THE LEADING CROSS-BORDER EXCHANGE - ANNUAL REPORT

2006

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(1) Except for certain names of natural persons and legal entities and capitalised terms that need no further explanation, the capitalised terms used in this annual report, including capitalised abbreviations, are defined or explained in the "Major abbrevations and glossary" section.

1. SELECTED FINANCIAL AND MARKET DATA

1.1 Breakdown of revenues per activity

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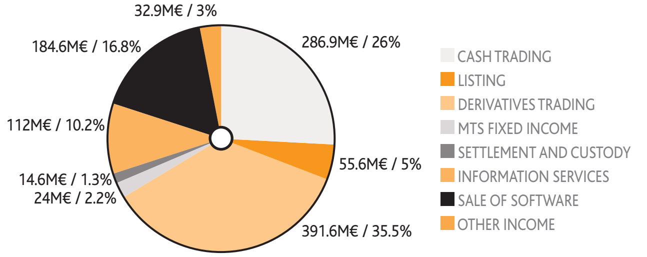
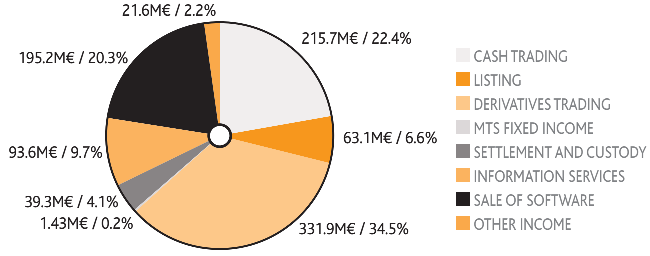
2006 REVENUES (% OF TOTAL REVENUES)



2005 REVENUES (% OF TOTAL REVENUES)



1.2 Financial highlights

Condensed financial statements (2004-2006)

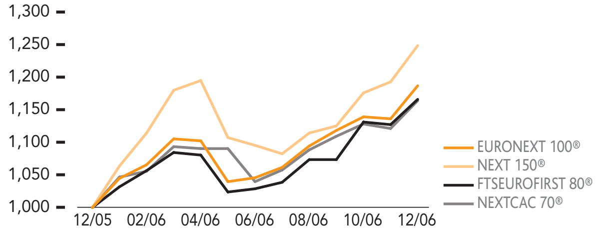
(in thousands of euros)	2006	2005	2004
Income statement			
Revenues	1,102,191	961,867	886,837
Total costs and expenses	693,183	643,389	686,659
Profit from operations before goodwill amortisation (EBITA(1))	409,008	318,478	200,178
Net profit	**361,779**	**239,954**	**149,738**
Balance sheet			
Total non-current assets	1,400,527	1,688,232	1,579,803
Total current assets	769,532	895,626	772,810
Disposal groups assets classified as held for sale	506,316	17,878	-
Total assets	**2,676,375**	**2,601,736**	**2,352,613**
Capital and reserves	1,667,016	1,721,256	1,523,429
Minority interests	50,721	33,594	21,016
Non-current liabilities	429,216	422,906	425,930
Current liabilities	479,736	416,672	382,238
Liabilities directly associated with disposal Group's assets classified as held for sale	49,686	7,308	-
Total equity and liabilities	**2,676,375**	**2,601,736**	**2,352,613**
Basic EPS (in euros)(2)	3.25	2.17	1.28
Gross ordinary dividend per share (in euro)	-	1	0.60
Gross super dividend per share (in euros)	-	3	-
Staff (FTEs, excluding GL TRADE, MTS and Hugin)	1,039	1,169	1,437
Staff GL TRADE (FTEs)	1,155	1,083	1,074
Staff MTS (51%)	49	50	-

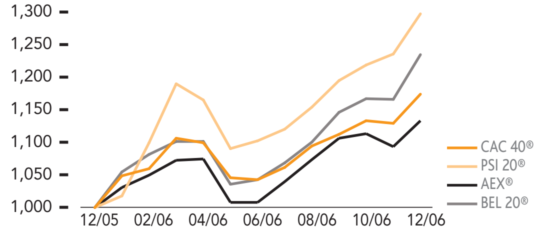
(1) EBITA stands for earnings before interest, tax and amortization of goodwill and is the same as profit from operations before goodwill amortization as stated in the consolidated income statement, and is the indicator for 2004. EBIT is the indicator for 2005 and 2006. (Starting 1 January 2005 the Group no longer amortises goodwill relating to acquisitions made before 31 March 2004 as part of a business combination, in line with IFRS 3.) Management considers EBIT and EBITA as appropriate yardsticks for the operational result of the relevant periods.

(2) In 2004, the EPS is presented before amortisation of goodwill.

1.3 Market data

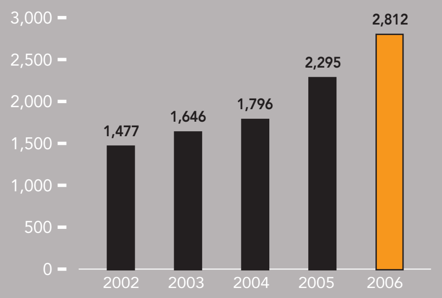
EURONEXT'S INDICES IN 2006



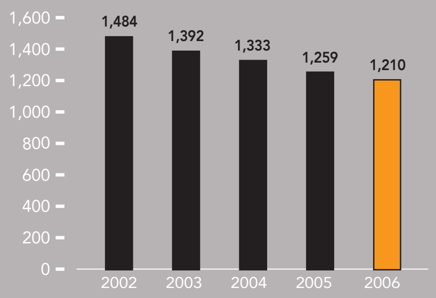


Listing

MARKET CAPITALIZATION (in billions of euros)

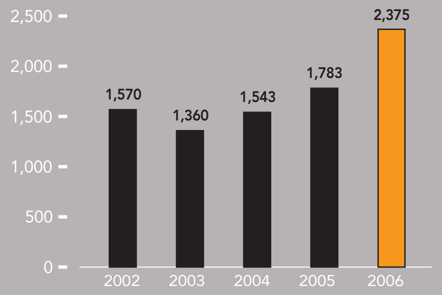


NUMBER OF LISTED COMPANIES

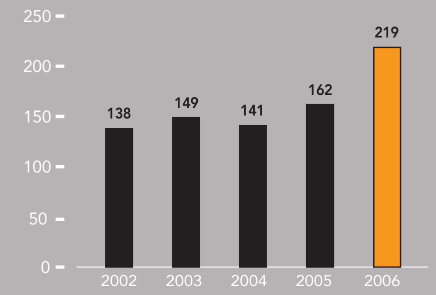


Cash markets

VALUE OF EQUITY TRADING VIA CENTRAL ELECTRONIC ORDER BOOK (in billions of euros)

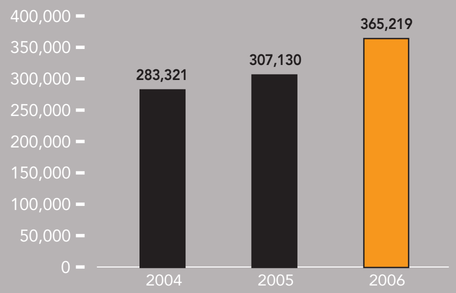


NUMBER OF TRADES (REPORTED TRADES INCLUDED) (in millions of trades)

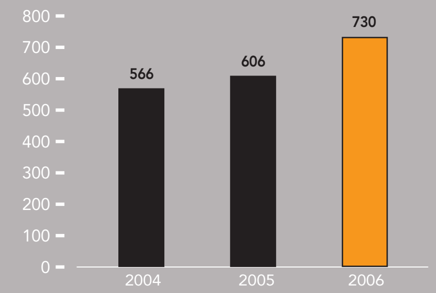


Derivative markets

VALUE OF TURNOVER (in billions of euros)



NUMBER OF TRADED CONTRACTS(1) (in millions of contracts)

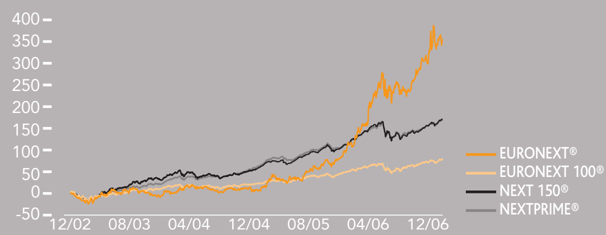


(1) These figures have been rebased to take account of contract size changes and provide an accurate.

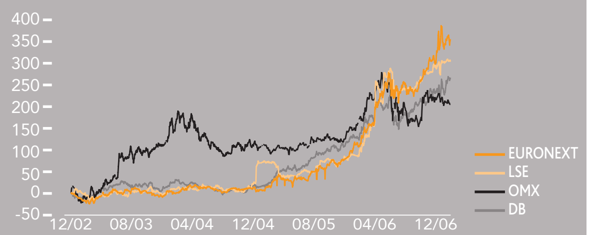
1.4 Shareholder information

Since Euronext's IPO on 5 July 2001, Euronext shares have been listed on Euronext's Paris market[(1)] (Euronext code NSCFR000NXT1). Ever since, Euronext share price has risen by over 200%.

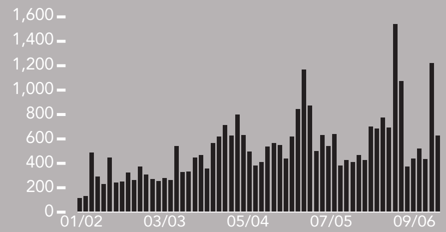
SHARE PRICE PERFORMANCE COMPARED TO EURONEXT INDICES (2002-2006) (in %)



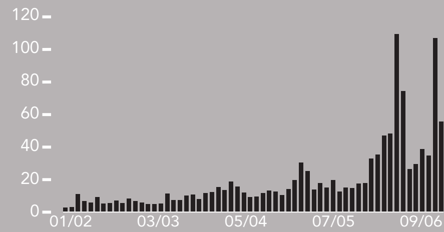
SHARE PRICE COMPARED TO SHARE PRICES OF PEER GROUP (2002-2006) (in %)



DAILY AVERAGE VOLUME ON EURONEXT SHARES (2002-2006) (in thousands)



DAILY AVERAGE TURNOVER ON EURONEXT EXCHANGES (2002-2006) (in millions of euros)



SHARE PRICE (2002-2006) (in euros)

(1) Euronext shares are also traded in the Trading Facility segment of Euronext Brussels (Euronext code NSCBE0057774) and the Traded-But-Not-Listed segment of Euronext Amsterdam (ISIN NL0000241511).

2. DIRECTORS' REPORT

2.1 2006 financial developments and analysis

2.1.1 Summary of Group operating results

Euronext signed an agreement with the New York Stock Exchange in June to create a merger of equals, clearly the highlight of the year 2006. This strategic partnership will create the world's largest and most liquid securities marketplace. With global market leadership positions across cash equities, derivatives, market data and technology, the new group becomes the world's most liquid marketplace as well as the premier listing venue.

With this move, Euronext is once more leading the global consolidation of the industry, which will result in cost synergies, from sharing and rationalising the combined group's IT systems and platforms, and will create opportunities for additional revenue generation. The combination will have the effect of boosting the combined EBIT of the new group.

While the merger clearly prepares Euronext for the years to come, it does not eclipse the fact that 2006 was an outstanding year.

Euronext broke all records in 2006, due to booming trading levels and excellent cost control. In spite of €47.6 million incurred in global corporate deal costs, year-end revenues stood at €1,102 million while its EBITA rose 28% to €409 million. This represents a 37.1% EBITA margin, while costs rose by 8% to €693 million as a consequence of corporate deal expenses.

The high levels of profitability shown by most companies have encouraged investors, who have demonstrated a growing appetite for equity markets over the last two years. Further confirming the attractiveness of equity markets, the number of IPOs in 2006 is the highest since Euronext's creation. A total of 142 companies chose to go public on Euronext. Among them, 57 were introduced on Alternext® and demonstrated the success of this new segment dedicated to small and medium-sized companies.

Cash trading levels also followed this positive trend, breaking all activity records in 2006. The average daily volume rose more than 36% compared to 2005 reaching some 860,692 trades per day. Rising indices provided another key sign of confidence in equity markets.

In fact, every month of 2006 – with the exception of July – showed better performance than the record 15.1 million trades registered in September 2005. May 2006 set a new record with 22 million trades.

Average daily volumes in derivatives trading showed good growth (+21%). Interest rate products grew 19%, due in part to interest rate changes during the year and to a more dynamic interest rate policy by the ECB in the fourth quarter 2005. Commodities also rose 16% and equity derivatives increased by 23%. A total of more than 51 million contracts were processed through Bclear, the wholesale service launched in October 2005.

Due to excellent volumes, cash and derivatives trading activities rose 33% and 18% respectively. Information services increased 20%. Listing, meanwhile, fell 12% from exceptionally high 2005 revenues stemming from the French utility giants' EDF and GDF major IPOs. Settlement and custody fell 63% as a consequence of the sale of CIK. Interbolsa went down slightly with a 2% dip. The fall in software revenues is explained by the completion of the sale of LIFFE CONNECT®, with activity being transferred to AEMS in July 2005. GL TRADE, on the other hand, was up 3% for 2006.

Euronext took full advantage of such favourable market conditions. The Group prepared for the future by making changes in its competitive environment and getting ready for the implementation of MiFID in November 2007.

In order to benefit from the new financial reporting requirements laid out in the European Transparency Directive, Euronext completed the following two additional acquisitions in 2006:

- Company*news* was purchased in March. It will enhance Euronext's presence in the market for corporate news distribution, broadening its range of services for listed companies.
- Hugin ASA, Europe's leading provider of solutions for connecting communication professionals with their target audiences was acquired in December.

Furthermore, Euronext continued to optimise its structure. Excluding Hugin (for the 2006 figure), GL TRADE and MTS, staff count (FTEs) continued a downward trend from 1,169 at the end of 2005 to 1,039 at the end of 2006.

Costs increased 8% to €693 million. The Group took full advantage of the finalisation of its IT integration as well as its ongoing headcount reduction, yet costs remained inflated by corporate deal expenses. Some €40 million alone in expenses was related to the NYSE project. Consequently, EBITA ends the year at €409 million – 28% above 2005. Net profit amounted to €361.8 million, up 50.8% compared to 2005 figures.

2.1.2 Analysis of results

2.1.2.1 Primary revenues: €1,102.2 million

Listing revenues: €55.6 million

Euronext experienced its busiest year ever, both in terms of number and value of IPOs. The Group ended 2006 with 142 new listings representing €21.4 billion in capital raised and an additional market capitalization of €96 billion. Alternext®, the new market launched in May 2005, totalled 75 listed companies at the end of 2006, just 18 months after its creation. Revenues for the full year 2006 amounted to €55.6 million, representing a dip of 11.9% over 2005. Note that 2005 revenues improved significantly through two of the largest IPOs in the world, France's EDF and GDF.

Cash Trading revenues: €286.9 million

With 219.5 million trades, a 35.1% increase over 2005, Euronext confirmed its leading position as Europe's largest exchange in terms of number of trades and value traded on its central order book. Euronext established a new all-time record with an average daily number of 860,692 trades, representing a 36.2% increase over 2005. The month of May saw a peak of 1 million trades registered per day. The SBU has recorded its third consecutive yearly increase in revenues, with a total of €286.9 million, up 33% year-on-year. Trading fees amounted to €217.7 million, a 33% increase over 2005. Clearing fee retrocession gained 38% over last year, coming in at €56.5 million, whilst connections generated €12.3 million.

Derivatives Trading revenues: €391.6 million

Volatile market conditions enabled Euronext.liffe to deliver strong performance and set new trading volume records. Volumes in all products grew year-on-year: equity products jumped 23%, interest rate products increased 19% and commodities were up 16%, leading to an overall increase in volume of 21% with 730.3 million contracts traded. Our recent OTC initiative, Bclear, confirmed its success after just one year in existence with 51.6 million contracts traded during 2006. The overall revenues of the SBU out-performed last year by 18% reaching €391.6 million.

Information Services revenues: €112 million

The SBU delivered another all-time record in 2006 with total revenues of €112 million increasing by 19.7% compared to 2005. In the total amount of revenues, Company*news* and the sale of data for MTS account for €2.7 million and €3.5 million, respectively. The traditional business progressed due to the number of data packages sold worldwide. The SBU initiated a strategic move into new services through the acquisition of Company*news* and Hugin in order to take benefits from the European Directive on Transparency and MiFID.

Sale of software revenues: €184.6 million

In 2006, the sale of software consists only of GL TRADE turnover whereas in 2005 it also included LIFFE Market Solutions (LMS). GL TRADE revenues for the full year grew 3% from €179.0 million in 2005 to €184.6 million in 2006. The company made two acquisitions during the year: Emos Systems in July and OBMS products from Nyfix Overseas in August. A third acquisition was finalized on 1 March 2007 for FNX SOLUTIONS.

MTS revenues: €24 million

MTS revenues are 51% proportionally consolidated. Only one month of MTS revenues were accounted for in 2005. On a comparable basis – and for information purposes only – the MTS fixed income revenues increased by 2.4% from 2005 to 2006.

Settlement and custody revenues: €14.6 million

A revenue decrease is explained by the sale of CIK to Euroclear as of 1 January 2006. The segment consists solely of Interbolsa, the Portuguese central securities depository. Its annual revenues remained flat at €14.6 million despite a substantial fee decrease at the beginning of the year.

Other revenues: €32.9 million

Other revenues increased 52.7% from €21.5 million to €32.9 million. This is explained by the full year effect of services charged to LMS in London, improved rental income in continental Europe and full year consolidation of MTS revenues.

2.1.2.2 Primary expenses: €693.2 million (including depreciation)

Note: Euronext Group primary expenses in 2006 include MTS at €22.5 million and, since 1 March 2006, €3 million for Company*news*. The transfer of LMS to AEMS in London and the sale of CIK represent year-on-year cost reductions of €9.9 million and €17.4 million, respectively.

Staff costs: €275.4 million

Staff costs increased 4.2% from €264.4 million to €275.4 million year-on-year, largely due to the provision for bonuses. This cost grew in response to the year's higher profitability and a one-off cost paid during the first quarter for the transfer of Necigef staff to Euroclear. FTEs of Euronext excluding GL TRADE totaled 1,169 on 31 December 2006, down 50 compared to the same date in 2005. The number of GL TRADE employees in FTEs increased from 1,083 to 1,155 for the same period.

IT costs: €166.2 million

Following the transfer of LIFFE Market Solutions activity to Atos Euronext Market Solutions in July 2005, all IT expenses are now aggregated in IT costs.

Euronext IT costs reached €166.2 million in 2006: €26.4 million more than in 2005. Changes in Group holdings generated a €38 million year-on-year increase, including €35.1 million linked to the full year effect of the LMS transfer, €9.9 million posted in MTS (against €1.2 million in 2005 for December alone) and €0.1 million in Company*news*, partly offset by the €5.9 million decrease resulting from the sale of CIK.

Therefore, excluding the above-mentioned impact of the reorganisation of Group holdings, IT costs dropped by another €11 million and delivered the first expected synergies following the creation of AEMS.

Running costs, excluding GL TRADE, fell €6.6 million to €139.4 million. A decline in the number of development man-days led to another drop of €3.6 million of the IT expenses while GL TRADE IT costs finish the year-on-year lower.

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Office, telecom and consultancy costs: €130.1 million

Strongly inflated again by corporate activity, which resulted in €47.6 million costs, office, telecom and consultancy stood at €130.1 million at the end of 2006. This represents an increase of €31 million compared to 2005.

Excluding these specific items, recurring office, telecom and consultancy costs were kept under strict control. They increased by only 1.2% on a yearly basis.

Accommodation costs: €44.4 million

Reaching €44.4 million in 2006, accommodation costs fell 11% against 2005. Euronext continued to review its needs and to optimise its resources. Over the last two years, it has been able to both return some leases and renegotiate tenancy agreements, in line with a decrease in headcount.

These actions helped to save an additional €1.7 million. At the same time, the contract with AEMS generated €1.7 million more than in 2005 and the sale of CIK led to a €0.6 million drop in premises costs. These savings were completed by another reduction of €1.4 million of maintenance costs.

Marketing costs: €20.3 million

In 2006, targeted communication and advertising campaigns were delivered to promote the Euronext brand and model. Specific marketing support was also provided to new initiatives, in both cash and derivatives activities.

This effort explains the €5 million rise of marketing costs, ending 2006 at €20.3 million.

Other operating costs: €24.3 million

Compared to last year, 2006 other operating costs show a decrease of €0.8 million, the equivalent of 3%. Lower professional fees are responsible, as well as the positive effect of LMS transfer on non recoverable VAT, which offset the extra costs resulting from the inclusion of MTS and Company*news*.

Depreciation: €32.6 million

In 2006, depreciation reached €32.6 million, representing a €17.1 million, or 34%, year-on-year decrease.

This is due to the €21.3 million drop caused by the transfer of LMS to AEMS. The decline was partially offset as depreciation costs began for some new development and by the changes due to external growth, together creating €4.2 in million additional depreciation costs.

2.2 Business segment review

2.2.1 Cash Trading and Listing

(in thousands of euros)	2006	2005
External sales	342,536	278,873
Intersegment reallocations	11,220	11,921
Segment revenue	353,756	290,794
Segment expenses	(152,112)	(156,461)
EBITA	201,644	134,333

In 2006, Cash Trading and Listing revenues increased 22.8%, from €278.9 million in 2005 to €342.5 million.

Cash Trading revenues, excluding the clearing fee retrocession, amounted to €230 million[(1)], compared with €174.6 million in 2005. This 32% increase was boosted by the volume of transactions, which soared 35% year-on-year to 219 million trades.

This exceptional activity was the result of increasing black box and algorithmic trading, as well as the listing of new large market caps that brought additional trading activity and increasing volatility since May.

Listing revenues amounted to €55.6 million in 2006, compared with €63.1 million in 2005 when revenues were boosted by the EDF and GDF listings.

Expenses decreased by 3% to €152.1 million, compared with €156.5 million in 2005. This is the result of the global effort made by the SBU on its costs, as well as a decrease in general IT costs.

As a result, EBITA increased 50.1% to €201.6 million, generating an EBITA margin of 57%. The corresponding 2005 margin was 46.2%.

At the end of 2006, customers using Euronext's NSC trading platform could execute trades in the stocks of 1,210 companies located in 28 countries. Some 954 are based in one of Euronext's home markets of Belgium, France, the Netherlands and Portugal. The remaining 256 listed companies are registered elsewhere and chose Euronext as their primary European market for raising capital.

The year 2006 has been exceptionally strong for European IPO activity. Euronext confirmed its position as the leader in the Eurozone for stock market listings with a total of €21.4 billion offered by 142 newcomers. There was a marked acceleration of activity in the final quarter with Euronext welcoming three out of the top five IPOs in Europe. Most notable among 2006 IPOs were Natixis, which was the largest placement of the year, as well as Galp Energia, Neuf Cegetel, Banco Popular Español, Legrand EDF Energies Nouvelles and Aéroport de Paris.

Euronext Amsterdam, where many private equity and hedge funds made their market debut, represents nearly half of the total capital raised on Euronext.

The total of these new listings represents an additional market capitalisation of €96 billion. Both the total number and the value of new listings are at their highest level since the creation of Euronext. At the end of 2006, the total market capitalisation of the 1,210 companies listed on Euronext markets was up 22% over 2005, reaching €2,812 billion.

In addition, 2006 represented a landmark year for Euronext's exchange regulated market, both in terms trading activity and the reach of its services. In 2006, Alternext® attracted 57 new listings, including two foreign companies, bringing the total number of listings on the market to 75. The monthly average volume traded has risen steadily to around €85 million in 2006, four times the 2005 figure. Last year also saw the inauguration of Alternext® in Brussels, in June, and Amsterdam, in November. Alternext® is expected to be launched in Lisbon during 2007.

Recent regulatory changes in favour of companies listed on Alternext®, actively supported by Euronext, should give market liquidity an additional boost. On 9 January 2007, Alternext® reached a new milestone with a cumulated trading volume reaching more than €1 billion since the market's creation. Following the 30 December 2006 publication of a change in French investment regulations, stocks on Alternext® may now represent up to 100% of total assets of investment funds (UCITS), compared with the previous maximum of 10%.

In September, Euronext launched an index to track the combined performance of all the shares listed on Alternext®. The index has risen by 34% since year-end 2005.

In 2006, Euronext remained the leading European exchange by number and value of transactions in shares traded on an electronic order book. A record 209 million share transactions were completed in Euronext's cash markets, an increase of 34.7% over 2005. These transactions represent total turnover of €2,375 billion, also jumping up 33.2% against 2005. This exceptional level of activity was driven in part by the dynamism of the primary market, the excellent performance of national indices and the positive impact of new electronic trading techniques used by Euronext members.

In the first quarter of 2006, Euronext responded to changes in market conditions by initiating a new liquidity provider programme. The programme aims at improving the transparency of the liquidity provider selection process and optimising the management of liquidity providers' performance on the market.

In June, Euronext announced the introduction of a new market model for the Dutch open-ended investment funds

(1) Including cash trading connection revenues and other cash related fees.

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market. Designed in close cooperation with the Dutch regulator and the fund industry, the new model will be rolled out in the first quarter of 2007.

NextTrack celebrated its fifth anniversary in 2006. Transactions increased by 99% to 690,000. In 2006, 65 new products were launched on NextTrack, bringing the total number of trackers and active ETFs listed on Euronext to 160. Assets under management amounted to €48 billion. The diversity of trackers on Euronext has continued to expand, with recent additions of trackers on commodities, the energy sector, emerging markets and the USA.

Transactions were up 64% over 2005 on NextWarrants, reaching 7.6 million. There were 16,884 new products launched on NextWarrants in 2006, with a year-end total of 8,423 warrants and certificates listed on Euronext.

In recognition of its performance on structured products, Euronext was named "Exchange of the Year" in Structured Products magazine's European Awards.

At the end of December 2006, a total of 220 members from 12 countries were trading on Euronext's cash markets. The number of trading members has fallen back over 2005 in accordance with the consolidation process taking place among European financial institutions. The drop has not affected trading volumes since the cash market experienced record levels of trading in 2006.

In December, Euronext signed an agreement to acquire 51% of SecFinex, one of the leading European electronic trading platforms for securities lending. Subject to the approval of the relevant authorities, the acquisition will be completed in the first quarter of 2007.

Euronext is committed to meeting the evolving needs of its customers' trading strategies and activities. This objective of Euronext's Technological Enhancement Programme has resulted in the following:

- Upgrade of the warrants trading platform in July 2006.
- Announcement in December 2006 of the introduction of faster equities trading in early 2007, with a cash trading platform capable of handling up to 10 times current volumes at 20 times the speed. Early tests have shown impressive results, including an average response time of less than 5 milliseconds. The new platform's horizontal scalability means that Euronext will be able to continue to process record-breaking volumes.

2.2.2 Derivatives Trading

(in thousands of euros)	2006	2005
External sales	391,571	331,923
Intersegment reallocations	19,264	36,165
Segment revenue	410,835	368,088
Segment expenses	(221,438)	(237,467)
EBITA	189,397	130,621

The Derivatives Trading SBU has improved its EBITA for the fifth consecutive year. Derivatives trading revenues increased 18% from €331.9 million in 2005 to €391.6 million in 2006, as a result of a 21% increase in volumes. Increased volumes have not resulted in a proportionate increase in revenues due to a changed business mix. Open interest stood at 71 million contracts, down 9% on 2005.

Increased revenues and a continuing focus on tight cost control enabled the Derivatives Trading SBU to achieve an EBITA of €189.4 million (up 45% on 2005) and the equivalent to a margin of 46.1% (up 29.9% on 2005).

Euronext.liffe saw a record year in 2006. As the second largest derivatives exchange in Europe by volume – average daily volume was up 21% on 2005 – Euronext.liffe is second largest in the world by value of business traded every day: it sustained an average of €1,400 billion throughout 2006.

More than 730 million contracts were traded, up 21% on 2005. Volumes grew across all product areas: interest rate products registered a rise of 19% on 2005, equity products grew by 23.1% and commodity products by 16%. LIFFE CONNECT®'s distribution continued to expand during the year. By the end of the year there were 823 sites in 31 countries, bringing new business from India, Eastern Europe, South Africa and Australia in particular. Volumes traded directly on Euronext.liffe by customers in the United States grew by 30% on the previous year, continuing a pattern of healthy growth in the exchange's American business.

The rise of algorithmic trading was a major factor behind volume growth during 2006. More than 9% of volumes in the Euribor futures market, for example, come from algorithmic trading of various types.

Regarding Euronext.liffe's equity index and individual equity contracts, rising equity markets and a pronounced rise in volatility contributed to strong growth in the first four months of the year. After the sharp fall in the equity markets in May, growth resumed in the second half of the year when Euronext's markets all reached annual highs. Overall equity options volumes grew 12%. Universal Stock Futures recorded a record year, trading 30 million contracts. In response to customer demand, Euronext.liffe launched on Bclear 300 Universal Stock Futures and Variance futures.

The contracts' availability on Bclear contributed signs to the growth in Universal Stock Futures' volumes in 2006. Index products volumes grew 24%, buoyed by the fact that European markets rose for most of the year. Index futures contracts rose 28% and index options increased by 19%.

Boosted by the introduction in May of Weekly Options on the AEX® index, the Amsterdam market again registered a record year, with a total of 126.8 million contracts traded. The rising trend in volumes has continued into 2007. More than 400 underlying assets for European equity futures and options, including options on shares not listed on Euronext, can be traded on Euronext.liffe, making the exchange a leading market for equity options trading worldwide.

In the interest-rate markets, after a relatively quiet start to the year, a stream of volatile European market data helped drive Euribor volumes in the third and fourth quarters of the year. Speculation on the timing and direction of interest rate changes in the UK also resulted in strong activity in the Short Sterling contracts. Volatility at the long end of the yield curve, combined with a large bond issuance programme by the British government, also ensured that the Long Gilt contract performed strongly: volumes grew by 24%. Overall, interest-rate product volumes grew 19% in 2006. Futures volumes were up 19% on 2005 while options volumes increased 17%. Euribor futures grew by 21% while options increased 9%, due to low levels of volatility early in year. Much greater uncertainty in the Sterling interest rate market produced strong growth in the Short Sterling and Gilt contracts. Short Sterling futures volumes grew 22% and option volumes grew 36% over 2005.

Volumes in the FTSEurofirst 80 futures contract jumped 49% in 2006 on 2005. The FTSEurofirst 80 and 100 futures contracts are now available on the Paris market.

Trading in commodity products continued to rise for the fifth successive year. Overall volumes increased by 16%. In the largest contract, Robusta Coffee futures volume grew 9%. Growing interest in biofuels has helped drive growth in products that can be turned into fuel: White Sugar futures volumes grew 11% and Rapeseed futures climbed 13%. In support of increasing interest in biofuels, the exchange has listed new Rapeseed Oil and Raw Sugar contracts in 2007. The addition of these products means that Euronext.liffe is the only globally distributed electronic exchange to offer trading in all of the major raw materials in the biofuels sector.

In its first full year of operation, Euronext.liffe's Bclear wholesale service performed very strongly. 51.6 million contracts were registered through Bclear. 47% of the single stock futures and options volume on Bclear is in futures and options not listed on Euronext markets. Cscreen also experienced increased usage. The service saw a strong increase in the number of registered and active users, as well as the number of indications of interest published every day.

In 2006, Euronext.liffe focused on enhancing the quality of its central markets and in expanding the range of products offered through its ABC wholesale services in response to customer demand. The following are among the initiatives that took place in 2006:

- Extension of the successful Amsterdam "full screen" market model to the Brussels and Paris markets during 2006. Amsterdam volumes were up 29% on 2005, while Brussels volumes increased by 33%.
- Introduction of the options with a five-year maturity and finer strike pricing in the Paris market. Taking account for the difference in contract size between the European and American-style options contracts offered on the Paris market, 2006 saw growth of 16% in the Paris equity options business.
- Efforts to make it easier for customers in Asia to trade on Euronext.liffe. In June, customers in India traded more than 1 million contracts in a month on Euronext.liffe for the first time. The same month, Euronext.liffe opened an office in Singapore. A month later, Euronext.liffe signed a deal with the Multi-Commodities Exchange (MCX) in Mumbai, India, licensing the use of futures prices on Robusta Coffee and White Sugar.
- The opening of an office in Frankfurt in November to meet rising German demand for Euronext.liffe's products.
- Plans were announced to extend Euribor trading hours to cover Asian trading day. The change will take place in 2007.

At the beginning of 2007, four new EuroMTS government bond index contracts were launched.

A major upgrade of LIFFE CONNECT®, introduced in the summer of 2006, provided a 100% increase in the speed, capacity and the resilience of the trading engines. The upgrade gives Euronext.liffe the ability to expand the processing power of the market seamlessly and more cost-effectively in the future. The upgrade also enables LIFFE CONNECT® to accommodate the increased volumes anticipated in the electronic options markets, as well as further rapid growth in algorithmic trading. A further threefold increase in capacity in 2007 is planned.

2.2.3 Information Services

(in thousands of euros)	2006	2005
External sales	112,004	93,592
Intersegment reallocations	(30,020)	(26,085)
Segment revenue	81,984	67,507
Segment expenses	(38,561)	(35,213)
EBITA	43,423	32,294

Including Company*news*, the external sales of Euronext's Information Services in 2006 reached €112 million, up 19.6% compared to the year 2005. This is the result of higher market data revenues due to a 6% increase in subscriptions on Euronext real-time market data products and an increasing interest in index trackers and licences on turbos and warrants. Company*news*' revenues were included in the overall SBU revenues for the first time this year, as of March 2006. Direct costs slightly increased year-on-year due to the inclusion of Company*news*' expenses as of March 2006 and higher amortisation costs following the launch of the second phase of the EMDS platform in February 2006.

This considerable increase in sales more than compensates for slightly higher direct costs, resulting in an EBITA margin for 2006 of 53% up from 47.8% in 2005.

The main activity of the Information Services SBU is the distribution of real-time market data. The data includes price, transaction and order book data on all the instruments traded on the cash and derivative markets of Euronext, as well as index values. The number of terminals showing Euronext data worldwide grew to 207,000 (up 6.4% from 194,500 in 2005) in 125 countries. The Group now has 177 vendors distributing data across the world. Many other users receive the same market data with a delay of 15 minutes, which is free of charge.

The consolidation of all Euronext market data into one feed – Euronext Market Data Solution (EMDS) – was completed in February 2006. Further enhancements and continued growth of the system's capacity were realised in the rest of the year to cope with the soaring data volumes on both Euronext cash and Euronext.liffe derivative markets as a result of a surge in algorithmic trading and improved trading host technology.

As for the custumers' base, it went on broadening to include fund managers and quantitative analysts, as a result of the launch early 2005 of www.databyeuronext.com web portal and two related-services Index File Service and NextHistory, which provide customers with daily information on Euronext's indices, including index components, weighting and adjustments as well as historical data series.

The SBU is also responsible for compiling and managing the Euronext indices and customised indices for clients via its subsidiary Euronext Indices B.V., which manages over 200 national and international indices, including blue-chip indices like the CAC 40®, AEX®, BEL 20® and PSI 20®. In 2006, Euronext Indices B.V. launched an all-share index on the Alternext® segment, the Euronext FAS IAS Index on employee shareholding in cooperation with FAS and customised indices on behalf of ABN AMRO Bank and Club Commodity.

In the product category media services the ListQuote service – the service designed for listed companies that provides them with real-time data for publication of their share price on their own website which was introduced in 2004 – was transferred to Company*news* as of January 2007. The transfer extends the investor relations service of Company*news* thus enhancing the product offering and added value to the customer.

In 2006, Information Services acquired Company*news* (March) and Hugin (December) in order to meet the demand for specialised services in corporate news distribution resulting from the European Transparency Directive that became effective in January 2007. This directive requires that listed companies adhere to minimum requirements in disclosing price sensitive information. The integration of these two European leaders in news dissemination services reflects the SBU's strategy to develop services for listed and unlisted companies in the field of news distribution and investor relation services and strengthens its position in the corporate news distribution market.

2.2.4 Sale of software: GL TRADE

(in thousands of euros)	2006	2005[1]
External sales	184,607	195,212
Intersegment reallocations	621	(15,919)
Segment revenue	185,228	179,293
Segment expenses	(154,153)	(152,073)
EBITA	31,075	27,220

(1) 2005 financials include revenues and expenses from LMS.

For the entire year 2006, GL TRADE reported revenues of €184.6 million, or 16.7% of Euronext's total revenues, representing an increase of 3% compared to the previous financial year, after retreating LMS revenues.

Front-office activities are growing again, with an increase of 3% compared to last year. Sales levels were maintained through the systematic supply of OMS (Order Management Systems), client and market connectivity as well as the need for compliance with MiFID regulation.

Sales in the Post Trade for Derivatives (GL CLEARVISION-UBIX) and Capital Markets (TRADIX) business lines grew by 10% and 4% respectively. Post Trade for Securities, enriched by the GL SETTLE American offer in July 2005, reported growth of 33%. Such solid performances are the result of the group's strategy of diversification to capital markets and back-office.

The anticipated decrease of FERMAT revenues was confirmed with an 18% drop in 2006, with a very large contract signed in late 2004 entering its final phase. GL TRADE ends its distribution agreement of FERMAT product in late 2006 to focus on its own solutions.

Americas highly supported activity with a growth of 20%. This good performance reflects US market acceptance of GL TRADE offering in the front-office arena: trading, order routing tools and OMS. Americas also reported very good figures in the post trade derivatives field with the ever-largest revenue-wise UBIX/ClearVision contract signed with an important US Tier one. The business line saw revenue increase from €2 million to €4.8 million.

The demand for multi-product and multi-market investments is constantly growing. GL TRADE's trading platform now offers connectivity to 120 international markets, half of which are derivative markets. Derivative markets are low margin places, and financial institutions need specific software solutions that guarantee very low processing costs. Following the Ubitrade S.A. acquisition in December 2004 and the construction of the interface between Ubix and GL CLEARVISION, GL TRADE became the first supplier to offer a completely integrated solution (front-, middle- and back-office) for derivatives. This global solution, combined with ASP technology, enables GL TRADE to meet the needs of its clients, whatever their size or stage of development, so that they can benefit from new trading opportunities immediately and cost-effectively. At the end of 2006, GL TRADE connects to more than 30 markets in ASP.

In July 2006, GL TRADE acquired EMOS SYSTEMS, a key actor in middle-office derivatives solutions. GL TRADE announced in late August 2006 the acquisition of Nyfix Overseas, a subsidiary of the US group Nyfix Inc. specialized in electronic trading and order management systems for derivative markets.

2.2.5 Fixed income: MTS

Summary of 2006 MTS Group's profit and loss account

(in thousands of euros)	2006	2005
Total revenues	59,349	58,262
Total expenses	(42,606)	(42,606)
EBIT(1)	17,337	7,618(2)

(1) Including operating profit, share of profit of associate and other gains and losses.
(2) Before change in control costs.

Source: the 2005 audited financial statements of MTS and MTS Group financial statement as at 31 December 2006 (unaudited).

During 2006, the MTS group generated revenues of €59.3 million, up 1.9% versus 2005. Stimulated by enhanced IT infrastructure, new functionalities and a larger number of market participants (+10% vs. 2005), volumes from Money Markets and BondVision increased 19.1% and 24.3%, respectively. These increases lead MTS total trading volumes up 15.3% versus last year. Primarily due to a 28% decrease in IT expenses resulting from the renewal of the main technology service agreement at improved conditions, MTS managed to increase EBIT by 128% to €17,337 thousand.

MTS set new records in every standard measure of its Money Markets activity in 2006. Volumes increased by 19.1% to more than €16 trillion (single counted). The number of tickets grew year-over-year by more than 17% and MTS handled a record of more than 54,000 repo transactions in October. In 2006, average daily transaction volumes reached €75 billion (single counted).

BondVision achieved another record year in 2006 with total volume rising 24.3% to €571 billion. A new release of the BondVision system was successfully deployed to all clients in March with the aim of introducing inventory pages for credits and listing US Treasuries. In June, BondVision signed an agreement with GlobeOp Financial Services (a provider of fund administration and related support services for hedge funds, fund of funds specialists and high net worth family wealth offices) that creates a direct connectivity to its trading platform and thus helps to substantially increase its client base. In August, BondVision expanded its product offerings, which encompasses the largest number of tradable euro-denominated securities available on an online trading platform, with the addition of Swedish government bonds.

MTS also continued introducing significant upgrades to its IT infrastructure. Following the migration of its money markets to the Money Market Facility (MMF) in 2005, MTS launched in October 2006 the Cash Market Facility (CMF). CMF is a new IT infrastructure specifically dedicated to cash markets that provides market participants with faster transmission of transactions, new functionalities and other technical optimisations.

MTS Italy Cash Market, representing 73% of the total volume trade on MTS Cash Market, has enjoyed a 2.5% growth of its activity in 2006.

MTS France was able to provide to its members with new functionalities and improved transaction speed. MTS France succeeded in improving its profitability, increasing its net profit by more than 25% over 2005, as a result of substantial reduction in IT expenses.

During 2006, MTSNext continued to expand its range of indices with the June launch of the EuroMTS Eurozone Government Broad Index (EMTXg), a representative benchmark for the entire Eurozone government bond market, and of three country index families (MTS France, MTS Deutschland and MTS Italy Government Bond indices). These indices were licensed by Euronext.liffe as the basis of derivative contracts that were launched on 24 January 2007. At the end of December 2006, the assets under management of trackers using the MTSNext indices increased 72% over the same period last year to €3.1 billion.

Subsequent to the agreement signed in July 2005 with the State of Israel, the official electronic inter-dealer market for Israeli government bonds, MTS Israel, was effectively launched in September 2006. As of the end November and less than two months after its introduction, volumes on MTS Israel already have surpassed the equivalent of €1 billion. As at end December 2006, MTS Israel encompassed 19 market makers.

EuroMTS introduced in August 2006 a segment dedicated to euro-denominated non-benchmark sovereign bonds issued by non-European Union countries. It will utilise MTS's "BondForAll" facility, which permits participants to trade without quoting commitments.

2.2.6 Partnerships and other activities

2.2.6.1 Atos Euronext Market Solutions

In July 2005, Euronext and Atos Origin extended their existing AtosEuronext partnership when they transferred new activities relating to the provision of technology services to financial markets, into a new venture called Atos Euronext Market Solutions (AEMS).

In 2006, AEMS had annual revenues of €336 million and EBIT of €39.7 million.

AEMS made two strategic investments in Coexis and Misys Apollo.

- The investment in Coexis Limited, an international IT provider of next generation software technology and applications for international capital markets, provided access to Coexis'Syn~®, core technology that includes an application suite developed specifically for the rapid modelling and implementation of financial market applications.
- In the third quarter, AEMS acquired France-based Misys Asset Management Systems S.A., from Misys plc. The acquisition, which includes the award-winning Apollo product range for Institutional Management and for Private Wealth Management, will allow AEMS to develop its presence in the rapidly growing European wealth management industry.

Three new markets went live on NSC, namely Muscat Securities Market (MSM), Boston Stock Exchange (BeX) and Bursa Malaysia.

Following the opening of its offices in Asia, AEMS renewed its contract with Tokyo Financial Exchange (TFX) for the provision of the new Linux based Connect trading platform. It also signed a new contract with SBI Holdings Inc. to implement an after-hours trading system using NSC.

2.2.6.2 Post-trade services

LCH.Clearnet Group

In 2006, the outstanding global relationship between Euronext and LCH.Clearnet Group again proved to be essential. Very positive discussions and negotiations could take place during the year, despite a difficult context for LCH.Clearnet Group (change of governance at Board and executive committee levels, problems with some major strategic projects). Euronext and LCH.Clearnet Group attend joint committees and working groups on a regular basis.

Since the merger in 2003, LCH.Clearnet Group's main focus has been on IT integration projects. However, the strategic integration program of LCH.Clearnet Group was somehow put on hold in 2006. Several projects were re-questioned and a complete reassessment of the situation has been undertaken, on a case-by-case basis, to combine a true cost-cutting approach with the necessity to cope with the future.

As for the Equity Integration project (implementation of a single system, based on Clearing 21®, for the clearing of equity products listed on Euronext, LSE and Virt-x, the three equity markets cleared by LCH.Clearnet Group), it was decided to simplify the project by reducing the number of functional options and the number of transitional periods.

Discussions took place in 2006 between Euronext and LCH.Clearnet Group as to the reduction of the clearing fees to comply with the requirements of the McCreevy code of conduct in terms of price transparency. This resulted in the following objectives:

- For derivative markets, a reduction and a harmonization of the clearing fees. Both objectives were reached, and it was notably decided to phase out the retrocession mechanism by the end of 2006, as well as the specific guarantee paid for the exercise/assignments in Amsterdam. The corresponding financial effort was shared between Euronext and LCH.Clearnet Group.
- As for cash markets, an agreement was reached to significantly decrease the overall clearing fee, partly through the "exchange fee" (previously named retrocession). For Euronext, this corresponds to an effort of 6% of the total cash trading revenues.

Euroclear group

The year 2006 was excellent regarding the strength of relationships with Euroclear: openness and mutual trust permitted very constructive discussions around common projects and possible new joint business initiatives:

- Firstly, an agreement was signed in May 2006 for the takeover by Euroclear of the activity related to the handling of Dutch physical securities, previously performed by Euronext. The concerned staffs were also transferred to Euroclear. This conforms to Euronext's strategy of progressively disposing of all its remaining post-trade activities and focusing on its core business, in line with its horizontal business model.
- In 2006, Euroclear continued to work hard on its Euroclear Settlement for Euronext-zone Securities (ESES) program. This strategic project will create an integrated cross-

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border settlement platform for the Belgian, French and Dutch markets that offers seamless transaction processing from trading to settlement to local and remote users of Euronext. The first phase, the Single Settlement Engine (SSE), was delivered in 2006, providing the first building block of the Euroclear single platform (i.e. positioning and booking of liquidity and securities transfers). The SSE is connected to the Euroclear France, Euroclear Bank and CRESTCo platforms only.

- Users and market operators clearly indicated their commitment to achieving the implementation of ESES by May 2008. ESES will be implemented in France in November 2007. The Belgium and the Dutch markets will migrate to the ESES platform in May 2008.

Interbolsa

(in thousands of euros)	2006	2005
External sales	14,553	14,776
Other revenues	202	280
Segment revenue	14,755	15,056
Segment expenses	(5,051)	(5,102)
EBITA	9,704	9,954

During 2006, Interbolsa's EBITA decreased 2.5% to €9.7 million. Thanks to robust activity in cash markets and listing in Portugal, operating income fell by only 2% compared to 2005, in spite of the new pricing model that was implemented on 1 January 2006, which reduced fee costs to Interbolsa's clients by an average of 27%.

Interbolsa's 2006 operating costs showed a 1% decrease compared to the previous year. Interbolsa achieved an EBITA margin of 65.8% at the end of 2006.

Interbolsa, which is located in Portugal, manages settlement and central securities depository systems.

In 2006, Interbolsa's main aim was the implementation of a new pricing model that enhances efficiency, and is in line with the best international practices. The newly implemented pricing model came into force on 1 January 2006.

On 22 May 2006, Interbolsa introduced a new service to the market, the Securities Lending Management System. This IT application, managed by Interbolsa, allows users to register and disclose information concerning the need or offer of securities for lending, to confirm the characteristics of the proposed lending operation between the counterparties and to carry out the respective (physical and financial) opening and closing settlements of the lending operation.

On 26 June 2006, Interbolsa had all its systems prepared for the harmonization of settlement management *via* Settlement Connect that has already been implemented in Paris, Brussels and Amsterdam. This project was managed by LCH.Clearnet S.A. On the same date, Interbolsa presented its new Institutional Portal, implementing a modern and efficient communication channel between Interbolsa and the participants in the systems it manages.

Interbolsa continued to make progress throughout the year in development of the new Business Continuity Plan, based on the current Disaster Recovery. The current Disaster Recovery Plan successfully was tested in November 2006, proving that the alternative site is capable of substituting the main systems in case of a disaster.

On 7 November 2006, Interbolsa signed the European code of conduct for Clearing and Settlement.

2.2.6.3 Powernext

From a financial standpoint, 2006 was an extremely successful year for Powernext. Revenues leaped 57% to €11.8 million and the company more than doubled its net profit, coming in €2.8 million.

Thanks to continued growth in its three main markets, Powernext has become the market reference in France and throughout Europe for both short and medium-term electricity segments as well as for the carbon dioxide emissions spot trading. Furthermore, through the first allocation of daily border capacity on the France-Belgium and Belgium-Netherlands interconnections through trilateral market coupling, APX, Belpex and Powernext are paving the way to a unified electricity market in Europe.

The total volume of contracts traded on Powernext Day-Ahead™ and Powernext Futures™ markets experienced significant growth through 2006 (up 50% to 29.6 TWh and up 33% to 83.14 TWh, respectively).

A total of 31,448,000 tonnes of CO_2 were traded on Powernext Carbon in 2006, giving a daily average of 125,000 tonnes: four times as much as in 2005. Since June 2005, more than 35 million tonnes of CO_2 were traded on Powernext Carbon.

2.3 Financial situation as at 31 December 2006

2.3.1 Cash flows

Overall, Euronext's recurring free cash flows – defined as the Group's capacity to generate cash surpluses after operating investments and before acquisitions, financing and dividend – improved 21.8% from €236.8 million in 2005 to €288.4 million in 2006. The increase provides Euronext with substantial cash resources to fund its growth and remunerate its shareholders.

In 2006, cash generated from operations continued to increase in line with earnings, rising €73.6 million to €430.4 million. As at the end of 2006, the Group enjoyed negative working capital requirements of €-100.3 million, the equivalent to 1.1 month of revenues, against 1.7 month in 2005, despite a €16.7 million decrease in working capital requirements.

As a result of margin improvement and disciplined management of working capital, net cash flows from operating activities after tax and interest amounted to €315.5 million in 2006, up 21.6%.

For the fourth consecutive year, the Group decreased its capital expenditures, from €42.7 million in 2005 to €34.9 million in 2006, following the transfer of LIFFE Market Solutions to AtosEuronext to form Atos Euronext Market Solutions in 2005. Other free cash flows for 2006, with a total positive effect of €7.7 million, largely relate to the exercise of €7.9 million in stock options, the distribution of €7.1 million to minority shareholders and other non-cash revaluations on cash totalling €8.4 million.

Resulting recurring free cash flows of €288.4 million were further impacted by cash outflows regarding acquisitions and disposals of €54.5 million, dividend payments of €111.4 million and share capital repayment of €333.8 million, as well as cash inflow due to net loan received of €88.6 million.

Total cash flows for 2006 amounted to €-121.1 million, explaining the decrease in the gross cash position from €705.5 million on 31 December 2005 to €584.4 million on 31 December 2006. Measuring only the changes in "cash and cash equivalents", net cash flows amount to €-24.2 million due to a transfer of €96.9 million cash investment from "short-term financial investments" to "cash and cash equivalents".

2.3.2 Investments

In 2006, Euronext spent €72 million on investments, all of which were all funded using operational cash. Among those €72 million, €37 million relate to financial acquisition while the remaining €35 million consist mainly of IT investments in either software or equipment.

In order to benefit from the new financial reporting requirements laid down in the European Transparency Directive, Euronext completed two acquisitions in 2006 for a total of €25 million.

In addition, GL TRADE continued to reinforce its presence in the USA with the acquisition of NYFIX Overseas for €7 million. Another €5 million spent to purchase EMOS Systems will consolidate GL TRADE's positioning on the Front Office products for derivatives.

The €35 million of other investments are mostly IT-related. These expenditures contribute to helping Euronext maintain its IT equipment and software at the highest standards in the industry, and to consistently providing new products and services to its customers.

The following are the only investments that are in progress, or on which Euronext made firm commitments:

- IT, around €16 million of the 2007 development program have already been ordered.
- The acquisition of SecFinex, one of the leading European electronic platforms for Securities lending, planned to be completed during the first quarter of 2007.

Those investments will be funded using operational cash.

Euronext investments 2004-2006

(in thousands of euros)	2006	2005	2004
Investments in tangible assets			
Land & Buildings	153	544	2,341
Equipment	6,284	6,729	12,005
Total	**6,437**	**7,273**	**14,346**
Investments in intangible assets			
Goodwill	-	-	-
Patents and trademarks	5	666	1,152
Development	29,207	19,639	10,676
Internally developed	-	13,765	37,559
Total	**29,212**	**34,070**	**49,387**
Financial investments in associates			
Atos Euronext Market Solutions	-	97,546	-
Other	-	-	650
Total	**-**	**97,546**	**650**
Financial investments related to Group			
CScreen	-	3,313	-
OASIS	-	3,344	-
MTS	-	85,258	-
Company*news*	5,695	-	-
Hugin	18,936	-	-
GL TRADE related acquisitions	12,147	-	-
Other	-	-	88,933
Total	**36,778**	**91,915**	**88,933**

2006

2.3.3 Balance sheet and financing policy

The Group shows a very robust financial position at the end of 2006. Capital and reserves, excluding minority interests, amount to €1,667.0 million and a positive net cash position of €58.8 million (short-term financial investments + cash and cash equivalents – non current and current financial liabilities). The Group balance sheet at the end of 2006 is characterized by a high level of equity (€1,717.7 million), representing 64.2% of the balance sheet, and a limited level of debt and other financial liabilities (€525.6 million). Equity decreased €37.1 compared to 2005, mainly as a result of earnings (€+373.6 million), decrease of negative currency difference (€+7.6 million), dividend (€-116.5 million, including dividend to minority shareholders) and share capital redemption (€-333.8 million). Minority interest at €50.7 million predominantly relates to GL TRADE and MTS.

As at 31 December 2006, the consolidated assets mainly consist of the following:

- Property, equipment and developed software for €86.5 million.
- Goodwill on acquisitions at €854.2 million.
- Investments, mainly in Atos Euronext Market Solutions and Euroclear, for €353.2 million.
- Held for sale investments in LCH.Clearnet, for €500.6 million.
- €769.5 million of current assets including €584.4 million of gross cash position.

The Group's financing policy is aimed at financing the growth of the business and ensuring that the Group is financially flexible while maintaining a strong balance sheet. The indebtedness mainly consists of (i) the June 2009 £250.0 million bonds issued in 2004 to refinance the acquisition of LIFFE, (ii) a €300 million revolving bank loan of which €86.4 million was drawn at the end of 2006, and (iii) outstanding €16.0 million bank loans contracted by GL TRADE. These loans do not contain any financial covenant or material customary provision, which may lead to an early redemption. Debt and other financial liabilities have increased from €404.7 million at the end of 2005 to €525.6 million at the end of 2006 mainly as a result of the €35.2 million written put option granted to minority shareholders of GL TRADE in February 2006 and the €86.4 million in loans drawn under the €300 million revolving facility in order to finance the €333.8 million capital repayment paid in August 2006.

In view of the Group's healthy financial position and business profile, Standard & Poor's and Moody's have respectively assigned AA and Aa3 ratings to Euronext.

2.3.4 Dividend Policy

Following the successful completion of the NYSE Euronext merger and the start of the compulsory acquisition procedure in accordance with the Dutch Civil Code, the Managing Board and the Supervisory Board have decided to propose to the shareholders' meeting to add the full profit with respect to the financial year 2006 to the reserves (see chapter 3 "Financial statements", note 3.3.2.11).

2.4 Recent trends and prospects

On 18 December 2006, Euronext announced that it signed an agreement to acquire 51% of SecFinex, one of the leading European electronic trading platforms for securities lending. Subject to the approval of relevant authorities, the acquisition was completed in March 2007.

On 1 March 2007, GL TRADE completed the acquisition of 100% of the shares in US company FNX SOLUTIONS, a provider of front-to-back-office products used by capital markets firms and hedge funds to manage and process OTC products. This acquisition will strengthen its position in the USA and Asia and will diversify its product mix into OTC and risk management solutions.

Entering a new stage in its development, Alternext® posted a cumulated trade volume that reached more than €1 billion. As at 9 January 2007, transactions stood at €1.27 billion, with monthly average rising steadily to around €85 million in 2006 – four times the 2005 figure.

In January 2007 Euronext registered its busiest month ever, both for cash markets, with 23.1 million cash transactions, up 24.1% year-on-year, and for interest rate and commodity products, with 64.3 million derivatives contracts traded, up 13% year-on-year.

Euronext announced in February that it reached an agreement in principle with LCH.Clearnet for the reduction of its interest in the latter through the early redemption of all of the RCPS and the repurchase of ordinary shares held by Euronext such that it would retain only a 5% shareholding post-repurchase.

Euronext will be extending its service offering in the run-up to implementation of MiFID. This new range of services will initially be built around three major projects that Euronext plans to make available from 1 November 2007:

- A new trading algorithm to optimize order execution on equity markets[(1)].
- Publication of trading data for all European stocks and ETFs.
- Transaction reporting to the competent Euronext regulators.

On 4 April 2007, began the first trading NYSE Euronext shares (NYSE Euronext: NYX) on Euronext Paris at opening market at €75, followed by the trading on the NYSE at opening market. This milestone marked the successful combination of NYSE Group, Inc. and Euronext resulting from the initial and subsequent offer periods which lasted from 15 February to 21 March and from 2 April to 17 April for a total of 102,897,398 shares and 6,251,573 shares tendered respectively, representing 96.97% of the capital and 97.77% of the voting rights.

