NYSE Euronext
Form 10-Q
August 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013
OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO .
COMMISSION FILE NUMBER 001-33392
NYSE Euronext
(Exact name of registrant as specified in its charter)

DELAWARE	20-5110848
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

11 Wall Street
New York, New York 10005
(Address of principal executive offices) (Zip Code)
(212) 656-3000
Registrant's Telephone Number, Including Area Code

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

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

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

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

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

As of August 2, 2013, the registrant had approximately 243 million shares of common stock, $0.01 par value per share, outstanding.

CERTAIN TERMS

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

“Archipelago®,” “Archipelago Exchange®,” “Euronext®,” “NYSE®,” "NYSE Blue™," “NYSE Liffe®,” “Pacific Exchange®” and “SFTI®,” among others, are trademarks or service marks of NYSE Euronext or its licensees or licensors with all rights reserved.

“FINRA®” is a trademark of the Financial Industry Regulatory Authority (“FINRA”) with all rights reserved, and is used under license from FINRA.

All other trademarks and service marks used herein are the property of their respective owners.

Unless otherwise specified or the context otherwise requires:

- “NYSE” refers to (1) prior to the completion of the merger between the New York Stock Exchange, Inc. and Archipelago Holdings, Inc. (“Archipelago”), which occurred on March 7, 2006, New York Stock Exchange, Inc., a New York Type A not-for-profit corporation (the "Merger"), and (2) after completion of the Merger, New York Stock Exchange LLC, a New York limited liability company, and, where the context requires, its subsidiaries, NYSE Market, Inc., a Delaware corporation, and NYSE Regulation, Inc., a New York not-for-profit corporation. New York Stock Exchange LLC is registered with the U.S. Securities and Exchange Commission (the “SEC”) under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) as a national securities exchange.
- “NYSE Arca” refers collectively to NYSE Arca, L.L.C., a Delaware limited liability company (formerly known as Archipelago Exchange, L.L.C.), NYSE Arca, Inc., a Delaware corporation (formerly known as the Pacific Exchange, Inc.), and NYSE Arca Equities, Inc., a Delaware corporation (formerly known as PCX Equities, Inc.). NYSE Arca, Inc. is registered with the SEC under the Exchange Act as a national securities exchange.
- “NYSE MKT” refers to NYSE MKT LLC, a Delaware limited liability company (formerly known as the American Stock Exchange LLC or NYSE Amex LLC). NYSE MKT LLC is registered with the SEC under the Exchange Act as a national securities exchange.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “ “estimate,” “predict,” “potential” or “continue,” and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business and industry. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the risks and uncertainties described under “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012, and any additional risks and uncertainties described in our subsequent Quarterly Reports on Form 10-Q.

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

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

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

- possible or assumed future results of operations and operating cash flows;
- strategies and investment policies;
- financing plans and the availability of capital;
- our competitive position and environment;
- potential growth opportunities available to us;
- the risks associated with potential acquisitions, alliances or combinations, including IntercontinentalExchange, Inc.'s announced acquisition of us;
- the recruitment and retention of officers and employees;
- expected levels of compensation;
- potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;
- the likelihood of success and impact of litigation;
- protection or enforcement of intellectual property rights;
- expectations with respect to financial markets, industry trends and general economic conditions;
- our ability to keep up with rapid technological change;
- the timing and results of our technology initiatives;
- the effects of competition; and
- the impact of future legislation and regulatory changes.

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

Item 1. Financial Statements

NYSE EURONEXT
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In millions, except per share data)
(Unaudited)

	June 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$295	$337
Financial investments	27	43
Accounts receivable, net	442	405
Deferred income taxes	65	67
Other current assets	119	156
Total current assets	948	1,008
Property and equipment, net	887	948
Goodwill	4,027	4,163
Other intangible assets, net	5,573	5,783
Deferred income taxes	70	74
Other assets	541	580
Total assets	$12,046	$12,556
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	$573	$725
Section 31 fees payable	154	99
Deferred revenue	314	138
Short term debt	179	454
Total current liabilities	1,220	1,416
Long term debt	2,039	2,055
Deferred income taxes	1,401	1,435
Accrued employee benefits	562	602
Deferred revenue	375	378
Other liabilities	22	27
Total liabilities	5,619	5,913
Commitments and contingencies		
Redeemable noncontrolling interest	286	274
Equity		
NYSE Euronext stockholders’ equity:		
Common stock, $0.01 par value, 800 shares authorized; 279 and 278 shares issued; 243 and 242 shares outstanding	3	3
Common stock held in treasury, at cost; 36 shares	(968)	(968)
Additional paid-in capital	7,908	7,939
Retained earnings	722	569
Accumulated other comprehensive loss	(1,546)	(1,198)
Total NYSE Euronext stockholders’ equity	6,119	6,345
Noncontrolling interest	22	24
Total equity	6,141	6,369

Total liabilities and equity	$12,046	$12,556

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

NYSE EURONEXT
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues				
Transaction and clearing fees	$657	$649	1,291	$1,258
Market data	91	87	174	178
Listing	111	112	221	222
Technology services	77	87	157	173
Other revenues	59	51	115	107
Total revenues	995	986	1,958	1,938
Transaction-based expenses:				
Section 31 fees	78	86	153	152
Liquidity payments, routing and clearing	306	298	594	583
Total revenues, less transaction-based expenses	611	602	1,211	1,203
Other operating expenses:				
Compensation	154	152	315	312
Depreciation and amortization	62	66	124	132
Systems and communications	42	44	85	89
Professional services	67	69	136	142
Selling, general and administrative	57	65	112	126
Merger expenses and exit costs	22	12	30	43
Total other operating expenses	404	408	802	844
Operating income	207	194	409	359
Interest expense	(28)	(29)	(56)	(59)
Investment income	3	1	4	3
Loss from associates	(3)	(2)	(5)	(3)
Net gain (loss) on disposal activities	10	(2)	10	(2)
Other income (loss)	6	3	5	3
Income before income taxes	195	165	367	301
Income tax provision	(17)	(34)	(58)	(79)
Net income	178	131	309	222
Net (income) loss attributable to noncontrolling interest	(5)	(6)	(10)	(10)
Net income attributable to NYSE Euronext	$173	$125	$299	$212
Basic earnings per share attributable to NYSE Euronext	$0.71	$0.50	$1.23	$0.83
Diluted earnings per share attributable to NYSE Euronext	$0.71	$0.49	$1.22	$0.83

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

NYSE EURONEXT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net income	$178	$131	$309	$222
Foreign currency translation, after impact of net investment hedge gain (loss) of $(16), $67, $15 and $31 and taxes of $6, $(27), $(6) and $(13), respectively	39	(242)	(326)	(32)
Reclassification adjustment for realized (gains) losses [1]	—	—	1	—
Change in market value adjustments of available-for-sale securities, net of taxes of $2, $5, $10 and $(3), respectively	(5)	(8)	(25)	5
Employee benefit plan adjustments:				
Net gains (losses), net of taxes of $(2), $(2), $(1) and $(4), respectively	7	6	11	12
Reclassification adjustments related to amortization [2]	(4)	(4)	(9)	(8)
Total comprehensive (loss) income	215	(117)	(39)	199
Less: comprehensive (income) loss attributable to noncontrolling interest	(6)	(5)	(11)	(9)
Comprehensive income (loss) attributable to NYSE Euronext	$209	$(122)	$(50)	$190

(1) Reclassified into Other income (loss)
(2) Reclassified into Compensation
The accompanying notes are an integral part of these condensed consolidated financial statements.

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NYSE EURONEXT
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six months ended June 30, 2013	2012
Cash flows from operating activities:		
Net income	$309	$222
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	128	132
Deferred income taxes	(1)	58
Deferred revenue amortization	(50)	(47)
Stock-based compensation	34	27
Other non-cash items	(8)	6
Change in operating assets and liabilities:		
Accounts receivable, net	(37)	(3)
Other assets	(19)	(40)
Accounts payable, accrued expenses, and Section 31 fees payable	29	(93)
Deferred revenue	227	222
Accrued employee benefits	(54)	(56)
Net cash provided by operating activities	558	428
Cash flows from investing activities:		
Sales of short term financial investments	524	539
Purchases of short term financial investments	(510)	(535)
Purchases of equity investments and businesses, net of cash acquired	(78)	(116)
Purchases of property and equipment	(59)	(84)
Other investing activities	36	21
Net cash used in investing activities	(87)	(175)
Cash flows from financing activities:		
Commercial paper borrowings (repayments), net	108	200
Debt maturity	(414)	—
Dividends to shareholders	(146)	(152)
Purchases of treasury stock	—	(304)
Employee stock transactions and other	(23)	(16)
Net cash used in financing activities	(475)	(272)
Effects of exchange rate changes on cash and cash equivalents	(38)	3
Net (decrease) increase in cash and cash equivalents for the period	(42)	(16)
Cash and cash equivalents at beginning of period	337	396
Cash and cash equivalents at end of period	$295	$380

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

NYSE EURONEXT
Notes to Condensed Consolidated Financial Statements
Note 1—Organization and Basis of Presentation
Organization
NYSE Euronext is a holding company that, through its subsidiaries, operates the following securities exchanges: the New York Stock Exchange ("NYSE"), NYSE Arca, Inc. ("NYSE Arca") and NYSE MKT LLC ("NYSE MKT") in the United States and the European-based exchanges that comprise Euronext N.V. ("Euronext")—the London, Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the derivatives markets in London, Paris, Amsterdam, Brussels and Lisbon (collectively, "NYSE Liffe") and the United States futures market, NYSE Liffe US, LLC ("NYSE Liffe US"). NYSE Euronext is a global markets operator and provider of securities listing, trading, market data products, and software and technology services. We also provide critical technology infrastructure around the world to our clients and exchange partners including co-location services, connectivity, trading platforms and market data content and services. NYSE Euronext was formed in connection with the April 4, 2007 combination of NYSE Group (which was formed in connection with the March 7, 2006 merger of the NYSE and Archipelago) and Euronext. NYSE Euronext common stock is dually listed on the NYSE and Euronext Paris under the symbol "NYX."
Basis of Presentation
The accompanying condensed unaudited consolidated financial statements include the accounts of NYSE Euronext and its subsidiaries.
The accompanying condensed unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results for the period. All material intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally required in financial statements under U.S. GAAP have been condensed or omitted; however, management believes that the disclosures are adequate to make the information presented not misleading.
The preparation of these condensed unaudited consolidated financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could be materially different from these estimates. Certain prior period amounts have been reclassified to conform to the current period's presentation.
The condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of NYSE Euronext as of and for the year ended December 31, 2012. Operating results for the three and six months ended June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013.
Note 2—Strategic Investments and Divestitures
Business Combination

On December 20, 2012, NYSE Euronext announced a definitive agreement for IntercontinentalExchange Group ("ICE") to acquire NYSE Euronext in a stock-and-cash transaction. The acquisition combines two leading exchange groups to create a premier global exchange operator diversified across markets including agricultural and energy commodities, credit derivatives, equities and equity derivatives, foreign exchange and interest rates.
Under the terms of the agreement, which was unanimously approved by the Boards and shareholders (on June 3, 2013) of both companies, the transaction is currently valued at $42.79 per NYSE Euronext share, or a total of approximately $10.6 billion, based on the closing price of ICE's stock on August 1, 2013. NYSE Euronext shareholders will have the option to elect to receive consideration per NYSE Euronext share of (i) $33.12 in cash, (ii) 0.2581 ICE common shares or (iii) a mix of $11.27 in cash plus 0.1703 ICE common shares, subject to a maximum cash consideration of approximately $2.7 billion and a maximum aggregate number of ICE common shares of approximately 42.4 million. The overall mix of the $10.6 billion of merger consideration being paid by ICE is approximately 71% shares and 29% cash. Subject to regulatory approvals, the transaction is expected to close in the

second half of 2013.

Qatar

On June 19, 2009, NYSE Euronext entered into a strategic partnership with the State of Qatar to establish the Qatar Exchange, the successor to the Doha Securities Market. Under the terms of the partnership, the Qatar Exchange is adopting the latest NYSE Euronext trading and network technologies. We are providing certain management services to the Qatar Exchange at negotiated rates.

In 2009, NYSE Euronext agreed to contribute $200 million in cash to acquire a 20% ownership interest in the Qatar Exchange, $40 million of which was paid upon closing on June 19, 2009, with two additional $40 million payments made in June 2010 and June 2011. The agreement required the remaining $80 million to be paid in two equal installments annually in June 2012 and June 2013.

In September 2012, NYSE Euronext and the State of Qatar reached an agreement to reduce NYSE Euronext's ownership in the Qatar Exchange in consideration of the termination of the remaining two $40 million installment payments. As of June 30, 2013, NYSE Euronext owned 12% of the Qatar Exchange.

Corpedia

On June 22, 2012, NYSE Euronext completed the acquisition of Corpedia, a U.S.-based provider of ethics and compliance e-learning and consultative services.

Fixnetix
On March 7, 2012, NYSE Euronext acquired approximately 25% of the outstanding shares of Fixnetix Limited, a U.K.-based service provider of ultra-low latency data provision, co-location, trading services and risk controls for more than 50 markets worldwide.

Other Transactions

NYSE Blue™

On February 18, 2011, we formed NYSE Blue through the combination of APX, Inc. and our 60% stake in BlueNext SA (“BlueNext”), with NYSE Euronext as the majority owner of NYSE Blue. In 2011, NYSE Euronext incurred a $42 million charge in connection with BlueNext's settlement of a tax matter with the French tax authorities of which 40%, or $17 million, was contributed by Caisse des Dépôts ("CDC"). On April 5, 2012, NYSE Blue was unwound, resulting in NYSE Euronext taking back ownership of its 60% stake in BlueNext and relinquishing its interest in APX, Inc.

Prior to the completion of this unwind, NYSE Euronext consolidated the results of operations and financial condition of NYSE Blue (which included the results of BlueNext and APX, Inc.). Following this unwind, NYSE Euronext only consolidated the results of operations and financial condition of BlueNext.

In October 2012, NYSE Euronext and CDC Climat, a subsidiary of CDC, who own 60% and 40% of BlueNext, respectively, voted in favor of the closure of this entity. Operations of BlueNext have ceased as of December 5, 2012. The impact of these transactions was not material to the condensed consolidated financial statements.
NYSE Amex Options
On June 29, 2011, NYSE Euronext completed the sale of a significant equity interest in NYSE Amex Options, one of our two U.S. options exchanges, to seven external investors, Bank of America Merrill Lynch, Barclays Capital, Citadel Securities, Citi, Goldman Sachs, TD AMERITRADE and UBS. NYSE Euronext remains the largest shareholder in the entity and manages the day-to-day operations of NYSE Amex Options, which operates under the supervision of a separate board of directors and a dedicated chief executive officer. NYSE Euronext consolidates this entity for financial reporting purposes.
As part of the agreement, the external investors have received an equity instrument which is tied to their individual contribution to the options exchange’s success. Under the terms of the agreement, the external investors have the option to require NYSE Euronext to repurchase a portion of the instrument on an annual basis over the course of five years starting in 2011. The amount NYSE Euronext is required to purchase under this arrangement is capped each year at between 5% and 15% of the total outstanding shares of NYSE Amex Options. During the second quarter of 2013, the external investors put approximately 10% of the total outstanding shares of NYSE Amex Options back to NYSE Euronext. NYSE Euronext recognized the full redemption value, i.e. fair value, of this instrument as mezzanine equity and classified the related balance as “Redeemable noncontrolling interest” in the condensed consolidated statements of financial condition.

LCH.Clearnet / ICE Clear Europe Limited

ICE Clear Europe Limited (“ICE Clear”), a company incorporated under the laws of England and Wales and an affiliate of ICE, entered into a Clearing and Financial Intermediary Services Agreement, dated December 20, 2012, with LIFFE Administration and Management (“LIFFE”), an affiliate of NYSE Euronext (the “Agreement”), pursuant to which ICE Clear provides LIFFE central counterparty clearing services and LIFFE provides certain financial intermediary services for LIFFE derivatives products. On July 1, 2013, responsibility for the clearing of the London market of NYSE Liffe transitioned from NYSE Liffe Clearing (LCH.Clearnet Ltd) to ICE Clear. Under the terms and subject to the conditions of the Agreement, ICE Clear is the exclusive provider of central counterparty clearing services for all LIFFE derivatives products existing at July 1, 2013.

On January 28, 2013, LCH.Clearnet SA, the Paris-based clearing house of LCH.Clearnet Group, and affiliates of NYSE Euronext executed a six year clearing contract with respect to NYSE Euronext's continiential European cash equity markets. The agreement will run through 2018. The new contract replaces the existing contract that was due to end on December 31, 2013 for cash equity transactions. The contract, among other things, enables LCH.Clearnet SA to further reduce clearing fees for clearing members. Fees went from €0.05 under the prior contract to €0.04 under the new contract for blue chip stocks.

Note 3—Restructuring

As a result of streamlining certain business processes, NYSE Euronext has launched various severance plans in the U.S. and Europe. The following is a summary of the severance charges recognized in connection with these plans, utilization of the accrual through June 30, 2013 and the remaining accrual as of June 30, 2013 (in millions):

	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Corporate/ Eliminations	Total
Balance as of December 31, 2012	$1	$9	$ 3	$1	$14
Employee severance and related benefits	10	1	4	—	15
Severance and benefit payments	(9)	(4)	(3)	(1)	(17)
Currency translation	(1)	—	—	—	(1)
Balance as of June 30, 2013	$1	$6	$ 4	$—	$11

The severance charges are included in merger expenses and exit costs in the condensed consolidated statements of operations. Based on current severance dates and the accrued severance at June 30, 2013, NYSE Euronext expects to pay these amounts throughout 2013 and into 2014.

