DEUTSCHE BÖRSE GROUP

Continuity…

Annual Report 2005

... and Change

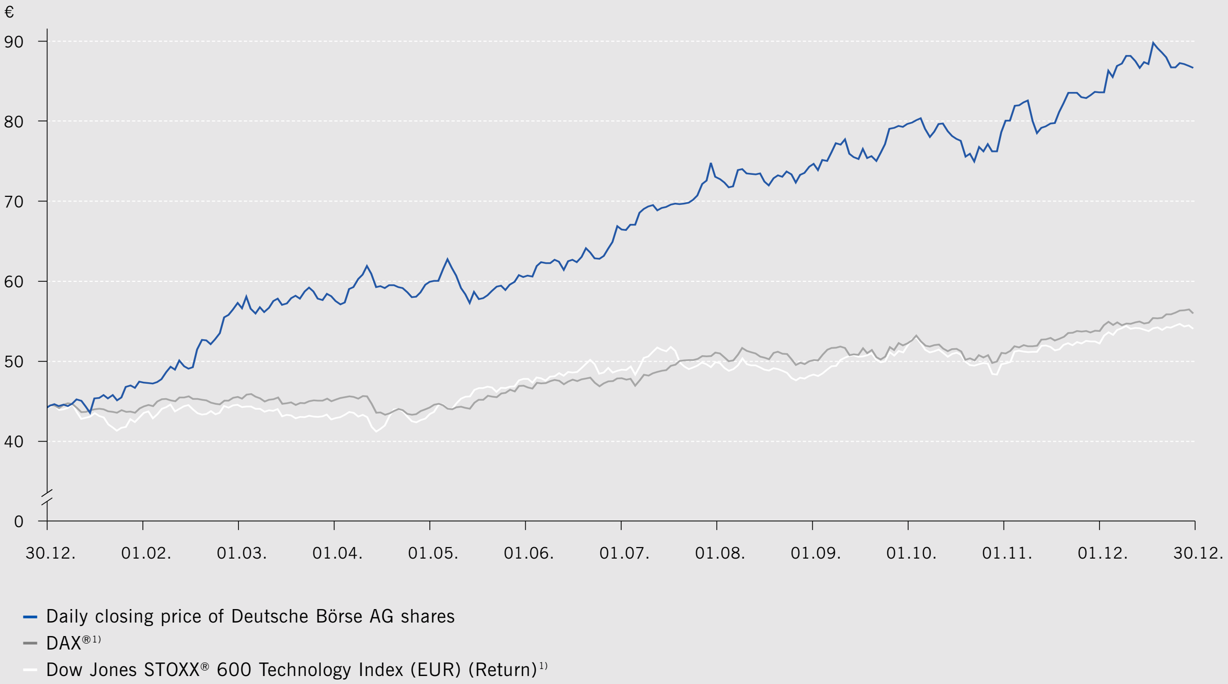
REUTERS
New York 11:04
Dow Jones
London 16:04
FTSE 100
Frankfurt 17:04
DAX
Singapore 0:04
Straits Times
Hong Kong 0:04
Hang Seng
Tokyo 1:04
Nikkei
Deutsche Börse AG

Highlights by quarter, sales revenue and EBITA by segment,
development of share price, dividend per share and payout ratio ▸

Deutsche Börse Group: Financial highlights			2005	2004	Change in %
Consolidated income statement					
Sales revenue		€m	1,631.5	1,449.6	13
Net interest income from banking business		€m	112.7	77.1	46
Earnings before interest, taxes and goodwill amortization and impairment (EBITA)		€m	710.9	527.6	35
Net income		€m	427.4	266.1	61
Consolidated cash flow statement					
Cash flows from operating activities		€m	667.7	439.6	52
Consolidated balance sheet					
Noncurrent assets		€m	2,007.8	2,162.7	–7
Total equity		€m	2,200.8	2,552.5	–14
Noncurrent interest-bearing liabilities		€m	501.6	502.3	0
Other noncurrent liabilities and provisions		€m	162.5	204.3	–20
Current liabilities excluding technical closing date liabilities[1]		€m	435.0	325.7	34
Total assets[2]		€m	33,094.8	27,699.7	19
Performance indicators					
Earnings per share (basic and diluted)		€	4.00	2.38	68
Dividend per share		€	2.10[3]	0.70	200
Dividends paid		€m	210.6[3]	74.1[4]	184
Operating cash flow per share		€	6.25	3.93	59
Employees (average annual FTEs)			2,979	3,080	–3
Sales revenue per employee		€ thousands	548	471	16
EBITA margin		%	44	36	20
Return on shareholders' equity		%	18	11	62
Equity ratio (annual average)		%	77	79	–3
Market indicators					
Xetra					
Number of transactions		thousands	81,302	69,372	17
Order book turnover		€m	1,125,521	902,747	25
Participants (as at 31 December)			267	283	–6
Floor trading					
Number of transactions		thousands	79,817	66,710	20
Order book turnover		€m	115,893	111,649	4
Eurex					
Number of contracts		m	1,248.7	1,065.6	17
Participants (as at 31 December)			389	409	–5
Clearstream					
Number of transactions	domestic	m	33.5	32.8	2
	international	m	20.4	17.2	19
Value of securities deposited (as at 31 December)	domestic	€bn	4,816	4,318	12
	international	€bn	3,936	3,276	20
Deutsche Börse share price					
Opening price[5] (as at 1 January)		€	44.28	43.35	2
High[6]		€	89.67	50.33	
Low[6]		€	43.76	37.11	
Closing price (as at 30 December)		€	86.56	44.28	95

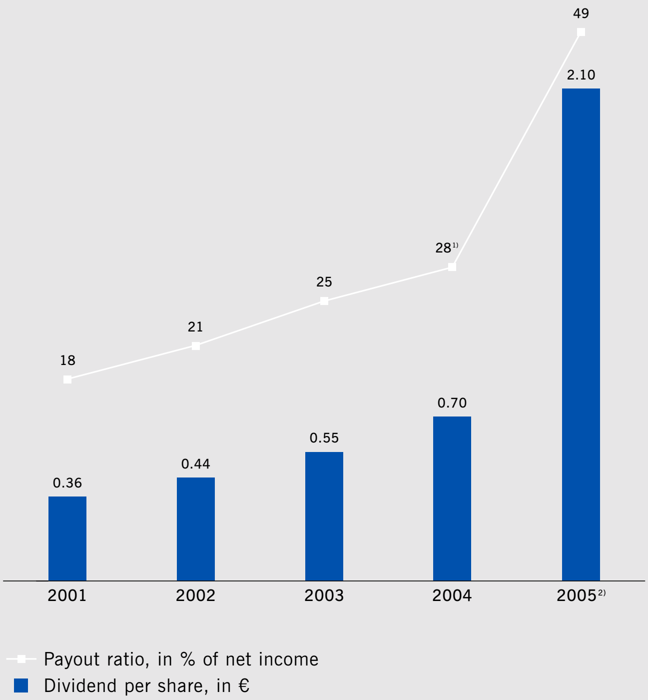
[1] Technical closing date liabilities include financial instruments of Eurex Clearing AG, liabilities from banking business of Clearstream subgroup as well as cash deposits by Eurex market participants.
[2] Amount for 2004 restated to reflect changes in accounting policies as well as changes in the structure of the Consolidated Balance Sheet
[3] Proposal to the Annual General Meeting 2006
[4] Amount restated to reflect actual distribution (proposal for 2004: €78.3 million)
[5] Closing price on preceding trading day
[6] Closing price

Development of Deutsche Börse AG's share price
from 30 Dec. 2004 to 30 Dec. 2005



1) Indexed to the closing price of Deutsche Börse AG shares on 30 December 2004

Dividend per share and payout ratio
in the years 2001–2005

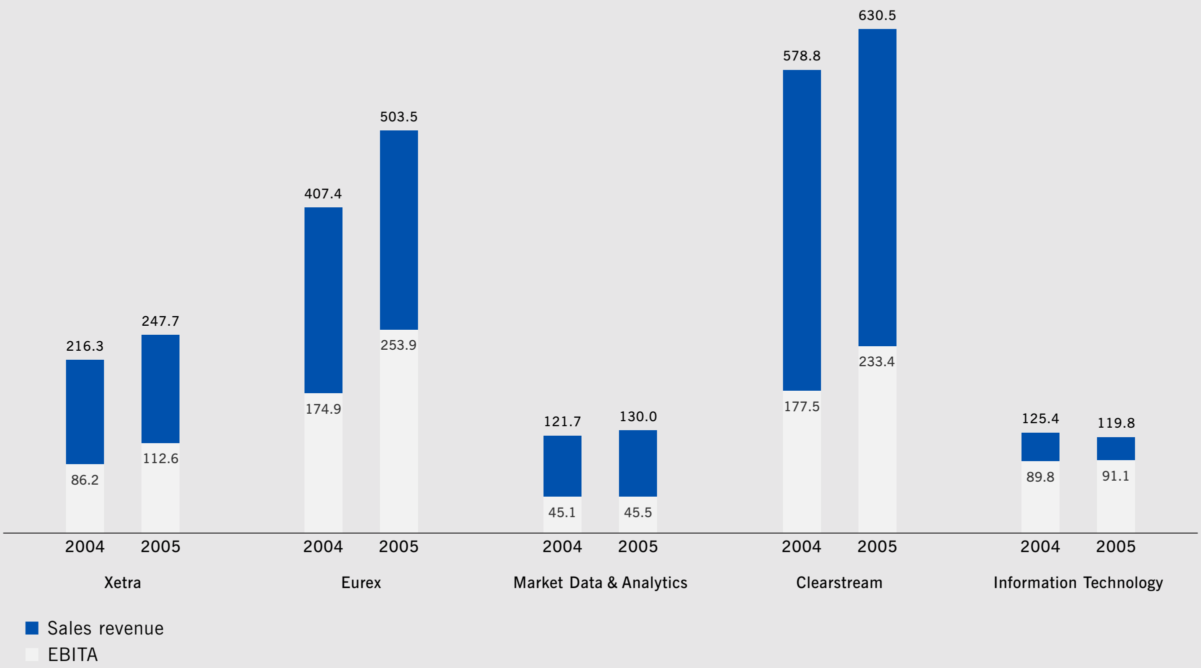


1) Percentage restated to reflect actual distribution
2) Proposal to the Annual General Meeting 2006

Highlights by quarter
in €m

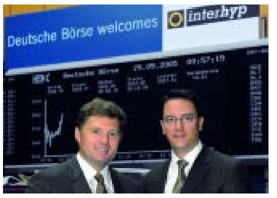
	Q1 2005	Q1 2004	Q2 2005	Q2 2004	Q3 2005	Q3 2004	Q4 2005	Q4 2004	FY 2005	FY 2004
Sales revenue	399.4	379.1	405.5	359.0	417.8	347.1	408.8	364.4	1,631.5	1,449.6
Net interest income from banking business	26.0	18.6	28.4	19.9	28.6	15.9	29.7	22.7	112.7	77.1
Earnings before interest, taxes and goodwill amortization and impairment (EBITA)	177.7	150.4	174.4	129.5	179.9	127.0	178.9	120.7	710.9	527.6
Earnings before tax (EBT)	175.2	131.5	173.8	110.0	179.0	109.5	168.2	101.0	696.2	452.0
Net income	109.0	76.9	109.6	67.7	110.3	66.9	98.5	54.6	427.4	266.1

Sales revenue and EBITA by segment
in €m



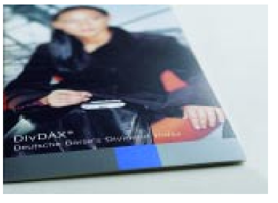
Annual Reception

IPO Interhyp AG



January February March April May June

2005 – The Year that Was



DivDAX®

Annual General Meeting 2005

January

Annual Reception 2005
For the first time, Deutsche Börse AG also hosts an annual reception in London. Supervisory Board member Lord Peter Levene of Portsoken welcomes 120 guests from the City to the Tate Modern Gallery. In Frankfurt, around 750 guests attend the Annual Reception in the Neue Börse building. The highlight of the event is a speech by Dr. Axel Weber, President of the Deutsche Bundesbank (Germany's central bank).