On the IPO day, a total of 257,598,971 NYSE Euronext shares were admitted to listing. On the basis of the first price traded on Euronext, the market capitalization of NYSE Euronext stands at €19.32 billion/$25.81 billion, making the company the world's largest listed exchange group as well as the world's largest and most liquid stock-market platform with average.

Investments of the company will mostly be IT related. In that capacity, Euronext announced on 14 December 2006 the major upgrade of its trading platform based on new Linux-IBM technology and published on 1 February 2007 its range of services and innovations in response to MiFID implementation, delivering best execution as required by the directive. Finance for these investments is expected to come from operational cash.

In relation to the NYSE Euronext's merger and as explained in the reasoned opinion published by Euronext on 18 January 2007 the Supervisory Board had noted that the merger transaction would have no significant impact as regards employees of Euronext. On the contrary, the Board believed that the combined Company's global market would open new opportunities for the Euronext staff.

Euronext financing policy is aimed at financing the growth of the business and ensuring that the Group is financially flexible while maintaining a strong balance sheet. The merger with NYSE will influence the future financing and rationalisation is expected in the indebtedness structure and more particularly the £250 million bond, issued in 2004, to refinance the acquisition of LIFFE. Operational cash will be employed to make the necessary investments in systems and other equipment, whereas new acquisitions will be regarded in the light of the entire NYSE Euronext group.

By constantly improving its technology and its services, Euronext continues to offer its clients a wide range of functionalities combined with unrivalled speed of execution.

Based on these initiatives, a strong start to the year 2007, its confidence in maintaining efficient control of its costs and provided there are no unforeseen circumstances, Euronext expects, on a standalone basis, a further increase in its revenues and in its operating profit for 2007.

(1) This project is subject to the approval of the College of Euronext Regulators.

2.5 Risk factors, risk management and management statement

2.5.1 Risk factors

Set forth below are specific risk factors that could materially adversely affect Euronext's business, results of operations or financial condition. Potential investors should carefully consider these risk factors and the other information in this document before making investment decisions involving Euronext shares. Although Euronext believes that the risks described below are the most material risks and uncertainties facing Euronext's business, they are not the only ones Euronext faces. Additional risks not presently known to Euronext or that Euronext currently deems immaterial may also have a material effect on Euronext's business, results of operations or financial condition.

Strategic risks

Revenues closely related to market conditions

Euronext's revenues and profitability depend on a range of factors linked to conditions in financial markets, which in turn reflect such factors as national growth rates, political stability and changes in overall economic expectations. The diversity of Euronext's business mix – and in particular the fact that it operates both securities and derivative markets – puts the Group in a good position to cope with the changing economic climate.

GL TRADE revenue from the solutions it sells to financial intermediaries and brokerage houses is subject to economic and political conditions, broad trends in business and finance and changes in the conditions of the securities markets in which its clients trade. A downturn in these markets could adversely impact its operating results.

General factors affecting the Group's operating results and financial performance

Euronext's revenues and profitability are highly dependent upon the activity levels on its exchanges, in particular the volume and value of financial instruments traded, the number and market capitalization of listed issuers, the number of new listings, the number of traders in the market and similar factors. A negative climate may adversely affect the future performance of listed companies and this may decrease the attractiveness of cash markets to investors. This not only generates lower trading volumes in Euronext's markets, but also creates less favourable conditions for IPOs. Although trading activities cannot be described as seasonal, the months of August and December are two months in which there are traditionally lower levels of activity.

Euronext has no direct control over such variables. Among other things, Euronext is dependent upon the relative attractiveness of the financial instruments traded on its exchanges, and the relative attractiveness of the exchanges as a market on which to trade these financial instruments, as compared to other exchanges and trading platforms. Such variables are in turn influenced by economic, political and market conditions in Europe, the USA and elsewhere in the world that are beyond Euronext's control, including:

- Broad trends in business and finance.
- Terrorism and war.
- Concerns over inflation and the level of institutional or retail confidence.
- Changes in government monetary policy and foreign currency exchange rates. The main foreign exchange fluctuation, which materially affects Euronext's results, is the sterling/euro exchange rate. For this reason, the Group hedges against sterling/euro foreign exchange fluctuation using financial options.
- Interest rate policies of central banks, in particular the ECB, have a major impact on the Group's activities, especially its interest rate derivative contracts. Such policies directly influence the volatility of these interest rates products.
- The availability of short-term and long-term funding and capital.
- The availability of alternative investment opportunities.
- Changes in the level of trading activity.
- Changes and volatility in the prices of securities.
- Changes in tax policy.
- The level and volatility of interest rates.
- Legislative and regulatory changes, including the potential for regulatory arbitrage among US, European, and other markets if significant policy differences emerge among markets.
- Unforeseen market closures or other disruptions in trading.
- The level of concentration in the Group's customers' industry (i.e. banks), may also impact the Group's performance. A high concentration can negatively influence trading volumes and can lead to decreases in average prices due to the cash trading fee structure. Furthermore, Information Services fees may be affected when a merged entity rationalises their resources.

General economic conditions affect securities markets in a variety of ways, from determining availability of capital to influencing investor confidence. Poor economic conditions also have an impact on the process of raising capital by reducing the number or size of securities offerings or listings. The economic climate in recent years has been characterized by challenging business and economic conditions. During 2000 through early 2003, the major US and European market indices experienced severe declines. The weak and uncertain economic climate, together with corporate governance and accounting concerns, contributed to a reduction in corporate transactions and a generally more difficult business environment. In addition, the USA and other countries in which Euronext may offer its services have suffered acts of war or terrorism or other armed hostilities. These or similar acts have in the past increased or prolonged, and may in the future increase or prolong, negative economic conditions. Adverse changes in the economy or the outlook for the securities industry can have a negative impact on its revenues through declines in trading volume, new listings and demand for market data. Generally adverse economic conditions may also have a disproportionate effect on Euronext's business. Because its infrastructure and overhead will be based on assumptions of certain levels of market activity, significant declines in trading volumes, the number of listed companies or demand for market data may have a material adverse effect on Euronext's business, financial condition and operating results.

A significant portion of Euronext's revenues depends, either directly or indirectly, on its transaction-based business, which, in turn, is dependent on Euronext's ability to attract and maintain order flow, both in absolute terms and relative to other market centres. If there is a decline in the trading volume on Euronext's exchanges, Euronext's revenue from transaction fees will decrease. There may also be a reduction in revenue from market data fees. If Euronext's share of total trading volume decreases relative to its competitors, Euronext may be less attractive to market participants as a source of liquidity and may lose additional trading volume and associated transaction fees and market data fees as a result. In addition, declines in Euronext's share of trading volume could adversely affect the growth, viability and importance of some of its market information products, which will constitute an important portion of Euronext's revenues.

Euronext generates a significant portion of its revenues from listing fees. Among the factors affecting companies' decisions to go public and/or list their shares on public markets are general economic conditions, industry-specific circumstances, capital market trends, mergers and acquisitions environment and regulatory requirements. The extent to which these and other factors cause companies to remain privately owned or otherwise decide not to list their shares Euronext's exchanges may have a material adverse effect on Euronext's business, financial condition and operating results.

The financial services industry and, particularly, the securities transactions business are dynamic, uncertain and highly competitive environments. Accordingly, Euronext expects exchange consolidation and member organization consolidation to persist in the future. This environment has led to business failures and has encouraged the introduction of alternative trading venues with varying market structures and new business models. Well-capitalized competitors may seek to expand their operations in the markets where Euronext will operate. In addition, the financial services industry is subject to extensive regulation, which may change dramatically in ways that affect industry market structure. If Euronext is unable to adjust in a timely manner to structural changes within its markets, technological and financial innovation, and other competitive factors, its business will suffer.

Competition

Competition overview

Euronext will face significant competition, particularly with respect to securities trading, listings and derivatives business, and this competition is expected to intensify in the future. Euronext's current and prospective competitors in this realm, both domestically and around the world, are numerous and include both traditional and non-traditional execution and listings venues. These will include regulated markets, ECNs and other alternative trading systems, market makers and other execution venues. Euronext will also face significant and growing competition from large brokers and customers that have the ability to divert trading volumes and derivatives business from Euronext. Large banks may assume the role of principal and act as counterparty to orders originating from retail customers, thus "internalising" order flow that would otherwise be transacted on exchanges. Banks and brokers may also enter into bilateral trading arrangements by matching their respective order flows, depriving Euronext of potential trading volumes. The competitive significance in Europe of these varied alternate trading venues is likely to increase substantially in the future, with the regulatory environment in Europe becoming more favourable to off-exchange trading as a result of the reforms contained in the MiFID (expected to come into effect on 1 November 2007 and which required individual European Union Member States to incorporate MiFID into their domestic legal regimes by 31 January 2007).

Euronext will compete with such market participants in a variety of ways, including the cost, quality and speed of trade execution, liquidity, the functionality, ease of use and performance of trading systems, the range of products and services offered to trading participants and listed companies, technological innovation and reputation.

In the future Euronext's competitors may:

- Respond more quickly to competitive pressures because they are not subject to the same degree of regulatory oversight as Euronext will be.
- Develop products that are preferred by Euronext customers.
- Price their products and services more competitively.
- Develop and expand their network infrastructure and service offerings more efficiently.

- Employ faster, more user-friendly technology.
- Consolidate and form alliances, which may create greater liquidity, lower costs and better pricing than Euronext will be able to offer.
- Market, promote and sell their products and services more effectively.
- Better leverage existing relationships with customers and alliance partners or better exploit brand names to market and sell their services.

Euronext may also face competition from new entrants into the markets in which it competes. The emergence of new competitors may increase price competition and reduce margins for all existing securities markets, including Euronext's securities markets. New entrants may include new alternative trading systems and new initiatives by existing market participants, including established securities markets or exchanges, and current customers of Euronext that may internalise some of their order flow in the future.

Technology competition

Euronext must keep up with emerging technological changes in order to compete effectively in a rapidly evolving and highly competitive industry. Euronext operates in a business environment that has undergone, and continues to experience, significant and rapid technological change. In recent years, electronic trading has grown significantly, and customer demand for increased choice of execution methods has expanded. To remain competitive, Euronext must continue to enhance and improve the responsiveness, functionality, accessibility and features of its trading platforms, software, systems and technologies. Euronext's success depends, in part, on its ability to:

- Develop and license leading technologies useful in its businesses.
- Enhance its existing trading platforms and services.
- Respond to customer demands, technological advances and emerging industry standards and practices on a cost-effective and timely basis.
- Continue to attract and retain highly skilled technology staff to maintain and develop its existing technology and to adapt to and manage emerging technologies.

The development and expansion of electronic trading technology entails significant technological, financial and business risks. Any failure or delay in exploiting technology, or failure to exploit technology as effectively as Euronext's competitors, could have a material adverse effect on its business, financial condition and operating results.

Euronext uses leading technologies and currently devotes substantial resources to its respective service. The adoption of new technologies or market practices may require Euronext to devote additional resources to modify and adapt its services. In such cases, Euronext cannot assure that it will succeed in making these improvements to its technology infrastructure in a timely manner or at all. If Euronext is unable to anticipate or respond to the demand for new services, products and technologies on a timely and cost-effective basis or adapt to technological advancements and changing standards, it may be unable to compete effectively, which would have a material adverse effect on its business, financial condition and results of operations. Moreover, Euronext may incur substantial development, sales and marketing expenses and expend significant management effort to add new products or services to its trading platforms. Even after incurring these costs, Euronext ultimately may not realize any, or may realize only small amounts of, revenues for these new products or services. Consequently, if revenue does not increase in a timely fashion as a result of these expansion initiatives, the up-front costs associated with expansion may exceed revenue and reduce Euronext's working capital and income.

Intense price competition

The securities industry is characterized by intense price competition. Some of Euronext's competitors have recently lowered their transaction costs and accordingly reduced the fees that they charge. In addition, Euronext may face price competition in the fees that it charges to its customers to list securities on its securities exchanges. It is likely that Euronext will experience significant pricing pressures and that some of its competitors will seek to increase their share of trading or listings by further reducing their transaction fees or listing fees, by offering larger liquidity payments or by offering other forms of financial or other incentives. Euronext's operating results and future profitability could be adversely affected as a result of these activities. Euronext could lose a substantial percentage of its share of trading or listings if it is unable to price its transactions in a competitive manner, or its profit margins could decline if it reduces its pricing in response. In addition, one or more competitors may engage in aggressive pricing strategies and significantly decrease or completely eliminate their profit margin for a period of time in order to capture a greater share of trading or listings.

MiFID a new competitive environment

The consolidation of financial services and markets, the creation of new mechanisms for the electronic trading of all types of securities and the behaviour of competing exchanges mean that Euronext continues to face strong competitive pressures. The implementation of MiFID will facilitate the growth in alternative trading systems and systematic internalisation by investment firms, potentially intensifying competition. Against this backdrop, in November 2006, seven banks (Citigroup, Goldman Sachs, Deutsche Bank, Merrill Lynch, UBS, Morgan Stanley and Crédit Suisse) announced the launch in Europe, in 2007, of a trading platform for equities that will compete with stock exchanges.

The European Commission has adopted level 2 implementing measures for MiFID dated as of 10 August 2006. In addition to regulated exchange trading, MiFID provides that trades may be executed on multilateral trading facilities, or MTFs, *via* OTC trading, or through systematic internalisation of the order flow collected by investment firms and banks. As a result, MiFID creates an opportunity for new MTFs, OTC and internalisation arrangements to be developed on a pan-European basis, thereby substantially facilitating entry and increasing their attractiveness to users. In addition, investment firms will have to ensure that they obtain the "best execution" conditions for their clients, and will therefore have to direct orders to the most favourable execution venue, without any regulatory incentive to favour established regulated exchanges. Taken together, these changes to the regulatory environment may make it easier for MTFs to establish themselves in Europe as low-cost alternatives to regulated exchanges, thereby increasing the level of competition between market operators. Increased competition from MTFs could cause Euronext to lose market share or to lower its fees in order to remain competitive, either of which could lead to lower revenues and/or lower margins, harming profitability.

Globalisation, growth, consolidations and other strategic arrangements may impair Euronext's competitive position

The liberalization and globalisation of world markets have resulted in greater mobility of capital, greater international participation in local markets and more competition among markets in different geographical areas. As a result, the competition among trading markets and other execution venues has become more intense. In addition, in the last several years, the structure of the exchange sector has changed significantly through demutualisations and consolidations.

Because of these market trends, Euronext faces intense competition. If it is unable to compete successfully in this environment, its business, financial condition and operating results will be adversely affected.

Euronext's growth and success may depend in part on its ability to compete with and penetrate new markets. However, it may not be successful in competing with or penetrating these markets. Attracting customers in certain countries may be subject to a number of risks, including currency exchange rate risks, difficulties in enforcing agreements or collecting receivables, longer payment cycles, compliance with the laws or regulations of foreign countries, and political and regulatory uncertainties.

Legal and regulatory risks

Management of legal risks and legal proceedings

Certain claims are periodically made against the Group. The most important current litigation relates to the Via Net. Works, Inc. matter (see chapter 3, section 3.3.5.2).

Protection of intellectual property rights

Euronext owns the rights to a number of trademarks, service marks, trade names, copyrights and patents used in its businesses. To protect its intellectual property rights, Euronext will rely on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with Euronext's affiliates, customers, strategic investors and others. The protective steps taken may be inadequate to deter misappropriation of Euronext's proprietary information.

Euronext may be unable to detect the unauthorized use of, or take appropriate steps to enforce, its intellectual property rights. Failure to protect its intellectual property adequately could harm Euronext's reputation and affect its ability to compete effectively. Further, defending Euronext's intellectual property rights may require significant financial and managerial resources, the expenditure of which may have a material adverse effect on Euronext's business, financial condition and operating results.

In the future, Euronext may be subject to intellectual property rights claims, which may be costly to defend, could require the payment of damages and could limit Euronext's ability to use certain technologies. Some of Euronext's competitors currently own patents and have actively been filing patent applications in recent years, some of which may relate to Euronext's trading platforms and business processes. Additionally, Euronext's competitors or other market participants may seek to do the same in the future. As a result, Euronext may face, allegations that it has infringed or otherwise violated the intellectual property rights of third parties. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management resources and attention. Successful challenges against Euronext could require it to modify or discontinue its use of technology where such use is found to infringe or violate the rights of others, or require Euronext to obtain licenses from third parties at material cost.

GL TRADE's success depends, to a large extent, upon its technology and other intellectual property rights. Litigation to enforce intellectual property rights or protect its trade secrets could result in substantial costs or not be successful. Similarly, if third parties claim that GL TRADE infringes on their intellectual property rights, GL TRADE might be required to incur significant costs to defend such claims. If the defence is unsuccessful, it could lose rights to technology that it needs to develop its business, which may cause it to lose market share or require it to pay licence fees.

Regulatory risks

Euronext operates in a highly regulated sector, which is governed by a variety of laws and regulations set at both national and European level, which may affect the development process. In addition to the costs of compliance imposed on Euronext by these regulations (such as the costs of the maintaining market monitoring and surveillance systems to meet regulatory requirements), the diversity of regulatory requirements across the various Euronext marketplaces and their jurisdictions makes achieving genuinely harmonised arrangements across Euronext's markets a complex task.

Euronext operates regulated exchanges in France, Belgium, Portugal, the Netherlands and the United Kingdom. Regulators in each of these countries regulate exchanges in their respective countries through the adoption and enforcement of rules governing the trading activities, business conduct and financial responsibility of such exchanges. All Euronext's rules and initiatives with regulatory implications must be approved by the relevant authorities in each of these countries, as well as by the coordinating bodies set up under the Euronext regulators' memoranda of understanding. Euronext may from time to time seek to engage in new business activities, some of which may require changes to Euronext's governing rules. Any delay or denial of a requested approval could cause Euronext to lose business opportunities. Euronext's competitive position could be significantly weakened if its competitors are able to obtain regulatory approval for new functionalities faster, or with less difficulty, than Euronext is, or if approval is not required for Euronext's competitors that are not registered exchanges are subject to less stringent regulation. In addition, as Euronext seeks to expand its product base, it could become subject to the oversight of additional regulatory bodies.

The securities industry is subject to extensive governmental regulation and could be subject to increased regulatory scrutiny. As a matter of public policy, these regulations are designed to safeguard the integrity of the securities and other financial markets and to protect the interests of investors in those markets. European regulators have broad powers to audit, investigate and enforce compliance with their rules and regulations and impose sanctions for non-compliance. Euronext's ability to comply with applicable laws and rules is largely dependent on its establishment and maintenance of appropriate systems and procedures, as well as its ability to attract and retain qualified personnel.

European regulators and governments are vested with broad enforcement powers to censure and prohibit Euronext from engaging in some of its businesses or suspend or revoke the registration of its subsidiaries as national securities exchanges. In the case of actual or alleged non-compliance with regulatory requirements, Euronext could be subject to investigations and administrative or judicial proceedings that may result in penalties, including revocation of a subsidiary's registration as a national securities exchange. Any such investigation or proceeding, whether successful or unsuccessful, would result in substantial costs and diversions of resources and might also harm Euronext's business reputation, any of which may have a material adverse effect on its business, financial condition and operating results.

Current European regulatory modifications

Euronext cannot predict whether, or in what form, any regulatory changes will take place or their impact on its business. Changes in the rules and regulations affecting European exchanges could require Euronext to change the manner in which its securities exchanges conduct their respective businesses or govern themselves. Such changes could also make it more difficult or more costly for the securities exchanges to conduct their existing businesses or to enter into new businesses.

The implementation of MiFID may accelerate the development of off-exchange trading in Europe, which may harm Euronext's competitive position for secondary trading and MTF. In addition to regulated exchange trading, MiFID provides that trades may be executed on multilateral trading facilities, or MTFs, *via* OTC trading, or through systematic internalisation of the order flow collected by investment firms and banks (see above "MiFID: a new competitive environment").

Market data

Euronext anticipates that one of its significant sources of future revenue will be market data fees. Regulatory developments, however, could reduce the amount of revenue that Euronext can obtain from this source. The approach to fees reflected in MiFID, which explicitly authorizes market operators to sell trade information on a non-discriminatory commercial basis at a reasonable cost, could be modified by the European Commission or future European court decisions in a manner that may have an adverse impact on Euronext's market data fees.

Information technology risks and business operations

Information technology risks relate to dependence on the availability, resilience, capacity and performance of Euronext's information and communications technology with regard to meeting market demands and other business needs. Operating environments, systems or data are an integral part of this.

Euronext's business depends on the successful operation of its cash and derivatives trading platforms and all its computer and communications support systems and networks. Euronext's cash markets and derivative markets are run on electronic trading platforms and there is a dependency upon the availability, performance and reliability of those platforms. The management of the IT infrastructure has been outsourced to Atos Euronext Market Solutions. Any malfunction or breakdown is harmful and may cause market interruption, should business continuity or disaster recovery measures fail. In particular, heavy use of Euronext's platforms and order routing systems during peak trading times or at times of unusual market volatility could cause Euronext's systems to operate slowly or even to fail for periods of time. In addition, the use of algorithmic trading and the use of the automated price-injection model by members, and particularly by market makers, have increased significantly and may impose burdens on Euronext's network and system capacity unless steps are taken to accommodate the increase in usage.

If Euronext's systems cannot be expanded to handle increased demand, or otherwise fail to perform, Euronext could experience disruptions in service, slower response times and delays in introducing new products and services and loss of revenues. In addition, Euronext's trading activities may be negatively affected by system failures of other trading systems, as a result of which it may be required to suspend trading activity in particular stocks.

Failure to maintain systems or to ensure sufficient capacity may also result in a temporary disruption of Euronext's regulatory and reporting functions. These consequences, in turn, could result in lower trading volumes, financial losses, decreased customer service and satisfaction, litigation or customer claims, or regulatory sanctions.

It is possible that Euronext will experience systems failures in the future, or periods of insufficient systems capacity or network bandwidth, power or telecommunications failure, acts of God or war, terrorism, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism or similar events. Any system failure that causes an interruption in service or decreases the responsiveness of Euronext's service could impair its reputation and negatively impact its revenues. Euronext will also rely on third parties for systems support. Any interruption in these third-party services or deterioration in the performance of these services could also be disruptive to Euronext's business and have a material adverse effect on Euronext's business, financial condition and operating results.

IT development

Furthermore, as information technology changes rapidly, the Group's growth and profitability will be dependent on continuous improvements in its systems to ensure they remain competitive. These changes require ongoing capital investment in Euronext's information systems.

The market for GL TRADE's products and services is marked by rapid technological change, frequent new product introduction and technology enhancements, changes in client demands and evolving industry standards. These can render existing products and services obsolete and unmarketable unless GL TRADE keeps pace with technology developments.

Security risks

The secure transmission of confidential information over public networks is a critical element of Euronext operations. Euronext's networks and those of its third-party service providers may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully access and use Euronext's information or cause interruptions or malfunctions in Euronext's operations. Any of these events could cause Euronext to lose trading volume. Euronext will be required to expend significant further resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by breaches. Euronext's security measures will be costly, and may prove to be inadequate and result in system failures and delays that could cause Euronext to lose business.

As the operator of an electronic network, GL TRADE, a subsidiary of Euronext, is also subject to the risk of unauthorized infiltration of its information technology systems and those of its customers. While GL TRADE invests considerable resources to ensure the security of the GL NET network, it cannot fully eliminate the risk of unauthorized infiltration. In the event of any such infiltration, there would be a risk of disruption to the information technology systems of GL TRADE or its customers, disclosure of confidential information or falsification of customer orders. Any security breach could harm GL TRADE's reputation and/or make its customers less comfortable using its network, either of which could lead to lower revenues. Limitation of liability clauses in GL TRADE's customer agreements may prove insufficient to protect GL TRADE against liability in the event of such a breach.

Third-party dependence

Euronext, just as most companies, does not provide the entire chain of a process itself. It therefore has to manage risks arising from dependence upon third parties and obtain assurance from them where possible. In Euronext's case, it is dependent on its corporate partners: Atos Euronext Market Solutions, Euroclear, LCH.Clearnet and GL TRADE.

Atos Euronext Market Solutions

Atos Euronext Market Solutions is Euronext's preferred external supplier of key information technology and is responsible for the development of Euronext's technology and the management of its key information technology systems, including the NSC cash trading platform and the LIFFE CONNECT® futures and options electronic trading system. Euronext and Atos Origin each hold 50% of the shares of Atos Euronext Market Solutions. Control over the activities and the asset of the company rests with Atos Origin. Atos Euronext Market Solutions provides IT services to Euronext under a complex contractual framework, incorporating an umbrella services agreement and a series of interim service agreements. The umbrella services agreement will terminate in January 2012 unless a definitive and comprehensive agreement is entered into before that date. If Atos Euronext Market Solutions does not dedicate sufficient resources or provide sufficiently experienced personnel or experiences difficulties or losses, and is unable to perform the services to the required levels and meet its contractual obligations to Euronext under the IT services arrangements, the business, financial condition or results of operations of Euronext could be materially adversely affected

Euronext also relies on intellectual property owned by Atos Euronext Market Solutions. If Atos Euronext Market Solutions does not protect its existing or future intellectual property rights, it may have to pay third parties for rights to use their intellectual property, pay damages for infringement or misappropriation and/or be enjoined from using such intellectual property. Atos Euronext Market Solutions relies mainly on copyright legislation, patents, trademarks and protection of know-how to protect its intellectual property. Euronext cannot guarantee that any of the intellectual property rights owned by Atos Euronext Market Solutions or other intellectual property rights that third parties license to Atos Euronext Market Solutions will not be invalidated, circumvented, challenged or rendered unenforceable. Conversely, if Atos Euronext Market Solutions became involved in litigation or other proceedings as the result of alleged infringement of the rights of others, Atos Euronext Market Solutions might have to spend significant amounts of money, regardless of fault.

LCH.Clearnet and Euroclear

Euronext uses the services of LCH.Clearnet for clearing transactions executed on its cash markets and Euronext.liffe, and on Euroclear for settling transactions on its cash markets (except in Portugal). Although Euronext has a substantial minority shareholding in LCH.Clearnet and a small shareholding in Euroclear plc and has contractual arrangements with each of them for the provision of services, Euronext does not have any significant influence over their businesses generally, particularly with respect to their relationships with third parties. To the extent that LCH.Clearnet or Euroclear experiences serious difficulties or materially changes its business relationship with Euronext, the business of Euronext may be materially adversely affected. Additionally, because LCH.Clearnet and Euroclear each play a vital role in the functioning of Euronext's exchanges, Euronext may be affected by any difficulties that either of them experiences. If this occurs, Euronext could be harmed financially or its reputation could suffer.

GL TRADE

The merger of major financial institutions may lead GL TRADE's customers to reduce the number of traders and lead to further cost-cutting efforts by its customers with respect to their information systems. This environment could cause its customers to decrease the number of workstations and subscriptions they buy from GL TRADE or change their strategy by shifting to other providers or to in-house technology.

Other IT third parties

In addition, Euronext has relationships with ISVs, which develop front-end systems to interface with Euronext's trading platforms. Non-conformance of ISV systems could potentially expose Euronext to risk of corruption to its trading systems.

Future business growth risk

Euronext may seek to grow its company and businesses by entering into business combination transactions, making acquisitions or entering into partnerships or joint-ventures, which may be material. The market for acquisition targets and strategic alliances is highly competitive, particularly in light of increasing consolidation in the exchange sector, which may adversely affect Euronext's ability to find acquisition targets or strategic partners consistent with its objectives.

In pursuing its strategy, consistent with industry practice, Euronext may routinely engage in discussions with industry participants regarding potential strategic transactions. Such transactions may be financed by the issuance of additional equity securities, including Euronext stock, or the incurrence of indebtedness, or a combination thereof. The issuance of additional equity may be substantial and dilutive to existing Euronext stockholders. In addition, the announcement or completion of future transactions could have a material adverse effect on the price of Euronext common stock. Euronext could face financial risks associated with incurring indebtedness such as reducing its liquidity, curtailing its access to financing markets and requiring the service of such indebtedness.

In addition, business combination transactions, acquisitions, partnerships and joint-ventures may require significant managerial attention, which may be diverted from Euronext's other operations. These capital, equity and managerial commitments may impair the operation of Euronext's businesses. Furthermore, any future business combination transactions or acquisitions could entail a number of additional risks, including:

- *Challenges integrating operations and maintaining key pre-transaction business relationships*. There may be significant challenges in consolidating functions in a business combination, acquisition or partnership transaction, including integration of technology, organizations, procedures, policies and operations, as well as addressing differences in the business cultures and retaining key personnel. Integration may also be complex and time-consuming and require substantial resources and effort, which may disrupt business operations or cause inconsistencies in standards, controls, procedures and policies. Any of the foregoing could adversely affect Euronext's relationships with market participants, employees, regulators and others with whom Euronext has business or other dealings or may impair its reputation.

- *Increased operating costs and difficulties in realizing anticipated efficiencies, synergies and cost savings*. Any transaction is likely to be based in part on the projected realization of efficiencies, cost savings and other synergies. Euronext may be required to increase expenditures to manage the integration of any acquired business and it may be difficult to achieve anticipated benefits from a transaction. An increase in expenditures above Euronext's expectations or a failure to achieve anticipated efficiencies, cost savings and other synergies could adversely affect its business, financial position or results of operations.
- *Increased regulation*. If Euronext enters into a transaction with a company in a jurisdiction in which Euronext currently does not operate, some or all of its operations may become subject to laws, rules and regulatory jurisdictions to which Euronext is not now subject. Although Euronext's record of cross-border integration within Europe and its open regulatory model may reduce the integration risks that Euronext may face in connection with a new business combination transaction, acquisition, partnership or joint-venture in Europe, the new laws, rules and regulations that Euronext may be subject to as a result of such transactions may not be similar or consistent with the laws, rules and regulations to which Euronext is subject prior to such transaction, and there can be no assurance that the regulatory requirements across multiple jurisdictions will be harmonized or that regulatory authorities from different jurisdictions will coordinate the exercise of their respective regulatory oversight. This may increase Euronext's costs of compliance and impair its ability to conduct its business, as well as require it to undertake material restructuring of its operations, including its self-regulatory operations.
- *Euronext exposure to the loss of key personnel*. Euronext is be dependent upon the contributions of its senior management team and other key employees for its success. Future combination and restructuring may prevent Euronext from retaining key personnel. As a consequence Euronext may have to incur costs to replace senior executive officers or other key employees who leave, and its ability to execute its business strategy could be impaired if Euronext is unable to replace such persons in a timely manner.
- *Exposure to unanticipated liabilities*. Combining with, acquiring or partnering with another business that Euronext has not managed may result in Euronext's exposure to liabilities that it has not anticipated. This could adversely affect Euronext's business, financial position or results of operations.

Financial risks

See chapter 3, note 3.3.5.1.

2.5.2 Risk management

2.5.2.1 Introduction

The Managing Board, under the oversight of the Supervisory Board, is responsible for managing risks that may hinder the achievement of Euronext's objectives. It reports on and accounts for the internal risk management and control systems to the Audit Committee and the Supervisory Board. The risk factors and the internal risk management system are described in sections 2.5.1 and 2.5.2 respectively.

2.5.2.2 Risk management framework and methodology

The risk management and control system encompasses financial reporting and monitoring, enterprise-wide risk management and codes of conduct as described in the following section financial reporting and monitoring.

Financial reporting and monitoring

Reporting standards

Euronext publishes its financial statements included in the annual report. The consolidated financial statements are prepared in accordance with IFRSs and their respective interpretations adopted by the IASB and with the IFRSs endorsed by the European Union. The company financial statements qualify as financial statements under Dutch law and are prepared in accordance with the provisions of Article 362-8 of the Dutch Civil Code of Book 2 Part 9, with investments in subsidiaries accounted for at net asset value (see chapter 3, Introduction to the notes and accounting policies). Where required, statutory and consolidated financial statements and corresponding reports of subsidiaries are published in accordance with local GAAP.

Process and key controls of financial reporting processes based on applications

The reporting processes run on a unique and Group-wide platform that is built around three main software systems: an accounting tool (CODA); a consolidation tool (Hyperion FM); and a management information tool (Essbase). These are organised in such a way that consistency between the three databases remains assured. It is based on common referential data, including a common group chart of accounts, which supports IFRSs and local GAAP, and a shared analytical structure, based on the Group's organisation and the SBU framework.

Description of reporting process

Group Finance is responsible for the consolidated Group financial statements. Group Finance oversees both the finance departments of the local entities (subsidiaries) and the Group Consolidation department. The local finance departments of all Group entities are responsible for the maintenance of their general ledger and provide management and reporting information on the basis thereof. Furthermore, they are responsible for local issuing statutory financial statements of local subsidiaries and corresponding reports. The local financial director ensures that all controls have been performed adequately, validates this information, and ensures that local external auditors are involved to the extent deemed necessary for local and Group reporting purposes. Once the reporting packages for consolidation purposes are checked, validated and local general ledgers are frozen, this information is used by Group Finance as well as the SBU financial controllers.

SBU financial controllers are responsible for preparing consolidated financial reports for SBUs. They ensure that all controls of SBU financial reports are performed adequately and oversee the laid down controls of the consolidation process for SBU reports at the SBU validation level.

The Group Consolidation department of Group Finance takes care of the controls laid down over the consolidation process (including its specific controls such as inter-company reconciliation) and produces external Group consolidated financial statements.

Group Finance carries out its own validation at Group level, not only ensuring that information prepared by the SBUs is consistent with the information used for Group internal and external reporting, but also manages some specific controls at Group level. Once financials are validated, it produces the Group management reports. Group Finance is responsible for preparing the annual report, which includes the consolidated Group financial statements.

Throughout the whole process, consistency of the financial information used by the various departments for both external and internal reporting is assured, with daily automatic reconciliation being produced between consolidation and management information tools.

Procedures and financial reporting manuals

In order to ensure reliable financial reporting, the Group has embedded its reporting processes in a framework containing financial reporting manuals, essential segregation of duties, proper authorisation schedules, written procedures, standardised definitions and forms, and the use of experienced staff. The controls used in the various financial processes include prescribed validations and checks based on the four-eye principle, sign-offs, and manual and automated crosschecks between databases. Management periodically evaluates the processes in order to ensure they take account of changes in the reporting environments.

Allocated financial risk management and controlling functions

Financial risks management

Financial risk management and internal financial controls are part of Euronext's enterprise-wide risk management framework, described hereafter. Group Finance maintains a risk profile documenting inherent risks and mitigating controls over the processes leading up to financial reporting.

Each risk responsibility is assigned to a named manager. Management of financial risks resulting from changes in interest rates, changes in currency exchange rates or risk that a counterpart defaults are centralised at a Group Treasury and Financing department and are subject to strict policies and procedures to measure, manage, monitor and report risk exposures. Policies and rules are regularly reviewed by the relevant management and supervisory bodies (Treasury Committee, Risk Committee, Managing Board, Audit Committee as appropriate).

Internal audit

Group Internal Audit Services runs an audit programme also based on the finance business cycles, covering the key financial processes every year. Reports and findings in the financial process area are reported to and discussed with the Managing Board and the Audit Committee of the Supervisory Board.

External auditors

Euronext has appointed external auditors who are charged with the full scope audits of the financial statements of the Group and its subsidiaries. In addition to the opinion issued on the financial statements as a whole, they are expected to bring to the attention of management any issue they identify in the course of their audit and that is significant to the operations of the Group. The external auditors have direct access to the Audit Committee.

Audit Committee of the Supervisory Board

As a final piece of financial reporting, the Audit Committee discusses the drafts of the annual reports, quarterly and half-year financial reports, related press releases and findings of internal and external auditors (for more details about the work of the Audit Committee, see section 4.2.8.1 in chapter 4).

Implemented and planned changes of financial reporting

Financial reporting procedures are evaluated periodically to ensure that they are still in line with the changing environment.

In relation with the merger with NYSE, a thorough reassessment of financial reporting is planned. It will aim to implement US GAAP, to accelerate the financial reporting cycle in order to match SEC constraints and to set up the additional control/documentation in order to be compliant with SOX requirements.

1 SELECTED FINANCIAL AND MARKET DATA
2 DIRECTORS' REPORT
3 FINANCIAL STATEMENTS
4 MANAGEMENT AND CORPORATE GOVERNANCE
5 LEGAL INFORMATION
6 MAJOR ABBREVIATIONS AND GLOSSARY

Enterprise-wide risk management

Euronext has adopted an enterprise-wide risk management approach across all its activities, covering all types of risks. This is a structured, consistent and continuous process across the whole organisation for identifying, assessing, responding to and reporting on opportunities and threats that may affect the achievement of the Group's objectives. Therefore, the system of risk management and internal control covers not only the financial controls that are significant for the proper and timely reporting of the financial results and condition of the Group, but equally covers all other operations that are significant to the achievement of the business objectives of Euronext.

The Group's risk management and control assurance framework is designed to provide reasonable assurance that strategic and operational objectives are met. It makes management at the various levels responsible for identifying the critical business risks and the implementation of fit-for-purpose risk responses.

Article 39 of the MiFID requires regulated markets, "to be adequately equipped to manage the risks to which it is exposed, to implement appropriate arrangements and systems to identify all significant risks to its operation, and to put in place effective measures to mitigate those risks". The risk management system already operated by Euronext meets this requirement.

The risk management and control assurance framework is supported by management assurance from the heads of all SBUs and Central Support Departments and independent assurance from Group Internal Audit Services. Management assurance is facilitated by Group Risk Management. This is based upon establishing risk profiles for each of the SBUs and Central Support Departments. These risk profiles set out the inherent risks to achieving operational and financial objectives, controls and other measures to mitigate those risks, residual risks and actions to mitigate them. There is a detailed risk profile for all financial processes in each location.

There is a Risk Committee of the Managing Board. This committee sets a Group-wide risk management strategy, monitors the adequacy and effectiveness of risk management and implementation of the risk management strategy throughout the Group, and makes decisions on risk appetite in relation to the achievement of Group objectives. The minutes of the Risk Committee are regularly reported to the Audit Committee of the Supervisory Board.

The Risk Committee receives reports from Group Risk Management, SBUs and Central Support Departments on key risks to achieving corporate goals and actions taken by management to respond to them. It also receives management assurance from the heads of SBUs and Central Support Departments.

Within the system of risk management and internal control, the other key responsibilities are as follows: The Managing Board is responsible for ensuring that the appropriate control and management framework is in place to carry out their duty of care and stewardship of the shareholders' funds and corporate resources. It is ultimately responsible for achieving corporate goals. The Managing Board will convey the objectives of Euronext to its business units, as appropriate. Line and project managers within SBUs take ownership and responsibility for risk management as part of achieving business objectives. Managers should be able to identify, evaluate and take the necessary steps to manage risks effectively.

Group Risk Management reports to the Risk Committee of the Managing Board. It develops and maintains the Euronext risk management and control assurance framework and provides enterprise-wide risk management. Group Risk Management comprises seven employees. It seeks to promote risk awareness, embed risk management and coordinate risk management efforts Group-wide, aiding management and supporting corporate governance. It also provides central monitoring of risks and outcomes. Group Risk Management works with management to ensure that residual risks are reported to the appropriate level in accordance with the risk management strategy agreed by the Risk Committee of the Managing Board. Group Risk Management also provides support to help ensure projects, identify and manage their risks effectively.

Group Risk Management prepares risk profiles for SBUs and Central Support Departments, in conjunction with management. A Group summary of these profiles is discussed in the Risk Committee of the Managing Board. In 2006, the Risk Committee of the Managing Board met four times. Management accountability for risk management and control is underpinned by internal letters of representation produced annually by each SBU and Central Support Department and countersigned by the director of Group Risk Management.

Risks are identified in the context of achieving Group and SBU objectives and assessed for impact on the achievement of those objectives and probability of occurrence, based upon common parameters identified in the Euronext risk management strategy. Risk profiles are produced for each SBU and Central Support Department and the risks are reported to the appropriate level of management, as defined by that strategy, together with the management response. The "4Ts principle" is used, i.e. risks are responded to by Treating the risk, Terminating the activity giving rise to the risk, Transferring the risk or Tolerating the risk. The latter primarily involves controls to reduce impact or reduce probability of occurrence.

The risk profiles produced by management and Group Risk Management are used by Group Internal Audit Services to focus the planning and scope of its audits, which in turn underpin the risk profiles with independent assurance.

Group Internal Audit Services monitors the quality of the business controls through risk-based operational audits, inspections of financial reporting controls and compliance audits. The quality of the risk management and control framework and the findings of internal and external audits are reported to and discussed by the Audit Committee of the Supervisory Board. Internal Audit Services provides independent, objective assurance and advice in order to add value and improve Euronext's operations. It helps Euronext achieve its corporate objectives by providing a systematic, disciplined approach, which evaluates and improves efficiency of risk management, control and governance processes. Group Internal Audit Services comprises 19 employees and undertakes audits in the area of information technology and other activities at all the various locations where the Group operates.

There is Group director of security with responsibility for overseeing physical security, IT security and business continuity in the Group. This director is a member of the Risk Committee, as are the directors of Group Risk management and Internal Audit Services.

External references

The Managing Board is committed to adopting best practice in corporate governance as far as possible and where there is no conflict between national codes. Euronext aims to comply as far as possible with the corporate governance codes of the Netherlands, France and the UK. This requires the Group to set up and maintain an adequate internal risk management and control systems.

The enterprise-wide risk management system has been developed in-house, taking account of best practices in this field. This system was introduced prior to the publication of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) guidelines on enterprise risk management, although many of the key principles of that publication were already in place. Additionally, during 2005, Euronext adopted the risk management standards of the Federation of European Risk Management Associations (FERMA).

Scope

The scope of risk management and control in the Group covers all of its activities and those of its subsidiaries that are consolidated. The position for these subsidiaries is as follows.

GL TRADE is a separately listed Group company. In 2005, GL TRADE established an internal audit function and its findings are included in the Group Internal Audit Services report to the Audit Committee of Euronext's Supervisory Board. GL TRADE has also established an Audit Committee, on which Euronext is represented. Late in 2005, with the assistance of Euronext Group Risk Management, GL TRADE introduced a risk management and control framework that is both appropriate for its business is compatible with that of Euronext.

During 2006, Interbolsa introduced risk profiles in conjunction with Euronext Group Risk Management. This built on its existing risk management and internal control system.

During 2006, MTS S.p.A. operated its own system of risk management and internal control. It has an internal audit function, whose approach has been aligned with that of the Euronext Group's Internal Audit Services function. The introduction of a risk management framework compatible with that of Euronext is currently under discussion.

The management of the IT infrastructure, which was partly outsourced to AtosEuronext, has been completely outsourced since August 2005 to Atos Euronext Market Solutions, an IT services-related joint-vehicle between Euronext and Atos Origin, which is consolidated in the accounts of the latter. Euronext works closely with Atos Euronext Market Solutions to ensure that IT risks are identified and mitigated appropriately.

Implemented and planned changes

The risk management and control assurance framework implemented Group-wide for the second half of 2004, has been in operation for the whole of 2006. There are a number of areas where enhancements have been made to Euronext's risk management and control assurance framework during 2006.

The improvements implemented and under development in 2006 with regard to internal audit and risk management in Euronext's subsidiaries are described above.

In 2006, a revised Euronext risk management strategy was developed, approved and implemented. The risk management strategy, as previously, sets out risk management objectives, clarifies responsibilities and defines risk management terms. The primary change from the previous strategy was the introduction of more sophisticated risk management parameters for impact and probability. This enables effective filtering of risks and defines the level of escalation. The key risks are reported to the Risk Committee of the Managing Board and also discussed at the Audit Committee of the Supervisory Board.

In the last quarter of 2006, Group Risk Management was in the process of implementing new software that will automate many of the current risk management processes and reporting and facilitate further development of risk management techniques.

Within the sound framework for risk management and control already in place, Euronext continues to work towards its overall objective of embedding risk management into its culture, processes and operations and fostering high awareness of business risks and internal controls.

Codes of conduct

Euronext has implemented a set of rules of behaviour that employees have to observe. There is also a Group-wide whistle-blowing policy, a Group-wide code on dealing with price-sensitive information and rules for the prevention of insider trading. In 2004, Euronext harmonised its local corporate codes of conduct with regard to ownership of, and transactions in financial instruments other than Euronext shares. These rules and policies have been in place throughout 2006. Compliance with the rules and policies is subject to review by the internal compliance officer. Any reports from the internal compliance officer in this regard are discussed by the Audit Committee at least once a year.

For additional information on the corporate code of conduct, see chapter 4, section 4.4.

2.5.2.3 Insurance policies

The Group maintains a comprehensive insurance programme, which is intended to cover its commercial and operational risks. All the main insurance policies are consolidated at Group level in order to ensure consistency of cover across the Group and to reduce premiums through economies of scale.

The Group's policies are split into three categories:

- Financial, covering directors' and officers' liability, civil liability, and crime.
- General, covering property, theft, material damage, business interruption, public and product liability.
- Local, covering employers' responsibility with respect to workers' compensation, travel, motor vehicles and the like.

The scope of the policies is set by reference to the Group's activities and the limits by reference to total asset values and revenues. Advice on all insurance-related matters is taken from the Group's brokers and all underwriters are appropriately analysed from a credit rating perspective. Alongside the insurance policies, there exist well-developed risk management procedures and business continuity plans. Operational risks are minimised by having backup facilities and IT systems in place to deal with disaster recovery requirements.

2.5.3 Management statement

No system of internal control can give absolute assurance. The Managing Board believes that the risk management and control system, as described in section 2.5.2 of the current chapter, gives reasonable assurance that the financial statements included in this document for 2006 is free of any material misstatements. At the date of approval of this document, the Managing Board was not aware of any material weaknesses indicating that the financial risk management and control systems will not continue to operate adequately in 2007.

The Managing Board believes that it has implemented a system of risk management and internal control that is appropriate for the Group's business. The system of risk management and internal control covering different types of risk is described in section 2.5.2 of the current chapter. This system was in operation throughout 2006.

In 2007 and subsequent years, Euronext will continue to give high priority to further enhancing its risk management and control framework.

3. FINANCIAL STATEMENTS

3.1 Consolidated financial statements for the year ended 31 December 2006

3.1.1 Consolidated income statement

(in thousands of euros)	Note	2006	2005 restated (1)	2004 restated (1)
Revenues				
Cash Trading		286,899	215,743	189,737
Listing fees		55,637	63,130	43,270
Derivatives Trading		391,571	331,923	324,918
MTS fixed income		24,019	1,437	-
Settlement and custody		14,553	39,280	33,122
Information services		112,004	93,592	87,297
Sale of software		184,607	195,212	185,965
Other income	3.3.1.1	32,901	21,550	22,528
TOTAL REVENUES		**1,102,191**	**961,867**	**886,837**
Costs and expenses				
Salaries and employee benefits	3.3.1.2	275,385	264,360	271,996
Depreciation	3.3.1.3	32,583	49,687	67,386
Goodwill amortization	3.3.1.4	-	-	39,875
IT expenses	3.3.1.5	166,176	139,772	129,336
Office, telecom and consultancy	3.3.1.6	130,089	98,785	84,392
Accommodation	3.3.1.7	44,358	50,111	50,990
Marketing	3.3.1.8	20,295	15,586	15,250
Other expenses	3.3.1.9	24,297	25,088	27,434
TOTAL COSTS AND EXPENSES		**693,183**	**643,389**	**686,659**
Profit from operations		**409,008**	**318,478**	**200,178**
Net financing income (2)	3.3.1.10	11,513	11,306	7,680
Results on sale of associates and activities	3.3.1.11	15,394	9,054	4,386
Income from associates	3.3.1.12	53,739	18,456	3,327
TOTAL		**80,646**	**38,816**	**15,393**
Profit before tax		**489,654**	**357,294**	**215,571**
Income tax expense	3.3.1.13	116,019	103,931	54,814
Profit for the period		**373,635**	**253,363**	**160,757**
Attributable to:				
Shareholders of the parent company (3)		**361,779**	**239,954**	**149,738**
Minority interest	3.3.1.14	11,856	13,409	11,019
		373,635	**253,363**	**160,757**

(1) See changes in accounting policies (note 3.2).
(2) Includes €20.9 million of interest expense (see also note 3.3.1.10).
(3) Profit for the year attributable to the shareholders of Euronext N.V.

Earnings per share (in euros)	Note	2006	2005	2004
Basic EPS	3.3.1.15	3.25	2.17	1.28
Diluted EPS	3.3.1.15	3.23	2.16	1.28

2006

3.1.2 Consolidated balance sheet

Before profit appropriation (in thousands of euros)	Note	2006	2005 restated (1)	2004 restated (1)
Assets				
Property and equipment	3.3.2.1	42,741	50,705	88,561
Investment property	3.3.2.2	4,728	-	-
Intangible assets	3.3.2.3	965,488	837,740	771,810
Investments in associates	3.3.2.4	147,297	393,558	277,827
Other investments	3.3.2.5	205,862	383,216	383,189
Other receivables	3.3.2.6	16,292	10,563	19,110
Deferred tax assets	3.3.2.7	18,119	12,450	39,306
TOTAL NON-CURRENT ASSETS		**1,400,527**	**1,688,232**	**1,579,803**
Income tax receivable		3,810	7	-
Other receivables	3.3.2.8	181,305	201,035	166,971
Short term financial investments	3.3.2.9	168,167	265,061	82,134
Cash and cash equivalents	3.3.2.10	416,250	429,523	523,705
TOTAL CURRENT ASSETS		**769,532**	**895,626**	**772,810**
Disposal groups' assets classified as held for sale	3.3.8	**506,316**	**17,878**	**-**
TOTAL ASSETS		**2,676,375**	**2,601,736**	**2,352,613**
Equity and liabilities				
Issued capital		675,343	112,557	122,112
Share premium		180,486	1,080,944	1,172,706
Reserve for own shares		14,079	647	(227,073)
Retained earnings		829,531	566,451	509,733
Revaluation reserve		1,044	1,738	(46)
Currency exchange differences		(33,467)	(41,081)	(54,003)
SHAREHOLDERS EQUITY	3.3.2.11	**1,667,016**	**1,721,256**	**1,523,429**
MINORITY INTERESTS	3.3.2.12	**50,721**	**33,594**	**21,016**
TOTAL EQUITY		**1,717,737**	**1,754,850**	**1,544,445**
Liabilities				
Non-current financial liabilities	3.3.2.13	383,037	377,157	365,856
Employee benefits provisions	3.3.2.14	10,057	19,059	23,700
Other provisions	3.3.2.15	3,148	3,425	3,399
Deferred tax liabilities	3.3.2.7	32,974	23,265	32,975
TOTAL NON-CURRENT LIABILITIES		**429,216**	**422,906**	**425,930**
Current financial liabilities	3.3.2.13	142,548	27,493	11,703
Income tax payable		33,133	29,087	13,290
Other payables	3.3.2.16	297,882	345,255	331,912
Other provisions	3.3.2.15	6,173	14,837	25,333
TOTAL CURRENT LIABILITIES		**479,736**	**416,672**	**382,238**
Liabilities directly associated with disposal groups' assets classified as held for sale	3.3.8	**49,686**	**7,308**	**-**
TOTAL EQUITY AND LIABILITIES		**2,676,375**	**2,601,736**	**2,352,613**

(1) See changes in accounting policies (note 3.2).

3.1.3 Consolidated cash flow statement

(in thousands of euros)	Note	2006	2005 restated (1)	2004 restated (1)
I. Cash flows from operating activities				
Profit before tax		489,654	357,294	215,571
Adjustments for:				
- Net financing income	3.3.1.10	(11,513)	(11,306)	(7,680)
- Depreciation	3.3.1.3	32,583	52,640	75,590
- Goodwill amortisation	3.3.1.4	-	-	39,875
- Results on sale of associates and activities	3.3.1.11	(15,394)	(9,054)	(4,386)
- Other non-cash or non-operational items	3.3.3.1	(64,974)	(32,845)	(5,590)
TOTAL CASH FLOW FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL (a)		**430,356**	**356,729**	**313,380**
Decrease/(increase) in non-current receivables		(5,390)	(5,563)	7,314
Decrease/(increase) in other receivables		21,965	(39,074)	19,899
(Decrease)/increase in short-term payables		110	19,009	(39,771)
TOTAL CHANGES IN WORKING CAPITAL (b)		**16,685**	**(25,628)**	**(12,558)**
Cash generated from operations (a+b)		**447,041**	**331,101**	**300,822**
Income taxes paid		(133,649)	(74,152)	(72,859)
Interest received	3.3.1.10	22,733	22,340	26,740
Interest paid	3.3.1.10	(20,584)	(19,744)	(18,521)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**315,541**	**259,545**	**236,182**
II. Cash flows from investing activities				
Investments in tangible assets		(5,746)	(8,663)	(14,579)
Investments in intangible assets		(29,212)	(34,068)	(48,876)
Proceeds from sale of tangible and intangible assets		92	84	961
Acquisitions, net of cash acquired	3.3.8	(47,171)	(66,778)	(83,359)
Redemption of subordinated loan by LCH.Clearnet S.A.		-	-	60,000
Disposal of associates and activities	3.3.8	(7,333)	4,407	-
Other investing activities (net)	3.3.3.2	88,353	(181,046)	(7,822)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,017)**	**(286,064)**	**(93,675)**
III. Cash flows from financing activities				
Loans received/bank facilities drawn		93,381	-	379,607
Loans redeemed		(4,826)	(4,419)	(221,727)
Dividends paid on ordinary shares		(111,374)	(66,449)	(59,833)
Share capital repayment		(333,814)	-	-
Own shares (acquired)/sold	3.3.2.11	1,684	(3,969)	(214,296)
Other financing activities	3.3.3.3	7,890	6,218	6,212
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(347,059)**	**(68,619)**	**(110,037)**
Effects of exchange rate changes on cash and cash equivalents		2,269	6,728	(5,526)
Effects of non-cash revaluation on cash and cash equivalents (2)		6,097	5,124	-
TOTAL CASH FLOW OVER THE PERIOD		**(24,169)**	**(83,286)**	**26,944**
Change in cash and cash equivalents	3.3.3.4			
At beginning of year (3)		440,419	523,705	496,761
At end of year		416,250	440,419	523,705
		(24,169)	**(83,286)**	**26,944**

(1) See changes in accounting policies (note 3.2).
(2) Reflects the impact of revaluation in the period of Money Market Funds that have a non-cash character. This revaluation has been identified separately from the revaluation of other captions as from 1 January 2005.
(3) Cash and cash equivalents as at 31 December 2005 and 1 January 2006 include €10.9 million of cash and cash equivalents that were included in Disposal groups assets classified as held for sale, in relation to the sale of CIK.

3.1.4 Consolidated statement of changes in equity

Attributable to shareholders of the parent company (in thousands of euros)	Issued capital	Share premium	Reserve for own shares	Retained earnings	Revaluation reserve	Currency exchange difference	Total	Minority interests	Total
Balance as at 1 January 2004	**122,112**	**1,172,706**	**(10,385)**	**412,073**	**-**	**(58,791)**	**1,637,715**	**33,188**	**1,670,903**
Adjustment opening balance (1)	-	-	-	7,305	-	-	7,305	-	**7,305**
Balance as at 1 January 2004 (restated)	**122,112**	**1,172,706**	**(10,385)**	**419,378**	**-**	**(58,791)**	**1,645,020**	**33,188**	**1,678,208**
Exchange difference on translation of foreign operations	-	-	-	-	-	4,788	4,788	(364)	**4,424**
Valuation of available-for-sale investments (2)	-	-	-	-	(46)	-	(46)	-	**(46)**
Other movements	-	-	-	-	-	-	**-**	710	**710**
Net income recognised directly in equity	-	-	-	-	(46)	4,788	4,742	346	**5,088**
Profit for the period	-	-	-	149,738	-	-	149,738	11,019	**160,757**
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	**-**	**-**	**-**	**149,738**	**(46)**	**4,788**	**154,480**	**11,365**	**165,845**
Dividends	-	-	-	(59,833)	-	-	(59,833)	(5,087)	**(64,920)**
Share-based compensation plan (3)	-	-	-	450	-	-	450	120	**570**
Proceeds sale from shares in stock option plans	-	-	2,758	-	-	-	2,758	-	**2,758**
Increase in investment in GL TRADE	-	-	-	-	-	-	-	(18,570)	**(18,570)**
Transactions in own shares	-	-	(219,446)	-	-	-	(219,446)	-	**(219,446)**
BALANCE AS AT 31 DECEMBER 2004	**122,112**	**1,172,706**	**(227,073)**	**509,733**	**(46)**	**(54,003)**	**1,523,429**	**21,016**	**1,544,445**

(1) The comparative figures have been adjusted by €7.3 million to recognize a deferred tax asset related to a provision for doubtful receivables first accounted for in prior years.
(2) As a consequence of the amendment to IAS 39 "Financial Instruments: Recognition and Measurement – the Fair Value Option", the Group reclassified the equity investments as at 1 January 2006 from the category Fair value through profit or loss to the category Available for Sale with comparative information restated (see changes in accounting principles).
(3) Corresponds to the fair value of stock options and shares granted and not yet vested for services rendered, recognized as an expense in the consolidated income statements.