Note 4—Segment Reporting

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

The following is a description of our reportable segments:

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

- providing access to trade execution in derivatives products, options and futures;
- providing certain clearing services for derivative products; and
- selling and distributing market data and related information.

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

- providing access to trade execution in cash trading;
- providing settlement of transactions in certain European markets;
- obtaining new listings and servicing existing listings;
- selling and distributing market data and related information; and
- providing regulatory services.

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

- operating sellside and buyside connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;
- providing trading and information technology software and solutions;
- selling and distributing market data and related information to data subscribers for proprietary data products; and
- providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

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

Three months ended June 30,	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Corporate/ Eliminations	Total
2013					
Revenues	$285	$ 596	$ 114	$ —	$995
Operating income (loss)	100	125	24	(42)	207
2012					
Revenues	$240	$ 626	$ 119	$ 1	$986
Operating income (loss)	78	120	23	(27)	194

Six months ended June 30,	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Corporate/ Eliminations	Total
2013					
Revenues	$578	$ 1,154	$ 226	$—	$1,958
Operating income (loss)	202	235	46	(74)	409
2012					
Revenues	$469	$ 1,228	$ 240	$1	$1,938
Operating income (loss)	156	233	45	(75)	359

Note 5—Earnings and Dividend Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Net income	$178	$131	$309	$222
Net (income) loss attributable to noncontrolling interest	(5)	(6)	(10)	(10)
Net income attributable to NYSE Euronext	$173	$125	$299	$212
Shares of common stock and common stock equivalents: Weighted average shares used in basic computation	243	252	243	255
Dilutive effect of: Employee stock options and restricted stock units	1	1	1	1
Weighted average shares used in diluted computation	244	253	244	256
Basic earnings per share attributable to NYSE Euronext	$0.71	$0.50	$1.23	$0.83
Diluted earnings per share attributable to NYSE Euronext	$0.71	$0.49	$1.22	$0.83
Dividends per common share	$0.30	$0.30	$0.60	$0.60

As of June 30, 2013 and 2012, 4.2 million and 4.8 million restricted stock units, respectively, and options to purchase zero and 0.2 million shares of common stock, respectively, were outstanding. For the three and six months ended June 30, 2013, there were 0.2 million and 0.4 million awards, respectively, excluded from the diluted earnings per share computation because their effect would have been anti-dilutive. For the three and six months ended June 30, 2012, there were 1.0 million and 1.7 million awards, respectively, excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

At June 30, 2013, all of our outstanding restricted stock unit awards are treated as equity-settled awards as a result of the shareholders' approval of the amended stock incentive plan on April 25, 2013.

Note 6—Pension and Other Benefit Programs

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

	Pension Plans		SERP Plans		Postretirement Benefit Plans	
Three months ended June 30,	2013	2012	2013	2012	2013	2012
Service cost	$1	$—	$—	$—	$—	$—
Interest cost	10	11	1	—	2	2
Expected return on assets	(15)	(14)	—	—	—	—
Actuarial loss	4	3	1	1	1	—
Net periodic cost	$—	$—	$2	$1	$3	$2

	Pension Plans		SERP Plans		Postretirement Benefit Plans	
Six months ended June 30,	2013	2012	2013	2012	2013	2012
Service cost	$2	$1	$—	$—	$—	$—
Interest cost	20	22	2	1	4	4
Expected return on assets	(30)	(27)	—	—	—	—
Actuarial loss	8	6	1	1	2	1
Net periodic cost	$—	$2	$3	$2	$6	$5

During the three and six months ended June 30, 2013, NYSE Euronext contributed $18 million and $31 million, respectively, to its pension plans. During the three and six months ended June 30, 2012, NYSE Euronext contributed $21 million and $37 million, respectively, to its pension plans. Based on current actuarial assumptions, NYSE Euronext does not anticipate any additional funding to its pension plans in 2013.

Note 7—Goodwill and Other Intangible Assets

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

	Derivatives	Cash Trading and Listings	Information Services and Technology Solutions	Total
Balance as of January 1, 2013	$2,313	$1,476	$ 374	$4,163
Acquisitions	—	—	—	—
Currency translation and other	(122)	(11)	(3)	(136)
Balance as of June 30, 2013	$2,191	$1,465	$ 371	$4,027

The following table presents the details of the intangible assets as of June 30, 2013 and December 31, 2012 (in millions):

Balance as of June 30, 2013	Assigned value	Accumulated amortization	Useful Life (in years)
National securities exchange registrations	$4,886	$—	Indefinite
Customer relationships	845	285	7 to 20
Trade names and other	187	60	7 to 20
Other intangible assets	$5,918	$345	

Balance as of December 31, 2012	Assigned value	Accumulated amortization	Useful Life (in years)
National securities exchange registrations	$5,042	$—	Indefinite
Customer relationships	876	269	7 to 20
Trade names and other	191	57	7 to 20
Other intangible assets	$6,109	$326	

For the three and six months ended June 30, 2013, amortization expense for the intangible assets was approximately $15 million and $30 million, respectively. For the three and six months ended June 30, 2012, amortization expense for the intangible assets was approximately $17 million and $32 million, respectively.

The estimated future amortization expense of acquired purchased intangible assets as of June 30, 2013 was as follows (in millions):

Year ending December 31,	
Remainder of 2013 (from July 1st through December 31st)	$28
2014	58
2015	58
2016	58
2017	58
Thereafter	427
Total	$687

Note 8—Fair Value of Financial Instruments

NYSE Euronext accounts for certain financial instruments at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic defines fair value, establishes a fair value hierarchy

on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments is determined using various techniques that involve some level of estimation and judgment, the degree of which is dependent on the price transparency and the complexity of the instruments.
In accordance with the Fair Value Measurements and Disclosures Topic, NYSE Euronext has categorized its financial instruments measured at fair value into the following three-level fair value hierarchy based upon the level of judgment associated with the inputs used to measure the fair value:

- Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in an active market that NYSE Euronext has the ability to access. Generally, equity and other securities listed in active markets and investments in publicly traded mutual funds with quoted market prices are reported in this category.
- Level 2: Inputs are either directly or indirectly observable for substantially the full term of the assets or liabilities. Generally, municipal bonds, certificates of deposits, corporate bonds, mortgage securities, asset backed securities and certain derivatives are reported in this category. The valuation of these instruments is based on quoted prices or broker quotes for similar instruments in active markets.
- Level 3: Some inputs are both unobservable and significant to the overall fair value measurement and reflect management's best estimate of what market participants would use in pricing the asset or liability. Generally, assets and liabilities carried at fair value and included in this category are certain structured investments, derivatives, commitments and guarantees that are neither eligible for Level 1 nor Level 2 due to the valuation techniques used to measure their fair value. The inputs used to value these instruments are both observable and unobservable and may include NYSE Euronext's own projections.

If the inputs used to measure the financial instruments fall within different levels of the fair value hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. A review of the fair value hierarchy classifications is conducted on a quarterly basis. Changes in the valuation inputs may result in a reclassification for certain financial assets or liabilities.
The following table presents NYSE Euronext's fair value hierarchy of those assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 and December 31, 2012 (in millions):

	As of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Financial Investments				
Mutual Funds (SERP/SESP)[1]	$27	$—	$—	$27
Foreign exchange derivative contracts	—	—	—	—
Total Financial investments	$27	$—	$—	$27
Other assets				
Equity investments[2]	$31	$—	$—	$31
Liabilities				
Foreign exchange derivative contracts	$—	$3	$—	$3

	As of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial Investments				
Mutual Funds (SERP/SESP)[1]	$41	$—	$—	$41
Foreign exchange derivative contracts	—	2	—	2
Total Financial investments	$41	$2	$—	$43
Other assets				
Equity investments[2]	$66	$—	$—	$66
Liabilities				
Foreign exchange derivative contracts	$—	$3	$—	$3

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

(2) Equity investments represent our investment in Multi Commodity Exchange (“MCX”) of India, which has been recorded at fair value using its quoted market price.

The fair value of our long-term debt instruments, categorized as Level 2, was approximately $2.1 billion as of June 30, 2013. The carrying value of all other financial assets and liabilities approximates fair value.

Note 9—Derivatives and Hedges

NYSE Euronext may use derivative instruments to hedge financial risks related to its financial position or risks that are otherwise incurred in the normal course of its operations. NYSE Euronext does not use derivative instruments for speculative purposes and enters into derivative instruments only with counterparties that meet high creditworthiness and rating standards. NYSE Euronext records derivatives and hedges in accordance with Subtopic 65 in the Derivatives and Hedging Topic of the FASB Accounting Standards Codification.

NYSE Euronext records all derivative instruments at fair value on the condensed consolidated statement of financial condition. Certain derivative instruments are designated as hedging instruments under fair value hedging relationships, cash flow hedging relationships or net investment hedging relationships. Other derivative instruments remain undesignated. The details of each designated hedging relationship are formally documented at the inception of the relationship, including the risk management objective, hedging strategy, hedged item, specific risks being hedged, derivative instrument, how effectiveness is being assessed and how ineffectiveness, if any, will be measured. The hedging instrument must be highly effective in offsetting the changes in cash flows or fair value of the hedged item and the effectiveness is evaluated quarterly on a retrospective and prospective basis.

The following presents the aggregated notional amount and the fair value of NYSE Euronext's derivative instruments reported on the condensed consolidated statement of financial condition as of June 30, 2013 (in millions):

June 30, 2013	Notional Amount	Fair Value of Derivative Instruments Asset[1]	Liability[2]
Derivatives not designated as hedging instruments			
Foreign exchange contracts	$681	$—	$3
Derivatives designated as hedging instruments			
Foreign exchange contracts	104	—	—
Total derivatives	$785	$—	$3

(1) Included in "Financial investments" in the condensed consolidated statements of financial condition.

(2) Included in "Short term debt" in the condensed consolidated statements of financial condition.

The following presents the aggregated notional amount and the fair value of NYSE Euronext's derivative instruments reported on the condensed consolidated statement of financial condition as of December 31, 2012 (in millions):

December 31, 2012	Notional Amount	Fair Value of Derivative Instruments Asset[1]	Liability[2]
Derivatives not designated as hedging instruments			
Foreign exchange contracts	$838	$2	$1
Derivatives designated as hedging instruments			
Foreign exchange contracts	153	—	2
Total derivatives	$991	$2	$3

(1) Included in "Financial investments" in the condensed consolidated statements of financial condition.

(2) Included in "Short term debt" in the condensed consolidated statements of financial condition.

Pre-tax gains and losses on derivative instruments designated as hedging items under net investment hedging relationship recognized in other comprehensive income for the three and six months ended June 30, 2013 and 2012 were as follows (in millions):

	Gain/ (loss) recognized in other comprehensive income Three months ended June 30, 2013	Six months ended
Derivatives designated as hedging instrument		
Foreign exchange contracts	$ 2	$ 1

	Gain/ (loss) recognized in other comprehensive income Three months ended June 30, 2012	Six months ended
Derivatives designated as hedging instrument		
Foreign exchange contracts	$ (7)	$ (3)

The ineffective portion of the pre-tax gains and losses on derivative instruments designated as hedged items under net investment hedging relationship for the three and six months ended June 30, 2013 and 2012 were insignificant.

Pre-tax gains and losses recognized in income on derivative instruments not designated in hedging relationship for the three and six months ended June 30, 2013 and 2012 were as follows (in millions):

Gain/(loss) recognized in income

Derivatives not designated as hedging instrument	Three months ended June 30, 2013	Six months ended
Foreign exchange contracts	$(2)	$(4)

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	Gain/(loss) recognized in income	
	Three months ended	Six months ended
Derivatives not designated as hedging instrument	June 30, 2012	
Foreign exchange contracts	$(5)	$(5)

For the six months ended June 30, 2013, NYSE Euronext had foreign exchange contracts in place with tenors of less than 4 months in order to hedge various financial positions. Certain contracts were designated as hedging instruments under the Derivatives and Hedging Topic. As of June 30, 2013, NYSE Euronext had €390 million ($508 million) euro/U.S. dollar contracts outstanding, £142 million (€167 million) sterling/euro and £15 million ($23 million) sterling/U.S. dollar foreign exchange contracts outstanding which together has a combined negative fair value of $3 million. These instruments mature in July 2013 and October 2013.

Pre-tax net losses or gains on non-derivative net investment hedging relationships recognized in “Other comprehensive income” for the three and six months ended June 30, 2013 were a $16 million loss and a $15 million gain, respectively. Pre-tax net gains on non-derivative net investment hedging relationships recognized in “Other comprehensive income” for the three and six months ended June 30, 2012 were $67 million and $31 million, respectively.

For the six months ended June 30, 2013, NYSE Euronext had no derivative instruments in either fair value hedging relationships or cash flow hedging relationships.

Note 10—Commitments and Contingencies

For the six months ended June 30, 2013, NYSE Euronext incorporates herein by reference the discussion set forth in Note 16 (“Commitments and Contingencies - Legal Matters”) to Item 8 of the Form 10-K filed by NYSE Euronext for the year ended December 31, 2012, and Note 10 (“Commitments and Contingencies”) of the Form 10-Q filed by NYSE Euronext for the three months ended March 31, 2013, and no other matters were reportable during the period.

Shareholder Lawsuits

On May 10, 2013 a hearing was held in the Delaware Court of Chancery on the Delaware plaintiffs' application for a preliminary injunction. At the conclusion of the hearing, the Chancery Court denied the motion in a transcript ruling, finding that the plaintiffs had demonstrated no likelihood of success on the merits and no prospect of irreparable harm, and that the balance of the equities weighed decidedly against the issuance of an injunction. On June 13, 2013, the Federal plaintiff voluntarily dismissed the Federal Action. The New York Consolidated Action and the Delaware Action remain pending.

ICE and NYSE Euronext believe the allegations in the complaints in all of the above actions are without merit, and will continue to defend against them vigorously. NYSE Euronext does not believe that an estimate of a reasonably possible range of loss can currently be made in connection with the above matters, given the inherent uncertainty and the preliminary stage of these matters.

In addition to the matters described above, NYSE Euronext is from time to time involved in various legal proceedings and responds to inquiries from its regulators that arise in the ordinary course of its business. NYSE Euronext records accrued liabilities for litigation and regulatory matters when those matters represent loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, NYSE Euronext does not establish an accrued liability. As a litigation or regulatory matter develops, NYSE Euronext evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. NYSE Euronext does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

Note 11—Income taxes

For the three months ended June 30, 2013 and 2012, our effective tax rate was 8.7% and 20.6%, respectively. For the six months ended June 30, 2013 and 2012, our effective tax rate was 15.6% and 26.2%, respectively.

NYSE Euronext’s effective tax rate was lower than the statutory rate primarily due to higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate and the release of reserves following a favorable settlement reached with certain European tax authorities during the three months ended June 30, 2013.

Note 12—Related Party Transactions

LCH.Clearnet

See Note 2 - Strategic Investments and Divestitures - for a discussion of our relationship with LCH.Clearnet.

During the three months ended June 30, 2013, NYSE Euronext sold a portion of its stake in LCH.Clearnet Group Limited resulting in a $10 million gain, included in "Net gain on disposal activities" in the condensed consolidated statements of operations. As of June 30, 2013, NYSE Euronext had a 2.3% stake in LCH.Clearnet Group Limited’s outstanding share capital and the right to appoint one director to its board of directors.

Qatar

See Note 2 - Strategic Investments and Divestitures - for a discussion of our relationship with Qatar.

New York Portfolio Clearing (“NYPC”)

NYPC, NYSE Euronext’s joint venture with The Depository Trust & Clearing Corporation (“DTCC”), became operational in the first quarter of 2011. NYPC clears fixed income derivatives traded on NYSE Liffe US and will have the ability to provide clearing services for other exchanges and Derivatives Clearing Organizations in the future. NYPC uses NYSE Euronext’s clearing technology, TRS/CPS, to process and manage cleared positions and post-trade position transfers. DTCC’s Fixed Income Clearing Corporation provides capabilities in risk management, settlement, banking and reference data systems. As of June 30, 2013, NYSE Euronext had a minority ownership interest in, and board representation on, DTCC.

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

	Three months ended June 30,		Six months ended June 30,	
Income (expenses)	2013	2012	2013	2012
LCH.Clearnet	$(12)	$(11)	$(23)	$(22)
Qatar	1	1	1	1
NYPC	—	1	1	2

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
You should read the following discussion together with the condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements. Actual results may differ from such forward-looking statements. See "Forward-Looking Statements" and the information under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012 and under Part II, Item IA of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, "Risk Factors". Certain prior period amounts presented in the discussion and analysis have been reclassified to conform to the current presentation.
Overview
NYSE Euronext is a global markets operator and provider of trading technology to the financial services industry. Headquartered in New York, we run markets in the United States, France, the U.K., the Netherlands, Belgium and Portugal covering a wide range of financial products from stocks to derivatives. We also provide critical technology infrastructure around the world to our clients and exchange partners including co-location services, connectivity, trading platforms and market data content and services. NYSE Euronext was formed from the combination of the businesses of NYSE Group and Euronext, which was consummated on April 4, 2007. Prior to that date, NYSE Euronext had no significant assets and did not conduct any material activities other than those incidental to its formation. Following consummation of the combination, NYSE Euronext became the parent company of NYSE Group and Euronext and each of their respective subsidiaries. Under the purchase method of accounting, NYSE Group was treated as the accounting and legal acquiror in the combination with Euronext. NYSE Euronext has numerous operating subsidiaries in the United States and Europe, including the American Stock Exchange, which is now known as NYSE MKT.
We operate under three reportable segments: Derivatives, Cash Trading and Listings, and Information Services and Technology Solutions. We evaluate the performance of our operating segments based on revenue and operating income. We have aggregated all of our corporate costs, including the costs to operate as a public company, within "Corporate/ Eliminations."
The following is a description of our reportable segments:
Derivatives consist of the following in NYSE Euronext's global businesses:

- providing access to trade execution in derivatives products, options and futures;
- providing certain clearing services for derivative products; and
- selling and distributing market data and related information.