Clearstream simplifies European investment fund trading
Vestima+, an automated order-routing service, replaces conventional processing by phone and fax, thus offering greater efficiency and lower costs for the European investment funds industry.

February

Increased IPO activity
Lanxess (31 January) followed by Paion (11 February) kick off the IPOs (initial public offerings) in 2005. The first quotation of Paion's shares on Xetra® is broadcast live on the Internet. By the end of the year, 20 companies go public on FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange), including Premiere (9 March), MTU Aero Engines (6 June), Interhyp (29 September) and Praktiker (22 November).

Webshop for historical market data
Historical capital market information is now available at the new webshop of Deutsche Börse. The offering includes share price and turnover information for equities, warrants and bonds, as well as order book statistics, derivatives market data and time series for equity and bond indices.

March

DivDAX dividend index launched
The new DivDAX® equity index tracks the performance of the 15 DAX® companies with the highest dividend yield. DivDAX outperformed other benchmark indices in 2005.

No takeover bid for the LSE
In consultation with its shareholders, Deutsche Börse withdraws its proposed preconditional cash offer for all ordinary shares of the London Stock Exchange (LSE), which it announced in January.

April

More cost-effective trading of warrants and certificates
The lead brokers at the Frankfurt Stock Exchange limit their brokerage fees to enhance the appeal of exchange trading as against OTC trading. The brokerage fee per order is a maximum of €3 for leverage products and a maximum of €12 for investment products.

Five years of XTF® segment
With an average market share of more than 50 percent in 2005, the Frankfurt Stock Exchange maintains its position as Europe's key platform for exchange-traded funds (ETFs). Trading and fund volumes almost doubled compared to the previous year.

May

Capital Management Program launched
Deutsche Börse launches a program to optimize its capital structure. It aims to distribute a total of €1.5 billion that is surplus to business requirements to its shareholders by May 2007 by increasing the dividend distribution ratio and repurchasing own shares.

Annual General Meeting 2005
The Annual General Meeting sets a dividend of €0.70 per share for financial year 2004, 27 percent more than in the previous year. It also resolves that members of the Supervisory Board may be elected for a term of office of less than three years. This makes Deutsche Börse one of the first companies to implement this recommendation by the German Corporate Governance Code.

June

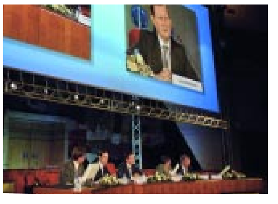
Third tranche of Group Share Plan
The Group Share Plan is launched for the third successive time: 939 employees of Deutsche Börse Group subscribe for a total of 102,101 shares at special conditions. Participants in the first tranche can sell their shares and exercise their options.

Clearstream expands relationships into Asia
Clearstream signs a Memorandum of Understanding (MoU) with Chinaclear, China's sole national securities depository, clearing and registration company. The MoU aims to explore the potential of delivering enhanced post-trade services to the securities markets of China. Deutsche Börse Group has already established a working relationship with the Shanghai Stock Exchange (SSE), which uses Xetra® technology as the core of its next-generation trading platform.

Entry Standard

German Equity Forum in Frankfurt

July August September October November December



GSF Summit

July

Awards for Clearstream's operating and service capabilities
Clearstream is top rated by "Global Custodian" magazine in its annual industry survey, achieving the highest marks among international central securities depositories in most of the service categories. Clearstream also receives the "Quality Recognition Award" from JPMorgan Chase Bank in recognition of the 99.47 percent straight-through processing (STP) rate achieved in its funds transfer operations area.

Frankfurt Stock Exchange: Best prices for private investors from 9 a.m. to 8 p.m.
The Frankfurt Stock Exchange improves the quality of trading in equities and fixed-income securities. When placing orders, private investors profit from "zero spread" in the DAX®, MDAX®, TecDAX® and SDAX® selection indices, as well as from shorter execution periods. In addition, the order books for the Official and Regulated Markets on the trading floor of the Frankfurt Stock Exchange are re-allocated in favour of particularly efficient lead brokers.

Sale of entory
Deutsche Börse focuses its business on products and services along the securities trading process chain. As the key business activities and customers of its subsidiary entory AG no longer form part of Deutsche Börse's core business, Deutsche Börse sells entory to Softlab GmbH, a BMW Group company.

September

GSF Summit in Luxembourg
Clearstream hosts the 10th Global Securities Financing (GSF) Summit in Luxembourg. 500 guests from over 30 countries attend this largest annual event for repo and collateral management.

Study program for financial managers launched
Together with ebs FINANZAKADEMIE, Deutsche Börse offers a new two-stage intensive study program entitled "Capital Market Products and Portfolio Management". The program is aimed at investment advisors, asset managers and professional portfolio managers.

October

New top management
The Supervisory Board of Deutsche Börse AG appoints Reto Francioni CEO of Deutsche Börse. His predecessor, Werner G. Seifert, left the Company in May; in the interim, CFO Mathias Hlubek had temporarily taken over coordination of the Executive Board. The Supervisory Board members elect Kurt F. Viermetz as their Chairman to succeed Dr. Rolf-E. Breuer, who retires from the Supervisory Board.

Five years of Eurex Bonds
Within five years, the international bond trading platform Eurex Bonds® has become one of the largest and most liquid electronic marketplaces for fixed-income securities in Europe. The trading began on 6 October 2000.

Entry Standard for small and medium-sized companies
Within the Open Market, this new segment is open to all companies which want to include their shares in trading while complying with reduced formal requirements.

November

German Equity Forum in Frankfurt
More than 4,000 members of the financial community attend the German Equity Forum Fall 2005. Innovative companies present themselves to professional investors in order to find partners for equity financing. Over 160 companies hold an investor and analyst conference; 50 non-listed companies present themselves to providers of venture capital and private equity.

Longer trading days on the derivatives market
Eurex extends the trading hours for its benchmark products until 3 p.m. Chicago time (10 p.m. CET), allowing customers to trade in the afternoon in America. Eurex US already increased its trading period to 23 hours in April to cover the entire morning in the Asia-Pacific time zone.

December

Sale of DGAP
The three shareholders of DGAP (Deutsche Gesellschaft für Ad-hoc-Publizität mbH), Deutsche Börse AG, Reuters AG and vwd Vereinigte Wirtschaftsdienste GmbH, sell the company to EquityStory AG. As the market leader, DGAP electronically distributed around 76 percent of all ad hoc disclosures in Germany in 2005.

Content

Dear shareholders,

The past year was undoubtedly one of the most eventful in Deutsche Börse AG's history. A lot happened, and a lot of discussion took place – often too publicly. And yet during this period – despite all the difficulties and uncertainties – Deutsche Börse Group's employees showed what they were made of and ensured that 2005 was another successful year. That, ladies and gentlemen, is one of the notable events of 2005, which is why I am breaking with tradition and beginning my letter with it. On behalf of the entire Executive Board, I would like to thank our employees for their impressive professionalism. And I would like to thank you, our shareholders, for your trust and support in an eventful, but ultimately successful period.

"Continuity and change" is the title of this Annual Report. These two terms describe two of your Company's strengths. On the one hand, Deutsche Börse has a firm business foundation – as 2005 has clearly shown: the Group is positioned so that it can continually generate stable income regardless of short-term trends on the capital markets. The second strength is our ability to change: Deutsche Börse Group is securing new growth opportunities by developing innovative products and services. Our willingness to enter into cooperations and alliances also makes us an attractive partner for the future in the international stock exchange sector.

In terms of business, 2005 was the most successful year in Deutsche Börse's history: sales revenue reached €1,631.5 million, and earnings before interest, taxes and goodwill amortization and impairment (EBITA) amounted to €710.9 million. This represents an increase of €183.3 million or 35 percent year-on-year. For this reason, the Supervisory and Executive Boards again wish to increase the dividend to be paid to you, our shareholders, and will propose a dividend of €2.10 per share – a three-fold increase on the previous year – to the Annual General Meeting on 24 May 2006.

Thanks to its business model, Deutsche Börse Group profited disproportionately from the economic recovery and the increase in trading activity in 2005. What makes our business model special is that it covers the entire process chain for exchange trading as well as key areas of over-the-counter (OTC) securities trading. In addition to the cash market, Deutsche Börse operates the Eurex derivatives market together with SWX Swiss Exchange. The Group includes our subsidiary Clearstream International, which is one of our main sales revenue drivers offering post-trading services in settlement, custody and banking for the exchange and OTC securities business. Deutsche Börse also markets the information flows from its trading platforms, while its internal IT services provider – the Information Technology segment – provides systems technology for its own markets and for other financial services companies.

Our integrated business model, the resulting economies of scope, and our diversified sources of income reduce business risk and form the basis for stable income. Deutsche Börse Group has also succeeded in further diversifying its activities geographically, and now generates the majority of its revenue from customers outside Germany.

However, all this is not enough if we want to remain successful. Once again, we face major challenges in the new business year: the dynamics in international derivatives markets are likely to increase. We expect these markets to take off in the coming years and at the same time be extremely competitive. With our derivatives exchange Eurex we are already well positioned as the global market leader. However, we must strengthen our own unity on the one hand while developing and implementing a realistic market strategy for North America as a key region on the other. The importance of Eastern European and in particular Russian market participants will increase, while Asian market operators will advance onto the global stage. We must be prepared for these developments.

In the securities business, we will be dealing more with supranational rather than global markets, although we do not underestimate the ideas of some providers. Competitive pressure on prices and services will continue to grow. Only stock exchange organizations that concentrate unwaveringly on the needs of their customers – trading participants and issuers – will stay ahead. At Deutsche Börse Group, we focus squarely on our customers.