3.1.4 Consolidated statement of changes in equity (continued)

Attributable to shareholders of the parent company (in thousands of euros)	Issued capital	Share premium	Reserve for own shares	Retained earnings	Revaluation reserve	Currency exchange difference	Total	Minority interests	Total
Balance as at 31 December 2004 (continued)	**122,112**	**1,172,706**	**(227,073)**	**509,733**	**(46)**	**(54,003)**	**1,523,429**	**21,016**	**1,544,445**
Exchange difference on translation of foreign operations	-	-	-	-	-	9,881	9,881	950	**10,831**
Valuation of available-for-sale investments (1)	-	-	-	-	1,784	-	1,784	-	**1,784**
Other movements	-	-	-	-	-	-	**-**	10	**10**
Net income recognised directly in equity	-	-	-	-	1,784	9,881	11,665	960	**12,625**
Profit for the period	-	-	-	239,954	-	-	239,954	13,409	**253,363**
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	**-**	**-**	**-**	**239,954**	**1,784**	**9,881**	**251,619**	**14,369**	**265,988**
Dividends	-	-	-	(66,449)	-	-	(66,449)	(5,348)	**(71,797)**
Share-based compensation plan (2)	-	-	-	2,619	-	-	2,619	240	**2,859**
Proceeds from sale of shares in stock option plans	-	-	5,816	-	-	-	5,816	422	**6,238**
Release related to AEMS contribution	-	-	-	-	-	3,041	3,041	-	**3,041**
Investment in MBE Holding S.p.A.	-	-	-	-	-	-	**-**	4,305	**4,305**
Change in ownership GL TRADE	-	-	-	-	-	-	**-**	(1,410)	**(1,410)**
Transactions in own shares	-	-	1,181	-	-	-	1,181	-	**1,181**
Cancellation of own shares	(9,555)	(91,762)	220,723	(119,406)	-	-	-	-	**-**
BALANCE AS AT 31 DECEMBER 2005	**112,557**	**1,080,944**	**647**	**566,451**	**1,738**	**(41,081)**	**1,721,256**	**33,594**	**1,754,850**

(1) As a consequence of the amendment to IAS 39 "Financial Instruments: Recognition and Measurement – the Fair Value Option", the Group reclassified the equity investments as at 1 January 2006 from the category Fair value through profit or loss to the category Available for Sale with comparative information restated (see changes in accounting principles).

(2) Corresponds to the fair value of stock options and shares granted not yet vested for services rendered, recognized as an expense in the consolidated income statements.

3.1.4 Consolidated statement of changes in equity (continued)

Attributable to shareholders of the parent company (in thousands of euros)	Issued capital	Share premium	Reserve for own shares	Retained earnings	Revaluation reserve	Currency exchange difference	Total	Minority interests	Total
Balance as at 31 December 2005 (continued)	**112,557**	**1,080,944**	**647**	**566,451**	**1,738**	**(41,081)**	**1,721,256**	**33,594**	**1,754,850**
Exchange difference on translation of foreign operations	-	-	-	-	-	7,614	7,614	(951)	**6,663**
Valuation of available-for-sale investments	-	-	-	-	(694)	-	(694)	-	**(694)**
Other movements	-	-	-	-	-	-	-	(754)	**(754)**
Net income recognised directly in equity	-	-	-	-	(694)	7,614	6,920	(1,705)	**5,215**
Profit for the period	-	-	-	361,779	-	-	361,779	11,856	**373,635**
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	**-**	**-**	**-**	**361,779**	**(694)**	**7,614**	368,699	**10,151**	**378,850**
Dividends	-	-	-	(111,374)	-	-	(111,374)	(5,156)	**(116,530)**
Increase in nominal value	900,458	(900,458)	-	-	-	-	**-**	-	**-**
Share capital reduction	(337,672)	-	3,858	-	-	-	(333,814)	-	**(333,814)**
Share-based compensation plan [1]	-	-	-	12,675	-	-	12,675	-	**12,675**
Proceeds from sale of shares in stock option plans	-	-	7,890	-	-	-	7,890	194	**8,084**
Transactions in own shares	-	-	1,684	-	-	-	1,684	-	**1,684**
Change in initial recognition of goodwill	-	-	-	-	-	-	-	16,599	**16,599**
Increase in investment in GL TRADE resulting from put option	-	-	-	-	-	-	-	(4,661)	**(4,661)**
BALANCE AS AT 31 DECEMBER 2006	**675,343**	**180,486**	**14,079**	**829,531**	**1,044**	**(33,467)**	**1,667,016**	**50,721**	**1,717,737**

(1) Corresponds to the fair value of stock options and shares granted and not yet vested for services rendered, recognized as an expense in the consolidated income statements and corresponding tax benefits.

3.2 Introduction to the notes and accounting policies

Introduction

Euronext N.V. (hereafter: Euronext) is a company domiciled at Beursplein 5, Amsterdam, the Netherlands. Euronext's services range from facilitating public offerings and providing trading facilities for cash and derivatives products to supplying market data. It benefits from clearing services provided by LCH.Clearnet Group Ltd (an associate) and settlement and custody services provided by local central securities depositories and through its partnership with Euroclear plc. In addition to its trading-related businesses, Euronext also sells software and IT solutions through Atos Euronext Market Solutions Holding S.A.S. and the Euronext's subsidiary GL TRADE S.A.

The consolidated financial statements of Euronext for the year ended 31 December 2006, 2005 and 2004 comprise Euronext and its subsidiaries together referred to as the "Group" and the Group's interest in joint-venture and associates. The financial statements of the subsidiaries, joint-venture and associates are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In its meeting of 12 March 2007 the Supervisory Board approved the Group's financial statements and proposed to submit them to the Annual General Meeting, to be convened on 22 May 2007.

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Statement of compliance

The consolidated financial statements have been prepared in compliance with the IFRSs endorsed by the European Union and are in accordance with International Financial Reporting Standards (IFRSs) and their respective interpretations adopted by the International Accounting Standards Board (IASB).

Changes in the scope of consolidation in 2006

Company*news* and Hugin

In the reporting period, the Group acquired controlling interests in Company*news* and Hugin. Company*news* is a distributor of news from listed companies to the investment community, media professionals and the public and was acquired in March 2006. Hugin provides innovative solutions for connecting communication professionals with their target audiences and was acquired in December 2006. Both companies are integrated within the Information Services business unit (see also note 3.3.8), and are consolidated as from their acquisition dates.

Nyfix and EMOS

Furthermore, the Group acquired interests in EMOS and Nyfix Overseas Inc. in July 2006 and August 2006 respectively. Nyfix Overseas Inc. is a company specialised in order administration and electronic trading systems for derivatives markets. EMOS is a supplier of middle-office solutions for derivatives products. Both companies were acquired by the Euronext subsidiary GL TRADE S.A. and as such are integrated in the Sale of Software business unit (see also note 3.3.8) and are consolidated as from their acquisition dates.

CIK

On 9 November 2005, Euroclear plc and Euronext signed a share purchase agreement for the full acquisition by Euroclear plc of CIK, the central securities depository of Belgium that was a wholly-owned subsidiary of Euronext. This transaction was completed on 1 January 2006 at which date Euronext ceased to control and therefore to consolidate CIK (see also note 3.3.8).

Increase in investments

Euronext has granted to GL TRADE founders a put option on up to 10.5% of GL TRADE share capital. The option can be exercised at any moment after 28 February 2006. The exercise price per share has been set at the average market value of the previous 40 trading days, minus €1. The present value of the exercise price of the option is reflected as a non-current financial liability and the difference between the exercise price of the put option and the corresponding minority interest has been recognised as goodwill.

Merger with New York Stock Exchange in 2007

On 1 June 2006, NYSE Group, Inc. and Euronext announced that they had signed an agreement to combine both exchanges in a merger of equals. The new group, to be named NYSE Euronext, will be headed by a US holding company, the shares of which will be listed on the NYSE trading in US dollars, and on Euronext Paris, trading in euros.

Subsequently, the legally required approval of the proposed combination has been received from the appropriate regulatory bodies in the countries involved and other relevant parties. The shareholders of both parties approved the proposed combination in Extraordinary General Meetings organised late December 2006. A tender offer was filed on 15 February 2007 within a securities note, which invited Euronext and NYSE Group shareholders to participate in the offer. The formal closing of the transaction is envisaged to occur by the beginning of April 2007, at the latest. Further reference is made to the Prospectus of NYSE Euronext Inc., which was registered with the US Securities and Exchange Commission on 27 November 2006.

In the financial year 2006, an amount of €41 million is recognised in the income statement for project costs directly linked to this transaction (see also paragraph 3.3.1.6). The total advisory costs related to the merger and payable partially in 2007, including those already recognised in 2006, is estimated at €105 million. Since the incremental costs are either dependant upon the successful outcome of the transaction or have not yet been incurred as at 31 December 2006, they are not recognized in 2006 and have not been provided for in the balance sheet as at 31 December 2006.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these (revised) standards and interpretations did not have any effect on the financial statements of the Group, with the exception of the amendment made to IAS 39 in relation to the Fair Value Option as described below, and the amendment made to IAS 19 requiring additional information to be disclosed.

- IAS 19: *Amendment – Employee Benefits*
- IAS 21: *Amendment - The Effects of Changes in Foreign Exchange Rates*
- IAS 39: *Amendments – Financial Instruments: Recognition and Measurement*
- IFRIC 4: *Determining Whether an Arrangement contains a Lease*
- IFRIC 5: *Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds*
- IFRIC 6: *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

The principal effects of these changes are as follows:

IAS 19: *Employee Benefits*

As of 1 January 2006, the Group partly adopted the amendments to IAS 19. This change has resulted in additional disclosures being included for the years ending 31 December 2006 and 31 December 2005 but has not had a recognition or measurement impact, as the Group chose not to apply the new option offered to recognize actuarial gains and losses outside the income statement.

IAS 21: *The Effects of Changes in Foreign Exchange Rates*

As of 1 January 2006, the Group adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. This change has had no significant impact as at 31 December 2006 or 31 December 2005.

IAS 39: *Financial Instruments: Recognition and Measurement*

Amendment for financial guarantee acts – amended the scope of IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 *Revenue*. This amendment did not have any effect on the financial statements.

Amendment for hedges of forecast intragroup transactions – amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment did not have any effect on the financial statements.

Amendment for the fair value option – This amendment limits the possibility to designate a financial asset or a financial liability (or a group of financial assets, financial liabilities or both) on initial recognition as at fair value through profit or loss. As a consequence, certain investments held by the Group that were previously classified as investments at fair value through profit or loss, have been reclassified as available-for-sale, as at 1 January 2006. These investments continue to be stated at fair value, while any resultant unrealised gains or losses are recognised directly in equity. Consequently, the comparative income statement has been restated to reverse a gain reported in 2005 arising from revaluation of available-for-sale investments for an amount of €2.1 million (€1.8 million after tax), and the consolidated statement of changes in equity has been adjusted accordingly. The impact of this amendment on the comparative information for 2004 is deemed immaterial. In the current reporting period, a total expense of €1.9 million (€1.7 million after tax) that would have been recognised in the income statement, has been recognised directly in equity. At the date of the de-designation, 1 January 2006, the fair value of these investments amounted to €20.3 million.

Furthermore, the Group chooses to classify newly purchased money market funds as available-for-sale investments and no longer applies the fair value option on this type of investment. As at reporting date, all money market funds are classified as available-for-sale investments, with the exception of those held by the Group's subsidiary GL TRADE.

IFRIC 4: *Determining Whether an Arrangement contains a Lease*

The Group adopted IFRIC Interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has no impact on the Group as at 31 December 2006 or 31 December 2005.

IFRIC 5: *Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds*

The Group adopted IFRIC Interpretation 5 as of 1 January 2006, which establishes the accounting treatment for funds established to help finance decommissioning for a company's assets. As the Group does not currently operate in a country where such funds exist, this interpretation has had no impact on the financial statements.

IFRIC 6: ***Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment***

The Group adopted IFRIC Interpretation 6 as of 1 January 2006, which establishes the recognition date for liabilities arising from the EU Directive relating to the disposal of waste electrical and electronic equipment. As this Directive does not affect the Group, this interpretation has had no impact on the financial statements.

In addition, the following (amendments to) Standards and IFRIC interpretations were issued during 2006 but will become effective for financial years beginning after 1 January 2007. The Group chose not to early adopt these.

- IFRS 7: *Financial Instruments: Disclosures*
- IFRS 8: *Operating Segments*
- IAS 1: *Amendment – Presentation of financial statements – Capital Disclosures*
- IFRIC 7: *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
- IFRIC 8: *Scope of IFRS 2*
- IFRIC 9: *Reassessment of Embedded Derivatives*
- IFRIC 10: *Interim Financial Reporting and Impairment*
- IFRIC 11: *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 12: *Service Concession Arrangements*

The impact of these (amendments to) Standards and IFRIC interpretations on the balance sheet and income statement presentation, if they would have been applied in 2006, is immaterial.

Significant accounting judgments, estimates and assumptions

In preparing its financial statements in conformity with IFRS, the Group makes estimates concerning a variety of matters, which affect the application of policies and reported amounts of assets and liabilities, income and expenses. Some of these matters are highly uncertain, and the Group's estimates involve judgements it makes based on the information available to it.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following discussion highlights the Group's critical accounting policies and estimates. The Group considers an accounting principle or estimate to be critical if it involves significant judgements and estimates on the part of its management and changes to those judgements or estimates could have a material impact on the Group's financial presentation. The discussion below addresses only those estimates that the Group considers the most important based on the degree of uncertainty and the likelihood of a material impact if a different estimate were used. There are other areas in which the Group uses estimates about uncertain matters, but for which the reasonably likely effect of changed or different estimates is not material to the Group's financial presentation.

Pension plan assumptions

The Group recognizes its net obligation in respect of its defined benefit pension plans on the basis of an actuarial estimate of the future benefit that employees have earned as of the balance sheet date, net of the valuation of assets to meet those obligations. The Group prepares this estimate on an annual basis taking into account different actuarial assumptions. Two critical assumptions used are the discount rate (equal to the yield at the balance sheet date on high quality fixed income instruments) on future benefits and the expected return on plan assets. The Group evaluates these critical assumptions at least annually on a plan-specific and country-specific basis. Other assumptions relate to demographic factors, such as retirement age, life expectancy and staff turnover, which are periodically evaluated and updated to reflect the Group's past experience and future expectations. Depending on the assumptions and estimates used, the Group's pension benefit expense could vary within a range of outcomes and have a material effect on reported earnings.

Impairment testing

Rather than being amortized, goodwill is tested for impairment at least annually under IFRS, or more frequently when there is an indication of an impairment loss. Goodwill is tested at the level of cash-generating units, which correspond to the Group's businesses that generate independent cash flows. The impairment test is based on the relationship between the carrying amount of an asset and its recoverable amount, which is the higher of its sale price or value in use. Value in use is in turn based on the discounted future cash flows method. The determination of the underlying assumptions related to the recoverability of intangible assets is subjective, and therefore requires the exercise of considerable judgment by the Group. Although the Group performs sensitivity analyses on its main assumptions in order to strengthen the reliability of its impairment tests, changes in key assumptions about its business and prospects, or changes in market conditions, could result in future impairment charges.

Share-based compensation

In accordance with IFRS 2, the grant of equity instruments to employees for services rendered represents a supplementary benefit provided by the Group. Under IFRS 2, the Group estimates the fair value of these equity instruments at the grant date and records the value within shareholders' equity, spread over the vesting period of the instruments. Fair value is determined using a Black and Scholes option pricing model that takes into account the specific features of the equity instrument plan (net price, period of exercise, etc.), market data at the grant date (such as price, volatility, etc.) and behavioural assumptions relating to the holders of the instruments. Different assumptions could result in material changes to the expense amounts recorded for these equity instruments.

Contingent liabilities

The Group is involved in legal and arbitration proceedings in the ordinary course of its business. The Group accrues a liability in its financial statements when an adverse outcome is probable and the amount of the loss can be reasonably estimated. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex issues. In determining whether a loss should be accrued the Group evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Assessing these matters inherently involves the exercise of significant management judgment. Changes in these factors or outcomes that are different from those expected to occur could materially impact the Group's financial position or its results of operations.

Significant accounting policies

(A) Basis of preparation

The financial statements are presented in euros, rounded to the nearest thousand, unless otherwise indicated. They are prepared on the historical cost basis except for financial assets and liabilities stated at fair value through profit or loss and available-for-sale financial assets stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by the parent organisation and the Group entities, except as noted above in "Changes in accounting policies".

(B) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by Euronext N.V. Control exists when Euronext N.V. has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting.

(ii) Joint-ventures

Joint-ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases.

(iii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

The Group considers the carrying amount of its investment in the equity of associates and its other long-term interests in an associate when recognizing its share of losses in the associate. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

The financial statements of associates are prepared using accounting principles similar to the Group's accounting principles for like transactions and events in similar circumstances. Reporting dates of associates are similar to the Group's reporting dates.

(iv) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that there is no evidence of impairment.

(v) Minority interests

Minority interests represent the portion of profit and loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the "parent entity extension method", whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

(vi) Business combinations

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets and liabilities (including contingent liabilities) of the acquired business at fair value. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities (see accounting policy H (i)). When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement.

(C) Foreign currency translation

The consolidated financial statements are presented in euros, which is Euronext's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Such foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly as a separate component of equity.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, including monetary items that provide a hedge against a net investment in a foreign operation, are taken to the reserve for currency translation differences. They are released into the income statement upon disposal of the foreign operation.

(D) Derivative financial instruments

The Group may use derivative financial instruments to hedge its exposure to interest rate- and foreign currency risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives that do not qualify for hedge accounting are accounted for as held-for-trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy E).

(E) Hedging

(i) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective portion of any gain or loss on the measurement to fair value of the derivative financial instrument is recognised directly in equity, with the ineffective portion recognised immediately in the income statement.

(ii) Fair value hedges

The gain or loss that is attributable to the hedged risk on the changes in fair value of a recognised asset or liability or an unrecognised firm commitment designated as a hedged item is recognised in the income statement.

(iii) Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

(F) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost or at deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy L). The cost of assets includes the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the assets is derecognised.

(ii) Leased assets
Leases in accordance with the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as financial leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy L).

(iii) Subsequent costs
The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred and if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings: 5 - 40 years
- IT-equipment: 2 - 3 years
- Other equipment: 5 - 12 years
- Vehicles: 3 - 4 years
- Fixtures and fittings: 4 - 10 years

The residual value, if not insignificant, is reassessed annually.

(G) Investment property
Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

Investment property is subsequently stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy L).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the investment property of 33 years for the building, and 10 years for premises.

(H) Intangible assets
(i) Goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of acquisition and the fair value of the identifiable net assets acquired with the acquisition of subsidiaries, associates and joint-ventures.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting policy L). In respect of investments in associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Research and development
Expenditure on research activities, undertaken with the prospect of gaining technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, the cost can be measured reliably, and the Group has sufficient resources to complete development and intends to do so. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy L).

(iii) Other intangible assets
Other intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy L).

Expenditure on internally generated goodwill and brands is recognised in the income statements as an expense as incurred.

(iv) Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Goodwill (up to 31 December 2004): 5 - 20 years
- Capitalised development costs & acquired licenses: 2 - 5 years
- Patents: 5 years
- Regulatory license: Indefinite
- Customer relationships: 5 - 20 years
- Trade marks: 5 - Indefinite

(I) Investments

(i) Investments in debt and equity securities

Investments at fair value through profit or loss are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the income statement.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are stated at amortised cost less impairment losses (see accounting policy L).

Other financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gains or losses being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gains or losses previously recognised directly in equity are recognised in the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement.

The fair value of financial instruments at fair value through profit or loss and financial instruments available-for-sale is their market price at the balance sheet date.

(ii) Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, with amortisation, foreign currency gain or loss resulting from translation of the amortised cost and impairment losses recognised in the income statement.

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(J) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy L).

(K) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and current investments that are readily convertible into cash. Bank overdrafts that are repayable on demand and deposits and other fixed rate interest-bearing instruments with an original maturity of less than 3 months form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(L) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see accounting policy U), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated [see below under (i)].

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount of the asset concerned or of the cash-generating unit to which it has been allocated based on its fair value, is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed, with the amount of the reversal recognised in the income statement.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(M) Share capital

(i) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(N) Financial liabilities

(i) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. When borrowings are repurchased or settled before maturity, any differences between the amount repaid and the carrying amount is recognised immediately in the income statement.

(ii) Put options granted to minority shareholders of controlled subsidiaries

The Group has committed itself to acquiring minority shareholdings owned by third parties in certain less than 100%-owned subsidiaries that are included in the consolidation. Since these third parties have the ability, if they so wish, to decide to exercise their put options, IAS 32 requires that the present value of the exercise price of such options be recognised as a financial liability in the consolidated financial statements with no minority interest recognised for accounting purposes. The difference, if any, between the present value of the exercise price and the minority interest that would otherwise be accounted for, is recognised as part of goodwill. The goodwill will be adjusted at each closing date to reflect the variation of the liability (due to changes in the exercise price of the options) and of the minority interest. Accordingly, there will be no impact on the income statement. If the option expires and is not exercised, the liability will be reversed together with the related goodwill and the minority interest will be reinstated with no impact on the income statement.

(iii) Put options granted to other shareholders of jointly controlled entities

A put option granted to a partner in a jointly controlled entity gives them the ability, if they so wish, to oblige Euronext to acquire their investment in the entity. This is a derivative instrument measured at fair value through profit or loss. The fair value of the option is determined as being the difference between the estimated exercise price and corresponding enterprise value determined on the basis of a discounted cash flow method. When the exercise price exceeds the enterprise value, a liability is recognised through the income statement.

(iv) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(O) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value and the fair value of any plan assets is deducted. The discount rate used is the yield at balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. A qualified actuary using the projected unit credit method performs the calculation.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a particular plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10 per cent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method discounted to its present value and reduced by the fair value of any related assets. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating to the terms of the Group's obligations.

(iv) Share-based payment transactions

Share (option) programmes allow Group employees to acquire shares of Euronext N.V. The fair value of shares and options granted after 7 November 2002 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Tax deductions that relate to share-based payment transactions granted after 7 November 2002 are recognized over the vesting period partly as a deduction of tax expense (tax deduction based on the fair value of the equity instruments at the grant date) and partly as an increase of Group equity (tax deduction based on the difference between the estimated fair value of the equity instrument at the vesting date and the fair value at the grant date), in accordance with IAS 12. Tax deductions that relate to share-based payments granted before 7 November 2002 are recognized at the date of the event triggering the measurement and benefit from the tax deduction (generally at exercise date for stock option- and vesting date for share plans).

The social charges that relate to share-based payment transactions are recognized as an employee expense at the date of the event triggering the measurement and payment of the social charges (generally the exercise date for stock option- and the vesting date for share plans).

(P) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(Q) Trade and other payables

Trade and other payables are stated at their amortised cost.

(R) Revenue

Revenues are attributed to the period to which they relate.

(i) Services rendered

Revenues from services rendered consist mainly of fees for executing transactions in shares, bonds, options and futures, which are recognised at the trade, date and billed on a monthly basis. In addition, they include proceeds from the sale of exchange information and listing fees, which are initially reported as deferred income and recognised as income over the period in which the services should be provided.

(ii) Sale of software

"Sale of software" comprises revenues from fees received for the sale of software licenses. These revenues are recognised in accordance with the substance of the licensing agreements. Revenues from licensing agreements with a specified period of time are amortised on a straight-line basis over the life of the agreements. Fees received under unlimited licensing agreements for which the Group has no remaining obligations to perform or to deliver are recognised immediately.

(S) Expenses

Expenses are attributed to the period to which they relate.

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(T) Net financing income

Net financing income comprises interest payable on borrowings calculated using the effective interest rate method, interest receivable on investments, revaluation of financial instruments at fair value through profit or loss, dividend income, foreign exchange gains and losses, gains and losses on disposals of financial instruments and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividends are recognised in the income statement on the date the right to receive payment is established which in the case of quoted securities is usually the ex-dividend date.

(U) Income tax

Income tax on the income statement for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recorded, using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(V) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(W) Non-current assets held for sale and discontinued operations

When the carrying amount of a non-current asset (or disposal group) will be recovered principally through a sale transaction rather than through continuing use, such non current assets (or group of assets and associated liabilities) are classified as held for sale. Immediately before classification of disposal groups as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups classified as held for sale are presented separately from other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

3.3. Notes to the consolidated financial statements

3.3.1 Notes to the consolidated income statement

3.3.1.1 Other income

(in thousands of euros)	2006	2005	2004
Rent	3,804	3,914	6,952
Other	29,097	17,636	15,576
TOTAL	**32,901**	**21,550**	**22,528**

The increase in "other" is largely explained by a service arrangement with AEMS and recharges made by MTS to its non-consolidated investments.

3.3.1.2 Salaries and employee benefits

(in thousands of euros)	2006	2005	2004
Wages and salaries	192,501	190,757	209,417
Compulsory social security contributions	44,553	44,230	43,153
Pension expenses	10,327	13,635	19,212
Employee profit sharing	9,040	6,828	5,923
Increase/(reversal) early retirement plan	(540)	467	(1,105)
Temporary staff	2,886	2,076	5,555
Training	2,710	2,205	2,627
Provisions made/(used)/(released)	248	550	151
Other	16,586	10,512	7,198
	278,311	**271,260**	**292,131**
Less:			
Salaries capitalized under "Development costs"	-	4,496	14,790
Costs reimbursed by related and third parties	2,926	2,404	5,345
TOTAL	**275,385**	**264,360**	**271,996**

Pension expenses include €7.5 million related to defined contribution plans (2005: €8.1 million; 2004: €10.4 million) and €2.8 million related to defined benefit plans (2005: €5.5 million; 2004: €8.8 million).

The number of employees (full time equivalents) as at 31 December 2006 is as follows:

	2006	2005	2004
Euronext (excluding GL TRADE)	1,169	1,219	1,437
GL TRADE	1,155	1,083	1,074
TOTAL	**2,324**	**2,302**	**2,511**

The analysis of FTE's per activity is as follows:

Activity	2006	2005	2004
SBU Cash & Listing	220	232	243
SBU Derivatives	288	300	529
SBU Information Services (1)	167	60	67
Settlement and Custody (2)	38	140	111
Support – Finance/General Services	137	152	171
Support – Legal/Audit	86	83	90
Support – Human Resources	41	40	40
Support – Corporate Information Services	37	40	31
Support – Business Strategy (4)	-	-	33
MTS (3)	49	50	-
Other (including recharged staff)	106	122	122
Sub total	1,169	1,219	1,437
GL TRADE (5)	1,155	1,083	1,074
TOTAL	**2,324**	**2,302**	**2,511**

(1) Includes Company*news* (25) and Hugin (81) in 2006.
(2) Includes CIK (99) in 2005.
(3) Reflects 58 (51%) of MTS S.p.A., 36 EuroMTS Ltd and 2 MTS Next in 2006.
(4) FTE related to Business Strategy as from 2005 have been allocated to support units.
(5) Includes FTE related to newly acquired EMOS (10) and Nyfix (42), and recruitment of Tunisian employees in 2006.

3.3.1.3 Depreciation

(in thousands of euros)	2006	2005	2004
Depreciation of tangible fixed assets	9,944	22,335	34,473
Depreciation of investment property	307	-	-
Amortisation of intangible fixed assets	22,332	30,305	41,117
Costs reimbursed by related and third parties	-	(2,953)	(8,204)
TOTAL	**32,583**	**49,687**	**67,386**

3.3.1.4 Goodwill amortisation

(in thousands of euros)	2006	2005	2004
Merger of SBF, BXS and AEX as at 22 September 2000	-	-	9,115
Irrecoverable VAT	-	-	24,908
Acquisition of Euronext Lisbon	-	-	4,048
Increase investment GL TRADE	-	-	500
Other goodwill amortisation	-	-	1,304
TOTAL	**-**	**-**	**39,875**

With the application of IFRS 3 and the subsequent changes in IAS 36 and IAS 38, from 1 January 2005 goodwill is no longer amortised.

3.3.1.5 IT expenses

(in thousands of euros)	2006	2005	2004
Running costs	135,903	101,382	84,958
Network costs	9,579	19,522	29,727
Office automation	8,159	7,972	7,268
Development costs and projects	9,590	7,545	3,343
Other	2,945	3,351	4,040
TOTAL	**166,176**	**139,772**	**129,336**

The increase of IT expenses is due to the transfer of LIFFE Market Solutions to Atos Euronext Market Solutions. Certain staff, depreciation and consultancy expenses that were previously internal costs are now invoiced by Atos Euronext Market Solutions.

3.3.1.6 Office, telecom and consultancy

(in thousands of euros)	2006	2005	2004
Office equipment	2,929	3,412	2,648
Travel, missions and receptions	14,288	13,074	12,793
Telecom	8,766	9,314	9,393
Insurance	5,477	6,407	5,851
Data information	11,564	10,285	8,752
Legal consultancy	7,518	4,782	3,802
Accounting and fiscal consultancy	5,407	5,251	4,685
Business system consultancy	2,010	1,910	2,105
Third party contractors	-	10,111	26,052
Other	72,130	34,239	8,311
TOTAL	**130,089**	**98,785**	**84,392**

The increase in other office, telecom and consultancy costs is largely due to consultancy costs in relation to the corporate projects. Project costs directly related to the NYSE Euronext combination amounted to €40.6 million.

The other office, telecom and consultancy costs as at 31 December 2005 contain offsetting capital recharges for €5.6 million that were connected to the LIFFE Market Solutions activities, which were disposed of in July 2005.

2006

3.3.1.7 Accommodation

(in thousands of euros)	2006	2005	2004
Rent of buildings	32,962	34,711	36,159
Security	2,497	3,495	3,550
Gas, water and electricity	4,149	4,160	4,621
Maintenance	4,806	6,793	6,220
Cleaning	2,394	2,825	2,933
Other	2,880	1,780	390
Costs reimbursed by related and third parties	(5,330)	(3,653)	(2,883)
TOTAL	**44,358**	**50,111**	**50,990**

3.3.1.8 Marketing

(in thousands of euros)	2006	2005	2004
Advertising and press relations	7,517	5,538	3,685
Presentations	1,168	1,027	755
Events	3,137	1,788	2,616
Sponsoring	3,402	1,743	3,271
Foreign offices	2,481	2,396	2,277
Other	2,590	3,094	2,646
TOTAL	**20,295**	**15,586**	**15,250**

3.3.1.9 Other expenses

(in thousands of euros)	2006	2005	2004
Commissions	663	375	(245)
Irrecoverable VAT	9,136	6,997	9,081
Administration & taxes	7,311	5,550	4,116
Regulatory fees	7,072	8,224	9,282
Production costs Information Services	1,218	1,027	1,266
Other	(1,103)	2,915	3,934
TOTAL	**24,297**	**25,088**	**27,434**

3.3.1.10 Net financing income

(in thousands of euros)	2006	2005 restated (1)	2004 restated (1)
Interest income	22,733	22,340	26,740
Interest expenses	(20,911)	(19,744)	(18,521)
Net foreign exchange loss	54	977	(4,376)
Investments:			
- Gain on disposal	(430)	322	256
- Revaluation of assets to fair value	5,129	5,310	1,826
Other	4,938	2,101	1,755
TOTAL	**11,513**	**11,306**	**7,680**

(1) See changes in accounting policies.

The “Revaluation of assets to fair value” includes the revaluation to fair value of money market funds (see note 3.3.2.9) for an amount of €5.3 million as at 31 December 2006.

3.3.1.11 Results on sale of associates and activities

(in thousands of euros)	2006	2005	2004
CIK S.A./N.V.	15,469	-	-
LIFFE Market Solutions	-	4,963	-
Bourse Connect	-	4,091	-
Cote Bleue S.A.	-	-	4,386
Other	(75)	-	-
TOTAL	**15,394**	**9,054**	**4,386**

The gain on sale of associates and activities largely relates to the sale of CIK S.A./N.V., the central securities depository of Belgium, to Euroclear plc (see also note 3.3.8).

As at 1 July 2005, the Group contributed the assets and operations of LIFFE Market Solutions (LMS), the IT division of Euronext.liffe to a newly formed company Atos Euronext Market Solutions Holding SAS (AEMS) that resulted in a capital gain of €5.0 million, after intercompany elimination.

Under the same agreement GL TRADE sold its 34.37% stake in Bourse Connect to AEMS, which led to a capital gain of €4.1 million, after intercompany elimination.

3.3.1.12 Income from associates

(in thousands of euros)	2006	2005	2004
Group's share in net profit of LCH.Clearnet	36,898	14,915	14,837
Intercompany elimination of Revenue Guarantee	-	(3,000)	(2,947)
Amortisation of goodwill recognised on acquisition of LCH.Clearnet	-	-	(12,273)
Net income from LCH.Clearnet	36,898	11,915	(383)
Atos Euronext Market Solutions	15,413	4,371	-
AtosEuronext	-	617	1,851
Bourse Connect	-	886	1,454
Powernext	1,077	447	82
ENDEX N.V.	36	(27)	(68)
NextInfo S.A./N.V.	191	247	179
Other	124	-	212
TOTAL	**53,739**	**18,456**	**3,327**

In June 2006, LCH.Clearnet decided not to pursue the development of the Generic Clearing System within its technology strategy. In relation to this, LCH.Clearnet recognised an impairment charge of €47.8 million (in addition to an impairment charge of €20.1 million that was already recognised on the Generic Clearing System in 2005).

The Group's share in this impairment charge is included in its income from LCH.Clearnet and amounts to €14.3 million in 2006.

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3.3.1.13 Income tax expense

Recognised in the income statement

(in thousands of euros)	2006	2005	2004
Current tax expense			
Current year	132,289	96,285	80,498
Adjustment for prior years	(5,961)	(1,874)	1,474
	126,328	**94,411**	**81,972**
Deferred tax expense			
Origination and reversal of temporary differences	917	6,969	150
Reduction in tax rate	(10,912)	2,503	(27,308)
Adjustment for prior years	(314)	48	-
	(10,309)	9,520	(27,158)
TOTAL INCOME TAX EXPENSE IN THE INCOME STATEMENT	**116,019**	**103,931**	**54,814**

Reconciliation of effective tax charge

(in thousands of euros)	2006	2005	2004
Profit before tax	489,654	357,294	215,571
Income tax using the domestic corporation tax rates	159,243	117,165	71,290
(Partial) exempt capital gains	(4,993)	(1,923)	(439)
Other tax-exempt income	(23,190)	(9,783)	(8,486)
Non-deductible expenses	2,147	298	18,400
Under/(over)-provided in prior years	(6,276)	(1,826)	1,474
Other	(10,912)	-	(27,425)
TOTAL	**116,019**	**103,931**	**54,814**

The "Other tax-exempt income" reflects principally the income from associates and certain other tax-exempt investments. The non-deductible expenses in 2004 principally consist of amortisation of goodwill.

The French government has enacted legislation during 2004 through which the tax on capital gains will be reduced in the years up to 2007. As a result thereof, the deferred tax positions of the Group have been restated in 2004, to reflect the expected tax rates when the related positions could be liquidated. This has resulted in a €27.3 million reduction of income tax. A change in the expected term of liquidation of the related positions leads to an adaptation of the applicable capital gain tax rate and recognition of an additional reduction of income tax of €10.9 million in 2006. Both reductions are reported as "Other".

Modifications made for the comparative period (see also note 3.2 "Changes in accounting principles") lead to a decrease of the tax charge of €0.3 million in 2005.

3.3.1.14 Minority interests

(in thousands of euros)	2006	2005	2004
GL TRADE/Financière Montmartre	9,939	13,425	11,019
MTS	1,917	(16)	-
TOTAL	**11,856**	**13,409**	**11,019**

In 2004, the Group controlled GL TRADE through a 51.00% participation in Financière Montmartre, which held 55.61% of GL TRADE (resulting in a net investment of 28.36%). In addition, the Group held directly 12.00% of the share capital of GL TRADE (resulting in a net investment of 40.37%).

In accordance with an agreement to that extent, in 2005 the Group acquired additional shares in Financière Montmartre in exchange for some of the GL TRADE shares held directly, resulting in a 54.77% participation in Financière Montmartre, a 9.91% direct investment in GL TRADE and a total investment in GL TRADE of 40.37%.

With the recognition of a put option granted to the GL TRADE founders in 2006 (see also note 3.3.2.13), the direct investment in GL TRADE held by the Group increased effectively by 10.43%.

Due to issuance of new shares by GL TRADE for their stock option plans, the net investment of the Group was diluted to 50.48% as at 31 December 2006.

3.3.1.15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the period, calculated as follows:

Net profit attributable to shares

(in thousands of euros)	2006	2005	2004
Profit for the period	373,635	253,363	160,757
Profit attributable to shareholders of Euronext	361,779	239,954	149,738
Weighted average number of ordinary shares:			
Ordinary shares at beginning of the period	112,557,259	122,111,972	122,111,972
Average number of own shares	(1,342,598)	(11,508,910)	(5,325,162)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	111,214,661	110,603,062	116,786,810
Basic EPS (in euros)	**3.25**	**2.17**	**1.28**
Weighted average number of ordinary shares (diluted):			
Weighted average number of ordinary shares	111,214,661	110,603,062	116,786,810
Effect of stock option schemes	923,989	502,328	490,843
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	112,138,650	111,105,390	117,277,653
Diluted EPS (in euros)	**3.23**	**2.16**	**1.28**

3.3.2 Notes to the consolidated balance sheet

3.3.2.1 Property and equipment

(in thousands of euros)	Land & Buildings	Equipment owned	2006	2005
Cost				
Balance at beginning of the year	118,613	161,741	280,354	447,169
Effect of exchange rate differences	1,496	(133)	1,363	5,258
Reclassifications	(3,691)	3,691	-	-
Acquisitions through business combinations	-	2,338	2,338	1,727
Other acquisitions from external third parties	153	6,284	6,437	7,273
Reclassifications to investment property	(8,010)	-	(8,010)	-
Contribution to Atos Euronext Market Solutions	-	-	-	(146,166)
Reclassifications to disposal group's assets classified as held for sale	-	-	-	(7,533)
Other disposals and write-offs	(47,002)	(53,099)	(100,101)	(27,374)
BALANCE AT END OF THE YEAR	**61,559**	**120,822**	**182,381**	**280,354**
Depreciation and impairment losses				
Balance at beginning of the year	81,790	147,859	229,649	358,608
Effect of exchange rate differences	1,306	(12)	1,294	4,198
Reclassifications	-	-	-	-
Depreciation charge for the year	3,095	6,849	9,944	22,335
Acquisitions through business combinations	-	1,675	1,675	1,038
Reclassifications to investment property	(2,982)	-	(2,982)	-
Contribution to Atos Euronext Market Solutions	-	-	-	(124,529)
Reclassifications to disposal group's assets classified as held for sale	-	-	-	(6,647)
Other disposals and write-offs	(47,002)	(52,938)	(99,940)	(25,354)
BALANCE AT END OF THE YEAR	**36,207**	**103,433**	**139,640**	**229,649**
Carrying amount				
At beginning of the year	36,823	13,882	50,705	88,561
At end of the year	25,352	17,389	42,741	50,705

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3.3.2.2 Investment property

(in thousands of euros)	2006	2005
Cost		
Balance at beginning of the year	-	-
Additions (subsequent expenditure)	7	-
Reclassifications from property and equipment	8,010	-
BALANCE AT END OF THE YEAR	**8,017**	**-**
Depreciation and impairment losses		
Balance at beginning of the year	-	-
Depreciation charge for the year	307	-
Reclassifications from property and equipment	2,982	-
BALANCE AT END OF THE YEAR	**3,289**	**-**
Carrying amount		
At beginning of the year	-	-
At end of the year	4,728	-

The fair value of investment property amounts to €5 million. This value has been determined based on valuations performed by Jones, Lang la Salle, an accredited independent valuer, as at 1 January 2006 and has not changed significantly during the year. Jones, Lang la Salle is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standard Committee standards. Investment property generated €1.3 million of rental income in 2006. Operating expenses that are directly related to the investment property amounted to €0.5 million in 2006.

3.3.2.3 Intangible assets

(in thousands of euros)	Goodwill	Patents & Trademarks	Development costs	2006	2005
Cost					
Balance at beginning of the year	954,118	4,504	115,655	1,074,277	1,140,653
Effect of exchange rate differences	8,646	(39)	890	9,497	18,565
Reclassifications	-	4,176	(4,176)	-	-
Internally developed	-	-	-	-	13,765
Acquisitions through business combinations	-	70	1,102	1,172	5,381
Other acquisitions from external third parties	76,107	5	29,207	105,319	105,405
Fair value of acquired assets	(26,587)	66,082	-	39,495	10,215
Change in present value of financial liabilities	(2,205)	-	-	(2,205)	-
Contribution to Atos Euronext Market Solutions	-	-	-	-	(136,832)
Reclassifications to disposal group's assets classified as held for sale	-	(3,560)	-	(3,560)	(8,542)
Other disposals and write-off	(3,568)	(1,914)	(17,518)	(23,000)	(74,333)
BALANCE AT END OF THE YEAR	**1,006,511**	**69,324**	**125,160**	**1,200,995**	**1,074,277**
Amortisation and impairment losses					
Balance at beginning of the year	154,354	3,606	78,577	236,537	368,843
Effect of exchange rate differences	1,503	4	326	1,833	3,621
Reclassifications	-	1,265	(1,265)	-	-
Amortisation charge for the year	-	1,924	20,408	22,332	30,305
Acquisitions through business combinations	-	60	718	778	4,816
Contribution to Atos Euronext Market Solutions	-	-	-	-	(92,444)
Reclassifications to disposal group's assets classified as held for sale	-	(3,000)	-	(3,000)	(6,846)
Other disposals and write-off	(3,568)	(1,914)	(17,491)	(22,973)	(71,758)
BALANCE AT END OF THE YEAR	**152,289**	**1,945**	**81,273**	**235,507**	**236,537**
Carrying amount					
At beginning of the year	799,764	898	37,078	837,740	771,810
At end of the year	854,222	67,379	43,887	965,488	837,740

Further reference is made to paragraph 3.3.8 "Acquisitions and disposal of subsidiaries".

Amortisation

The amortisation is recognised in the line item "Depreciation" in the income statement (see also note 3.3.1.3).

Cash-generating units including goodwill and impairment tests

The carrying amount of goodwill has been allocated to the following cash-generating units, generating independent cash flows:

(in thousands of euros)	2006	2005
Cash Trading	97,407	97,407
Listing	25,934	25,934
Derivatives Trading	412,810	404,979
MTS fixed income	53,440	78,700
Information services	94,782	66,935
Settlement and custody	34,152	34,152
Sale of software	135,697	91,657
TOTAL	**854,222**	**799,764**

An impairment review of goodwill has been carried out in accordance with IAS 36 - Impairment of Assets as at 31 December 2006.

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The business plans of the Cash & Listing, Derivatives, Information Services and Settlement & Custody SBUs are based on Budget 2007 and conservative assumptions on volumes and control of expenses. Business plans cover the period 2007-2011 with a maximum perpetual growth rate of 2% after 2011 (except for Settlement & Custody, 1%). Pre-tax discount rate is 12.1% (except for Settlement & Custody, 11.8%).

The combined business plan of Hugin and Company*news* is based on a strong growth in revenue over the next two years due to the introduction of the Transparency Directive, the cross selling of IR and PR products as well as synergies between the two companies. The cost base is already sufficient to support the expected growth in business and should be positively impacted by synergies between Hugin and Company*news*. The business plan covers the period 2007-2011 with a perpetual growth rate of 2% after 2011. Pre-tax discount rate is 13.9%.

The business plan of MTS S.p.A. is based on Budget 2007 and on the development in cash and money markets activities, a continuous strong growth of BondVision, the launch of new products and markets from 2007 onwards and a decrease in IT expenses. The business plan covers the period 2007-2011 with a perpetual growth rate of 2% after 2011. Pre-tax discount rate is 12.4%.

Based on the comparison between the sum of reported goodwill and identified intangible assets at year-end and the present value of future cash flows, no impairment loss has been recognized in that respect as at 31 December 2006.

Goodwill on Sales of Software includes that arising from Euronext's acquisition of GL TRADE shares and option on minority interest of GL TRADE and the goodwill arising from GL TRADE acquisitions of operational subsidiaries.

- The Euronext goodwill has been tested for impairment based on the fair value less cost to sell of the company. Based on the comparison between the reported goodwill and the market capitalization of the Group as at 31 December 2006, no impairment loss has been recognized in that respect at the closing date.
- The goodwill on GL TRADE's operational subsidiaries has been allocated to the respective Cash Generating Units. The impairment tests of these CGU are based on the 2007 budget and four-year business plan 2008-2011 with a perpetual growth rate of 2.5% after 2011. The pre-discount rate is 13.05%. Based on the comparison between the sum of reported goodwill and intangible assets as at year-end and the present value of future cash flows, no impairment loss has been recognised in that respect as at 31 December 2006.

3.3.2.4 Investments in associates

(in thousands of euros)	2006	2005
Balance at beginning of the year	393,558	277,827
Currency exchange rate differences	1,661	2,413
Contribution to Atos Euronext Market Solutions	-	97,546
Disposals	-	(873)
Reclassifications to disposal group's assets classified as held for sale	(301,368)	-
Effect of business combinations	-	1,206
Result for the year	53,739	18,456
Dividends received	(293)	(1,928)
Other	-	(1,089)
BALANCE AT END OF THE YEAR	**147,297**	**393,558**

Reclassifications to disposal group's assets classified as held for sale

In relation to the envisaged sale of the larger part of ordinary shares in LCH.Clearnet (see also paragraph 3.3.8), the investment in associate LCH.Clearnet has been reclassified into "Disposal group's assets classified as held for sale".

Atos Euronext Market Solutions Holding (prior to 1 July 2005: AtosEuronext SBF)

In 2005, the Group contributed its 50% stake in AtosEuronext SBF and the assets and operations of LIFFE Market Solutions (LMS), the IT division of Euronext.liffe to Atos Euronext Market Solutions Holding in exchange for a 50% interest in that newly created company. While the Group holds a 50% interest in Atos Euronext Market Solutions Holding, it does not control this associate.

The composition of the investments in associates and joint-ventures is as follows:

(in thousands of euros)		% held in share capital		Carrying amount	
Associates	**Country**	**2006**	**2005**	**2006**	**2005**
Atos Euronext Market Solutions:	France				
- Goodwill recognised on acquisition		-	-	53,400	53,400
- Share in equity		50.00	50.00	86,866	70,480
		-	**-**	**140,266**	**123,880**
NextInfo S.A./N.V.	Belgium	48.96	48.96	367	423
Powernext	France	33.97	34.00	4,318	3,237
LCH.Clearnet:	United Kingdom				
- Goodwill recognised on acquisition		-	-	-	233,189
- Share in equity/result		-	24.90	-	30,664
		-			**263,853**
Associates held by MTS		-	-	1,251	1,205
ENDEX N.V. (1)	Netherlands	9.89	9.89	829	812
Other		-	-	266	148
TOTAL		**-**	**-**	**147,297**	**393,558**

(1) Being represented at the Board of Directors of Endex N.V., Euronext considers in view of paragraph IAS 28,7(a) to exercise a significant influence over Endex N.V.

A summary of financial information of associates as at 31 December 2006 is as follows (100%) (1):

(in thousands of euros)	Assets	Liabilities	Equity	Revenues	Profit
Atos Euronext Market Solutions	503,082	151,182	351,900	346,656	23,831
LCH.Clearnet	274,087,102	273,387,808	699,294	443,692	123,649
Powernext	22,176	9,342	12,834	11,883	2,765
NextInfo S.A./N.V.	1,271	522	749	3,346	391
ENDEX N.V.	9,351	968	8,383	3,408	301

(1) To determine the Group's share in accordance with its accounting principles, certain restatements were made to the assets and liabilities and results of associates and joint-ventures. The information presented, however, is taken directly from the data reported by the entities and thus before any such restatements.

3.3.2.5 Other investments (non-current)

(in thousands of euros)	2006	2005
Debt securities (available-for-sale)	-	199,218
Equity securities (available-for-sale)	204,881	182,881
Other investments	981	1,117
TOTAL	**205,862**	**383,216**

Debt securities (available-for-sale)

The Group holds 16.6% of redeemable convertible preference shares in LCH.Clearnet. The redeemable convertible preference shares bear an interest of the higher of six-month Euro LIBOR plus 125 basis points and the dividends actually paid on ordinary shares. In view thereof their fair value is still considered to coincide with the initial recognised amount. In relation to the envisaged sale (see also note 3.3.8), the RCPS have been reclassified into "Disposal group's assets classified as held for sale" as at 31 December 2006.

Equity securities (available-for-sale)

This caption includes the Group's interests in Euroclear plc either held directly or through Sicovam Holding S.A. The Group considers this an available-for-sale financial instrument. The Group's shareholding in Euroclear plc increased in 2006 with the sale of CIK (see also note 3.3.8). Euroclear plc is an entity of which the shares are not publicly traded. Management has given due consideration to the valuation of the investment and concluded that there is no need for the carrying value to be changed.

3.3.2.6 Other receivables (non-current)

(in thousands of euros)	2006	2005
Deposits (leases & rentals)	2,939	2,938
Loans to staff	326	505
Other	13,027	7,120
TOTAL	**16,292**	**10,563**

Other receivables contain a €10.0 million floating-rate deposit with a French system for inter-bank settlements (2005: €5.0 million). The carrying amount of non-current receivables is a reasonable approximation of their fair value.

3.3.2.7 Deferred tax assets and liabilities

Deferred tax assets and liabilities have been recognized with respect to the following items:

	2006		2005	
(in thousands of euros)	Asset	Liability	Asset	Liability
Property and equipment	160	2,424	626	3,050
Intangible assets	-	26,981	-	2,136
Investments	-	3,241	-	17,088
Employee benefits	11,999	-	6,296	416
Provisions	3,204	328	2,677	-
Other items	2,756	-	2,851	575
NET POSITION IN BALANCE SHEET	**18,119**	**32,974**	**12,450**	**23,265**

Movement in temporary differences during the year

Movements in deferred tax assets

(in thousands of euros)	Property and equipment	Intangible assets	Investments	Employee benefits	Provisions	Other items	2006	2005
Balance at beginning of the year	626	-	-	6,296	2,677	2,851	12,450	39,306
Recognised in income	(153)	-	447	342	112	(1,090)	(342)	(13,365)
Recognised directly in equity	3	(24)	-	6,234	-	(36)	6,177	229
Reclassified	(316)	24	(447)	(873)	415	(296)	(1,493)	(6,056)
Effect of business combinations	-	-	-	-	-	-	-	1,825
Adjustments goodwill on 2005 acquisitions	-	-	-	-	1,327	1,327	(9,489)	
BALANCE AT END OF THE YEAR	**160**	**-**	**-**	**11,999**	**3,204**	**2,756**	**18,119**	**12,450**

Movements in deferred tax liabilities

(in thousands of euros)	Property and equipment	Intangible assets	Investments	Employee benefits	Provisions	Other items	2006	2005
Balance at beginning of the year	3,050	2,136	17,088	416	-	575	23,265	32,975
Recognised in income	(304)	(299)	(10,757)	335	16	358	(10,651)	(3,845)
Recognised directly in equity	-	(112)	337	-	-	-	225	676
Reclassified	(322)	424	(3,427)	(751)	312	(920)	(4,684)	(6,056)
Effect of business combinations	-	-	-	-	-	-	-	55
Adjustments goodwill on 2005 acquisitions	-	24,832	-	-	-	(13)	24,819	(540)
BALANCE AT END OF THE YEAR	**2,424**	**26,981**	**3,241**	**-**	**328**	**-**	**32,974**	**23,265**

The effect of a re-calculation of deferred tax that was recognised on the sale of Clearnet to LCH.Clearnet in Paris at the reduced capital gain tax rate applicable from 2007 onwards results in a decrease of the deferred tax liabilities related to the Investments.

Where allowed, deferred tax assets have been netted with deferred tax liabilities (see "Reclassified" in tables above). In addition, deferred tax linked to the deferred capital gain with LCH.Clearnet is reclassified to "Liabilities directly associated with disposal group assets held for sale" (see also note 3.3.8) and a current tax asset of €0.2 million was re-classified as a deferred tax asset.

3.3.2.8 Other receivables

(in thousands of euros)	2006	2005
Other trade receivables	174,747	197,358
Non-trade receivables	6,558	3,677
TOTAL	**181,305**	**201,035**

3.3.2.9 Short-term financial investments

(in thousands of euros)	2006	2005
Equity securities (available for sale)	18,544	20,449
Money market funds	9,420	10,699
Short-term interest investments	140,203	231,643
Interest rate swap	-	2,270
TOTAL	**168,167**	**265,061**

Equity securities

Equity securities principally include an investment in AtosOrigin S.A. (0.49% of its outstanding shares). The carrying amount of this investment decreased by €3.5 million to €14.6 million following a revaluation to reflect the lower market value of the shares as at 31 December 2006. Due to an amendment of IAS 39 (see note 3.2 "Changes in accounting policies"), equity securities included in the Short-term financial investments are classified as "Available for sale" as from 1 January 2006 with comparative information restated.

Money market funds

Money market funds include funds that are not subject to an insignificant risk of changes in value and therefore do not qualify as cash and cash equivalents (see also note 3.3.2.10). At the end of 2006, such money market funds are classified as available for sale. In 2005, money markets funds were all classified at fair value through profit and loss.

Short-term interest investments

This caption includes short-term time deposits with a maturity of more than three months from acquisition date and investments which are not readily convertible to cash or which are not subject to an insignificant risk of changes in value and therefore do not qualify as cash and cash equivalents. The carrying amount of these investments is a reasonable approximation of their fair value.

Interest rate swap

See note 3.3.2.13 Financial liabilities *Interest rate swap*.

3.3.2.10 Cash and cash equivalents

(in thousands of euros)	2006	2005
Cash	361	111
Bank balances	95,723	163,484
Money market funds	201,474	211,068
Other short-term interest investments	118,692	54,860
TOTAL	**416,250**	**429,523**

Short-term interest investments, including deposits booked in "Short term financial investments" (note 3.2.9), have an average maturity of 35 days (31 December 2005: 35 days). Investments in euros have an average effective interest rate of 3.52% (31 December 2005: 2.26%) and investments in pounds sterling have an average effective interest rate of 5.11% (31 December 2005: 4.49%). There is no significant difference between the carrying value of these investments and their fair value.

Money market funds, including funds booked in the caption "Short term financial investments" (note 3.2.9), have a weighted average volatility of 0.14%. As at 31 December 2006, part of the money market funds (€191.2 million) are classified as available for sale and part (€10.3 million) are classified at fair value through profit and loss. In 2005, money markets funds were all classified at fair value through profit and loss.

3.3.2.11 Group capital and reserves

(in thousands of euros)	2006	2005
Issued capital	675,343	112,557
Share premium	180,486	1,080,944
Reserve for own shares	14,079	647
Retained earnings	829,531	566,451
Revaluation reserve	1,044	1,738
Currency exchange differences	(33,467)	(41,081)
TOTAL	**1,667,016**	**1,721,256**

Issued capital

The authorized share capital of Euronext amounts to €1,200,000,000 representing 200,000,000 ordinary shares with a par value of €6 per share. The movement schedule for the reporting period is as follows:

	Number of shares		Nominal value	
(in thousands of euros)	2006	2005	2006	2005
Position as at 1 January	112,557,259	122,111,972	112,557	122,112
Increase nominal value	-	-	900,458	-
Share capital repayment	-	-	(337,672)	-
Outstanding shares cancelled in the period	-	(9,554,713)	-	(9,555)
POSITION AS AT END OF THE PERIOD	**112,557,259**	**112,557,259**	**675,343**	**112,557**

The Annual General Meeting of 23 May 2006 approved an increase of the nominal value per ordinary share from €1.00 to €9.00. The balance of €8.00 was transferred from the portion of the share premium reserve that was recognised as capital for Dutch tax purposes by representing the conversion of that share premium into share capital. Subsequently, the Annual General Meeting agreed on a reduction of the nominal value by €3.00 to €6.00, with a payment of €3.00 per share to the shareholders.

Share premium

The share premium at the end of the period reflects the difference between the value attributed to the shares received from SBF, BXS and AEX and the nominal value of the shares issued by Euronext. It also reflects the difference between the market price of the Euronext shares at acquisition date of the BVLP shares (€20.63) and the par value of these Euronext shares, totalling €95 million. Due to cancellation of shares in 2005, the share premium decreased with the average share premium of €9.60 for each cancelled share. In August 2006 a transfer of €8.00 per issued share to Issued capital (see also previous paragraph), resulted in a further decrease of share premium by €900.5 million.

Reserve for own shares

Reserve for own shares (treasury shares) include shares acquired under the Share repurchases program and shares held in stock to cover the Group's employee stock option plans. The reserve includes any gain or loss that arises upon sale of treasury shares until the related program or stock option plan is finalized. Upon finalisation, the resultant total gain or loss will be transferred to Retained earnings.

The movement schedule for the reporting period is as follows:

	2006		2005	
	Number of shares	Costs in thousands of euros	Number of shares	Costs in thousands of euros
Balance at the beginning of the year	1,720,610	647	11,758,490	(227,073)
Share capital repayment on treasury shares	-	3,858	-	-
Share Repurchase Program – Liquidity contract	(20,616)	1,684	(57,469)	1,955
Share Repurchase Program – Share buy-back	-	-	-	(774)
Share Repurchase Program – Cancellation own shares	-	-	(9,554,713)	220,723
Exercise of options	(590,479)	7,890	(425,698)	5,816
BALANCE AT END OF THE YEAR	**1,109,515**	**14,079**	**1,720,610**	**647**

Share capital repayment on treasury shares

Share capital repayments (see also paragraph "Issued capital") made on treasury shares resulted in a movement of €3.9 million in the reporting period.