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

- providing access to trade execution in cash trading;
- providing settlement of transactions in certain European markets;
- obtaining new listings and servicing existing listings;
- selling and distributing market data and related information; and
- providing regulatory services.

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

- operating sellside and buyside connectivity networks for our markets and for other major market centers and market participants in the United States, Europe and Asia;
- providing trading and information technology software and solutions;
- selling and distributing market data and related information to data subscribers for proprietary data products; and
- providing multi-asset managed services and expert consultancy to exchanges and liquidity centers.

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

Factors Affecting Our Results

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

Uncertainty in the global credit markets that commenced with the upheaval in 2008 continues to impact the economy. Equity market indices have continued to experience volatility. Economic uncertainty in the European Union may also continue to negatively affect global financial markets. In addition, regulatory uncertainty is affecting our clients' activities, business models and technology spending. Although markets have shown signs of improvement, these factors have adversely affected our revenues and operating income and may negatively impact future growth.

As a result of recent events, there has been, and it is likely that there will continue to be, significant change in the regulatory environment in which we operate. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law in July 2010. Although many of its provisions require the adoption of rules to implement, many such regulations have not yet been adopted and there remain significant uncertainties and ambiguities around those regulations that have been adopted, as well as the way in which market participants will respond to the regulations. As a result, it is difficult to predict all of the effects that the legislation and its implementing regulations will have on us. We do, however, expect it to affect our business in various and potentially significant ways and possibly result in increased costs and the expenditure of significant resources. In addition, there are significant structural changes underway within the European regulatory framework.

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

We expect that all of these factors will continue to impact our businesses. Any potential growth in the global cash markets will likely be tempered by investor uncertainty resulting from volatility in the cost of energy and commodities, unemployment concerns and contagion concerns in relation to the sovereign debt issues faced by some members of the Eurozone, uncertainty as to near term tax, regulatory, and other government policies, as well as the general state of the world economy. We continue to focus on our strategy to broaden and diversify our revenue streams, as well as on our company-wide expense reduction initiatives in order to mitigate these uncertainties.

Sources of Revenues

Transaction and Clearing Fees

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

- Cash trading. Revenues for cash trading consist of transaction charges for executing trades on our cash markets, as well as transaction charges related to orders on our U.S. cash markets which are routed to other market centers for execution. Additionally, our U.S. cash markets pay fees to the SEC pursuant to Section 31 of the Exchange Act. These fees are designed to recover the costs to the government of supervision and regulation of securities markets and securities professionals. Activity assessment fees are collected from member organizations executing trades on our U.S. cash markets, and are recognized when these amounts are invoiced. Fees received are included in cash at the time of receipt and, as required by law, the amount due to the SEC is remitted semiannually and recorded as an accrued liability until paid. The activity assessment fees are designed so that they are equal to the Section 31 fees. As a result, activity assessment fees and Section 31 fees do not have an impact on NYSE Euronext's net income.
- Derivatives trading and clearing. Revenues from derivatives trading and clearing consist of per-contract fees for executing trades of derivatives contracts and clearing charges on the London market of NYSE Liffe and NYSE Liffe US and executing options contracts traded on NYSE Arca and NYSE Amex Options. In some cases, these fees are subject to caps.

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

Market Data

We generate revenues from the dissemination of our market data in the United States and Europe to a variety of users. In the United States, we collect market data fees principally for consortium-based data products and, to a lesser extent, for NYSE proprietary data products. Consortium-based data fees are dictated as part of the securities industry plans and charged to vendors based on their redistribution of data. Consortium-based data revenues from the dissemination of market data (net of administrative costs) are distributed to participating markets on the basis of a formula set by the SEC under Regulation NMS. Last sale prices and quotes in NYSE-listed, NYSE MKT-listed, and NYSE Arca-listed securities are disseminated through “Tape A” and “Tape B,” which constitute the majority of NYSE Euronext’s U.S. revenues from consortium-based market data revenues. We also receive a share of the revenues from “Tape C,” which represents data related to trading of certain securities that are listed on Nasdaq. These revenues are influenced by demand for the data by professional and nonprofessional subscribers. In addition, we receive fees for the display of data on television and for vendor access. Our proprietary products make market data available to subscribers covering activity that takes place solely on our U.S. markets, independent of activity on other markets. Our proprietary data products also include depth of book information, historical price information and corporate action information. NYSE Euronext offers NYSE Realtime Reference Prices, which allows internet and media organizations to buy real-time, last-sale market data from NYSE and provide it broadly and free of charge to the public. CNBC, Google Finance and nyse.com display NYSE Realtime stock prices on their respective websites.

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

Listings

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

In the United States, annual fees are charged based on the number of outstanding shares of listed U.S. companies at the end of the prior year. Non-U.S. companies pay fees based on the number of listed securities issued or held in the United States. Annual fees are recognized as revenue on a pro rata basis over the calendar year.

Original fees are recognized as revenue on a straight-line basis over estimated service periods of ten years for the NYSE and the Euronext cash equities markets and five years for NYSE Arca and NYSE MKT. Unamortized balances are recorded as deferred revenue on the condensed consolidated statements of financial condition.

Listing fees for our European markets comprise admission fees paid by issuers to list securities on the cash market, annual fees paid by companies whose financial instruments are listed on the cash market, and corporate activity and other fees, consisting primarily of fees charged by Euronext Paris and Euronext Lisbon for centralizing securities in IPOs and tender offers. Original listing fees, subject to a minimum and maximum amount, are based on a company's (estimated) market capitalization at the time of its IPO. Revenues from annual listing fees essentially relate to the number of shares outstanding and the market capitalization of the listed company.

In general, Euronext Paris, Euronext Amsterdam, Euronext Brussels and Euronext Lisbon and LIFFE Administration and Management (Euronext London) have adopted a common set of listing fees. Under the harmonized fee book, domestic issuers (i.e., those from France, the Netherlands, Belgium and Portugal) pay admission fees to list their securities based on the market capitalization of the respective issuer. Subsequent listings of securities receive a discount on admission fees. Domestic issuers also pay annual fees based on the number of equity securities and their respective market capitalizations at the end of the prior year. Non-domestic companies listing in connection with raising capital are charged admission and annual fees on a similar basis, although they are generally charged lower maximum admission fees and annual fees. Non-domestic companies that are included in the Euronext 100 index are treated as domestic for purposes of their listing fees and their annual fees. Non-domestic companies eligible to the Euronext 100 index based on their market capitalization are also treated as domestic issuers for purpose of their sole listing fees. Euronext Paris and Euronext Lisbon also charge centralization fees for collecting and allocating retail investor orders in IPOs and tender offers.

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

Technology Services

Revenues are generated primarily from connectivity services related to the SFTI and FIX networks, software licenses and maintenance fees, as well as from consulting services. Co-location revenue is recognized monthly over the life of the contract. We also generate revenues from software license contracts and maintenance agreements. We provide software that allows customers to receive comprehensive market-agnostic connectivity, transaction and data management solutions. Software license revenues are recognized at the time of client acceptance and maintenance agreement revenues are recognized monthly over the life of the maintenance term subsequent to acceptance. Consulting services are offered for customization or installation of the software and for general advisory services. Consulting revenue is generally billed in arrears on a time and materials basis, although customers sometimes prepay for blocks of consulting services in bulk. NYSE Euronext records revenues from subscription agreements on a pro rata basis over the life of the subscription agreements. The unrealized portions of invoiced subscription fees, maintenance fees and prepaid consulting fees are recorded as deferred revenue on the condensed consolidated statements of financial condition.

Other Revenues

Other revenues include trading license fees, fees for facilities, fees for servicing existing listed companies (including fees from the recent acquisition of Corpedia) and other services provided to designated market markers (“DMMs”), brokers and clerks physically located on the floors of our U.S. markets that enable them to engage in the purchase and sale of securities on the trading floor, the revenues of our former NYSE Blue joint venture (our results for the current quarter include only BlueNext) and fees for clearance and settlement activities in our European markets, as well as regulatory revenues. Regulatory fees are charged to member organizations of our U.S. securities exchanges.

Components of Expenses

Section 31 Fees

See “—Sources of Revenues— Transaction and Clearing Fees” above.

Liquidity Payments, Routing and Clearing

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

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

Other Operating Expenses

Other operating expenses include compensation, depreciation and amortization, systems and communications, professional services, selling, general and administrative, and merger expenses and exit costs.

Compensation

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

Depreciation and Amortization

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

Systems and Communications

Systems and communications expense includes costs for development and maintenance of trading, regulatory and administrative systems; investments in system capacity, reliability and security; and cost of network connectivity between our customers and data centers, as well as connectivity to various other market centers. Systems and communications expense also includes fees paid to third-party providers of networks and information technology resources, including fees for consulting, research and development services, software rental costs and licenses, hardware rental and related fees paid to third-party maintenance providers.

Professional Services

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

Selling, General and Administrative

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

Merger Expenses and Exit Costs

Merger expenses and exit costs consist of severance costs and related curtailment losses, contract termination costs, depreciation charges triggered by the acceleration of certain fixed asset useful lives, legal and other professional fees and expenses directly attributable to business combinations and cost reduction initiatives, as well as retention bonuses awarded specifically in connection with a business combination.

Results of Operations

Three Months Ended June 30, 2013 Versus Three Months Ended June 30, 2012

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the three months ended June 30, 2013 and 2012, as well as the percentage increase or decrease for each condensed consolidated statement of operations item for the three months ended June 30, 2013, as compared to such item for the three months ended June 30, 2012.

	Three months ended June 30,		Percent Increase
(Dollars in Millions)	2013	2012	(Decrease)
Revenues			
Transaction and clearing fees	$657	$649	1 %
Market data	91	87	5 %
Listing	111	112	(1)%
Technology services	77	87	(11)%
Other revenues	59	51	16 %
Total revenues	995	986	1 %
Transaction-based expenses:			
Section 31 fees	78	86	(9)%
Liquidity payments, routing and clearing	306	298	3 %
Total revenues, less transaction-based expenses	611	602	1 %
Other operating expenses:			
Compensation	154	152	1 %
Depreciation and amortization	62	66	(6)%
Systems and communications	42	44	(5)%
Professional services	67	69	(3)%
Selling, general and administrative	57	65	(12)%
Merger expenses and exit costs	22	12	83 %
Total other operating expenses	404	408	(1)%
Operating income	207	194	7 %
Interest expense	(28)	(29)	(3)%
Interest and investment income	3	1	200 %
Loss from associates	(3)	(2)	50 %
Net gain (loss) on disposal activities	10	(2)	(600)%
Other income	6	3	100 %
Income before income taxes	195	165	18 %
Income tax provision	(17)	(34)	(50)%
Net income	178	131	36 %
Net (income) loss attributable to noncontrolling interest	(5)	(6)	(17)%
Net income attributable to NYSE Euronext	$173	$125	38 %

Highlights

For the three months ended June 30, 2013, NYSE Euronext reported total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $611 million, $207 million and $173 million, respectively. This compares to total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $602 million, $194 million and $125 million, respectively, for the three months ended June 30, 2012.

The $9 million increase in total revenues, less transaction-based expenses, $13 million increase in operating income and $48 million increase in net income attributable to NYSE Euronext for the period reflects the following principal factors:

Increased total revenues, less transaction-based expenses — The period-over-period increase in total revenues, less transaction-based expenses, of $9 million was primarily due to an increase in transaction and clearing fee revenues as a result of higher volumes across our derivatives trading venues, higher market data and other revenues, partially offset by reduced volumes in our cash trading venues, a decrease in our technology services revenues and the negative impact of foreign currency.

Increased operating income — The period-over-period increase in operating income of $13 million was primarily due to higher total revenues, less transaction-based expenses and a decrease in operating expenses as a result of cost containment initiatives. Excluding the net impact of merger and exit activities, foreign currency ($2 million) and new business initiatives ($8 million), our other operating expenses decreased $20 million or 5% as compared to the three months ended June 30, 2012.

Increased net income attributable to NYSE Euronext — The period-over-period increase in net income attributable to NYSE Euronext of $48 million was mainly due to increased operating income and a lower effective tax rate as a result of a favorable settlement reached with certain European tax authorities in the 2013 period.

Segment Results

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

	Three months ended June 30,		% of Total Revenues	
Segment Revenues (in millions)	2013	2012	2013	2012
Derivatives	$285	$240	29 %	24 %
Cash Trading and Listings	596	626	60 %	64 %
Information Services and Technology Solutions	114	119	11 %	12 %
Total segment revenues	$995	$985	100 %	100 %

Derivatives

	Three months ended June 30,		Increase	% of Revenues	
(in millions)	2013	2012	(decrease)	2013	2012
Transaction and clearing fees	$262	$219	20 %	92 %	91 %
Market data	10	11	(9)%	4 %	5 %
Other revenues	13	10	30 %	4 %	4 %
Total revenues	285	240	19 %	100 %	100 %
Transaction-based expenses:					
Liquidity payments, routing and clearing	90	58	55 %	32 %	24 %
Total revenues, less transaction-based expenses	195	182	7 %	68 %	76 %
Merger expenses and exit costs	3	7	(57)%	1 %	3 %

Total other operating expenses	92	97	(5)%	32 %	41 %
Operating income	$100	$78	28 %	35 %	32 %

For the three months ended June 30, 2013, Derivatives operating income increased $22 million to $100 million, and operating income as a percentage of revenues in 2013 increased 3 percentage points to 35%. Compared to the three months ended June 30, 2012, the $22 million increase in operating income was mainly driven by a $13 million increase in our total revenues, less transaction-based expenses as a result of a 13% and 12% increase in our European and U.S. average daily volumes, respectively, partially offset by lower average net revenue capture per contract on our European derivatives platform and the impact of foreign currency. Other operating expenses for the three months ended June 30, 2013 decreased $5 million period-over-period as a result of our cost containment initiatives.

Cash Trading and Listings

(in millions)	Three months ended June 30, 2013	2012	Increase (decrease)	% of Revenues 2013	2012
Transaction and clearing fees	$395	$430	(8)%	66%	69%
Market data	44	44	—%	7%	7%
Listing	111	112	(1)%	19%	18%
Other revenues	46	40	15%	8%	6%
Total revenues	596	626	(5)%	100%	100%
Transaction-based expenses:					
Section 31 fees	78	86	(9)%	13%	14%
Liquidity payments, routing and clearing	216	240	(10)%	36%	38%
Total revenues, less transaction-based expenses	302	300	1%	51%	48%
Merger expenses and exit costs	3	7	(57)%	1%	1%
Total other operating expenses	174	173	1%	29%	28%
Operating income	$125	$120	4%	21%	19%

For the three months ended June 30, 2013, Cash Trading and Listings operating income as a percentage of revenues increased 2 percentage points to 21%, and operating income increased $5 million period-over-period to $125 million. The increase in operating income was primarily due to an increase in our total revenues, less transaction-based expenses of $2 million as a result of increased other revenues (including regulatory fees and fees generated by Corpedia, a business acquired in June 2012) and a decrease in our merger expenses and exit costs of $4 million, partially offset by reduced average daily trading volumes across our cash trading venues.

Information Services and Technology Solutions

(in millions)	Three months ended June 30, 2013	2012	Increase (decrease)	% of Revenues 2013	2012
Market data	$37	$32	16%	32%	27%
Technology services	77	87	(11)%	68%	73%
Total revenues	114	119	(4)%	100%	100%
Merger expenses and exit costs	1	4	(75)%	1%	3%
Other operating expenses	89	92	(3)%	78%	78%
Operating income	$24	$23	4%	21%	19%

For the three months ended June 30, 2013, Information Services and Technology Solutions operating income as a percentage of revenues increased 2 percentage points to 21%, and operating income increased $1 million compared to the same period in the prior year. The increase in operating income was primarily due to a reduction in operating expenses as a result of our operating efficiencies, lower merger expenses and exit costs, partially offset by a decrease in total revenues of $5 million due to the lack of large one-time managed services sales in the second quarter of 2013.

Corporate / Eliminations

(in millions)	Three months ended June 30, 2013	2012	Increase (decrease)
Revenues, less transaction-based expenses	$—	$1	(100)%
Total revenues	—	1	(100)%
Merger expenses and exit costs	15	(6)	(350)%
Other operating expenses	27	34	(21)%

Operating loss	$(42)	$(27)	56%

Corporate and eliminations include unallocated costs primarily related to corporate governance, public company expenses and costs associated with our pension, SERP and postretirement benefit plans and intercompany eliminations of revenues and expenses. Operating loss for the three months ended June 30, 2013 increased $15 million to $42 million compared to the same period a year ago. Merger expenses included legal, investment banking and other professional fees and costs incurred in connection with the proposed business combination with ICE in the 2013 period and the terminated business combination with Deutsche Boerse in the 2012 period.

Non-Operating Income and Expenses

Net Interest and Investment Income (Loss)

Interest expense is primarily attributable to the interest expense on the debt incurred in connection with our senior notes. (See "Liquidity and Capital Resources").

Loss from Associates

For the three months ended June 30, 2013, the loss from associates remained in line with the same period a year ago. Such loss primarily reflects the impact of our investment in NYPC.

Net Gain (Loss) on Disposal Activities

For the three months ended June 30, 2013 and 2012, the net gain (loss) on disposal activities was a $10 million gain and a $2 million loss, respectively. The $10 million gain on disposal activities in 2013 reflected the impact of the sale of a portion of our investment in LCH.Clearnet, and the $2 million net loss on disposal activities in 2012 reflected the impact of unwinding our NYSE Blue joint venture. See also Note 2 – Strategic Investments and Divestitures and Note 12 – Related Party Transactions.