The consolidation of the European and international stock exchange landscape remains on the agenda in our industry. On principle, it is an opportunity for Deutsche Börse Group. Our earnings power, successful business model and wide-ranging business portfolio are deciding factors in favour of the participation in this process. That's why we want to take an active part in consolidation. We do not, however, see consolidation as an end in itself, but rather as a means of creating value in the interests of our customers and shareholders. We also regard consolidation as the exchanges' contribution towards a more efficient European capital market and the future development of the international capital market. Progress will be made if approaches are based on partnership and convergence, create value, are strategically attractive and politically viable. I am convinced that, with the right motivation, good solutions can be found.

Now that the major heavyweights in the international markets have the latest technology at their disposal, being state of the art is no longer a competitive advantage. For Deutsche Börse Group, this means that we must continue to systematically improve our efficiency and effectiveness.

Your Company has distributed approximately €800 million of cash to you, our shareholders, since it withdrew its proposed preconditional offer for the London Stock Exchange. Our share buy-back program and dividends will total around €1.5 billion up to and including May 2007.

With growth of 97 percent (price gains plus dividend), Deutsche Börse's shares significantly outperformed the indices DAX® (+27 percent) and Dow Jones EURO STOXX 50® (+24 percent). This positive development continued at the beginning of 2006. Our goal for the coming years is to keep creating value for you, our shareholders, as well as for all market participants while ensuring development that is sustainable. As in the past, we will make every effort to justify your confidence.

Reto Francioni
Chief Executive Officer

Deutsche Börse AG Shares

- **Share price almost doubled from €44.28 to €86.56 in the course of the year**
- **Earnings per share after taxes increased by 68 percent to €4.00**
- **Extensive program launched to optimize capital structure**
- **Three-fold increase of dividend to €2.10 proposed**
- **High ratings confirmed**

An established blue-chip company

Deutsche Börse AG was the first major European marketplace operator to go public, in early 2001. By being admitted to DAX® – the German blue-chip index – in December 2002, it joined the group of Germany's largest public companies. Measured in terms of market capitalization, Deutsche Börse AG ranked 17th among the 30 companies listed on DAX at the end of 2005. Five years after its IPO, Deutsche Börse AG is an established blue-chip company.

In 2005, Deutsche Börse AG's shares outperformed the market as a whole. There were mainly two reasons for this.

Firstly, macroeconomic factors such as GDP growth, low interest rates and rising corporate profits helped to revive the capital market and stimulated trading activity. Almost all leading international indices posted appreciable growth. Trading volume on the derivatives market also climbed substantially.

Deutsche Börse AG shares: Key data

		2005	2004
Subscribed share capital	€m	105.9	111.8
Earnings per share	€	4.00	2.38
Dividend per share	€	2.10[1]	0.70
High[2]	€	89.67	50.33
Low[2]	€	43.76	37.11
Operating cash flow per share	€	6.25	3.93
Number of shares as at 31 December	m	105.9	111.8
Free float as at 31 December	%	100	100
Market capitalization at at 31 December	€bn	9.2	5.0

[1] Proposal to the Annual General Meeting 2006
[2] Closing price in Xetra® trading

Thanks to its business model, which integrates all stages of the securities trading value chain, Deutsche Börse AG derived above-average benefit from this positive trend, as trading on the capital markets is one of the cornerstones of its financial success.

Secondly, Deutsche Börse launched a program to optimize its capital structure and thus create value for its shareholders. In 2005, the Company paid out around €800 million in total in the form of share buy-backs and dividends.

Deutsche Börse shares with above-average returns

Deutsche Börse AG shares offer investors substantial potential for an attractive return. Since the IPO, investors have enjoyed an average annual return of 22 percent. Investments in Deutsche Börse shares thus significantly outperformed an investment in the DAX, which fell by an average of 4 percent per year in this period.

Investment in Deutsche Börse shares highlights sustained value growth
Growth of a model portfolio, initial investment of €10,000

Investment horizon		5 years[1]	1 year
Portfolio value[2]	€	26,807	19,719
Average annual return Deutsche Börse shares	%	21.8	97.2
Average annual DAX® return	%	–4.0	27.1

1) Purchase of the shares at the offering price of €33.50
2) As at 31 December 2005, assuming all dividends were reinvested in shares

Deutsche Börse AG shares recorded particularly strong growth in the 2005 financial year. After a low for the year of €43.76 on 14 January and a high of €89.67 on 16 December, the share was quoted at €86.56 at year-end, corresponding to an increase of 95 percent in the course of the year. Deutsche Börse AG shares thus outperformed the equities of all other companies listed on the DAX (see also the chart showing the share price development in 2005 on the inside front cover of this report).

Capital management program with successful mid-term review

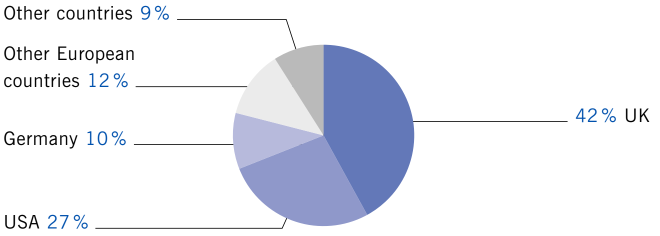
In May 2005, Deutsche Börse announced a program aiming at optimizing the capital structure of the Company so as to make funds that are surplus to business requirements available to the shareholders. By the end of May 2007, around €1.5 billion is targeted to be paid out to shareholders, including approximately €800 million in the year under review. Deutsche Börse AG repurchased around 10.6 million shares for €726.3 million in 2005 and paid a dividend of €74.1 million in May. This brought the total up to €800 million, as envisaged for 2005. The Company cancelled 5.9 million of the shares repurchased in 2005 on 24 May 2005, reducing the subscribed share capital to 105.9 million shares.

Dividend with a sustained increase rate

Deutsche Börse AG again let its shareholders participate in the continuous operating profit growth by paying a substantially higher dividend in 2005. The dividend was increased by approximately 27 percent to €0.70 per share, which meant that Deutsche Börse AG distributed a total of around 28 percent of its 2004 net income to shareholders. In 2006, Deutsche Börse AG plans to increase its dividend per share for the 2005 financial year to €2.10, a threefold increase on the previous year. This high growth rate enables Deutsche Börse AG to maintain its top ranking among DAX companies: no other German blue-chip company has increased its dividend by an annual rate of at least 20 percent for five years consecutively.

»2005 was the most successful year in the Company's history: Deutsche Börse achieved a new sales revenue record and generated a record result for its shareholders. The cost advantages of its integrated business model as well as continued cost discipline are enabling Deutsche Börse to profit disproportionally from the growing activity on the capital markets.«
Mathias Hlubek, CFO

International shareholder structure of Deutsche Börse AG



Shareholder structure with a trend towards more internationalization

Very high turnover of Deutsche Börse AG shares was recorded in the first six months of 2005 following the publication of the Company's intention to bid for London Stock Exchange plc (LSE). Trading levels returned to normal in the second half of the year. In this context, Deutsche Börse AG's shareholder structure became even more international: while the number of German-based investors declined, the proportion of investors from the United Kingdom and the United States in particular recorded an increase.

Investor relations with transparent communication

Deutsche Börse's investor relations work in the first quarter of 2005 revolved around the planned acquisition of the LSE. Prior to the publication of the proposal for a preconditional cash offer on 27 January 2005, initially there was very little direct communication with investors due to the strict provisions of the UK Takeover Code that prohibited Deutsche Börse from publishing information about a potential bid for the LSE. During the rest of the year, the Company held over 350 events for investors in the form of one-on-one meetings, roadshows and group discussions. Deutsche Börse regularly communicated openly and transparently the large number of events of relevance to investors in Deutsche Börse AG, such as the ongoing program to optimize the capital structure and changes in the composition of the Executive and Supervisory Boards.

Analysts with a growing interest in exchanges

In 2005, analysts from 40 investment banks and financial research institutes produced commentaries and studies on Deutsche Börse AG. In the light of significant consolidation drives in the United States and Europe, as well as a stronger focus in the capital markets on the stock exchange segment as a whole, analysts are developing a growing interest in exchange organizations. The attractiveness of this segment for investors is reflected in the particular attention it is receiving from investment banks and financial research institutes. The current list of analysts who track Deutsche Börse's performance and publish commentaries and reports can be found on the Internet at: www.deutsche-boerse.com/ir > The Share > Analysts.

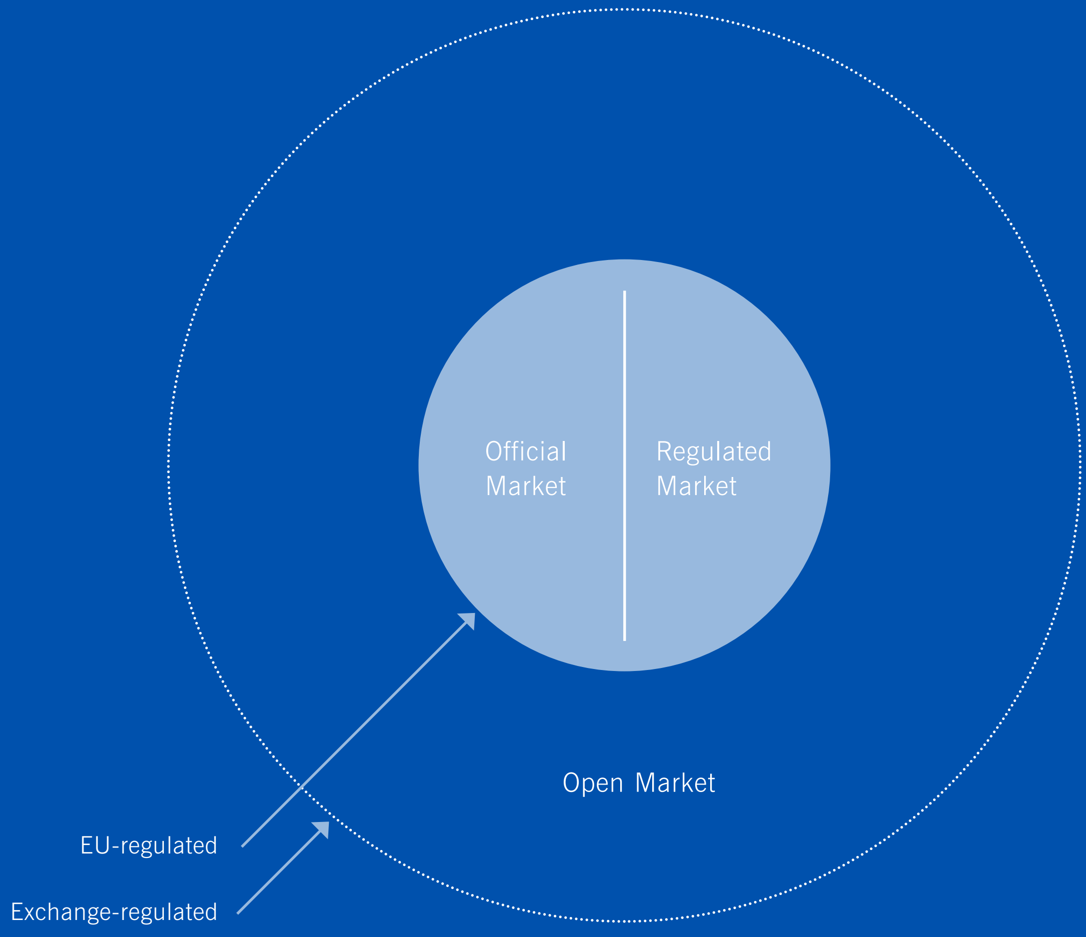
In 2005, Deutsche Börse AG was also included in the major international sustainability indices, the Dow Jones Sustainability Indices launched in 1999 for shares in companies that are sustainability leaders.