Share Repurchase Program

Liquidity contract

An increase of the reserve for own shares of €1.7 million during the reporting period relates to the transactions in Euronext shares made under the Share Repurchase Program by the liquidity provider on behalf of the Group. These transactions are made with the purpose of stabilising the share price. As at 31 December 2006 Euronext holds 45,025 shares under the liquidity contract (31 December 2005: 65,641 shares).

Share buy-back

No additional shares were purchased under this part of the program in 2006 or 2005, but withholding tax related to shares bought increased the cost of the repurchased shares by €0.8 million in 2005.

Cancellation own shares

As at 30 May 2005, Euronext cancelled 9,554,713 shares pursuant to its share buy-back program in 2004, with a total cost of €220.7 million. The cancellation of the shares acquired under the Share Repurchase Program was registered with the AMF (the French securities supervisor) on 9 May 2005 under the authorization granted by the Annual General Meeting of 26 May 2004.

Exercise of options

As at 31 December 2006, the reserve for own shares comprises 985,452 shares (31 December 2005: 1,270,841) held by Euronext and its subsidiaries and 79,038 shares held by the Stichting Option Plan SBF, a consolidated entity (31 December 2005: 384,128). These shares are held in stock to cover the Group's employee stock option plans (see also 3.2.14 "Employee benefits provisions").

In the reporting period, following the exercise of stock options held by employees, 305,090 shares were sold in relation to the SBF Stock Option Scheme, which resulted in a movement of €1.7 million in the Reserve for own shares. In addition, 285,389 shares were sold in relation to the Euronext Stock Option Schemes 2001 and 2002, leading to an increase of the Reserve for own shares of €6.2 million (see also 3.3.2.14 "Employee benefits provisions").

Retained earnings

Dividends

The dividends in relation to the past years were as follows:

	2005	2004	2003	2002
Dividend per share in euros	1.00	0.60	0.50	0.45
Amount of dividends in millions of euros [1]	111	66	60	54

(1) Excludes dividends related to ordinary shares held by group companies.

A Supervisory Board meeting will take place after the closing of the current tender offer (see paragraph 3.2 "Merger with New York Stock Exchange in 2007") in order to convey an AGM in accordance with all legal requirements.

Other movements in retained earnings

Costs related to share-based payment transactions in the period are included in the other movements in retained earnings for an amount of €7.4 million. Furthermore, €5.3 million of net income tax benefits related to treasury shares and share-based payment transactions have been recognized directly in equity.

Revaluation reserve

Changes in fair value of available-for-sale financial instruments gave rise to a €0.7 million decrease of the Revaluation reserve.

Currency exchange differences

The assets and liabilities of foreign (non-euro) operations, including the goodwill paid, are translated to euro at foreign exchange rates according to Euronext's accounting principles, resulting in a positive currency exchange difference of €7.6 million for 2006.

3.3.2.12 Minority interests

(in thousands of euros)	2006	2005
GL TRADE/Financière Montmartre	27,976	29,111
MTS	22,745	4,483
TOTAL	**50,721**	**33,594**

Further reference is made to paragraph 3.3.8.

3.3.2.13 Financial liabilities

(in thousands of euros)	2006	2005
Non-current financial liabilities		
Loans and borrowings		
- Bond loan	367,192	368,157
- Bank borrowings	10,123	9,000
- Put option granted to minority shareholders	5,722	-
TOTAL	**383,037**	**377,157**
Current financial liabilities		
Loans and borrowings		
- Bank borrowings	92,753	3,193
- Loan notes	5,029	5,652
Other financial liabilities		
- Interest rate swap	6,543	-
- Bank overdrafts	1,163	-
- Put option granted to minority shareholders	36,100	18,567
- Other short-term financial liabilities	960	81
TOTAL	**142,548**	**27,493**
Net financial indebtedness		
Non-current financial liabilities	383,037	377,157
Current financial liabilities	142,548	27,493
Short-term financial investments	(168,167)	(265,061)
Cash and cash equivalents	(416,250)	(429,523)
TOTAL	**(58,832)**	**(289,934)**

Bond loan (non-current)

On 9 February 2004, the Group issued a £250 million 5.125% fixed-rate bond maturing on 16 June 2009 with a view to lengthening the profile and significantly reducing the cost of the Group's existing debt. The all-in cost of this financing, which was swapped to floating rate, amounts to 23 basis points over 3-month Libor, reported as interest expense. This bond does not contain any financial covenant nor material customary provision, which may lead to an early redemption. It is recognised in the balance sheet at amortised cost, with directly related costs of issuing debt deducted from the amount of debt originally recognised and, together with transaction costs and issue premiums, amortised over the life of the debt using the effective interest rate of the transaction. The price risk affecting the fixed rate bond is hedged by an interest rate swap. The carrying amount of the bond is adjusted for the gain or loss attributable to the hedged interest rate risk, with such gain or loss recognised in profit and loss and mostly offset by gain or loss from re-measuring the hedging swap at fair value through profit and loss. As a consequence, the carrying amount of the bond is a reasonable approximation of its fair value. The carrying amount of the bond is also adjusted for changes in €/£ currency rates with the resulting gain and loss recognised in profit and loss. In the reporting period, the book value of the bond loan decreased by €1.0 million due to a €0.4 million increase in amortised costs, a €8.8 million negative adjustment for the fair value fluctuation of the interest rate risk hedged (offset by an almost similar adjustment to the fair value of the interest rate swap hedging instrument (see below Interest rate swap) and a €7.4 million positive currency revaluation

Bank borrowings (non-current and current)

On 4 August 2006, the Group entered into a €300 million multi-currency revolving bank facility maturing on 4 August 2011. Borrowings under this facility can be drawn for general corporate purposes upon request of the borrower for a total aggregate amount up to €300 million. As at 31 December 2006, borrowings in euro drawn under this facility in aggregate amount to €70.0 million and borrowings in pounds sterling drawn under this facility in aggregate amount to £11.0 million (€16.4 million). No guarantees were provided for this facility and this facility does not contain any financial covenants or other provisions that could lead to early redemption, other than customary events of default provisions and change of control provisions.

On 24 June 2004, GL TRADE entered into a five year banking facility agreement for an amount of €15 million. This facility is indexed on Euribor with a floor rate, falls due on 24 June 2009 and includes a capital redemption of €3.0 million per year. As at 31 December 2006, the outstanding facility amounts to €9.0 million of which €4.5 million are classified as current loans and borrowings. On 31 August 2006, GL TRADE entered into an additional five year banking facility agreement indexed on Euribor with a floor rate for an amount of €7 million of which €1.4 million are classified as current loans and borrowings as at 31 December 2006. No guarantees were provided for these loans.

The carrying amount of these borrowings is a reasonable approximation of their fair value.

Loan notes (current)

In connection with the acquisition of LIFFE, the Group also issued variable rate guaranteed unsecured loan notes redeemable at the holders' request or on 7 January 2007 at the latest. The outstanding loan notes are reported in the current loans and borrowings for €5.0 million (£3.4 million).

Put options granted to minority shareholders

GL TRADE founders are granted a put option on up to 10.5% of GL TRADE share capital as at 30 June 2004. The option can be exercised at any moment after 28 February 2006. The exercise price has been set at the average market value of the previous 40 trading days, less 1 euro. The present value of the exercise price of the option is reflected as a current financial liability. The difference between the exercise price of the put option and the corresponding minority interest has been recognised as goodwill.

GL TRADE has granted put options to minority shareholders of the companies Glesia and GL TRADE America Inc., which GL TRADE controls. The put option related to GL TRADE America Inc. has been exercised during the third quarter of 2006.

Euronext has granted Borsa Italiana a put option on its 49% stake in MBE Holding, the 51:49% Euronext/Borsa Italiana holding company controlling MTS. The option is exercisable at any time until 2010. As MBE Holding is jointly controlled by the Group and Borsa Italiana, and is proportionally consolidated at 51% by the Group, the put option is treated as a derivative financial instrument. The fair value of this option is determined as being the difference between the estimated exercise price and 49% of the enterprise value determined on the basis of a discounted cash flow method. When the exercise price exceeds the enterprise value, a liability is recognised. At balance sheet date, as the exercise price did not exceed the enterprise value; no liability was required to be recognised.

Interest rate swap (current)

The £250 million fixed-rate bonds maturing on 16 June 2009 (see above Bond Loan) has been swapped to floating rate using an interest rate swap designated as hedging the changes in the bonds fair value due to the changes in interest rates. The interest rate swap is recognised at fair value in the balance sheet with changes in fair value due to fluctuations in interest rates and currency rates booked in the income statement and substantially offset by the changes in fair value of the hedged bonds. In 2006, the fair value of the interest rate swap decreased by €8.8 million, offsetting the positive adjustment of the hedged bond loan for the fair value fluctuation of the interest rate risk hedged.

3.3.2.14 Employee benefits provisions

Defined contribution plans

The Group contributes to defined contribution plans. The total expense in relation to these plans amounted to €7.5 million in the reporting period, which is fully recognised in the line item "salaries and employee benefits" in the income statement.

Defined benefit plans

The Group contributes to a number of defined benefit plans:

- **Post employment benefit plans:**
  - *Retirement plans:* Normal retirement ages vary from 60 to 65 years.
  - *Early retirement plans:* In 2002 and 2001, in some countries, the Group introduced early retirement plans for employees, meeting certain conditions for the total employment term, now closed to new participants.
  - *Other post-employment benefits:* Other post-employment benefits include obligations for Retirement indemnities and Post-employment medical care.

  In some of the locations, especially the Netherlands, the obligations are funded via pension funds.
- **Other long term benefits** include Jubilee awards paid in some countries when employees reach certain level of seniority.

2006

Liability for defined benefit obligations

(in thousands of euros)	2006	2005
Present value of funded obligations	146,220	150,500
Fair value of plan assets	(137,618)	(128,675)
Present value of net obligations	8,602	21,825
Present value of unfunded obligations	10,639	16,565
Unrecognised actuarial losses/gains	(8,384)	(19,496)
Unrecognised past service costs	(800)	165
RECOGNISED LIABILITY FOR DEFINED BENEFIT OBLIGATIONS	**10,057**	**19,059**

Movements in the net liability for defined benefit obligations recognised in the balance sheet

(in thousands of euros)	2006	2005
Net liability for defined benefit obligations at beginning of year	19,059	23,700
Acquisitions through business combinations	-	708
Reclassified to liabilities directly associated with disposal of group's assets classified as held for sale	-	1,502
Contributions paid	(11,494)	(13,073)
Pension expense recognised in the income statement	2,784	5,499
Jubilee award expense recognised in the income statement	248	297
Early retirement plan expense/(income) recognised in the income statement	(540)	426
NET LIABILITY FOR DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	**10,057**	**19,059**

Expense recognised in the income statement

(in thousands of euros)	2006	2005
Current service costs	5,179	5,100
Interest cost	6,164	6,414
Expected return on plan assets	(5,365)	(6,558)
Actuarial gain/loss recognised	794	724
Past service cost recognised	(145)	(181)
Curtailment or settlement loss/(gain)	(3,843)	-
Pension expense recognised in the income statement	2,784	5,499
Jubilee award expense recognised	248	297
Early retirement plan expense recognised in the income statement	(540)	426
TOTAL	**2,492**	**6,222**

This expense is fully recognised in "Salaries and employee benefits" in the income statement. Due to changes in the legislation in the Netherlands the Dutch pension plan had to be modified. Together with the termination of the Dutch medical plan in 2006, this lead to curtailment gains of €3.8 million in 2006.

Movements in the present value of defined benefit obligations

(in thousands of euros)	2006	2005
Present value of defined benefit obligations at beginning of the year	167,065	155,813
Interest cost	6,164	6,414
Current service costs	5,179	5,100
Past service costs	822	-
Benefits paid	(8,211)	(11,450)
Curtailment loss/(gain)	(4,146)	-
Reclassified as held for sale	-	(1,006)
Acquisitions through business combinations	-	707
Actuarial loss/(gain)	(9,722)	10,764
Jubilee award expense recognised	248	297
Early retirement plans expense/(income) recognised	(540)	426
PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS AT END OF THE YEAR	**156,859**	**167,065**

Movements in the fair value of plan assets

(in thousands of euros)	2006	2005
Fair value of plan assets at beginning of the year	128,675	117,841
Expected return on plan assets	5,365	6,558
Contributions by the employer	11,494	13,073
Benefits paid	(8,211)	(11,450)
Reclassified as held for sale	-	(2,065)
Actuarial (loss)/gain	295	4,718
FAIR VALUE OF PLAN ASSETS AT END OF THE YEAR	**137,618**	**128,675**

Weighted average assumptions to determine defined benefit obligations or net costs (EROA)

	2006	2005
Discount rate at end of period	4.44%	4.14%
Expected return on plan assets at end of period (EROA)	4.25%	4.27%
Future salary increases (incl. 2% inflation)	3.60%	3.58%
Rate of price inflation	2.00%	2.00%
FUTURE PENSION INCREASES	**1.73%**	**1.75%**

Plan assets

	Percentage of plan assets 2006 (1)
Equity securities	27.90%
Debt securities	70.30%
Property	0.80%
Other	1.00%
TOTAL	**100.00%**

(1) Comparative information is not available.

Other information

Plan assets

The actual return on plan asset in 2006 is €5.6 million. The expected return on plan assets is based on a weighted average of expected long term return of each asset class of the pension fund or the insurer.

The Fair value of Euronext N.V. shares included in the fair value of plan assets amount to €3.2 million.

Experience adjustments

The experience adjustments, for the current annual period, arising on plan liabilities amount to €-4.8 million, of the plan liabilities and €0.3 million of the plan assets.

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Euronext Stock Option Plans

The terms and conditions of the stock option plans are as follows, all options being settled by physical delivery of shares:

	SBF Stock Option Scheme (1)	Euronext Stock Option Scheme 2001		Euronext Stock Option Scheme 2002	Euronext Stock Option Scheme 2004	
Date of grant	27 June 2000	5 July 2001		16 Sept. 2002	17 Sept. 2004	24 Dec. 2004
Number granted	1,226,682	175,201	81,155	590,932	686,000	44,500
of which accepted	1,226,682	151,614	69,113	589,274	646,000	44,500
Contractual life	7 years	10 years	10 years	7 years	7 years	7 years
Exercise price (in euros)	5.62	24.00	21.60	21.08	22.28	22.60
Outstanding as at 31 December 2004	**600,098**	**129,944**	**49,029**	**488,709**	**634,000**	**44,500**
Granted and accepted	-	-	-	-	-	-
Adjusted	-	-	142	-	-	-
Exercised	(215,970)	(47,175)	(33,630)	(122,923)	(6,000)	-
Cancelled	-	(1,642)	(504)	-	(12,000)	-
Outstanding as at 31 December 2005	**384,128**	**81,127**	**15,037**	**365,786**	**616,000**	**44,500**
Adjusted	-	-	135	-	-	-
Exercised	(305,090)	(52,968)	(8,298)	(224,123)	-	-
Cancelled	-	-	(186)	-	(14,000)	-
Outstanding as at 31 December 2006	**79,038**	**28,159**	**6,688**	**141,663**	**602,000**	**44,500**
EXERCISABLE AS AT 31 DECEMBER 2006	**79,038**	**28,159**	**6,688**	**141,663**	**-**	**-**

(1) Number of options based on Euronext shares: 7.02 Euronext shares for 1 SBF share.

SBF Stock Option Scheme

Under the SBF Option Scheme, each option is exercisable for one share of Euronext Paris. The exercise price of each option is €39.47 (7.02 times €5.62) for one share of Euronext Paris. Options can be exercised after 27 June 2002 insofar as the entitled employee is still employed by the Group or in case the holder of the options is no longer employed by the Group under certain conditions. It is stipulated that after exercising the options, the shares in Euronext Paris that will be acquired by the option holders are converted into shares of Euronext. Each share of Euronext Paris will be converted to 7.02 shares of Euronext.

Euronext Stock Option Scheme 2001

The Euronext Employees Stock Option Plan 2001 is directly related to the initial public offering and listing of the Euronext shares on 5 July 2001. Each option granted by Euronext entitles the option holder to purchase one Euronext Share at the exercise price of €24.00 for employees of Euronext Brussels. and for certain management employees and Directors of Euronext Amsterdam, or €21.60 for other employees of Euronext Amsterdam. The options can be exercised between 5 July 2004 and 5 July 2011 if the entitled employee is still employed by the Group or under certain conditions in cases where the holder of the options is no longer employed by the Group. Treasury shares will be used upon exercise of these options.

Euronext Stock Option Scheme 2002

Options granted under this scheme can be exercised between 16 September 2005 and 16 September 2009 if the entitled employee is still employed by the Group or under certain conditions in cases where the holder of the options is no longer employed by the Group. Treasury shares will be used when options are exercised.

Euronext Stock Option Scheme 2004

Options granted under this scheme can be exercised between 17 September 2007 and 17 September 2011 if the employee is still employed by the Group, and if the EPS have exceeded general cost-of-living-indices by 4% or more. Treasury shares will be used when options are exercised.

The number and weighted average exercise prices of stock options under Euronext Stock option plans is as follows:

	Weighted average exercise price 2006	Number of options 2006	Weighted average exercise price 2005	Number of options 2005
Outstanding at beginning of the year	17.84	1,506,578	16.95	1,946,280
Adjusted during the year	21.60	135	21.60	142
Cancelled during the year	22.27	(14,186)	22.46	(14,146)
Exercised during the year	13.36	(590,479)	13.62	(425,698)
Outstanding at the end of the year	20.70	902,048	17.84	1,506,578
EXERCISABLE AT THE END OF THE YEAR	**16.63**	**255,548**	**14.13**	**819,586**

Euronext Share Plans

	Executive Incentive Plan 2005	Executive Incentive Plan 2006	All employee plan
Date of grant	28 Sept. 2005	28 Sept. 2006	30 June 2006
Number granted	378,118	297,645	7,270
Contractual life	3 years	3 years	3 years
Shares outstanding as at 1 January 2004	-	-	-
Granted and accepted	376,118	-	-
SHARES OUTSTANDING AS AT 1 JANUARY 2006	**376,118**	**-**	**-**
Granted and accepted	-	297,645	7,270
Subsequent awards	-	-	4,154
Adjusted	2,000	-	-
Cancelled	(12,500)	(2,551)	-
SHARES OUTSTANDING AS AT 31 DECEMBER 2006	**365,618**	**295,094**	**11,424**

Executive Incentive Share plan - 2005

On 28 September 2005 the Group granted 376,118 shares to its executive managers. According to the stipulations of this plan, these employees will receive their shares on 29 September 2008 if they are still employed by the Group and if the evolution of the EPS corresponds at least to the average evolution of a basket of listed shares.

Executive Incentive Share plan - 2006

On 28 September 2006 the Group granted 297,645 shares to its executive managers. According to the stipulations of this plan, these employees will receive their shares on 29 September 2009 if they are still employed by the Group and if the evolution of the EPS corresponds at least to the average evolution of a basket of listed shares.

All Employee Share plan

Euronext introduced an All Employee Share plan that allows employees to purchase Euronext shares with monthly- or annual savings to a maximum of €2,400 per annum. Euronext committed itself to match these savings by purchasing shares to a maximum of €1,200 per annum per participant. In addition it granted 10 shares per employee upon the launch of the program, on 30 June 2006. If EBIT expectations are exceeded by 10 or 20% during the three-year vesting period, additional incentive shares will be granted to participants.

The equivalent number of Euronext shares to match employee savings is considered to be granted in the reporting period.

GL TRADE Stock Option Plans

Stock options have been granted to personnel under a scheme with various grants, starting 1999 up to and including 2004. The main characteristics of this scheme are:

Exercise price:	Varying from €15.20 to €52.02
Contractual life:	7 years
Total number of granted instruments:	460,920
Vesting conditions:	not applicable
Outstanding options as at 31 December 2006:	267,585

The number and weighted average exercise prices of stock options under GL TRADE stock option plans is as follows:

	Weighted average exercise price 2006	Number of options 2006	Weighted average exercise price 2005	Number of options 2005
Outstanding at beginning of the year	30.01	304,665	27.98	353,501
Cancelled during the year	17.45	(13,300)	26.89	(2,670)
Exercised during the year	16.39	(23,780)	14.61	(46,166)
Outstanding at the end of the year	31.85	267,585	30.01	304,665
EXERCISABLE AT THE END OF THE YEAR	**31.85**	**267,585**	**30.09**	**297,165**

Fair value of equity instruments granted

Fair value of services received in return for share based payments

The fair value of services received in return for shares and stock options granted are measured by reference to the fair value of shares and stock options granted. The estimate of the fair value of the services received is measured based on the binomial pricing model. The contractual lives of the stock options are used as input into this model, as are expectations of early exercise.

Fair value of equity instruments and assumptions

	Euronext Stock Option Scheme 2004	Euronext Stock Option Scheme 2004	Euronext Executive Incentive Share Plan 2005	Euronext Executive Incentive Share Plan 2005	Employees GL TRADE 2003	Employees GL TRADE 2004
Fair value at measurement date	6.86	6.11	34.33	73.61	5.44	8.79
Share price	23.28	22.45	36.08	76.55	27.75	31.94
Exercise price	22.28	22.60	n/a	n/a	26.89	27.17
Expected volatility (1)	0.35	0.35	0.35	0.25	0.10	0.10
RISK-FREE INTEREST RATE (2)	0.03	0.03	0.03	0.04	0.02	0.02

(1) Expressed as weighted average volatility used in the modelling under binomial pricing model.
(2) Based on national government bonds.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the stock options), adjusted for any expected changes to future volatility due to publicly available information. Stock options under Euronext Stock Option Scheme 2004 are granted under a service condition and a non-market performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the stock option grants. The fair value of the shares granted under the Executive Incentive Share plans 2005 and 2006 at grant date is determined based on the Black-Scholes formula. The model imputs are the share price of €36.08 and €76.55 respectively, expected dividends of 1.7 per cent and 1.3 per cent respectively, a term of three years with an additional two year retention period and a risk-free interest rate of 2.5 per cent and 3.6 per cent respectively.

Employee expenses recognised in the income statement

(in thousands of euros)	2006	2005
Euronext Stock Option Scheme 2004	1,466	1,418
Executive Incentive Share Plan 2005	3,986	1,039
Executive Incentive Share Plan 2006	1,728	-
All Employee Share Plan 2006	157	-
Employees GL TRADE	33	162
TOTAL	**7,370**	**2,619**

3.3.2.15 Other provisions

(in thousands of euros)	Personnel	Other	2006	2005
Balance at beginning of the year	9,308	8,954	18,262	28,732
Provisions made	258	1,095	1,353	10,405
Provisions used	(8,231)	(668)	(8,899)	(16,667)
Provisions reversed	(1,173)	(218)	(1,391)	(3,352)
Reclassifications	528	(638)	(110)	
Contributions to Atos Euronext Market Solutions	-	-	-	(1,007)
Effect of business combinations	-	13	13	-
Effect of currency exchange rate differences	2	91	93	151
BALANCE AT END OF THE YEAR	**692**	**8,629**	**9,321**	**18,262**
- Non-current (> 1 year)	-	3,148	3,148	3,425
- Current (< 1 year)	692	5,481	6,173	14,837
TOTAL	**692**	**8,629**	**9,321**	**18,262**

The other provisions can be specified as follows:

(in thousands of euros)	2006	2005
Legal and operational	1,844	3,034
Retired stockbrokers	2,491	2,097
Building dilapidation	4,284	3,823
Other	10	-
TOTAL	**8,629**	**8,954**

3.3.2.16 Other payables

(in thousands of euros)	2006	2005
Other trade payables	191,187	217,971
Non-trade payables and accrued expenses	106,695	127,284
TOTAL	**297,882**	**345,255**

As at December 31, 2005 and 2004, an amount of €43.5 million of deferred gain on sale of associates at the end of 2003, was reported as a non-trade payable in relation to the sale of the Group's share in BCC/Clearnet and London Clearing House. This deferred gain was reclassified to "Liabilities directly associated with disposal group's assets classified as held for sale" in relation to the envisaged sale of the investments in LCH.Clearnet in 2007 (see also note 3.3.8).

3.3.3 Notes to the consolidated cash flow statement

The cash flow statement provides information about the cash flows in order to analyze the changes in the net assets of the Group, its financial structure and its ability to affect the amounts and timing of cash flows.

Cash flows arising from transactions in foreign currency are recorded by applying the exchange rate at the date of the transaction or the average rate as far as the cash flow in foreign currency relate to the operating activities. The effect of the exchange rate is shown separately in the cash flow statement, in order to reconcile with cash and cash equivalents at the end of the year.

Any part of operating, investing or financing transactions that does not require the use of cash and cash equivalents has been excluded from the cash flow statement. For that reason, reported line items in the income statement may vary from the actual cash flow related to that component as reported in the cash flow statement.

3.3.3.1 Cash flows from operating activities

"Operating activities" are the principal revenue-generating activities of the Group. The cash flows from Operating activities are shown according to the indirect method whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Other non-cash or non-operational items include:

(in thousands of euros)	2006	2005
Movement in provisions	(18,021)	(19,749)
Income from associates and joint-ventures	(53,739)	(18,456)
Cost of share based compensation plan	7,370	2,619
Other	(584)	2,741
TOTAL	**(64,974)**	**(32,845)**

3.3.3.2 Cash flows from investing activities

Other investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

(in thousands of euros)	2006	2005
(Investments)/disinvestments in current short term financial assets	95,363	(178,502)
Acquisitions in, disposal of and distribution by investments in associates	293	1,972
Distribution to minority shareholders	(7,127)	(5,348)
Other investing activities	(176)	832
TOTAL	**88,353**	**(181,046)**

Investments and disinvestments in current short-term financial assets are made in the context of the overall management of the Group's cash position of which cash, cash equivalents and short-term financial investments constitute a global treasury portfolio.

3.3.3.3 Cash flows from financing activities

Financing activities are activities that result in changes in the size and composition of equity and borrowings.

(in thousands of euros)	2006	2005
Proceeds from shares sold in stock option plans	7,890	6,218
TOTAL	**7,890**	**6,218**

3.3.4 Segment reporting

The Group's risks and returns are predominantly managed by business units. The primary format for reporting segment information therefore is by business segments. The Group generally accounts for inter segment sales as if transfers were made to third partie at current prices (arm's length). The geographical segments are regarded as the secondary segmentation of reporting of the activities of the Group.

Business segments (primary segmentation)

The Group comprises the following main business segments:

- *Cash Trading:* the management of trading in all cash instruments (stocks, bonds and structured products such as warrants, certificates and exchange traded funds).
- *Listing:* the listing of all cash instruments as mentioned above.
- *Derivatives Trading:* the management of trading in a wide range of derivatives products.
- *MTS Fixed income:* the management of trading in bonds and repos.
- *Information Services:* the sale of market data and related information.
- *Settlement & Custody:* the settlement of transactions and the safe-custody of physical securities.
- *Sale of Software:* the providing of electronic trading solutions.

2006	Cash Trading	Listing	Derivatives Trading	MTS fixed Income	Information Services	Settlement & Custody	Sale of Software	Holding & Unallocated	Total
Revenues by segment:									
External sales	286,899	55,637	391,571	24,019	112,004	14,553	184,607	32,901	1,102,191
Intersegment reallocations	11,142	78	19,264	6,248	(30,020)	202	621	(7,535)	-
Segment revenue	298,041	55,715	410,835	30,267	81,984	14,755	185,228	25,366	1,102,191
Segment expenses	(126,781)	(25,331)	(221,438)	(22,529)	(38,561)	(5,015)	(154,153)	(99,375)	(693,183)
PROFIT FROM OPERATIONS PER SEGMENT	**171,260**	**30,384**	**189,397**	**7,738**	**43,423**	**9,740**	**31,075**	**(74,009)**	**409,008**

2005	Cash Trading	Listing	Derivatives Trading	MTS fixed Income	Information Services	Settlement & Custody	Sale of Software	Holding & Unallocated	Total
Revenues by segment:									
External sales	215,743	63,130	331,923	1,437	93,592	39,280	195,212	21,550	961,867
Intersegment reallocations	11,846	75	36,165	565	(26,085)	1,792	(15,919)	(8,439)	-
Segment revenue	227,589	63,205	368,088	2,002	67,507	41,072	179,293	13,111	961,867
Segment expenses	(134,799)	(21,662)	(237,467)	(2,115)	(35,213)	(22,467)	(152,073)	(37,593)	(643,389)
PROFIT FROM OPERATIONS PER SEGMENT	**92,790**	**41,543**	**130,621**	**(113)**	**32,294**	**18,605**	**27,220**	**(24,482)**	**318,478**

2006	Cash Trading	Listing	Derivatives Trading	MTS fixed Income	Information Services	Settlement & Custody	Sale of Software	Holding & Unallocated	Total
Assets excluding goodwill	41,378	18,971	88,698	92,874	44,945	20,363	115,365	1,399,559	1,822,153
Goodwill	97,407	25,934	412,810	53,440	94,782	34,152	135,697	-	854,222
TOTAL ASSETS	**138,785**	**44,905**	**501,508**	**146,314**	**139,727**	**54,515**	**251,062**	**1,399,559**	**2,676,375**
TOTAL LIABILITIES	**74,689**	**18,555**	**62,370**	**35,366**	**24,538**	**2,004**	**136,443**	**604,673**	**958,638**
Other segment information:									
Depreciation	2,716	629	8,176	1,125	5,836	119	5,874	8,108	32,583
Investments in tangible and intangible assets	6,932	-	17,596	480	2,003	275	4,133	4,248	35,667

2005	Cash Trading	Listing	Derivatives Trading	MTS fixed Income	Information Services	Settlement & Custody	Sale of Software	Holding & Unallocated	Total
Assets excluding goodwill	41,719	30,063	75,866	86,110	39,888	43,363	129,696	1,355,267	1,801,972
Goodwill	97,407	25,934	404,979	78,700	66,935	34,152	91,657	-	799,764
TOTAL ASSETS	**139,126**	**55,997**	**480,845**	**164,810**	**106,823**	**77,515**	**221,353**	**1,355,267**	**2,601,736**
TOTAL LIABILITIES	**58,526**	**11,365**	**60,660**	**11,354**	**33,177**	**10,383**	**147,524**	**513,897**	**846,886**
Other segment information:									
Depreciation	2,513	379	24,834	36	4,544	2,262	7,646	7,473	49,687
Investments in tangible and intangible assets	596	81	30,867	78,700	161	702	10,043	5,293	126,443

The Group's share in the net equity of associates is included in "Holding & Unallocated".

Geographical segments (secondary segmentation)

	France		United Kingdom		Netherlands		Belgium		Portugal	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues by segment	508,877	455,857	357,060	312,956	155,912	122,710	25,742	46,025	25,171	23,149
Segment result	179,675	145,767	160,090	117,692	68,973	47,052	11,659	16,963	14,349	12,465
Segment assets	1,205,476	1,055,879	828,729	829,736	144,347	187,648	24,968	38,192	33,043	30,112
Segment liabilities	295,653	276,856	57,508	64,394	23,113	44,537	16,266	22,321	5,513	5,271
Other information:										
Capital expenditure	11,310	9,352	19,371	34,168	2,880	2,477	1,091	1,200	535	645
Depreciation	12,095	12,162	10,977	26,860	6,691	6,551	1,369	3,317	326	761

	Italy		Norway		Holding & Unallocated		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Revenues by segment	30,267	2,002	-	-	(838)	(832)	1,102,191	961,867
Segment result	7,738	(113)	-	-	(33,476)	(21,348)	409,008	318,478
Segment assets	125,771	80,570	25,209	-	288,832	379,599	2,676,375	3
Segment liabilities	35,314	11,328	4,330	-	520,941	422,179	958,638	846,886
Other information:								
Capital expenditure	480	78,601	-	-	-	-	35,667	126,443
Depreciation	1,125	36	-	-	-	-	32,583	49,687

3.3.5 Financial risks, off-balance sheet commitments and contingent liabilities

3.3.5.1 Financial risks

As a result of its global operating and financing activities, the Group is exposed to financial risks such as changes in interest rates, changes in currency exchange rates or risk that a counterparty defaults. Strict policies and procedures to measure, manage, monitor and report risk exposures have been defined and are regularly reviewed by the relevant management and supervisory bodies (Risk Committee, Managing Board, Audit Committee as appropriate).

The proper identification and the daily monitoring and management of risks are carried out by a central treasury and financing department in accordance with rules and procedures in force. When allowed by local regulations and when necessary, the Group's subsidiaries centralise their cash investment, report their risks and hedge their exposures with the Group's central treasury. Derivative instruments are solely used to hedge financial risks incurred in the normal course of the Group's commercial activities or financial positions. The Group does not enter into derivative instruments for speculative purposes.

2006

3.3.5.1.1 Liquidity risk

The Group would be exposed to a liquidity risk in the case where its short term liabilities become, at any date, higher than its cash and cash equivalents and in the case where the Group is not able to refinance this cash deficit, for example through new banking lines.

The Group's policy is to invest cash and cash equivalents into non-speculative financial instruments, readily convertible to cash, such as money market funds, overnight deposits, term deposits and other money market instruments, thus ensuring a very high liquidity of the financial assets. More specifically, the Group's cash and cash equivalents position allows the company to repay its financial liabilities at all maturities, even disregarding incoming cash flows generated by operational activities. The net position at various maturities of the financial assets and liabilities as of 31 December 2006 is described in the table below:

Availability date of assets/Eligibility date of liabilities (in thousands of euros)	< 6 months	< 1 year	< 5 years	All maturities
2006				
Financial assets	584,417	584,417	584,417	584,417
Financial liabilities	145,370	148,270	525,585	525,585
NET POSITION	**439,047**	**436,147**	**58,832**	**58,832**
2005				
Financial assets	685,095	694,584	694,584	694,584
Financial liabilities	27,493	27,493	404,650	404,650
NET POSITION	**657,602**	**667,091**	**289,934**	**289,934**

As of 31 December 2006, the consolidated loans and borrowings of the Group include:

Type of loan	Amount	Maturity	Type of rate
2006			
Bond in £ [1]	£250,000,000 (€372,300,819)	16 June 2009	Fixed
Loans in € under revolving bank facility [2]	€70,000,000	4 August 2011	Floating
Loans in £ under revolving bank facility [2]	£11,000,000 (€16,381,236)	4 August 2011	Floating
Loan notes in £	£3,375,462 (€5,026,749)	7 January 2007	Floating
Banking loan in €	€9,000,000	24 June 2009	Floating floored
Banking loan in €	€7,000,000	31 August 2011	Floating floored
2005			
Bond in £ [1]	£250,000,000 (€364,803,736)	16 June 2009	Fixed
Loan notes in £	£3,872,740 (€5,651,160)	7 January 2007	Floating
Banking loan in €	€12,000,000	24 June 2009	Floating floored

(1) This bond, which is swapped to floating rate, does not contain any financial covenant or material customary provision that may lead to an early redemption.
(2) This facility does not contain any financial covenants or other provisions that could lead to early redemption, other than customary events of default provisions and change of control provisions.

3.3.5.1.2 Interest rate risk

Almost all the financial assets and liabilities of the Group are either based on floating rates or based on fixed rates with an interest term of less than one year:

Currency	Positions in euros		Positions in pounds sterling	
Type of rate and maturity (in thousands of euros)	**Floating rate (or fixed rate with maturity < 1 year)**	**Fixed rate (with maturity > 1 year)**	**Floating rate (or fixed rate with maturity < 1 year)**	**Fixed rate (with maturity > 1 year)**
2006				
Financial assets	348,004	-	217,868	-
Financial liabilities	130,406	-	27,987	367,192
Net position before hedging	217,598	-	189,881 [1]	(367,192) [1]
Hedging impact	-	-	(367,192)	367,192
NET POSITION AFTER HEDGING	**217,598**	**-**	**(177,311)**	**-**
2005				
Financial assets	391,586	-	282,548	-
Financial liabilities	12,273	-	5,652	368,157
Net position before hedging	379,313	-	276,896 [1]	(368,157) [1]
Hedging impact	-	-	(368,157)	368,157
NET POSITION AFTER HEDGING	**379,313**	**-**	**(91,261)**	**-**

(1) Fixed rate to floating rate swap hedging the fixed rate bond.

As a result, the Group is not exposed to price risk affecting fixed-rate financial assets and liabilities.

However, the Group is exposed to cash-flow risk arising from net floating-rate positions. As the Group is lender at floating rate in euro, when euro rates decrease, the financing income of the Group, which is lender at floating-rate in euros, decreases (€2.2 million for a 1% decrease). Similarly, as the Group is borrower at floating rate in pounds sterling, when the sterling rates increase, the financing expenses of the Group increase (€1.8 million for a 1% increase).

Over-the-counter interest rate derivative instruments, such as swaps, are contracted with counterparties meeting minimum creditworthiness and rating standards within predetermined limits.

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3.3.5.1.3 Currency risk

Further to the acquisition of LIFFE, a significant part of the assets, liabilities, income and expenses of the Group is recorded in pounds sterling. Therefore, the Group is exposed to a currency risk. When the euro increases in value against the pounds sterling, the contribution of equity, being the balance of assets and liabilities, and income in pounds sterling, once translated into euros, in the consolidated financial statements of the Group decreases.

The evolution of the price of pounds sterling during the periods was as follows:

(in euro)	2006	2005
€/£ rate at the beginning of the year	0.6853	0.7051
€/£ rate at the end of the year	0.6715	0.6853
Average €/£ rate in the reporting period	0.6817	0.6840

The net currency position of the Group in the reporting periods is summarized as follows:

(in pounds sterling millions)	2006	2005
Assets	565	579
- of which goodwill	291	291
Liabilities	301	295
- of which borrowings	264	254
NET CURRENCY POSITION AS AT 31 DECEMBER	**264**	**284**

The borrowings in pounds sterling constitute a partial hedge of the net assets in pounds sterling. The cost of this hedge in the financing income consists of the difference between the interest rate in pounds sterling and the interest rate in euro. No other hedge of balance sheet currency position was implemented on 31 December 2006 (2005: idem).

The currency exchange rate differences had a positive impact of €7.6 million on the Group's consolidated equity in 2006 (2005: €12.5 million). The sensitivity of the cumulative exchange rate difference (€-33.5 million as at 31 December 2006, €-41.1 million as at 31 December 2005) to a 1 cent variation of the exchange rate (for example 0.6815 instead of 0.6715) is €-5.8 million (2005: €-6.0 million).

In order to reduce its exposure to the foreign exchange rate fluctuations, the Group may use derivatives financial products, however exclusively to hedge financial risks incurred by its commercial activities or financial positions.

3.3.5.1.4 Credit risk of financial instruments

The Group is exposed to credit risk in the event of a counterparty's default. The Group limits its exposure to credit risk by rigorously selecting the counterparties with which it 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. Investments of cash and cash equivalents in bank current accounts and money market instruments, such as short term fixed and floating rate interest deposits, are strictly restricted by rules aimed at reducing credit risk: maturity of deposits is lower than six months, counterparties' credit ratings are permanently monitored and individual counterparty limits are reviewed on a regular basis.

In addition to the intrinsic creditworthiness of counterparties, the Group's policies also prescribe the diversification of counterparties (banks, financial institutions, funds) so as to avoid a concentration of risk.

Off-balance sheet derivatives are negotiated with leading high-grade banks.

3.3.5.1.5 Settlement and custody risks

Non-core activities of the Group include the Settlement and Custody services provided by Interbolsa, which is the central security depository for Portugal.

As at 31 December 2006, the value of securities kept in custody by Interbolsa amounted to €237 billion (31 December 2005: €376 billion, which included securities kept in custody by CIK), based on the market value of shares and the nominal value of bonds.

The procedures of these subsidiaries are focused on safeguarding the assets in custody. The settlement risks are mitigated by early warning systems for non-settlement, and buy-in and auction procedures in case certain thresholds are surpassed.

3.3.5.1.6 Equity Market risk

The main position of the Group consists of an investment in AtosOrigin S.A. of €14.6 million (2005: €18.1 million). This position is monitored and reported to the Group's senior management on a daily basis.

3.3.5.2 Legal Proceedings

Certain claims have been submitted against the Group and are being contested by the Group companies concerned. In view of the information currently available, legal advice obtained and the amounts provided for, it is expected that the outcome will not have a substantial adverse effect on the Group's financial position. The most important litigation relates to the following:

Via Net.Works Inc.

Following the IPO of Via Net.Works Inc. on Euronext Amsterdam market and Nasdaq on 11 February 2000, Euronext Amsterdam market was criticised by the media for allowing trading in shares of Via Net.Works Inc. to start before trading started on Nasdaq. Prior to the start of trading of these shares on Nasdaq, trading on Euronext Amsterdam market opened and closed at a price of €89 per share. After the close of trading on the Amsterdam market, trading on Nasdaq opened at a price of $41 per share. At the start of the next trading day, Via Net.Works Inc. price on the Amsterdam market dropped to €50 per share. The STE (the predecessor of the AFM) conducted an inquiry into the listing of Via Net.Works. In 2002, the AFM notified Euronext Amsterdam that it had decided not to fine or sanction the company in connection with this initial public offering. This decision is final.

Directly following the initial public offering, legal proceedings were instituted against the Amsterdam Exchanges N.V., the predecessor of Euronext Amsterdam by a private investor and the Via Net.Works Foundation, claiming to represent approximately 600 investors and currently claiming compensation in respect of trading losses of approximately €11 million. Euronext Amsterdam is strongly defending itself against these claims. The private investor claim (€250,000) and Foundation claim were both dismissed by the District Court of Amsterdam. Appeals were lodged by the parties with the Court of Appeal of Amsterdam and judgment is pending in both cases.

NCP

48 dealers on the French derivatives markets (NCPs) have issued a similar claim on several dates (claims received between December 2005 and 8 June 2006) against Euronext Paris before the Paris Commercial Court, claiming damages due to the malfunction of the derivative IT platform at the time of the migration, and also to the development of automated price injection models, which strongly reduced their own activity.

The aggregated amount of alleged damages is 73.8 million euros as of 31 December 2006. At this stage of the procedure, the basis of the claim and its legal grounds are unclear. Consequently, no provision has been recognised as at 31 December 2006.

Trading Technologies

Furthermore, the Group's subsidiary GL TRADE is involved in litigation initiated by Trading Technologies in the US, which also concerns other companies in the same industry as GL TRADE. The claimed amount is not communicated by the plaintiff yet. GL TRADE, a company created many years before Trading Technologies, considers itself to have a strong "prior art" to be used in its defence. Consequently, GL TRADE has not recognised a provision as at 31 December 2006.

3.3.5.3 Taxes

The Group is organised along business units. Each business unit is managed from one of the Group's locations and has cross-border responsibilities. As a consequence of this cross-border functioning, some tasks per business unit are centralised and business unit support is given from one location to another for the benefit of the Group as a whole. As a result of the close interrelation of the business unit operations in the various countries, the reported income per individual Group company may not necessarily be a justified basis for determining the taxable result.

For this reason the Group has entered into a Profit Split Agreement, whereby the objective is a fair allocation of the results of the Group for the Euronext countries to be based on both local tax law and the OECD Pricing Guidelines for Multinational Enterprises and Tax Administrations. The Group has opted to split the profit by business unit as the transfer pricing methodology between the countries.

Based on this Profit Split Agreement an advance pricing agreement ("APA") was obtained with the relevant fiscal authorities in Belgium, France, the United Kingdom and the Netherlands applicable for the years 2001 through 2005. On November 14, 2006, the competent authorities signed an extension for the APA for the years 2006 through 2010. Even though Euronext Lisbon is party to the Profit Split Agreement, the Portuguese authorities are not party to the multi-lateral APA, as this concept is not embedded in Portuguese tax law.

3.3.5.4 Operating leases

(in thousands of euros)	2006	2005
Payments related to leases expiring in:		
- Less than one year	11,485	11,613
- Between one and five years	1,699	3,277
- More than five years	9,620	9,406
	22,804	**24,296**

The Group leases equipment and office facilities under operating leases. The leases typically run for an initial period of three to ten years, with an option to renew the lease after those dates. Lease payments are usually increased annually to reflect market rentals. None of the leases include contingent rentals. No significant assets were pledged other than for the operating leases described above.

3.3.6 Related party disclosures

Identity of related parties

The Group has a related-party relationship with subsidiaries, joint-venture and associates, with its Managing Board and with certain employee foundations, such as pension funds and employee share foundations.

Joint-venture

MBE Holding and MTS, proportionally consolidated starting from 1 December 2005, are related parties. As at 31 December 2006, Euronext recognised a receivable of €0.1 million from MBE Holding.

Associates

All transactions with associates are priced on an arm's length basis.

Atos Euronext Market Solutions (prior to 1 July 2005: AtosEuronext)

Atos Euronext Market Solutions Holding (AEMS) is an associate held 50/50% by AtosOrigin S.A. and the Group under control of AtosOrigin S.A.

In 2006, Atos Euronext Market Solutions invoiced €161.6 million of IT expenses (31 December 2005: €128.0 million) of which €139.7 million is charged to the income statement (31 December 2005: €112.2 million) and €21.9 million is capitalised (31 December 2005: €15.8 million). The Group charged €20.7 million to Atos

Euronext Market Solutions in connection with services rendered and other recharges. As at 31 December 2006, the Group owed €27.7 million to Atos Euronext Market Solutions. On the other hand Atos Euronext Market Solutions owed €3.2 million to the Group as at balance sheet date.

LCH.Clearnet

The Group's interest in LCH.Clearnet is divided into 24.9% in the form of ordinary shares and 16.6% redeemable convertible preference shares which are intended to be redeemed, or converted into ordinary shares and to be sold in the coming years. In 2006 the Group received €8.3 million dividends from its redeemable convertible preference shares.

LCH.Clearnet S.A. (a fully owned subsidiary of LCH.Clearnet) collects fees from the clearing members for clearing services provided in relation to their deals on the markets operated by Euronext. LCH.Clearnet S.A. pays to the Group part of these fees (retrocession fees) collected on its behalf. These retrocession fees are accounted for as revenues in the line items "Cash Trading" and "Derivatives Trading" in the income statement. In the reporting period, the Group received a total of retrocession fees of €57.5 million (31 December 2005: €46.9 million).

Service Level Agreements have been established with LCH.Clearnet S.A. for various services provided by the Group. In 2006, the Group invoiced €6.5 million in relation to these agreements (31 December 2005: €7.8 million).

At balance sheet date, the Group recognises total amounts of €9.6 million to be received from, and €1.1 million to be paid to LCH.Clearnet.

Transactions with Key personnel

The Group considers its Managing Board members to be its key personnel. For further detail on their short-term and post-employee benefits and share-based payments made on their behalf, reference is made to paragraph 3.3.10 "Remuneration of Managing Board and Supervisory Board" and 3.2.14 "Employee Benefits".

Shares held by related parties

The following table states the number of shares held by related parties as at 31 December:

Number of shares	2006	2005
FCPE Paris Bourse Actions [1]	240,497	296,317
FCPE Euronext Growth [2]	232,480	356,537
FCPE GL TRADE S.A. Actions 1 [3]	67,810	70,466
FCPE GL TRADE S.A. Actions 2 [4]	52,593	40,756
Stichting Option Plan SBF	79,038	384,128
Pension funds	60,000	70,400

(1) FCPE Paris Bourse Actions is an employee corporate investment trust managing the employee stock ownership plan of Euronext Paris.

(2) FCPE Euronext Growth is an employee corporate investment trust managing the employee stock ownership plan that was established for all Euronext employees in connection with the IPO of July 2001.

(3) FCPE GL TRADE S.A. Actions 1 is an employee corporate investment trust of GL TRADE S.A.

(4) FCPE GL TRADE S.A. Actions 2 is another employee corporate investment trust of Euronext Paris.

3.3.7 Subsequent events

Acquisition Secfinex

On 18 December 2006, Euronext announced that it signed an agreement to acquire 51% of SecFinex, one of the leading European electronic trading platforms for securities lending. Subject to the approval of relevant authorities, the acquisition should be completed in the first quarter of 2007.

Acquisition FNX Solutions

The Group's subsidiary GL TRADE announced in January 2007 that it had reached an agreement to purchase 100% of the outstanding share capital of FNX SOLUTIONS, a specialist of solutions for the management of OTC products. The acquisition was finalized on 1 March 2007.

Proposal to insert call option to bondholders

On 23 February 2007, the Group announced a proposal to the holders of its £250 million 5.125% Notes due 2009 (see also paragraph 3.3.2.13) to insert a call option at gilt flat for an early redemption of the Notes. Euronext seeks through this proposal to gain flexibility to possibly restructure or refinance its debt at lower cost in the future. Should it wish to do so, the Group will have until 30 June 2007 to exercise the call, should the proposal be approved in a meeting of holders that is envisaged to be held on 19 March 2007.

3.3.8 Effect of acquisitions and disposal of subsidiaries

3.3.8.1 Acquisitions

Acquisitions in 2006

The impact of acquisitions made during the year 2006 (see also note 3.3.2 "Changes in the scope of consolidation") is detailed below. Acquisitions relate to entities acquired by Euronext N.V. (Company*news*, Hugin) and its subsidiary GL TRADE (Nyfix, EMOS). The carrying values of the acquiree's assets and liabilities at the respective acquisition dates equal their fair values.

The goodwill recognised comprises the fair value of expected synergies arising from the acquisitions. Given the timing of the acquisitions, the initial accounting for these business combinations is provisional and subsequent changes in the fair values recognised may occur within the twelve-month period following the respective acquisition dates.

Impact put options

GL TRADE founders were granted a put option on up to 10.5% of GL TRADE capital share by the Group (see also note 3.3.2.13). The difference between the exercise price of the put option and minority interest has been recognised as goodwill. Any subsequent change in the present value of exercise price of the put option is also recognised in goodwill.

Fair value of acquired assets

As required by IFRS3 "Business Combinations", the Group has finalised the allocation of the cost of business combinations within twelve months of the acquisition date and accounted for separately the acquired identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their fair value at acquisition date.

For MTS, the Group has identified intangible assets representing "regulatory license", "customer relationships" and "trademarks". The Group consolidates proportionally 51% of the fair value of these intangible assets for respectively €49 million, €15.1 million and €1.6 million (total €65.7 million) and the related deferred tax liability for €25.1 million. The Group's ownership interest percentage is 30,79%, so the impact in the Group's equity amounts to €24.5 million balanced by a goodwill decrease for the same amount. The minority interest share of 20.21% was recognized for €16.1 million. The depreciation of intangible assets amounted to €0.5 million in 2006. For the calculation of this depreciation the estimated useful live of "regulatory license" and "trademarks" is considered to be indefinite, and 20 years for "customer relationships".

In addition, GL TRADE has updated initial allocation performed on some companies for minor amounts.

The fair value of the identifiable assets and liabilities of the acquisitions at acquisition- or subsequent measurement date and the impact of put options are:

	Acquisitions	Impact of put options	Total from acquisitions in 2006	Fair value of acquired assets
Property and equipment	663	-	663	-
Intangible assets	394	-	394	66,082
Non-current other receivables & investments	136	-	136	-
Deferred tax assets	-	-	-	1,327
Other receivables	5,632	-	5,632	137
Cash	2,286	-	2,286	-
	9,111	**-**	**9,111**	**67,546**
Minority interest	-	4,661	4,661	(16,599)
Financial liabilities	(3,039)	-	(3,039)	-
Deferred tax liabilities	13	-	13	(24,832)
Current provisions	(13)	-	(13)	-
Other payables	(9,115)	-	(9,115)	-
Fair value of net assets	(3,043)	4,661	1,618	26,115
Goodwill arising on acquisitions	39,621	36,486	76,107	(26,587)
	36,578	**41,147**	**77,725**	**(472)**
Consideration:				
Financial liability	-	26,774	26,774	(472)
Cash consideration	35,526	12,879	48,405	-
Costs associated with acquisitions, paid in 2006	1,052	-	1,052	-
Costs of dividends related to put option	-	1,494	1,494	-
TOTAL CONSIDERATION	**36,578**	**41,147**	**77,725**	**(472)**
Net cash flow:				
Cash acquired with subsidiary	2,286	-	2,286	-
Cash paid	(36,383)	(12,879)	(49,262)	-
Costs associated with acquisitions, paid in 2005	(195)	-	(195)	-
NET CASH FLOW	**(34,292)**	**(12,879)**	**(47,171)**	**-**

3.3.8.2 Disposals

3.3.8.2.1 Disposal Groups' assets classified as held for sale

LCH.Clearnet

As confirmed by both parties involved on 14 February 2007, the Group has been engaged in discussions with LCH.Clearnet Group Ltd regarding its investment in LCH.Clearnet Group Ltd, consisting of ordinary shares (representing 24.9% of LCH.Clearnet's fully diluted share capital) and redeemable, convertible preference shares (RCPS, representing 16.6% of LCH.Clearnet's fully diluted share capital) which are redeemable under their terms in December 2008. The parties have reached an agreement in principle for the early redemption of all of the RCPS and the repurchase of ordinary shares held by the Group such that it would retain only a 5% shareholding after the repurchase.

The RCPS would be redeemed at their redemption value of approximately €199 million, plus accrued but unpaid dividends. The ordinary share repurchase would be based on a fully diluted valuation of LCH.Clearnet's share capital of €1.2 billion, which was the valuation at the time of the initial investment by the Group.

Any such transaction remains subject, amongst other things, to final agreement on detailed terms and, subsequently, to approval by LCH.Clearnet's shareholders and to regulatory and other appropriate consents and is envisaged to be completed in the second half of 2007. As at 31 December 2006, the RCPS and the ordinary shares to be repurchased are classified as Disposal Group's assets classified as held for sale. The deferred capital gain is classified as a liability directly associated with disposal group's assets classified as held for sale.

The assets and related liabilities that are classified as held for sale in relation to the transactions with LCH.Clearnet are included in the segment "Holding & Unallocated".

Fermat

The Group's subsidiary GL TRADE intends to sell its Fermat activities. In relation to this sale, the assets and liabilities that are linked to the Fermat activities are classified as "Disposal groups" assets classified as held for sale' with the related liabilities classified likewise.

The assets and related liabilities that are classified as held for sale in relation to the envisaged sale of Fermat activities are included in the segment "Sale of Software".

The major classes of assets and liabilities that are classified as held for sale as at 31 December 2006 are as follows:

(in thousands of euros)	LCH.Clearnet	Fermat	Total
Assets			
Intangible assets	-	560	560
Investments in associates	301,369	-	301,369
Other non-current investments	199,218	-	199,218
Other receivables (non-current)	-	46	46
Other receivables	-	4,907	4,907
Cash and cash equivalents	-	216	216
DISPOSAL GROUPS' ASSETS CLASSIFIED AS HELD FOR SALE	**500,587**	**5,729**	**506,316**
Liabilities			
Deferred tax liabilities	2,979	-	2,979
Other payables	43,512	3,195	46,707
LIABILITIES DIRECTLY ASSOCIATED WITH DISPOSAL GROUPS' ASSETS CLASSIFIED AS HELD FOR SALE	**46,491**	**3,195**	**49,686**

3.3.8.2.2 Disposals

CIK

On 9 November 2005, Euroclear plc and Euronext signed a share purchase agreement for the full acquisition by Euroclear plc of CIK, the central securities depository of Belgium that was a wholly-owned subsidiary of Euronext. This transaction has been completed on 1 January 2006 and Euronext ceased to control and therefore to consolidate CIK from 1 January 2006.