Other Income

For the three months ended June 30, 2013, other income was $6 million, compared to $3 million for the three months ended June 30, 2012. Other income consists primarily of foreign exchange gains and losses and dividends on certain investments, which may vary period-over-period.

Noncontrolling Interest

For the three months ended June 30, 2013 and 2012, NYSE Euronext recorded noncontrolling interest income of $5 million and $6 million, respectively. This mainly reflects the operating income generated by NYSE Amex Options partially offset by the operating losses of NYSE Liffe US.

Income Taxes

For the three months ended June 30, 2013 and 2012, NYSE Euronext provided for income taxes at an estimated tax rate of 8.7% and 20.6%, respectively. NYSE Euronext's effective tax rate in the 2013 period was lower than the statutory rate primarily due to the release of reserves following a favorable settlement reached with certain European tax authorities and higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate.

Six Months Ended June 30, 2013 Versus Six Months Ended June 30, 2012

The following table sets forth NYSE Euronext's condensed consolidated statements of operations for the six months ended June 30, 2013 and 2012, as well as the percentage increase or decrease for each condensed consolidated statement of operations item for the six months ended June 30, 2013, as compared to such item for the six months ended June 30, 2012.

	Six months ended June 30,				Percent Increase	
(Dollars in Millions)	2013		2012		(Decrease)	
Revenues						
Transaction and clearing fees	$1,291		$1,258		3	%
Market data	174		178		(2	)%
Listing	221		222		—	%
Technology services	157		173		(9	)%
Other revenues	115		107		7	%
Total revenues	1,958		1,938		1	%
Transaction-based expenses:						
Section 31 fees	153		152		1	%
Liquidity payments, routing and clearing	594		583		2	%
Total revenues, less transaction-based expenses	1,211		1,203		1	%
Other operating expenses:						
Compensation	315		312		1	%
Depreciation and amortization	124		132		(6	)%
Systems and communications	85		89		(4	)%
Professional services	136		142		(4	)%
Selling, general and administrative	112		126		(11	)%
Merger expenses and exit costs	30		43		(30	)%
Total other operating expenses	802		844		(5	)%
Operating income	409		359		14	%
Interest expense	(56	)	(59	)	(5	)%
Interest and investment income	4		3		33	%
Loss from associates	(5	)	(3	)	67	%
Net gain (loss) on disposal activities	10		(2	)	(600	)%
Other income	5		3		67	%
Income before income taxes	367		301		22	%
Income tax provision	(58	)	(79	)	(27	)%
Net income	309		222		39	%
Net (income) loss attributable to noncontrolling interest	(10	)	(10	)	—	%
Net income attributable to NYSE Euronext	$299		$212		41	%

Highlights

For the six months ended June 30, 2013, NYSE Euronext reported total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $1,211 million, $409 million and $299 million, respectively. This compares to total revenues, less transaction-based expenses, operating income and net income attributable to NYSE Euronext of $1,203 million, $359 million and $212 million, respectively, for the six months ended June 30, 2012.

The $8 million increase in total revenues, less transaction-based expenses, $50 million increase in operating income and $87 million increase in net income attributable to NYSE Euronext for the period reflects the following principal factors:

Increased total revenues, less transaction-based expenses — The period-over-period increase in total revenues, less transaction-based expenses, of $8 million was primarily due to an increase in transaction and clearing fee revenues due to higher trading volumes in our European derivatives businesses which were offset by lower volumes in our cash trading venues, lower market data and technology services revenues and the negative impact of foreign currency.

Increased operating income — The period-over-period increase in operating income of $50 million was primarily due to an increase in revenues and a decrease in operating expenses as a result of cost containment initiatives. Excluding the net impact of merger and exit activities, foreign currency ($3 million) and new business initiatives ($17 million), our other operating expenses decreased $53 million or 7% as compared to the six months ended June 30, 2012.

Increased net income attributable to NYSE Euronext — The period-over-period increase in net income attributable to NYSE Euronext of $87 million was mainly due to increased operating income and a lower effective tax rate as a result of a favorable settlement reached with certain European tax authorities in the 2013 period.

Segment Results

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

	Six months ended June 30,		% of Total Revenues			
Segment Revenues (in millions)	2013	2012	2013		2012	
Derivatives	$578	$469	29	%	24	%
Cash Trading and Listings	1,154	1,228	59	%	64	%
Information Services and Technology Solutions	226	240	12	%	12	%
Total segment revenues	$1,958	$1,937	100	%	100	%

Derivatives

	Six months ended June 30,		Increase		% of Revenues			
(in millions)	2013	2012	(decrease)		2013		2012	
Transaction and clearing fees	$533	$425	25	%	92	%	90	%
Market data	20	22	(9	)%	4	%	5	%
Other revenues	25	22	14	%	4	%	5	%
Total revenues	578	469	23	%	100	%	100	%
Transaction-based expenses:								
Liquidity payments, routing and clearing	182	111	64	%	31	%	24	%
Total revenues, less transaction-based expenses	396	358	11	%	69	%	76	%
Merger expenses and exit costs	5	8	(38	)%	1	%	2	%
Total other operating expenses	189	194	(3	)%	33	%	41	%
Operating income	$202	$156	29	%	35	%	33	%

For the six months ended June 30, 2013, Derivatives operating income increased $46 million to $202 million, and operating income as a percentage of revenues in 2013 increased 2 percentage points to 35%. Compared to the six months ended June 30, 2012, the $46 million increase in operating income was mainly driven by a $38 million increase in our total revenues, less transaction-based expenses as a result of a 22% increase in our European average daily volumes, partially offset by lower average net revenue capture per contract on our European derivatives platform and the impact of foreign currency. Other operating expenses for the six months ended June 30, 2013 decreased $5 million compared to the same period a year ago reflecting the results of operating efficiencies.

Cash Trading and Listings

(in millions)	Six months ended June 30, 2013	2012	Increase (decrease)	% of Revenues 2013	2012
Transaction and clearing fees	$758	$833	(9)%	66%	68%
Market data	85	89	(4)%	7%	7%
Listing	221	222	—%	19%	18%
Other revenues	90	84	7%	8%	7%
Total revenues	1,154	1,228	(6)%	100%	100%
Transaction-based expenses:					
Section 31 fees	153	152	1%	13%	12%
Liquidity payments, routing and clearing	412	472	(13)%	36%	39%
Total revenues, less transaction-based expenses	589	604	(2)%	51%	49%
Merger expenses and exit costs	7	13	(46)%	1%	1%
Total other operating expenses	347	358	(3)%	30%	29%
Operating income	$235	$233	1%	20%	19%

For the six months ended June 30, 2013, Cash Trading and Listings operating income as a percentage of revenues increased 1 percentage point to 20%, and operating income increased $2 million period-over-period to $235 million. The increase in operating income is primarily due to a decrease in other operating expenses of $11 million, reflecting the results of operating efficiencies, a decrease in merger expenses and exit costs of $6 million, partially offset by a decrease in our total revenues, less transaction-based expenses of $15 million as a result of lower average daily trading volumes across our cash trading venues.

Information Services and Technology Solutions

(in millions)	Six months ended June 30, 2013	2012	Increase (decrease)	% of Revenues 2013	2012
Market data	$69	$67	3%	31%	28%
Technology services	157	173	(9)%	69%	72%
Total revenues	226	240	(6)%	100%	100%
Merger expenses and exit costs	4	10	(60)%	2%	4%
Other operating expenses	176	185	(5)%	78%	77%
Operating income	$46	$45	2%	20%	19%

For the six months ended June 30, 2013, Information Services and Technology Solutions operating income as a percentage of revenues increased 1 percentage point to 20%, while operating income increased $1 million to $46 million. This reflects a decrease in operating expenses as a result of our operating efficiencies which was partially offset by a decrease in total revenues of $14 million due to the lack of large one-time managed services sales in the first half of 2013. During the first half of 2012, we recognized $7 million of technology services revenue as part of a managed services contract with the Warsaw Stock Exchange.

Corporate / Eliminations

(in millions)	Six months ended June 30, 2013	2012	Increase (decrease)
Revenues, less transaction-based expenses	$—	$1	(100)%
Total revenues	—	1	(100)%
Merger expenses and exit costs	14	12	17%

Other operating expenses	60	64	(6)%
Operating loss	$(74)	$(75)	(1)%

Corporate and eliminations include unallocated costs primarily related to corporate governance, public company expenses and costs associated with our pension, SERP and postretirement benefit plans and intercompany eliminations of revenues and expenses. Operating loss for the six months ended June 30, 2013 decreased $1 million to $74 million compared to the same period a year ago. Such decrease was primarily associated with lower merger expenses and exit costs. Merger expenses included legal, investment banking and other professional fees and costs incurred in connection with the proposed business combination with ICE in the 2013 period and the terminated business combination with Deutsche Boerse in the 2012 period. Additionally in 2013, we recorded a $10 million benefit in connection with the expiration of the statute of limitations on certain VAT exposure associated with the Euronext merger costs incurred in Europe in 2007.

Non-Operating Income and Expenses

Net Interest and Investment Income (Loss)

Interest expense is primarily attributable to the interest expense on the debt incurred in connection with our senior notes. (See "Liquidity and Capital Resources").

Loss from Associates

For the six months ended June 30, 2013, the loss from associates remained in line with the same period a year ago. Such loss primarily reflects the impact of our investment in NYPC.

Net Gain (Loss) on Disposal Activities

For the six months ended June 30, 2013, the net gain (loss) on disposal activities was a $10 million gain compared to a $2 million loss in the same period a year ago. The $10 million net gain on disposal activities in 2013 reflected the impact of the sale of a portion of our investment in LCH.Clearnet, and the $2 million net loss on disposal activities in 2012 reflected the impact of unwinding our NYSE Blue joint venture. See also Note 2 – Strategic Investments and Divestitures and Note 12 – Related Party Transactions.

Other Income

For the six months ended June 30, 2013, other income was $5 million compared to $3 million for the six months ended June 30, 2012. Other income consists primarily of foreign exchange gains and losses and dividends on certain investments, which may vary period-over-period.

Noncontrolling Interest

For the six months ended June 30, 2013 and 2012, net income attributable to noncontrolling interest remained flat period-over-period.

Income Taxes

For the six months ended June 30, 2013 and 2012, NYSE Euronext provided for income taxes at an estimated tax rate of 15.6% and 26.2%, respectively. NYSE Euronext's effective tax rate in the 2013 period was lower than the statutory rate primarily due to higher earnings generated from foreign operations, where the applicable foreign jurisdiction tax rate is lower than the statutory rate, and the release of reserves following a favorable settlement reached with certain European tax authorities.

Liquidity and Capital Resources

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

Cash flows

For the six months ended June 30, 2013, net cash provided by operating activities was $558 million, representing primarily net income of $309 million, depreciation and amortization of $128 million and a favorable change in working capital of $146 million.

For the six months ended June 30, 2013, capital expenditures were $59 million. In addition, we paid $414 million in connection with the maturity of a portion of our debt as well as $146 million in dividends to our shareholders.

Under the terms of the operating agreement of the NYSE, no regulatory fees, fines or penalties collected by NYSE Regulation may be distributed to NYSE Euronext or any entity other than NYSE Regulation. As a result, the use of regulatory fees, fines and penalties collected by NYSE Regulation may be considered restricted. As of June 30, 2013, NYSE Euronext did not have significant restricted cash balances.

As of June 30, 2013, approximately $168 million of cash, cash equivalents and financial instruments was held by NYSE Euronext's foreign subsidiaries. If these funds were repatriated to the United States, NYSE Euronext would be required to accrue and pay U.S. taxes except for the amount of cash, if any, that would be treated as a return of capital for U.S. tax purposes.

Net financial indebtedness

As of June 30, 2013, NYSE Euronext had approximately $2.2 billion in debt outstanding and approximately $0.3 billion of cash, cash equivalents and financial investments, resulting in approximately $1.9 billion in net indebtedness. We define net indebtedness as outstanding debt less cash, cash equivalents and financial investments.

Net indebtedness was as follows (in millions):

	June 30, 2013	December 31, 2012
Cash and cash equivalents	$295	$337
Financial investments	27	43
Cash, cash equivalents and financial investments	322	380
Short term debt	179	454
Long term debt	2,039	2,055
Total debt	2,218	2,509
Net indebtedness	$1,896	$2,129

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

As of June 30, 2013, NYSE Euronext’s main debt instruments were as follows (in millions):

	Principal amount as of June 30, 2013	Maturity
Commercial paper issued under the global commercial paper program	$108	July 1, 2013
5.375% senior unsecured notes in euro	€920 ($1,196)	June 30, 2015
2.0% senior unsecured notes in U.S. dollar	$850	October 5, 2017

In 2007, NYSE Euronext entered into a U.S. dollar and euro-denominated global commercial paper program of $3.0 billion in order to refinance the acquisition of the Euronext shares. As of June 30, 2013, NYSE Euronext had $0.1

billion of debt outstanding at an average interest rate of 0.3% under this commercial paper program. The effective interest rate of commercial paper issuances does not materially differ from short term interest rates (Libor U.S. for commercial paper issued in U.S. dollar and Euribor for commercial paper issued in euro). The fluctuation of these rates due to market conditions may therefore impact the interest expense incurred by NYSE Euronext.

The commercial paper program is backed by a $1.0 billion syndicated revolving bank facility maturing on June 15, 2015. This bank facility is available for general corporate purposes and was not drawn on as of June 30, 2013. This bank facility was entered into on June 15, 2012 to refinance the bank facility entered into in 2007 for an amount of $2.0 billion and subsequently amended and reduced to an amount of $1.2 billion in 2011. The commercial paper program and the credit facilities include terms and conditions customary for agreements of this type, which may restrict NYSE Euronext's ability to engage in additional transactions or incur additional indebtedness.

In 2008 and 2009, NYSE Euronext issued $750 million of 4.8% fixed rate bonds due in June 2013 and €1.0 billion of 5.375% fixed rate bonds due in June 2015 in order to, among other things, refinance outstanding commercial paper and lengthen the maturity profile of its debt. On October 5, 2012, NYSE Euronext issued $850 million of 2.0% senior unsecured notes due in October 2017. The net proceeds from the offering were used, in part, to purchase approximately $336 million of the outstanding 4.8% notes due in June 2013 and approximately €80 million of the outstanding 5.375% notes due in June 2015 in concurrent cash tender offers. As of June 30, 2013, the remaining principal amount under the 4.8% notes due in June 2013 was fully redeemed, and the outstanding 5.375% notes due in June 2015 was €920 million. The terms of the bonds do not contain any financial covenants. The bonds may be redeemed by NYSE Euronext or the bond holders under certain customary circumstances, including a change in control accompanied by a downgrade of the bonds below an investment grade rating. The terms of the bonds also provide for customary events of default and a negative pledge covenant.

As of June 30, 2013, we were in compliance with all of our debt instrument covenants in all material respects.

Liquidity risk

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

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

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

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

Goodwill and Other Intangible Assets

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

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

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

Income Taxes

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

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

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

Pension and Other Post-Retirement Employee Benefits

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

Hedging Activities

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

General

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

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

Interest Rate Risk

Except for fixed rate bonds, most of NYSE Euronext's financial assets and liabilities are based on floating rates, on fixed rates with an outstanding maturity or reset date falling in less than one year or on fixed rates that have been swapped to floating rates via fixed-to-floating rate swaps. The following table summarizes NYSE Euronext's exposure to interest rate risk as of June 30, 2013 (in millions):

	Financial assets	Financial liabilities	Net Exposure	Impact[(2)] of a 100 bp adverse shift in interest rates[(3)]
Floating rate[(1)] positions in				
Dollar	$178	$113	$ 65	$(0.7)
Euro	13	66	(53)	(0.5)
Sterling	132	—	132	(1.3)
Fixed rate positions in				
Dollar	—	848	(848)	33
Euro	—	1,191	(1,191)	27
Sterling	—	—	—	—

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

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

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

NYSE Euronext is exposed to price risk on its outstanding fixed rate positions. As of June 30, 2013, fixed rate positions in U.S. dollar and in euro with an outstanding maturity or reset date falling in more than one year amounted to $848 million and $1,191 million, respectively. A hypothetical shift of 1% in the U.S. dollar or the euro interest rate curves would in the aggregate impact the fair value of these positions by $33 million and $27 million, respectively.

NYSE Euronext is exposed to cash flow risk on its floating rate positions. Because NYSE Euronext is a net lender in U.S. dollar and sterling, when interest rates in U.S. dollar or sterling decrease, NYSE Euronext's net interest and investment income decreases. Based on June 30, 2013 positions, a hypothetical 1% decrease in U.S. dollar or sterling rates would negatively impact annual income by $0.7 million and $1.3 million, respectively. Because NYSE Euronext is a net borrower in euro, when interest rates in euro increase, NYSE Euronext net interest and investment income decrease. Based on June 30, 2013 positions, a hypothetical 1% increase in euro rates would negatively impact annual income by $0.5 million.

Currency Risk

As an international group, NYSE Euronext is subject to currency translation risk. A significant part of NYSE Euronext's assets, liabilities, revenues and expenses is recorded in euro and sterling. Assets, liabilities, revenues and expenses of foreign subsidiaries are generally denominated in the local functional currency of such subsidiaries.

