> <sup>7</sup>								
NYSE Arca Options Contracts	1,763	1,281	37.6%	112,836	80,733	39.8%	328,292	48.9%
Total Consolidated Options Contracts	14,388	10,872	32.3%	920,824	684,924	34.4%	2,521,133	38.3%
NYSE Group Share of Total	12.3%	11.8%		12.3%	11.8%		13.0%	0.9%

<sup>1</sup> Includes all volume executed in NYSE Group crossing sessions.

<sup>2</sup> Represents the total number of shares of equity securities and ETFs internally matched on the NYSE Group's exchanges or routed to and executed at an external market center. NYSE Arca routing includes odd-lots.

<sup>3</sup> Represents the total number of shares of equity securities and ETFs executed on the NYSE Group's exchanges.

<sup>4</sup> Represents NYSE's volume in FINRA/NYSE Trade Reporting Facility (TRF).

<sup>5</sup> Data included in previously identified categories.

<sup>6</sup> Includes all trading activities for Bclear, Liffe's clearing service for wholesale equity derivatives.

<sup>7</sup> Includes trading in U.S. equity options contracts, not equity-index options.

Source: NYSE Euronext, Options Clearing Corporation and Consolidated Tape as reported for equity securities.

All trading activity is single-counted, except European cash trading which is double counted to include both buys and sells.



## NYSE Euronext

Selected Statistical Data:Other Operating Statistics

(Unaudited)	September 30, 2008	Three Months Ended June 30, 2008	September 30, 2007
<b>NYSE Euronext Listed Issuers</b>			
<b>NYSE Listed Issuers</b>			
NYSE listed issuers <sup>1</sup>	2,494	2,517	2,706
Number of new issuer listings <sup>1</sup>	66	94	54
Capital raised in connection with new listings (\$mm) <sup>2</sup>	\$ 298	\$ 4,171	\$ 8,393
<b>Euronext Listed Issuers</b>			
Euronext listed issuers <sup>1</sup>	1,126	1,133	1,186
Number of new issuer listings <sup>3</sup>	25	20	37
Capital raised in connection with new listings (\$mm) <sup>2</sup>	\$ 392	\$ 2,540	\$ 2,709
<b>NYSE Euronext Market Data<sup>4</sup></b>			
<b>NYSE Market Data</b>			
Share of Tape A revenues (%)	48.7%	51.6%	63.3%
Share of Tape B revenues (%)	31.3%	32.4%	32.7%
Share of Tape C revenues (%)	20.6%	20.2%	20.3%
Professional subscribers (Tape A)	447,627	454,536	445,606
<b>Euronext Market Data</b>			
Number of terminals	277,376	221,330	216,654
<b>NYSE Euronext Operating Expenses</b>			
<b>NYSE Euronext employee headcount<sup>5</sup></b>			
NYSE Euronext headcount excluding GL Trade	3,505	3,542	3,643
GL Trade headcount	1,461	1,451	1,409
<b>NYSE Euronext Financial Statistics</b>			
<b>NYSE Euronext foreign exchange rates</b>			
Average /US\$ exchange rate for the quarter	\$ 1.503	\$ 1.563	\$ 1.375
Average GBP/US\$ exchange rate for the quarter	\$ 1.893	\$ 1.972	\$ 2.022

<sup>1</sup> Figures for NYSE listed issuers include listed operating companies, closed-end funds, and do not include NYSE Arca, Inc. or structured products listed on the NYSE. There were 383 ETFs and 17 operating companies exclusively listed on NYSE Arca, Inc. as of September 30, 2008. There were 521 structured products listed on the NYSE as of September 30, 2008. Figures for Euronext present the operating companies listed on Euronext, and do not include closed-end funds, ETFs and structured product (warrants and certificates). At the end of September 30, 125 companies were listed on Alternext, 308 on Free Market and 369 ETFs were listed on NextTrack.

<sup>2</sup> Euronext figures show capital raised in millions of dollars by operating companies listed on Euronext, Alternext, Free Market and close-end funds, ETFs and structured products (warrants and certificates). NYSE figures show capital raised in millions of USD by operating companies listed on NYSE and Arca exchanges and do not include closed-end funds, ETFs and structured products.

<sup>3</sup> Euronext figures include operating companies listed on Euronext, Alternext and Free Market and do not include closed-end funds, ETFs and structured products (warrants and certificates).

<sup>4</sup> Tape A represents NYSE listed securities, Tape B represents NYSE Arca and Amex listed securities, and Tape C represents Nasdaq listed securities. Per the SEC's Regulation NMS, as of April 1, 2007, share of revenues is derived through a formula based on 25% share of trading, 25% share of value traded, and 50% share of quoting, as reported to the consolidated tape. Prior to April 1, 2007, share of revenues for Tapes A and B was derived based on share of trades reported to the consolidated tape, and share of revenue for Tape C was



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derived based on an average of share of trades and share of volume reported to the consolidated tape. The consolidated tape refers to the collection of market data that multiple markets make available on a consolidated basis. Share figures exclude transactions reported to the FINRA/NYSE Trade Reporting Facility.

- <sup>5</sup> NYSE Euronext owned approximately 40% of the common equity of GL Trade, which is listed separately on Euronext by Euronext in Paris. The operations of GL Trade are reflected as discontinued operations for NYSE Euronext (see note 4 to the condensed consolidated financial statements). NYSE Euronext headcount includes both the employees of Wombat and AEMS for all periods presented. NYSE Euronext headcount, as of June 30, 2008, excludes 75 employees who left June 30 as part of the voluntary resignation program initiated during 2008.

Source: NYSE Euronext

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## Sources of Revenues

### *Activity Assessment*

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

### *Cash Trading*

The NYSE charges transaction fees for executing trades in NYSE-listed equities on the NYSE as well as on orders that are routed to other market centers for execution. Changes to the pricing structure throughout 2007 and 2008 allowed further alignment of transaction revenue with executed volume.

On NYSE Arca, equity transaction fees are charged to customers for trade execution of equity securities. NYSE Arca earns equity transaction fees for customer orders of equity securities matched internally on NYSE Arca, as well as for customer orders routed out to other market centers.

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

For historical reasons relating to Euronext's prior ownership of Clearnet, part of the trading revenue earned in 2007 consists of a commission paid by LCH.Clearnet to Euronext in exchange for the service provided by Euronext in bringing clients to the clearing house. These commissions were invoiced directly by LCH.Clearnet and retroceded to Euronext. As of January 1, 2008, Euronext no longer receives retrocession fees from LCH.Clearnet, and instead Euronext has been collecting such fees, now referred to as exchange fees, directly from its customers.

Revenue from cash trading in any given period depends primarily on the number of shares traded on NYSE and NYSE Arca, the number of trades executed on Euronext, and the fees charged for execution. The level of trading activity in any period is significantly influenced by a number of factors discussed above under *Factors Affecting Our Results*. NYSE Euronext's cash trading pricing structures continue to be examined closely as part of a broad strategic review of NYSE Euronext's opportunities for revenue growth and efficiency improvement. As a result, we have and may continue to periodically modify our trading pricing structures. NYSE Euronext seeks to better capture value for the services it renders by aligning more closely transaction revenue with executed volume, product expansion and new product development. For example, effective October 1, 2008, we began offering a global pricing rebate to our European customers who exceed certain volume thresholds on each of our Euronext, NYSE and NYSE Arca trading platforms. Transaction fees that NYSE Euronext earns in the future also continue to depend on the effect of certain regulations and rule changes, such as MiFID, which have the potential to impact the competitive environment in which NYSE Euronext operates.