Prior to their disposal, the assets and liabilities of CIK were considered to be "held for sale" according to the definitions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" with subsequent recognition as "Disposal groups' assets classified as held for sale" and "Liabilities directly associated with disposal group's assets classified as held for sale" in the balance sheet. At the date of disposal, the value of the identifiable assets and liabilities of CIK were:

(in thousands of euros)	2006
Consideration received:	
- Shares in Euroclear plc	22,001
- Cash	3,653
Total	**25,654**
Net assets disposed of:	
- Assets	(17,493)
- Liabilities	7,308
Total	**(10,185)**
CAPITAL GAIN	**15,469**
Cash flows:	
- Cash consideration received	3,653
- of which retained prior to 2006	(43)
- Cash disposed of	(10,896)
TOTAL NET CASH FLOW FROM THE SALE OF CIK	**(7,286)**
Net cash flow from other disposals	(47)
TOTAL NET CASH FLOW FROM DISPOSALS	**(7,333)**

3.3.9 Group enterprises

Group companies as at 31 December 2006

EURONEXT N.V.	Ownership
Euronext Paris S.A.	**100.00%**
SEPB S.A. (France)	100.00%
Euronext Brussels S.A./N.V. (Belgium)	22.39%
Euronext Real Estate S.A./N.V. (Belgium)	0.01%
GL TRADE S.A. (directly held by Euronext Paris S.A.) (France)[1]	19.79%
GL Multimedi@ S.A. (France)	17.96%
Financière Montmartre S.A. (France)	55.76%
– GL TRADE S.A. (France)	55.21%
– GL Multimedi@ S.A. (France)	82.04%
– GL TRADE AG (Germany)	100.00%
– GL TRADE Solutions Pte Ltd (Singapore)	100.00%
– GL TRADE Ltd (United Kingdom)	100.00%
– GL TRADE Japan KK (Japan)	100.00%
– GL TRADE B.V. (the Netherlands)	100.00%
– GL TRADE Iberica S.L. (Spain)	100.00%
– GL TRADE Schweiz A.G. (Switzerland)	100.00%
– GL TRADE Australia Pty Ltd (Australia)	100.00%
– GLESIA (GL TRADE Italia s.r.l.) (Italy)	100.00%
– GL TRADE Belgium S.A. (Belgium)	100.00%
– GL TRADE South Africa Pty Ltd (South Africa)	100.00%
– GL Settle Ltd (United Kingdom)	100.00%
– GL TRADE Systems Ltd (Hong Kong)	100.00%
– GLT Software Uniposessal Lda (Portugal)	100.00%
– GL TRADE Overseas Inc. (United States)	100.00%
– GL TRADE Bilgisayar Hizmetleri Ticaret Ltd Sirketi (Turkey)	100.00%
– TFC S.A.S. (France)	51.00%
– GL TRADE Holdings Inc. (United States)	100.00%
• GL TRADE Americas Inc. (United States)	100.00%
• GL Settle Inc. (United States)	100.00%
– Ubitrade S.A. (France)	100.00%
• Ubitrade GmbH (Germany)	100.00%
• GL TRADE Mena (Tunisia)	100.00%
• Ubitrade OSI (Tunisia)	100.00%
– EMOS S.A.S. (France)	100.00%
– EMOS Futures Ltd (United Kingdom)	100.00%
– EMOS Systems Inc. (United States)	100.00%
Euronext Brussels S.A./N.V.	**76.52%**
Euronext Real Estate S.A./N.V. (Belgium)	99.99%
Euronext Amsterdam N.V.	**100.00%**
Euronext Amsterdam Clearing & Depository N.V. (the Netherlands)	100.00%
– Euronext Amsterdam Intermediary B.V. (the Netherlands)	100.00%
Euronext Amsterdam International B.V. (the Netherlands)	100.00%
Euronext Amsterdam Indices B.V. (the Netherlands)	100.00%
Euronext Lisbon S.A.	**100.00%**
Interbolsa S.A. (Portugal)	100.00%
Euronext Brussels S.A./N.V. (Belgium)	1.09%
Euronext UK plc	**100.00%**
LIFFE (Holdings) plc	100.00%
– LIFFE Administration & Management (United Kingdom)	100.00%
– LIFFE Options plc (United Kingdom)	100.00%
– LIFFE Futures plc (United Kingdom)	100.00%
– LIFFE Development Ltd (United Kingdom)	100.00%
– LIFFE Services Ltd (United Kingdom)	100.00%
– BFE Debenture Trustees Company No.1 Ltd (United Kingdom)	100.00%
– LIFFE (Nominees) Ltd (United Kingdom)	100.00%
– LIFFE Ltd (United Kingdom)	100.00%
– LIFFE Trustees Ltd (United Kingdom)	100.00%
– London Traded Options Market Ltd (United Kingdom)	100.00%
– The London Futures and Options Exchange Ltd (United Kingdom)	100.00%
– LIFFE USA Ltd (United Kingdom)	100.00%
– Market Solutions USA LLC (United States)	100.00%
– The London Commodity Exchange (1986) Ltd (United Kingdom)	100.00%
– The Baltic Futures Exchange (United Kingdom)	100.00%
– LIFFE Ventures Inc. (United States)	100.00%
– LIFFE Ventures II Inc. (United States)	100.00%
– SwapsCONNECT Ltd (United Kingdom)	100.00%
– NQLX LLC (United States)	100.00%
– CScreen Ltd (United Kingdom)	100.00%
Company*news*	**100.00%**
Hugin ASA	**100.00%**
Hugin Norge AS (Norway)	100.00%
Hugin Foeretaksfakta AB (Sweden)	100.00%
Hugin Online A/S (Denmark)	100.00%
Hugin AG (Switzerland)	100.00%
Hugin IR Services Benelux B.V. (the Netherlands)	100.00%
Hugin IR Services Deutschland GmbH (Germany)	100.00%
Hugin IR Services OY (Finland)	100.00%
Hugin (UK) Ltd (Unitd Kingdom)	100.00%
Directnews AG (Germany)	100.00%
Stichting Option Plan SBF	**100.00%**

Joint-ventures as at 31 December 2006

	Ownership
MBE Holding	**51.00%**
Società per il Mercato del Titoli di Stato S.p.A. (MTS) (Italy)	60.37%
– EuroMTS Ltd (United Kingdom)	100.00%
– MTS Deutschland A.G. (Germany)	100.00%
– MTSNext Ltd (United Kingdom)	100.00%
– MTS Amsterdam N.V. (the Netherlands)	30.00%
– MTS France S.A.S. (France)	45.00%
– MTS Associated Market (Belgium)	20.00%
– MTS Portugal S.A. (Portugal)	15.00%
– MTS Spain S.A. (Spain)	30.00%
– MTS CeTo S.A. (Poland)	25.00%

(1) Includes 10.5% in relation to the put option granted to GL TRADE founders (see paragraph 3.3.2.13).

Associates and other investments as at 31 December 2006

	Ownership
Associates	
NextInfo S.A./N.V. (Belgium)	48.96%
Powernext S.A. (France)	33.97%
LCH.Clearnet Group Ltd (United Kingdom)	24.90%
ENDEX N.V. (the Netherlands)	9.89%
Atos Euronext Market Solutions Holding SAS (France)	50.00%
– Diamis S.A. (France)	60.00%
– AtosEuronext Connect BE S.A. (Belgium)	100.00%
– AtosEuronext Belgium S.A. (Belgium)	100.00%
– AtosEuronext Connect B.V. (the Netherlands)	100.00%
– Atos Euronext Market Solutions Ltd (United Kingdom)	100.00%
– Atos Euronext Market Solutions IPR Ltd (United Kingdom)	100.00%
– Mysis Asset Management Systems S.A. (France)	100.00%
Other investments	
La Financière Evénement S.A. (France)	100.00%
La Financière de L'Octet S.A. (France)	100.00%
Euronext London Ltd (United Kingdom)	100.00%
Sicovam Holding S.A. (France)	9.60%
Euroclear plc (United Kingdom)	2.75%
AtosOrigin S.A. (France)	0.47%

3.3.10 Remuneration of the Managing Board and Supervisory Board

Remuneration of the Managing Board

The remuneration per individual member of the Managing Board for the years 2005 and 2006 is as follows (all in €):

	2006			2005		
Name	**Salaries**	**Bonuses**	**Total**	**Salaries**	**Bonuses**	**Total**
Jean-François Théodore	595,000	743,750	1,338,750	577,500	675,000	1,252,500
Miguel Athayde Marques	357,000	433,068	790,068	350,000	340,156	690,156
Joost van der Does de Willebois	382,500	434,137	816,637	375,000	364,453	739,453
Hugh Freedberg	548,433	919,996	1,468,429	540,932	776,238	1,317,170
Olivier Lefebvre	380,000	459,800	839,800	365,000	385,531	750,531

The basis for the assessment of the 2006 bonuses has been set out in the remuneration report in section 4.2.10.2.

Mr Freedberg is paid in British pounds sterling. Figures for 2006 are converted at the exchange rate of GBP1: €1.42 (2005: GBP1: €1.46).

Allowances and benefits in kind

Mr Théodore is entitled to benefits in kind of €33,486 including a company car, medical insurance and telephone allowance.

Mr Athayde Marques is entitled to benefits in kind of €31,966 including a company car, medical insurance premium and a life insurance premium. In addition, he is entitled to a representation allowance of €12,000.

Mr van de Does der Willebois is entitled to benefits in kind of €83,684 including a car allowance, a medical insurance premium and a housing allowance.

Mr Freedberg is entitled to a car allowance of €13,465 and benefits in kind of €2,548 including a medical insurance and life insurance premium.

Mr Lefebvre is entitled to benefits in kind of €20,618 including a medical insurance premium and a company car.

There are no loans and guarantees made to members of the Managing Board. There have been no transactions involving members of the Managing Board. Members of the Managing Board or members of their families do not hold directly or indirectly assets.

Managing Board pensions

Each member of the Managing Board has an individual pension arrangement. This results from the different geographical, legal and tax backgrounds of each member. The total charge for the Group for the year 2006 amounted to €920,621 (2005: €868,847).

Mr Théodore has an insurance contract, which on the condition that he is still with the company at the age of 60, will provide him from this age onwards with an annual retirement income of €375,000 (including all pension rights not related to the company). The total charge for the Group for the year 2006 amounted to €512,065 (2005: €469,000).

Mr Athayde Marques' pension arrangement is based on a defined contribution plan. The pension on retirement is dependent on the personal arrangements with third party insurance companies. The total charge for the Group for the year 2006 amounted to €123,103 (2005: €116,667).

Mr van der Does de Willebois is entitled to an annual pension according to the following plan:

- age 62 to 65, a pension of €102,616;
- from the age of 65 onwards a pension of €245,638.

For age 60 to 62 Mr van der Does de Willebois's pension arrangement has changed to a defined contribution plan. His pension on retirement is dependent on the returns on the investment.

The total charge for the Group for the year 2006 amounted to €110,056 (2005: €88,938).

Mr Freedberg's pension arrangement changed in April 2006 to reflect new legislation introduced in the UK. With effect from 1 April he receives the equivalent company contributions as a cash allowance and makes his own personal pension arrangement. He retains a deferred pension that is based on a defined contribution plan and his pension payments are dependent on the returns on the investment. The total charge for the Group for the year 2006 amounted to €158,377 (2005: €158,377).

Mr Lefebvre's pension on retirement is dependent on the arrangements with third party insurance companies. The total charge for the Group for the year 2006 amounted of €17,020 (2005: €35,865).

Interests of members of the Managing Board in stock options- and share plans

The table below gives an overview of the interests for individual members of the Managing Board in the stock option- and share plans of Euronext N.V.

Name	Option- and share plans, exercise price		Number of options/ shares 1 January 2006	Granted in 2006	Exercised/ received during 2006	Number of options/ shares 31 December 2006
Jean- François Théodore [(1)]	Executive Incentive Share plan 2005/2006		10,000	10,000	-	20,000
Miguel Athayde Marques	Executive Incentive Share plan 2005/2006		10,000	10,000	-	20,000
Joost van der Does de Willebois	Option Scheme 2004	22.60	40,000	-	-	40,000
	Executive Incentive Share plan 2005/2006		10,000	10,000	-	20,000
Hugh Freedberg	Option Scheme 2002	21.08	44,524	-	-	44,524
	Option Scheme 2004	22.28	50,000	-	-	50,000
	Executive Incentive Share plan 2005/2006		10,000	10,000	-	20,000
Olivier Lefebvre	Option Scheme 2001	24.00	20,833	-	-	20,833
	Option Scheme 2002	21.08	13,093	-	-	13,093
	Option Scheme 2004	22.28	20,000	-	-	20,000
	Executive Incentive Share plan 2005/2006	-	10,000	10,000	-	20,000

(1) Following the exercise of his SBF plan options in 2004, Mr Théodore holds 100,849 shares.

GL TRADE has an employee stock option plan and an employee stock ownership plan in place. None of the members of the Managing Board hold GL TRADE options.

Remuneration of the Supervisory Board

(in euros)				Total	
Name	Membership	Committees	Euronext Amsterdam (1)	2006	2005
Jan-Michiel Hessels (Chairman)	50,000	11,000	7,500	68,500	64,750
Dominique Hoenn (Vice-Chairman)	40,000	5,000	-	45,000	45,000
Rijnhard de Beaufort (2)	-	-	7,500	7,500	3,750
Sir George Cox	35,000	11,000	-	46,000	46,000
André Dirckx (3)	-	-	-	-	-
Paul van den Hoek (4)	13,617	-	3,750	17,367	38,750
Patrick Houël	35,000	7,500	-	42,500	39,375
Baron Jean Peterbroeck	35,000	9,582	-	44,582	43,125
Ricardo Salgado	35,000	5,000	-	40,000	40,000
René de La Serre (5)	13,617	-	-	13,617	35,000
Rijnhard van Tets	35,000	9,028	7,500	51,528	46,250
Remi Vermeiren (6)	13,617	3,890	3,750	21,257	48,750
Sir Brian Williamson	35,000	-	-	35,000	35,000
TOTAL	**340,851**	**62,000**	**30,000**	**432,851**	**485,750**

(1) Five members of Euronext's Supervisory Board were also members of the supervisory board of Euronext Amsterdam N.V., a subsidiary of Euronext. Mr Hessels, Mr de Beaufort and Mr van Tets have been a member of Euronext Amsterdam's supervisory board throughout 2006. Mr van den Hoek and Mr Vermeiren retired on 30 June 2006.
(2) Mr de Beaufort was appointed as a member of the Supervisory Board of Euronext N.V. on 19 December 2006. He will receive his remuneration with regard to December 2006 in 2007.
(3) Mr Dirckx abstains from remuneration.
(4) Mr van den Hoek retired as a member of the Supervisory Board of Euronext N.V. on 23 May 2006.
(5) Mr de la Serre retired as a member of the Supervisory Board of Euronext N.V. on 23 May 2006. He was again appointed as a member of the Supervisory Board of Euronext N.V. on 19 December 2006, and he will receive his remuneration with regard to December 2006 in 2007.
(6) Mr Vermeiren retired as a member of the Supervisory Board of Euronext N.V. on 23 May 2006.

There are no loans and guarantees made to members of the Supervisory Board. There have been no transactions involving members of the Supervisory Board. Members of the Supervisory Board or members of their families do not hold directly or indirectly assets. Members of the Supervisory Board do not hold an interest in the company, with the exception of Baron Peterbroeck, who holds 5,000 shares in Euronext N.V.

3.3.11 Transactions in own shares

Transactions regarding repurchase program on Eurolist (the former Euronext Paris Premier Marché).

(in thousands of euros) Transaction date	Pursuant to liquidity contract	Average share Price	Total value of transaction after commissions
Balance as at beginning of the year	65,641		
Purchase January	-		
Sales January	(1,250)	45.96	(57)
Purchase February	-		
Sales February	(1,891)	52.17	(99)
Purchase March	-		
Sales March	(4,000)	60.07	(240)
Purchase April	-		
Sales April	-		
Purchase May	-		
Sales May	-		
Purchase June	49,958	68.56	3,425
Sales June	(36,700)	69.88	(2,564)
Purchase July	62,720	70.62	4,429
Sales July	(59,287)	71.13	(4,217)
Purchase August	54,488	66.40	3,618
Sales August	(62,361)	67.42	(4,204)
Purchase September	76,330	73.39	5,602
Sales September	(86,399)	73.40	(6,342)
Purchase October	68,719	79.82	5.485
Sales October	(65,106)	79.89	(5,201)
Purchase November	81,375	87.97	7,159
Sales November	(95,462)	87.77	(8,379)
Purchase December	62,559	88.84	5,558
Sales December	(64,309)	89.09	(5,729)
Total Purchases	**456,149**		
Total Sales	**(476,765)**		
BALANCE AS AT END OF THE YEAR	**45,025**		

The transactions regarding the share repurchase program included transactions executed by liquidity providers to stabilize the share price and transactions executed by brokers with the intention to buying back shares.

As at 31 December 2006, the Group holds 45,025 shares pursuant to the liquidity contract (31 December 2005: 65,641 shares) with a cumulative gain of €2,319,964 taking into account equity gains and losses resulting from the liquidity purchase and sale. The average purchase price after commissions of shares purchased in the reporting period amounted of €77.33 per share (2005: €28.47) and the average sale price after commissions of shares sold in the reporting period amounted of €77.68 per share (2005: €29.00).

3.4 Company financial statements for the year ended 31 December 2006

3.4.1 Company balance sheet

Before profit appropriation (in thousands of euros)	Note	2006	2005
Assets			
Intangible fixed assets			
Goodwill	3.4.3.2	284,777	283,097
Financial fixed assets			
Investments in Group companies	3.4.3.3	2,236,047	1,560,973
Loans to Group companies	3.4.3.4	16,936	330,695
Investments	3.4.3.5	122,646	100,645
Total financial fixed assets		**2,375,629**	**1,992,313**
Current assets			
Receivables from Group companies	3.4.3.6	81,965	6,485
Other receivables		34,870	10,314
Current financial investments	3.4.3.7	6,571	2,270
Cash	3.4.3.8	22,549	69,092
Total current assets		**145,955**	**88,161**
TOTAL ASSETS		**2,806,361**	**2,363,571**
Equity and liabilities			
Capital and reserves			
Issued capital		675,343	112,557
Share premium		180,486	1,080,944
Reserve own shares		14,079	647
Legal reserves		105,122	49,378
Retained earnings		362,630	277,119
Revaluation reserve		1,044	1,738
Currency exchange differences		(33,467)	(41,081)
Profit for the year		361,779	239,954
Total capital and reserves	3.4.3.9	**1,667,016**	**1,721,256**
Non-current liabilities			
Loans from Group companies	3.4.3.10	550,000	180,000
Interest bearing loans and borrowings	3.4.3.11	367,192	368,157
Total non-current liabilities		**917,192**	**548,157**
Current liabilities			
Financial liabilities	3.4.3.12	93,271	12,649
Payables to Group companies	3.4.3.13	99,912	43,176
Other payables	3.4.3.14	28,970	38,333
Total current liabilities		**222,153**	**94,158**
TOTAL EQUITY AND LIABILITIES		**2,806,361**	**2,363,571**

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3.4.2 Company income statement

(in thousands of euros)	2006	2005 restated(1)
Income after taxes from subsidiaries	395,331	251,867
Other income (loss) after taxes	(33,552)	(11,913)
NET PROFIT	**361,779**	**239,954**

(1) See changes in accounting policies in the consolidated financial figures (see note 3.2).

3.4.3 Notes to the company financial statements

3.4.3.1 Accounting policies

Euronext N.V. (the Company) was established in the Netherlands on 17 July 2000. As from 2005, Dutch legislation allows companies that apply IFRS as adopted by the European Union in their consolidated financial statements to use the same accounting principles in the company financial statements (reference is made to paragraph 3.[illegible] “Introduction to the notes and accounting policies” in the consolidated financial statements). company financial statements that are based on this provision qualify as financial statements under Dutch law. Accordingly, Euronext N.V. has prepared the company financial statements in accordance with the provisions of Article 362-8 of the Dutch Civil Code of Book 2 Part 9.

Investments in subsidiaries are accounted for under the equity method in accordance with valuation principles as explained in the consolidated financial statements in section 3.2.

Pursuant to the exemption provided by the Dutch Civil Code of Book 2 Part 9, Article 402, the company prepares the Income Statement in condensed form.

In the General Meeting of Shareholders of 22 May 2003, the shareholders of the company approved the preparation of the official version of the company financial statements in the English language.

The company financial statements are presented in euro, rounded to the nearest thousand.

3.4.3.2 Goodwill

(in thousands of euros)	2006	2005
Cost		
Balance at beginning of the year	348,993	270,293
Goodwill on acquisition of MBE Holding/MTS	27	78,700
Fair value of acquired assets MTS	(25,287)	-
Goodwill on acquisition Company*news* and Hugin	26,940	-
BALANCE AT END OF THE YEAR	**350,673**	**348,993**
Amortisation and impairment losses		
Balance at beginning of the year	65,896	65,896
BALANCE AT END OF THE YEAR	**65,896**	**65,896**
Carrying amount		
At beginning of the year	283,097	204,397
AT END OF THE YEAR	**284,777**	**283,097**

As at 31 December, the goodwill recognised relates to the following transactions:

(in thousands of euros)	2006	2005
Merger of SBF, BXS and AEX as at 22 September 2000	136,917	136,917
Acquisition of Euronext Lisbon	67,480	67,480
Acquisition of MBE Holding/MTS	53,440	78,700
Acquisition Company*news* and Hugin	26,940	-
	284,777	**283,097**

1 SELECTED FINANCIAL AND MARKET DATA
2 DIRECTORS' REPORT
3 FINANCIAL STATEMENTS
4 MANAGEMENT AND CORPORATE GOVERNANCE
5 LEGAL INFORMATION
6 MAJOR ABBREVIATIONS AND GLOSSARY

3.4.3.3 Investments in Group companies

The movements in the year were as follows:

(in thousands of euros)	2006	2005
Balance as at beginning of the year	1,560,973	1,345,954
Share capital increase Euronext Brussels	336,175	-
Investment in Company*news* and Hugin	(2,309)	-
Investment in MBE Holding	-	6,558
Net results	395,331	253,671
Dividends received	(90,000)	(95,486)
Fair value of acquired assets MBE Holding/MTS	25,287	-
Other	10,590	50,276
BALANCE AS AT THE END OF THE YEAR	**2,236,047**	**1,560,973**

Share capital increase Euronext Brussels

In 2006, a restructuring took place within the Euronext Group regarding the organisation of intercompany financing. All the intercompany financing relations are now managed from Euronext Brussels, which serves as an Intragroup Financing Center. In setting up the financing centre Euronext N.V., Euronext Paris, Euronext Lisbon and LIFFE contributed their intercompany loans in exchange for shares of Euronext Brussels. Subsequently LIFFE paid a dividend in shares of Euronext Brussels of €146 million to Euronext.

As a result the share capital of Euronext Brussels increased and was partly issued to other subsidiaries of Euronext. After the restructuring the shares of Euronext Brussels are held by Euronext (76.52%), Euronext Paris (22.39%) and Euronext Lisbon (1.09%).

Investment in Company*news* and Hugin

In the reporting period, the Group acquired controlling interests in Company*news* and Hugin. Company*news* is a distributor of news from listed companies to the investment community, media professionals and the public and was acquired in March 2006. Hugin provides innovative solutions for connecting communication professionals with their target audiences and was acquired in December 2006.

Fair value of acquired assets MTS

As required by IFRS3 "Business Combinations", the Group has finalised the allocation of the cost of business combinations within twelve months of the acquisition date of MTS and accounted for separately the acquired identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their fair value at acquisition date.

(in thousands of euros)		2006			
Subsidiaries (more than 50% of share capital held)	**Country of residence**	**% held in share capital**	**Capital**	**Reserves and retained earnings**	**Carrying amount**
Euronext Paris	France	100.0	130,333	782,925	913,258
Euronext Amsterdam	the Netherlands	100.0	50	167,726	167,776
Euronext Brussels	Belgium	77.0	508,758	60,224	568,982
Euronext UK plc	United Kingdom	100.0	455,393	58,992	514,385
Euronext Lisbon	Portugal	100.0	8,750	30,751	39,501
MBE Holding	Italy	51.0	120	34,645	34,765
Hugin (1)	Norway	100.0	2,309	(4,929)	(2,620)
					2,236,047

(1) Including Company*news*.

	2006							
Subsidiaries (continued) **(more than 50% of share capital held)**	**Opening balance**	**Share capital increase**	**Invest-ments**	**Net result**	**Dividends received**	**Fair value of acquired assets MTS**	**Other**	**Closing Balance**
Euronext Paris	731,820	-	-	165,553	-	-	15,885	913,258
Euronext Amsterdam	198,031	-	-	55,921	(90,000)	-	3,824	167,776
Euronext Brussels	51,293	482,578	-	35,891	-	-	(780)	568,982
Euronext UK plc	544,713	(146,403)	-	124,269	-	(8,194)	514,385	
Euronext Lisbon	28,568	-	-	11,102	-	-	(169)	39,501
MBE Holding	6,548	-	-	2,906	-	25,290	21	34,765
Hugin (1)	-	-	(2,309)	(311)	-	-	-	(2,620)
	1,560,973	**336,175**	**(2,309)**	**395,331**	**(90,000)**	**25,290**	**10,587**	**2,236,047**

(1) Including Company*news*.

No guarantees were given by Euronext N.V. in favour of its subsidiaries.

Relations between the parent Company and subsidiaries

The Euronext group carries out its operations in Belgium, France, the Netherlands, Portugal, the United Kingdom and Scandinavia - through its wholly-owned subsidiaries Euronext Brussels, Euronext Paris, Euronext Amsterdam, Euronext Lisbon, LIFFE, Company*news* and Hugin. In addition it carries out operations in Italy through its jointly held subsidiary MTS (with Borsa Italiana), through MBE Holding.

The Group's revenues come from the operations of its subsidiaries. Relations between group entities and with other related parties are governed by agreements based on market conditions.

The Group also has an internal policy of paying interim dividends, under the terms of which the subsidiaries pay a dividend to the holding company based on a review of the financial statements prepared for interim results. The Group's subsidiaries all have their own subsidiaries and some subsidiaries hold minority stakes in related businesses.

3.4.3.4 Loans to Group companies

(in thousands of euros)	2006	2005
Euronext UK plc	-	330,695
Euronext Brussels	14,892	-
MBE Holding	102	-
Hugin	1,942	-
	16,936	**330,695**

The loan to Euronext UK plc was used to acquire an additional stake in Euronext Brussels.

3.4.3.5 Investments

After the sale of CIK to Euroclear plc, the shareholding of the company in Euroclear plc increased to 2.75%. The company considers it an available-for-sale financial instrument. Management has given due consideration to the valuation of the investment. It concluded that there is no need for the assessed value to be changed.

3.4.3.6 Receivables from Group companies

(in thousands of euros)	2006	2005
Euronext Paris	18,425	697
Euronext Amsterdam	53,201	2,317
Euronext Brussels	1,427	170
Euronext UK plc	8,374	3,009
Euronext Lisbon	534	241
MBE Holding	-	51
Hugin	4	-
	81,965	**6,485**

3.4.3.7 Current financial investments

(in thousands of euros)	2006	2005
Interest rate swap	-	2,270
Currency SWAP with Euronext Brussels	6,571	-
	6,571	**2,270**

Interest rate swap

See note 3.4.3.12 Financial liabilities *Interest rate swap*.

3.4.3.8 Cash

Cash comprises of bank balances, which are at the Company's free disposal.

3.4.3.9 Company capital and reserves

(in thousands of euros)	2006	2005
Issued capital	675,343	112,557
Share premium	180,486	1,080,944
Reserve for own shares	14,079	647
Legal Reserve	105,122	49,378
Retained earnings	362,630	277,119
Revaluation reserve	1,044	1,738
Currency exchange differences	(33,467)	(41,081)
Profit for the year	361,779	239,954
	1,667,016	**1,721,256**

Issued capital

The authorized share capital of Euronext amounts to €1,200,000,000 representing 200,000,000 ordinary shares with a par value of €6 per share.

The movement schedule for the reporting period is as follows:

	Number of shares		Nominal value (in thousands of euros)	
	2006	2005	2006	2005
Postition as at 1 January	112,557,259	122,111,972	112,557	122,112
Increase nominal value	-	-	900,458	-
Share capital repayment	-	-	(337,672)	-
Outstanding shares cancelled in the period	-	(9,554,713)	-	(9,555)
POSITION AS AT END OF THE PERIOD	**112,557,259**	**112,557,259**	**675,343**	**112,557**

The Annual General Meeting of 23 May 2006 approved upon an increase the nominal value per ordinary share from €1.00 to €9.00 per ordinary share. The balance of €8.00 was taken from the part of the share premium reserves that was recognised as capital for Dutch tax purposes by converting that share premium into share capital. Subsequently, the Annual General Meeting agreed on a reduction of the nominal value by €3.00 to €6.00, with a payment of €3.00 to the shareholders.

Share premium

The share premium at the end of the period reflects the difference between the value attributed to the shares received from SBF, BXS and AEX and the nominal value of the shares issued by Euronext. It also reflects the difference between the market price of the Euronext shares at acquisition date of the BVLP shares (€20.63) and the par value of these Euronext shares, totalling to €95 million. Due to cancellation of shares in 2005, the share premium decreased with the average share premium of €9.60 for each cancelled share. In August 2006, a transfer of €8.00 per issued share to Issued capital (see also previous paragraph), resulted in a further decrease of share premium by €900.5 million.

Reserve for own shares

Reserve own shares (treasury shares) include shares acquired under the Share repurchase program and shares held in stock to cover the Group's employee stock option plans. The reserve includes any gain or loss that arises upon sale of treasury shares until the related program or stock option plan is finalized. Upon finalisation, the resultant total gain or loss will be transferred to Retained earnings.

The movement schedule for the reporting period is as follows:

	2006		2005	
	Number of shares	Costs in thousands of euros	Number of shares	Costs in thousands of euros
Balance at the beginning of the period	1,720,610	647	11,758,490	(227,073)
Share capital repayment on treasury shares	-	3,858	-	-
Share Repurchase Program – Liquidity contract	(20,616)	1,684	(57,469)	1,955
Share Repurchase Program – Share buy-back	-	-	-	(774)
Share Repurchase Program – Cancellation own shares	-	-	(9,554,713)	220,723
Exercise of options	(590,479)	7,890	(425,698)	5,816
BALANCE AT END OF THE PERIOD	**1,109,515**	**14,079**	**1,720,610**	**647**

Share capital repayment on treasury shares

Share capital repayments (see also paragraph "Issued capital") made on treasury shares resulted in a movement of €3.9 million in the reporting period.

Share Repurchase Program

Liquidity contract

An increase of the reserve for own shares of €1.7 million during the reporting period relates to the transactions in Euronext shares made under the Share Repurchase Program. The liquidity provider on behalf of the Group with the purpose of stabilising the share price conducts transactions. As at 31 December 2006 Euronext holds 45,025 shares under the liquidity contract (31 December 2005: 65,641 shares).

Share buy-back

No additional shares were purchased under this part of the program in 2006 or 2005, but withholding tax related to shares bought increased the cost of the repurchased shares by €0.8 million in 2005.

Cancellation own shares

As at 30 May 2005, Euronext cancelled 9,554,713 shares pursuant to its share buy-back program in 2004, with a total cost of €220.7 million. The cancellation of the shares acquired under the Share Repurchase Program was registered with the AMF (the French securities supervisor) on 9 May 2005 under the authorization granted by the Annual General Meeting of 26 May 2004.

Exercise of options

As at 31 December 2006, the reserve for own shares comprises 985,452 shares (31 December 2005: 1,270,841) held by Euronext and its subsidiaries and 79,038 shares held by the Stichting Option Plan SBF, a consolidated entity (31 December 2005: 384,128). These shares are held in stock to cover the Group' employee stock option plans (see also 3.2.14 "Employee benefits provisions").

In the reporting period, following the exercise of stock options held by employees, 305,090 shares were sold in relation to the SBF Stock Option Scheme, which resulted in a movement of €1.7 million in the Reserve for own shares. In addition, 285,389 shares were sold in relation to the Euronext Stock Option Schemes 2001 and 2002, leading to a decrease of the Reserve for own shares of €6.2 million (see also 3.3.2.14 "Employee benefits provisions").

Legal reserves

Under the Dutch Civil Code, legal reserves have to be formed in the company financial statements for the increase of value of subsidiaries, joint-ventures and associates valued according to the equity method at net asset value due to earnings and other movements of equity as from the date of ownership. The legal reserves amount to the increase of the value less dividends paid. For retained earnings of these entities of which payment can be enforced by Euronext, no legal reserve has to be formed.

Also, legal reserves have to be formed for revaluation reserves, currency exchange differences and for self-developed software and certain other intangible assets (excluding goodwill) to the extent that these are capitalized.

Retained earnings

Dividends

The dividends in relation to the past years were as follows:

	2006	2005	2004	2003	2002
Dividend per share in euros	-	1.00	0.60	0.50	0.45
Amount of dividends in millions of euros (1)	-	111	66	60	54

(1) Excludes dividends related to ordinary shares held by Group companies.

A Supervisory Board meeting will take place after the closing of the current tender offer (see paragraph 3.2 “Merger with New York Stock Exchange in 2007”) in order to convey an AGM in accordance with all legal requirements.

Other movements in retained earnings

Costs related to share-based payment transactions in the period are included in the other movements in retained earnings for an amount of €7.4 million. Furthermore, €5.3 million of net income tax benefits related to treasury shares and share-based payment transactions have been recognized directly in equity.

Revaluation reserve

Changes in fair value of available-for-sale financial instruments gave rise to a €0.7 million decrease of the Revaluation reserve.

Currency exchange differences

The assets and liabilities of foreign (non-euro) operations, including the goodwill paid, are translated to euro at foreign exchange rates according to Euronext’s accounting principles, resulting in a positive currency exchange difference of €7.6 million as at balance sheet date.

Euronext Employee stock option plans

The terms and conditions of the stock option plans are as follows, all options being settled by physical delivery of shares:

	SBF Stock Option Scheme (1)	Euronext Stock Option Scheme 2001		Euronext Stock Option Scheme 2002	Euronext Stock Option Scheme 2004	
Date of grant	27 June 2000	5 July 2001		16 Sept. 2002	17 Sept. 2004	24 Dec. 2004
Number granted	1,226,682	175,201	81,155	590,932	686,000	44,500
of which accepted	1,226,682	151,614	69,113	589,274	646,000	44,500
Contractual life	7 years	10 years	10 years	7 years	7 years	7 years
Exercise price (in euros)	5.62	24.00	21.60	21.08	22.28	22.60
Outstanding as at 31 December 2004	**600,098**	**129,944**	**49,029**	**488,709**	**634,000**	**44,500**
Granted and accepted	-	-	-	-	-	-
Adjusted	-	-	142	-	-	-
Exercised	(215,970)	(47,175)	(33,630)	(122,923)	(6,000)	-
Cancelled	-	(1,642)	(504)	-	(12,000)	-
Outstanding as at 31 December 2005	**384,128**	**81,127**	**15,037**	**365,786**	**616,000**	**44,500**
Adjusted	-	-	135	-	-	-
Exercised	(305,090)	(52,968)	(8,298)	(224,123)	-	-
Cancelled	-	-	(186)	-	(14,000)	-
Outstanding as at 31 December 2006	**79,038**	**28,159**	**6,688**	**141,663**	**602,000**	**44,500**
EXERCISABLE AS AT 31 DECEMBER 2006	**79,038**	**28,159**	**6,688**	**141,663**	**-**	**-**

(1) Number of options based on Euronext shares: 7.02 Euronext shares for 1 SBF share.

SBF Stock Option Scheme
Under the SBF Option Scheme, each option is exercisable for one share of Euronext Paris. The exercise price of each option is €39.47 (7.02 times €5.62) for one share of Euronext Paris. Options can be exercised after 27 June 2002 insofar as the entitled employee is still employed by the Group or in case the holder of the options is no longer employed by the Group under certain conditions. It is stipulated that after exercising the options, the shares in Euronext Paris that will be acquired by the option holders are converted into shares of Euronext. Each share of Euronext Paris will be converted to 7.02 shares of Euronext.

Euronext Stock Option Scheme 2001
The Euronext Employees Stock Option Plan 2001 is directly related to the initial public offering and listing of the Euronext shares on 5 July 2001. Each option granted by Euronext entitles the option holder to purchase one Euronext Share at the exercise price of €24.00 for employees of Euronext Brussels. and for certain management employees and Directors of Euronext Amsterdam, or €21.60 for other employees of Euronext Amsterdam. The options can be exercised between 5 July 2004 and 5 July 2011 if the entitled employee is still employed by the Group or under certain conditions in cases where the holder of the options is no longer employed by the Group. Treasury shares will be used upon exercise of these options.

Euronext Stock Option Scheme 2002
Options granted under this scheme can be exercised between 16 September 2005 and 16 September 2009 if the entitled employee is still employed by the Group or under certain conditions in cases where the holder of the options is no longer employed by the Group. Treasury shares will be used when options are exercised.

Euronext Stock Option Scheme 2004
Options granted under this scheme can be exercised between 17 September 2007 and 17 September 2011 if the employee is still employed by the Group, and if the EPS have exceeded general cost-of-living-indices by 4% or more. Treasury shares will be used when options are exercised.

The number and weighted average exercise prices of stock options under Euronext Stock option plans is as follows:

	Average exercise price 2006	Weighted Number of options 2006	Average exercise price 2005	Weighted Number of options 2005
Outstanding at beginning of the year	**17.84**	**1,506,578**	**16.95**	**1,946,280**
Adjusted during the year	21.60	135	21.60	142
Cancelled during the year	22.27	(14,186)	22.46	(14,146)
Exercised during the year	13.36	(590,479)	13.62	(425,698)
Outstanding at the end of the year	**20.70**	**902,048**	**17.84**	**1,506,578**
EXERCISABLE AT THE END OF THE YEAR	**16.63**	**255,548**	**14.13**	**819,586**

Euronext Executive Incentive Share plan

	Executive Incentive Plan 2005	Executive Incentive Plan 2006	All employee plan
Date of grant	28 Sept. 2005	28 Sept. 2005	30 June 2006
Number granted	378,118	297,645	7,270
Contractual life	3 years	3 years	3 years
Shares outstanding as at 1 January 2004	-	-	-
Granted and accepted	376,118	-	-
SHARES OUTSTANDING AS AT 1 JANUARY 2006	**376,118**	**-**	**-**
Granted and accepted	-	297,645	7,270
Subsequent awards	-	-	4,154
Adjusted	2,000	-	-
Cancelled	(12,500)	(2,551)	-
SHARES OUTSTANDING AS AT 31 DECEMBER 2006	**365,618**	**295,094**	**11,424**

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Executive Incentive Share plan - 2005
On 28 September 2005, the Group granted 376,118 shares to its executive managers. According to the stipulations of this plan, these employees will receive their shares on 29 September 2008 if they are still employed by the Group and if the evolution of the EPS corresponds at least to the average evolution of a basket of listed shares

Executive Incentive Share plan - 2006
On 28 September 2006, the Group granted 297,645 shares to its executive managers. According to the stipulations of this plan, these employees will receive their shares on 29 September 2009 if they are still employed by the Group and if the evolution of the EPS corresponds at least to the average evolution of a basket of listed shares.

All Employee Share plan
Euronext introduced an All Employee Share plan that allows employees to purchase Euronext shares with monthly- or annual savings to a maximum of €2,400 per annum. Euronext committed itself to match these savings by purchasing shares to a maximum of €1,200 per annum per participant. In addition it granted 10 shares per employee upon the launch of the program, on 30 June 2006. If EBIT expectations are exceeded by 10 or 20% during the three-year vesting period, additional incentive shares will be granted to participants.

The equivalent number of Euronext shares to match employees savings is considered to be granted in the reporting period.

3.4.3.10 Loans from Group companies

(in thousands of euros)	2006	2005
Euronext Paris	-	60,000
Euronext Amsterdam	-	60,000
Euronext Brussels	550,000	60,000
	550,000	**180,000**

The loan received from Euronext Paris S.A. bears an interest of EONIA plus a margin of 0.125%. The loan received from Euronext Amsterdam bears an interest of EONIA plus a margin of 0.125%. The loan received from Euronext Brussels bears an interest of EONIA plus a margin of 0.125%. All loans received from Group companies are payable annually in arrears.

3.4.3.11 Interest bearing loans and borrowings

(in thousands of euros)	2006	2005
Bond loan	367,192	368,157
	367,192	**368,157**

Bond loan
On 9 February 2004, the Group issued a £250 million 5.125% fixed-rate bond maturing on 16 June 2009 with a view to lengthening the profile and significantly reducing the cost of the Group's existing debt. The all-in cost of this financing, which was swapped to floating rate, amounts to 23 basis points over 3-month Libor, reported as interest expense. This bond does not contain any financial covenant nor material customary provision, which may lead to an early redemption. It is recognised in the balance sheet at amortised cost, with directly related costs of issuing debt deducted from the amount of debt originally recognised and, together with transaction costs and issue premiums, amortised over the life of the debt using the effective interest rate of the transaction. The price risk affecting the fixed rate bond is hedged by an interest rate swap. The carrying amount of the bond is adjusted for the gain or loss attributable to the hedged interest rate risk, with such gain or loss recognised in profit and loss and mostly offset by gain or loss from re-measuring the hedging swap at fair value through profit and loss. As a consequence, the carrying amount of the bond is a reasonable approximation of its fair value. The carrying amount of the bond is also adjusted for changes €/£ currency rates with the resulting gain and loss recognised in profit and loss. In the reporting period, the book value of the bond loan decreased by €1.0 million due to a €0.4 million increase in amortised costs, a €8.8 million negative adjustment for the fair value fluctuation of the interest rate risk hedged (offset by an almost similar adjustment to the fair value of the interest rate swap hedging instrument (see below *Interest rate swap*) and a €7.4 million positive currency revaluation.

3.4.3.12 Financial liabilities

(in thousands of euros)	2006	2005
MBE put option granted to minority shareholders of MTS	-	12,649
Interest rate swap	6,543	-
Bank borrowings	86,728	-
	93,271	**12,649**

Put option granted to Borsa Italiana
Euronext has granted Borsa Italiana a put option on its 49% stake in MBE Holding, the 51:49% Euronext/Borsa Italiana holding company controlling MTS. The option is exercisable at any time until 2010. As MBE Holding is jointly controlled by the Group and Borsa Italiana, and is proportionally consolidated at 51% by the Group, the put option is treated as a derivative financial instrument. The fair value of this option is determined as being the difference between the estimated exercise price and 49% of the enterprise value determined on the basis of a discounted cash flow method. When the exercise price exceeds the enterprise value, a liability is recognised. At balance sheet date, as the exercise price did not exceed the enterprise value; no liability was required to be recognised.

Interest rate swap (current)
The £250 million fixed-rate bonds maturing on 16 June 2009 (see above Bond Loan) has been swapped to floating rate using an interest rate swap designated as hedging the changes in the bonds fair value due to the changes in interest rates. The interest rate swap is recognised at fair value in the balance sheet with changes in fair value due to fluctuations in interest rates and currency rates booked in

the income statement and substantially offset by the changes in fair value of the hedged bonds. In 2006, the fair value of the interest rate swap decreased by €8.8 million, offsetting the positive adjustment of the hedged bond loan for the fair value fluctuation of the interest rate risk hedged.

Bank borrowings

On 4 August 2006, the Group entered into a €300 million multi-currency revolving bank facility maturing on 4 August 2011. Borrowings under this facility can be drawn for general corporate purposes upon request of the borrower for a total aggregate amount up to €300 million. As at 31 December 2006, borrowings in euro drawn under this facility in aggregate amount to €70.0 million and borrowings in pounds sterling drawn under this facility in aggregate amount to £11.0 million (€16.4 million). No guarantees were provided for this facility and this facility does not contain any financial covenants or other provisions that could lead to early redemption, other than customary events of default provisions and change of control provisions.

The carrying amount of these borrowings is a reasonable approximation of their fair value.

3.4.3.13 Payables to Group companies

(in thousands of euros)	2006	2005
Euronext Paris	10,694	9,824
Euronext Amsterdam	74,084	23,529
Euronext Brussels	5,236	865
Euronext UK plc	9,681	8,693
Euronext Lisbon	217	265
	99,912	**43,176**

3.4.3.14 Other payables

(in thousands of euros)	2006	2005
Income tax payable	8,863	3,287
Other payables	20,107	35,046
	28,970	**38,333**

The net of income tax payable and receivable amounts to €8.9 million for the years 2000 until 2005.

3.4.4 Off balance sheet item

The company and all of its fully owned Dutch subsidiaries form part of the Dutch tax unity. As such, all entities are jointly and individually liable for the taxation due.

3.4.5 Financial risks of financial instruments

The exposure to financial risks relates equally to the company and the Group.

3.4.5.1 Financial risks

As a result of its global operating and financing activities, the Group is exposed to financial risks such as changes in interest rates, changes in currency exchange rates or risk that a counterparty defaults. Strict policies and procedures to measure, manage, monitor and report risk exposures have been defined and are regularly reviewed by the relevant management and supervisory bodies (Risk Committee, Managing Board, Audit Committee as appropriate).

The proper identification and the daily monitoring and management of risks are carried out by a central treasury and financing department in accordance with rules and procedures in force. When allowed by local regulations and when necessary, the Group's subsidiaries centralize their cash investment, report their risks and hedge their exposures with the Group's treasury. Derivative instruments are solely used to hedge financial risks incurred in the normal course of the Group's commercial activities or financial positions. The Group does not enter into derivative instruments for speculative purposes.

3.4.5.1.1 Liquidity risk

The Group would be exposed to a liquidity risk should its short term financial liabilities become, at any date, higher than its short term financial assets and in the event that the Group were not able to refinance this cash deficit, for example through new banking lines.

The Group's policy is to invest cash, cash equivalents and short term financial investments into non-speculative financial instruments, readily convertible to cash, such as money market funds, overnight deposits, term deposits and other money market instruments, thus ensuring a very high liquidity of its financial assets.

3.4.5.1.2 Interest rate risk

Almost all the financial assets and liabilities of the Group are either based on floating rates or based on fixed rates with an interest term of less than one year.

As a result, the Group is not exposed to price risk affecting fixed-rate financial assets and liabilities.

However, the Group is exposed to cash-flow risk arising from net floating-rate positions. As the Group is lender at floating rate in euro, when euro rates decrease, the financing income of the Group, which is lender at floating-rate in euros, decreases (€2.2 million for a 1% decrease). Similarly, as the Group is borrower at floating rate in sterling, when the Sterling rates increase, the financing expenses of the Group increase (€1.8 million for a 1% increase).

Over-the-counter interest rate derivative instruments, such as swaps, are contracted with counterparties meeting minimum creditworthiness and rating standards within predetermined limits.

3.4.5.1.3 Currency risk

Further to the acquisition of LIFFE (Holdings) plc, a significant part of the assets, liabilities, income and expenses of the Group is recorded in pounds sterling. Therefore, the Group is exposed to a currency risk. When the euro increases in value against the pounds sterling, the contribution of equity, being the balance of assets and liabilities, and income in pounds sterling, once translated in euros, in the consolidated financial statements of the Group decreases.

The evolution of the price of pounds sterling during the periods was as follows:

(in euro)	2006	2005
€/£ rate at the beginning of the year	0.6853	0.70505
€/£ rate at the end of the year	0.6715	0.6853
Average €/£ rate in the reporting period	0.681711	0.684005

The net currency position of the Group in the reporting periods is summarized as follows:

(in pounds sterling millions)	2006	2005
Assets	565	579
- of which goodwill	291	291
Liabilities	301	295
- of which borrowings	264	254
NET CURRENCY POSITION AS AT 31 DECEMBER	**264**	**284**

The currency exchange rate differences had a positive impact of €7.6 million on the Group's consolidated equity in 2005. The sensitivity of the cumulative exchange rate difference (€-33.5 million as at 31 December 2006, €-41.1 million as at 31 December 2005) to a 1 cent variation of the exchange rate (for example 0.6815 instead of 0.6715) is €-5.8 million (2005: €-6.0 million).

In order to reduce its exposure to the foreign exchange rate fluctuations, the Group may use derivatives financial products, however exclusively to hedge financial risks incurred by its commercial activities or financial positions.

3.4.6 Remuneration of the Managing Board and Supervisory Board

The mandatory disclosure on the remuneration of the Managing Board and the Supervisory Board has been fully disclosed in the notes to the consolidated financial statements (see note 3.3.10 in the consolidated financial statements).

3.4.7 Transactions in own shares

Transactions regarding repurchase program on Eurolist (the former Euronext Paris Premier Marché).

(in thousands of euros) Transaction date	Pursuant to liquidity contract	Average share price (in euros)	Total value of transaction after commissions
Balance as at beginning of the year	65,641		
Purchase January	-		
Sales January	(1,250)	45.96	(57)
Purchase February	-		
Sales February	(1,891)	52.17	(99)
Purchase March	-		
Sales March	(4,000)	60.07	(240)
Purchase April	-		
Sales April	-		
Purchase May	-		
Sales May	-		
Purchase June	49,958	68.56	3,425
Sales June	(36,700)	69.88	(2,564)
Purchase July	62,720	70.62	4,429
Sales July	(59,287)	71.13	(4,217)
Purchase August	54,488	66.40	3,618
Sales August	(62,361)	67.42	(4,204)
Purchase September	76,330	73.39	5,602
Sales September	(86,399)	73.40	(6,342)
Purchase October	68,719	79.82	5.485
Sales October	(65,106)	79.89	(5,201)
Purchase November	81,375	87.97	7,159
Sales November	(95,462)	87.77	(8,379)
Purchase December	62,559	88.84	5,558
Sales December	(64,309)	89.09	(5,729)
Total Purchases	**456,149**		
Total Sales	**(476,765)**		
BALANCE AS AT END OF THE YEAR	**45,025**		

The transactions regarding the share repurchase program included transactions executed by liquidity providers to stabilize the share price and transactions executed by brokers with the intention to buying back shares.

As at 31 December 2006, the Group holds 45,025 shares pursuant to the liquidity contract (31 December 2005: 65,641 shares) with a cumulative gain of €2,319,964 taking into account equity gains and losses resulting from the liquidity purchase and sale. The average purchase price after commissions of shares purchased in the reporting period amounted of €77.33 per share (2005: €28.47) and the average sale price after commissions of shares sold in the reporting period amounted of €77.68 per share (2005: €29.00).

3.5 Other Information

3.5.1 Responsibility for the financial information

- Mr Joost van der Does de Willebois, Chief Financial Officer of Euronext, P.O. Box 19163 / 1000 GD Amsterdam / Tel: +31 20 550 4018 / +33 (1) 49 27 11 50 Email: j.vanderdoesdewillebois@euronext.com
- Mr Serge Harry, Group Director of Finance 39, rue Cambon / 75039 Paris Cedex 01 Tel: +33 (1) 49 27 14 94 Email: s.harry@euronext.com

3.5.2 Responsibility for the audit of the financial statements

3.5.2.1 Auditors

The joint auditors of Euronext are:

- Ernst & Young Accountants, Drentestraat 20, 1083 HK Amsterdam, Netherlands.
- KPMG Accountants N.V., Burgemeester Rijnderslaan 20, 1185 MC Amstelveen, Netherlands.

These two firms have been appointed to audit the financial statements of the different entities of the Group, either separately (E&Y in Amsterdam and Brussels, KPMG in Lisbon and London) or jointly (Paris).

- The auditors of MTS are Deloitte.
- The joint auditors of Group company GL TRADE are: A.D. Conseils (France) and KPMG S.A. (France).

3.5.2.2 Date of first appointment and expiry of term

Date of first appointment: 22 September 2000

Expiry: auditors are reappointed annually by the Annual General Meeting

3.5.2.3 Fees paid to the auditors

(in thousands of euros, VAT excluded)	Ernst & Young	KPMG
Audit		
Statutory audit	866	1,472
NYSE Euronext S-4 filing	2,017	3,782
Audit-related services	92	175
Subtotal	**2,975**	**5,429**
Other services		
Tax	42	832
Other	34	
Subtotal	**76**	**832**
TOTAL	**3,051**	**6,261**

3.5.3 Profit appropriation

Statutory rules on profit appropriation

The company may only make distributions to the shareholders and other persons entitled to the profit available for distribution insofar as the own equity is larger than the paid and called part of the capital increased with the reserves that should be maintained pursuant to the law.

The profits are at the disposal of the shareholders' meeting, provided however that the shareholders' meeting may only resolve on any reservation of the profits or the distribution of any profits on the basis of and in accordance with a proposal of the Managing Board subject to prior approval of the Supervisory Board.

In calculating the profits available for distribution, the shares held by the company in its own capital shall not count, unless a usufruct has been created on these shares.

Resolutions of the shareholders' meeting for full or partial cancellation of the reserves shall require the approval of the Managing Board and the Supervisory Board.

Distributions shall be claimable and payable as of a date to be determined by the Managing Board. Distributions shall be announced in the way prescribed by article 12, paragraph 1 of the articles of association.

The claims of shareholders for distribution of dividends shall lapse as a result of expiry of a period of five years.

Subject to the approval of the Supervisory Board, the Managing Board can distribute an interim dividend, subject however, to the extent that there shall be profits in the company and with due observance of the provisions of Article 2:105 paragraph 4 of the Dutch Civil Code.

With the approval of the Supervisory Board and of the shareholders' meeting, the Managing Board shall be competent to decide that a distribution on shares shall not be made in cash but in the form of shares in the company or to decide that holders of shares shall be given the option to receive a distribution either in cash or in the form of shares in the company, to the extent the Managing Board has been designated in accordance with the provisions in article 5 of the articles of association as the body competent to pass a resolution for the issue of shares or to the extent that the shareholders' meeting shall pass a resolution to that effect.

With the approval of the Supervisory Board, the Managing Board shall determine the conditions under which such option can be made.

Proposed 2006 profit appropriation

Following the successful completion of the NYSE Euronext merger and the start of the compulsory acquisition procedure in accordance with the Dutch Civil Code, the Managing Board and the Supervisory Board have decided to propose to the shareholders' meeting to add the full profit with respect to the financial year 2006 to the reserves.

3.5.4 Auditors' report on the financial statements of Euronext N.V. for the year ended 31 December 2006

Report on the financial statements

We have audited the financial statements of Euronext N.V., Amsterdam, for the year ended 31 December 2006. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2006, the company profit and loss account for the year then ended and the notes.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the managing board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Euronext N.V. as at 31 December 2006, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Euronext N.V. as at 31 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the managing board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 12 March 2007

KPMG ACCOUNTANTS N.V.
H.C.M. van Damme

ERNST & YOUNG ACCOUNTANTS
C.G.J. de Lange

4. MANAGEMENT AND CORPORATE GOVERNANCE

4.1 Euronext's Boards and administration[1]

4.1.1 Euronext's Supervisory Board

JAN-MICHIEL HESSELS
Chairman of the Supervisory Board

Age: 64
Gender: male
Nationality: Dutch
First appointment: 2000
Second appointment: 2004
Term expires: 2008

Position in Euronext: chairman of the Supervisory Board, chairman of the Nomination/Remuneration/Corporate Governance Committee, member of the IT Committee, member of the supervisory board of Euronext Amsterdam.

Principal position outside Euronext: company director.

Current other relevant positions: member of the supervisory boards of Royal Philips Electronics N.V. (the Netherlands), Heineken N.V. (the Netherlands), Fortis N.V. (the Netherlands/Belgium), chairman of Schiphol Area Development Company N.V. (the Netherlands), SC Johnson Europlant B.V. (the Netherlands), National Committee Rembrandt 400 (the Netherlands) member of the international advisory boards of the Blackstone Group (USA) and SC Johnson Corporation (USA).

Previous other relevant positions since 2001: member of the supervisory boards of Royal Vopak N.V. (the Netherlands), Laurus N.V. (the Netherlands), Schiphol Groep N.V. (the Netherlands), B&N.com Inc. (USA), chairman of the board of trustees Rijksmuseum (the Netherlands), advisor to Morgan Stanley International (UK).

DOMINIQUE HOENN
Vice-chairman

Age: 66
Gender: male
Nationality: French
First appointment: 2000
Second appointment: 2004
Term expires: 2008

Position in Euronext: vice-chairman of the supervisory board, member of the Nomination/Remuneration/Corporate Governance Committee.

Principal position outside Euronext: senior advisor at BNP Paribas S.A. (France).

Current other relevant positions: chairman of the board of Klepierre S.A. (France), member of the board of Clearstream International S.A. (Luxembourg), non-executive director of LCH.Clearnet Group Ltd (UK), member of the Collège of the Autorité des Marchés Financiers (France).

Previous other relevant positions since 2001: member of the board of Vivendi Universal (France).

RIJNHARD DE BEAUFORT

Age: 59
Gender: male
Nationality: Dutch
First appointment: 2006 (at the Extraordinary General Meeting held on 19 December 2006)
Term expires: 2011

Position in Euronext: member of the Supervisory Board, member of the supervisory board of Euronext Amsterdam.

Principal position outside Euronext: member of the board of Bank Insinger de Beaufort N.V. (the Netherlands).

Current other relevant positions: member of the supervisory boards of Van Hardenbroek Beheer B.V. (the Netherlands) and 't Schoutenhuis B.V. (the Netherlands), chairman of the board of Stichting Pensioenfonds van Euronext Amsterdam N.V. (the Netherlands), member of the boards of Stichting Schadefonds Beleggers (the Netherlands) and Stichting Preferente Aandelen Grontmij (the Netherlands).

Previous other relevant positions since 2001: member of the board of Griendtsveen Beheer B.V. (the Netherlands).

SIR GEORGE COX

Age: 66
Gender: male
Nationality: British
First appointment: 2002
Second appointment: 2006
Term expires: 2010

Position in Euronext: member of the Supervisory Board, chairman of the IT Committee, member of the Nomination/Remuneration/Corporate Governance Committee.

Principal position outside Euronext: chairman of the Design Council (UK).

Current other relevant positions: senior independent director of Bradford & Bingley plc (UK), non-executive director of Shorts plc (UK), chairman of charitable organization Merlin (Medical Emergency Relief International) (UK).

Previous other relevant positions since 2001: senior independent director of the board of LIFFE (Holdings) plc (UK), director general of the Institute of Directors (UK), director of Enterprise Insight (UK).

(1) As at 31 December 2006.

ANDRE DIRCKX

Age: 70
Gender: male
Nationality: Belgian
First appointment: 2000
Second appointment: 2003
Term expires: 2007

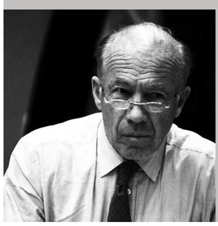
Position in Euronext: member of the Supervisory Board, member of the Nomination/Remuneration/Corporate Governance Committee.
Principal position outside Euronext: retired.
Current other relevant positions: chairman of the board of Cofinimmo S.A. (Belgium), member of the board of directors of ASBL "Les Petits Riens" (Belgium).
Previous other relevant positions since 2001: member of the board of directors of Warehouses De Pauw N.V. (Belgium).