NYSE Euronext's exposure to foreign denominated earnings for the six months ended June 30, 2013 is presented by primary foreign currency in the following table (in millions, except average rates):

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	Six months ended June 30, 2013	
	Euro	Sterling
Average rate in the period	$1.3131	$1.5440
Average rate in the same period one year before	$1.2974	$1.5769
Foreign denominated percentage of		
Revenues	15 %	18 %
Operating expenses	9 %	17 %
Operating income	38 %	22 %
Impact of the currency fluctuations [(1)] on		
Revenues	$3.5	$(7.5)
Operating expenses	1.7	(5.6)
Operating income	1.8	(1.9)

(1) Represents the impact of currency fluctuation for the six months ended June 30, 2013 compared to the same period in the prior year.

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

	June 30, 2013	
	Position in euros	Position in sterling
Assets	€3,736	£ 2,684
of which goodwill	1,026	1,073
Liabilities	1,855	373
of which borrowings	965	—
Net currency position before hedging activities	€1,881	£ 2,311
Impact of hedging activities	63	142
Net currency position	€1,944	£ 2,453
Impact on consolidated equity of a 10% decrease in foreign currency exchange rates	$253	$ 373

At June 30, 2013, NYSE Euronext had net exposure of euro and sterling of €1.9 billion ($2.5 billion) and £2.5 billion ($3.7 billion), respectively. NYSE Euronext's borrowings in euro of €1 billion ($1.3 billion) constitute a partial hedge of NYSE Euronext's net investments in foreign entities. As of June 30, 2013, NYSE Euronext also had €390 million ($508 million) of euro/U.S. dollar contract outstanding and £142 million (€167 million) of sterling/euro and £15 million ($23 million) sterling/U.S. dollar foreign exchange contracts outstanding. These contracts mature between April 2013 and October 2013. As of June 30, 2013, the fair value of these contracts was a $3 million liability. Based on June 30, 2013 net currency positions, a hypothetical 10% decrease of euro against dollar would negatively impact NYSE Euronext's equity by $253 million and a hypothetical 10% decrease of sterling against dollar would negatively impact NYSE Euronext's equity by $373 million. For the six months ended June 30, 2013, currency exchange rate differences had a negative impact of $326 million on NYSE Euronext's consolidated equity.

Credit Risk

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

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

Item 4. Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. No significant changes were made during the quarterly period ended June 30, 2013 in our internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Legal Matters

For the six months ended June 30, 2013, NYSE Euronext incorporates herein by reference the discussion set forth in Note 16 (“Commitments and Contingencies - Legal Matters”) to Item 8 of the Form 10-K filed by NYSE Euronext for the year ended December 31, 2012, and Note 10 (“Commitments and Contingencies”) of the Form 10-Q filed by NYSE Euronext for the three months ended March 31, 2013, and no other matters were reportable during the period.

Shareholder Lawsuits

On May 10, 2013 a hearing was held in the Delaware Court of Chancery on the Delaware plaintiffs' application for a preliminary injunction. At the conclusion of the hearing, the Chancery Court denied the motion in a transcript ruling, finding that the plaintiffs had demonstrated no likelihood of success on the merits and no prospect of irreparable harm, and that the balance of the equities weighed decidedly against the issuance of an injunction. On June 13, 2013, the Federal plaintiff voluntarily dismissed the Federal Action. The New York Consolidated Action and the Delaware Action remain pending.

ICE and NYSE Euronext believe the allegations in the complaints in all of the above actions are without merit, and will continue to defend against them vigorously. NYSE Euronext does not believe that an estimate of a reasonably possible range of loss can currently be made in connection with the above matters, given the inherent uncertainty and the preliminary stage of these matters.

In addition to the matters described above, NYSE Euronext is from time to time involved in various legal proceedings and responds to inquiries from its regulators that arise in the ordinary course of its business. NYSE Euronext records accrued liabilities for litigation and regulatory matters when those matters represent loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, NYSE Euronext does not establish an accrued liability. As a litigation or regulatory matter develops, NYSE Euronext evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. NYSE Euronext does not believe, based on currently available information, that the results of any of these various proceedings will have a material adverse effect on its financial statements as a whole.

Item 1A. Risk Factors

For the six months ended June 30, 2013, there were no material changes from the "Risk Factors" as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012, and Part II, Item 1A of our Quarterly Report on Form 10-Q for the three months ended March 31, 2013, which disclosures are incorporated herein by reference, other then the risks discussed below, which supplement the Risk Factors disclosed in such Annual and Quarterly reports.

Systems failures elsewhere in the securities trading industry could also negatively impact us.

Several high-profile systems failures occurred recently in the U.S. securities trading industry, renewing concerns among regulators and investors about the safety and resiliency of securities trading platforms. It is possible that securities regulators could impose new requirements for securities trading platforms that would be costly for us to implement, or that could result in a decrease in demand for some of our services. In particular, the public comment period recently ended for the SEC's proposed Regulation Systems Compliance and Integrity (“Regulation SCI”). If the SEC adopts Regulation SCI as it is currently proposed, our securities trading platforms and other technological systems would be subject to more extensive regulation and oversight. Ensuring our compliance with the requirements of Regulation SCI could require significant implementation costs as well as increased ongoing administrative expenses and burdens. If systems failures in the industry continue to occur, it is also possible that investor confidence in the securities trading industry could diminish, leading to decreased trading volume and revenue. Whether or not any of our own systems experience material failures, any of these developments could adversely affect our business, financial condition and operating results.

Damage to our reputation could adversely affect our business.

One of our competitive strengths is our strong reputation and brand name. Our reputation could be harmed in many different ways, including by regulatory, governance or technology failures or the activities of members or listed companies whom we do not control. In addition, on July 9, 2013, one of our subsidiaries, NYSE Euronext Rate Administration Limited, was appointed as the new administrator for LIBOR, subject to regulatory approval. Any failures or negative publicity resulting from the transition of administration from the British Bankers' Association to NYSE Euronext Rate Administration Limited or following completion of the transition could result in a further loss of confidence in the administration of LIBOR and could harm our reputation. Damage to our reputation could cause some issuers not to list their securities on our exchanges, as well as reduce the trading volume on our exchanges. Any of these events could adversely affect our business, financial condition and operating results.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of the principal executive officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2*	Certification of the principal financial officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1*	Certification of the principal executive officer and the principal financial officer pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Report Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document

* Furnished herewith.

SIGNATURES

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

NYSE Euronext

Date: August 6, 2013

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

th="11%" style="TEXT-ALIGN: right">369,836

Term extension of Ruby Mine warrants	$2,519	$-	$2,519
Stock Issued for purchase option - Ruby Mine	$-	$-	$150,000
Discount from beneficial conversion feature and warrants attached to convertible notes payable	$50,000	$-	$157,406
Transfer of available for sale securities to relieve accrued salary	$-	$12,838	$12,838
Accrued salary relieved for shares issued	$180,000	$-	$280,000
Common and preferred shares issued as founders shares	$-	$-	$3,040
Common stock issued for conversion of convertible debt	$122,832	$-	$122,832
Common stock issued for stock payable	$-	$(115,310)	$-

The accompanying notes are an integral part of these financial statements

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO UNAUDITED FINANCIAL STATEMENTS

NOTE 1 GENERAL ORGANIZATION AND BUSINESS

The Company was incorporated in the State of Delaware on June 18, 2004 under the name Ultimate Jukebox, Inc. On September 4, 2004, Ultimate Jukebox, Inc. merged with NetMusic Corporation, and subsequently changed the Company name to NetMusic Entertainment Corporation. On March 10, 2006, the Company ceased digital media distribution operations, began operations as a natural resources company, and changed the Company name to Enterayon, Inc. On January 15, 2008, the Company merged with and assumed the name of its wholly-owned subsidiary, North Bay Resources Inc. As a result of the merger, Enterayon, Inc. was effectively dissolved, leaving North Bay Resources Inc. as the remaining company.

The Company's business plan is based on the Generative Business Model, which is designed to leverage our mining properties and mineral claims into near-term revenue streams even during the earliest stages of exploration and development. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates revenue through payments in cash, stock, and other consideration.

The Generative Business Model is our short term plan to leverage properties until funding is adequate to implement our long term plan. The Company's long term plan is to locate and extract gold and silver from current exploration stage properties. This will be done through utilizing joint-ventures and other funding that i3s available to develop properties until they reach the production stage. Once in the production stage, the Company plans on extracting gold, silver, and other profitable by-products, and selling them to smelters. The Company has not currently begun this stage of the business plan.

NOTE 2 GOING CONCERN

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The Company has accumulated losses since inception equal to $10,699,920 as of June 30, 2011. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. There was no material effect to the financial statements as result of these reclassifications.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents. There were no cash equivalents at June 30, 2011 and December 31, 2010. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to $250,000.

Marketable Securities

The Company accounts for its marketable securities, which are available for sale, in accordance with Financial Accounting Standards Board (“FASB”) guidance regarding accounting for certain investments in debt and equity securities, which requires that available-for-sale and trading securities be carried at fair value. Unrealized gains and losses deemed to be temporary on available-for-sale securities are reported as other comprehensive income (“OCI”) within shareholders’ deficit. Realized gains and losses and declines in value deemed to be other than temporary on available-for-sale securities are included in “(Gain) loss on short- and long-term investments” and “Other income” on our statements of operations. Trading gains and losses also are included in “(Gain) loss on short- and long-term investments.” Fair value of the securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis. We classify our available-for-sale securities as short- or long-term based upon management’s intent and ability to hold these investments. In addition, throughout 2009, the FASB issued various authoritative guidance and enhanced disclosures regarding fair value measurements and impairments of securities which helps in determining fair value when the volume and level of activity for the asset or liability have significantly decreased and in identifying transactions that are not orderly.

Revenue Recognition

The company has recognized no mining revenue to date. In the future mining revenue will be recognized according to the policy described below.

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;
(b) the price is fixed or determinable;
(c) the product has been delivered; and
(d) collection of the sales price is reasonably assured.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Mineral Property Costs

Mineral property acquisition costs are capitalized upon acquisition. Mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its mineral properties.

The Company reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the review indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow method using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.

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Purchase Options for Mining Property

Costs associated with acquisitions related to purchase options for mining properties are capitalized when the costs are incurred in accordance with ASC 340.10. The costs are carried at the amount paid and transferred to the appropriate asset account if the option is exercised. If it is determined that the Company will not exercise the option, the option is expensed.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using enacted tax rates that will be in effect when the differences are expected to reverse.

The Company adopted the provisions of the FASB interpretation related to accounting for uncertainty in income taxes, which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. The Company believes it does not have any uncertain tax positions taken or expected to be taken in its income tax returns.

Fair Value of Financial Instruments

The Company adopted the FASB standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company had no assets or liabilities valued at fair value on a recurring or non-recurring basis as of June 30, 2011 and December 31, 2010, respectively.

Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes non-employee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of June 30, 2011 and December 31, 2010, no options or warrants related to compensation have been issued, and none are outstanding.

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Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of June 30, 2011 and 2010, there were 37,561,567 and 22,000,000 common stock equivalents outstanding, respectively.

The following is a reconciliation of the computation for basic and diluted EPS for the six months ended June 30, 2011 and 2010, respectively:

	June 30, 2011	June 30, 2010
Net Loss	$ (389,527)	$ (163,496)
Weighted-average common shares Outstanding (Basic)	84,578,272	68,878,241
Weighted-average common stock Equivalents	37,561,567	22,000,000
Deduction of stock Equivalents not included due to net loss	(37,561,567)	(22,000,000)
Weighted-average common shares Outstanding (Diluted)	84,578,272	68,878,241
Basic and Diluted Net Loss per Share	$ (0.00)	$ (0.00)

Recently Issued Accounting Standards

In December 2010, the FASB issued FASB ASU No. 2010-28, “When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts,” which is now codified under FASB ASC Topic 350, “Intangibles — Goodwill and Other.” This ASU provides amendments to Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not a goodwill impairment exists. When determining whether it is more likely than not an impairment exists, an entity should consider whether there are any adverse qualitative factors, such as a significant deterioration in market conditions, indicating an impairment may exist. FASB ASU No. 2010-28 is effective for fiscal years (and interim periods within those years) beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units having carrying amounts which are zero or negative is required to assess whether is it more likely than not the reporting units’ goodwill is impaired. If the entity determines impairment exists, the entity must perform Step 2 of the goodwill impairment test for that reporting unit or units. Step 2 involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss results if the amount of recorded goodwill exceeds the implied goodwill. Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. This ASU is not expected to have any material impact to our financial statements.

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In December 2010, the FASB issued FASB ASU No. 2010-29, “Disclosure of Supplementary Pro Forma Information for Business Combinations,” which is now codified under FASB ASC Topic 805, “Business Combinations.” A public entity is required to disclose pro forma data for business combinations occurring during the current reporting period. This ASU provides amendments to clarify the acquisition date to be used when reporting the pro forma financial information when comparative financial statements are presented and improves the usefulness of the pro forma revenue and earnings disclosures. If a public company presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) which occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The supplemental pro forma disclosures required are also expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. FASB ASU No. 2010-29 is effective on a prospective basis for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The adoption of this ASU will not have a material effect on our financial position, results of operations or cash flows.

NOTE 4 INVESTMENTS

In 2008, the Company was to receive $100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. The shares were valued at $110,935 according to the closing price of the stock on the date the shares were received. A gain of $10,935 related to the value of the stock over the original agreement was recorded due to the transaction. As of December 31, 2008, the market value of these shares was $133,715. This resulted in an unrealized gain shown in other comprehensive income of $22,780 for the year ended December 31, 2008. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company has retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to $3,950. The loss was realized and classified as Other Expenses due to the Company’s determination that the devaluation of the shares was “other than temporary”.

As of June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at $13,825 as their fair market value on the day of transfer. The deferred compensation relieved was $12,838. The excess value of shares transferred over deferred compensation relieved was expensed for $987 due to it being considered as additional compensation to the CEO. A gain of $9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.

NOTE 5 PREPAID EXPENSES

During 2009, the Company sold its War Eagle claims in consideration of $14,910 in prepaid marketing and advertising services. As of June 30, 2011, $10,000 of these services had been used, and $4,910 of these services remains to be utilized.

NOTE 6 ACCOUNTS RECEIVABLE

On February 10, 2011, the Company executed an agreement (the “Agreement”) to sell a number of its mineral claims in the Slocan Mining District of British Columbia, Canada, to Yardley Mountain Gold Corp (“Yardley”) for the aggregate sum of $93,000 USD. The Agreement provides that Yardley shall pay to North Bay $10,000 USD within ten (10) days of execution of the Agreement, $33,000 USD within three (3) months of the date of the Agreement, and $50,000 USD on or before June 25, 2011. The parties subsequently agreed to extend the due dates of the second and third payments to August 10, 2011. As of June 30, 2011, cash payments of $23,000 have been received, and $70,000 remained outstanding. Subsequent to June 30, 2011, additional cash payments totaling $40,000 have been received, and the Company has accepted a $30,000 promissory note due by September 30, 2011. Accordingly, the Agreement has been completed, and title to all of the claims identified in Schedule A of the Agreement has been transferred to Yardley.

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NOTE 7 PURCHASE OPTION – RUBY MINE

On September 27, 2010, the Company signed an option-to-purchase agreement with Ruby Development Company (“RDC”), a California partnership, for the acquisition of the Ruby Mine (the “Ruby”) in Sierra County, California. The purchase price is $2,500,000, which is to be paid in stages extending to December 30, 2012. Terms of the Ruby agreement provide for an initial option period of 5 months that expires on January 31, 2011, at which time we may elect to extend the option for a second 5 month period, expiring on June 30, 2011. The Company may exercise its right to purchase the Ruby at any time during the option period, but no later than June 30, 2011. The initial consideration of the option period is $50,000 cash and 10 million shares of common stock to be credited towards the purchase price at a value of $150,000. Four monthly option payments of $10,000 each, or $40,000 in total, became due as of October 1, 2010, with the October 1 payment deferred until December 31, 2010, by agreement. In addition, in compliance with the agreement, the Company issued warrants to RDC that gives RDC the option of purchasing up to 10 million shares of stock at an exercise price of $.02 initially exercisable until December 30, 2012. The Company has also agreed to reimburse RDC within 30 days of invoice for all claim fees, taxes, and permit expenses during the option period, and on October 1, 2010 a cash payment of $16,600 was paid to reimburse RDC for annual claim fees and taxes. The next payment for claim fees and taxes to the US Bureau of Land Management (BLM) and Sierra County is not due until August 31, 2011, which has been paid as of the date of this report. Monthly option payments of $10,000 cash began on November 1, 2010, with the October option payment deferred until December 30, 2010, and $30,000 of the $40,000 due has been paid as of December 31, 2010. The remaining monthly payment due on January 1, 2011 for the first option period ending January 31, 2010 is $10,000, which has been accrued for as of December 31, 2010, and which was subsequently paid on January 3, 2011. The Company has also paid an additional $8,114 in permit expenses as of December 31, 2010. If the Company elects to renew the option for an additional 5 months, the agreement calls for a $50,000 cash payment to be made by February 1, 2011, followed by 4 monthly cash payments of $25,000 each. Subsequent to December 31, 2010, RDC and the Company agreed to amend the terms of the second option period. The amendment provides revised terms for the extension of the option from February 1, 2011 through June 30, 2011. The revised terms reduces the payment due on February 1, 2011 from $50,000 to $10,000, and reduces the payment due on March 1, 2011 from $25,000 to $10,000. As of the date of this report, the February 1, 2011 and the March 1, 2011 payments have been paid. The payment due on April 1, 2011 has been increased from $25,000 to $30,000, which has been paid. The payments due on May 1, 2011 (paid) and June 1, 2011 (paid), respectively, have been increased from $25,000 to $50,000. In addition, the amendment extends term of the warrants included as consideration in the original agreement has been extended from December 30, 2012 to December 30, 2015. All other terms of the original agreement remain in effect. Upon exercise of the option to complete the purchase at any time on or before June 30, 2011, the Company will pay a minimum of $85,000 cash per month until the purchase price of $2,500,000 is paid in full by December 30, 2012. The aforementioned notwithstanding, the Company must exercise its option and initiate its purchase within 60 days following the effective date of the approval of North Bay’s EB-5 Regional Center by the United States Customs and Immigration Service ("USCIS"). As an additional acceleration of purchase payments, RDC shall have the option of being paid up to 50% of all EB-5 tranches within 15 days of receipt by the Company until the unpaid balance is paid in full. All option payments and the initial consideration of $50,000 cash and $150,000 in stock shall be applied in full toward the purchase price. Reimbursed expenses for claim fees, taxes, and permits do not apply towards the purchase price. Interest of 3% per annum shall accrue on the outstanding principal until paid in full. In addition, in compliance with the agreement, on September 27, 2010, as amended on January 26, 2011, the Company issued the aforementioned warrants to RDC that gives them the option, until December 30, 2015, of purchasing up to 10 million shares of stock at $.02. Upon the exercise of the option to purchase and the transfer of title, the Company will receive all of the real and personal property associated with the Ruby Gold Mine, and all of the shares of Ruby Gold, Inc., a private California corporation whose sole asset is $170,000 in reclamation bonds securing the permits at the Ruby Mine. In addition, it has been agreed that the Company must obtain a public liability insurance policy with coverage of at least $1 million before the Company can begin work at the Ruby.