Deutsche Börse still with excellent ratings

The major international rating firms again acknowledged Deutsche Börse's business model in the year under review with excellent ratings: Moody's continued to rate the Group at Aa1/stable/P-1, while Standard & Poor's downgraded the Company slightly to AA/stable/A-1+ following the announcement of the program to optimize the capital structure (2004: AA+/stable/A-1+). Thanks to these ratings, which are particularly important for Clearstream and Eurex Clearing customers, Deutsche Börse Group continues to enjoy an excellent position on the capital markets.

Continuity...

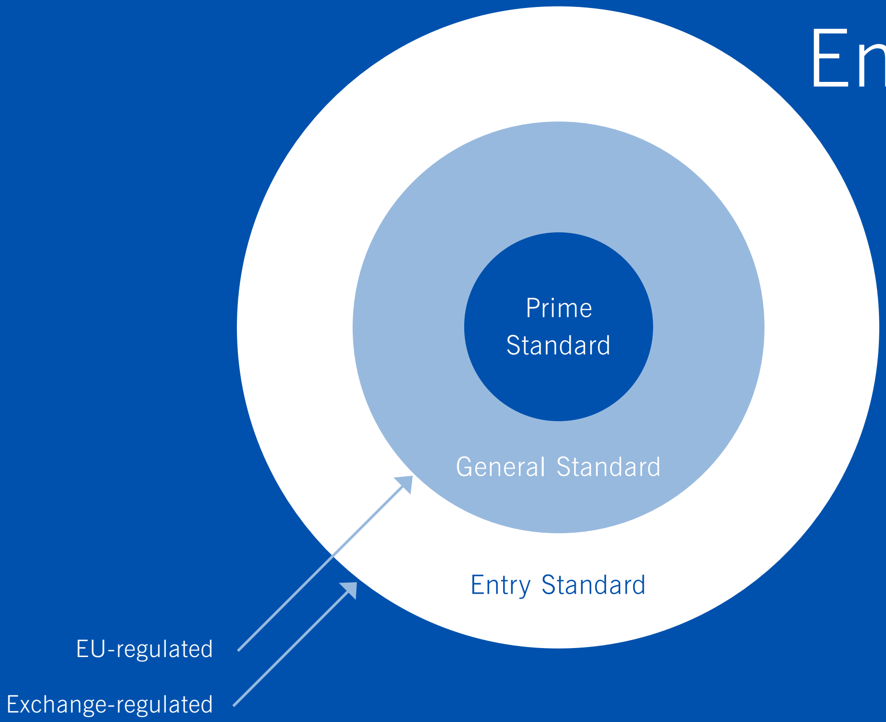
Stock market with distinct admission standards



... and Change: Xetra

Three levels of transparency for issuers

New
Entry Standard



- **Sales revenue up 15 percent to €247.7 million**
- **EBITA improved by 31 percent to €112.6 million**
- **Transaction volume increased by 17 percent on Xetra® and 20 percent in floor trading**
- **60 stock market newcomers listed with market capitalization of around €13 billion**
- **Transparency and cost efficiency enhanced for investors and trading participants**
- **Entry Standard launched successfully**

Continuity: Efficient international equity market

Deutsche Börse organizes one of the most international equity markets, delivering optimum conditions for companies, investors and trading participants. Tailored transparency standards, highly efficient processes and secure conditions characterize the Frankfurt-based cash market.

6,823 companies were quoted on FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) as at 31 December 2005. In addition to German and international issuers' equities, investors can trade more than 7,000 fixed-income securities, over 100 index funds and actively managed funds, as well as around 79,000 certificates and warrants on the Frankfurt Stock Exchange.

Deutsche Börse's equity market is one of the most transparent markets in Europe. Over 400 companies listed in the Prime Standard report in both German and English, publish quarterly reports, report in accordance with international standards (IFRSs/IASs or US GAAP), hold at least one analyst conference per year and thus attract the attention of investors the world over.

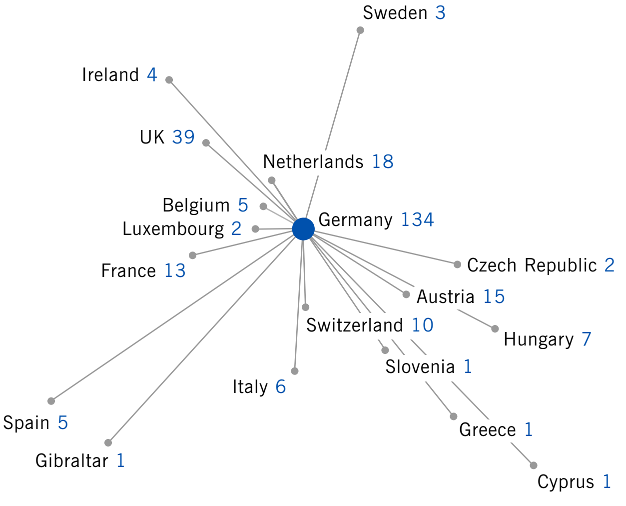
Securities are traded on two platforms: in floor trading and on Xetra®, the fully electronic trading platform. Both platforms offer efficient trading and optimum liquidity.

In floor trading, independent lead brokers determine the prices. Each security is supported by a lead broker, who fixes bid and ask prices and either executes incoming orders in accordance with the price discovery rules or manages them in an order book until they are executed or deleted or expire. Less liquid securities can thus also be traded efficiently on the floor.

Xetra is one of the world's most powerful trading infrastructures. Buy and sell orders from numerous locations worldwide are matched in a central Xetra order book and executed at optimum conditions. National and international investors have access to securities listed on the Frankfurt Stock Exchange via the trading screens of over 4,300 registered traders at around 267 participants in 18 countries. Together, the floor of the Frankfurt Stock Exchange and Xetra account for 96 percent of trading in German equities.

Xetra's liquidity, measured using XLM, the Xetra liquidity measure, improved further in 2005. As a general rule, the more liquid a marketplace, the lower the implicit transaction costs will be. A sample calculation for a weighted DAX® portfolio valued at €100,000 shows that, based on the XLM, DAX implicit transaction costs declined from 6.6 basis points (1 bp = 0.01 percent) in 2004 to 5.4 bp in 2005. This corresponds to an improvement by 18 percent.

Xetra® platform: Pan-European network with 267 participants in 18 countries
as at 31 December 2005



Change: High transparency and innovative offerings

In 2005, Deutsche Börse further improved the conditions for IPOs and created incentives for companies to raise capital on the stock market. In addition, it revised the price structure and adapted the central counterparty to current market requirements.

Tailor-made: Capital market access for issuers

Companies are increasingly rediscovering the capital market as a source of financing. Many companies are currently preparing an IPO or admission of their shares to trading. Precisely how many will take the plunge in the not too distant future depends on a number of factors, including their equity story and growth prospects, the share price they aim to achieve and the capital market environment.

2005 was a good year for IPOs. There were a total of 19 new entries in EU-regulated markets on the Frankfurt Stock Exchange, 17 of which were in the Prime Standard and two in the General Standard. These new entries comprised 15 IPOs, two admissions to listing, one dual listing and one transfer from the Open Market. In the Open Market, shares from a total of 41 companies were newly included in trading. Of these, 20 companies selected the Entry Standard segment. The stock market newcomers placed a volume of over €4.1 billion on the market, more than double the previous year's amount (2004: €1.9 billion).

The Entry Standard, launched on 21 October, rounds off Deutsche Börse's primary market offering. It now provides three ways of accessing the capital market that are tailored to the individual requirements of companies:

Entry Standard. This is a segment of the Open Market, which is subject to the rules for the Regulated Unofficial Market. It is designed for small and medium-sized enterprises which want to include their shares in trading rapidly, simply and cost-effectively while meeting reduced formal requirements. A listing in the Entry Standard wins attention for companies, particularly from professional investors.

General Standard. This is subject to the statutory requirements for the Official Market or Regulated Market. The General Standard regulations are binding for all companies seeking a cost-effective listing in an EU-regulated market. The General Standard is suitable for companies that primarily target national investors.

» With its low regulatory requirements, the Entry Standard provides small and mid-sized companies with flexible and cost-effective access to the capital markets.«
Martin Steinbach, Director, Issuer Relations

» In addition, we support IPO candidates with a range of services, such as the German Equity Forum, workshops or guidelines, and offer personal advice.«
Marion Binder, Issuer Relations

Prime Standard. Above and beyond the requirements for the General Standard, the Prime Standard requires issuers to meet international transparency requirements. The Prime Standard is tailored to the needs of companies wishing to address international investors. It offers investors the highest transparency standards in Europe.

Including shares in exchange trading on the new Entry Standard is one of the simplest and quickest ways of accessing the capital market. Regulations and costs are significantly lower here than with an IPO in the General Standard or the Prime Standard. However, investors should be aware that investor protection provisions only apply in part on this market. On the one hand, companies have the advantage of lower costs, while on the other, investors have less information on which to base their decisions and face a reduced corporate liability. The Entry Standard is therefore targeted primarily at experienced investors as defined by section 2 no. 6 of the Wertpapierprospektgesetz (WpPG – the Securities Prospectus Act), i.e. investors who can assess and accept the risks involved.

Selection: XTF Exchange Traded Funds

Exchange-traded funds (ETFs) are among the most innovative cash market products because they combine the flexibility of a single share with the risk diversification of a fund. Both institutional investors managing large portfolios and private investors value ETFs for several reasons: they can be used to easily track entire markets or sectors; they are traded via exchanges just as efficiently and with the same liquidity as equities; and they can be acquired at the standard transaction costs without any additional fees.

In 2005, the fifth year of its existence, Deutsche Börse's XTF Exchange Traded Funds® segment generated a record result: the trading volume rose from €32.0 billion (2004) to €46.1 billion – an increase of 44 percent. The fund volume, at €26.9 billion, increased by almost 64 percent year-on-year. The XTF segment clearly outperformed its European competition with a market share of over 50 percent, establishing itself as the market leader in Europe in exchange trading with index funds.