PATRICK HOUËL

Age: 64
Gender: male
Nationality: French
First appointment: 2004
Term expires: 2008

Position in Euronext: member of the Supervisory Board, member of the Audit Committee.
Principal position outside Euronext: member of the board and the executive committee of LVMH Moët Hennessy Louis Vuitton (France).
Current other relevant positions: chairman of Objectif Small Cap (France), member of the board of Slivarente (France).
Previous other relevant positions since 2001: none.

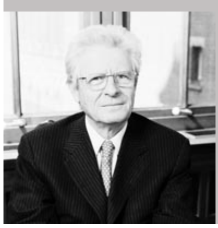
BARON JEAN PETERBROECK



Age: 70
Gender: male
Nationality: Belgian
First appointment: 2000
Second appointment: 2004
Term expires: 2008

Position in Euronext: member of the Supervisory Board, member of the Audit Committee and member of the IT Committee.
Principal relevant position outside Euronext: chairman of the board of directors of Petercam group (Belgium).
Current other relevant positions: member of the supervisory boards of Cobhra N.V. (Belgium), CMB N.V. (Belgium), Koramic N.V. (Belgium), Lixon S.A. (Belgium), Groupe Lhoist S.A. (Belgium).
Previous other positions since 2001: member of the supervisory board of Brederode S.A. (Belgium).
Interest in Euronext's share capital as at 31 December 2006: 5,000 shares.

RENÉ DE LA SERRE



Age: 66
Gender: male
Nationality: French
First appointment: 2006(1) (at the Extraordinary General Meeting held on 19 December 2006)
Term expires: 2011

Position in Euronext: member of the Supervisory Board.
Principal position outside Euronext: retired.
Current other relevant positions: member of the supervisory boards of Compagnie Financière Saint-Honoré S.A. (France), La Compagnie Financière Edmond de Rothschild S.A. (France) and Schneider Electric S.A. (France), member of the boards of directors of Harwanne Compagnie de participations industrielles et financières S.A. (Switzerland), P.P.R. S.A. (France), Sanofi-Aventis S.A. (France) and Nord-Est S.A. (France), member of the board of Stichting Continuïteit ST (the Netherlands).
Previous other relevant positions since 2001: chairman of the supervisory board of Edmond de Rothschild Private Equity Partners SAS (France), chairman of the board of Tawa UK Ltd (UK), member of the boards of Calyon S.A. (France) and Crédit Lyonnais S.A. (France).

(1) Mr de La Serre was a member of the Supervisory Board from 2000 to 2006. He was initially appointed in 2000 and subsequently re-appointed in 2002. He retired at the Annual General Meeting held on 23 May 2006.

RICARDO SALGADO

Age: 62
Gender: male
Nationality: Portuguese
First appointment: 2002
Second appointment: 2006
Term expires: 2010

Position in Euronext: member of the Supervisory Board, member of the Nomination/Remuneration/Corporate Governance Committee.

Principal position outside Euronext: member of the executive board of the Espirito Santo Group (Portugal).

Current other relevant positions: vice-chairman and president of the executive committee of Banco Espirito Santo Group (Portugal), chairman of the board of directors of Espirito Santo Financial Group S.A. (Luxembourg), member of the boards of various subsidiaries of the Espirito Santo Group.

Previous other relevant positions since 2001: chairman of the board of BVLP – Sociedade de Gestora de Mercados Regulamentados, S.A. (Portugal).

RIJNHARD VAN TETS

Age: 59
Gender: male
Nationality: Dutch
First appointment: 2003
Term expires: 2007

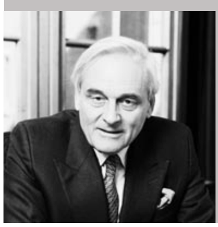
Position in Euronext: member of the Supervisory Board, chairman of the Audit Committee, chairman of the supervisory board of Euronext Amsterdam.

Principal position outside Euronext: advisor to the managing board of ABN AMRO Bank N.V. (the Netherlands).

Current other relevant positions: chairman of the supervisory boards of Arcadis (the Netherlands), Wegener N.V. (the Netherlands), member of the supervisory boards of International Flavors & Fragrances (Nederland) Holding B.V. (the Netherlands), AMC Amsterdam Medical Centre (the Netherlands), chairman of the board of Equity Trust Holdings S.A.R.L. (Luxembourg), chairman of the investment committees of Verenigd Bezit (the Netherlands) and Cordares N.V. (the Netherlands), member of the board of Stichting Administratiekantoor van preferente aandelen Buhrmann N.V. (the Netherlands).

Previous other relevant positions since 2001: member of the managing board of ABN AMRO Bank N.V. (the Netherlands), member of the supervisory board of Reliant Energy (the Netherlands), member of the board of Stichting Holland Casino (the Netherlands).

SIR BRIAN WILLIAMSON



Age: 61
Gender: male
Nationality: British
First appointment: 2002
Second appointment: 2006
Term expires: 2010

Position in Euronext: member of the Supervisory Board.

Principal position outside Euronext: chairman of Electra Private Equity plc (UK).

Current other relevant positions: senior advisor at Fleming Family and Partners (UK), chairman of MT Fund Management Ltd (UK) and the Armed Forces Charities Advisory Company (UK), director of HSBC Holdings plc (UK), Resolution plc (UK), Politeia (UK) and Liv-Ex Limited (UK), member of the board of Open Europe (UK).

Previous other relevant positions since 2001: chairman of the board of LIFFE (Holdings) plc (UK), director of Templeton Emerging Markets Investment Trust plc (UK) and Mloop plc (UK).

2006

4.1.2 Euronext's Managing Board

JEAN-FRANÇOIS THÉODORE

CEO and chairman of the Managing Board

Jean-François Théodore (60) holds a law degree from the University of Paris (France) and is a graduate of the Institut d'Études Politiques de Paris and the École Nationale d'Administration. After working for the French Treasury from 1974 to 1990, he was appointed chairman of the board of directors of Parisbourse in 1990. He was chairman of Sicovam from 1993 to 2000. In 2000, he was appointed CEO and chairman of the Managing Board of Euronext N.V.

Mr Théodore was president of the Federation of European Securities Exchanges from 1998 to 2000. He chaired the International Federation of Stock Exchanges in 1993 and 1994.

Outside directorships: member of the board of NYSE Euronext (Holding) N.V. (no remuneration), member of the board of NYSE Euronext (International) B.V. (no remuneration), member of the Supervisory Board of Atos Euronext Market Solutions Holding S.A.S. (no remuneration), member of the board of LCH.Clearnet Group Ltd (no remuneration), member of the supervisory board of Euroclear plc (annual remuneration: €16,000), member of the supervisory board of Atos Origin S.A. (annual remuneration: €22,458), member of the board of GL TRADE S.A. (no remuneration), member of the board of MBE Holding (no remuneration), and member of the board of MTS S.p.A. (no remuneration).

Former outside directorships since 2001: member of the supervisory board of Atos Euronext SBF S.A.

Interest in Euronext's share capital as at 31 December 2006: 100,849 shares.

For information with regard to the shares and options granted to Mr Théodore under the employee share and option plans, see section 4.2.10.2 of the current chapter.

JOOST VAN DER DOES DE WILLEBOIS

CFO and member of the Managing Board

Joost van der Does de Willebois (47) holds a degree in law from the University of Groningen (the Netherlands). He was appointed CFO and member of the Managing Board of Euronext N.V. in 2004.

Mr van der Does de Willebois started his career in 1984 at Royal Dutch/Shell plc. During his time there, he held various executive management positions in Rotterdam, Paris, Bordeaux and the French West Indies. In 1998, he joined ING Group, where he held a number of directorships. Starting as executive director of Postbank N.V., he became managing director of corporate strategy and communication at ING Group in 2000 before being appointed executive director of ING Bank in the Netherlands in 2002.

Outside directorships: member of the board of NYSE Euronext (Holding) N.V. (no remuneration), member of the board of NYSE Euronext (International) B.V. (no remuneration), member of the supervisory board of Endex (no remuneration); member of the supervisory board of Atos Euronext Market Solutions Holding S.A.S. (no remuneration), member of the boards of Stichting Dutch Securities Institute (no remuneration) and of Stichting Vereniging voor de Effectenhandel (no remuneration).

Former outside directorships since 2001: managing director within the ING Group.

Interest in Euronext's share capital as at 31 December 2006: none.

For information with regard to the shares and options granted to Mr van der Does de Willebois under the employee share and option plans, see section 4.2.10.2 of the current chapter.

MIGUEL ATHAYDE MARQUES

Member of the Managing Board

Miguel Athayde Marques (51) has a PhD in business administration and finance from the University of Glasgow – School of Financial Studies (UK) and is a graduate in business administration from Universidade Católica in Lisbon (Portugal). He was appointed as a member of the Managing Board of Euronext N.V. in 2005.

Before 2005, Mr Athayde Marques worked as an executive board member of Caixa Geral de Depósitos. Prior to that, he was a member of the executive committee of Jerónimo Martins S.A. and chairman and CEO of ICEP, the Portuguese government agency for inward and outward investment, export and tourism. He also served as a consultant to the Portuguese ministry of Finance on the development of the Portuguese stock markets.

Mr Athayde Marques is currently professor of business at Universidade Católica – School of Economics and Management.

Outside directorships: member of the board of NYSE Euronext (Holding) N.V. (no remuneration), member of the board of NYSE Euronext (International) B.V. (no remuneration), member of the scientific committee of the School of Bank Management – Portuguese Association of Bankers (remuneration: €8,264), chairman of the audit committees of the Scientific Society of Universidade Católica (no remuneration) and of the Association Junior Achievement Young Enterprise – Portugal (no remuneration).

Former outside directorships since 2001: member of the board of Caixa Geral de Depósitos.

Interest in Euronext's share capital as at 31 December 2006: none.

For information with regard to the shares granted to Mr Athayde Marques under the employee share plan, see section 4.2.10.2 of the current chapter.

HUGH FREEDBERG

Member of the Managing Board

Hugh Freedberg (61) was educated at the University of Witwatersrand (South Africa) and the University of South Africa, and has also completed senior management programmes at Harvard and at Amos Tuck School of Business Administration in the USA. He became chief executive of LIFFE in 1998 and was appointed as a member of the Managing Board of Euronext N.V. in 2002.

Mr Freedberg began his career in financial services at American Express, where he became marketing and sales director. In 1986, he joined Salomon Inc. as chief executive of The Mortgage Corporation. In 1990, he became an executive director at TSB and chief executive of insurance and investment services, after which he was appointed chief executive of the Hill Samuel Group. Other positions he has held include deputy chief executive of TSB, director of Macquarie Bank, and managing partner at Korn Ferry International.

Outside directorships: member of the board of NYSE Euronext (Holding) N.V. (no remuneration), member of the board of NYSE Euronext (International) B.V. (no remuneration), member of the supervisory board of Atos Euronext Market Solutions Holding S.A.S. (no remuneration).

Former outside directorships since 2001: member of the Supervisory Board of AtosEuronext SBF S.A.

Interest in Euronext's share capital as at 31 December 2006: 44,524 shares(1).

For information with regard to the shares and options granted to Mr Freedberg under the employee share and option plans, see section 4.2.10.2 of the current chapter.

OLIVIER LEFEBVRE

Member of the Managing Board

Olivier Lefebvre (49) holds an MBA from Cornell University (USA) and has a doctorate in economics from the Catholic University of Louvain-La-Neuve (Belgium). He became chairman of the executive committee of the Brussels Stock Exchange in 1996. He was appointed as a member of the Managing Board of Euronext N.V. in 2000.

Before joining the Brussels Stock Exchange as chairman of the executive committee, Mr Lefebvre worked at the Belgian ministry of Finance where he introduced a number of major reforms of the Belgian financial markets. He also worked at Générale de Banque S.A. (now Fortis) and the University of Louvain-La-Neuve.

Mr Lefebvre is a member of the board of the Federation of European Securities Exchanges (FESE) (no remuneration) and a member of the Belgian Corporate Governance Committee (no remuneration).

Outside directorships: member of the board of NYSE Euronext (Holding) N.V. (no remuneration), member of the board of NYSE Euronext (International) B.V. (no remuneration), member of the board of LCH.Clearnet Group Ltd (no remuneration), member of the board of Nextinfo S.A./N.V. (no remuneration), member of the board of MBE Holding (no remuneration), and member of the board of MTS S.p.A. (no remuneration).

Former outside directorships since 2001: member of the supervisory board of AtosEuronext SBF S.A. and chairman of the board of C.I.K. S.A./N.V.

Interest in Euronext's share capital as at 31 December 2006: 33,926 shares(2).

For information with regard to the shares and options granted to Mr Lefebvre under the employee share and option plans, see section 4.2.10.2 of the current chapter.

As at 31 December 2006, the total interest of the Supervisory Board's and the Managing Board's members was 184,229 shares(3).

2006

(1) Related to exercisable stock options.
(2) Related to exercisable stock options.
(3) Including 78,450 shares through exercisable stock options.

4.1.3 Other information

In the previous five years, no member of the Supervisory Board or Managing Board has (i) been convicted of any offences relating to fraud; (ii) held an executive function at any company at the time of or immediately preceding any bankruptcy, receivership or liquidation (with the exception of Sir Brian Williamson, who was director of Mloop plc, an unquoted Internet-based company that was placed into voluntary liquidation in 2002); (iii) been subject to any official public sanction by any statutory or regulatory authority (including any designated professional body); and (iv) been the subject of any official public incrimination or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company. No member of the Supervisory Board or the Managing Board has been selected as a result of an arrangement or understanding with major shareholders, customers, suppliers or others. No member of the Supervisory Board or the Managing Board has any conflict of interest between his duties to Euronext and his private interests or other duties.

Managing Board's Committees

Two committees assist the Managing Board: the Operational Committee and the Risk Committee.

The Operational Committee

The Operational Committee was established in 2002 as a forum for discussing strategic matters and sharing information. The Operational Committee is not a decision-making body. The committee consists of all the members of the Managing Board as well as executives from the SBUs and Group support departments. Each of these executives reports directly to one of the members of the Managing Board.

As at 31 December 2006, the Operational Committee consisted of the members of the Managing Board and the following persons:

Tarak Achiche – Corporate Information Services

Roland Bellegarde – Cash Trading and Listing

Peter Friend – Euronext.liffe

Serge Harry – Group Finance and General Services

Catherine Langlais – Group Legal, Regulation, Compliance and European Affairs

Maureen Laurie – Group Human Resources

André Went – Information Services

The Risk Committee

The Risk Committee was established in 2004 to oversee the risk management and control assurance framework, set the Group-wide risk management strategy, monitor the adequacy and effectiveness of risk management and the implementation of the risk management strategy throughout the Group, and make decisions regarding the appropriate level of risk in view of the Group's objectives. The Risk Committee meets frequently and includes all members of the Managing Board as well as executives from the SBUs and Group support departments.

As at 31 December 2006, the Risk Committee consisted of the members of the Managing Board and the following persons, some of whom are also in the Operational Committee:

Tarak Achiche

Roland Bellegarde

Serge Harry

Catherine Langlais

Terry Cunnington – Group Risk Management

Herman Genet – Corporate Secretary

Edward Heck – Group Internal Audit Services

Philippe Matsumoto – Group Treasury and Financing

John Wilson – Security Officer

4.2 Supervisory Board's report

4.2.1 Introduction

Euronext is a Dutch public company with limited liability (*naamloze vennootschap*) which has its registered office in Amsterdam. Euronext has subsidiaries in Belgium, France, the Netherlands, Italy, Portugal and the United Kingdom. In accordance with Dutch law, Euronext has a two-tier governance structure with a Supervisory Board and a Managing Board.

The Supervisory Board is a separate independent body, consisting of eleven members as of 31 December 2006. Its independence is reflected in the requirement that its members may not be a member of the Managing Board or an employee of Euronext.

4.2.2 Annual financial statements

In accordance with Euronext's articles of association, the Supervisory Board hereby presents the financial statements for the year 2006, as prepared and agreed by the Managing Board and audited by Euronext's joint external auditors, Ernst & Young Accountants and KPMG Accountants N.V. The auditors' report can be found in chapter 3, section 3.5.3 of this report. The 2006 financial statements were discussed and approved by the Supervisory Board at its meeting on 12 March 2007 in the presence of the lead partners of the external auditor firms and the Managing Board. The 2006 financial statements were signed by each member of the Supervisory Board and Managing Board.

The Supervisory Board recommends that Euronext's shareholders adopt the 2006 financial statements at the Annual General Meeting to be held on 22 May 2007. As required under the provisions of Dutch law and the articles of association, after the proposal for adoption of the financial statements has been discussed, and in connection with the annual financial statements, the Annual General Meeting will be asked to discharge the members of the Managing Board in respect to their management and to discharge the members of the Supervisory Board in respect to their supervisory activities in the past financial year.

4.2.3 Composition of the Supervisory Board

4.2.3.1 Current composition of the Supervisory Board

At the start of 2006, the Supervisory Board consisted of twelve members. On 31 December 2006, the Supervisory Board consisted of eleven members. An overview of the current members of the Supervisory Board is listed in section 4.1.1 of the current chapter, which also contains personal details of each Supervisory Board member. The composition of the Supervisory Board is such that the combined experience and expertise of its members complies with the Supervisory Board's profile. In accordance with Dutch law, members of the Supervisory Board are appointed by the Annual General Meeting. Furthermore, each member of the Supervisory Board is required to step down after a term of four years. Members may be re-appointed immediately, taking into account all applicable procedures. The maximum term of office is set at three times four years. To avoid the retirement of too many members at the same time, the Supervisory Board has adopted a rotation schedule, which is published on Euronext's website. According to this schedule, the term of six members of the Supervisory Board ended at the 2006 Annual General Meeting. Three members (Mr Paul van den Hoek, Mr René de La Serre, and Mr Remi Vermeiren) retired at the time of the Annual General Meeting held on 23 May 2006. Sir George Cox, Mr Ricardo Salgado and Sir Brian Williamson were re-appointed by the Annual General Meeting.

On 1 June 2006, Euronext had published the Combination Agreement by and among NYSE Group Inc., Euronext N.V., NYSE Euronext, Inc., and Jefferson Merger Sub, Inc. The Combination Agreement was amended and restated on 24 November 2006. The Combination Agreement explained that these parties had entered into an agreement setting out the terms and conditions on which they had agreed upon a business combination. On 19 December 2006, Euronext's Extraordinary Meeting of Shareholders approved the Combination Agreement. At the same meeting, the Supervisory Board proposed that two additional members be appointed to the Supervisory Board as all other members of the Supervisory Board have been proposed as non-executive members of the board of NYSE Euronext, Inc., the parent company of the combined NYSE Euronext Group after the successful completion of the exchange offer.

Under the terms of the Dutch Corporate Governance Code, such dual capacity could result in a situation where the other Supervisory Board members would not qualify as independent in the meaning of the Code or could be regarded as having a conflict of interest. The appointment of Mr de Beaufort and Mr de La Serre will insure that at least two members of the Supervisory Board qualify as independent during the exchange offer and the period of the post-closing reorganisation. The proposal to appoint Mr de Beaufort and Mr de La Serre was made after taking due note of the Supervisory Board's profile.

Mr de Beaufort and Mr de La Serre are full members of the Supervisory Board with the same rights and responsibilities as the other members, except in the event that none of the others can participate in a discussion or vote on a matter for the reason referred to above, in which case these two Supervisory Board members can adopt valid resolutions of the Supervisory Board. Mr de Beaufort and Mr de La Serre have not been nominated as members of the NYSE Euronext Board. Mr de Beaufort and Mr de La Serre meet the independence criteria of the Dutch Corporate Governance Code and neither of them is a member of more than five supervisory boards as defined in the Dutch Corporate

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Governance Code. Mr de Beaufort and Mr de La Serre are entitled to remuneration in accordance with the Supervisory Board's remuneration scheme as approved by the shareholders in 2005.

At the Extraordinary General Meeting held on 19 December 2006, Mr Rijnhard de Beaufort and Mr René de La Serre were (re)appointed as members of the Supervisory Board. Following the completion of the merger and the start of the compulsory acquisition procedure in accordance with the Dutch Civil Code, the Supervisory Board and the Managing Board wish to express their gratitude to Mr van den Hoek and Mr Vermeiren for their valuable contributions to the deliberations of the Supervisory Board and to the company.

During 2006, no Supervisory Board member acted as a delegated Supervisory Board member, nor was any Supervisory Board member involved in Euronext's management.

The Supervisory Board reviewed its profile in 2006 and concluded that it reflects the required experience and background of its members.

As far as Euronext is aware, there were no transactions in which there were conflicts of interest with the members of the Supervisory Board that were of material significance to Euronext and/or to any of the Supervisory Board's members during the 2006 financial year.

4.2.3.2 Future composition of the Supervisory Board

Euronext N.V.'s Supervisory Board should be composed of at least three and no more than twelve natural persons. The Supervisory Board members will be appointed by the shareholders' meeting in accordance with the profile for the size and the composition of the Supervisory Board. The composition of the Supervisory Board should be such that it contains persons who are directors or officers of NYSE Euronext for not more than half of the Supervisory Board, directors or officers of non-US issuers and non-US member organisations and persons who qualify as independent within the meaning of the Dutch Corporate Governance Code and are not current or former directors or officers of NYSE Euronext or of any non-US issuer or non-US member organisations. The Supervisory Board members falling in each category will in each case collectively constitute less than a majority of the members of the Supervisory Board in office.

In connection with the changes to the Supervisory Board all current members with the exception of Mr Hoenn and Mr van Tets who will stand for re-appointment of Euronext N.V.'s Supervisory Board will retire at the time that the shareholders' meeting is requested to approve the appointment of a Supervisory Board in line with the criteria explained above.

4.2.4 Composition of the Managing Board

On 31 December 2006, the Managing Board consisted of five members: Mr Jean-François Théodore (CEO and chairman of the Managing Board), Mr Joost van der Does de Willebois (CFO and member of the Managing Board), Mr Miguel Athayde Marques, Mr Hugh Freedberg and Mr Olivier Lefebvre (all members of the Managing Board). It should be noted that since the approval of the amendments to Euronext's articles of association by the Annual General Meeting on 1 June 2005, Managing Board members are no longer appointed by the Supervisory Board, but by the Annual General Meeting.

4.2.5 Supervisory Board meetings

The Supervisory Board met eleven times for regular meetings and once for a conference call meeting in 2006. Each meeting or conference call was attended by all or most members of the Supervisory Board and Managing Board. The Supervisory Board reviewed attendance during 2006 in its March 2007 meeting and concluded that all Supervisory Board members attended a satisfactory number of Supervisory Board meetings. The average attendance rate for the twelve meetings in 2006 was 95%.

All meetings of the Supervisory Board were prepared by the chairman of the Supervisory Board in close co-operation with the chairman of the Managing Board.

The Supervisory Board met on 1 June 2006 in a joint meeting of Euronext's Managing and Supervisory Boards, and the boards determined in this meeting that the agreement providing for a combination of NYSE Group and Euronext's businesses under a new holding company named NYSE Euronext and the transactions contemplated by the Combination Agreement presented the most attractive solution for Euronext and its shareholders and other stakeholders and both boards had decided to enter into the Combination Agreement. The Combination Agreement was published on 1 June 2006. On 23 November 2006, again in a joint meeting of Euronext's Managing and Supervisory Boards, both boards recommended that Euronext shareholders approve the Combination Agreement and the transactions contemplated by the Combination Agreement, including the offer and the post-closing reorganisation by which Euronext would become a wholly-owned subsidiary of NYSE Euronext. An amended and restated Combination Agreement was entered into and published on 24 November 2006. At the Extraordinary General Meeting held on 19 December 2006, Euronext shareholders approved the amended and restated Combination Agreement and the transactions contemplated therein by a 98.18% majority of the votes cast and represented at the meeting.

At a meeting of the Supervisory Board on 5 January 2007, the terms and conditions of the offer to be filed by NYSE Euronext and executed by NYSE Euronext (Holding) N.V. for Euronext shares were examined and the Supervisory Board agreed to issue a reasoned opinion on the benefits of the offer, in accordance with the provisions of Article 231-19 of the General Regulation of the French Autorité des marchés financiers. At this meeting all the members of the Supervisory Board, as well as all members of the Managing Board, of Euronext were present or represented.

In the offer, NYSE Euronext offered to Euronext shareholders to tender their Euronext shares to NYSE Euronext (and to receive in exchange for each Euronext share) 0.98 of a share of NYSE Euronext common stock and €21.32 in cash, with a "mix-and-match" election allowing Euronext shareholders to elect whether to receive all cash or all NYSE Euronext shares, subject to proration in the event either choice is oversubscribed. If 95% or more of the outstanding shares (excluding treasury shares) or voting rights of Euronext were acquired by NYSE Euronext (Holding) N.V. after completion of the offer, NYSE Euronext plans to commence a buyout offer to acquire Euronext shares from any remaining shareholder in accordance with applicable law and regulations. If less than 95% of the outstanding shares (excluding treasury shares) and voting rights of Euronext were acquired by NYSE Euronext (Holding) N.V., NYSE Euronext plans to effect a post-closing reorganisation of Euronext and its subsidiaries that is intended to result in Euronext becoming a wholly-owned subsidiary of NYSE Euronext.

The steps of the post-closing reorganisation have been described in the Combination Agreement as well as in the Shareholder Circular made available to shareholders for the purpose of the Extraordinary General Meeting held on 19 December 2006 and approved by Euronext's shareholders at such meeting. From a financial point of view, and on the basis of the opinions of Euronext's financial advisors, the Board determined that the financial terms of the offer were fair for the shareholders and that the combination would create significant cost savings and revenue synergies, and that the offer was in the interest of Euronext, its shareholders and its employees.

Regarding the strategic rationale for the combination, the Supervisory Board considered that the combination would be the world's first truly global exchange group. It will feature the world's largest equities marketplaces on a combined basis and encompassing seven exchanges in six countries and will be a leader in a diverse set of large and growing businesses, and it would represent a true merger-of-equals, with a corporate and governance structure that respects the independence of all exchanges involved as well as the flexibility necessary to preserve Euronext's federal and horizontal business mode. In this respect, the Board considered the balanced corporate governance structure of the combined group, including the fact that the Board of Directors of NYSE Euronext, the nominating and governance committee and the management committee will be composed of an equal number of Europeans and Americans. The Supervisory Board also noted that the transaction would not have any significant negative impact regarding employees of Euronext. On the contrary, the Board believed that the combined company's global market will open new opportunities for the Euronext staff.

The members of the Supervisory Board and the members of the Managing Board who owned Euronext shares confirmed that they intended to tender their Euronext shares into the offer.

Euronext's financial advisors, ABN AMRO Corporate Finance France S.A. and Morgan Stanley & Co Limited, had presented opinions to the Supervisory Board on the fairness of the consideration offered to the shareholders of Euronext in the offer and Houlihan Lokey Howard & Zukin (Europe) Limited, which had been appointed as independent expert had stated that based upon and subject to all the statements set forth in its report, it was its opinion that, as of the date of its report, the consideration to be offered in the offer to Euronext shareholders taken as a whole, was fair to such shareholders from a financial point of view.

The Supervisory Board was informed and consulted by the Managing Board on the course of business, important developments, major decisions and Euronext's strategy in all meetings. The Supervisory Board discussed the strategic options available to Euronext against a background of changing circumstances. In doing so, the Supervisory Board took into account the interests of the company, Euronext's shareholders and Euronext's other stakeholders.

Important items such as financial and operational performance, business development, acquisitions, IT migration, IT integration, share price developments, distribution of share ownership and feedback from shareholders were on the agenda of most meetings of the Supervisory Board. The Supervisory Board reviewed the quarterly, half-yearly and annual financial statements, as well as the press releases concerning the statements, where the Audit Committee advised the Supervisory Board.

In addition, many other topics were discussed during the course of the year, including business initiatives of the Group's SBUs, risks and control of the Group, the preparation and the agenda of the 2006 Annual General Meeting, including the request by one of Euronext's shareholders to include two items on the agenda, and the Extraordinary General Meeting, acquisitions, corporate governance and Euronext's relationship with GL TRADE, MTS and LCH.Clearnet. The Supervisory Board reviewed and approved Euronext's budget for 2007 in its December 2006 meeting.

Several Supervisory Board meetings were dedicated to discussing new strategic developments and approving Euronext's strategy.

The lead partners from Euronext's external auditors firms, KPMG Accountants N.V. and Ernst & Young Accountants, attended the March and August meetings of the Supervisory Board at which the 2005 annual and 2006 half-yearly financial statements were discussed.

In 2006, the Supervisory Board met various times in closed sessions at which no members of the Managing Board or only the CEO were present. During these sessions, the Supervisory Board discussed, among other things, the performance and remuneration of the Managing Board and its individual members within the context of the Managing Board's remuneration policy, and the composition and nomination of new members for appointment to the Supervisory Board.

The Supervisory Board discussed its own functioning and the functioning of the chairman of the Supervisory Board in 2006 in its March 2007 meeting, based on the written remarks and appreciation received from all individual members of the Supervisory Board. As a result of this evaluation the Supervisory Board concluded it had performed satisfactorily in 2006, and that improvements were made compared to 2005, although some areas for further improvement were recognised.

As part of his duties, the chairman of the Supervisory Board remained in close contact with the chairman of the Managing Board throughout 2006.

4.2.6 Remuneration of the Supervisory Board

The 2005 Annual General Meeting set the annual fixed remuneration for Supervisory Board members at €50,000 for the chairman, €40,000 for the vice-chairman and €35,000 for the other members. The additional remuneration for the chairman of the Audit Committee was set at €10,000 and for the members of the Audit Committee at €7,500, while additional remuneration for the chairman of the Nomination/Remuneration/Corporate Governance Committee and for the chairman of the IT Committee was set at €6,000. The remuneration of the members of the latter two committees was set at €5,000. The Supervisory Board did not propose any changes to its remuneration scheme for 2006, and will not do so for 2007. A detailed overview of the remuneration received by individual members of the Supervisory Board is included in chapter 3, note 3.3.10.

Supervisory Board members do not participate in Euronext's option or share plans or other incentive plans, nor has Euronext granted them any loans. Costs and expenses related to Supervisory Board membership may be reimbursed.

4.2.7 Corporate governance

As a Dutch legal entity, Euronext bases its corporate governance policy on the Dutch Corporate Governance Code. Euronext's position on corporate governance and its corporate governance policy, including the areas where Euronext did not comply with the Dutch Corporate Governance Code, were explained in detail in Euronext's 2004 annual report.

Euronext's corporate governance policy, including the areas where Euronext did not comply with the Dutch Corporate Governance Code, was approved by a very large majority at the 2005 Annual General Meeting. Consequently, Euronext is deemed to comply with the Dutch Corporate Governance Code. The Supervisory Board and the Managing Board provided Euronext's shareholders with an updated report about Euronext's corporate governance at the 2006 Annual General Meeting. Euronext's corporate governance was discussed by the Supervisory Board at one meeting held in 2006.

Following the Annual General Meeting's approval of Euronext's corporate governance policy in 2005, Euronext made available a detailed explanatory overview of Euronext's corporate governance, which is based on the Dutch Corporate Governance Code. This overview was published on Euronext's website.

4.2.7.1 Rules of procedure

The Supervisory Board, through its Audit Committee, regularly assesses the extent to which the rules of procedure of the Supervisory Board, the Supervisory Board's committees and the Managing Board complied with amended laws, the amended articles of association and corporate governance recommendations. Where appropriate, the rules were updated and published on Euronext's website. The rules of procedure were last updated in 2005.

4.2.7.2 Compliance

Euronext's internal compliance department ensures compliance with Euronext's codes of conduct and ethical behaviour, including its policies on whistle-blowing, conflicts of interest and price-sensitive information.

4.2.8 Committees of the Supervisory Board

The Supervisory Board has three committees: the Audit Committee, the IT Committee and the combined Nomination/Remuneration/Corporate Governance Committee. The duties and procedures of these committees are laid down in separate charters, which are attached as an appendix to the rules of procedure of the Supervisory Board. The most important conclusions and recommendations of each committee meeting are reported to the Supervisory Board, which also receives the approved minutes of each committee meeting. The committees have an advisory role only, unless the Supervisory Board authorises otherwise in specific cases.

4.2.8.1 Audit Committee report

As at 31 December 2006, the Audit Committee consisted of three members: Mr Rijnhard van Tets (chairman), Mr Patrick Houël and Baron Jean Peterbroeck. All members are considered to be financial experts. The roles and responsibilities of the Audit Committee are laid down in the committee's audit charter. Its main tasks include monitoring financial reporting, internal risk management and control, internal audit, external audit, regulatory and legal matters, and compliance with Euronext's codes of conduct. The Audit Committee reviewed its own performance at its meeting in November 2006 and concluded that the committee and its individual members had performed satisfactorily during 2006.

The Audit Committee met seven times in 2006. The CEO, the CFO, the Group's director of Finance, the director of the Group Internal Audit Services and the lead partners from Euronext's joint external auditors, Ernst & Young Accountants and KPMG Accountants N.V., attended all or most of the meetings. In addition, several managers were invited to discuss specific items included on the committee's agenda. In November 2006, the Audit Committee held one meeting with the internal auditor and one meeting with the external auditors, without the management being present. The performance of the external auditor has been discussed in a separate meeting, without the external auditor being present.

During its meetings in 2006, the Audit Committee reviewed and discussed various issues, including the 2005 financial statements, the quarterly and half-yearly financial statements, the press releases related to these statements as well as the Group's 2007 budget. During 2006, the Audit Committee paid special attention to financial matters related to the intended NYSE Euronext merger, including the review of the conversion of Euronext's financial statements from IFRS to US GAAP. Other important issues that were discussed concerned the Group Internal Audit Services' yearly ICT review, the internal risk management and control system, the Group's hedging policy, litigation and claim overviews, and Risk Committee reports. In July 2006, the committee paid special attention to the external auditors' management letter, which contained their findings and recommendations relating to their audit of the 2005 financial statements and the follow-up of their previous recommendations. The external auditors reported no irregularities in Euronext's financial reporting to the Audit Committee in 2006.

The Audit Committee reviewed the external auditors' annual audit plan, fees and independence. A breakdown of the fees charged by Euronext's external auditors in 2006 is included in this report (see chapter 3, section 3.5.2.3). The two audit firms reported to the Audit Committee on their independence and their engagement at Euronext. The Audit Committee also reviewed the work of the external auditors performed in 2006 to ensure they had not been engaged to perform any work that was not related to the financial audit unless the Audit Committee, authorised for that purpose by the Supervisory Board, had given express permission to perform such work. A specific authorisation had been assigned by the Audit Committee to the CEO, who can authorise engagements worth no more than €50,000 each up to a limit of €250,000 a year, without the Audit Committee becoming involved.

Following the Supervisory Board's and Managing Board's recommendations, the Annual General Meeting renewed the appointment of KPMG Accountants N.V. and Ernst & Young Accountants as the Group's external auditors for the financial statements for 2006.

The Audit Committee annually reviews the role, effectiveness, staffing and independence of the Group Internal Audit Services. In connection with this, it reviewed the internal auditor's annual audit plan and periodic internal audit reports. The periodic reports contained a summary of the audits performed, recommendations made and the ways in which previous recommendations were followed up.

The Audit Committee reviewed the procedures relating to Euronext's codes of conduct. In 2006, Euronext's internal compliance officer reported no problems or incidents to the Audit Committee concerning compliance with the codes of conduct. The Audit Committee received confirmation from the Managing Board that no issues had been reported under Euronext's whistle-blowing policy during 2006.

The existence of a Risk Committee since 2004 further strengthens Euronext's risk management and internal control system. While the Supervisory Board delegates the discussion of risks to its Audit Committee, the Managing Board delegates the discussion of risk issues to the Risk Committee, which includes all the members of the Managing Board, as well as executives from the SBUs and Central Support Departments. The Risk Committee meets at least once per quarter to oversee the structure and operation of Euronext's internal risk management and control systems, approve any significant changes to these systems, and discuss the key risks to the business and the management's responses. The minutes of every Risk Committee meeting are submitted to the Audit Committee and discussed with the Audit Committee at least twice a year, on the basis of the Group's risk profile. The work and composition of the Risk Committee are described in more detail in section 4.1.3 of the current chapter.

4.2.8.2 IT Committee report

The Supervisory Board established an IT Committee because IT is an essential part of Euronext's business activities. As at 31 December 2006, the IT Committee consisted of three members: Sir George Cox (chairman), Mr Jan-Michiel Hessels and Baron Jean Peterbroeck. The IT Committee advises the Supervisory Board on governing and overseeing IT-related matters at Euronext and also supports the Managing Board in setting priorities for IT issues.

In 2006, the IT Committee met twice. Its meetings focused on the development of Atos Euronext Market Solutions, Euronext's joint-venture with AtosOrigin created in 2005, on the performance of Euronext's trading platforms and on the quality of IT services. In addition, the IT Committee discussed the 2007 IT budget. Mr Jean-François Théodore (CEO), Mr Hugh Freedberg, member of the Managing Board responsible for IT, and Mr Tarak Achiche, Euronext's senior IT officer, participated in all IT Committee meetings.

4.2.8.3 Nomination/Remuneration/Corporate Governance Committee Report

As at 31 December 2006, the combined Nomination/Remuneration/Corporate Governance Committee consisted of five members: Mr Jan-Michiel Hessels (chairman), Sir George Cox, Mr André Dirckx, Mr Dominique Hoenn and Mr Ricardo Salgado. The chairman of the Supervisory Board is also the chairman of the Nomination/Remuneration/Corporate Governance Committee. Euronext opted for this structure for reasons of efficiency and to avoid overlap between the activities of the combined committee. The duties of the committee are laid down in separate appendices to the rules of procedure of the Supervisory Board and published separately on Euronext's website. No member of this committee is an executive director of another Dutch listed company.

The Nomination/Remuneration/Corporate Governance Committee met four times in 2006 and prepared several recommendations for the Supervisory Board. It discussed, among other things, issues such as the composition and remuneration of the Managing Board and the Supervisory Board, management succession, the issuance of share plans, corporate governance and the effect of the intended NYSE Euronext merger on the company's option and share plans. The CEO joined the committee meetings partially to discuss, among other things, management succession, the composition of the Managing Board and the impact of the intended NYSE Euronext merger on option and share plans.

4.2.8.4 Remuneration Committee

The Remuneration Committee advises the Supervisory Board on the Managing Board remuneration policy and on the remuneration of individual Managing Board members. The Supervisory Board agreed with the committee that no changes should be made to the Managing Board remuneration policy that had been approved by the Annual General Meeting in 2005. This policy defines the criteria for the fixed remuneration of the members of the Managing Board and the performance criteria that Managing Board members must meet in order to receive variable remuneration.

The committee reviewed the remuneration of the Supervisory Board, which agreed with the committee's recommendation not to propose any changes for 2007.

Further information on the remuneration of the Managing Board and the Supervisory Board is contained in this chapter, section 4.2.10 and in chapter 3, note 3.3.10.

Furthermore, the committee advised the Supervisory Board on the implementation of Euronext's executive incentive plan in 2006, on the introduction of a share-purchase plan for all Euronext employees and on measures to be taken for Euronext's existing option and share plans in the context of the NYSE Euronext merger.

In 2006, the Annual General Meeting approved the granting of a maximum of 400,000 shares to a limited number of key staff, including 10,000 shares to each member of the Managing Board, by way of performance-related bonuses. At the recommendation of the Remuneration Committee, the Supervisory Board adopted the Euronext all-employee share purchase plan. This plan allowed all employees of Euronext to make regular payments towards the purchase of Euronext shares over a three-year period, and was implemented in 2006. The members of the Managing Board decided not to participate in the all-employee share purchase plan.

Further details of Euronext's option plans, share plans and the Euronext all-employee share purchase plan, are contained in chapter 3, note 3.4.3.9 to the financial statements.

Outlook for 2007

No changes for the remuneration policy for the members of the Managing Board of Euronext N.V. will be recommended to the Annual General Meeting in 2007. In the context of this remuneration policy, base pay, bonus potential, performance measures and on-target incentives applicable to all Managing Board members of Euronext N.V. will not change

The Supervisory Board, at the recommendation of the Remuneration Committee, will propose to the Annual General Meeting in 2007 that an extraordinary additional remuneration is granted to Mr Hessels and to Mr Théodore, in view of the crucial work they had done in relation to the completion of the merger of Euronext with NYSE.

Following and as a result of the exchange offer in the context of the merger of Euronext with NYSE, NYSE Euronext would acquire control of Euronext, separate arrangements will be taken for participants, including members of the Managing Board, in Euronext's stock option and stock-based awards. In addition to the original scheme, stock options granted to participants, including members of the Managing Board, under Euronext's 2004 stock option plan would become automatically exercisable during a six-month period after which control is aquired by NYSE Euronext.

Euronext and NYSE have agreed that it is important to continue granting share-based awards to Euronext staff including members of the Managing Board after a combination. As a result, the target share award under Euronext's 2005 and 2006 Executive Incentive Plans will continue to be granted now that the combination of Euronext and NYSE has been completed.

Once the award has been converted into NYSE Euronext shares, participants in Euronext's 2005 Executive Incentive Plan including members of the Managing will be able to (i) allow the award to vest at the on-target level (100%) before 1 July 2007, or (ii) keep the award in the form in which it was originally granted. In the case of (i) Managing Board members and other participants will be required to retain the acquired shares until 31 December 2007 and may only dispose of them before 31 December 2007 in the event of an immediate income tax liability, and in the case of (ii) shares would be released after the publication of the 2007 performance target set by NYSE Euronext in accordance with the requirements. In this case there would be no further holding period.

Participants in Euronext's 2006 Executive Incentive Plan including members of the Managing will retain the original award, which will vest after 2008 in line with the original timetable. However, there will be no further holding period. Discussions are being held about possible ways of adapting the structure of the 2006 Executive Incentive Plan so that it clearly reflects the objectives and interests of the new exchange group.

The anticipated changes to Euronext's 2005 and 2006 Executive Incentive Plans for the Managing Board members are subject to shareholder approval.

As explained in the documentation published with regard to the NYSE Euronext merger, Mr Théodore will become a member of the board of NYSE Euronext, and all other members of the Managing Board will be appointed to the Management Committee of NYSE Euronext upon completion of the combination. NYSE Euronext has not paid any compensation to its directors, executive officers or other managers in 2006. The form and amount of compensation to be paid to each of NYSE Euronext's directors, Management Committee members, executive officers and other managers will be determined by the board of NYSE Euronext as soon as practicable prior to or following the successful completion of the combination.

4.2.8.5 Nomination Committee

The Nomination Committee advises the Supervisory Board on matters like the profile of the Supervisory Board and the selection criteria, nomination procedures, size, composition and functioning of both the Managing Board and the Supervisory Board, including its committees and their individual members, as well as nominations to the Boards.

The committee discussed the profile, size, composition and functioning of the Supervisory Board and its committees. The committee recommended that the Supervisory Board nominate three members for re-appointment and to nominate Mr de Beaufort and Mr de La Serre for appointment to the Supervisory Board at the Annual General Meeting. These nominations were made in accordance with the Supervisory Board's profile.

The committee evaluated the main terms of the employment or service contracts of the members of the Managing Board in 2004. Based on this evaluation, the committee decided not to make any recommendations for changes in 2006. The Nomination Committee agreed that following the change made to the articles of association of Euronext Lisbon, Mr Athayde Marques's employment contract was changed so that the duration of his appointment is limited to four years instead of three. This was done in order to bring the duration period in line with his appointment period as member of the Managing Board of Euronext N.V.

Details of the employment and service contracts of the members of the Managing Board are contained in section 4.2.10.4 of the current chapter.

4.2.8.6 Corporate Governance Committee

The main task of the Corporate Governance Committee is to review Euronext's cor11porate governance policy at least once a year and to advise the Supervisory Board on changes, if necessary. The Supervisory Board and the committee agreed not to propose any material changes to Euronext's corporate governance policy in 2006, although the Annual General Meeting was updated about some developments in its 2006 meeting. The major ones were that no member of the Supervisory Board was a member of more than five Supervisory Boards as defined in the Dutch Corporate Governance Code, Euronext's whistle-blowing policy came into force in 2005, and the impact of the report of the Dutch Corporate Governance Code Monitoring Committee (Frijns Committee) issued in December 2005 has been considered. This report gave guidance on the interpretation of the Dutch Corporate Governance Code with regard to the system of risk management and internal control and made recommendations. With regard to the management statement on risk management and internal control in the annual report, the Managing Board believes that Euronext fully complies with the recommendations of the Frijns Committee and that this implies compliance with the Dutch Corporate Governance Code.

An explanatory report containing the full text of the Dutch Corporate Governance Code and an explanation on how

Euronext has implemented it had been published on Euronext's website along with Euronext's 2005 annual report.

4.2.9 General remuneration policy for the Managing Board

In 2004, the Supervisory Board, at the recommendation of the Remuneration Committee, adopted a remuneration policy for the members of the Managing Board for 2005 onwards. The Managing Board's remuneration policy was approved by the Annual General Meeting in 2005.

The key objective of Euronext's remuneration policy for Managing Board members is to attract and retain high-quality executives and motivate them to perform to the best of their abilities in the interest of Euronext and its stakeholders and to ensure the maximisation of shareholder value.

4.2.9.1 Base pay

The remuneration policy sets base pay for Managing Board members by making comparisons with a peer group of European financial services companies, including exchanges. The base pay for Managing Board members is reviewed annually by the Remuneration Committee to ensure that it remains competitive in comparison with the external market, while taking into account individual responsibilities and local labour market conditions.

No changes to the remuneration policy for the members of the Managing Board will be recommended to the Annual General Meeting in 2007.

In 2006, the aggregate amount of the base pay for all members of the Managing Board increased by 3% (reference is made to section 4.2.10.1 of the current chapter for details of the base pay of each of the Managing Board members).

4.2.9.2 Annual performance incentive

A significant part of the Managing Board's remuneration is variable, performance-related and designed to strengthen the members' commitment to the Group, and to motivate them to achieve medium-term and long-term objectives. Variable pay awards are based on Group performance targets and the individual responsibilities of each member of the Managing Board. The objectives of each member closely link pay awards to the following:

- A realistic yet challenging Group EBITA target.
- Strategic goals.
- Individual performance.

The CEO's variable award is 60% dependent on Group EBITA and 40% on strategic goals. The variable awards for the other Managing Board members are 50% dependent on Group EBITA, 25% on individual performance related to their areas of responsibility and the remaining 25% on strategic goals. The maximum variable award has been set at 100% of base pay, with the exception of 200% of base pay for Mr Freedberg.

Each year, the Supervisory Board, at the recommendation of the Remuneration Committee, determines the annual on-target performance incentives for members of the Managing Board and communicates the individual on-target goals to each Managing Board member in writing. It also considers the overall financial results of the past financial year and the progress made by Managing Board members in meeting individual and strategic objectives before making any decisions on variable remuneration.

The annual on-target performance incentive for 2006 remained unchanged at 75% of base pay for Mr Théodore, Mr Athayde Marques, Mr van der Does de Willebois and Mr Lefebvre, and at 100% for Mr Freedberg.

In addition to the maximum annual variable remuneration as described above, an additional variable incentive of 25% of base pay is awarded to each member of the Managing Board, provided the Group achieves growth of its EPS. Each year the Supervisory Board, at the recommendation of the Remuneration Committee, determines the target growth percentage. In 2006, the target was set at the rate of inflation +4%.

4.2.9.3 Equity incentives

Any proposals regarding the granting of options or shares to Managing Board members are submitted to the Annual General Meeting for approval. Under option plans and share plans, options or shares may be granted to selected employees of Euronext with a view to promoting the long-term success of the Group and encouraging its employees to focus on long-range goals by allowing them to acquire a stake in Euronext. Options granted to Managing Board members are a conditional remuneration component and become unconditional only if the Managing Board members have fulfilled predetermined performance criteria no less than three years after the grant date. If shares are granted, the number will depend on the achievement of clearly quantifiable, challenging, preset targets. The annual financial statements contain a summary of the existing option and share plans in accordance with Article 2: 383 of the Dutch Civil Code (see section 4.2.10 of the current chapter, and chapter 3, notes 3.3.2.14.3 and 3.3.2.14.4 for details of the Managing Board's remuneration, an explanation of Euronext's option and share plans, and related performance criteria).

In 2006, the Annual General Meeting approved a further grant under Euronext's executive incentive plan. Under the terms of this plan, each member of the Managing Board was awarded 10,000 shares. The award is conditional on continuous employment and on the achievement of preset performance conditions based on the Company's published EPS and has a vesting period of three years.

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2 DIRECTORS' REPORT
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4.2.9.4 Pensions

The Remuneration Committee advised the Supervisory Board in 2002 that due to fundamental differences between the national pension systems and pension schemes in the Euronext countries, it was inappropriate to harmonise the pension schemes of the members of the Managing Board. All members of the Managing Board have therefore continued to participate in their local pension arrangements. Mr Freedberg's pension arrangements were changed from April 2006 to reflect new legislation introduced in the UK. No changes were made in 2006 to any other Managing Board member's pension scheme. The current pension schemes and related financing costs are described in the notes to the financial statements (see chapter 3, note 3.3.10 to the financial statements). No arrangements have been made regarding the early retirement of Managing Board members, other than mentioned in the note indicated above.

4.2.9.5 Allowances and benefits in kind

Allowances and benefits in kind form part of the total remuneration package of each Managing Board member. This type of remuneration is individually agreed upon with members and is based on local customs and legislation. Allowances and benefits in kind may include a company car, medical insurance premiums, life insurance premiums, housing costs and mortgage interest compensation.

The allowances and benefits in kind for 2006 are described in detail in the note 3.3.10 to the financial statements (see chapter 3).

4.2.9.6 Notice periods

Members of the Managing Board are employed by or have a service contract with one of Euronext's subsidiaries. Notice periods for Managing Board members are based on local customs and legislation, are individually agreed, and are disclosed in this annual report (see section 4.2.10.5 of the current chapter for details of the Managing Board member's notice periods).

4.2.9.7 Severance payments

Any severance payments contractually agreed with Managing Board members appointed after 1 January 2004 must comply with the Dutch Corporate Governance Code and must be disclosed in the annual report (see section 4.2.10.6 of the current chapter for details of agreed severance payments with respect to the Managing Board).

4.2.9.8 Loans and guarantees

Euronext may not grant its Managing Board members any personal loans, guarantees or the like unless this occurs in the normal course of business in the manner applicable to Euronext's workforce as a whole and approval has been granted.

No loans or guarantees were provided to members of the Managing Board in 2006.

4.2.10 Information on remuneration and contractual arrangements of the individual members of the Managing Board

4.2.10.1 Base Pay

Based on a comparative benchmark, and in line with the agreed remuneration policy, the Supervisory Board, at the recommendation of the Remuneration Committee, decided to raise the annual salaries of all the Managing Board Members in 2006.

	Base Pay 2006(1)	Base Pay 2005(1)
Jean-François Théodore(2)	€595,000	€577,500
Joost van der Does de Willebois(3)	€382,500	€375,000
Hugh Freedberg(4)	£385,000	£370,000
Olivier Lefebvre(2)	€380,000	€365,000
Miguel Athayde Marques	€357,000	€350,000

(1) On an annual basis.
(2) Pension rights continue to be based on 2003 salaries.
(3) Pension rights based on 2004 salary.
(4) Mr Freedberg is paid in pounds sterling. The 2006 exchange rate was €1.4245 to the pound (2005: €1.46 to the pound).

For further information, see chapter 3, note 3.3.10.

4.2.10.2 Annual performance incentive (bonus)

Based on the approved Managing Board remuneration policy, the Remuneration Committee considered the overall remuneration package of each member of the Managing Board in 2006. The 2006 bonuses for the members of the Managing Board were determined by the Supervisory Board, on the recommendation of the Remuneration Committee, after careful consideration of each individual achievement of the preset performance criteria.

The table below explains the arrangements for 2005, 2006 and 2007.

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	2005		2006	
	Bonus potential and performance measures	**Bonus paid**	**Bonus potential and performance measures**	**Bonus paid**
Jean-François Théodore	On-target bonus of 75% of base pay. Overall maximum of 100% of base pay: - 60% Group EBITA - 40% progress against strategic goals Prospect of an additional bonus of 25% of base pay if cert ain EPS growth targets are met.	€675,000	On-target bonus, bonus potential, performance measures and EPS related bonus same as 2005.	€743,750
Joost van der Does de Willebois	On-target bonus of 75% of base pay. Overall maximum of 100% of base pay. Performance measures: - 50% Group EBITA - 25% individual performance objectives - 25% progress against strategic goals Prospect of an additional bonus of 25% of base pay if certain EPS growth targets are met.	€364,453	On-target bonus, bonus potential, performance measures and EPS related bonus same as 2005.	€434,137
Hugh Freedberg	On-target bonus of 100% of base pay. Overall maximum of 200% of base pay. Performance measures: - 50% Group EBITA - 25% individual performance objectives - 25% progress against strategic goals Prospect of an additional bonus of 25% of base pay if certain EPS growth targets are met.	£776,238(1)	On-target bonus, bonus potential, performance measures and EPS related bonus same as 2005.	£645,838(1)
Olivier Lefebvre	On-target bonus of 75% of base pay. Overall maximum of 100% of base pay. Performance measures: - 50% Group EBITA - 25% individual performance objectives - 25% progress against strategic goals Prospect of an additional bonus of 25% of base pay if certain EPS growth targets are met.	€385,531	On-target bonus, bonus potential, performance measures and EPS related bonus same as 2005.	€459,800
Miguel Athayde Marques	On-target bonus of 75% of base pay. Overall maximum of 100% of base pay. Performance measures: - 50% Group EBITA - 25% individual performance objectives - 25% progress against strategic goals Prospect of an additional bonus of 25% of base pay if certain EPS growth targets are met.	€340,156	On-target bonus, bonus potential, performance measures and EPS related bonus same as 2005.	€433,068

(1) Mr Freedberg is paid in pounds sterling. 2006 exchange rate £1 = €1.4245 (2005: £1 = €1.46).

Performance criteria are not based on a comparison with external factors.

The breakdown of the fixed and variable components of individual Managing Board members' remuneration including the award of the additional bonus of 25% of base pay related to EPS is as follows:

	Remuneration for 2006		Remuneration for 2005	
	Fixed%	Variable%	Fixed%	Variable%
Jean-François Théodore	44	56	46	54
Joost van der Does de Willebois	47	53	51	49
Hugh Freedberg	37	63	41	59
Olivier Lefebvre	45	55	49	51
Miguel Athayde Marques	45	55	51	49

4.2.10.3 Long-term incentives

In 2006, the Annual General Meeting was given a detailed description of Euronext's executive incentive plan. Under its terms, each Managing Board member was awarded 10,000 Euronext shares in 2006. Plan participants may only dispose of the shares awarded to them under the plan if the Group meets certain performance targets within the three-year period following the target share award date, and provided that the participants continue to be employed by the Group for the entire three-year performance period. At the end of this period, participants may only dispose of those shares needed to pay any taxes due immediately in connection with the vesting of shares under the plan. Participants must keep the remainder of the shares for another two years (i.e. until five years after the target share award date) before disposing of them. In view of the fact that the 2006 Annual General Meeting approved the terms of Euronext's executive incentive plans and the awarding of 10,000 shares to each Managing Board member, including a three-year vesting schedule, the Supervisory Board believes that the terms of the executive incentive plan comply with the Dutch Corporate Governance Code.

The table of note 3.3.10 to the financial statements shows the number of shares and options held by each Managing Board member under the stock option and share plans of Euronext.

4.2.10.4 Employment and service contracts of the Managing Board

Mr Théodore, Mr Freedberg and Mr Lefebvre have an employment contract or service contract with the subsidiary of the Group by which they were originally employed. With the exception of the employment contracts of Mr van der Does de Willebois and Mr Athayde Marques with Euronext Amsterdam and Euronext Lisbon, respectively, all contracts predate the Euronext merger (or, in the case of Mr Freedberg, Euronext's acquisition of LIFFE) and are still in force. In accordance with the Dutch Corporate Governance Code, Managing Board members joining Euronext after 1 January 2004 will, in principle, and depending on local legislation and regulations, be appointed as members of the Managing Board for renewable periods of no longer than four years. In connection with this, Mr van der Does de Willebois has been appointed from 1 November 2004 to 1 November 2008, and Mr Athayde Marques from 1 June 2005 to 31 December 2008. They may be reappointed for consecutive periods of up to four years.

As decided by the Supervisory Board in 2003, the appointment of Mr Jean-François Théodore as Euronext's CEO and chairman of the Managing Board was extended until the adoption of Euronext's 2006 financial statements by the Annual General Meeting in 2007. The Supervisory Board believes, taking into account Euronext's post-merger situation and the absolute need for effective integration and leadership continuity, that it is key to Euronext that Mr Théodore should continue as Euronext's CEO after the completion of the NYSE Euronext combination. The Supervisory Board has agreed with Mr Théodore that his appointment as Euronext's CEO will be extended by another two years and, thereafter, for an additional year at the request of the board.