### *Derivatives Trading*

Revenue from derivatives trading consists of fixed per-contract fees for the (i) execution of trades of derivatives contracts on Euronext's derivatives markets in Paris, London, Amsterdam, Brussels and Lisbon and (ii) execution of options contracts traded on NYSE Arca. In some cases, these fees are subject to caps.

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

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*Listings*

NYSE Euronext operates listing venues through NYSE Group and Euronext.

There are two types of fees applicable to companies listed on the NYSE and NYSE Arca – 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 with the NYSE or NYSE Arca. Original listing fees, however, are not applicable to companies that transfer to the NYSE or NYSE Arca from another listing venue. Fees based on other corporate-related actions are paid by listed companies in connection with corporate actions involving the issuance of new shares to be listed on the NYSE or NYSE Arca, such as stock splits, rights issues, sales of additional securities, as well as mergers and acquisitions, which are subject to a minimum and maximum fee.

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

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

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

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

*Market Data*

NYSE Euronext generates market data fees from NYSE Group and Euronext.

NYSE Group collects market data fees principally for consortium-based data products and, to a lesser extent, for NYSE proprietary data products. Consortium-based data fees are dictated as part of the securities industry plans. Consortium-based data revenues from the dissemination of market data (net of administrative costs) are distributed to participating markets on the basis of a formula set by the SEC under Regulation NMS. Last sale prices and quotes in NYSE-listed securities are disseminated through Tape A, which constitutes the majority of the NYSE's revenues from consortium-based market data revenues. NYSE Group also receives a share of the revenues from Tape B, which represents data related to trading of certain securities that are listed on NYSE Arca, NYSE Alternext, other regional exchanges and 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, NYSE Group receives fees for the display of data on television and for vendor access. NYSE Group proprietary products make market data available to subscribers covering activity that takes place solely on the NYSE and NYSE Arca's markets, independent of activity on other markets. NYSE Group proprietary data products also include the sale of depth of book information, historical price information and corporate action information.

In June 2008, the SEC approved a pilot program set to expire on December 31, 2008 for a new data product, NYSE Realtime Reference Prices, which allows media and Internet 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 are now displaying NYSE Realtime stock prices on their respective websites.

Euronext charges a variety of users, primarily the end-users, for the use of Euronext's real-time market data services. Euronext also collects annual license fees from vendors for the right to distribute Euronext data to third parties and a service fee from vendors for direct connection. A substantial majority of Euronext's market data revenues is derived from monthly end-user fees. Euronext also derives 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.

#### *Software and Technology Services*

NYSE Euronext derives software and technology services revenues principally from the sale of software and technology by NYSE Euronext Advanced Trading Solutions, which includes NYSE TransactTools and Wombat, and following the completion of the AEMS transaction on August 5, 2008, the third-party exchange business of AEMS.

NYSE TransactTools revenues are generated primarily from connectivity services related to the SFTI<sup>®</sup> network, software license and maintenance fees, and strategic consulting services. Customers pay to gain access to SFTI<sup>®</sup> market centers via direct circuit to a SFTI<sup>®</sup> access point or through a third-party service bureau or extranet provider. SFTI<sup>®</sup> revenue typically includes a connection fee and monthly recurring revenue based on a customer's connection bandwidth. Hardware co-location services are also offered at SFTI<sup>®</sup> data centers, and customers typically sign multi-year contracts. Co-location revenue is recognized monthly over the life of the contract. Revenue is also earned from sales of NYSE TransactTools enterprise software platform, which provides low-latency messaging and trade lifecycle management. Software license revenue is recorded at the time of sale, and maintenance contracts are recognized monthly over the life of the maintenance term. Unrealized portions of invoiced maintenance fees are recorded as deferred revenue. Expert consulting services are offered for customization or installation of the software and for general advisory services. Consulting revenue is generally billed in arrears on a time and materials basis, although customers sometimes prepay for blocks of consulting services in bulk. Prepaid consulting revenue is booked as deferred revenue until the services are rendered.

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

#### *Regulatory*

The principal regulatory fees charged to member organizations of the NYSE and NYSE Arca include (i) a regulatory fee based on Gross Focus revenues charged to NYSE member organizations (specifically \$0.105 per \$1,000 of Gross Focus (Financial and Operational Combined Uniform Single Report) revenues generated by member broker-dealers, which are reported on a six-month lag basis) and (ii) a fee based on the number of registered representatives charged to NYSE Arca member organizations.

On July 30, 2007, the member firm regulatory functions of NYSE Regulation and related revenues (primarily fees based on Gross Focus revenues) were transferred to FINRA. As a result, effective as of that date and for the remainder of 2007, 75% of the NYSE fee based on Gross Focus revenues, which was then \$0.42 per \$1,000, was paid to FINRA. Effective as of January 1, 2008, the NYSE fee based on Gross Focus revenues was reduced to its present rate, which is 25% of its level as of December 31, 2007.

*Other*

Other revenue consists of trading license fees, facilities and other services provided to specialists, brokers and clerks physically located on the NYSE floor that enable them to engage in the purchase and sale of securities on the trading floor, and clearance and settlement activities derived from Euronext businesses.

For fiscal 2007, NYSE Group sold 1,065 trading licenses at an annual price of \$50,000 per license, which is payable in equal monthly increments over the course of the year. For fiscal 2008, NYSE Group sold 681 trading licenses at an annual price of \$40,000 per license. The NYSE has made available a maximum of 1,366 trading licenses. Holders of trading licenses have the right to cancel their trading license prior to the end of the year.

**Components of Expenses**

*Section 31 Fees*

See Sources of Revenues Activity Assessment above.

*Liquidity Payments*

To enhance the liquidity and promote use of its systems, NYSE Euronext provides liquidity payments on the NYSE, NYSE Arca (equities platform), NYSE Arca, Inc. (options platform) and Liffe (LIFFE CONNECT<sup>®</sup> and Bclear platforms).

*NYSE*

As of September 1, 2007, the NYSE established a system to provide variable payments to specialist firms for providing liquidity, referred to as a Liquidity Provision Payment or LPP. LPPs are based on two revenue sources in NYSE-listed securities (excluding ETFs): (i) the NYSE's share of market data revenue derived from quoting shares and (ii) the NYSE's transaction fee revenue.

Share of Market Data Revenue Derived from Quoting Share

Pursuant to Regulation NMS, the SEC revised the formula for the distribution by the CTA of market data quote revenue in NYSE-listed securities (Tape A) among the various markets (the Revenue Allocation Formula). As revised, the Revenue Allocation Formula established a Quoting Share to reward markets that quote at the NBBO. The LPP is based upon the Quoting Share revenue associated with each security a specialist firm trades.

Transaction Fee Revenue

The NYSE also created a payment pool (the LPP Pool) consisting of its NYSE-listed stock transaction revenue on matched volume (excluding crossing services) in both electronic and manually executed transactions to provide LPPs to the specialist firms. The LPP Pool size was originally set at 25% of the above-noted NYSE transaction revenue and was changed as of October 1, 2007 to 20% per month for each of the last three months of 2007 and 18% per month starting January 2008. The size of the LPP Pool varies month-to-month as NYSE volume changes. Each individual specialist firm is allocated a portion of these revenues based exclusively on its trading performance in any month. A specialist firm's allocation increases if its performance as a liquidity provider improves relative to the other specialist firms.

*NYSE Arca (equities platform)*

NYSE Arca pays a fee per share to participants, referred to as liquidity providers, that post buy orders and sell orders on NYSE Arca, when the quote is executed against by liquidity takers purchasing or selling securities internally on NYSE Arca.