On the Frankfurt Stock Exchange, ETFs enable investments in German indices (such as DAX, MDAX® or TecDAX®), in European indices (such as the Dow Jones EURO STOXX® or FTSE 100) and in global indices (such as the Dow Jones Japan Titans 100 or MSCI World). Many new products were launched in the year under review. A total of 23 new ETFs were introduced, including the first one on a commodity index worldwide, the first ETF on an Eastern European index, and products on dividend strategy indices. With a current 77 ETFs, Deutsche Börse's XTF segment offers a greater selection of listed index funds than any other stock exchange in Europe.

Efficiency: Central counterparty

A further innovation in 2005 was the Central Counterparty (CCP) Release 2.0. The CCP acts as a legal intermediary between trading parties, offering several advantages for market participants in share trading on Xetra: every transaction remains anonymous, the CCP assumes the default risk, and only the balance resulting from buy and sell orders is settled at the end of the trading day (netting).

»Deutsche Börse was the first stock exchange organization to introduce exchange-traded funds in Europe; today, we are the market and innovation leaders for these products. They have established themselves as a highly liquid, attractive form of investment for institutional and private investors.«
Simon Rose, Sales Wholesale

Optimum trading conditions for private investors

Private investors rely on secure conditions even more than professional investors. Deutsche Börse offers them the highest standards in pricing and trading – every trading day from 9 a.m. to 8 p.m.

Since 1 April 2005, private investors have been trading on the Frankfurt Stock Exchange at even more favourable conditions. The introduction of an upper limit of €12 for brokerage fees for investment products (certificates, reverse convertibles etc.) and of €3 for leverage products (e.g. warrants) creates incentives in particular for price-sensitive investors. This "commission cap" has further increased demand for these products.

As at 1 July, Deutsche Börse simultaneously introduced several improvements for private investors: due to the fact that now powerful lead brokers are exclusively responsible for price discovery, the period between issuing the buy and sell orders and order execution has been reduced. In addition, the trading opportunities for German federal government securities were expanded. Zero spread now applies for the 160 stocks of DAX®, MDAX®, TecDAX® and SDAX®: customer orders are executed at the average of the current buy and sell prices, the standard spread between these two prices is eliminated.

In 2005, the trading floor of the Frankfurt Stock Exchange reached a market share of 63 percent of all German floor trading, measured in contract notes. The Frankfurt Stock Exchange is therefore not only the market leader in fully electronic Xetra® trading, but also occupies the undisputed leadership position in broker-based floor trading. It is thus the reference market for DAX, MDAX, TecDAX and SDAX stocks after the close of Xetra trading at 5.30 p.m.

Release 2.0 expands the CCP service for transactions in foreign shares held in collective custody and in ETFs, and for OTC transactions. The list of foreign issuers' shares includes stocks from Belgium, Finland, France, Ireland, Italy, Luxembourg, Austria and Switzerland. At the same time, Deutsche Börse has re-duced the fees for clearing and settlement in foreign CCP stocks so that these can now be traded and settled within a uniform price model at the same low cost as German shares. All ETFs listed in the XTF segment were also included in the CCP service. In addition to the new stocks, off-exchange transactions can be netted via the CCP. Participants in OTC trading thus profit for the first time from the same efficiency advantages as customers in exchange trading.

Liquidity: Automated Trading Program

Following two test runs in 2004, Deutsche Börse launched an initiative in January 2005 to promote the placing of orders on Xetra. As part of the so-called Automated Trading Programs (ATP), traders use software that automatically generates orders. The initiative has been extremely successful to date; since its launch at the beginning of the year, the ATP trading volume has risen by around 16 percent, from €39.9 billion in January to €46.1 billion in December. The proportion of ATP transactions in the overall trading volume on Xetra averaged 24 percent during the year; 19 trading participants are now included in the initiative. The additional trading volume generated has a positive effect on the overall market liquidity, which ultimately benefits all trading participants.

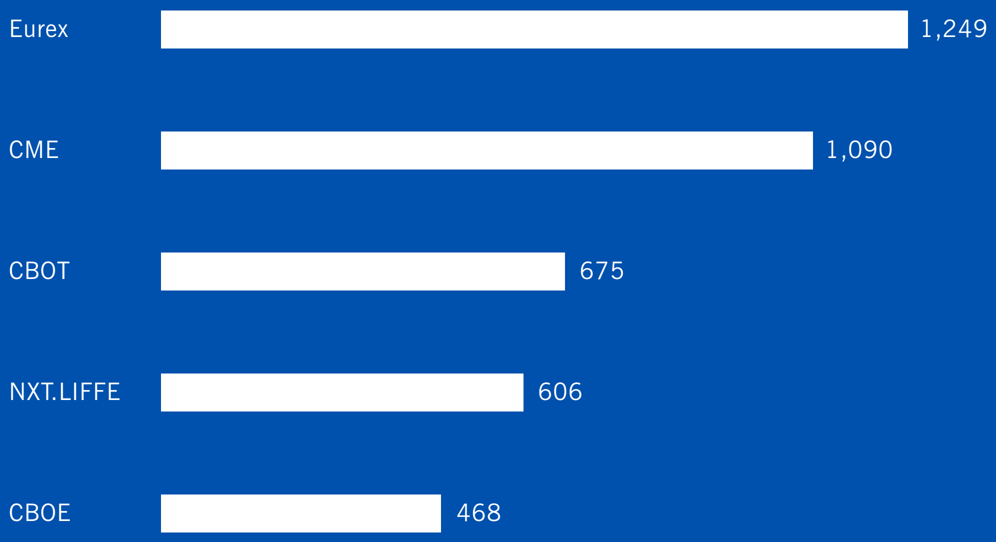
» Innovation and customer focus were the guiding principles for the expanded offering of the Frankfurt Stock Exchange: we further increased liquidity in electronic Xetra trading. Private investors now profit more than ever from optimum prices, fairness and neutrality at Deutsche Börse, the market leader. «

Rainer Riess, Managing Director, Stock Market Business Development

Continuity…

Again market leader among international derivatives exchanges

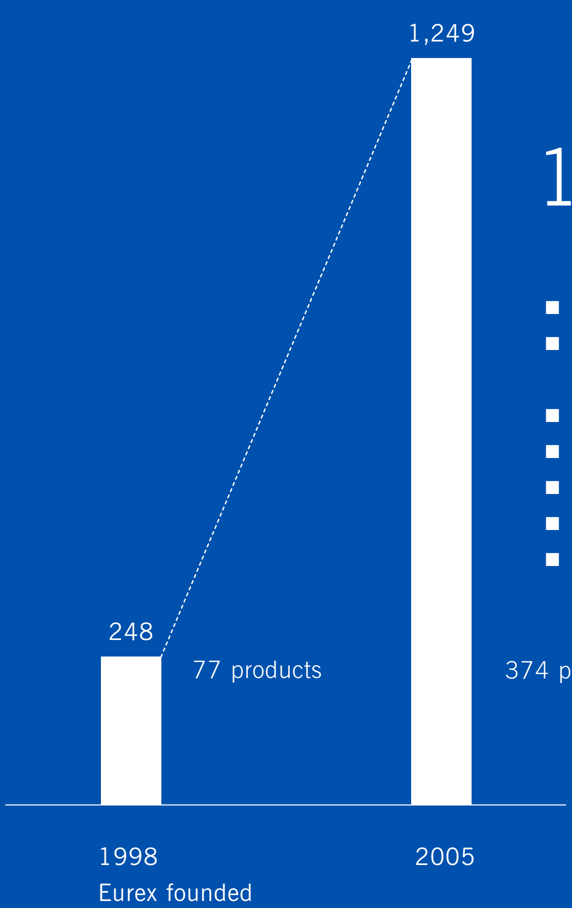
Traded contracts in millions in 2005



… and Change: Eurex

Growth based on product innovation

Traded contracts in millions



100 new products

Product launches 2005:

- 1 Euro-Buxl® Future
- 2 futures and 2 options on the Dow Jones STOXX® 600 and Dow Jones STOXX® Mid 200
- 1 future on the MDAX®
- 1 future on the SMI®
- 3 volatility futures
- 79 futures on single shares
- 11 options on single shares

- **Sales revenue up 24 percent to €503.5 million**
- **EBITA increased significantly by 45 percent to €253.9 million**
- **Global market leadership extended with €1.25 billion traded contracts**
- **Product range expanded**
- **Upper limit introduced for fees in high-volume trading**

Continuity: The world's leading derivatives exchange

Eurex provides the infrastructure for trading and clearing with futures and options. The derivatives exchange creates equal access conditions for all market participants. A broad product range and the global participant network are the key factors for success in the Eurex business model.

Eurex, a joint venture between Deutsche Börse AG and SWX Swiss Exchange, is the world's leading marketplace for trading and clearing derivatives market products. In 2005, Eurex customers traded substantially more than 1 billion contracts for the second year in a row. Eurex is particularly strong in terms of European capital market and equity index product trading. Since 2005, 85 percent of the revenue of the successful joint venture goes to Deutsche Börse and 15 percent to SWX.

Eurex offers its customers a broadly diversified range of the most liquid financial derivatives in the world:

- Capital market products, e.g. Euro-Bund, Euro-Bobl and Euro-Schatz Futures, as well as options on these futures
- Equity products, e.g. options and futures on international equities
- Equity index products, e.g. futures and options on the DAX®, Dow Jones EURO STOXX 50®, Dow Jones STOXX® sector indices and on exchange-traded funds (ETFs)
- Money market products, e.g. EURIBOR Futures and EURIBOR Futures options

The international distribution network plays a key role in Eurex's leading market position. The Eurex® system, developed by Deutsche Börse's IT segment, can handle extremely high loads and is available almost 100 percent of the time for everyday trading. New releases continuously improve the functionalities and ensure a constantly increasing performance level.

Another significant element of the successful Eurex business model is the complete integration of trading and clearing on a single platform. All participants receive the same conditions of access to the market. They profit from high liquidity, efficient trading and very low transaction costs.

The development of Eurex as a leading international derivatives exchange shows that the market favours the most efficient marketplace. In the early 1990s, a key market segment – trading futures on German government bonds with Bund Futures – was controlled by the London International Financial Futures and Options Exchange (Liffe). In contrast to the then current trading practice of open outcry, Eurex's predecessor Deutsche Terminbörse (DTB) already focused on electronic trading. Aggressive marketing and the legal opportunity to integrate international market participants in 1995 were the basis for DTB's success. It developed a network of trading screens in Europe and subsequently in the USA. In early 1998, Eurex took the lead in Bund Futures for the first time; since the end of 1998, this product has been primarily traded on Eurex – and transaction volumes have been growing continuously.

In addition to trading with futures and options, Eurex has established a firm foothold in over-the-counter (OTC) trading and clearing. Eurex operates the repo trade with government bonds and Jumbo Pfandbriefe (Jumbo bonds – German mortgage bonds with an issuing volume of at least €500 million), as well as the Eurex Bonds® platform for trading government bonds together with institutional market participants.