On April 22, 2011, the Company and RDC executed an amendment to the aforementioned agreements dated September 1, 2010, as amended, which provides revised terms for the accelerated exercise of the Company’s Option to Purchase from June 30, 2011 to June 1, 2011, and an increase to the final Option payment due on June 1, 2011 from $50,000 to $85,000. Upon making the final option payment of $85,000 on June 1, 2011, the Company shall be deemed to have exercised the Option, and said payment shall also satisfy the requirement for a deposit to open escrow. The Amendment also provides that monthly mortgage payments for the duration of 2011 shall be reduced from $85,000 per month to $35,000 per month. In addition, and in consideration for amending the Agreements, the Company shall issue warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents ($0.10) per share. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

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On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made the final option payment of $85,000 to open escrow. Subsequent to June 30, 2011, escrow was closed and the acquisition of the Ruby Mine was completed.

This is an arms-length transaction, and there is no family or other relationship with any affiliate of Ruby Development Company or Ruby Gold, Inc. with any officer, director, or affiliate of North Bay Resources Inc.

All costs related to the acquisition of the purchase option or potential acquisition of the mining property, have been capitalized when incurred. All costs related to operating costs of the property have been expensed when incurred. As of June 30, 2011 and December 31, 2010, the Company capitalized a total of $801,442 and $393,983, respectively, related to the Ruby Mine purchase option. Cash paid during the period ended June 30, 2011 and December 31, 2010 was equal to $195,000 and $84,087, respectively. Warrants issued during the periods ended December 31, 2010 and June 30, 2011 were valued at $149,896 and $219,940 respectively. Shares paid as of December 31, 2010 were valued at $150,000. $2,519 was capitalized to the purchase option during the three months ended March 31, 2011 related to the company’s amendment to extend the term of the 10,000,000 warrants issued to Ruby Development Company from December 31, 2012 to December 31, 2015. The value of the extension was calculated using the Black-Scholes model. In addition, $219,940 was capitalized to the purchase option during the six months ended June 30, 2011 related to the amendment on April 22, 2011 to issue warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents ($0.10) per share. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program. The value of the additional warrants was calculated using the Black-Scholes model.

NOTE 8 ACCOUNTS PAYABLE

Pursuant to the Ruby Mine Option-to-Purchase agreement executed on September 27, 2010, the Company is obligated to make option payments of $10,000 per month, beginning October 1, 2010 through the end of the first option period ending January 31, 2011, for a total of $40,000. This balance accrued for within accounts payable as of December 31, 2010 was $10,000, which was paid on January 3, 2011. Effective January 26, 2011, RDC and the Company agreed to amend the terms of the second option period, which the Company exercised on January 28, 2011. The amendment provides revised terms for the extension of the option from February 1, 2011 through June 30, 2011. The revised terms reduces the payment due on February 1, 2011 from $50,000 to $10,000, and reduces the payment due on March 1, 2011 from $25,000 to $10,000. As of the date of this report, the February 1, 2011 and the March 1, 2011 payments have been paid. The payment due on April 1, 2011 has been increased from $25,000 to $30,000, which as of March 31, 2011, has been paid. The payments due on May 1, 2011 (paid as of the date of this report) and June 1, 2011, respectively, have been increased from $25,000 to $50,000. This balance accrued for within accounts payable as of March 31, 2011 was $100,000. As of June 30, 2011, all option payments have been paid in full, and the balance accrued for within accounts payable as of June 30, 2011 was $0.

During Q1, 2011, the Company agreed to reimburse ACG Consulting, LLC (“ACG”) a total of $37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, $15,000 of this amount had been paid, and the remaining $22,216 balance was accrued for within accounts payable. As of June 30, 2011, $0 remains outstanding and this account has been paid in full.

NOTE 9 FINANCING

On June 17, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $17,500 as a loan from Tangiers. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.001 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. Conversion rights were waived by the holder from inception of the agreement through July 15, 2010. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $10,726. This value was recorded as a discount on debt and offset to additional paid in capital. During the three months ended March 31, 2011 the note balance of $17,500 and accrued interest of $1,225 was settled with conversion into 863,681 shares of common stock. The unamortized portion of the discount at the time of conversion of $4,937 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

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On September 27, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $50,000 as a loan from Tangiers to initiate the acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.005 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 1.5 million 5 year cashless warrants exercisable at $0.05, with an additional 1 million 5 year cashless warrants exercisable at $0.05 if the note remains outstanding after 90 days, and is also entitled to a 0.75% non-voting interest in the Ruby Project.

The beneficial conversion feature resulting from the discounted conversion price compared to the market price was calculated based on the date of grant to be $17,560 after adjusting the effective conversion price for the relative fair value of the note proceeds compared to the fair value of the attached warrants and note. In addition to this discount related to the beneficial conversion feature, an additional discount of $22,475 was recorded based on the fair value of the 1,500,000 warrants attached to the debt. This value was derived using the Black-Scholes valuation model. The 1,000,000 contingent warrants owed were valued at $15,000 according to the Black-Scholes model. This value was not recorded initially due to the contingent nature of the issuance. This contingency was resolved ninety days after the note was issued when the note was unpaid. As a result the 1,000,000 warrants were issued. The remaining undiscounted portion of the note was $9,965. As a result of the value of the warrants exceeding the remaining undiscounted portion of the note, only $9,965 was recorded as an additional discount from this issuance. During the three months ended March 31, 2011 the note balance of $50,000 and accrued interest of $2,495 was settled with conversion into 1,600,467 shares of common stock. The unamortized portion of the discount at the time of conversion of $39,986 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On December 30, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $50,000 as a loan from Tangiers for expenses related to our acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.005 or (b) seventy percent (70%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of nine months and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 500,000 5-year warrants exercisable at $0.05. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $32,485 on the note, and $14,195 on the warrants. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was $15,389 for the three months ended March 31, 2011. On April 1, 2011, $27,983 of principal on the note was satisfied with conversion into 975,000 shares of common stock. The remaining balance of $22,017 in principal and $1,612 in accrued interest was satisfied with conversion into 462,416 shares of common stock on June 1, 2011, and as of June 30, 2011, the debt has been retired. The unamortized portion of the discount at the time of conversion of $31,163 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On January 4, 2011, the Company entered into a Securities Purchase Agreement with Asher Enterprises, Inc. ("Asher"), for the sale of an 8% convertible note in the principal amount of $50,000 (the "Note"). The Note bears interest at the rate of 8% per annum. All interest and principal must be repaid by the maturity date of October 3, 2011. The Note is convertible into common stock, at Asher's option, at a 45% discount to the average of the three lowest closing bid prices of the common stock during the 10 trading day period prior to conversion. The discount on the Note from the beneficial conversion feature is $50,000, and $32,065 was amortized during the six months ended June 30, 2011. This Note can not be converted if it results in Asher owning more than 4.99% of our outstanding shares. Subsequent to June 30, 2011, the Note has been satisfied, and the debt has been retired.

The discounts on debt are being amortized straight line over the terms of the convertible notes. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

NOTE 10 COMMITMENTS AND CONTINGENCIES

As of June 30, 2011 and December 31, 2010, respectively, the Company does not have any outside commitments, and is not currently leasing any office space. Office space is provided as part of a management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer (see Note 13 - Related Party Transactions). The agreement is renewable annually at the discretion of both parties. As a result there are no future payments for our lease beyond the current year contract. The Company is not and has never been involved in any litigation of any nature, and the Company is not aware of any pending or threatened litigation.

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EB-5

On July 28, 2010, the Company executed an agreement with ACG Consulting, LLC ("ACG") intended to establish a new economic Regional Center ("RC") under the federal EB-5 program (the "EB-5 Program") that will encompass all of Northern California's Gold Country. Once established, the Regional Center is expected to provide full funding for the Company's prospective mining projects in Northern California, which are now under review for possible acquisition. Terms of the agreement specify that upon filing an application for a new Regional Center with USCIS, North Bay shall pay ACG its share of the startup expenses, which as of December 31, 2010 were $0. In lieu of cash, North Bay may elect to issue a convertible debenture to ACG, at an interest rate of 8%, and convertible to shares of common stock, the number of shares of which, if and when issued, shall be equal to the principal and interest to be paid on the date of conversion divided by the prevailing market price of our common stock on the date of conversion. In the event the Company does issue a convertible debenture, we expect it to be dilutive to shareholders, the extent of which will be determined by the market price of our shares on the day of conversion. In addition, upon receipt by the Company of the first tranche of EB-5 funding at a minimum of $500,000, the Company shall reimburse ACG for its share of the marketing expenses in the amount of $110,000 cash. The Company will await guidance from USCIS after the Regional Center is established as to whether marketing costs incurred to secure funds through the EB-5 program can be recouped from EB-5 funds subsequently received. Alternatively, if the Company has not generated enough revenue from claim sales and joint-ventures to cover these costs, we believe we can rely on our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to cover these expenses. As of December 31, 2010, no shares have been issued in connection with this agreement. No payment of any kind is due until ACG files the Regional Center application with USCIS, which as of December 31, 2010, has not yet occurred. During Q1, 2011, the Company agreed to reimburse ACG $37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, $15,000 of this amount had been paid, and $22,216 remained outstanding. As of June 30, 2011 $0 remains outstanding and this account has been paid in full.

The agreement also provides that North Bay will own 49% of the Regional Center, and ACG will own 51%. ACG and North Bay, working together through the Regional Center, will seek to raise up to $7.5M in EB-5 funding for North Bay's initial mining project, subject to USCIS approval. ACG will also be an equity partner in each project North Bay may bring into the Regional Center, the amount of which will vary on a deal by deal basis based on the amount of consulting services ACG actually provides. At the present time, no projects other than mining are being considered, and the industry focus for the Regional Center is expected to be limited to mining initially.

The Ruby Gold Project

On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made the final option payment of $85,000 to open escrow. Subsequent to June 30, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. The purchase price was $2.5 million, of which $510,000 has been paid. The remaining $1,990,000 will be paid as an eighteen (18) month mortgage (the "Note") held by RDC, at an interest rate of three (3) percent per annum. Monthly mortgage payments shall be $35,000 per month for the duration of 2011, and shall increase to $85,000 per month as of January 1, 2012. Payments shall be accelerated upon receipt by the Company of funds from the federal EB-5 program, and there shall be no penalty for prepayment of the Note. As part of the transaction, the Company also acquired all of the outstanding shares of Ruby Gold, Inc., which is now a wholly-owned subsidiary of the Company, as well as $171,000 in reclamation bonds that secure the Ruby Mine's operating permits.

NCRC

Effective October 14, 2010, the Company, together with ACG, entered into a Memorandum of Understanding ("MOU") with Northern California Regional Center, LLC ("NCRC"), whereby NCRC has agreed to expand its scope to include mining projects in the counties of Sierra and Nevada in Northern California, and together with ACG has agreed to sponsor North Bay's application to secure $7.5 million for the Ruby Gold project in Sierra County, California, through the EB-5 Program. NCRC was approved on April 22, 2010 by the United States Citizenship and Immigration Services ("USCIS") as a designated EB-5 Regional Center, and is currently approved to sponsor qualifying investments in such capacity within the counties of Colusa; Butte; Glenn; Sacramento; San Joaquin; Shasta; Sutter; Tehama; Yuba; and Yolo in the State of California (the "Regional Center's Geographic Area"). Pursuant to its regional center designation, NCRC may sponsor qualifying investments in certain industry economic sectors that do not currently include mining. The agreement with North Bay and ACG calls for NCRC to seek USCIS approval for an expansion of NCRC's Regional Center Geographic Area (the "Expansion") to include Sierra County, where the Ruby Mine is located, and for approval to include mining within its designated industry sectors (the "Mining Designation"). These applications have been filed with USCIS, and are currently being reviewed. Upon approval of the Expansion and Mining Designation by USCIS, NCRC will then be permitted to sponsor qualified investments in North Bay's Ruby Gold project under the EB-5 Program. Under the terms of the agreement, NCRC will receive a $5,000 fee for each investor whose minimum $500,000 investment is approved by USCIS. In addition, upon the Ruby Gold project receiving the aggregate sum of $7,500,000 through the EB-5 Program, NCRC shall be entitled to an undivided one and one half percent (1.5%) interest in the Ruby Gold project. No shares of Company stock have been or will be issued in connection with this agreement, and the entire EB-5 funding is expected to be non-dilutive to shareholders.

Subsequent to June 30, 2011, the NCRC Expansion Amendment, which includes the Mining Designation and pre-approval of the Ruby Gold project as a qualified EB-5 project, has been formally approved by USCIS.

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NOTE 11 STOCK SPLITS

On February 18, 2005, the Company effected a 4 for 1 forward stock split of our common shares. On March 12, 2006, and on February 7, 2008, the Company effected 1 for 10 reverse stock splits. All information presented herein has been retrospectively adjusted to reflect these stock splits as they took place as of the earliest period presented.

NOTE 12 DEFERRED COMPENSATION/NQDC

The Company has adopted an unfunded Non-Qualified Deferred Compensation (NQDC) plan to compensate our Chief Executive Officer. Under this plan, the Company is not required to reserve funds for compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. On April 28, 2011, the Company issued two million (2,000,000) shares of common stock to our Chief Executive Officer to reduce the aggregate amount of deferred compensation owed to him by $180,000. The shares were valued at the closing market price of our common stock on the date of issuance. As of June 30, 2011 and December 31, 2010, the outstanding balance of the NQDC plan is $712,474 and $838,474, respectively.

In 2007, 2008, and 2009, our Chief Executive Officer was awarded restricted stock bonuses for deferring accrued salary. The value of common shares were based on the market closing price on the day of issuance, and the value of preferred shares were valued via a valuation model generated by an independent valuation expert, as follows:

Date	Type of Stock	Number of Shares	Value	
2/12/2007	Preferred	100	$	101,000
2/9/2007	Common	250,000	$	31,250
12/21/2007	Common	10,000,000	$	900,000
12/16/2008	Common	2,500,000	$	50,000
8/11/2009	Preferred	4,100,000	$	253,785

NOTE 13 RELATED PARTY TRANSACTIONS

In August 2009, the Board of Directors approved and the Company executed a management agreement with The PAN Network ("PAN"), a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of $18,000 per month, and calls for PAN to provide (a) office and board room space, including reception, utilities, landline phone/fax, computers, copiers, projectors, and miscellaneous services; (b) financial services, including accounting, corporate filing and bookkeeping; (c) project and administrative services; (d) resource targeting, acquisition, development and management services; (e) marketing services, communications, marketing materials management, and writing services; (f) strategic planning, milestone management and critical path analysis; and (g) online services, including web site hosting, web site design, web site maintenance, and email services. The agreement includes Mr. Leopold's salary of $15,000 per month, which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The term of the agreement is one year, and automatically renews annually on January 1 each year unless otherwise terminated by either party.

In 2008, the Company was to receive $100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to $3,950. The loss was realized and classified as Other Expenses due to the Company's determination that the devaluation of the shares was "other than temporary". Hidalgo has since ceased operations as a mining company, and has become Verde Media Group Inc. as the result of a reverse merger in December 2009. As there was no reason to continue holding the HMIT shares, on June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at $13,825 as their fair market value on the day of transfer. The deferred compensation relieved was $12,838. The excess value of shares transferred over deferred compensation relieved was expensed for $987 due to it being considered as additional compensation to the CEO. A gain of $9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.

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NOTE 14 SHARE ISSUANCES SINCE JUNE 18, 2004 (INCEPTION)

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock as Founders shares to the Company Founders. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to $1,520.

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock to the Company Officers and Directors upon the merger of Ultimate Jukebox, Inc. and NetMusic Corp. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to $1,520.

Prior to 2008, the Company issued an aggregate of 12,005,491 shares of common stock for services rendered and exploration stage mining properties. The shares were valued at $5,100,667, based on the market price on the date of issuance.

Prior to 2008, the Company issued an aggregate of 2,574,127 shares of common stock to convert debt to equity. The shares were valued at $2,510,825 based on the market price on the date of issuance. Any differences between the value of the shares issued and the debt relieved were recorded as a gain or loss on conversion.

Prior to 2008, the Company issued an aggregate of 302,643 shares of common stock in private placements. The consideration received was $522,700.

Prior to 2008, the Company purchased back and retired 200,000 shares at a net cost of $2,000.

Prior to 2008, the Company received a contribution of $164,371 from a shareholder to pay expenses for mineral claim exploration.