*NYSE Arca, Inc. (options platform)*

NYSE Arca, Inc. as well as other U.S. options markets, implemented the penny pilot program which was approved by the SEC during the first quarter of 2007. NYSE Arca, Inc. pays a fee per contract to participants that post buy orders and sell orders on NYSE Arca, Inc. when the quote is executed against by liquidity takers purchasing or selling options on NYSE Arca, Inc.

*Liffe*

Liffe operates a number of incentive arrangements. The first type of incentive arrangement reduces or waives transaction fees to incentivize members to trade, but imposes no obligation on the member. These include liquidity provider incentive schemes, strategy rebates, block trades and other volume related discounts. The second type of incentive arrangement involves market making activity by members, whereby the member agrees to undertake market making activity i.e., to enhance market liquidity by offering two way prices. The consideration for undertaking this obligation can be a combination of reductions to or waivers of transaction fees, a contribution to information technology and staff costs incurred in providing the services and/or a share of net transaction fees.

*Routing and Clearing*

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

*Other Operating Expenses*

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

*Merger Expenses and Exit Costs*

Merger expenses and exit costs consist of severance costs and related curtailment losses, contract termination costs, depreciation charges triggered by the acceleration of certain fixed asset useful lives, as well as legal and other expenses directly attributable either to the merger between the NYSE and Archipelago or the NYSE Group/Euronext business combination transaction and other cost reduction initiatives related to these transactions.

*Compensation*

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

*Systems and Communications*

NYSE Euronext's systems and communications expense includes (i) costs for development and maintenance of trading, regulatory and administrative systems, (ii) investments in system capacity, reliability and security and (iii) network connection with its customers and its data centers, as well as connectivity to various other market centers.

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



*Professional Services*

NYSE Euronext's professional services expense includes consulting charges related to various technological and operational initiatives, as well as legal and audit fees. NYSE Euronext's historical spending related to professional services consists principally of legal and consulting expenses.

*Depreciation and Amortization*

This item includes costs from depreciating fixed assets (including computer hardware and capitalized software) and amortizing intangible assets over their estimated useful lives.

*Occupancy*

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

*Marketing and Other*

Marketing and other expenses includes advertising, printing and promotion expenses, insurance premiums, travel and entertainment expenses as well as other administrative expenses.

*Regulatory Fine Income*

Regulatory fine income is generated from fines levied by NYSE Regulation, which regulates and monitors trading on the NYSE and NYSE Arca. The frequency with which fines may be levied and their amount will vary based upon the actions of participants on the NYSE and NYSE Arca. Regulatory fines are required to be used for regulatory purposes.

Regulatory fine income has decreased relative to prior periods, and is expected to do so in future periods as a result of the transfer of certain functions previously carried out by NYSE Regulation to FINRA effective July 30, 2007.



**Results of Operations**

For the three and nine months ended September 30, 2008, the results of operations of NYSE Euronext included the results of both NYSE Group and Euronext for the full period. For the same periods a year ago, the results of operations of NYSE Euronext included the results of NYSE Group for the full period and the results of operations of Euronext since April 4, 2007, the date that the combination of NYSE Group and Euronext was consummated.

**Three Months Ended September 30, 2008 Versus Three Months Ended September 30, 2007**

The following table sets forth NYSE Euronext's condensed consolidated statements of income for the three months ended September 30, 2008 and 2007, as well as the percentage increase or decrease for each consolidated statement of income item for the three months ended September 30, 2008, as compared to such item for the three months ended September 30, 2007.

(Dollars in Millions)	Three months ended		Percent Increase (Decrease)
	2008	September 30, 2007	
<b>Revenues</b>			
Activity assessment	\$ 46	\$ 131	(65)%
Cash trading	634	466	36%
Derivatives trading	229	243	(6)%
Listing	98	96	2%
Market data	112	101	11%
Software and technology services	47	24	96%
Regulatory	8	29	(72)%
Other	31	36	(14)%
Total revenues	1,205	1,126	7%
Section 31 fees	(46)	(131)	(65)%
Liquidity payments	(358)	(211)	70%
Routing and clearing	(77)	(64)	20%
Merger expenses and exit costs	(30)	(22)	36%
Compensation	(168)	(166)	1%
Systems and communications	(66)	(77)	(14)%
Professional services	(44)	(27)	63%
Depreciation and amortization	(65)	(66)	(2)%
Occupancy	(37)	(31)	19%
Marketing and other	(48)	(50)	(4)%
Regulatory fine income	1	10	(90)%
Operating income from continuing operations	267	291	(8)%
Interest expense	(42)	(46)	9%
Investment income	11	25	(56)%
Gain on sale of equity investment		32	(100)%
Income from associates	(1)	6	(116)%
Other income	6	5	20%
Income from continuing operations before income tax provision and minority interest	241	313	(23)%
Income tax provision	(70)	(50)	40%
Minority interest		(6)	(100)%
Income from continuing operations	\$ 171	\$ 257	(33)%

## Highlights

For the three months ended September 30, 2008, NYSE Euronext reported revenues (excluding activity assessment fees), operating income from continuing operations and net income from continuing operations of \$1,159 million, \$267 million and \$171 million, respectively. This compares to revenues (excluding activity assessment fees), operating income from continuing operations and income from continuing operations of \$995 million, \$291 million and \$257 million, respectively, for the three months ended September 30, 2007.

The \$164 million increase in revenues (excluding activity assessment fees), \$24 million decrease in operating income from continuing operations and \$86 million decrease in income from continuing operations for the period reflect the following principal factors:

*Increased revenues* The period-over-period increase of \$164 million was primarily due to (i) a 17.5% and 18.7% increase in trading volumes on the European and U.S. cash markets, respectively, (ii) price changes on the U.S. cash markets platform, and (iii) the effect of foreign currency translation, partially offset by the loss of certain U.S. Operations regulatory revenue as a result of the completion of the sale of the member firm regulatory functions of NYSE Regulation to FINRA in July 2007. Higher trading volumes also contributed to increased liquidity payments and routing and clearing expenses, which partially offset increased revenues for the period.

*Decreased operating income from continuing operations* The period-over-period decrease in operating income from continuing operations of \$24 million was the result of (i) additional liquidity payments and routing and clearing expenses on higher trading volumes, (ii) incremental merger expenses and exit costs as we continue to integrate our businesses, (iii) decreased regulatory fine income, partially offset by (iv) the effect of foreign currency translation.

*Decrease in income from continuing operations* Period-over-period, income from continuing operations decreased \$86 million, due to decreased operating income (\$24 million) and the fact that the results of operations for the quarter ended September 30, 2007 included (i) a \$32 million gain on the sale of the member firm regulatory functions of NYSE Regulation to FINRA, and (ii) a \$55 million deferred tax benefit related to an enacted reduction of the UK corporate tax rate from 30% to 28%.

## Consolidated and Segment Results

Subsequent to the business combination transaction between NYSE Group and Euronext, NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. For discussion of these segments, see Note 3 to the condensed consolidated financial statements and Overview above.