4.2.10.5 Notice periods for the members of the Managing Board

The following notice periods apply:

Jean-François Théodore	No notice period
Miguel Athayde Marques	Notice period of six months for termination by Euronext Lisbon or by Mr Athayde Marques himself
Joost van der Does de Willebois	Notice period of six months for termination by Euronext Amsterdam and of three months for termination by Mr van der Does de Willebois himself
Hugh Freedberg	Notice period of twelve months for termination by either LIFFE Administration and Management or Mr Freedberg himself
Olivier Lefebvre	Notice period of six months for termination by either Euronext Brussels or Mr Lefebvre himself

4.2.10.6 Severance payments

If Mr van der Does de Willebois is dismissed during the term of his contract, the maximum severance pay he will receive shall be equal to one year's fixed remuneration. If, in the

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circumstances, this amount of severance pay is considered to be unreasonable, the severance pay may be increased to two years' fixed remuneration. In the event of failing performance, as referred to in the Dutch Corporate Governance Code, no severance pay will be awarded.

Except as disclosed above, there are no service contracts with any other Managing Board or Supervisory Board member providing for benefits upon termination of employment.

4.2.11 Relationship with works councils

As part of his duties, the chairman of the Supervisory Board coordinates the contacts between the Supervisory Board and the works councils. The chairman of the Supervisory Board, in his capacity as a member of the supervisory board of Euronext Amsterdam N.V., attended a meeting of the Euronext Amsterdam works council in 2006, at which the general affairs of the Group, including the financial statements of Euronext, were discussed.

4.2.12 Indemnity and liability insurance

In 2005, the Annual General Meeting approved the inclusion of an indemnity provision in Euronext's articles of association for the benefit of former and current members of the Supervisory Board and Managing Board. All members of the Supervisory Board are covered by Euronext's directors and officers liability insurance policy.

4.2.13 Expressions of appreciation

Looking back on 2006, the Supervisory Board can conclude that Euronext performed well in a fast changing, competitive and turbulent environment. The Supervisory Board would like to express its gratitude to the members of the Managing Board, the general management and the entire staff of Euronext at all its locations for their contributions during the past year, especially with respect to the merger of Euronext with the NYSE. The Supervisory Board also noted their continuing achievements that enabled Euronext to remain one of the world's leading international exchanges.

The Supervisory Board's report was approved by the Supervisory Board on its meeting of 12 March 2006, that is before the completion of the merger with NYSE.

The Supervisory Board:

Jan-Michiel Hessels, chairman

Dominique Hoenn, vice-chairman

Rijnhard de Beaufort

Sir George Cox

André Dirckx

Patrick Houël

Jean Peterbroeck

Ricardo Salgado

René de La Serre

Rijnhard van Tets

Sir Brian Williamson

4.3 Corporate Governance

Euronext is incorporated in the Netherlands and is required to comply with Dutch corporate law. The articles of association of Euronext are published on the Group's website.

4.3.1 Introduction

Abolition of *structuurregime* at Euronext

On 1 October 2004, a number of changes in Dutch corporate law entered into effect. Some of these relate to companies governed by the *structuurregime*, while others apply to all public limited companies incorporated under Dutch law. The implementation of the new legislation strengthened the powers of shareholders to include, among other things, the appointment of the members of the Supervisory Board at the Annual General Meeting. Another important change is that shareholder approval is needed for continuation of the *structuurregime* on a voluntary basis. The *structuurregime* was adopted by Euronext on a voluntary basis at the time of the Euronext merger in September 2000. To ensure that Euronext's articles of association comply with the new legislation and the corporate governance recommendations, amendments to Euronext's articles of association were proposed by the Managing Board and Supervisory Board and were approved by the Annual General Meeting in 2005.

The main amendments include the following:

- Abolition of the *structuurregime*.
- Appointment of members of the Managing Board and members of the Supervisory Board by the Annual General Meeting.
- Appointment of members of the Managing Board for four-year terms.
- The approval by the Annual General Meeting of decisions taken by the Managing Board that involve a major change in the Group's identity or character.
- The approval by the Annual General Meeting of the Managing Board remuneration policy.
- The supervision of the Managing Board by the Supervisory Board to include matters such as operational and financial objectives, strategy and risks, compliance and control systems, and the financial reporting process.
- The adoption of the financial statements by the Annual General Meeting.
- Decision-taking regarding the retention of profits and payment of dividends by the Annual General Meeting.
- Inclusion of a policy on additions to reserves and dividends on the agenda of the Annual General Meeting.
- The obligation to place matters submitted by shareholders holding, individually or jointly, 1% of the issued capital (or shares representing a value of €50 million or more) on the agenda of the Annual General Meeting.
- Inclusion of an indemnity provision for the benefit of former and current members of the Managing Board and the Supervisory Board.

As a result of these amendments, Euronext Amsterdam, which is a wholly-owned subsidiary of Euronext, is now governed by the mitigated version of the *structuurregime*.

The main features of the mitigated *structuurregime* are: (i) the fact that it is mandatory for the company to have its own supervisory board of at least three members, (ii) the fact that members of the supervisory board are appointed – by the general meeting of the shareholders of the company, i.e. by Euronext – on the basis of a proposal submitted by the supervisory board (which can only be approved or rejected by the shareholders in its entirety), (iii) the fact that the works council of the company has the right to nominate up to one third of the members of the supervisory board (i.e. given the current size of the board this means: one member), (iv) the power of the general meeting of shareholders to dismiss the supervisory board in its entirety, and (v) the fact that certain major decisions of the managing board are subject to the approval of the supervisory board. It should be noted that save for the member nominated by the works council, all members of the supervisory board are also members of the Supervisory Board of Euronext. The shareholders of Euronext Amsterdam had initially appointed a supervisory board consisting of five members. After a change of the articles of association of Euronext Amsterdam in 2006 the size of the supervisory board of Euronext Amsterdam was reduced to three. One of the members of the supervisory board of Euronext Amsterdam has been appointed at the recommendation of the works council of Euronext Amsterdam (for more information about Euronext Amsterdam, see section 5.2.5 in chapter 5).

Description of Supervisory Board and Managing Board in articles of association

The Supervisory Board shall be charged with the supervision of the policy of the Managing Board and the general course of affairs in Euronext and the business affiliated with it. It shall assist the Managing Board with advice. In fulfilling their task, the Supervisory Board members shall act according to the interest of Euronext and the business affiliated with it.

Supervisory Board members shall be appointed by the Annual General Meeting with due observance of the profile for the size and the composition of the Supervisory Board as adopted by the Supervisory Board from time to time.

The number of members of the Supervisory Board shall be determined by the Supervisory Board and shall consist of at least three and no more than twelve natural persons. The Supervisory Board shall appoint one of its members to be the chairman.

A Supervisory Board member may be in office with a maximum of three times four-year periods.

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Members of the Supervisory Board may at all times be suspended or dismissed by the Annual General Meeting.

The Supervisory Board shall pass resolutions by an absolute majority of votes, in a meeting at which more than half of the Supervisory Board members in office is present or represented, with a minimum of three Supervisory Board members. Each Supervisory Board member shall cast one vote.

The Managing Board is entrusted with the management of Euronext.

Euronext shall be represented by the Managing Board. In addition, the authority to represent Euronext is vested in two Managing Board members acting jointly. In case of a conflict of interest between Euronext and one or more Managing Board members, the authority to represent Euronext shall continue to be vested in two Managing Board members acting jointly. In all events in which Euronext has a conflict of interest with a Managing Board member in his private capacity, the board resolution regarding that relevant legal act requires the prior approval of the Supervisory Board.

Managing Board members shall be appointed by the Annual General Meeting. The number of Managing Board members shall be determined by the Supervisory Board and shall consist of a minimum of one member. The period of appointment shall be no more than four years. Re-appointment may occur for no more than four years per term. If the Managing Board consists of two or more members, the Supervisory Board shall appoint one of the members of the Managing Board as chairman of the Managing Board.

Members of the Managing Board may at any time be suspended or dismissed by the Annual General Meeting. Members of the Managing Board may also be suspended by the Supervisory Board.

The Managing Board shall adopt resolutions by absolute majority of the votes cast by the Managing Board members present or represented at the meeting. At meetings of the Managing Board, each Managing Board member shall be entitled to cast one vote.

The articles of association of Euronext require certain decisions of the Managing Board to be approved by the Supervisory Board.

Decisions of the Managing Board involving a major change in Euronext's identity or character are subject to the approval of the Annual General Meeting pursuant to article 17 (13) (c) of Euronext's articles of association:

- The transfer of the enterprise or practically the whole enterprise to third parties.
- To enter or to terminate longstanding joint-ventures of Euronext or a subsidiary with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint-venture or termination of such joint-venture is of a major significance.
- To acquire or dispose of a participation in the capital of a company worth at least one third of the amount of the assets according to the balance sheet with explanatory notes thereto of Euronext, or if Euronext prepares a consolidated balance sheet according to such consolidated balance sheet with explanatory notes of the last adopted annual accounts, by Euronext or a subsidiary.

4.3.2 Euronext's corporate governance

Stakeholder confidence and supervision are two pillars of good corporate governance, and the Supervisory Board and Managing Board place great value on a management structure that incorporates effective checks and balances, proper procedures for managing risks and accountability towards stakeholders with regard to the policies pursued. The Supervisory Board and the Managing Board endorse the main principles set out in the Dutch Corporate Governance Code, and other internationally accepted corporate governance codes and regulations.

Following the publication of the Dutch Corporate Governance Code, the Supervisory Board paid special attention to the corporate governance of Euronext in order to achieve compliance with the Dutch Corporate Governance Code. This resulted in Euronext's corporate governance policy and the amendments to the articles of association being approved by the Annual General Meeting on 1 June 2005. Subsequently, the Supervisory Board reviewed and updated the rules of procedure of the Managing Board, the rules of procedure of the Supervisory Board and the authorisation schedule stating that certain major decisions of the Managing Board must be approved by the Supervisory Board in advance.

In addition, Euronext has further improved transparency by providing information on its website about Euronext's corporate governance, such as the rules of procedure for the Supervisory Board, its committees and the Managing Board, as well as the Supervisory Board's rotation schedule and profile, and the Group's codes of conduct.

4.3.3 Euronext's corporate governance policy

Euronext is listed on Eurolist by Euronext in Euronext Paris. As a Dutch company whose shares are listed in France, Euronext follows the applicable regulations of both France and the Netherlands. For transparency purposes, Euronext's corporate governance policy is based on the recommendations of the Dutch Corporate Governance Code. The Managing Board and the Supervisory Board wish to emphasise that they will continue to follow corporate governance developments closely.

Euronext's position on corporate governance and its corporate governance policy, including those areas where Euronext did not comply with the Dutch Corporate Governance Code, were explained extensively in Euronext's

2004 annual report. On 1 June 2005, the Annual General Meeting approved Euronext's corporate governance policy, including those areas where Euronext did not comply with the Dutch Corporate Governance Code, by a very large majority of the votes present. Consequently, Euronext is deemed to comply with the Dutch Corporate Governance Code. As the Annual General Meeting has approved Euronext's corporate governance policy, Euronext has made available a detailed description of Euronext's corporate governance policy, which is based on the Dutch Corporate Governance Code. The description has been published on Euronext's website at the same time as Euronext's annual report for 2005, and sets out the extent to which Euronext applies the principles and the best practice provisions of the Dutch Corporate Governance Code. Some changes to Euronext's corporate governance policy have been discussed at the Annual General Meeting in 2006. This section of the annual report provides shareholders with information on those areas where Euronext departs from the Dutch Corporate Governance Code.

4.3.3.1 Independence of Supervisory Board members

Independence criteria for Supervisory Board members are contained in the Dutch Corporate Governance Code. This code recommends that no more than one Supervisory Board member may be regarded as non-independent. On 31 December 2006, all Supervisory Board members meet the independence criteria as set out in the Dutch Corporate Governance Code, as described in the best practice provision III.2.2, with the following exceptions:

- Mr Dominique Hoenn is adviser to the board of BNP Paribas S.A. Euronext has long-term, significant relationships with several financial institutions, some of which also provide advisory services. BNP Paribas is one of these financial institutions.
- Mr Rijnhard van Tets is adviser to the board of ABN AMRO Bank N.V. Euronext has long-term, significant relationships with several financial institutions, some of which also provide advisory services. ABN AMRO Bank N.V. is one of these financial institutions.

Euronext does not consider that the positions that Mr Hoenn and Mr van Tets hold at BNP Paribas S.A. and ABN AMRO Bank N.V., respectively, affect their independence. In their dealings with BNP Paribas S.A. and ABN AMRO Bank N.V., Euronext and Mr Hoenn and Mr van Tets, respectively, ensure that they have no involvement, either directly or indirectly, with these business relationships or with the advice provided by these organisations. The Supervisory Board considers it necessary for the Supervisory Board to include members with specific expertise with respect to major financial institutions and the securities industry. When selecting new members of the Supervisory Board, Euronext will continue to take into consideration the relevant independence criteria contained in the corporate governance recommendations.

4.3.3.2 Number of Supervisory Board positions

The Supervisory Board has evaluated the number of outside positions held by each Supervisory Board member. As at 31 December 2006 no member of the Supervisory Board was a member of more than five Supervisory Boards as defined in the Dutch Corporate Governance Code. Within the context of this definition, the number of Supervisory Boards on which Mr Jan-Michiel Hessels and Mr Paul van den Hoek (who retired at the Annual General Meeting of 23 May 2006) each hold positions decreased to five during 2005 and is now within the recommended limit as defined by the Dutch Corporate Governance Code.

When selecting new Supervisory Board members, the corporate governance recommendations relating to the number of positions held on other Supervisory Boards will continue to be taken into consideration.

4.3.3.3 Chairman of the Remuneration Committee

The chairman of the Supervisory Board is also the chairman of the combined Nomination/Remuneration/Corporate Governance Committee. Euronext opted for this structure for reasons of efficiency and to ensure consistency and cohesion between the activities of the combined Nomination/Remuneration/Corporate Governance Committee.

4.3.3.4 Whistle-blowing policy

The Managing Board approved a whistle-blowing policy during 2004 which was approved by Euronext's European works council in early 2005. The whistle-blowing policy came into force in 2005 and is published on Euronext's website.

4.3.3.5 Ownership of management and transactions in securities other than those issued by Euronext itself

The Dutch Corporate Governance Code recommends that Supervisory Board members report any changes in their holdings in Dutch listed companies to the compliance officer at least once every quarter. The code of conduct adopted by the Supervisory Board, however, requires Supervisory Board members to report to the compliance officer once a year all changes in their holdings of securities in Dutch listed companies that occurred during the previous year. Exceptions to this rule apply in the case of investments that are exclusively in investment funds, and where the management of the securities is transferred to an independent third party. Given the international composition of Euronext's Supervisory Board and the limited number of transactions in Dutch listed companies executed by Supervisory Board members, Euronext believes that the requirement for Supervisory Board members to report once a year is in line with the spirit of the Dutch Corporate Governance Code.

4.3.3.6 Option exercise price

As Euronext has its primary listing on Euronext Paris, it follows the French rules for determining the exercise price of options (the average share price during the period running from ten business days before to ten business days after the date on which Euronext announces its quarterly, half-yearly or annual results, as appropriate). This procedure, as used for the Group's option plan for 2004, was approved by the Annual General Meeting in 2004. An explanation of the method used to determine exercise prices for all of Euronext's option plans is included in the annual report. Euronext believes that its rules on the determination of the option price are in line with the spirit of the Dutch Corporate Governance Code.

4.3.3.7 Shares granted to the Managing Board

The Annual General Meeting approved the terms of the Euronext executive incentive plans on 1 June 2005 and on 23 May 2006. The terms of the plans explain that although the Dutch Corporate Governance Code specifies that shares granted to Managing Board members without financial consideration should be retained for a period of five years or more or until at least the end of their period of employment if this period is shorter, Euronext considers it preferable to retain a three-year vesting schedule. Furthermore, the plans state that participants may only dispose of sufficient shares from the award upon vesting to satisfy any immediate tax liability due in relation to the executive incentive plans, and that they will be required to hold the balance of the shares after vesting until the fifth anniversary of the target share award date. As the Annual General Meeting has approved the terms of the plans, Euronext believes that it complies with the Dutch Corporate Governance Code.

4.3.3.8 Risk management and internal control system

The impact of the report of the Dutch Corporate Governance Code Monitoring Committee (Frijns Committee) issued in December 2005 has been considered. This report gave guidance on the interpretation of the Dutch Corporate Governance Code with regard to the system of risk management and internal control and made recommendations. With regard to the management statement on risk management and internal control in the annual report, the Managing Board believes that Euronext fully complies with the recommendations of the Frijns Committee and that this implies compliance with the Dutch Corporate Governance Code (for further information see chapter 2, section 2.5.2).

4.3.4 Shareholders and Annual General Meetings

Euronext has only one class of shares, which are ordinary shares, and has no anti-takeover arrangements. Euronext supports the principle of one share, one vote. The articles of association refer to a record date. The inclusion of this reference gives the Managing Board the authority to state in notices convening Annual General Meetings that those who have voting rights on the date referred to in the notice and who are registered as such in a register kept for that purpose by the Managing Board can exercise this right at the meeting. It also means that shareholders are not required to block their shareholdings before Annual General Meetings and increases efficiency. Euronext shares can be held as registered shares or through Euroclear France S.A. Euronext gives both registered shareholders and shareholders who hold their shares through Euroclear France S.A. the opportunity to vote by proxy.

Euronext will continue its policy of informing the Annual General Meeting of all facts and circumstances relevant to any approval, delegation or authorisation to be granted to the Supervisory Board or Managing Board. Accordingly, the Managing Board and the Supervisory Board are required to provide the Annual General Meeting with all requested information, unless this would be contrary to the overriding interest of the Group. If the Managing Board and the Supervisory Board invoke this exemption, they shall give reasons for doing so.

The articles of association contain requirements with regard to the matters which must be included on the agenda of the Annual General Meeting. In this context, the discharge of the Supervisory Board and the Managing Board are presented as separate items on the agenda of the Annual General Meeting.

The Managing Board and the Supervisory Board have decided that the Annual General Meeting shall not be requested to provide a delegation of authority to the Managing Board lasting for more than 18 months with regard to the issue of new shares, or the restriction or exclusion of pre-emptive rights in relation to the issue of new shares. A similar maximum period of 18 months applies with regard to the authorisation of the Managing Board to acquire paid-up shares in Euronext's own capital.

As a result of changes in the legislation governing the *structuurregime*, the Annual General Meeting now appoints members of the Supervisory Board and approves and adopts the annual financial statements. The 2005 Annual General Meeting approved Euronext's corporate governance policy. Any significant changes to the corporate governance structure and policy will be placed on the agendas of future Annual General Meetings and will be explained to shareholders. Some changes to Euronext's corporate governance structure were already discussed with the Annual General Meeting in 2006.

Shareholders representing at least 1% of Euronext shares can add proposals to the agenda of Annual General Meetings up to 50 days before the date of the meeting. Following an amendment to the law on 1 October 2004, shareholders representing at least €50 million of Euronext's market capitalisation also have this right. One shareholder asked to include two items on the agenda of the 2006 Annual General Meeting.

Euronext is continuously improving the transparency of the information it provides to shareholders *via* the Internet. In connection with this, the corporate information published on the Euronext website includes a separate corporate governance section containing the relevant information on Euronext's corporate governance. The annual report, the agenda for the Annual General Meeting as well as an explanation on how Euronext has implemented the Dutch Corporate Governance Code and the procedures to be followed by shareholders who wish to attend the Annual General Meeting or vote by proxy are also published on Euronext's website.

Furthermore, Euronext enables shareholders to follow analyst meetings and shareholder also had the possibility to follow the 2006 Annual General Meeting and Extraordinary Shareholders' Meeting *via* webcasting. Euronext organises several meetings a year with analysts. These meetings are scheduled so that they do not take place just before the publication of financial information. Euronext does not exert any influence over research reports produced by analysts or assessments made by them (other than by reviewing and commenting on the factual accuracy of the information), nor does it finance such research.

4.3.5 Other information

Stock options held by members of the Managing Board

As at 31 December 2006, the stock options held by the members of the Managing Board were as follows (see also chapter 3, note 3.3.10 to the financial statements):

- SBF plan: 0
- 2001 stock option plan: 20,833
- 2002 stock option plan: 57,617
- 2004 stock option plan: 110,000
- 2005 share award plan: 50,000
- 2006 share award plan: 50,000

All options held by one Managing Board member and that related to the SBF plan were exercised in 2004.

Expiry dates and exercise prices of the same plans are as follows:

- SBF plan: expiry date 2007; exercise price €5.62
- 2001 stock option plan: expiry date 2011; exercise price €24.00 or €21.60
- 2002 stock option plan: expiry date 2009; exercise price €21.08
- 2004 stock option plan: expiry date 2011; exercise price €22.28 or €22.60
- 2005 share award plan: expiry date 2008
- 2006 share award plan: expiry date 2009

4.4 Corporate code of conduct and best practice policies

4.4.1 Conflicts of interest

Euronext shares are listed on Eurolist by Euronext in Euronext Paris, and are traded, but not listed, on Euronext Brussels (Trading Facility) and Euronext Amsterdam under conditions agreed with the regulators before the offering date. These procedures are designed to prevent confidential data about the market for Euronext shares being circulated within the Group.

No suspension of listing occurred during 2006, and listing interruptions were managed in compliance with the rules governing other issuers.

The liquidity agreement concluded in 2001 to improve trading conditions for Euronext shares on Eurolist by Euronext in Euronext Paris (formerly Premier Marché of Euronext Paris' marketplace) was continued in 2006 with Exane S.A., a subsidiary of the original external party, BNP Paribas S.A., which was authorised to intervene as necessary.

Euronext shares are still included in the SBF 120, SBF 250 and Euronext 100 indices.

4.4.2 Prevention of insider trading

The code of conduct, which was adopted with the approval of the regulators as part of the IPO of Euronext, and which defines the rules aimed at preventing insider trading that apply to all staff of the Group, has been fully implemented at all Euronext locations. This code supplements the ethical provisions that already applied locally. In 2006, the code of conduct was updated in accordance with the new legal frameworks resulting from the implementation of the Market Abuse Directive in the legislation of the countries where Euronext operates markets.

More specifically, the rules state that employees involved in the listing, supervision or trading of Euronext shares or Euronext share derivatives must refrain from any transactions in these securities and must authorise a recognised institution to manage transactions on their behalf.

As for other members of staff, transactions are permitted under the following circumstances:

- Transactions may only occur during an open period. Open periods are set by the Managing Board and begin when the quarterly, half-yearly and annual financial results of Euronext are published, and last for four weeks.
- All transactions must be reported to the relevant compliance officer.
- A period of six months must pass between any two opposing transactions.

Finally, persons in sensitive positions are required to notify the AFM of Euronext shares and Euronext options. This applies in particular to members of the Supervisory Board and Managing Board as well as to officers of subsidiaries and other members of staff who are likely to have confidential information.

Since Euronext's IPO there have been 20 open periods. The most recent open period started on 17 November 2006 and ended on 14 December 2006.

A new period will be opened from 14 March 2007 to 10 April 2007.

In addition, specific ethical provisions apply to staff transactions in the Euronext Growth Fund, which was established to handle staff subscriptions at the time of the IPO and which invested exclusively in Euronext shares. In agreement with the regulators, it was decided that staff transactions in the Euronext Growth Fund be permitted throughout the year, with the exception of abstention periods, which cover the period leading up to the announcement of the Group's quarterly, half-yearly and annual results. Abstention periods last three weeks in the case of quarterly and half-yearly results, and six weeks in the case of annual results.

In 2006, the first abstention period started on 1 February and ended on 14 March, as the scheduled date for the announcement of the financial results for 2005 was 15 March 2006.

Trading restrictions on Euronext Securities implemented on 21 December 2004 still apply to staff members who may have access to or be seen as having access to inside information relating to stock exchange consolidation. The same restriction also applied to the Euronext Growth Fund and ParisBourse Fund and to the exercising of stock options.

Furthermore, these restrictions overrode any open periods and abstention periods that had previously been scheduled with regard to trading in Euronext shares, the Euronext Growth Fund and the ParisBourse Fund, and any stock option plan rules.

A special insider list, known as the restricted persons list, has been drawn up, and regular reminders of the dealing restrictions are sent to these "restricted" persons.

Dealing restrictions were announced to staff members regarding Deutsche Börse securities on 4 April 2006. On 3 May 2006, Euronext publicly announced that given the NASDAQ announcement, it was no longer discussing with the LSE. Consequently, the LSE dealing restrictions applicable to the Supervisory Board and all staff members since 21 December 2004 were lifted.

New dealing restrictions on securities of CME and NYSE Group were announced to the Supervisory Board and staff members following some press and media speculation on 19 May 2006.

On 22 May 2006, before the Annual General Meeting Euronext N.V. confirmed that discussions were managed with different parties. During the Annual General Meeting, Deutsche Börse and NYSE proposals were explained to shareholders. Following these presentations and having considered that all the inside information was disclosed during the Annual General Meeting, it was decided to open a period during which the "restricted persons" would be authorised to exercise their stock-options, the sale of the Euronext N.V. shares being still prohibited.

On 17 July 2006, CME securities dealing restrictions were lifted.

In accordance with the ethical rules laid down in the code of conduct, Euronext has published on its website details of transactions in its securities executed by employee shareholders who hold sensitive positions.

A special procedure for handling conflicts of interest has been drawn up and included in the file that was submitted to the French regulator in order to obtain a statement of non-opposition to the listing of options on Euronext shares.

Pursuant to article 2 of the Euronext code of conduct, staff members are not authorised to trade derivatives on Euronext shares.

The implementation of the Market Abuse Directive in the Netherlands has led to the creation of new Dutch legal provisions on the publication of details of securities held by members of the Supervisory Boards and management boards of listed Dutch companies. These provisions, which came into effect on 1 November 2006, stipulate that any transactions done by such persons in the shares of companies on whose boards they serve must be reported immediately to the AFM for publication on its website. These provisions also apply in the event of the granting and/or acceptance of shares and stock options.

Reporting obligations to the AFM have been extended to include persons closely associated with members of the Supervisory Board and Managing Board, who should report any trade on Euronext securities within five working days. The same obligations apply to members of the Operational Committee and other executives. Managing Board members and all other staff members obliged to provide notification have complied with these provisions.

4.4.3 Personal dealing policies

Euronext has implemented a Group-wide code of conduct with regard to ownership of and transactions in investments other than Euronext, known as the personal dealing rules. This harmonised set of rules replaces the various local corporate codes and is applicable to all staff members, including Managing Board members. Due to their positions within Euronext, the members of the Managing Board have opted for portfolio management by an independent third party. This goes beyond what is required by the Dutch Corporate Governance Code.

Staff members, irrespective of their location, are governed by the same corporate codes, personal dealing rules, and the Euronext code of conduct, which sets out rules concerning inside information relating to investments in Euronext securities. In accordance with the Dutch Corporate Governance Code, members of the Supervisory Board have adopted internal compliance rules that include an obligation to report all holdings and trades in Dutch securities to the compliance officer.

4.4.4 Other best practice policies

As a listed company, Euronext and its staff members must take great care to avoid the partial or accidental dissemination of information that might affect share prices. Euronext has adapted its current policy, which sets out the steps to be followed by staff members in order to prevent any such undue dissemination of price-sensitive information, so that it is in accordance with the requirements imposed by directive 2003/124/EC as regards the definition and public disclosure of inside information and the definition of market manipulation.

In accordance with the Dutch Corporate Governance Code, Euronext implemented a whistle-blowing policy in order to enable staff members to report alleged irregularities of a general, operational and financial nature without jeopardising their position within Euronext. The arrangements governing the application of this policy have been placed on the Euronext website.

5. LEGAL INFORMATION

5.1 General information

5.1.1 Euronext

Name: Euronext N.V.

Registered office: Beursplein 5, 1012 JW Amsterdam, the Netherlands, telephone number of Euronext's registered office: +31 20 550 4436.

Euronext is a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law on 20 July 2000 for an indefinite period and is administered by a Managing Board and a Supervisory Board. Euronext is registered in the trade register of the Amsterdam Chamber of Commerce under number 341 37 761. The following information is not exhaustive and is based on Euronext's articles of association.

Euronext has a Managing Board as well as a Supervisory Board. Members of the Managing Board and the Supervisory Board are appointed by the Annual General Meeting.

Local works councils are active in Paris, Brussels and Amsterdam. In 2002, a European works council was set up. An information and consultation committee was set up in London in 2004.

5.1.2 Articles of association

The articles of association of Euronext were last amended by a notarial deed executed by H.B.H. Kraak, civil law notary in Amsterdam, on 10 August 2006. The certificate of no objection of the Ministry of Justice on the amendments to the articles of association was issued by the Ministry of Justice under the number N.V. 1124832. The full Dutch language text of the articles of association as well as the English translation thereof are available at Euronext's registered office and at the following addresses: Euronext Brussels (Palais de la Bourse/Beurspaleis, Place de la Bourse/Beursplein, 1000 Brussels, Belgium); Euronext Lisbon (Avenida da Liberdade, n.°196, 7°Piso, 1250-147, Lisbon, Portugal); Euronext Paris (39, rue Cambon, 75039 Paris Cedex 01, France); and LIFFE Administration and Management (Cannon Bridge House, 1 Cousin Lane, EC4R 3XX London, UK). A French translation is also available at the Paris office and the Amsterdam office. The articles of association have also been published on Euronext's website.

Pursuant to article 3 of the articles of association, the objects of Euronext are:

- To participate in, to finance, to collaborate with, to conduct the management of and provide advice and other services to legal entities and other companies, including in particular legal entities and other companies of which the objects are to set up, develop, hold and operate, directly or indirectly, one or more exchanges or markets or other facilities with regard to the listing of, the trade in, the clearing and settlement of transactions in, and the custody of, securities and derivatives.
- To enter into joint-ventures with other legal entities or other companies engaged in one or more of the activities referred to above.
- To acquire, use and dispose of industrial and intellectual property rights as well as real property.
- To provide security for the debts of Group companies.
- To undertake all that is connected to the foregoing or in furtherance thereof, all of the foregoing both directly or indirectly, in and outside the Netherlands, and all in the widest sense of the word.

A resolution of the Annual General Meeting to amend the articles of association of Euronext may only be adopted at the proposal of the Managing Board, which proposal shall require the approval of the Supervisory Board. Changes to the articles of association are subject to approval of Euronext's regulators.

5.1.3 Financial year, approval of financial statements and discharge of the Managing Board and Supervisory Board

In accordance with article 23(1) of the articles of association, the financial year of Euronext coincides with the calendar year. In accordance with the articles of association, the financial statements will be compiled by the Managing Board within five months of each financial year (unless, in an exceptional case, this term is extended for a period of no more than six months by the Annual General Meeting on the ground of special circumstances). The Managing Board will submit the financial statements to the Supervisory Board. The financial statements will be approved by the Supervisory Board in accordance with article 23 of the articles of association. The financial statements will be signed by all members of the Managing Board and the Supervisory Board. If the signature of one or more of them is missing, the reason for this must be stated. The financial statements will then be adopted by the Annual General Meeting.

Within the same five-month period, the Managing Board also prepares an annual report, which is filed with the Amsterdam Chamber of Commerce at the same time that the financial statements are filed with the Chamber of Commerce namely within eight days of the financial statements being adopted by the Annual General Meeting. The annual report can also be made available at the office of Euronext.

In accordance with Dutch law and the articles of association of Euronext and following discussion of the proposal to adopt the financial statements, the Annual General Meeting will be asked to discharge the members of the Managing Board with respect to their management and to discharge the members of the Supervisory Board with respect to their supervision during the previous financial year.

5.1.4 Profit allocation

Following the adoption of the financial statements by the Annual General Meeting, Euronext may distribute dividends to shareholders and other persons entitled to the distributable profit, provided that the financial statements show that such a distribution is permissible. Euronext may only make such distributions insofar as its equity capital is larger than the paid and called-up part of the capital plus the reserves that have to be maintained by law. The Annual General Meeting may decide on any retention of profits or distribution of profits on the basis of and in accordance with a proposal of the Managing Board subject to prior approval of the Supervisory Board. The Managing Board may decide, subject to the approval of the Supervisory Board, to distribute an interim dividend, but only to the extent that Euronext has made a profit and with due observance of the relevant provisions of Dutch law.

The articles of association state that, with the approval of the Supervisory Board and the Annual General Meeting, the Managing Board may decide that a dividend shall not be made in cash but shall be distributed in the form of shares in Euronext or decide that shareholders shall be given the option to receive a dividend either in cash or in the form of shares in Euronext, to the extent the Managing Board has been designated in accordance with the provisions of article 5 of the articles of association as the body competent to pass a resolution for the issue of shares or to the extent that the Annual General Meeting shall pass a resolution to that effect.

All dividends that have not been claimed within five years of the date on which they were distributed will be deemed to have reverted to Euronext.

5.1.5 Annual General Meeting

In 2003, a record date was included in the articles of association. The inclusion thereof gives the Managing Board the authority to state in the notice convening the Annual General Meeting that those who had voting rights and meeting rights on the date referred to in the notice and who are registered as such in a register kept for that purpose by the Managing Board are considered to hold those rights during the Annual General Meeting. This amendment to the articles of association prevents shareholders from having to block their shareholdings and increases efficiency. Every shareholder registered in Euronext's shareholders' register has the right – with due regard for article 26(7) of Euronext's articles of association – to attend Annual General Meetings or be represented by a person holding a written proxy, to speak at the meeting and to exercise voting rights. The Annual General Meeting is held in Amsterdam within six months of the end of the financial year. Extraordinary General Meetings are held as often as the Supervisory Board or the Managing Board deem necessary. Within three months after it is plausible to the Managing Board that Euronext's equity has fallen to an amount that is equal to or lower than 50% of the paid and called-up part of the capital, a general meeting shall be held in order to discuss any necessary measures that need to be taken. One or more shareholders representing at least 10% of Euronext's share capital may be authorised by the injunction judge of the court of Amsterdam to convene an Extraordinary General Meeting.

Annual General Meetings are convened by the Managing Board or the Supervisory Board and a detailed agenda of the meeting is published at the same time. The articles of association stipulate that convening notices shall be announced in a national daily newspaper distributed in the Netherlands, a national daily newspaper distributed in France, a French-language national daily newspaper and a Dutch language national daily newspaper distributed in Belgium, an English-language international newspaper distributed in Europe and in the official exchange lists published in France, Belgium and the Netherlands no later than 15 days prior to the date of the meeting.

One or more shareholders representing at least 1% of Euronext's issued share capital (as long as the shares are listed in the sense of the law), may ask the Managing Board to add proposals to the agenda for the Annual General Meeting, provided that Euronext receives such request no later than on the fiftieth day before the day of the meeting, and provided that no significant company's interest opposes such request. Resolutions can only be passed if the notice procedure as described in the articles of association and defined by Dutch law has been properly followed. The chairman of the Supervisory Board chairs the Annual General Meeting and determines the method of voting.

The Annual General Meeting can only resolve to amend Euronext's articles of association or to dissolve Euronext if this is done at the proposal of the Managing Board, which is subject to approval by the Supervisory Board. Proposals to amend the articles of association must be filed with Euronext's office and made available for inspection by all those entitled to attend the Annual General Meeting at the time the notice convening the meeting is published.

Euronext shares can be held in two ways:

- As registered shares (the shareholders are entered in Euronext's shareholders' register).
- In an account *via* Euroclear France S.A. through an account holder or financial intermediary (the shares are entered in Euronext's shareholders' register in the name of Euroclear France S.A.).

The administrative procedure that must be followed by Euronext shareholders in order to make use of certain rights attached to their shares (such as attending the Annual General Meeting) differs from the administrative procedure used by Dutch companies listed on Euronext Amsterdam due to the fact that the shares of Euronext are listed on Euronext Paris. The articles of association of Euronext provide for the possibility that the Managing Board may determine in the convening notice that those who have the voting rights and meeting rights on a date specified in the convening notice shall be considered to have those rights irrespective of who the owners of the shares are at the time of the Annual General Meeting. These shareholders may also be represented by a third party who has been duly authorised in writing. Shareholders who hold their shares *via* Euroclear France S.A. are not listed in Euronext's shareholders' register. They can request Euroclear France S.A. to represent them at Annual General Meetings. These shareholders may also request a power of attorney so that they can attend the Annual General Meeting and vote in person on the items included in the agenda or have themselves represented by a third party who has been duly authorised in writing. All shareholders of Euronext, regardless of whether they are registered or hold their shares *via* Euroclear France S.A., will be informed of the date, place and time of the Annual General Meeting by means of a convening notice published by Euronext in various national and international newspapers. The notice will contain the agenda for the Annual General Meeting and information on the procedures to be followed by shareholders wishing to attend the Annual General Meeting and those wishing to vote by proxy.

Registered shareholders

In order to be eligible to vote in person at the Annual General Meeting, registered shareholders must express their desire to do so by completing and signing the appropriate form and returning it to Euronext's registrar, NMC, by the stipulated deadline. NMC's receipt of the duly completed and signed form on time constitutes notification to Euronext of the registered shareholder's intention to exercise voting rights. If a registered shareholder wishes to be represented by a third party, he or she must notify NMC by completing and returning the proxy form on time. NMC's receipt of the duly completed and signed proxy form on time constitutes notification to Euronext of the registered shareholder's intention to be represented at the meeting by (means of) a proxy. All registered shareholders will receive a letter in the post from Euronext containing an invitation to the Annual General Meeting, a copy of Euronext's annual report, the agenda for the Annual General Meeting and information on the procedures for attending or being represented by a third party at that meeting.

Shareholders who hold their shares through Euroclear France S.A.

Shareholders who hold their shares through Euroclear France S.A. and who wish to attend the Annual General Meeting can obtain a power of attorney from Euroclear France S.A. by completing a form provided by their financial intermediary on request. The procedure to be followed will be explained in the notice convening the Annual General Meeting, to be published by Euronext in various national and international newspapers. Those who have followed this procedure may cast votes in person at the Annual General Meeting in proportion to the number of shares they hold or have themselves represented by a third party who has been duly authorised in writing.

Shareholders who hold their shares through Euroclear France S.A. and who want Euroclear France S.A. to vote on their behalf during the Annual General Meeting must provide Euroclear France S.A. with voting instructions for the Annual General Meeting by completing a voting form obtained from their financial intermediary. The form should be completed, signed and returned to the financial intermediary in time. The procedure will be explained in the notice convening the meeting.

Conversion to registered shareholder

Shareholders who hold their shares through Euroclear France S.A. may have their shares put in their own name so that they are registered as shareholders directly in Euronext's shareholders' register kept in Amsterdam by the registrar.

Conditions for exercising voting rights

Each shareholder who participates in an Annual General Meeting has as many votes as the number of shares he or she owns or represents, without any restrictions other than those set by law or the articles of association. Except where otherwise provided under the articles of association or Dutch law, resolutions adopted by the Annual General Meeting shall be passed by a majority of the votes cast.

5.1.6 Dissolution

If a resolution to dissolve Euronext is adopted, the Managing Board will handle the liquidation unless the Annual General Meeting appoints one or more other liquidators. Euronext's articles of association will remain in effect. The balance of the dissolved company remaining after Euronext's creditors have been paid will be distributed among the shareholders.

5.2 General information on Euronext's legal and regulatory environment

5.2.1 Financial market regulations applicable to Euronext

5.2.1.1 Overview

Euronext (through its subsidiaries) operates exchanges in five European countries. Each of the Euronext exchanges holds an exchange license granted by the relevant national exchange regulatory authority and operates under its supervision. Each market operator is also subject to national laws and regulations in its jurisdiction in addition to the requirements imposed by the national exchange authority and, in some cases, the central bank and/or the finance ministry in the relevant European country.

The regulatory framework in which Euronext operates is substantially influenced by European Directives in the financial services arena. The baseline directive applicable in the area is the Investment Services Directive of 10 May 1993. In 1999, the European Union adopted a Financial Services Action Plan ("FSAP") designed to create a single market for financial services by harmonizing the member states' requirements on securities, banking, insurance, mortgages, pensions and all other financial transactions. In order to implement the FSAP, the European Union adopted the following key directives:

- The Market Abuse Directive of 28 January 2003.
- The Prospectus Directive of 4 November 2003.
- The Transparency Directive of 15 December 2004.
- The Takeover Directive of 21 April 2004.
- The Markets in Financial Instruments Directive of 21 April 2004
- The Capital Adequacy of Investment Firms and Credit Institutions Directive of 11 October 2005.

The progressive implementation by European member states of these directives is enabling and increasing the degree of harmonization of the regulatory regime with respect to financial services, offering, listing, trading and market abuse. In addition, the implementation of the MiFID Directive by the European member states is expected to result in a reinforcement of the regulators' authority and control over market operators' governance, shareholders and organization.

In addition, the national regulators of the Euronext exchanges are parties to two Memoranda of Understanding ("MOUs") designed to ensure coordinated supervision and regulation of Euronext N.V. and of the regulated markets operated by the Group. The principal forum for the coordinated supervision is a committee consisting of the chairmen of the national regulatory authorities (the "Chairmen's Committee"), which has approval or veto rights over a set of actions by Euronext delineated in the MOUs.

5.2.1.2 Listing of Euronext shares

In respect of the listing of Euronext shares on Euronext Paris, the following provisions of the French financial markets regulations apply to Euronext:

- AMF general regulations, book II, Title II, regarding the dissemination of periodic and on-going information.
- AMF general regulations book II, Title I, chapter 6 regarding the appointment in France of a permanent correspondent with the AMF.
- AMF general regulations book II, Title IV regarding the dissemination of information during buy-back programs for securities that have been admitted to listing on a regulated market, without prejudice where appropriate to European Commission regulation (EC) 2273/2003 of 22 December 2003.
- AMF general regulations book VI regarding insider trading and market abuse.
- AMF general regulations book II regarding takeover bids.

In respect of the listing of Euronext shares on the Trading Facility Market a Belgian regulated market organised by Euronext Brussels, the following provisions of the Belgian financial market regulations apply:

- Royal Decree of 31 March 2003 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market.
- In respect to the market abuse regime in Belgium, Articles 25, 25bis, 40 and 41 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, and the Royal Decree of 5 March 2006 governing market abuse.
- With respect to the admission, suspension and delisting of the Euronext shares, Article 7 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services.
- Chapter B-7 of the Book II of the Euronext Rulebook on Trading Facility.

In addition, the rules governing the organisation and functioning of the markets (the Euronext Rulebooks) are applicable to Euronext as a listed issuer. The Euronext Rulebooks may be consulted at the offices of all Euronext locations and is available on Euronext's website. The French statutory provisions and AMF General Regulations, which implemented the EU Takeover Directive, govern tender offers for Euronext shares. The Dutch statutory provisions governing the disclosure of holdings exceeding certain thresholds in Euronext's capital are described in section 5.2.2.7.

In addition to the laws and statutory provisions applicable to Euronext summarised above, Euronext has to comply with public information requirements. Euronext is listed on the Eurolist Market (former Premier Marché of Euronext Paris) and is traded on the Traded-But-Not-Listed segment operated by Euronext Amsterdam and traded but not listed on the Belgian regulated market Trading Facility.

National disclosure requirements were modified in 2005 in order to implement at national level the Market Abuse

Directive. Disclosure requirements will be further modified when the Transparency Directive is implemented in national law (transposition is due since 20 January 2007; as far as France is concerned, implementation took place on time and Euronext N.V. accordingly complies with the new requirements regarding the dissemination mode of regulated information).

5.2.2 Regulatory structure and environment

5.2.2.1 Overview of Euronext markets

From a regulatory perspective, and without prejudice to its unified operational structure, Euronext is the sole owner of the market operators in Amsterdam, Brussels, Lisbon, London and Paris, which in turn hold the national regulatory licences to operate the local financial markets.

Euronext's regulated markets are as follows:

- Euronext Amsterdam operates two regulated markets: one stock market (Eurolist by Euronext) and one derivative market (the Euronext Amsterdam derivatives market).
- Euronext Brussels operates three regulated markets: two stock markets (Eurolist by Euronext and the Trading Facility), and one derivative market, the Belgian derivatives market.
- Euronext Lisbon operates two regulated markets: one stock market (Eurolist by Euronext) and one derivative market, the Mercado de Futuros e Opções.
- Euronext Paris operates three regulated markets: one stock market (Eurolist by Euronext) and two derivative markets (Monep and Matif).
- LIFFE Administration and Management operates one regulated market; a derivative market (The London International Financial Futures and Options Exchange).

Euronext also operates a number of markets that do not fall within the EU definition of "regulated markets" (described below as "non-regulated markets"). These are as follows:

- In Amsterdam, the Traded-But-Not-Listed segment (*Categorie Verhandeling*) and Alternext® Amsterdam.
- In Brussels, the Marché Libre for companies that do not want to abide by specific listing requirements or ongoing obligations, the Public Auction Markets (*Ventes publiques*) for trading securities which are non listed but traded on an occasional basis and Alternext®.
- In Lisbon, the Unlisted market/Mercado Sem Cotações, which is a stock market with minimal listing requirements and EasyNext Lisbon, which is a new non-regulated market for structured products. In early 2006, EasyNext was introduced for listing and trading of bonds. Euronext Lisbon expects to introduce Alternext® in 2007.
- In Paris, Alternext® for companies willing to submit to tailored reporting and disclosure duties without being listed on a regulated market and the Marché Libre for companies or offering shareholders that do not want to abide by the listing requirements of a regulated market or of Alternext®.

5.2.2.2 Regulatory texts

As part of the process of integrating the trading platforms of its European markets, Euronext introduced a harmonized Rulebook, which has reduced the compliance burden on users, ultimately reducing their costs. The Euronext Rulebook currently consists of two Books:

- Book I contains the harmonised rules, including rules of conduct and enforcement rules that are designed to protect the markets, as well as rules on listing, trading and membership.
- Book II contains all rules of the individual markets that have not been harmonised.

The notices adopted by Euronext for the enforcement of Book I apply to all Euronext markets (unless otherwise specified), while those for the enforcement of Book II are specific to local jurisdictions. The regulators in Belgium, France, the Netherlands, Portugal and the United Kingdom have approved the market rules of Books I and II. The following rules have been integrated in Book I:

- Membership rules for cash markets and derivative markets.
- Trading rules for cash markets and derivative markets.
- Listing rules for cash markets.
- Rules of conduct for cash markets and derivative markets.
- Transparency obligations for certain issuers (applicable only to cash markets).
- Enforcement of the rules (applicable to cash markets and derivative markets).

5.2.2.3 Supervision and approval of regulatory texts

The Euronext Rulebooks and all subsequent amendments have to be submitted to the regulators of Euronext and those of its subsidiaries. On 22 March 2001 the COB (Commission des Opérations de Bourse) and the CMF (Conseil des Marchés Financiers) which merged to create the AMF in 2003, the CBF (now CBFA), and the STE (now the AFM) – the regulators responsible for overseeing Euronext and its subsidiaries – signed a memorandum of understanding to co-ordinate the supervision and regulation of Euronext's market activities and the associated regulated markets it operates. The memorandum of understanding covers the following matters:

- Creation of a Chairmen's Committee composed of the chairman of each of the regulatory authorities that signed the memorandum of understanding.
- Creation of a Steering Committee composed of a representative of each of the principal authorities that signed the memorandum of understanding.
- Regular meetings between the Chairmen's Committee and the Managing Board.
- Prior agreement of the Chairmen's Committee to certain decisions made by the subsidiaries of Euronext regarding such matters as its articles of association and those of its subsidiaries, the Euronext Rulebooks, any subsequent

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amendments to these documents, the creation of alliances, mergers, cross-holdings and cross-membership agreements, the implementation of integration and restructuring measures, the supervision of trading members' activities, the monitoring of transactions, and the opening or closing of a regulated market.

- Decisions subject to the non-opposition of the Chairmen's Committee include issuing notices interpreting or implementing provisions of the Euronext Rulebook and appointing (i) members of Euronext's Managing Board and Supervisory Board and (ii) key personnel.
- Decisions requiring notification to the Steering Committee include the admission, sanction, suspension or exclusion of a market member, and certain other decisions such as listing or delisting of a financial instrument, suspension of trading, or other events that may be agreed between the signatory authorities.

The CMVM signed the memorandum of understanding, on 26 March 2002. On 3 March 2003, these regulators, together with the FSA in the UK, also agreed on the provisions of a separate memorandum of understanding in relation to all of Euronext's derivative market activities. Euronext continues to discuss with its regulators ways in which the arrangements implemented pursuant to these memoranda of understanding can be enhanced.

5.2.2.4 Regulation of Euronext Group

Group-Wide supervision and regulation

The national regulators of the Euronext exchanges are parties to two MOUs that provide a framework to coordinate their supervision of Euronext N.V. and of the markets operated by the Euronext Group. The first MOU was initially entered into by the Dutch, French and Belgian exchange regulatory authorities in 2001 and was extended to the Portuguese exchange regulatory authority in 2002. The second MOU, which relates principally to the regulation of Euronext's derivatives markets, was entered into between such authorities and the UK exchange regulatory authority in 2003.

Within the framework of the first MOU, Euronext's continental European exchange regulators agreed to develop and implement a coordinated approach with respect to the supervision of Euronext markets, in particular with respect to the trading systems, registration and monitoring of trades, and dissemination of market data, subject to the rights and obligations of each regulatory authority under the national laws of its home jurisdiction. The regulatory authorities that signed the MOUs cooperate on the basis of a multilateral memorandum of understanding with respect to the exchange of information and oversight of securities activities implemented by the Forum of European Securities Commissions ("FESCO") (now Committee of European Securities Regulators, or CESR). Representatives of Euronext's regulatory authorities meet in working groups on a regular basis in order to coordinate their actions in areas of common interest and agree upon measures to promote harmonization of their respective national regulations.

The principal forum for coordinated supervision under the MOUs is the Chairmen's Committee, which is composed of the chairmen of each of the signatory regulatory authorities. The Chairmen's Committee takes decisions by consensus. The Chairmen's Committee holds regular meetings with members of Euronext's Managing Board, and also meets on an ad hoc basis whenever necessary. A Steering Committee created under the MOU and consisting of representatives of each signatory authority meets prior to each meeting of the Chairmen's Committee, and may create working groups focusing on specific aspects of the regulation of Euronext. Certain delineated actions or decisions either require the prior approval of or are subject to the non-opposition of the Chairmen's Committee, or must be notified to the Steering Committee. Following a decision by the chairman's Committee or the Steering Committee, the members of such committees are required to recommend to the decision-making bodies of each regulatory authority to approve and adopt, and otherwise act in accordance with, the decision of the relevant committee under the MOU. Matters not specifically delineated in the MOUs are reserved to the national regulators.

Decisions requiring prior approval of the Chairmen's Committee include entering into alliances, mergers, cross shareholdings and cross-membership agreements, performing certain integration and restructuring steps, listing of shares of Euronext or its subsidiaries, outsourcing activities related to trading, registration and publication of transactions, surveillance of trading members' activity or monitoring of transactions, creating or closing a regulated market or other trading facilities and approving or modifying the bylaws of Euronext N.V. or its subsidiaries. In addition, the Chairmen's Committee must approve any modifications to the Euronext Rulebook (which is described below).

Decisions subject to the non-opposition of the Chairmen's Committee include issuing notices interpreting or implementing provisions of the Euronext Rulebook and appointing (i) members of Euronext's Managing Board and Supervisory Board and (ii) key personnel.

Decisions requiring notification to the Steering Committee include the admission, sanction, suspension or exclusion of a market member, and certain other decisions such as listing or delisting of a financial instrument, suspension of trading, or other events that may be agreed between the signatory authorities.

Regulation of Euronext N.V.

At the time that Euronext N.V. was formed in 2000, Euronext N.V. received a joint exchange license together with Euronext Amsterdam to operate regulated markets. As a

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result, Euronext N.V. is subject to the regulation and supervision of the Dutch Minister of Finance and the Dutch AFM, in accordance with Dutch securities law and the terms and conditions of the exchange license. The Dutch Minister of Finance's and the AFM's powers include a veto/approval right over (i) the direct or indirect acquisition of more than 10% of the shares of Euronext N.V., (ii) the appointment of the top management of Euronext N.V., (iii) any mergers, cross-shareholdings and joint-ventures, and (iv) any actions that may affect the proper operation of the Dutch exchanges result of the planned merger.

A new exchange license will have to be granted as a result of the planned merger.

5.2.2.5 National regulation of market operators

Euronext Amsterdam

Euronext Amsterdam, a subsidiary of Euronext, operates two regulated markets (one stock market and one derivative market) and two non-regulated markets (the Traded-But-Not-Listed segment and Alternext® Amsterdam). Under Article 5:26 of the Financial Supervision Act, the establishment of a market in financial instruments in the Netherlands is subject to prior authorisation by the Dutch Minister of Finance who may, at any time, amend or revoke this authorisation under the conditions stipulated in the Financial Supervision Act. Among other responsibilities, AFM, together with De Nederlandsche Bank, acts as the regulatory authority for members of Euronext Amsterdam, supervises the primary and secondary markets, ensures compliance with market rules, and monitors clearing and settlement operations, while the Dutch Minister of Finance authorises the recognition of markets in financial instruments, ensures compliance with European Directives, and issues declarations of no objection in connection with the acquisition of significant shareholdings in Euronext or Euronext Amsterdam.

The Dutch Minister of Finance has imposed on Euronext Amsterdam and Euronext a number of specific conditions and restrictions regarding the integration process. In particular, both entities are required to inform the AFM of progress made in integration. Furthermore, the Dutch Minister of Finance and/or the AFM has to give prior approval for certain decisions, which include:

- Major integration steps affecting the operation of the exchanges in the Netherlands.
- Adoption of the applicable Rulebooks.
- Any merger or similar arrangement involving Euronext in so far as these may affect the operation of the exchanges in the Netherlands.

In certain cases, the Dutch Minister of Finance has the discretion to amend or supplement any conditions or restrictions stipulated in connection with the exchange recognition.

Under Dutch law, no shareholder may hold or acquire, directly or indirectly, or try to increase its stake to more than 10% of a recognized regulated market without first obtaining a declaration of no-objection from the Dutch Minister of Finance.

Euronext Brussels

Euronext Brussels is governed by the Belgian Act of 2 August 2002 which entered into force on 1 June 2003 and is recognised as a market undertaking according to Article 16 of this Act. The principal subject of that law was to transfer to the CBFA some of the competences previously executed by the exchange (disciplinary powers against members and issuers, control of sensitive information, supervision of the markets, and investigative powers). Euronext Brussels continues to be responsible for matters such as the organisation of the markets and the admission, suspension and exclusion of members, and has been appointed by law as a "competent authority" within the meaning of the Listing Directive. Euronext Brussels also governs three non-regulated markets: the Marché Libre created in October 2004 and the Public Auction Market for non-listed companies and Alternext®, which was created in 2006.

According to Article 19 of the Law of 2 August 2002, a shareholder who intends to acquire directly or indirectly a 10% interest in a market operator in Belgium must provide prior notice to the CBFA. Thereafter, the same obligation applies each time such a 10% shareholder intends to increase its ownership by an additional 5% (e.g., 15%, 20%, 25% and so on).

Euronext Lisbon

It is governed by the Decree of Law no. 394/99 of 13 October 1999 (Regime Jurídico das Entidades Gestoras de Mercados de Valores Mobiliários e de Sistemas Conexos), which, along with the Portuguese Securities Code and the CMVM regulations, governs the legal regime for regulated and non-regulated markets, market operators and all companies with related activities. This act was amended on 15 January 2002 (Decree of Law no. 8-D/2002) to allow Euronext to acquire all the shares of BVLP and to allow an amendment to the articles of association which, until that date, restricted voting rights to 15%. The creation of regulated markets is subject to prior authorisation in the form of a decree from the Portuguese Minister of Finance, following consultation with the CMVM. The CMVM is an independent public authority that monitors the markets and market participants, public offerings and collective investment undertakings. In addition, a regulated market must be registered with the CMVM prior to starting operations. The Portuguese Minister of Finance may withdraw recognition of a regulated market in certain cases stipulated in the above-mentioned Decree of Law.

The CMVM is the regulatory authority for Euronext Lisbon as stipulated in the Portuguese Securities Code.

Under Portuguese law, a shareholder who intends to acquire 50% of a Portuguese market operator or a dominant holding in a Portuguese market operator must obtain the prior authorization of the Portuguese Ministry of Finance. In addition, all entities acquiring or disposing of a holding (direct or indirect) in a market undertaking in Portugal at the level of 2%, 5%, 10%, 20%, $33^{1/3}$%, 50%, $66^{2/3}$% and 90% of the voting rights, must notify the CMVM and Euronext Lisbon's Managing Board of the acquisition or disposal within three business days following the relevant transaction.

Euronext Paris

Euronext Paris is governed by French Law no. 96-597 dated 2 July 1996, as amended and codified in the French Monetary and Financial Code, which implemented the European Investments Services Directive in French law.

Under the French Monetary and Financial Code, the French Minister of Finance has the authority to confer or revoke regulated market status on the recommendation of the AMF and following an opinion from Banque de France. This status is granted if the market meets specific conditions for proper operation. In particular, the market must have rules governing access to the market, listing of securities, the organisation of trading, the suspension of trading, and the recording and publication of trades. The AMF is responsible for safeguarding investments in financial instruments and in all other savings and investment vehicles, ensuring that investors receive material information, and maintaining orderly financial markets. It establishes the rules of conduct that must be observed by market operators and their personnel, determining the conditions for granting or revoking professional licenses for individuals acting on behalf of market operators, and establishing the general principles for the organisation and operation of regulated markets. It is also responsible for formulating the rules governing the execution and publication of transactions involving securities or futures and options contracts listed on these markets. It also has the authority to regulate and monitor IPOs (i.e. vetting of prospectuses), financial communication of listed companies and tender offers. It can oppose the decision of a market operator to admit a security or a futures and/or option contract to trading on its market.