Prior to 2008, the Company issued 100 shares of Series I Preferred stock to our Chief Executive Officer, Mr. Perry Leopold, as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series I Preferred Stock." The value of the Series I Preferred shares was valued at $101,000 according to the value of the control premium from 80% of the voting rights assigned to Series I Preferred stock.

Prior to 2008, the Company converted 2,400,000 shares of Convertible Series A preferred stock to 1,200,000 shares of common stock. The shares were convertible at a ratio of one share of common stock per two shares of preferred stock.

Prior to 2008, a non-convertible note payable from a third party totaling $50,000 with a 20% interest rate, maturing thirty days from the note date, was converted into 1,250,000 shares of common stock. During the same period, a non-convertible note payable from a third party totaling $12,000 with a 10% interest rate, maturing one year from the note date, was converted into 100,000 shares of common stock. The aggregate shares were valued according to the closing market price on their respective conversion dates at $121,500.

Prior to 2008, beneficial conversion features related to convertible notes payable totaling $62,000 were recorded. The entire discount was expensed in the year ended December 31, 2007 due to the conversion of the note prior to year end.

During 2008, the Company received a contribution of $10,000 from a shareholder for mineral claim maintenance.

During 2008, the Company issued an aggregate of 5,500,000 shares of common stock for services rendered. The shares were valued at $230,000, based on the market price on the date of issuance.

During 2008, the Company issued 2,275,000 shares of common stock in a private placement. The consideration received was $10,000.

During 2009, the Company issued 4,000,000 shares of Series A Preferred stock, and 100,000 shares of Series G Preferred stock to our Chief Executive Officer as a bonus for services rendered. Each share of Series A Preferred has 10 votes per share and is convertible to 5 shares of common. The Series G Preferred stock has no voting rights, and each share is convertible to 1/100 of an ounce of gold, or 20 shares of common. The conversion of the Series G Preferred stock into gold can only be exercised by the holder if the company has gold inventory at the time of conversion. The conversion value of the shares was $253,785 based on the value of the closing price of the common stock the preferred shares were convertible into on the day of issuance, plus the value of the control premium from voting rights assigned to the preferred share issuances.

During 2009, the Company issued an aggregate of 21,800,000 shares of common stock in private placements. The consideration received was $173,000.

During 2009, the Company issued an aggregate of 10,000,000 shares of common stock to a private investor to reduce the balance due of deferred compensation to the Chief Executive Officer by $100,000. The deferred compensation was assigned by the Chief Executive Officer to the private investor in lieu of cash, and the assigned liability was immediately converted to equity by the investor. The value of the shares issued according to the market price on the date of issuance was $187,500. The difference between the value of the deferred compensation and the value of the shares issued was recorded as a loss on conversion.

During 2009, the Company issued an aggregate of 2,500,000 shares of common stock for services rendered. The shares were valued at $29,750, based on the market price on the date of issuance.

During 2009, the Company secured $5 Million in financing under an equity line of credit with Tangiers Investors, LP ("Tangiers") to fund the Company's operations and prospective mining acquisitions. North Bay has entered into a Securities Purchase Agreement with Tangiers that provides North Bay the right, but not the obligation, to draw down on the equity line of credit by selling to Tangiers shares of the Company's common stock for a total purchase price of up to $5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the pricing period as quoted by Bloomberg, LP on the Over-the-Counter Bulletin Board ("OTCBB"). Tangiers' obligation to purchase shares of the Company's common stock under the Securities Purchase Agreement is subject to certain conditions, including the Company obtaining an effective registration statement for shares of the Company's common stock sold under the Securities Purchase Agreement and is limited to $100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. Upon signing the Securities Purchase Agreement, the Company has agreed to issue Tangiers $85,000 in restricted stock as a one-time commitment fee. This was classified as Stock Payable at December 31, 2009 and valued at $115,310, based on the closing market price of our common stock as of October 7, 2009, the date the contract was signed. Subsequently, the Company issued 6,589,147 shares of restricted common stock on January 20, 2010 to satisfy this obligation.

During 2010, the Company issued 6,589,147 shares of restricted common stock to Tangiers Investors, LP ("Tangiers") as a one-time commitment fee in compliance with the October 7, 2009 agreement with Tangiers. The value of these shares was recorded in 2009 as a stock payable due to the obligation existing at that time. Due to the instrument to be only settled with the issuance of shares, no gain or loss was recorded with the issuance in 2010, and the full value of the stock payable was relieved to common stock and additional paid-in capital.

During 2010, the Company issued 5,000,000 shares of common stock in a Rule 504 private placement. The consideration received was $50,000.

During 2010, the Company issued 10 million shares of common stock to Ruby Development Company as part of the initial consideration for the signing of an option-to-purchase agreement on the Ruby Mine. The market value of these shares as of the date the contract was executed was $150,000. This amount was capitalized to Other Assets due to it being a part of the Ruby Mine Purchase Option costs.

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During Q1 2011, the Company registered 19,726,822 shares of our common stock with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to an equity line of credit (“ELOC”) and Securities Purchase Agreement ("SPA") entered into with Tangiers on October 7, 2009. Pursuant to the terms of the SPA, the Company has the right, but not the obligation, to draw down on the ELOC by selling to Tangiers shares of the Company's common stock for a total purchase price of up to $5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the 5-day pricing period immediately following any advance notice provided to Tangiers. Advances are limited to $100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. As of June 30, 2011, the Company has issued an aggregate of 7,791,198 of these registered shares to Tangiers, in consideration of $528,000.

During Q1 2011, the Company issued 863,681 shares of common stock to satisfy a Convertible Promissory Note Agreement dated June 17, 2010 with Tangiers pursuant to which the Company received $17,500 as a loan from Tangiers. The total amount satisfied on conversion was $18,725, consisting of $17,500 in principal plus $1,225 in accrued interest.

During Q1 2011, the Company issued 1,600,467 shares of common stock to satisfy a Convertible Promissory Note Agreement dated September 27, 2010 with Tangiers pursuant to which the Company received $50,000 as a loan from Tangiers. The total amount satisfied on conversion was $52,495, consisting of $50,000 in principal plus $2,495 in accrued interest.

During Q1 2011, the Company issued 42,857 shares of common stock for geological services rendered. The shares were valued at $3,000, based on the closing market price on the date of issuance.

During Q2 2011, the Company issued an aggregate of 1,437,416 shares of common stock to a Convertible Promissory Note Agreement dated December 30, 2010 with Tangiers pursuant to which the Company received $50,000 as a loan from Tangiers. The total amount satisfied on conversion was $51,612, consisting of $50,000 in principal plus $1,612 in accrued interest.

During Q2 2011, the Company issued 550,000 shares common stock as a settlement on a 2009 consulting agreement. The shares were valued at $62,095 based on the closing market price on the day of issuance.

During Q2 2011, the Company issued 3,722,701 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, in consideration of $383,000.

During Q2 2011, the Company issued 2 million shares of common stock to our Chief Executive Officer to relieve $180,000 in accrued deferred compensation. The shares were valued at the closing market price on the day of issuance, and were equal in value to the accrued salary relieved.

During Q2 2011, the Company issued 111,112 shares common stock to Fred Michini as directors compensation of $10,000. The shares were valued at the closing market price on the day of issuance.

NOTE 15 WARRANTS

Ten million warrants were issued to Ruby Development Company on September 27, 2010 as a part of the purchase option agreement for the Ruby Mine. The fair value of the warrants of $149,896 was capitalized related to this issuance. On January 26, 2011, the Ruby Mine purchase option was amended, and the term of said warrants was increased from two years to 5 years, and the fair value of the warrants was increased by $2,519 to $152,415. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

Stock Price on Measurement Date	$0.015
Exercise Price of Warrants	$0.02
Term of Warrants (years)	2.26
Computed Volatility	440%
Annual Dividends	0.00%
Discount Rate	0.44%

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Two and a half million warrants were issued to Tangiers Investors, LP on September 27, 2010 that were attached to a convertible promissory note agreement for $50,000. The fair value of 1,500,000 of the warrants of $22,475 was recorded as a discount on the convertible note payable upon issuance. The remaining 1,000,000 warrants had a fair value of $14,195. $9,965 was recorded as an additional discount related to these warrants based on the contingency resulting in their issuance being resolved, and the remaining undiscounted portion of the convertible note being equal to $9,965. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

Stock Price on Measurement Date	$0.015
Exercise Price of Warrants	$0.05
Term of Warrants (years)	5.00
Computed Volatility	440%
Annual Dividends	0.00%
Discount Rate	1.31%

Five hundred thousand warrants were issued to Tangiers Investors, LP on December 30, 2010 that were attached to a convertible promissory note agreement for $50,000. The fair value of 500,000 of the warrants of $14,195 was recorded as a discount on the convertible note payable upon issuance. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

Stock Price on Measurement Date	$0.029
Exercise Price of Warrants	$0.05
Term of Warrants (years)	5.00
Computed Volatility	375%
Annual Dividends	0.00%
Discount Rate	2.06%

Two million warrants were issued to Ruby Development Company on April 22, 2011 as a part of an amendment to the purchase option agreement for the Ruby Mine. The fair value of the warrants of $219,940 was capitalized related to this issuance. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

Stock Price on Measurement Date	$0.11
Exercise Price of Warrants	$0.10
Term of Warrants (years)	5.00
Computed Volatility	324%
Annual Dividends	0.00%
Discount Rate	2.12%

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A summary of activity related to the Company's warrant activity for the period ended June 30, 2011 and December 31, 2010 is presented below:

	Number Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	
Outstanding at December 31, 2009	-	-	-	
Granted	13,000,000	0.024	2.62	
Exercised	-	-	-	
Canceled/forfeited/expired	-	-	-	
Outstanding at December 31, 2010	13,000,000	0.024	2.62	
Granted	2,000,000	0.10	5.00	
Exercised	-	-	-	
Canceled/forfeited/expired	-	-	-	
Outstanding at June 30, 2011	15,000,000	0.037	3.75	(1)

(1) Primary reason for change related to a January 26, 2011 amendment to the Ruby Mine Option Agreement whereby the term of the warrants issued to Ruby Development Company were extended from 2 years to 5 years.

NOTE 16 SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the Company issued 836,050 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, in consideration of $128,000.

Subsequent to June 30, 2011, the Company issued an aggregate of 557,528 shares of common stock to fully satisfy and retire a Convertible Note dated January 4, 2011 with Asher Enterprises, Inc. ("Asher") pursuant to which the Company received $50,000 as a loan from Asher. The total amount satisfied on conversion was $52,000, consisting of $50,000 in principal and $2,000 in accrued interest.

Subsequent to June 30, 2011, the Company accepted a notice of exercise on 500,000 warrants issued to Tangiers Investors, LP on December 30, 2010 that were attached to a convertible promissory note agreement dated December 30, 2010. The exercise price was $0.05 per shares, and the Company received $25,000 upon the exercise and the issuance of 500,000 shares of common stock.

Subsequent to June 30, 2011, the Company completed the acquisition of the Ruby Mine. The purchase price was $2.5 million, of which $510,000 has been paid. The remaining $1,990,000 will be paid as an eighteen (18) month mortgage (the "Note") held by RDC, at an interest rate of three (3) percent per annum. Monthly mortgage payments shall be $35,000 per month for the duration of 2011, and shall increase to $85,000 per month as of January 1, 2012. Payments shall be accelerated upon receipt by the Company of funds from the federal EB-5 program, and there shall be no penalty for prepayment of the Note. As part of the transaction, the Company also acquired all of the outstanding shares of Ruby Gold, Inc., which is now a wholly-owned subsidiary of the Company, as well as $171,000 in reclamation bonds that secure the Ruby Mine's operating permits.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Disclosure Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (“Forward Looking Statements”). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of its business, the Company, in an effort to help keep its shareholders and the public informed about the Company’s operations, may from time-to-time issue certain statements, either in writing or orally, that contain or may contain Forward-Looking Statements. Although the Company believes that the expectations reflected in such Forward Looking Statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by the Company, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of the Company operations are subject to a number of uncertainties, risks and other influences, many of which are outside the control of the Company and any one of which, or a combination of which, could materially affect the results of the Company’s proposed operations and whether Forward Looking Statements made by the Company ultimately prove to be accurate. Such important factors (“Important Factors”) and other factors could cause actual results to differ materially from the Company’s expectations are disclosed in this report. All prior and subsequent written and oral Forward Looking Statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from the Company’s expectations as set forth in any Forward Looking Statement made by or on behalf of the Company.

The following discussion and analysis should be read in conjunction with the information set forth in the Company’s audited financial statements for the period ended December 31, 2010.

Overview

We seek to acquire, develop, and exploit natural resource properties with extensive reserves of precious metals, including gold, silver, platinum, and palladium, as well as base metals, including copper, zinc, lead and molybdenum. The Company’s business plan is based on the Generative Business Model, which is designed to leverage our mining properties and mineral claims into near-term revenue streams even during the earliest stages of exploration and development. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates revenue through payments in cash, stock, and other consideration.

We began operations as a prospective mining company in March 2006, and we are engaged in the acquisition, development, and management of natural resources. The Company’s mission is to build a portfolio of viable mining prospects throughout the world and developing them through subsidiaries and joint-venture partners to their full economic potential. North Bay's business plan is based on the Generative Business Model, which is designed to leverage its properties into near-term revenue streams even during the earliest stages of exploration and development. This provides shareholders with multiple opportunities to profit from discoveries while preserving capital and minimizing the risk involved in exploration and development.

On June 1, 2011, we exercised an option to purchase the Ruby Mine, and subsequent to June 30, 2011, we completed the acquisition. The Ruby Mine is an underground placer and lode gold mine located between Downieville and Forest City, in Sierra County, California. With the exception of the Ruby Mine, we currently do not control any properties with active or imminent mining operations. We intend to begin mining operations as soon as practical, but there is no guarantee that mining operations will begin, or that our mining operations will be successful.

As of June 30, 2011, we have joint-ventures underway on our (a) Fawn property in central British Columbia with Silver Quest Resources Ltd, and (b) our Coronation Gold property in southeastern British Columbia with Lincoln Resources Inc ("Lincoln"). As of the date of this report, Lincoln is in default on the Coronation Gold JV, and notice has been served pursuant to the terms of the contract dated August 6, 2009, as amended, specifying that the default must be remedied within sixty (60) days to avoid forfeiture by Lincoln.

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As of June 30, 2011 and June 30, 2010, cash gains from claim sales totaled $103,500 and $5,000, respectively. As per GAAP, these revenues have been classified as "Other Income". Top-line revenue is reserved for when we begin actual mining operations and begin generating revenue from mine production.

As of June 30, 2011, we own the mineral rights to over 150 mining claims in British Columbia, which encompasses an aggregate holding of over 60,000 acres. Our mineral property acquisition costs are capitalized, and our mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its claims. Our acquisition of any mining claim in British Columbia conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. Based on the limitations of our claims and unproven reserves, all capitalized costs on our claims in British Columbia were expensed as of June 30, 2011.

We currently generate revenue from claim sales and joint-venture agreements. When we sell a claim, we capture near-term revenue, but forego any possibility of a future revenue stream. When we enter into a joint-venture, we receive near-term revenue as well as a commitment for future revenue, but since the joint-venture partner has the option to withdraw at any time, we can not project revenue from a joint-venture into the future. However, should a joint-venture partner withdraw, we still retain control of the asset, and can therefore enter into another joint-venture with another partner, develop the property ourselves, or else elect to sell the claims.

We expect to generate near-term revenue growth through claim sales and joint-venture activities. However, there is no assurance that the Company can successfully secure new joint-venture partnerships on terms that are satisfactory to the Company.

We expect to generate long-term revenue through gold production at the Ruby Mine, the acquisition of additional operating mines, and by the development of our properties, either independently or through joint-venture partners, into operating mines. There is no assurance that these efforts will be successful, or that the projects will be economically viable.

Going Concern

Our financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of $10,699,920 as of June 30, 2011. In addition, we have a working capital deficit of $441,453 as of June 30, 2011. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, we will be adversely affected and we may have to cease operations.

As of June 30, 2011 the accumulated deficit attributable to CEO stock awards valued according to GAAP totals $2,558,535 since inception. As of June 30, 2011 the accumulated deficit attributable to CEO compensation is $712,474 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid or forgiven since 2006. These totals are non-cash expenses which are included in the accumulated deficit since inception. Actual CEO compensation paid in cash since 2006 has totaled $135,870, consisting of $10,000 in 2006, $50,764 in 2007, $23,139 in 2008, $29,979 in 2009, and $21,988 in 2010. These cash expenditures are also included in the accumulated deficit.

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The ongoing execution of our business plan is expected to result in operating losses over the next twelve months. Management believes it will need to raise capital through stock issuances in order to have enough cash to maintain its operations for the next twelve months. There are no assurances that we will be successful in achieving our goals of obtaining cash through stock issuances or increasing revenues and reaching profitability.

In view of these conditions, our ability to continue as a going concern is dependent upon our ability to meet our financing requirements, and to ultimately achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event we cannot continue as a going concern.

Summary of Significant Accounting Policies

Revenue Recognition

The company has recognized no mining revenue to date. In the future mining revenue will be recognized according to the policy described below.

Revenue is recognized when the following conditions are met:

(a) persuasive evidence of an arrangement to purchase exists;
(b) the price is fixed or determinable;
(c) the product has been delivered; and
(d) collection of the sales price is reasonably assured.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Mineral Property Costs

Mineral property acquisition costs are capitalized upon acquisition. Mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its mineral properties.

The Company reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the review indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow method using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using enacted tax rates that will be in effect when the differences are expected to reverse.

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The Company adopted the provisions of the FASB interpretation related to accounting for uncertainty in income taxes, which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. The Company believes it does not have any uncertain tax positions taken or expected to be taken in its income tax returns.