## Revenues

(Dollars in Millions)	Three months ended					
	September 30, 2008			September 30, 2007		
	U.S. Operations	European Operations	Total	U.S. Operations	European Operations	Total
Activity assessment	\$ 46	\$	\$ 46	\$ 131	\$	\$ 131
Cash trading	473	161	634	323	143	466
Derivatives trading	39	190	229	21	222	243
Listing	90	8	98	91	5	96
Market data	52	60	112	52	49	101
Other	64	22	86	77	12	89
<b>Total revenues</b>	<b>\$ 764</b>	<b>\$ 441</b>	<b>\$ 1,205</b>	<b>\$ 695</b>	<b>\$ 431</b>	<b>\$ 1,126</b>

*Cash trading.* For the three months ended September 30, 2008, U.S. Operations contributed \$473 million to NYSE Euronext's cash trading revenues, a \$150 million increase as compared to three months ended September 30, 2007. The primary drivers for this increase were increased handled trading volume on the NYSE Arca platforms and price changes on the NYSE trading platform. European Operations contributed \$161 million in cash trading revenues, an \$18 million increase as compared to the three months ended September 30, 2007. The primary drivers for this increase were increased trading volumes and introduction of new products and positive effect of foreign currency translation. Offsetting these increases were price reductions due to the implementation of Pack Epsilon and other pricing changes.

*Derivatives trading.* Derivatives trading revenues decreased by \$14 million to \$229 million, primarily due to reduced European trading volume of 8.9% as compared to the same period a year ago. While we experienced an increase in trading volume in our individual equity and equity index products, trading volume in our short-term interest rate products declined 21.8%.



*Listing.* For the three months ended September 30, 2008, listing fees remained relatively unchanged from the comparable period a year ago.

*Market data.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, market data revenue increased \$11 million to \$112 million primarily due to a 28% increase in the number of market data terminals in our European Operations.

*Other.* For the three months ended September 30, 2008, other revenues decreased \$3 million, to \$86 million. European Operations' other revenue increased \$10 million primarily due to the impact of the operations of AEMS, which were acquired on August 5, 2008, and favorable foreign currency exchange rates. More than offsetting the increase in Europe was a decrease of \$13 million in U.S. Operations' other revenue due to (i) the loss of certain U.S. Operations' regulatory revenue as a result of the completion of the sale of the member firm regulatory functions of NYSE Regulation to FINRA in July 2007, and (ii) continued attrition in population of NYSE's trading floor. U.S. Operations was positively impacted by the recent acquisition of Wombat, which generated \$9 million of revenue for the three months ended September 30, 2008.

## Expenses

(Dollars in Millions)	Three months ended							
	September 30, 2008			September 30, 2007				
	U.S. Operations	European Operations	Corporate and Other	Total	U.S. Operations	European Operations	Corporate and Other	Total
Section 31 fees	\$ (46)	\$	\$	\$ (46)	\$ (131)	\$	\$	\$ (131)
Liquidity payments	(324)	(34)		(358)	(166)	(45)		(211)
Routing and clearing	(77)			(77)	(64)			(64)
Other operating expenses	(239)	(211)	(8)	(458)	(248)	(182)	(9)	(439)
Regulatory fine income	1			1	10			10
<i>Section 31 fees</i>								

Section 31 fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. NYSE Group, in turn, collects activity assessment fees from member organizations executing trades on the NYSE and NYSE Arca. The decrease in Section 31 fees for the three months ended September 30, 2008 was due to a 63% decline in the SEC rate collected and subsequently paid as compared to the same period a year ago.

### Liquidity Payments

For the three months ended September 30, 2008, liquidity payments were \$358 million, an increase of \$147 million compared to the three months ended September 30, 2007. This increase reflects (i) increased handled trading volume on NYSE Arca platforms and (ii) the impact of increased fees implemented during the fourth quarter of 2007 and throughout 2008 as part of pricing structure modifications, partially offset by (iii) decreased trading volume on the Euronext derivatives platform.

### Routing and Clearing

For the three months ended September 30, 2008, routing and clearing fees were \$77 million, an increase of \$13 million compared to the three months ended September 30, 2007. This increase is primarily due to new and increased amount of routing costs incurred as a result of order flow being routed to other market centers.

### Other Operating Expenses

The components of Other Operating Expenses are merger expenses and exit costs, compensation, systems and communications, professional services, depreciation and amortization, occupancy and marketing and other.

*Merger expenses and exit costs.* For the three months ended September 30, 2008, NYSE Euronext incurred \$30 million in merger expenses and exit costs consisting of (i) approximately \$24 million in severance and related benefits provided in connection with workforce reductions, (ii) approximately \$3 million of accelerated amortization on certain software and other equipment's useful lives, and (iii) approximately \$3 million in professional and other fees incurred in connection with business acquisitions.

*Compensation.* For the three months ended September 30, 2008, compensation was \$168 million, an increase of \$2 million, or 1%, compared to the three months ended September 30, 2007. This increase reflects (and their corresponding contributions were) (i) additional costs associated with broadening our product and service portfolios, including the acquisitions of Wombat and AEMS, as well as the creation of NYSE Liffe

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(approximately \$17 million in the aggregate), and (ii) impact of foreign currency (approximately \$4 million), despite, (iii) savings from the sale of the member firm regulatory functions of NYSE Regulation to FINRA in July 2007 (approximately \$7 million) and (iv) other cost containment initiatives (approximately \$11 million).

*Systems and communications.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, systems and communications expenses decreased \$11 million, or 14%, primarily due to (and their corresponding contributions were) (i) expense reduction initiatives (approximately \$16 million) despite (ii) increased investments in capacity and network lines in the U.S. as well as developments in European cash and derivatives trading systems (approximately \$5 million).

*Professional Services.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, professional services expenses increased \$17 million, or 63%, due to the impact of the operations of AEMS, which had been acquired on August 5, 2008.

*Depreciation and amortization.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, depreciation and amortization expense remained relatively unchanged.

*Occupancy.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, occupancy increased \$6 million, or 19%, primarily due to the impact of the operations of AEMS, which had been acquired on August 5, 2008.

*Marketing and other.* For the three months ended September 30, 2008 compared to the three months ended September 30, 2007, marketing and other expenses remained relatively unchanged.

#### *Regulatory Fine Income*

Regulatory fine income has decreased relative to the prior period and is expected to continue to do so in future periods as a result of the transfer of certain functions previously carried out by NYSE Regulation to FINRA effective July 30, 2007.

#### **Interest expense**

Interest expense is primarily attributable to the interest expense on the debt incurred to fund the cash portion of the consideration paid to Euronext shareholders in April 2007 as well as debt incurred as part of subsequent transactions. (See *Liquidity and Capital Resources* *Liquid Funds and Financial Indebtedness.* )

#### **Investment income**

The decrease in the average balance of cash and investments, fluctuation of interest rates and currency rates and general market conditions were the primary drivers of the \$14 million decrease in investment income.

#### **Gain on Sale of Equity Investment**

For the three months ended September 30, 2007, NYSE Euronext recorded a \$32 million gain on the sale of member firm regulatory functions of NYSE Regulation to FINRA.

#### **Income from Associates**

Income from associates reflects NYSE Euronext pro rata share in earnings of equity method investments, primarily AEMS up until the August 5, 2008 acquisition of the 50% stake previously owned by Atos Origin. Subsequent to this transaction, the results of AEMS have been fully consolidated in our results of operations.

#### **Other Income**

For the three months ended September 30, 2008, other income of \$6 million primarily reflected foreign exchange and other one-time gains.

#### **Minority Interest**

For the three months ended September 30, 2007, NYSE Euronext recorded minority interest of \$6 million primarily representing 2.32% of the Euronext N.V. income. Subsequent to the statutory buy-out of the remaining minority Euronext shareholders and the classification of GL Trade as discontinued operations, NYSE Euronext did not record any material minority interest.