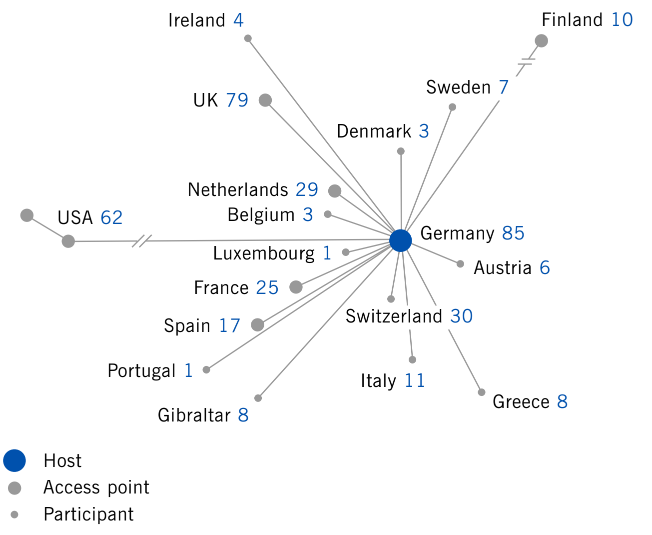
Change: Growth through benchmark products and continuous innovation

Eurex recorded outstanding results in all product groups in 2005. At the same time, Eurex expanded its product range and extended trading times, lowered prices for large volumes, internationalized clearing and improved market making, i.e. the provision of buy and sell offers.

2005 was another year of outstanding results for Eurex. Overall, the trading volume increased by 17 percent to 1.25 billion contracts. The most heavily traded product was again the Euro-Bund Future. Its trading volume rose by 25 percent year-on-year to 299.3 million contracts. With 658.9 million contracts traded, Eurex generated growth of 15 percent year-on-year in interest rate products.

Eurex also continued to grow with respect to equity and equity index products in the year under review. It recorded a strongly growing volume of traded contracts primarily for Italian (+318 percent to 0.8 million), Dutch (+56 percent to 13.3 million) and French (+69 percent to 4.5 million) equity options.

Global distribution network: 389 Eurex participants with more than 10,000 screens in 18 countries
as at 31 December 2005



In the segment of futures and options on the European stock indices, Eurex increased the trading volume by 20 percent (from 195.6 million to 234.3 million), due partly to the high US proportion of trading volumes in these products. Eurex's open interest, i.e. the total of all open contract positions, exceeded the 100 million threshold for the first time in November, reaching 106.3 million traded contracts. At the end of December, it generated an increase of 39 percent as against 2004 at 85.2 million contracts.

Other Eurex markets also recorded high growth rates. Market participants trade sale and repurchase agreements (repos) for German government bonds and Jumbo Pfandbriefe on Eurex Repo®. The average outstanding volume in the Eurex repo market reached a new record high of €29.9 billion in 2005 and a growth rate of 89 percent year-on-year. The market

» Innovation is the key to success on the markets. New products and global distribution are the key factors for the outstanding results of Eurex.«
Peter Reitz, Managing Director, Derivatives Market Business Development

share of Eurex Repo in electronic repo trading via a central counterparty now amounts to 48 percent (2004: 27 percent). Market participants traded €149.3 billion on Eurex Bonds, the trading platform for bonds, in the past year (2004: €140.8 billion); this represents an increase of 6 percent.

Product range expanded

Eurex introduced a series of new products in 2005 because, as our corporate philosophy states, all market participants can only grow through continuous product innovation. The derivatives exchange thus sustains its position as an innovation leader on the international derivatives market.

- With the Euro-Buxl® Future, a future on 30-year government bonds, Eurex meets the growing demand for a liquid and cost-effective hedging instrument for debt with a remaining maturity of 24 to 35 years. Trade in Euro-Buxl Futures began on 9 September and generated a turnover of 470,000 traded contracts with a volume of €49.1 billion.

- In October, futures were launched on shares of the European benchmark indices Dow Jones EURO STOXX 50 and DAX, as well as futures on ten shares from the Swiss SMI® index. In addition, Eurex introduced eleven equity options, thus increasing the number of products in this segment to 170.

- Eurex offered futures and options on the European stock indices Dow Jones STOXX 600 and Dow Jones STOXX Mid 200 in September for the first time. They extend the Eurex product range of European sector index derivatives.

- Eurex is the first exchange in Europe to enable the trading of volatility futures since September, giving investors access to volatility as an independent investment category. Eurex participants can thus use volatility differences within the European stock markets, implement new trading strategies and hedge their portfolio against volatility. The futures are based on the VSTOXX (European single currency zone), VSMI (Switzerland) and VDAX-NEW® (Germany) indices.

- Since September, Eurex has also offered products on the international foreign exchange market with Foreign Exchange Futures (FX Futures). The offering comprises six contracts in currency pairs with the US dollar (US dollar to euro, Japanese yen, British pound, Swiss franc, Australian dollar and Canadian dollar) and futures on the currency pairs euro/yen, euro/pound, euro/franc and pound/yen. The contracts are traded on the Eurex US platform.

Further product innovations are under way. For example, Eurex entered into a licensing agreement with the International Index Company, a leading provider of credit derivatives and bond indices, to offer exchange trading of credit derivatives as the first derivatives exchange worldwide.

Trading times extended to US afternoon

In order to serve the growing number of market participants on both sides of the Atlantic, Eurex has extended its trading hours. Since November, customers can trade Eurex products on the European trading platform until 3 p.m. Chicago local time (11 p.m. CET). This applies to Eurobond and

»Our Euro-Buxl Future rounds off the European yield curve. Our customers can now trade liquid interest rate futures with terms of two, five, ten and 30 years.«
Nadja Urban, Product Design Fixed Income Derivatives

»The Euro-Buxl Future has received very positive feedback from the end investor community, who represent more than 50 percent of the overall volume in this contract.«
Paul Beck, Trading and Clearing Services

equity index products, including the globally traded products Euro-Bund Future, Euro-Bobl Future and Euro-Schatz Future, as well as futures on the DAX and Dow Jones EURO STOXX indices. Customers based in Chicago are thus able to trade the complete Eurex product range for three more hours. The extended trading times are being received very well: 80 percent of the volume traded during the US afternoon comes from customers from the USA and the UK.

Trading fees reduced for large volumes

Effective from 1 March, Eurex has capped its fees for trading with particularly large volumes (block trades) in all European equity options. A maximum of 2,000 contracts are charged for block trades of German, Swiss and Nordic equity options. Fees are capped at a maximum level of 1,000 contracts for Dutch, Italian and US equity options. The lower prices make Eurex even more attractive for institutional customers and in particular increase the incentive to settle OTC-traded volumes via Eurex systems. As a result, trading in equity products (number of traded contracts) rose by 21 percent during the year. In November, Eurex extended this offering to index options.

Global Clearing Link launched in the USA

The transatlantic clearing link, established by Eurex in 2004 at the launch of Eurex US, offers customers from the USA direct access to the Eurex product range under US regulatory conditions. This lowered the access costs to Eurex clearing for US customers; in addition, Eurex has won customers who prefer the conditions laid down by the US Securities Exchange Commission (SEC) for the settlement of their transactions and the management of their securities.

Market making extended

Since January 2005, a new market making model has been in effect on the Eurex trading platform. Overall, the market makers now support around 160 equity options and continuously enter binding bid and ask quotes in the order book. Liquidity and transparency have risen sharply since then. Tradable prices for Dow Jones EURO STOXX shares are now in the order book during the entire trading session.

Involved in shaping regulations

Derivatives trading on Eurex is subject to a regulatory framework: German, Swiss, European and US laws all apply. Eurex and Deutsche Börse Group play an active role in processes designed to establish regulatory conditions affecting their business: for example, in discussions held by the European Association of Clearing Houses (EACH) and the organization of the world's leading clearing houses (CCP 12). In addition, Deutsche Börse Group is involved in international regulatory developments such as the EU Markets in Financial Instruments Directive (MiFID) and those on the Undertakings for the Collective Investment of Transferable Securities (UCITS), and has an advisory function in the European Commission's Clearing and Settlement Advisory and Monitoring Expert Group (CESAME).

» The extended trading times for Eurex benchmark products were extremely well received by our customers – we have recorded not only increased volumes, but also stronger trading activity. «

Steffen Köhler (left), Senior Expert, Product Design

» The longer trading times provide our customers with more opportunities for their trading strategies and risk management. «

Tobias Knobbe, Sales Equity/Index Derivatives

Continuity...

Wide range of indices

Existing selection indices	**DAX®**	**MDAX®**	**TecDAX®**	**SDAX®**
Existing strategy indices				
Existing all share indices	**Prime All Share**	**CDAX®**	**All share indices for further segments**	
Existing bond indices	**eb.rexx® Government Germany**	**eb.rexx® maturity indices**	**eb.rexx® Jumbo Pfand-brief index**	
Existing volatility indices	**VDAX®**			

… and Change: Market Data & Analytics

New indices for different investment strategies

New selection indices	**Entry Standard Index**		
New strategy indices	**DivDAX®**	**DAXplus® Seasonal Strategy**	**DAXplus® Export Strategy**
New all share indices	**GEX®**		
New bond indices	**RDAX®**		
New volatility indices	**VDAX-NEW®**		

+7 indices

- **Sales revenue up 7 percent from €121.7 million to €130.0 million**
- **EBITA increased slightly from €45.1 million to €45.5 million**
- **Index offering expanded by strategy and volatility indices**
- **CEF® data stream implemented for new customer groups**
- **New services introduced for master, maturity and market participant data**

Continuity: Internationally established provider of market data

Market Data & Analytics provides authentic information and analyses about events on the international capital markets. The segment thus promotes trading activity, as it provides customers with the basis for further trading decisions. Securities issuers also use the data and information as the basis for derivative financial products.

Information is the starting and ending point for any capital market transaction. Share prices and transaction volumes, statistics and the resulting key indicators make trading transparent. Together with indices and company-specific reference data, they are the basis for further transactions. The Market Data & Analytics segment collects and enhances this information, and distributes it worldwide. It comes from the trading and settlement platforms of Deutsche Börse Group and from cooperation partners.

Market Data & Analytics offers its customers a wide range of information products and services.

The segment is one of the most prominent international providers in the index business. Customers are primarily issuers of structured products, providers of index funds and fund managers. The German equity market is tracked by the DAX family of selection indices – DAX®, MDAX®, SDAX® and TecDAX® – as well as strategy and volatility indices. The indices of the Swiss partner company STOXX provide information on trends in the European equity market. Market Data & Analytics offers international bond indices on its own and in cooperation with the International Index Company. Overall, Market Data & Analytics tracks over 1,800 indices.

In the past year, Market Data & Analytics promoted the index business via two initiatives: a new price model with an average allowance of more than 25 percent created new incentives for issuers of structured products. In addition, new licenses for exchange-traded funds (ETFs) were issued on the DAX. The volume of ETFs issued on the DAX was almost doubled.