Fair Value of Financial Instruments

The Company adopted the FASB standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company had no assets measured at fair value on a recurring or non-recurring basis as of December 31, 2010.

Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes non-employee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the “valuation date,” which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period.   As of June 30, 2011, no options or warrants have been issued for compensation and none are outstanding. As of June 30, 2011, 15 million warrants have been issued and are outstanding in connection with the Ruby Mine Purchase Option Agreement executed on September 27, 2010.

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with the guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

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Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of June 30, 2011 and 2010, there were 37,561,567 and 22,000,000 common stock equivalents outstanding, respectively.

Results of Operations for the Six Months Ended June 30, 2011 Compared to Results of Operations for the Six Months Ended June 30, 2010

Gains from Other Income. For the six months ended June 30, 2011 and June 30, 2010, the Company's other income related to mineral claim sales and joint-ventures was $103,500 and $5,000, respectively. This increase is primarily attributable to the sale of a block of claims in the Slocan District of British Columbia. The Company has spent $58,241 and $29,163 in mineral property costs during each respective period in order to generate cash flows, consisting of claim registration, maintenance fees, and exploration expenses. This increase is primarily attributable to higher exploration expenses.

Operating Expenses. For the six months ended June 30, 2011 and June 30, 2010, the Company had operating expenses of $353,160 and $188,956, respectively. The increase in operating expenses for the six months ended June 30, 2011, was due to increased expenses for consulting fees.

Net Loss. For the six months ended June 30, 2011 and June 30, 2010, we had net losses of $389,527 and $163,496. The increase in net loss that we incurred during the six months ended June 30, 2011 was due to increased consulting fees and increased interest expenses attributable to the debt discount from convertible notes.

Liquidity and Capital Resources

The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. Since its inception, the Company has been funded primarily by its founders, board members, employees and persons related to or acquainted with these, the sale of securities, and the issuance of debt. To remedy the current deficiency in our liquidity position, we will raise funds through our equity credit line established with Tangiers Investors, LP (see Exhibit 10.0 under Item 6 herein), additional equity offerings, strategic agreements with partner companies, and debt. We currently have no external sources of liquidity and internal sources (revenue from sales) are very limited. Excluding management fees, which are deferred as-needed, the Company has required approximately $7,000 per month to maintain its mineral claims in good standing and pay general administrative expenses. We believe these expenses can be maintained at present levels for the foreseeable future. Going forward, now that the Company is a fully-reporting company, we estimate it will cost an additional $2,500 to $5,000 per month in SEC compliance fees, consisting primarily of accounting, legal, and edgarization fees. The Company believes it can generate enough revenue from claim sales and joint-ventures to cover these costs, and we believe we can rely on our equity credit line established with Tangiers to make up for any revenue shortfall. If we cannot generate sufficient revenue or raise additional funds through equity, we may not be able to maintain our mineral claims or make timely filings with the SEC.

In the first half of 2011, our Option agreement on the Ruby Mine requires us to make payments of $150,000 over a 5 month period from February 1, 2011 through June 30, 2011. As of June 30, 2011, this has been paid in full, and the Ruby Mine was acquired subsequent to June 30, 2011. For the duration of 2011, our Ruby Mine mortgage requires us to make payments of $35,000 per month, which will increase to $85,000 per month after January 1, 2012. The

Company believes it can rely on our equity credit line established with Tangiers to make up for any revenue shortfall, and on our funding through the EB-5 program once the Ruby Project is approved by USCIS. Subsequent to June 30, 2011, the Ruby Project was approved by USCIS. However, as there is no assurance that we will receive funding from foreign investors pursuant to the EB-5 Program for the Ruby Project, funding from the EB-5 program may be unavailable to us. If we cannot generate sufficient revenue or raise additional funds through equity, loans, or EB-5, we may not be able to maintain our mortgage on the Ruby Mine.

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As of June 30, 2011, total current assets were $304,106, which consisted of $229,196 of cash, $70,000 of accounts receivable, and $4,910 of prepaid expenses. As of December 31, 2010, total current assets were $56,910, which consisted of $47,000 of cash and $9,910 of prepaid expenses.

As of June 30, 2011, total current liabilities were $745,559, which consisted of $712,474 of deferred compensation, $1,020 of accrued interest, and $32,065 in convertible notes payable net of discounts. As of December 31, 2010, our total current and long-term liabilities were $879,763, and consisted mostly of deferred compensation.

We had a working capital deficit of $441,453 as of June 30, 2011, and a working capital deficit of $822,853 as of December 31, 2010

During the six months ended June 30, 2011, operating activities used cash of $200,804 as compared to the six months ended June 30, 2010 where we used cash of $74,383 in operating activities. The increase is due primarily to increased operational expenses and an increase in consulting fees.

Cash flows from financing activities represented the Company’s principal source of cash for the six month period ended June 30, 2011. Cash flows from financing activities during the six month period ended June 30, 2011, and June 30, 2010, were $578,000 and $67,500, respectively, and consisted primarily of proceeds from the issuance of stock and a $50,000 convertible note.

During the three month period ended March 31, 2011, the Company entered into a Securities Purchase Agreement for the sale of an 8% convertible note in the principal amount of $50,000 (the "Note"). The Note bears interest at the rate of 8% per annum. All interest and principal must be repaid by the maturity date of October 3, 2011. The Note is convertible into common stock, at the Noteholder’s option, at a 45% discount to the average of the three lowest closing bid prices of the common stock during the 10 trading day period prior to conversion. Proceeds from the Note are to be used for general working capital. Subsequent to June 30, 2011, this note has been satisfied and retired.

Recent Developments

On April 22, 2011, the Company and Ruby Development Company (“RDC”) executed an amendment to the Ruby Mine Option to Purchase Agreements dated September 1, 2010, as amended, which provides revised terms for the accelerated exercise of the Company’s Option to Purchase from June 30, 2011 to June 1, 2011, and an increase to the final Option payment due on June 1, 2011 from $50,000 to $85,000. Upon making the final option payment of $85,000 on June 1, 2011, the Company shall be deemed to have exercised the Option, and said payment shall also satisfy the requirement for a deposit to open escrow. The Amendment also provides that monthly mortgage payments for the duration of 2011 shall be reduced from $85,000 per month to $35,000 per month. In addition, and in consideration for amending the Agreements, the Company shall issue warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents ($0.10) per share. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and paid the final option payment of $85,000 to open escrow. Subsequent to June 30, 2011, escrow was closed and the acquisition of the Ruby Mine was completed.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

In December 2010, the FASB issued FASB ASU No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts," which is now codified under FASB ASC Topic 350, "Intangibles — Goodwill and Other." This ASU provides amendments to Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not a goodwill impairment exists. When determining whether it is more likely than not an impairment exists, an entity should consider whether there are any adverse qualitative factors, such as a significant deterioration in market conditions, indicating an impairment may exist. FASB ASU No. 2010-28 is effective for fiscal years (and interim periods within those years) beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units having carrying amounts which are zero or negative is required to assess whether is it more likely than not the reporting units' goodwill is impaired. If the entity determines impairment exists, the entity must perform Step 2 of the goodwill impairment test for that reporting unit or units. Step 2 involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss results if the amount of recorded goodwill exceeds the implied goodwill. Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. This ASU is not expected to have any material impact to our financial statements.

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In December 2010, the FASB issued FASB ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations," which is now codified under FASB ASC Topic 805, "Business Combinations." A public entity is required to disclose pro forma data for business combinations occurring during the current reporting period. This ASU provides amendments to clarify the acquisition date to be used when reporting the pro forma financial information when comparative financial statements are presented and improves the usefulness of the pro forma revenue and earnings disclosures. If a public company presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) which occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The supplemental pro forma disclosures required are also expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. FASB ASU No. 2010-29 is effective on a prospective basis for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The adoption of this ASU will not have a material effect on our financial position, results of operations or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and principal financial officer who is the same individual, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, our principal executive/principal financial officer concluded that our disclosure controls and procedures as of the end of the period covered by the Quarterly Report were not effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive/principal financial officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

We do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the Company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

Material Weaknesses in Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses:

- Controls lack appropriate segregation of responsibilities and accounting technical expertise necessary for an effective system of internal control. We believe that our lack of technical expertise and lack of segregation of duties over internal controls constitutes a material weakness in our internal controls.

- As of June 30, 2011, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

During the Company's annual audit Management evaluated remediation plans related to the above internal control deficiencies. Management analyzed the costs and benefits of several different options to improve our internal controls over financial reporting. The following options for improving the controls were analyzed (i) hiring a qualified CFO with both GAAP and SEC reporting experience (ii) forming an internal audit department (iii) subscribing to GAAP and SEC reporting databases (iv) additional staffing to provide segregation of duties and a review infrastructure for financial reporting (v) An information technology department to provide security over our information and to help facilitate electronic filing. In the evaluation, Management estimated implementation of the proposed remediation plan within 1 to 2 years. It was concluded from our evaluation that the costs to implement the plan were greater than the benefits to be received, and Management therefore passed on implementation until operations of the Company have improved. Due to the current operating condition of the company, and the current and future outlook of the economic climate, we do not foresee the ability to adequately implement the remediation plan within the foreseeable future.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In the three months ended June 30, 2011, the Company issued shares of Common Stock in the following transactions:

- On April 1, 2011 and June 1, 2011, the Company issued an aggregate of 1,437,416 shares of common stock to retire a Convertible Promissory Note Agreement dated December 30, 2010 with Tangiers pursuant to which the Company received $50,000 as a loan from Tangiers. The total amount satisfied on conversion was $52,495, consisting of $51,612 in principal plus $1612 in accrued interest.

- On April 28, 2011, the Company issued 2 million shares of common stock to our Chief Executive Officer to relieve $180,000 in accrued deferred compensation. The shares were valued at the closing market price on the day of issuance.

- On April 28, 2011, the Company issued 111,112 shares of common stock to Fred Michini as directors compensation of $10,000. The shares were valued at the closing market price on the day of issuance.

- On May 11, 2011, the Company issued 550,000 shares of common stock as a settlement on a 2009 consulting agreement. The shares were valued at the closing market price on the day of issuance.

The securities issuances referred to above were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Act").

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. REMOVED AND RESERVED.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Reference is made to the Index to Exhibits following the signature page to this report for a list of all exhibits filed as part of this report.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NORTH BAY RESOURCES INC.

Date: August 12, 2011

/s/ Perry Leopold
By: Perry Leopold, Chief Executive Officer, Chief Financial Officer & Principal Accounting Officer

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EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3 (i)	Articles of Incorporation(1)
3(ii)	Bylaws(1)
3 (iii)	Merger and Name Change Certification(1)
4.1	Certificate of Designation – Series I Preferred(2)
4.2	Certificate of Designation – Series A Preferred(2)
4.3	Certificate of Designation – Series G Preferred(2)
10.0	Tangiers Securities Purchase Agreement dated October 7, 2009(1)
10.1	Tangiers Securities Registration Rights Agreement dated October 6, 2009(1)
10.2	Fawn Property/Silver Quest Resources Ltd. Joint Venture Agreement(1)
10.3	Coronation Gold Property/Lincoln Resources, Inc. Joint Venture Agreement(1)
10.4	Silver Leaf/Hidalgo Mining International. Joint Venture Agreement(2)
10.5	Gold Hill Project/Hidalgo Mining International Joint Venture Agreement(2)
10.6	Monte Cristo Purchase Agreement(2)
10.7	Fraser River Joint Venture Letter of Intent(2)
10.8	Fraser River Assay Certificate(2)
10.9	Form of Notice of Assignment - June 2, 2009(2)
10.10	PAN Management Agreement(2)
10.11	ARGO - MINFILE No 092N 037(2)
10.12	BOULEAU - MINFILE No 082LSW046(2)
10.13	BOULEAU - MINFILE No 082LSW069(2)
10.14	CHERRY - MINFILE No 082LSE063(2)
10.15	CONNIE HILL - MINFILE No 092F 308(2)
10.16	CORONATION - MINFILE No 082FNW161(2)
10.17	CORONATION - MINFILE No 082FNW161 – Production(2)
10.18	CORONATION - MINFILE No 082FNW164(2)
10.19	CORONATION - MINFILE No 082FNW164 – Production(2)
10.20	CORONATION - MINFILE No 082FNW191(2)
10.21	CORONATION - MINFILE No 082FNW191 – Production(2)
10.22	CORONATION - MINFILE No 082FNW213(2)
10.23	CORONATION - MINFILE No 082FNW213 – Production(2)
10.24	FAWN - MINFILE No 093F 043(2)
10.25	FAWN - MINFILE No 093F 043 – Inventory(2)

10.26	FAWN - BUCK - MINFILE No 093F 050(2)
10.27	FAWN - BUCK - MINFILE No 093F 050 - Inventory(2)
10.28	FRASER RIVER - MINFILE No 092ISW078(2)
10.29	GOLD HILL - MINFILE No 082FSW204(2)
10.30	GOLD HILL - MINFILE No 082FSW204 - Production(2)
10.31	LARDEAU CREEK - MINFILE No 082KNW178(2)
10.32	LOUGHBOROUGH - MINFILE No 092K 048(2)
10.33	LOUGHBOROUGH - MINFILE No 092K 048 - Production(2)
10.34	LYNX - MINFILE No 082LSE055(2)
10.35	MONTE CRISTO - MINFILE No 092GNE013(2)
10.36	MONTE CRISTO - MINFILE No 092GNE019(2)
10.37	NEW ESKAY CREEK - MINFILE No 104B 008(2)
10.38	NORTH STAR - MINFILE No 082FNW068(2)
10.39	NORTH STAR - MINFILE No 082FNW068 - Production(2)
10.40	NORTH STAR - MINFILE No 082FNW188(2)
10.41	NORTH STAR - MINFILE No 082FNW188 - Production(2)
10.42	NORTH STAR - MINFILE No 082FNW209(2)
10.43	NORTH STAR - MINFILE No 082FNW209 - Production(2)
10.44	PINE RIVER - MINFILE No 093O 009(2)
10.45	RACHEL - MINFILE No 082FSW299(2)
10.46	RACHEL - MINFILE No 082FSW299 - Production(2)
10.47	SILVER CUP - MINFILE No 082KNW113(2)
10.48	SILVER CUP - MINFILE No 082KNW116(2)
10.49	SILVER CUP - MINFILE No 082KNW220(2)
10.50	SILVER LEAF - MINFILE No 082FNW140(2)
10.51	SILVER LEAF - MINFILE No 082FNW140 - Production(2)
10.52	SILVER LEAF - MINFILE No 082FNW143(2)
10.53	SILVER LEAF - MINFILE No 082FNW143 - Production(2)
10.54	SILVER LEAF - MINFILE No 082FNW144(2)
10.55	SILVER LEAF - MINFILE No 082FNW144 - Production(2)
10.56	TRUAX - MINFILE No 092JNE060(2)
10.57	TULAMEEN - MINFILE No 092HNE128(2)
10.58	Tangiers Convertible Promissory Note dated June 17, 2010(3)
10.59	Coronation Gold Property/Lincoln Resources, Inc. Joint Venture Agreement Amendment(3)
10.60	Tangiers Waiver Re: Convertible Promissory Note dated June 17, 2010(4)

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10.61	ACG Consulting Agreement(4)
10.62	Silver Quest Joint Venture Agreement Amendment dated September 13, 2010(5)
10.63	Property Option Agreement and Addendum with Ruby Development Company dated September 1, 2010(6)
10.64	Form of Property Purchase Agreement with Ruby Development Company dated September 1, 2010(6)
10.65	Form of Property Purchase Addendum with Ruby Development Company dated September 1, 2010(6)
10.66	Convertible Promissory Note with Tangiers Investors, LP dated September 27, 2010(6)
10.67	Form of Warrants Issued to Ruby Development Company dated October 1, 2010(6)
10.68	Northern California Regional Center MOU dated October 14, 2010(7)
10.69	Convertible Promissory Note with Tangiers Investors, LP dated December 30, 2010(8)
10.70	Securities Purchase Agreement with Asher Enterprises, Inc. dated January 4, 2011(9)
10.71	Convertible Promissory Note issued to Asher Enterprises, Inc. (9)
10.72	Property Option Amendment No. 1 with Ruby Development Company dated January 26, 2011(11)
10.73	Satisfaction of Tangiers Convertible Promissory Note dated June 17, 2010(12)
10.74	Geological Consulting Services Agreement dated March 7, 2011(13)
10.75	Satisfaction of Tangiers Convertible Promissory Note dated September 27, 2010(14)
10.76	Property Option Amendment No. 2 with Ruby Development Company dated April 22, 2011(15)
10.77	Secured Promissory Note and Security Agreement with Ruby Development Company dated July 1, 2011(16)
14	Code of Ethics(1)
23.3	Consent of Geologist(6)
31.1*	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer
32.1*	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

** Furnished herewith. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

(1)Previously filed with the Company’s initial filing of Form S-1, SEC file number 333-164860, filed on February 11, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(2)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on June 16, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(3)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on July 21, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(4)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on August 20, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(5)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on September 17, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(6)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on October 4, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(7)Previously filed with the Company’s filing of Form S-1/A, SEC file number 333-164860, filed on November 2, 2010, and incorporated by this reference as an exhibit to this Form 10-Q.

(8)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on January 4, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(9)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(10)Previously filed with the Company’s filing of Form S-1, SEC file number 333-171603, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(11)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on February 1, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(12)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on March 4, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(13)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on March 10, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(14)Previously filed with the Company’s filing of Form 8-K, SEC file number 000-54213, filed on April 1, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(15)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on April 25, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

(16)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on July 1, 2011, and incorporated by this reference as an exhibit to this Form 10-Q.

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