#### **Income Taxes**

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For the three months ended September 30, 2008, NYSE Euronext provided for income taxes at an estimated tax rate of 29%. For the three months ended September 30, 2008, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to foreign operations and the reorganization of certain of our businesses. For the three months ended September 30, 2007, NYSE Euronext provided for income taxes at 31% annual effective tax rate. Including a \$55 million discrete deferred tax benefit related to an enacted reduction in corporate tax rate from 30% to 28% in the United Kingdom, the applicable tax rate for the three months ended September 30, 2007 was 16%.

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Nine months Ended September 30, 2008 Versus Nine months Ended September 30, 2007

The following table sets forth NYSE Euronext's condensed consolidated statements of income for the nine months ended September 30, 2008 and 2007, as well as the percentage increase or decrease for each consolidated statement of income item for the nine months ended September 30, 2008, as compared to such item for the nine months ended September 30, 2007.

(Dollars in Millions)	Nine months ended September 30,		Percent Increase (Decrease)
	2008	2007	
<b>Revenues</b>			
Activity assessment	\$ 189	\$ 432	(56)%
Cash trading	1,708	1,103	55%
Derivatives trading	729	441	65%
Listing	294	285	3%
Market data	321	270	19%
Software and technology services	107	74	45%
Regulatory	36	136	(74)%
Other	102	100	2%
<b>Total revenues</b>	<b>3,486</b>	<b>2,841</b>	<b>23%</b>
Section 31 fees	(189)	(432)	(56)%
Liquidity payments	(887)	(510)	74%
Routing and clearing	(211)	(164)	29%
Merger expenses and exit costs	(83)	(49)	69%
Compensation	(480)	(443)	8%
Systems and communications	(237)	(180)	32%
Professional services	(106)	(75)	41%
Depreciation and amortization	(181)	(168)	8%
Occupancy	(96)	(83)	16%
Marketing and other	(133)	(117)	14%
Regulatory fine income	3	19	(84)%
<b>Operating income from continuing operations</b>	<b>886</b>	<b>639</b>	<b>39%</b>
Interest expense	(114)	(91)	25%
Investment income	42	57	(26)%
Gain on sale of equity investment	2	34	(94)%
Income from associates		9	(100)%
Other income	28	18	56%
<b>Income before income tax provision and minority interest</b>	<b>844</b>	<b>666</b>	<b>27%</b>
Income tax provision	(244)	(172)	42%
Minority interest	(5)	(8)	(38)%
<b>Income from continuing operations</b>	<b>\$ 595</b>	<b>\$ 486</b>	<b>22%</b>



## Highlights

For the nine months ended September 30, 2008, NYSE Euronext reported revenues (excluding activity assessment fees), operating income from continuing operations and net income from continuing operations of \$3,297 million, \$886 million and \$595 million, respectively. This compares to revenues (excluding activity assessment fees), operating income from continuing operations and income from continuing operations of \$2,409 million, \$639 million and \$486 million, respectively, for the nine months ended September 30, 2007.

The \$888 million increase in revenues (excluding activity assessment fees), \$247 million increase in operating income and \$109 million increase in income from continuing operations for the period reflect primarily the inclusion of Euronext's results of operations for the full nine-month period in 2008 as compared to the same period a year ago, which only included the results of Euronext subsequent to the April 4, 2007 merger between NYSE Group and Euronext. Higher trading volumes also contributed to increased revenues. Increased liquidity payments and routing and clearing fees partially offset increased revenues for the period.

## Consolidated and Segment Results

Subsequent to the business combination transaction between NYSE Group and Euronext, NYSE Euronext operates under two reportable segments: U.S. Operations and European Operations. For discussion of these segments, see Note 3 to the condensed consolidated financial statements and [Overview](#) above.

## Revenues

(Dollars in Millions)	Nine months ended					
	September 30, 2008			September 30, 2007		
	U.S. Operations	European Operations	Total	U.S. Operations	European Operations	Total
Activity assessment	\$ 189	\$	\$ 189	\$ 432		\$ 432
Cash trading	1,222	486	1,708	841	262	1,103
Derivatives trading	108	621	729	50	391	441
Listing	269	25	294	271	14	285
Market data	156	165	321	173	97	270
Other	192	53	245	286	24	310
<b>Total revenues</b>	<b>\$ 2,136</b>	<b>\$ 1,350</b>	<b>\$ 3,486</b>	<b>\$ 2,053</b>	<b>\$ 788</b>	<b>\$ 2,841</b>

*Cash trading.* For the nine months ended September 30, 2008, U.S. Operations contributed \$1,222 million to NYSE Euronext's cash trading revenues, a \$381 million increase as compared to the nine months ended September 30, 2007. The primary drivers for this increase were increased handled trading volume on the NYSE Arca platforms and pricing changes on the NYSE and NYSE Arca trading platforms. European Operations contributed \$486 million in cash trading revenues as a result of the inclusion of Euronext for the full nine-month period in 2008.

*Derivatives trading.* Derivatives trading revenues increased by \$288 million to \$729 million, primarily reflecting the inclusion of Euronext's results for the full nine-month period in 2008, market volatility resulting in increased trading volumes both in the U.S. and in Europe, and an increase in options volume traded on NYSE Arca platform.

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*Listing.* For the nine months ended September 30, 2008, listing fees were \$294 million, an increase of \$9 million from the comparable period a year ago, primarily due to the inclusion of Euronext for the full nine-month period in 2008.

*Market data.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, market data revenue increased \$51 million primarily due to the inclusion of European Operations for the full nine-month period in 2008. Market data revenues within U.S. Operations were \$156 million, a decrease of \$17 million from the comparable period a year ago, reflecting a decline in our market share of trading in Tape A securities.

*Other.* For the nine months ended September 30, 2008, other revenues decreased \$65 million, or 21%, to \$245 million. Offsetting the inclusion of European Operations for the full nine-month period in 2008 was a decrease of \$94 million due to the loss of certain U.S. Operations regulatory revenue as a result of the completion of the sale of the member firm regulatory functions of NYSE Regulation to FINRA in July 2007 and continued attrition in population of NYSE's trading floor.

### Expenses

(Dollars in Millions)	September 30, 2008			Nine months ended				
	U.S. Operations	European Operations	Corporate and Other	Total	U.S. Operations	European Operations	Corporate and Other	Total
Section 31 fees	\$ (189)	\$	\$	\$ (189)	\$ (432)	\$	\$	\$ (432)
Liquidity payments	(767)	(120)		(887)	(438)	(72)		(510)
Routing and clearing	(211)			(211)	(164)			(164)
Other operating expenses	(689)	(592)	(35)	(1,316)	(737)	(356)	(22)	(1,115)
Regulatory fine income	3			3	19			19

*Section 31 fees*

Section 31 fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. NYSE Group, in turn, collects activity assessment fees from member organizations executing trades on the NYSE and NYSE Arca. The decrease in Section 31 fees for the nine months ended September 30, 2008 was due a 63% decline in the SEC rate collected and subsequently paid as compared to the same period a year ago.

#### *Liquidity Payments*

For the nine months ended September 30, 2008, liquidity payments were \$887 million, an increase of \$377 million compared to the nine months ended September 30, 2007. In addition to the contribution of European Operations for the full nine-month period in 2008 (a \$48 million increase compared to the same period a year ago), the increase in U.S. Operations reflects (i) increased handled trading volume on NYSE Arca platforms, including the implementation on NYSE Arca, Inc. of an industry-wide pilot program for trading designated option contracts in penny increments, which resulted in increased trading volumes, and (ii) pricing and rebate changes implemented during the fourth quarter 2007 and throughout 2008.

#### *Routing and Clearing*

For the nine months ended September 30, 2008, routing and clearing fees were \$211 million, an increase of \$47 million compared to the nine months ended September 30, 2007. This increase is primarily due to new and increased amount of routing costs incurred as a result of order flow being routed to other market centers.