» 2005 marked the beginning of an innovation offensive for end customers; this benefits investors, issuers and market participants. We will see the results in the next two years – a range of new offerings plus the associated earnings contributions.«

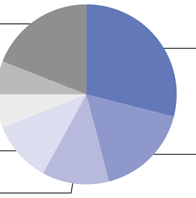
Holger Wohlenberg, Managing Director, Market Data & Analytics

Market Data & Analytics provides real-time share price information on German and international equities, futures contracts, bonds, warrants, indices and ETFs. It transmits this data via its CEF® data stream to the front offices of traders, investment consultants and fund managers. CEF currently transmits a daily data volume of over 30 million messages. In addition to the trading data of Deutsche Börse Group, Market Data & Analytics also distributes share price information from international data providers and European stock exchanges.

Last year, Market Data & Analytics further strengthened its direct marketing in various countries, reduced the cost of network access for its customers and provided direct access to CEF via Radianz, its new partner. As a result, the number of users connected to Xetra® and Eurex® and the users of STOXX indices in the USA rose by 16 percent. In addition, market participants increasingly obtain their information via greater bandwidths, which has led to higher network volumes.

Data from Deutsche Börse Group processes as well as counterparty and customer data are the core of the reference data offering for the back offices of securities settlement companies, clearing and settlement houses, and for the repo and lending departments of trading firms. With the WSS Wertpapier-Service-System (securities service system), Market Data & Analytics provides a central information platform for securities master and maturity data, as well as share price information. In addition, the segment provides reporting to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the German Federal Financial Supervisory Authority) via the TRICE® system. Overall, Market Data & Analytics has substantially eased access to the relevant information.

International customer base
Breakdown of sales revenue by country



One example of this is the webshop on the Internet, which provides customers with historical data quickly and easily.

The segment's revenue is relatively independent of short-term fluctuations and trading activities on the capital markets. The largest proportion of revenue comes from the data business, where customers subscribe for delivery. Revenue growth is therefore primarily driven by new content and services. As a result, product and service innovations were a major focus in financial year 2005.

Change: Products tailored to customers' needs

In 2005, Market Data & Analytics tailored its products and services even more precisely to customers' needs and tapped new revenue sources with innovative products. In addition to traditional customers such as traders and asset managers, bank back offices and reference data vendors are increasingly emerging.

» Trading information relies on two things: speed and quality. Our goal is the intelligent provision of information for every need, our benchmark is customer satisfaction.«
Karen Lenz, Front Office Data & Analytics

Blue-chip index family integrated with new index concepts

Indices serve as the underlying instruments for both derivative and structured products as well as for exchange-traded contracts; investors use them as independent benchmarks to assess the performance of their investments. Market Data & Analytics supplemented the core DAX index with new indices in the past year; these profit from it and at the same time support its “beacon function” and liquidity.

- Strategy indices. These are bundled under the umbrella DAXplus® brand and are targeted at identifying patterns that can be applied to the performance of the standard indices. For example, they profit from seasonal investment patterns (DAXplus Seasonal Strategy) or from companies with large export volumes from the DAX and MDAX (DAXplus Export Strategy). In addition, the segment provides DivDAX®, an index that enables targeted investment in DAX companies with the highest dividend yield. All these indices are made available for investors via certificates and ETFs. DivDAX alone has won ten issuers with 68 products within a few months.

- Volatility indices. The VDAX-NEW® makes the pure volatility of the German equity market tradable. It is particularly suitable for hedging risks, as it tends to rise in sharply falling markets. In addition to VDAX-NEW, Market Data & Analytics tracks the VSTOXX and VSMI indices for the European and Swiss markets. In order to spread the concept further, Eurex has issued futures contracts on all three volatility indices (see chapter Eurex page 21).

- Bond indices. With RDAX®, Market Data & Analytics offers investors access to German blue-chip equity bonds. In addition, new ETFs were issued on the eb.rexx® mortgage bond indices.

This new index concept has enabled Market Data & Analytics to significantly increase the capital linked to the indices. Issuers released a total of more than 120 structured products on the new indices; in addition, new issuers were also won, in particular from other European countries. In addition, Market Data & Analytics launched the Entry Standard Index and GEX® index in 2005, thus providing a benchmark for specific exchange segments.

Basis established for direct connection of data users

Market Data & Analytics focused its 2005 offering for the front offices of investment consultants, fund managers, traders etc. on new products for directly connecting customers to the CEF real-time data stream; another focus was the development of new content in the form of key indicators.

The advantage of a CEF connection is that data is delivered from its origin directly to the customer’s systems. The data does not pass through any third-party systems, which avoids delays. In the past financial year, Market Data & Analytics further improved CEF’s service range. Customers can now access CEF via three alternative connections: over network connections, as previously, over the Internet, and via a combination of both options.

» What excites me is the close cooperation with our customers in the development of our new indices; and what makes me proud is the success of these indices in only their first year. «
Konrad Sippel, Issuer Data & Analytics

With CEF alpha, Market Data & Analytics has developed a data stream especially for customers who want to introduce real-time trading data directly in automated trading applications. They can tailor the data offering to their own requirements by selecting individual instruments and change this selection several times during the trading day. Deutsche Börse is exclusive in Europe in offering a real-time data stream that can be individualized at the customer side.

Since October 2005, Market Data & Analytics has also been supporting customers and vendors with analytical key indicators, such as index weightings, Volume Weighted Average Price (VWAP) and dividend yields – and in real-time. These key indicators for Xetra and Eurex instruments are added to the information products and transmitted via CEF. Overall, the number of new CEF direct customers was increased by 25 percent in the year under review. The sales revenue of Market Data & Analytics in the front office segment rose by a total of 9 percent.

Market penetration achieved as provider of reference data

Market Data & Analytics launched the PROPRIS® service in the first quarter of 2005. It provides validated master and maturity data from Deutsche Börse Group's systems and processes. The segment thereby also taps data vendors as a customer group for back office data.

In addition, Deutsche Börse acquired a 51 percent interest in Azdex Ltd. in the third quarter. This company provides financial institutions with a platform on which they can compare their counterparty data with that of other institutions. Azdex verifies and supplements the data of different customers in the event of inconsistencies. This concerns market participant data such as company name, historical name, registered address, location address, industry, official identification number, URL, owners and company abbreviation. Azdex consolidates and manages this data. The sources are kept secret so that every customer is guaranteed anonymity. Data verified by Azdex gives customers the opportunity to comply with legal provisions (Basel II, the Patriot Act, the Money Laundering Act and the Markets in Financial Instruments Directive, an EU directive on the provision of financial services). Azdex's customer and counterparty data is primarily used to assess overall credit risk.

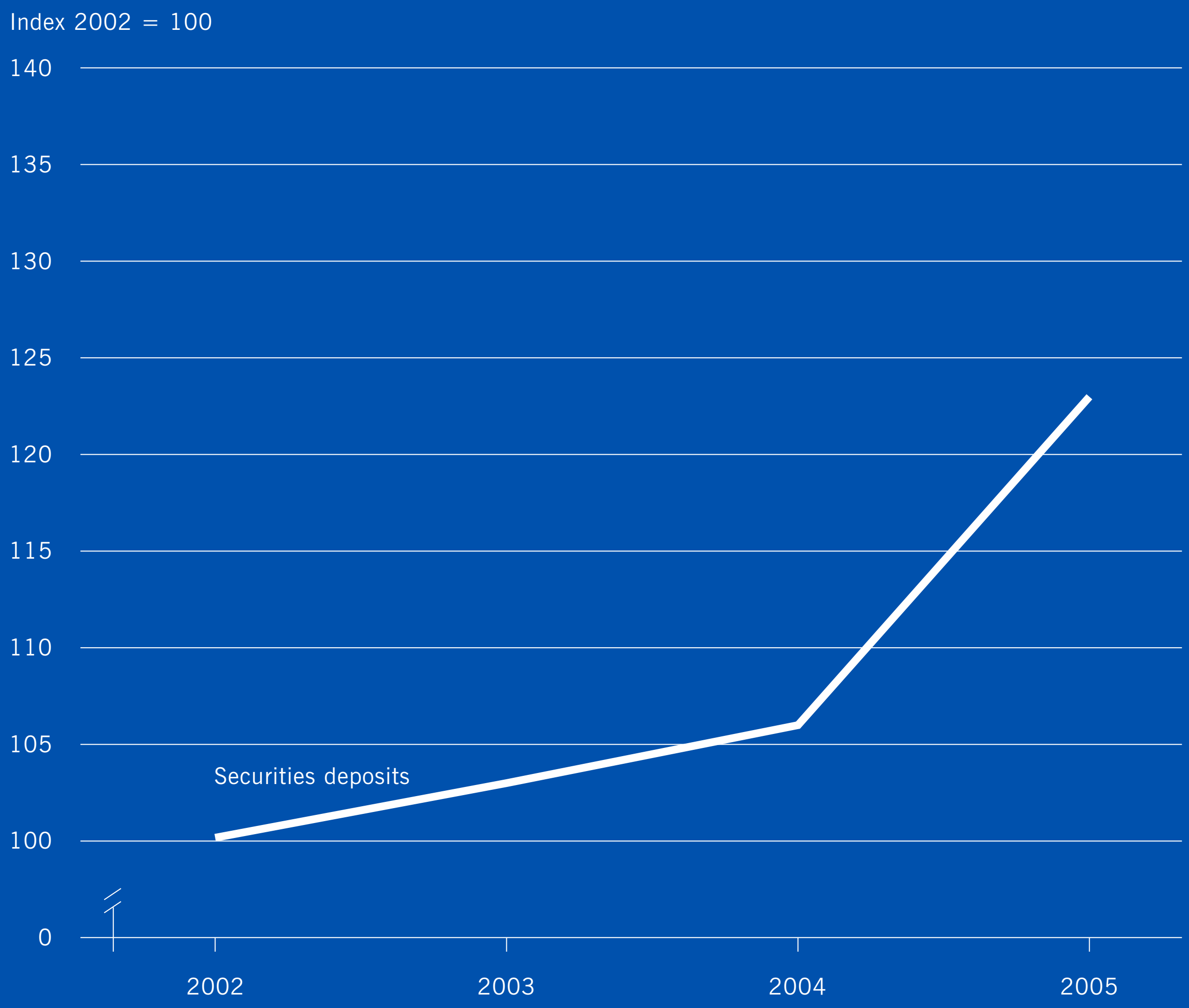
The cooperation with Azdex opens up additional business opportunities for Market Data & Analytics in the medium term. Future Azdex data can thus be combined with data in the Group and marketed.

The segment has expanded its range of data business services, winning new customers as well. Overall, the foundation for sustainable innovations was laid in 2005.