Furthermore, as mentioned above, the AMF makes recommendations to the French Minister of Finance on conferring regulated market status. Finally, the AMF approves the Rulebooks of regulated markets. All amendments to the Rulebooks of a regulated market are subject to the prior approval of the AMF following an opinion from the Banque de France. The AMF is also empowered to lay down standards for certain non-regulated markets or obligations for persons having made forms of public offerings other than listing on a regulated market, which may be relevant for the operation of non-regulated markets by Euronext Paris (notably Alternext® and the Marché Libre).

In addition to its status as a market operator, Euronext Paris is approved as a specialised financial institution and is therefore governed by French banking legislation and regulations (notably the French Banking Act as amended and codified in the French Monetary and Financial Code), which means that it is subject to supervision by the Comité des Établissements de Crédit et des Entreprises d'Investissement ("CECEI") and the French Commission Bancaire. As such, it must comply with prudential ratios related to the banking regulation applicable to its activities (on a consolidated basis at the 2006 balance sheet date, prudential equity amounted to €283.3 million, and the solvency ratio to 78.86%).

Under French law, the acquisition and divesture by any person or group of persons acting in a concerted manner of 10%, 20%, $33^{1/3}$% or 50% of Euronext Paris shares or voting rights must be authorized by the CECEI. By exception to the above, in the event that the acquisition or divesture of shares takes place outside of France between non-French persons, such acquisition or divesture need only be notified to the CECEI, which, if it determines that such transaction could adversely affect the fit and proper management of Euronext Paris, could decide to review and amend Euronext's credit institution license.

Also under French law, a shareholder (acting alone or in concert) who acquires Euronext Paris shares or voting rights in excess of 10%, 20%, $33^{1/3}$%, 50% or $66^{2/3}$% is required to inform the AMF. In addition, should the French Minister of Finance consider that the acquisition by an investor of an interest in Euronext Paris could adversely affect the proper functioning of the regulated market(s) it operates, the French Minister of Finance may decide that the acquired shares be deprived of their voting rights until the situation has been settled, and/or, under certain conditions, either amend or withdraw Euronext Paris' license to operate regulated markets.

LIFFE

LIFFE (Holdings) plc is a UK company formed on 25 February 1988 and governed by the UK Companies Acts of 1985 and 1989.

LIFFE (Holdings) shares are held by Euronext UK plc, a subsidiary of Euronext N.V. LIFFE (Holdings) has three principal regulated subsidiaries: LIFFE Administration and Management and LIFFE Services Ltd in the UK, and NQLX LLC in the USA.

LIFFE Administration and Management ("LIFFE") administers the markets for financial and commodity derivatives in London, which are overseen by the Financial Services Authority ("FSA").

The board of LIFFE Administration and Management, a subsidiary of LIFFE (Holdings) plc, consists of executive and non-executive directors as well as independent directors. The board of LIFFE Administration and Management meets on a regular basis to, *inter alia*, confirm the continued compliance with legal and regulatory obligations and define the strategic directions of LIFFE.

In the UK, financial services legislation comes under the jurisdiction of Her Majesty's Treasury, whilst responsibility for overseeing the conduct of regulated activity rests with the FSA. Under current legislation, LIFFE is designated as a recognised investment exchange pursuant to the Financial Services and Markets Act 2000. As such, LIFFE is required to maintain sufficient financial resources for the proper performance of its functions (requirement to hold £58 million of cash in its assets based on 2006 financials).

LIFFE Services Limited is a primarily a technology supplier and is governed by FSA regulations as a service company.

NQLX LLC is a wholly-owned indirect subsidiary of LIFFE (Holdings), which is notice-registered with the US Securities and Exchange Commission ("SEC") and is regulated by the US Commodity Futures Trading Commission ("CFTC") as a designated contract market. NQLX LLC is currently dormant but has retained its status as a designated contract market in anticipation of listing new contracts in the future.

In the UK, the FSA requires that recognised investment exchanges" meet a "fit and proper" test taking into account, among other things, governance arrangements, integrity and competence of key personnel.

5.2.2.6 Harmonized market Rules

Listing and Financial Disclosure

The regulatory authorities that are signatories to the aforementioned MOUs have agreed to use their best efforts to harmonize their respective national rules, regulations and supervisory practices regarding listing requirements, prospectus disclosure requirements, ongoing obligations of listed companies, take-over bid rules and disclosure of large shareholdings. The rules regarding public offerings of financial instruments and prospectuses as well as ongoing (ad-hoc and periodic) disclosure requirements for listed companies are set forth by the Prospectus Directive and Transparency Directive which must be implemented in Euronext countries by each legislative body and regulator. Companies seeking to list and trade their securities on a Euronext market must comply with the harmonized listing requirements of Rulebook I and, following admission, with the ongoing disclosure requirements applicable in the country in which the relevant market is located.

Companies may apply for admission to listing and trading in one or more jurisdictions in which a Euronext market is located. However, a single point of entry for issuers allows investors from other Euronext countries to have access to the order book as far as trading is concerned. The settlement processes may still differ among the various Euronext markets but are being integrated and harmonized within the Euroclear group settlement systems.

Membership and Compliance

Euronext offers its members the ability to extend membership across all Euronext jurisdictions, subject to the fulfilment of technical conditions that may include adequate local clearing and settlement arrangements and the satisfaction of applicable regulatory requirements. With regard to investment service providers, this common membership is achieved through the "ISD passport" (i.e., the right to provide services or establish a branch in the host country based on the ISD license granted in the home country). As for the persons that do not benefit from this passport (because their activity does not call for a license under the ISD or due to their extra-European origin), Euronext regulators have put in place arrangements which aim at creating a "proxy passport" whereby the diligence conducted by one of the relevant European authorities to authorize a person to conduct its business as a trading member can be relied upon by the other authorities, within the limits of the sovereignty of each signatory authority.

Pending clarification of the respective roles of the home and host countries by the implementation of MiFID and related European directives and regulations, members may have to comply with some conduct of business rules imposed by the host state. In particular, when dealing with persons located in host states, members must comply with rules relating to marketing, solicitation, public offers, conduct of business and customer protection mandated by host states, and any other mandatory rules provided by host state authorities.

Euronext may suspend a member's trading privileges if the member has breached a rule in the Euronext Rulebook or any of the conditions attached to its membership. Euronext may also decide to terminate membership under certain circumstances, including the loss of a member's license or authorization as an investment firm issued by the competent authority of its home state or the violation of any rules of the Euronext Rulebook or the admission agreement.

Trading and Market Monitoring

The Investment Services Directive, the Market Abuse Directive, the FESCO standards and the Euronext Rulebooks all provide minimum requirements for monitoring of trading and enforcement of rules by Euronext as a regulated market. Euronext has set up a framework to organize market monitoring by which it:

- Monitors trading in order to identify breaches of the rules, disorderly trading conditions or conduct that may involve market abuse.
- Reports to the local regulator breaches of rules or of legal obligations relating to market integrity.

- Monitors compliance with and enforces Euronext rules pursuant to FESCO standards and the Euronext Rulebooks.

Market surveillance and monitoring are implemented through a two-step procedure consisting of real time market surveillance performed by departments of the SBUs and a "next day" analysis of the executed trades. In addition, the compliance department monitors Euronext members by conducting on site investigations and inspections to ensure that members comply with Euronext rules. In each Euronext country, market monitoring is implemented by the local regulator and state prosecutors, which may enforce the Market Abuse Directive provisions in accordance with local laws and regulations.

Intra-day monitoring of the markets is performed by Cash Market Operations ("CMO") and by Derivatives Market Operations ("DMO"). CMO and DMO are the day-to-day first lines of contact for all market participants (members, issuers and regulators). They monitor day-to-day activity and can take immediate action aimed at maintaining fair and orderly markets. This monitoring triggers preventive and immediate action when the functioning of the orderly market is threatened and market rules are not complied with.

Within SBUs, market operations enforce all rules relating to trading activity including the provisions of chapter 8 of the Euronext Rulebook I (relating to fraudulent and misleading conduct) on a real time basis. In this manner, cases of market abuse are reported to the competent regulator and possible infringement of Euronext rules is reported to the compliance division.

Euronext's market supervision division is responsible for the monitoring the trading on all markets on a next day basis in order to monitor the detection of possible cases of market abuse and possible infringements of the Euronext rules.

Euronext's compliance department is responsible for the conduct of on site member inspections and investigations, and handles infringement to Euronext rules by enforcing chapter 9 of the Euronext Rulebook I.

5.2.2.7 Disclosure of holdings

Current regime

Under the Financial Supervision Act, any person who, either directly or indirectly, acquires, controls or transfers an interest in the share capital or the voting rights of a public limited liability company incorporated under Dutch law whose shares are listed on a regulated market within the European economic area or in a legal person incorporated under the law of a state which is not within the European economic area and whose shares are admitted to trading on a regulated market in the Netherlands, must give written notice to the AFM of the acquisition, control or transfer if as a consequence the percentage stake held in Euronext's share capital or voting rights by the person exceeds or falls below a threshold percentage. The threshold percentages stipulated in the act are 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

Additional Dutch Securities Act requirements

Under the provisions of the Financial Supervision Act, a qualifying holding as defined in the Financial Supervision Act may only be held, acquired or increased and any control relating to a qualifying holding in a holder of a regulated market in the Netherlands may only be exercised subject to a declaration of no-objection issued by the Dutch Minister of Finance.

The Dutch Minister of Finance shall, on application, issue a declaration of no objection for holding, acquiring or increasing a and any control relating to a qualifying holding, unless the act might lead or would lead to a situation in which the holder involved is affiliated with persons in a formal or actual control structure that lacks such transparency that it would impede the adequate exercise of control of the compliance with the rules applicable for the regulated market in the Netherlands; or the act might or would lead to an influence on the holder involved which is contrary to the interests which the Act on Financial Supervision seeks to protect.

5.2.2.8 Intellectual property

Euronext has a policy of registering and protecting its intellectual property. The names of the principal companies, indices and services of Euronext are registered trademarks.

The following is a sample of the registered trademarks owned by the Group: Euronext®, Alternext®, Eurolist by Euronext®, AEX®, BEL 20®, CAC 40®, PSI 20®, NextCAC 70® and LIFFE CONNECT®.

5.3 General information on share capital

5.3.1 Share capital

As at 31 December 2006, Euronext's issued share capital amounted to €675,343,554, consisting of 112,557,259 shares, each with a nominal value of €6, which are fully paid up. All shares are registered shares and no depositary receipts have been issued.

On 23 May 2006, Euronext's Annual General Meeting has approved the proposal of the Managing Board, which proposal has been approved by the Supervisory Board, to increase the nominal value of each Euronext share from €1 to €9 and subsequently reduce the nominal value by €3, from €9 to €6. Following the change to the nominal value, a capital repayment has been made to shareholders of €3 on 11 August 2006.

5.3.2 Changes to share capital and rights attached to shares

In principle, the Annual General Meeting has the authority to decide on and establish the terms and conditions of any new share issue. Dutch law states that it may also authorise the Managing Board to issue shares and establish the terms of the issue for a period not exceeding five years, which period may be extended, each time for a period not exceeding five years. In such cases, the Annual General Meeting defines the number of shares that may be issued under the authority it grants and the duration of this authority. Shares cannot be issued at a price lower than their par value. Any issue of shares authorised by the Managing Board must be approved by the Supervisory Board. Insofar as the Managing Board is authorised to issue shares, the Annual General Meeting cannot pass a resolution on share issues. Euronext's Annual General Meeting of 23 May 2006 has authorised the Managing Board as the competent body to issue shares or rights to subscribe to shares for a period of 18 months up to a limit of 10% of the issued capital as at 23 May 2006.

Unless the conditions described below are limited or excluded, every shareholder has a pre-emptive subscription right in proportion to the number of shares he or she holds, which may be exercised in the case of shares payable in cash, with the exception of share issues intended for employees of Euronext or a Group company. The Annual General Meeting also has the authority to limit or preclude pre-emptive rights in the event of an issue of new shares. If it has authorised the Managing Board to issue shares, it may authorise the Managing Board to limit or preclude such rights for a maximum of five years, subject to the approval of the Supervisory Board for a period not exceeding five years, which period may be extended, each time for a period not exceeding five years. Subject to the provisions of the articles of association and the provisions of Dutch law, the Annual General Meeting may, on the recommendation of the Managing Board and following approval by the Supervisory Board, reduce Euronext's issued share capital by cancelling shares held by Euronext or reducing their par value by means of an amendment to the articles of association. Euronext's Annual General Meeting of 23 May 2006 has authorised the Managing Board as the competent body to restrict or exclude the pre-emptive rights accruing to shareholders for a period of 18 months.

5.3.3 Authorised share capital

On 31 December 2006, Euronext's authorised share capital amounted to €1.200,000,000 consisting of 200,000,000 shares with a nominal value of €6 each.

5.3.4 Securities not representing capital

None.

5.3.5 Other financial instruments conferring the right to share capital

The only other financial instruments that confer the right to share capital are the share options described in chapter 3, section 3.2. These options will not entail any increase of share capital as they are covered by shares that are already issued and held by the Euronext's subsidiaries.

5.3.6 Acquisition of own shares by Euronext

In accordance with the authorisation given by the Annual General Meeting held on 23 May 2006, and applicable laws and regulations, Euronext launched a programme that was deposited at the AMF on 9 June 2006. Under this programme, Euronext can pursue the following objectives:

In accordance with AMF accepted market practices:

- Regularise the share's market price by systematically intervening to counter price trends. In accordance with the AMF accepted practice adopted by this authority on 22 March 2005 regarding liquidity contracts (*contrats de liquidité*), Euronext has granted a mandate to an independent trading member to ensure price regulation and liquidity.
- Remit shares for payment during acquisitions, in accordance with the relevant AMF accepted practice adopted by this authority on 22 March 2005.

In accordance with the European Commission regulation market abuse 2273/2003 of 22 December 2003:

- Reduce the capital of Euronext.
- Meet obligations arising from securities that indirectly give access to the Euronext's share capital.
- Allot or transfer the shares acquired to employees under profit-sharing plans related to the Euronext's expansion, employee share-ownership plans, or Group savings plans.

In connection with the regularisation of its share price, Euronext purchased 456,149 and sold 469,624 of its own shares in 2006.

2006

The implementation of the share buy-back programme has been delegated to the Managing Board under the following conditions:

- The purchase price of the shares may not be lower than their par value, i.e. €6 per share, and may not exceed the net asset value of the share (equal to the share's average closing price on Eurolist during the five trading days prior to Eurolist purchase date, plus 10%). In any event, the purchase price may not exceed €100 per share.
- The authorisation is valid for a period of 18 months from the date of the Annual General Meeting that approved the resolution, i.e. until 18 November 2007.
- Euronext undertakes always to remain within the limit of 10% of share capital that may be held directly or indirectly, as required by Dutch law.
- The shares may be bought back on the market or away from the market, and may be obtained by means of block purchases. Euronext may also use derivatives and similar products for this purpose, provided it does not purchase call options.
- Block purchases may cover the entire amount permitted under the share buy-back programme.
- The share buy-back programme must be financed using Euronext's own funds.

As a consequence of the Combination agreement with NYSE Group announced on 1 June 2006, Euronext was reputed as entering a pre-offer period, which prevented the Group from launching a share buy back programme in 2006.

5.3.7 Table of changes in share capital since the foundation of Euronext

Date	Operation	Number of shares	Par value per share	Total par value	Cumulative number of shares	Cumulative amount of capital	Premium
10 August 2006	Decrease of par value from €9 to €6		€6		112,557,259	€675,343,554	
9 August 2006	Increase of par value from €1 to €9		€9		112,557,259	€1,013,015,331	
31 May 2005	Withdrawal of shares	9,554,713	€1	€9,554,713	112,557,259	€112,557,259	
1 July 2002	Issue of shares to Stichting Option Plan SBF	1,140,750	€1	€1,140,750	122,111,972	€122,111,972	
6 February 2002	Issue of shares to BVLP shareholders	4,838,822	€1	€4,838,822	120,971,222	€120,971,222	
4 December 2001	Issue of shares to the last holder of AEX profit sharing certificates that had not yet been exchanged for Euronext shares	76	€1	€76	116,132,400	€116,132,400	
16 July 2001	Employee offering	627,221	€1	€627,221	116,132,324	€116,132,324	18.2
5 July 2001	Listing	16,666,666	€1	€16,666,666	115,505,103	€115,505,103	2.3
Before listing					98,838,437	€98,838,437	

5.3.8 Shareholders' agreement

To Euronext's best knowledge, no agreement, convention or other contract has been entered into among shareholders (except as stated in section 5.4.2). Nor, to Euronext's best knowledge, are there any agreements that might have an impact on the assets, operations, financial position, earnings or prospects of Euronext.

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5.4 Current breakdown of share capital and voting rights

5.4.1 Euronext shareholders

Euronext ownership structure as at 8 February 2007

	Position as at 8 February 2007			Position as at 15 February 2006			Position as at 28 February 2005		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**
Employee shareholders	943,013	0.84%	0.85%	960,585	0.85%	0.86%	1,021,147	0.84%	0.92%
Treasury shares	58,076	0.05%	0.00%	64,391	0.06%	0%	9,620,161	7.87%	0%
Treasury shares owned by subsidiaries of Euronext	981,311	0.87%	0.00%	1,147,657	1.02%	0%	1,453,388	1.19%	0%
Identified resident shareholders	**25,706,736**	**22.84%**	**23.05%**	**24,467,568**	**21.74%**	**21.97%**	**28,153,234**	**23.06%**	**25.33%**
of which in Belgium	761,409	0.68%	0.68%	696,673	0.62%	0.63%	2,404,697	1.97%	2.16%
of which in France	22,678,901	20.15%	20.34%	22,147,581	19.68%	19.89%	20,289,456	16.62%	18.26%
of which in the Netherlands	2,266,426	2.01%	2.03%	1,623,314	1.44%	1.46%	5,459,081	4.47%	4.91%
- of which the Stichting Foundation	63,569	0.06%	0.06%	113,569	0.10%	0.10%	627,279	0.51%	0.56%
Identified non-resident shareholders	**82,455,259**	**73.26%**	**73.94%**	**84,602,645**	**75.16%**	**75.98%**	**70,197,288**	**57.49%**	**63.17%**
Non identified public	**2,412,864**	**2.14%**	**2.16%**	**1,314,413**	**1.17%**	**1.18%**	**11,753,370**	**9.63%**	**10.58%**
Total	**112,557,259**	**100.00%**	**100.00%**	**112,557,259**	**100.00%**	**100.00%**	**122,111,972**	**100.00%**	**100.00%**

Euronext has not issued any shares with double voting rights. The difference between the number of shares in Euronext's capital and the number of voting rights is due to the fact that Euronext holds its own shares, which do not carry voting rights. One member of the Managing Board, Mr Théodore, holds 100,849 shares in Euronext's share capital. One member of the Supervisory Board, Baron Peterbroeck, holds 5,000 shares in Euronext.

5.4.2 Recent changes in the distribution of share capital

Euronext has knowledge of the following significant changes in the distribution of its share capital since the start of 2005:

- Harris Associates LP notified the AMF of a stake of 6.39% in Euronext with effect from 9 January 2006.
- Mr T.R. Barakett notified the AFM of a stake of 7.64% in Euronext with effect from 16 January 2006.
- The Children's Investment Master Fund Ltd notified the AFM of a stake of 8.54% in Euronext with effect from 24 January 2006.
- UBS A.G. notified the AFM of a stake of 2.5% in Euronext with effect from 24 January 2006.
- Harris Associates LP notified the AFM of a stake of 4.89% in Euronext with effect from 27 January 2006.
- Société Générale S.A. notified the AMF as of 24 April 2006, as a correction of its 20 April 2006 notification, saying that it was acting together with BNP Paribas S.A., Crédit Agricole S.A., Dexia S.A. and Caisse des Dépôts et Consignations with respect to its holdings in Euronext. The filing states that together, these entities held 10.94% of Euronext's share capital and 11.06% of Euronext's voting rights. Société Générale stated in that filing that it and the other entities were acting pursuant to a shareholders' agreement dated April 12, 2006 within the context of their trading activities.
- Based on the filing of 24 April 2006 referred to above, Société Générale S.A.'s stake in Euronext is held both directly and indirectly through the companies Fimat Banque, Fimat SNC, Société de Bourse Gilbert Dupont, Parel, SG Option Europe, SG Securities (Paris) and SG Bank de Maetelaere.
- Based on the filing of 24 April 2006 referred to above, BNP Paribas S.A. holds its stake indirectly through the companies BNP Paribas Arbitrage, BNP Paribas Securities Services and BNP Paribas Assurance.
- Based on the filing of 24 April 2006 referred to above, Crédit Agricole S.A. holds its stake indirectly through the companies Calyon and Foncaris.
- Based on the filing of 24 April 2006 referred to above, Dexia holds its stake indirectly through the companies Dexia Bank Belgium, Dexia Securities and Bank Artesia Nederland.
- Dexia S.A. notified the AFM of a stake of 0.37% in Euronext with effect from 1 November and 13 December 2006. Dexia holds its stake directly and indirectly through the companies Dexia Securities and Bank Artesia Nederland.
- Caisse des Dépôts et Consignations notified the AFM of a stake of 3.68% in Euronext with effect from 1 November and 13 December 2006.
- BNP Paribas S.A. notified the AFM of a stake of 1.34% in Euronext with effect from 1 November and 13 December 2006.

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- Société Générale S.A. notified the AFM of a stake of 2.80% in Euronext with effect from 1 November and 13 December 2006. Société Générale S.A. holds its stake directly and indirectly through the companies Fimat Banque, Fimat SNC, Société de Bourse Gilbert Dupont, Parel, SG Option Europe, SG Securities (Paris) and SG Bank de Maetelaere.
- Crédit Agricole S.A. notified the AFM of a stake of 1.51% in Euronext with effect from 1 November and 13 December 2006. Crédit Agricole S.A. holds its stake indirectly through the companies Calyon, Prédica and Foncaris.
- Atticus Management LLC notified the AFM of a stake of 9.83% in Euronext with effect from 1 November 2006. Atticus Management LLC holds its stake indirectly through the companies Atticus European Fund Ltd, Atticus Global Advisors Ltd, Atticus Trading Ltd and Green Way Managed Account Series Ltd.
- On 10 January 2007, Winchfield Holdings N.V., a wholly-owned subsidiary of The Children's Investment Master Funds Limited, notified the AMF it sold 359,520 Euronext shares with effect from 9 January 2007 and as a consequence held 10,046,437 shares and voting rights in Euronext's share capital.
- On 11 January 2007, Winchfield Holdings N.V. notified the AMF it sold 347,869 Euronext shares with effect from 10 January 2007 and as a consequence held 9,698,568 shares and voting rights in Euronext's share capital.
- On 12 January 2007, Winchfield Holdings N.V. notified the AMF it sold 677,200 Euronext shares with effect from 11 January 2007 and as a consequence held 9,021,368 shares and voting rights in Euronext's share capital.
- Crédit Suisse Securities (Europe) Limited notified the AFM of a stake of 5.17% in Euronext with effect from 12 January 2007.
- On 15 January 2007, Winchfield Holdings N.V. notified the AMF it sold 284,036 Euronext shares with effect from 12 January 2007 and as a consequence held 8,737,332 shares and voting rights in Euronext's share capital.
- On 16 January 2007, Winchfield Holdings N.V. notified the AMF it sold 30,115 Euronext shares with effect from 15 January 2007 and as a consequence held 8,707,217 shares and voting rights in Euronext's share capital.
- On 17 January 2007, Winchfield Holdings N.V. notified the AMF it sold 513,824 Euronext shares with effect from 16 January 2007 and as a consequence held 8,193,393 shares and voting rights in Euronext's share capital.
- On 18 January 2007, Winchfield Holdings N.V. notified the AMF it sold 177,522 Euronext shares with effect from 17 January 2007 and as a consequence held 8,015,871 shares and voting rights in Euronext's share capital.
- On 19 January 2007, Winchfield Holdings N.V. notified the AMF it sold 38,462 Euronext shares with effect from 18 January 2007 and as a consequence held 7,977,409 shares and voting rights in Euronext's share capital.
- On 22 January 2007, Winchfield Holdings N.V. notified the AMF it sold 699,146 Euronext shares with effect from 19 January 2007 and as a consequence held 7,308,263 shares and voting rights in Euronext's share capital.
- On 23 January 2007, Winchfield Holdings N.V. notified the AMF it sold 220,730 Euronext shares with effect from 22 January 2007 and as a consequence held 7,087,533 shares and voting rights in Euronext's share capital.
- On 26 January 2007, Winchfield Holdings N.V. notified the AMF it sold 105,615 Euronext shares with effect from 23 January 2007 and as a consequence held 6,981,918 shares and voting rights in Euronext's share capital.
- On 26 January 2007, Winchfield Holdings N.V. notified the AMF it sold 212,331 Euronext shares with effect from 24 January 2007 and as a consequence held 6,769,587 shares and voting rights in Euronext's share capital.
- On 26 January 2007, Winchfield Holdings N.V. notified the AMF it sold 104,272 Euronext shares with effect from 25 January 2007 and as a consequence held 6,665,315 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Winchfield Holdings N.V. notified the AMF it sold 212,786 Euronext shares with effect from 26 January 2007 and as a consequence held 6,452,529 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Winchfield Holdings N.V. notified the AMF it sold 144,410 Euronext shares with effect from 29 January 2007 and as a consequence held 6,308,119 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP, on behalf of Davidson Kempner Institutional Partners L.P., Davidson Kempner International Ltd, Davidson Kempner Partners, M.H. Davidson & Co. and Serena Limited, notified the AMF it bought 175,817 Euronext shares with effect from 11 January 2007 and as a consequence held 589,121 shares and voting rights in Euronext's share capital.

- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it bought 33,000 Euronext shares with effect from 16 January 2007 and as a consequence held 622,121 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it bought 45,000 Euronext shares with effect from 17 January 2007 and as a consequence held 667,121 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it bought 20,177 Euronext shares with effect from 18 January 2007 and as a consequence held 687,298 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it bought 51,911 Euronext shares with effect from 19 January 2007 and as a consequence held 725,387 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it bought 38,420 Euronext shares with effect from 22 January 2007 and as a consequence held 763,807 shares and voting rights in Euronext's share capital.
- On 30 January 2007, Davidson Kempner European Partners LLP notified the AMF it sold 804,000 Euronext shares with effect from 23 January 2007 and as a consequence held 67,807 shares and voting rights in Euronext's share capital.
- On 31 Janauary 2007, Winchfield Holdings N.V. notified the AMF it sold 141,114 Euronext shares with effect from 30 January 2007 and as a consequence held 6,167,005 shares and voting rights in Euronext's share capital.
- On 1 February 2007, Winchfield Holdings N.V. notified the AMF it sold 154,332 Euronext shares with effect from 31 January 2007 and as a consequence held 6,012,673 shares and voting rights in Euronext's share capital.
- On 2 February 2007, Winchfield Holdings N.V. notified the AMF it sold 18,145 Euronext shares with effect from 1 February 2007 and as a consequence held 5,994,528 shares and voting rights in Euronext's share capital.
- On 5 February 2007, Winchfield Holdings N.V. notified the AMF it sold 499,223 Euronext shares with effect from 2 February 2007 and as a consequence held 5,495,305 shares and voting rights in Euronext's share capital.
- On 6 February 2007, Deutsche Bank A.G. notified the AMF of operations of buying, selling, lending and borrowing of Euronext shares between 10 January and 24 January 2007 at the end of which it held 1,874,628 shares and voting rights in Euronext's share capital.
- On 9 February 2007, Deutsche Bank A.G. notified the AMF of operations of buying, selling, lending and borrowing of Euronext shares between 25 January and 5 February 2007 at the end of which it held 2,517,357 shares and voting rights in Euronext's share capital.

Euronext has not been informed that any shareholder, apart from the shareholders mentioned above, holds more than 5% of the share capital or voting rights.

5.4.3 Legal entities controlling Euronext

None.

5.4.4 Lock-up commitments

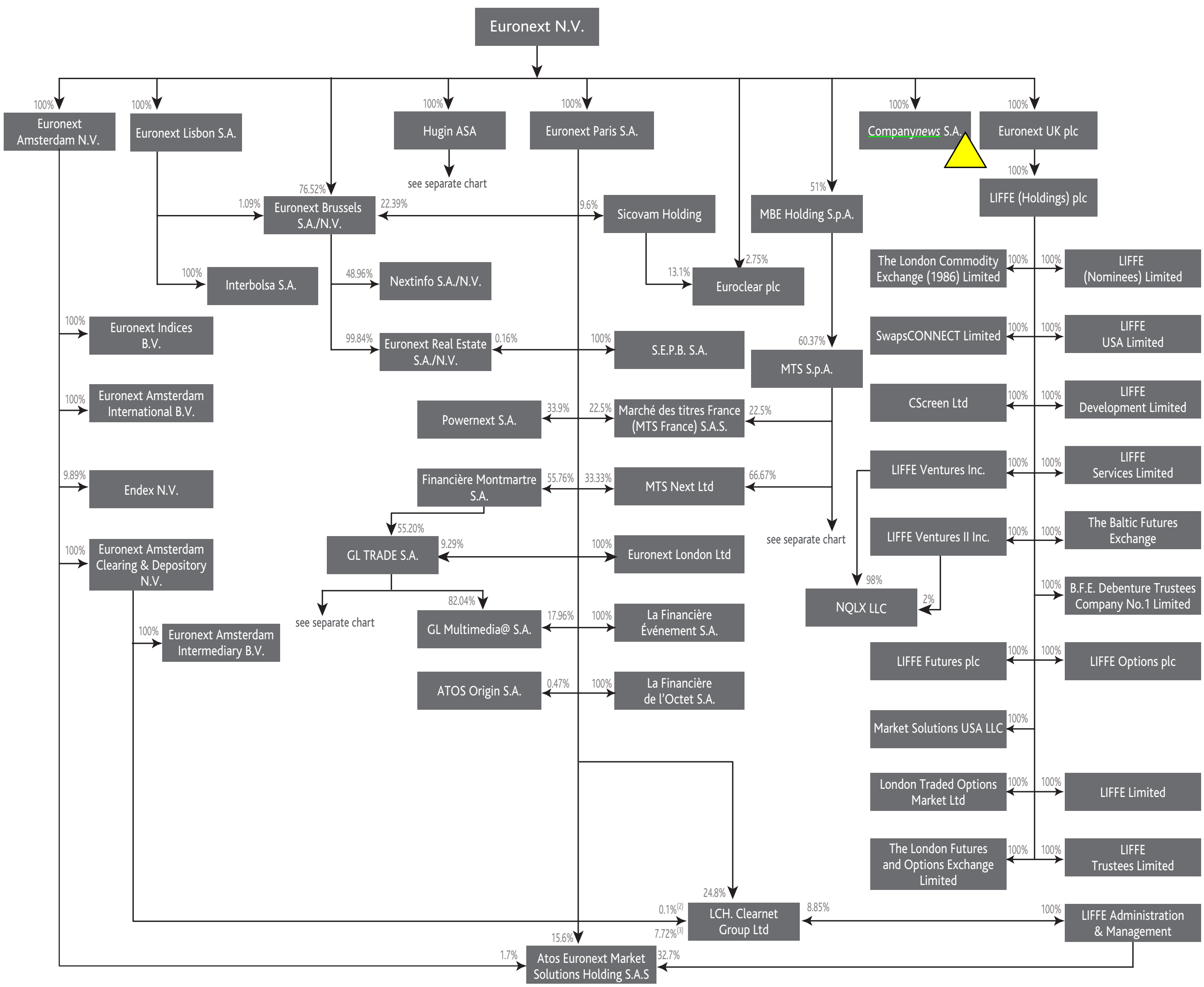
None.

5.4.5 Pledges, guarantees and collateral relating to the shares and assets of Euronext and its subsidiaries

Euronext has no knowledge of any material pledging of shares or of any type of assets (tangible, intangible or financial, see chapter 3, note 3.3.5.4).

5.5 Group's organisation charts[(1)]

EURONEXT GROUP

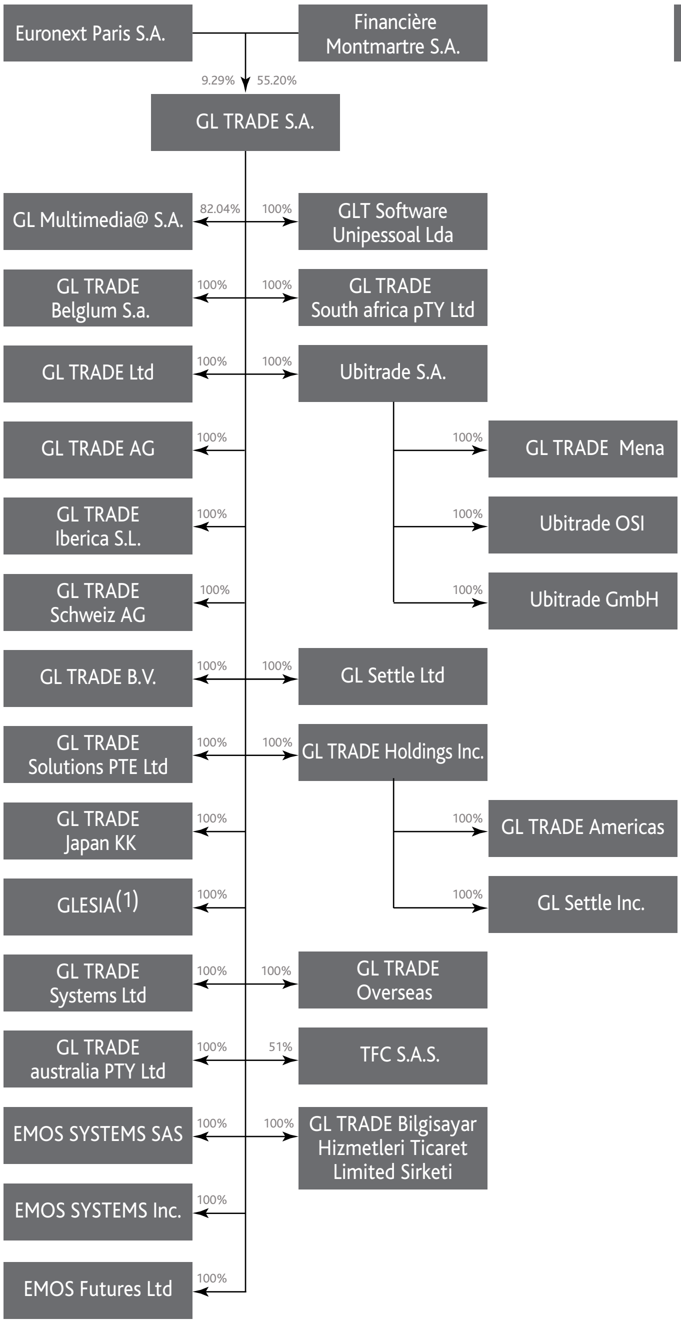


(1) As at 31 December 2006.

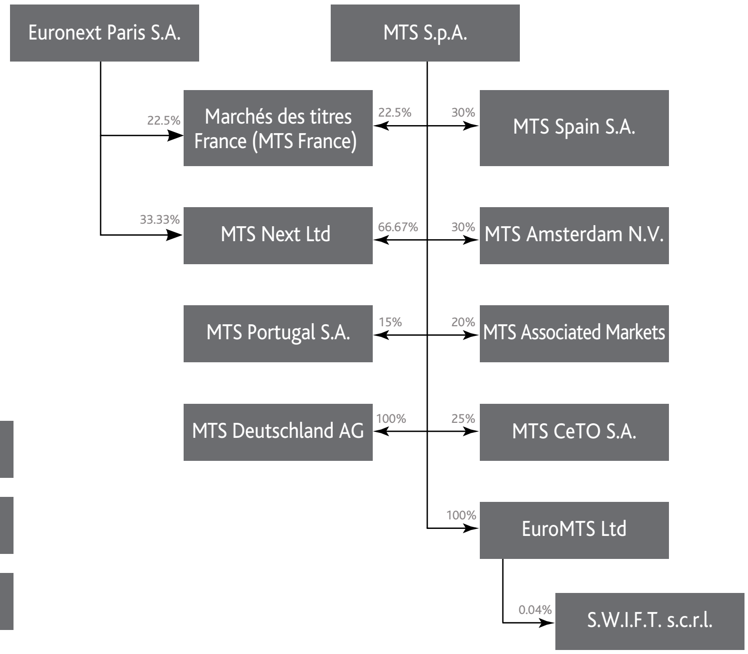
(2) Ordinary share ownership: Euronext Amsterdam Clearing and Depository N.V.: 0.1% - Euronext Paris: 24.8%.

(3) RCPS ownership: Euronext Amsterdam Clearing and Depository N.V.: 7.72% - LIFFE (Holdings) plc: 8.85%.

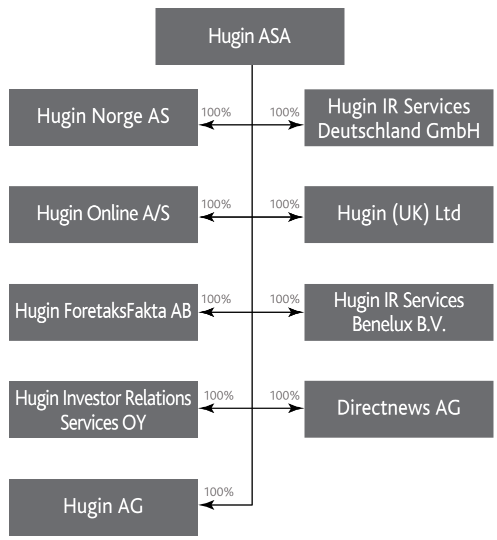
GL TRADE



MTS



HUGIN



(1) GL TRADE S.A. holds 51% before application of IAS 32 and 39.

6. MAJOR ABBREVIATIONS AND GLOSSARY

6.1 Abbreviations

ABC - Afirm, Bclear and Cscreen

AEMS - Atos Euronext Market Solutions

AFM - Autoriteit Financiële Markten

AMF - Autorité des marchés financiers

CBFA - Commission bancaire, financière et des assurances/ Commissie voor het Bank, Financie en Assurantiewezen

CME - Chicago Mercantile Exchange

CMVM - Comissão do Mercado de Valores Mobiliarios

EBIT - earnings before interest and tax

EBITA - earnings before interest, tax and amortization of goodwill

ECB - European Central Bank

ECN - Electronic Communication Network

EPS - earnings per share

ESES - Euroclear Settlement for Euronext-Zone Securities

FAS - Fédération Française des Associations d'Actionnaires Salariés et d'Anciens Salariés

FSA - Financial Services Authority

FTE - full time equivalents

IASs - International Accounting Standards

IASB - International Accounting Standards Board

IFRSs - International Financial Reporting Standards

ISV - independent software vendor

LMS - LIFFE Market Solutions

LSE - London Stock Exchange

NSC - Nouveau système de cotation

NYSE - New York Stock Exchange

RCPS - redeemable convertible preference share

SBU - strategic business unit

SEC - Securities and Exchange Commission

6.2 Glossary

AEMS
AEMS, Atos Euronext Market Solutions Holding S.A.S., is the leading global provider of technology solutions for exchanges, clearing houses, banks, and intermediaries. It is the 50:50 IT joint-vehicle between Euronext and Atos Origin that resulted from the merger of AtosEuronext and LIFFE Market Solutions (see www.aems.net).

AEX
The former Amsterdam exchange that merged on 22 September 2000 with BXS and SBF to create Euronext.

Annual General Meeting
The annual general meeting of Euronext.

AtosEuronext
AtosEuronext SBF S.A. is the 50:50 joint-venture created on 1 July 2000 by Atos (which became Atos Origin in October 2000) and Paris Bourse (which became Euronext in September 2000) that has become the European leader in exchange and finance technology taking the world stage (see www.aems.net).

Atos Origin
Atos Origin is an international IT services company.

Audit Committee
One of the three committees of the Supervisory Board, which consists of three members. The Audit Committee assists the Supervisory Board in monitoring the Managing Board with regard to specific matters as described in its rules of procedure.

BCC/Clearnet
BBC/Clearnet S.A. (BCC stands for Banque Centrale de Compensation) is the former French central clearing bank that merged on 22 December 2003 with the London Clearing House Ltd to create LCH.Clearnet.

Bclear
An on-exchange clearing service for the wholesale equity derivatives market, introduced at Euronext.liffe.

Bond
A certificate of debt, generally long-term, under the terms of which an issuer agrees to repay a fixed principal amount to the holder on a stated future date, and, usually, a series of interest payments during its life in the meantime. This includes corporate bonds, covered bonds and government bonds.

BondVision
MTS' business-to-customer electronic bond trading market launched in 2001.

Borsa Italiana
Borsa Italiana S.p.A. is the operator of the Italian securities and derivative markets.

Bourse Connect
Bourse Connect S.A. is a subsidiary of AEMS, which provides market operators and other participants of the financial industry with integrated network and telecom architecture and secured connection services.

BVLP (Bolsa de Valores de Lisboa e Porto)
The former Portuguese exchange that merged with Euronext in January 2002.

BXS (Brussels Exchanges)
The former Brussels exchange that merged on 22 September 2000 with the AEX and SBF to create Euronext.

CAC 40®
Index of leading shares listed on Euronext Paris. The CAC 40® is calculated from the prices of the 40 most actively traded shares on the exchange. The component stocks in the index change regularly.

Caisse des Dépôts
A French state-owned financial institution that performs public-interest missions on behalf of France's central, regional and local governments.

Cash markets
A marketplace, which may consist of regulated and unregulated segments, where shares and other financial instruments (bonds, warrants, trackers, etc.) are listed and traded.

Cash Trading and Listing (SBU)
The Euronext's Cash Trading and Listing SBU focuses on providing listing and trading facilities for cash instruments (equities, bonds, structured products such as warrants and certificates, and investment products such as exchange traded funds and investment funds).

Central order book
An electronic representation of the market place that contains details of lists of all orders, including modifications and changes made to them.

Central Support Departments
Group-wide responsible departments which manage the followings matters: finance and general services, human resources, legal, regulation, compliance and European affairs (LRCEA), Corporate Information Systems (CIS), business strategy, investor relations, risk management Internal Audit Services, security. These various Central Support Departments coordinate matters between SBUs and ensure coherence and consistency throughout the Group in their respective areas.

CFTC
The Commodity Futures Trading Commission, a financial authority regulator which oversees the commodity and financial futures and options markets and market participants in the USA.

CIK (Caisse interprofessionnelle de dépôts et de virements de titres/Interprofessionele effecten deposito – en giro Kas)
CIK S.A./N.V. is the Belgian central securities depository owned by Euronext Brussels that was transferred to Euroclear with effect from 1 January 2006 (and renamed Euroclear Belgium). CIK offers custody and settlement services, settles the transactions executed on the regulated markets of Euronext Brussels regulated markets, and offers real-time gross settlement for OTC – trades.

Clearing fee retrocession
Revenues received from LCH.Clearnet in relation to the trades processed on Euronext cash markets and derivative markets and cleared by LCH.Clearnet.

Code of conduct
Euronext's code of conduct on dealing with price sensitive information and rules for the prevention of insider trading.

Commodity derivatives
Futures or options on underlying commodities (e.g. Robusta coffee, cocoa, corn and potatoes).

Company*news*
Company*news* S.A. is a leading corporate news distributor. Euronext acquired Company*news* in March 2006 (named at that time Company*News*Group).

CrestCo
CRESTCo Limited is the CSD of the United Kingdom and operates the multi-currency, real-time settlement system CREST, settling UK, Irish and international securities and money market instruments.

CSD
A Central Securities Depository (CSD) ensures the settlement, custody and delivery of securities. Euroclear is the pan-European CSD, while CIK and Interbolsa, provide services for Belgium and Portugal respectively.

Derivative market
A market for financial instruments, such as futures, options or swaps, based on an underlying security.

Derivatives Trading (SBU)
See Euronext.liffe.

EMDS
The Euronext Market Data Service (EMDS) is a platform for the distribution of all Euronext market data.

EMTX
The Eurozone Government Bonds Indices. The sub-indices of EMTX cover different maturity ranges. EMTX's global index derived from the selected bonds belonging to the sub-indices.

Equity derivative
A futures contract or option on an underlying individual share or equity index.

Equity index
An index whose level reflects changes in the market prices of shares in the index.

Equity option
The right granted for a limited time period to buy (call option) or sell (put option) a quantity of securities at a pre-set price and date.

Euribor (Euro interbank offered rate)
The benchmark rate of the euro money market.

Euroclear
Euroclear S.A./N.V. is an international CSD that provides settlement systems for domestic and international securities transactions, covering bonds, equities and investment funds worldwide. Euroclear also acts as the CSD for Dutch, French, Irish and UK securities.

Euroclear Belgium
The Belgian CSD, formerly named CIK, which is a wholly-owned subsidiary of Euroclear.

Euroclear Bank
Euroclear Bank S.A./N.V. is the premier provider of settlement services for international bond, money-market, equity and fund instruments.

Euroclear France
Euroclear France S.A. is the CSD for France.

Eurolist
Eurolist or Eurolist by Euronext. The single list that consists of the shares of all companies listed in Belgium, France, the Netherlands and Portugal. The shares are listed in alphabetical order and assigned a capitalisation indicator. It provides a harmonised market structure for all of Euronext's regulated cash markets.

EuroMTS
EuroMTS Ltd is the company that manages the pan-European electronic trading platform for government and quasi-government Eurobenchmark bonds, bonds denominated in euro with at least €5 billion in size outstanding.

Euronext
Euronext means Euronext N.V. or Euronext N.V. and its consolidated subsidiaries, as the context requires.

Euronext Amsterdam
Euronext Amsterdam N.V., the 100% owned subsidiary of Euronext in the Netherlands.

Euronext Brussels
Euronext Brussels S.A./N.V., the 100% owned subsidiary of Euronext in Belgium.

Euronext Growth Fund
Euronext Growth Fund is an employee corporate investment trust managing the employee stock ownership plan that was established for all Euronext employees in connection with Euronext's IPO in July 2001.

Euronext Lisbon
Euronext Lisbon S.A., the 100% owned subsidiary of Euronext in Portugal.

Euronext Paris
Euronext Paris S.A., the 100% owned subsidiary of Euronext in France.

Euronext.liffe
Euronext's international derivative markets, comprising derivative markets in Amsterdam, Brussels, Lisbon, London and Paris offers a wide and growing range of derivatives products to customers all over the world.

Exchange traded funds (ETF)
An open-ended mutual fund that follows the performance of a stock market index by investing in the securities that makes up the index. Also called tracker.

Financial Services Action Plan
A plan launched by the European Commission in order to create an integrated financial market (COM (1999) 232, 11.05.99).

Financial Supervision Act
The Financial Supervision Act (*Wet op het financieel toezicht*), which came into effect on 1 January 2007. It incorporates among others the Dutch Act on the Disclosure of Major Holdings in Listed Companies and the Dutch Act on the Supervision of the Securities Trade, former Dutch regulatory texts applicable to Euronext.

FTSEurofirst
FTSEurofirst Index Series is a joint range of indices of FTSE Group and Euronext.

Futures contract
A contract to buy or sell a given quantity of a particular asset at a specified future date and at a pre-agreed price. Futures contracts have standard delivery dates, trading units and terms and conditions.

GL CLEARVISION
An automated matching and clearing system for cash and derivates.

GL TRADE
GL TRADE means GL TRADE S.A. or GL TRADE S.A. and its consolidated subsidiaries, as the context requires. GL TRADE group is the world's leading provider of electronic front- to back-office trading solutions (see www.gltrade.com).

Group (the)
Euronext and its consolidated subsidiaries.

Hugin
Hugin ASA is Europe's leading provider of innovative solutions for connecting communication professionals to their target audiences. Hugin was founded in 1995.

Information Services (SBU)
Distributes and sells market data and related information, such as market prices, official market publications and press releases from listed companies. It is also responsible for managing the Euronext indices through its subsidiary, Euronext Indices B.V.

Interbolsa
The Portuguese CSD owned by Euronext Lisbon. Interbolsa offers services for the security markets in Portugal.

ISIN (International Standard Identification Number)
A combination of twelve alphanumeric characters assigned to every security listed on the cash markets. The use of ISINs is standard on many international financial markets, including the Euronext markets, and makes it easier to identify securities, particularly in cross-border transactions.

IT Committee
One of the three committees of the Supervisory Board which consists of three members. It advises the Supervisory Board in governing and overseeing IT-related matters at Euronext and supports the Managing Board in setting priorities with regard to IT issues.

LCH.Clearnet
LCH.Clearnet Group Ltd is the independent CCP that was created by the merger of the London Clearing House Ltd and BCC/Clearnet S.A. in December 2003, and which clears and guarantees all the trades executed on Euronext markets.

LIFFE - LIFFE Administration and Management
The company that administers the London International Financial Futures and Options Exchange. LIFFE is a wholly-owned subsidiary of LIFFE (Holdings) plc, which was acquired by Euronext *via* an intermediate holding company, Euronext UK plc, in 2002.

LIFFE CONNECT®
The central electronic trading platform for Euronext.liffe's derivative markets.

LIFFE Market Solutions
Euronext.liffe's former internal IT department, which was merged into AEMS in 2005.

Liquidity
A security is said to be liquid when investors can easily buy and sell the security as a result of an abundance of buyers and sellers.

Liquidity provider
A liquidity provider acts as market maker in the Euronext cash modelling order-driven system.

Listing
The acceptance of a cash instrument for trading on an exchange.

Long Gilt
The Long Gilt future is a LIFFE bond contract.

Managing Board
The Managing Board of Euronext, which consisted of five members as at 31 December 2006.

Market Abuse Directive
The European Directive 2003/6/EC on insider dealing and market manipulation.

Market maker
A recognised financial institution which or private individual who quotes bid and ask prices on the secondary market.

MATIF
Le Marché à Terme d'Instruments Financiers is the former French market for futures and other derivative products, which started in 1986. It became le Marché à Terme International de France and was bought subsequently by Euronext Paris in 1997. It is now part, together with Monep, of Euronext's derivative markets run by Euronext.liffe.

Maturity date
The date on which the principal or nominal value of a bond becomes payable in full to the holder of that bond.

MBE Holding
MBE Holding S.p.A. is jointly owned by Euronext (51%) and Borsa Italiana (49%). It was created in November 2005 as the holding company controlling MTS. As the Group and Borsa Italiana control MBE Holding, Euronext consolidates proportionally 51% of MBE Holding assets, liabilities, revenue and expenses with effect from 1 December 2005.

MiFID
The European Directive 2004/39/EC on markets in financial instruments.

Monep
The Paris traded options market founded in 1987. Monep handles equity options, long and short-term options, and index futures.

MTF
A multilateral trading facility (MTF) is a multilateral system which brings together multiple third-parties buying and selling interests in financial instruments in the system and in accordance with non-discretionary rules in a way that results in a contract.

MTS
MTS (means Società per il Mercato dei Titoli di Stato S.p.A.) or MTS and its consolidated subsidiaries. MTS is Europe's leading operator of markets for government bonds and other fixed income products. MTS is controlled by MBE Holding (see www.mtsgroup.org).

MTS Fixed Income
The trading in bonds and repos managed by the MTS group.

MTS France
MTS France is a French S.A. that was established for the purpose of trading French sovereign securities.

MTS Italy Cash Markets
MTS Italy Cash Markets is a regulated market under the supervision of the Bank of Italy. MTS Italy Cash Markets provides wholesale electronic markets for Italian government bonds as well as for other types of fixed income securities.

MTSNext
A joint-venture between MTS and Euronext, responsible for the management and promotion of the EuroMTS Indices.

NASDAQ
NASDAQ is a large electronic screen-based equity market in the United States.

NextCAC 70®
A tradable index made up of the 70 biggest blue chips listed on Euronext's cash markets.

NextTrack
Euronext's special segment for trading trackers.

NextWarrant
Euronext's special segment for trading warrants.

NMC
Netherlands Management Company B.V., which is Euronext's registrar.

Nomination/Remuneration/Corporate Governance Committee
One of the three committees of the Supervisory Board of Euronext which consists of five members.

The Nomination Committee advises the Supervisory Board on matters like the profile of the Supervisory Board and the selection criteria, nomination procedures, size, composition and functioning of both the Managing Board and the Supervisory Board, including its committees.

The Remuneration Committee advises the Supervisory Board on the Managing Board's remuneration policy.

The Corporate Governance Committee reviews Euronext's corporate governance policy.

Nouveau Marché
This was a market for companies with high growing potential that used to be one of the three markets of Euronext Paris and now forms part of Eurolist by Euronext.

NQLX LLC
NQLX LLC is a wholly-owned indirect US subsidiary of LIFFE. It is registered with the SEC and regulated by the Commodity Futures Trading Commission (CFTC). It lists financial and security futures through LIFFE CONNECT®.

OASIS
OASIS stands for Open Architecture Systems Integration Solutions. OASIS Inc. was acquired by GL TRADE in 2005.

Open interest
The number of contracts that are still outstanding, i.e. have not been exercised, closed out or allowed to expire.

Operational Committee
One of the two committees assisting the Managing Board of Euronext together with the Risk Committee. The Operational Committee was established in 2002 as a forum for discussing strategic matters and sharing information. The committee, which meets frequently, includes all members of the Managing Board as well as executives from the SBUs and Central Support Departments.

ParisBourse Fund
Paris Bourse Fund is an employee corporate investment trust managing the employee stock ownership plan of Euronext Paris.

Portuguese Securities Code
The Portuguese Securities Code (Codigo de Valores Mobiliarios) rules all securities-related matters in Portugal.

Powernext
Launched in November 2001, Powernext S.A. is France's first power exchange, which originally enabled electricity producers, consumers and traders to trade power for delivery on the French electricity network. Euronext Paris holds a 34% stake in Powernext (see www.powernext.com).

Powernext Carbon
Europe's first continuous spot market for carbon dioxide emissions. It was successfully launched through a partnership between Powernext, Euronext and Caisse des Dépôts, which handles settlement.

Powernext Day-Ahead
One of the three regulated markets of Powernext, on which market players can hedge against the risks of electronic imbalance on an hours-basis 365 days a year.

Powernext Futures
One of the three regulated markets on Powernext, on which the hedge of the price risks for electricity is offered in addition to an arbitrational strategy on a mid-long term.

Premier Marché
The Premier Marché was a market where securities were traded in cash. It used to be one of the three markets of Euronext Paris and now forms part of Eurolist by Euronext.

Prospectus Directive
The European Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading.

Repo
A purchase agreement or repo: the temporary sale of securities against cash under which the seller agrees irrevocably to take back securities at an agreed date, and the buyer to return them.

Risk Committee
One of the two committees assisting the Managing Board. The Risk Committee was established in 2004 to oversee the risk management and control assurance framework, set the Group-wide risk management strategy, monitor the adequacy and effectiveness of risk management and the implementation of the risk management strategy throughout the Group, and make decisions regarding the level of risk that is appropriate in view of the Group's objectives. The Risk Committee meets frequently and includes all members of the Managing Board as well as executives from the SBUs and Central Support Departments.

SBF (Société des Bourses Françaises)
The former French exchange that merged on 22 September 2000 with BXS and AEX to create Euronext.

Settlement and custody
The settlement of transactions and the safe-custody of physical securities.

Short Sterling
The three-month sterling interest rate future contract traded on LIFFE. Notional fixed-term deposits for three-month periods starting at a specified time in the future.

Sicovam (Société interprofessionnelle pour la compensation des valeurs mobilières)
The former French CSD that was merged into Euroclear Bank S.A./N.V. to create Euroclear France on January 2001.

Sovereign bonds
A debt security issued by a national government that is denominated in a foreign currency.

Supervisory Board
The Supervisory Board of Euronext, which consisted of eleven members as at 31 December 2006.

Takeover Directive
The European Directive 2004/25/EC on takeover bids.

Tracker
See exchange traded fund.

Traded – But – Not-Listed
A segment containing securities that are traded but not listed on the Euronext Amsterdam stock market.

Trading Facility
A Belgian regulated stock market operating on Euronext Brussels, which has no listing function. On Trading Facility, traded financial instruments are already listed on or admitted to another regulated market.

Transparency Directive
The European Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

UBIX
The automated back-office system for listed derivatives from Ubitrade S.A. Ubitrade S.A. was acquired in 2004 by GL TRADE.

Universal Stock Futures (USFs)
Standardised futures contracts based on the shares of an individual company.

Volatility
The tendency of a security's return or price to fluctuate in a random, unpredictable manner. This is referred to as historical volatility when derived from past price movements, and as implied volatility when estimated from current market prices.

Volume
The total number of financial instruments (shares, bonds, derivatives, etc.) traded during a specified period of time.

Warrants
A financial instrument that gives its holder the right, but not the obligation, to buy (call warrant) or sell (put warrant) the underlying asset at a specified price on or before the expiry date. After this date, the right ceases to exist.

This annual report was prepared by the Group Finance department of Euronext.
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Design and Layout: CHRIS - Communication Agency (Belgium)

Photo credits: xxx

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