#### *Other Operating Expenses*

The components of Other Operating Expenses are merger expenses and exit costs, compensation, systems and communications, professional services, depreciation and amortization, occupancy and marketing and other.

*Merger expenses and exit costs.* For the nine months ended September 30, 2008, NYSE Euronext incurred \$83 million in merger expenses and exit costs consisting of (i) approximately \$69 million in severance and related benefits provided in connection with workforce reductions, (ii) approximately \$10 million of accelerated amortization on certain software and other equipment's useful lives, and (iii) approximately \$4 million in professional and other fees incurred in connection with business acquisitions.

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*Compensation.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, compensation increased \$37 million, or 8%, reflecting primarily the inclusion of Euronext's results for the full nine-month period in 2008. In addition, for the nine months ended September 30, 2007, our U.S. Operations recorded a \$13 million curtailment gain resulting from the elimination of certain post retirement benefits. There was no such gain in the 2008 period. Partially offsetting this increase was a decrease in U.S. Operations' compensation related to staff reductions, including the 427 employees transferred to FINRA in July 2007 and the reversal of a \$36 million accrual relating to certain litigation between a former Chairman & CEO and the NYSE, which was finally terminated on July 31, 2008.

*Systems and communications.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, systems and communications expenses increased \$57 million, or 32%, primarily due to the results of Euronext and increased spending on U.S. Operations to increase system capacity.

*Professional Services.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, professional services expenses increased \$31 million, or 41%. European Operations, reflecting the results of Euronext for the full nine-month period in 2008, contributed to this increase, partially offset by reduced legal fees and consulting services.

*Depreciation and amortization.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, depreciation and amortization expense increased \$13 million, or 8%. European Operations, reflecting the results of Euronext for the full nine-month period in 2008, was the principal driver for the increase.

*Occupancy.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, occupancy increased \$13 million, or 16%, primarily reflecting the results of Euronext for the full nine-month period in 2008. In the U.S., occupancy costs decreased reflecting cost containment initiatives.

*Marketing and other.* For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, marketing and other expenses increased \$16 million, or 14%, primarily reflecting the results of Euronext for the full nine-month period in 2008.

*Regulatory Fine Income*

For the nine months ended September 30, 2008 compared to the nine months ended September 30, 2007, regulatory fine income decreased \$16 million to \$3 million. Regulatory fines result from actions taken by NYSE Regulation, Inc. in its oversight of NYSE and NYSE Arca member organizations and, accordingly, may vary period over period. Regulatory fine income, which decreased relative to the same period a year ago, is expected to do so in the future periods as a result of the transfer of certain functions previously carried out by NYSE Regulation to FINRA effective July 30, 2007.

**Interest expense**

The significant increase in interest expense is primarily attributable to the interest expense on the debt incurred to fund the cash portion of the consideration paid to Euronext shareholders in April 2007.

**Investment income**

The decrease in the average balance of cash and investments, fluctuation of interest rates and currency rates and general market conditions were the primary drivers of the \$15 million decrease in investment income.

**Gain on Sale of Equity Investment**

For the nine months ended September 30, 2008, NYSE Euronext recorded a \$2 million gain on the sale of Powernext (formerly an equity method investment). For the nine months ended September 30, 2007, gain on sale of equity investment was \$34 million primarily reflecting the sale of the member firm regulatory functions of NYSE Regulation to FINRA.

**Income from Associates**

Income from associates reflects NYSE Euronext pro rata share in earnings of equity method investments, primarily AEMS up until the August 5, 2008 acquisition of the 50% stake previously owned by Atos Origin. Subsequent to the acquisition the results of AEMS have been fully consolidated in our results of operations.

**Other Income**

For the nine months ended September 30, 2008, other income of \$28 million primarily reflected foreign exchange and other one-time gains.

## Minority Interest

For the nine months ended September 30, 2008, NYSE Euronext recorded minority interest of \$5 million primarily representing 2.32% of the Euronext N.V. income for the period from January 1, 2008 to May 20, 2008 (the effective date of the statutory buy-out of the remaining minority Euronext shareholders).

## Income Taxes

For the nine months ended September 30, 2008, NYSE Euronext provided for income taxes at an estimated tax rate of 29%. For the nine months ended September 30, 2008, NYSE Euronext's effective tax rate was lower than the statutory rate primarily due to foreign operations and the reorganization of certain of our businesses. For the nine months ended September 30, 2007, NYSE Euronext provided for income taxes at a 34% annual effective rate which reflects foreign earnings taxed at lower rates. Including a discrete deferred tax benefit of \$55 million related to an enacted reduction of the corporate tax rate from 30% to 28% in the United Kingdom, the applicable tax rate for the nine months ended September 30, 2007 was 26%.

## 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, 2008, net cash provided by continuing operating activities was \$401 million, representing net income of \$600 million, depreciation and amortization of \$191 million and an increase in deferred revenues of \$149 million, partially offset by a increase in accounts receivable of \$315 million, and an increase in other assets of \$176 million. Capital expenditures for the nine months ended September 30, 2008 were \$243 million.

Under the terms of the operating agreement of the NYSE, no regulatory fees, fines or penalties collected by NYSE Regulation may be distributed to NYSE Euronext or any entity other than NYSE Regulation. As a result, the use of regulatory fees, fines and penalties collected by NYSE Regulation may be considered restricted. As of September 30, 2008, NYSE Euronext did not have significant restricted cash balances.

### *Liquid funds and financial indebtedness*

As of September 30, 2008, NYSE Euronext had approximately \$3.2 billion in debt outstanding and \$1.1 billion of liquid funds (calculated as described below), resulting in \$2.1 billion in net indebtedness. We define net indebtedness as outstanding debt less liquid funds. We define liquid funds as current assets readily convertible into cash (cash and cash equivalents, current investments and securities purchased under agreements to resell) less cash held for payment of Section 31 fees to the SEC.

Liquid funds and net indebtedness were as follows (in millions):

	September 30, 2008	December 31, 2007
Cash and cash equivalents	\$ 682	\$ 934
Current investments	470	557
Securities purchased under agreements to resell	1	9
Section 31 fees payable	(40)	(169)
<b>Liquid funds</b>	<b>1,113</b>	<b>1,331</b>
Short term debt	1,402	2,164
Long term debt	1,800	494
<b>Total debt</b>	<b>3,202</b>	<b>2,658</b>

<b>Net indebtedness</b>	<b>\$ 2,089</b>	<b>\$ 1,327</b>
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Liquid funds are managed as a global treasury portfolio of cash equivalents and investments into non-speculative financial instruments, 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.

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As of September 30, 2008, NYSE Euronext's main debt instruments were as follows (in millions):

	Principal amount as of	
	September 30, 2008	Maturity
Commercial paper issued under the global commercial paper program	\$696	From October 1, 2008 until October 29, 2008
Bond in sterling	£250(\$445)	June 16, 2009
4.8% bond in US dollar	\$750	September 30, 2013
5.375% bond in Euro	750(\$1,056)	September 30, 2015
Bank overdraft	\$226	

The £250 million (\$445 million) fixed rate bonds were issued in 2004 to refinance the acquisition of LIFFE by Euronext and were swapped to floating rate using a fixed-to-floating rate swap. As of September 30, 2008, taking into account this swap, the effective interest rate on the bonds was 6.0%. The bonds mature in June 2009 and do not provide for early redemption.

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, 2008, NYSE Euronext had \$0.7 billion of debt outstanding at an average interest rate of 3.8% 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.

On April 4, 2007, NYSE Euronext entered into a \$3.0 billion syndicated revolving bank facility primarily used as a backstop for the global commercial paper program. This facility is also available for general corporate purposes and included a \$1.0 billion 364-day tranche that matured on April 2, 2008 and a \$2.0 billion 5-year tranche maturing on April 4, 2012. On April 2, 2008, the \$1.0 billion tranche was refinanced by a \$1.0 billion 364-day facility maturing on April 1, 2009. On September 15, 2008, the amount of commitments readily available to NYSE Euronext under the \$2.0 billion April 2012 facility decreased from \$2.0 billion to \$1,833 million as a result of the bankruptcy filing of Lehman Brothers Holdings Inc., which had provided a \$167 million commitment under this facility.

On August 4, 2006, prior to the combination with NYSE Group, Euronext entered into a \$300 million (\$422 million) revolving credit facility available for general corporate purposes, which matures on August 4, 2011. On a combined basis, as of September 30, 2008, NYSE Euronext had three committed bank credit facilities totaling \$3.2 billion, with no amount outstanding under any of these facilities. The commercial paper program and the credit facilities include terms and conditions customary for agreements of this type, which may restrict NYSE Euronext's ability to engage in additional transactions or incur additional indebtedness.

In the second quarter of 2008, NYSE Euronext issued \$750 million of fixed rate bonds due in June 2013 and \$750 million (\$1,181 million) of 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. These bonds bear interest at a rate per annum of 4.8% and 5.375%, respectively. 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 intends to seek additional financing. NYSE Euronext may also seek equity or debt financing in connection with future acquisitions or other strategic transactions.

As of September 30, 2008, NYSE Euronext's long term issuer ratings assigned by Standard & Poor's and Moody's were AA and A1, respectively. As a result of its creditworthiness, NYSE Euronext believes that it generally has access to debt markets, including bank facilities and publicly and privately issued long and short term debt. NYSE Euronext may not be able to obtain additional financing on acceptable terms or at all.

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

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new commercial paper, NYSE Euronext would immediately draw on these backstop facilities.

### *Share repurchase program*

The NYSE Euronext Board of Directors authorized the repurchase of up to \$1.0 billion of NYSE Euronext common stock. Subsequent to its October 1, 2008 acquisition of Amex (see Note 2), NYSE Euronext commenced its repurchase and NYSE Euronext plans to repurchase stock from time to time at the discretion of management in open market or privately negotiated transactions or otherwise, subject to applicable United States and European laws, regulations and approvals, strategic considerations, market conditions and other factors. As of November 10, 2008, NYSE Euronext had repurchased 7.7 million shares at an average price of \$29.11 per share. Under SEC rules, NYSE Euronext will not be able to repurchase shares during certain restricted time periods.



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

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

#### ***Goodwill and Other Intangible Assets***

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

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

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

#### ***Income Taxes***

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

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

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

#### ***Pension and Other Post-Retirement Employee Benefits***

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

#### ***Hedging Activities***

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

#### ***New Accounting Pronouncements***

SFAS No. 141 (revised 2007), Business Combinations (SFAS No. 141(R)), requires the acquiring entity in a business combination to (1) recognize all assets acquired and liabilities assumed generally at their acquisition-date fair values; (2) record those assets and liabilities at their full fair value amounts even if there is noncontrolling (minority) interest; (3) include noncontrolling interest earnings through net income; (4) expense acquisition-related transaction costs; and (5) disclose information needed to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141(R) is effective for NYSE Euronext for any acquisitions occurring in 2009 and years thereafter. NYSE Euronext is currently assessing the potential impact that the implementation of SFAS 141(R) will have on its financial statements, if any.

SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements (SFAS No. 160), which is to be retrospectively applied, requires entities to include noncontrolling (minority) interests in partially owned consolidated subsidiaries within shareholders' equity in the consolidated financial statements. SFAS No. 160 also requires the consolidating entity to include the earnings of the consolidated subsidiary attributable to the noncontrolling interest holder in its income statement with an offsetting charge (credit) to the non-controlling interest in shareholders' equity. SFAS 160 is effective for NYSE Euronext beginning January 1, 2009. NYSE Euronext is currently assessing the potential impact that the implementation of SFAS 160 will have on its financial statements, if any.

SFAS No. 161, Disclosure about Derivative Instruments and Hedging Activities, an Amendment of FASB Statement No. 133 (SFAS No. 161) is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS No. 161 applies to all derivative instruments within the scope of SFAS No. 133. It also applies to non-derivative hedging instruments and all hedged items designated and qualifying as hedges under SFAS No. 133. SFAS No. 161 amends the current qualitative and quantitative disclosure requirements for derivative instruments and hedging activities set forth in SFAS No. 133 and generally increases the level of disaggregation that will be required in an entity's financial statements. SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative agreements. SFAS No. 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

The FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159) including an amendment of FASB Statement No. 115, which permits entities to elect to measure many financial instruments and certain other items at fair value. The election to use fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We elected not to adopt this pronouncement and as a result it did not have a material impact on our financial statements.

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

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

**Interest Rate Risk**

Most of NYSE Euronext's financial assets and liabilities are based on floating rates, on fixed rates with an outstanding maturity or reset date falling in less than one year or on fixed rates that have been swapped to floating rates via fixed-to-floating rate swaps. The following table summarizes NYSE Euronext's exposure to interest rate risk as of September 30, 2008:

Dollars (in Millions)	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	\$ 396	\$ 105	\$ 291	\$ (2.9)
Euro	328	850	(522)	(5.2)
Sterling	357	447(4)	(90)	(0.1)
<b>Fixed rate positions in</b>				
Dollar	1	748	(747)	(27.7)
Euro		1,051	(1,051)	(54.9)
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.

(4) Includes the effect of the fixed-to-floating interest rate swap on the £250 million fixed rate bond issuance.

In order to hedge interest rate exposures, NYSE Euronext may enter into interest rate derivative instruments, such as swaps, with counterparties that meet high creditworthiness and rating standards. At September 30, 2008, the only significant outstanding interest rate hedge was a fixed-to-floating rate swap hedging the £250 million (\$445 million) fixed rate bond issuance denominated in sterling.

NYSE Euronext is exposed to price risk on its outstanding fixed rate positions. At September 30, 2008, 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 \$747 million and \$1,051 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 \$27.7 million and \$54.9 million, respectively.

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NYSE Euronext is exposed to cash flow risk on its floating rate positions. Because NYSE Euronext is a net lender in U.S. dollar, when interest rates in U.S. dollar decrease, NYSE Euronext's net interest and investment income decreases. Based on September 30, 2008 positions, a hypothetical 1% decrease in U.S. dollar rates would negatively impact annual income by \$2.9 million. Because NYSE Euronext is a net borrower in euro and sterling, when interest rates in euro or sterling increase, NYSE Euronext net interest and investment income decreases. Based on September 30, 2008 positions, a hypothetical 1% increase in euro and sterling rates would negatively impact annual income by \$5.2 million and \$0.1 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, 2008 is presented by primary foreign currency in the following table:

(Dollars in millions)	Nine months ended September 30, 2008	
	Euro	Sterling
Average rate in the period	\$ 1.5217	\$ 1.9477
Average rate in the same period one year before	\$ 1.3449	\$ 1.9874
Foreign denominated percentage of		
Revenues	23%	16%
Operating expenses	16%	12%
Operating income	44%	26%
Impact of the currency fluctuations (1) on		
Revenues	\$ 113.8	\$ (9.1)
Operating expenses	66.1	(5.1)
Operating income	47.7	(4.0)

(1) Represents the impact of currency fluctuation for the nine months ended September 30, 2008 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)	September 30, 2008	
	Position in euros	Position in sterling
Assets	5,975	£ 2,770
of which goodwill	1,808	1,073
Liabilities	2,648	681
of which borrowings	1,251	250
Net currency position before hedging activities	3,327	£ 2,089
Impact of hedging activities	182	
Net currency position	3,145	£ 2,089
Impact on consolidated equity of a 10% decrease in the foreign currency exchange rates	\$ (443)	\$ (372)

At September 30, 2008, NYSE Euronext was exposed to net exposures in euro and sterling of \$3.1 billion (\$4.4 billion) and £2.1 billion (\$3.7 billion), respectively. NYSE Euronext's borrowings in euro and sterling of \$1.3 billion (\$2.0 billion) and £0.3 billion (\$0.4 billion), respectively, constitute a partial hedge of NYSE Euronext's net investments in foreign entities. As at September 30, 2008, NYSE Euronext also had \$182 million (\$262 million) of foreign exchange swaps outstanding. These swaps matured in October 2008 and were designated as a hedge of the net investment in foreign entities. The effective portion of their revaluation gain or loss is reported as a component of other comprehensive income. As of September 30, 2008, the aggregate fair value of these swaps was \$5.5 million.

Based on September 30, 2008 net currency positions, a hypothetical 10% decrease of euro against dollar would negatively impact NYSE Euronext's equity by \$443 million and a hypothetical 10% decrease of sterling against dollar would negatively impact NYSE Euronext's equity by \$372 million. For the nine months ended September 30, 2008, currency exchange rate differences had a negative impact of \$617 million on NYSE Euronext's consolidated equity.



***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.

**Item 4. Controls and Procedures**

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) of NYSE Euronext and its subsidiaries. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the 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, 2008 in our internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For the three months ended September 30, 2008, the following supplements and amends our discussion set forth under Legal Proceedings in Part II, Item 1 of the Forms 10-Q for the three months ended March 31, 2008 and June 30, 2008, respectively, and in Part I, Item 3 of the Form 10-K filed for the year ended December 31, 2007, which disclosures are incorporated herein by reference, and no other matters were reportable during the period.

On June 25, 2008, the New York Court of Appeals entered an order affirming the May 2007 order of the Appellate Division of the New York Supreme Court ( Appellate Division ) dismissing four of the six claims asserted against Mr. Grasso by the New York Attorney General ( NYAG ). Both the Appellate Division and Court of Appeals concluded that those four claims were not expressly authorized under the New York Not-for-Profit Corporation Law ( N-PCL ), and thus the NYAG lacked authority to assert them.

On July 1, 2008, the Appellate Division entered an order relating to various rulings made by the lower court in October 2006. In relevant part, the Appellate Division reversed the lower court's granting of partial summary judgment for the NYAG against Mr. Grasso, ruling that the lower court erred in determining that Mr. Grasso had breached his fiduciary duties to the NYSE. The Appellate Division also ruled that the lower court erred in holding that the NYAG had authority to continue to pursue its N-PCL claims against Messrs. Grasso and Langone after the NYSE converted in 2006 into a for-profit entity. Accordingly, the Appellate Division directed that the N-PCL claims against Messrs. Grasso and Langone be dismissed. The Appellate Division also affirmed the lower court's ruling that granted summary judgment to the NYSE and John Reed on Mr. Grasso's cross-claims for breach of contract and defamation. On July 16, 2008, the lower court, pursuant to a stipulation filed by the NYAG and the NYSE, dismissed with prejudice the NYAG's remaining claim against NYSE (which had sought declaratory relief only).

On July 31, 2008, a stipulation was filed with the Supreme Court of New York in which the NYAG, Mr. Grasso and the NYSE agreed that no party would appeal the Appellate Division's July 1, 2008 decision which, among other things, had affirmed the dismissal of Mr. Grasso's contract claims and defamation claims against NYSE.

At December 31, 2003, the NYSE accrued compensation expense amounting to \$36.0 million related to Mr. Grasso. Based upon the final termination of any claims by Mr. Grasso against the NYSE, no additional payments were or will be made, and the above-referenced accrual was reversed and included in compensation in the condensed consolidated statements of income for the nine months ended September 30, 2008.

On August 20, 2008, the plaintiffs in the Sea Carriers matter (a matter related to In re NYSE Specialists Securities Litigation) voluntarily dismissed without prejudice that class action complaint, which asserted violations of federal antitrust and securities laws and common law in connection with the placing of market orders through NYSE's SuperDOT order routing system.

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 does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its operating results or financial condition.

### Item 1A. Risk Factors

Other than the matters disclosed below, for the three months ended September 30, 2008, there were no material developments with regard to the Risk Factors as previously disclosed in Part I, Item 1A. of the Form 10-K filed by NYSE Euronext for the year ended December 31, 2007, which disclosures are incorporated herein by reference. No other matters were reportable during the period. As a result of developments in the financial markets since the filing of the 2007 Form 10-K, we are providing the following updates of the risk factors:

*Economic conditions could negatively impact our business.*

Our operations are affected by local, national and worldwide economic conditions. For example, the consequences of a prolonged recession may include a lower level of economic activity and increased uncertainty regarding the capital markets. Such economic conditions might result in a decline in trading volume and deterioration of the economic welfare of our listed companies, which may adversely affect our revenues and future growth. Declines in volumes may impact our market share or pricing structures. Instability in the financial markets, as a result of recession or otherwise, also may affect the cost of capital and our ability to raise capital.



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*If our goodwill or intangible assets become impaired we may be required to record a significant charge to earnings.*

Under accounting principles generally accepted in the U.S., we review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or intangible assets may not be recoverable, include a decline in stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in our businesses. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined. Such impairment charge would negatively impact our results of operations.

**Item 5. Other Information**

On November 7, 2008 NYSE Euronext issued a press release announcing that its 2009 Annual Meeting of Stockholders is currently expected to be held on April 2, 2009.

**Rule 14a-8 Proposal Deadline**

Because the expected date of the 2009 Annual Meeting is more than 30 days before the anniversary of the 2008 Annual Meeting, in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, stockholders must deliver proposals for inclusion in the proxy materials for such meeting to the following address no later than the close of business on December 2, 2008. Rule 14a-8 proposals must be delivered to the Secretary, NYSE Euronext, 11 Wall Street, New York, NY 10005. Rule 14a-8 proposals must also comply with the requirements of Rule 14a-8, and may be omitted otherwise.

**NYSE Euronext Bylaws Advance Notice Deadline**

In accordance with the requirements for advance notice in NYSE Euronext's bylaws, for director nominations or other business to be brought before the 2009 Annual Meeting, other than Rule 14a-8 proposals described above, written notice must be delivered no earlier than the close of business on December 3, 2008 and no later than the close of business on January 2, 2009, to the Secretary, NYSE Euronext, 11 Wall Street, New York, NY 10005. Such notices must also comply with the requirements of the NYSE Euronext bylaws, and may not be effective otherwise.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Bylaws dated as of October 1, 2008.
10.1	Form of Phantom Stock Unit Agreement Pursuant to the NYSE Euronext 2006 Stock Incentive Plan.
10.2	Master Agreement Between ATOS Origin S.A. and NYSE Euronext dated July 11, 2008.*
21.1	List of Subsidiaries of NYSE Euronext.
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	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350.

\* Portions of Exhibit 10.2 have been omitted pursuant to a request for confidential treatment.

**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 13, 2008

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