» Hard work is what's needed to implement customer requirements quickly and efficiently. «
Marc Sommer, Back Office Data & Analytics

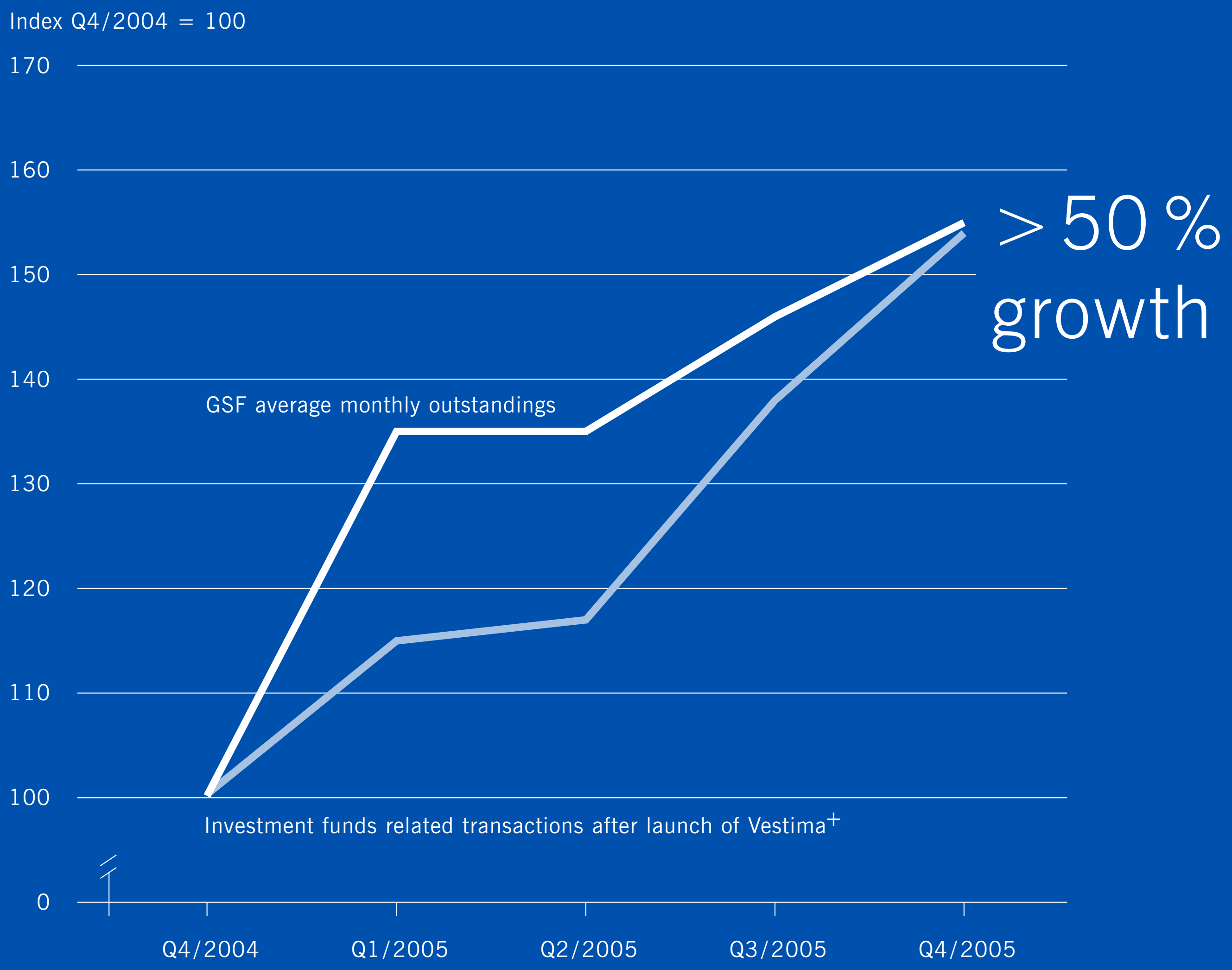
Continuity…

Continuous growth in core custody business



... and Change: Clearstream

Innovation leads to growth in new business areas



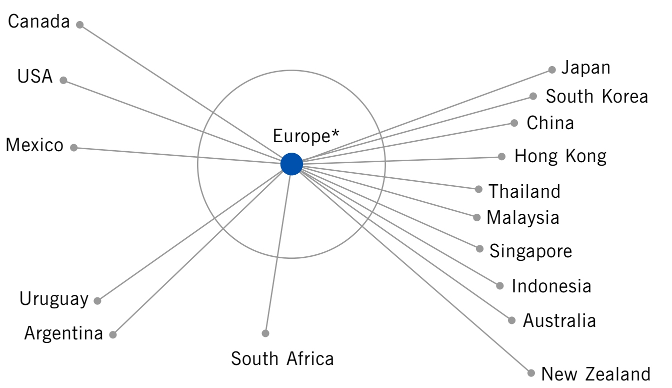
- **Sales revenue increased by 9 percent to €630.5 million**
- **Net interest income from banking business up 48 percent to €112.3 million**
- **EBITA increased by 31 percent to €233.4 milion**
- **Settlement transactions grew by 8 percent to 53.9 million**
- **Value of securities deposited reached 8.75 trillion (plus 15 percent)**

Continuity: Wide range of efficient post-trading services

The settlement of market transactions and the custody of securities are Clearstream's core businesses. Additionally, the segment offers global securities financing, cash management and investment funds services.

Clearstream is a leading European supplier of post-trading services. The subsidiary of Deutsche Börse ensures that cash and securities are promptly and effectively delivered between trading parties. It is also responsible for the management, safekeeping and administration of securities deposited. Currently, Clearstream serves around 2,500 customers worldwide, covering over 200,000 domestic and internationally traded bonds, equities and investment funds. A total of 41 markets are linked to Clearstream.

41 markets linked with Clearstream



* Austria, Belgium, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom

Depository with domestic and international expertise

Clearstream has two main functions, one as an international central securities depository (ICSD), the other as a central securities depository (CSD) for German and Luxembourgish domestic securities. As an ICSD it has, over a period of 35 years, developed a strong position in the international fixed-income market. It handles the clearing, settlement and safekeeping of Eurobonds; and it offers its customers the option to use Clearstream Banking as a single point of access for the settlement and custody of internationally traded bonds and equities. As of 31 December 2005, 72 percent (€6.31 trillion) of Clearstream's assets under custody were fixed-income products, 28 percent (€2.44 trillion) were

»The international work environment and the wide variety of challenging job opportunities available make Clearstream a very attractive employer for anyone seeking a career in the financial services industry.«
Carolyn Mercer, Origination

equity products. In 2005, around 84 percent of Clearstream's sales revenue was generated by handling the settlement and safekeeping of Eurobonds as well as internationally and nationally traded bonds and equities; the post-trade services as CSD for German domestic securities accounted for around 22 percent of this settlement and custody revenue.

Efficient settlement with high straight-through processing rates

After a trade, buyer and seller have to exchange payment for securities in order to finalize the transaction. During this process, called settlement, the transaction details submitted by both buyer and seller are verified and matched, ownership of the security is reassigned, and payment of the corresponding cash amount is made. Clearstream's customers submit their instructions and receive reports on the status of their transactions through easy-to-use information tools that conform fully to industry messaging standards. In the settlement area, Clearstream reaches straight-through processing rates of up to 98.5 percent, making processes virtually risk-free and almost fully automated. The settlement business accounted for 21 percent of Clearstream's sales revenue in 2005.

Reliable custody services

In the custody business, Clearstream generated 63 percent of its sales revenue. The process whereby a security is held by a depository on behalf of a customer is known as custody. During the life of a security, a series of different events can occur, e.g. income payments and redemptions, stock splits and capital increases, tax reclaims and reporting. All these events have to be managed by the depository. In the management of corporate actions and securities events, customers must be able to rely on the depository's ability to convey information in a timely and accurate manner. For example, for corporate events, Clearstream proactively notifies customers of the choices that they have and by what time they have to make their decisions in order to benefit from such an event. This is why Clearstream has continuously increased the quality and the degree of standardization of these asset-servicing processes, investing significant resources to increase straight-through processing rates.

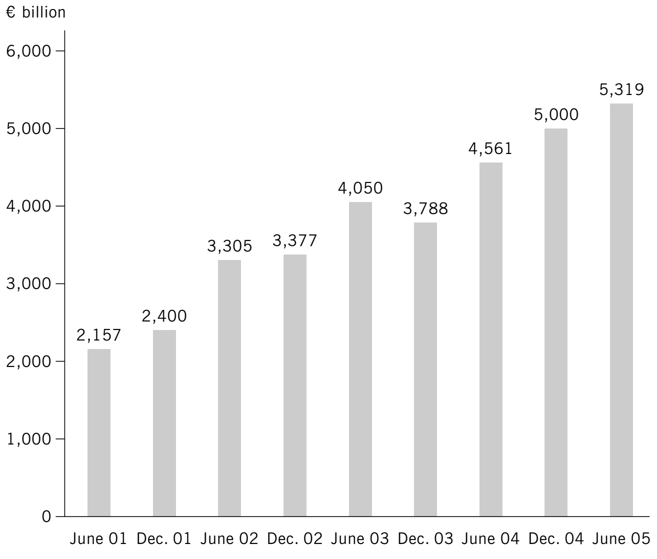
Wide variety of additional services

As a major provider of settlement and custody services to the financial industry, Clearstream is ideally positioned to offer additional services such as global securities financing (GSF), cash management and investment funds services.

»The investment fund asset class faces many challenges, primarily due to the current limited levels of market infrastructure. By using our competencies from the fixed income sector, we can expand our services into the investment funds arena. Following initial success with Vestima^{+}, market players are eager for us to become even more involved.«

Tomas Kindler, Senior Project Manager, Customers/Markets

European repo market shows steady growth
Outstanding value of repo contracts (estimated gross total)



Clearstream's GSF services support customers in pursuing their business objectives by enhancing liquidity and controlling risk. They cater for two basic types of need depending on whether the market is securities-driven or cash-driven. In a securities-driven market, borrowers gain temporary access to specific securities, lenders receive cash or other securities as collateral. In a cash-driven market, borrowers post non-specific securities as collateral using repurchase agreements (repos) in order to provide a safe source of liquidity. Clearstream's range of GSF services offers customers a high degree of flexibility in a secure, efficient and transparent environment. From December 2003 until June 2005, a period of 18 months for which statistics are available, the European repo market has grown by over 40 percent, from an estimated outstanding value of repo contracts of €3.79 trillion to €5.32 trillion.

As the leading tripartite securities financing provider, Clearstream is ideally positioned to benefit from this continuous growth.

Since customers maintain not only securities but also cash accounts with Clearstream, the company provides a range of cash management services to support the customers in making the most efficient use of their cash. Clearstream's cash services include same-day value withdrawals and deposits, automatic currency conversions and automatic transfers of custody proceeds.

Safe and comfortable access through CreationConnect

Customers gain access to Clearstream's broad service offering through CreationConnect. This suite of connectivity tools delivers enhanced information, instruction input, corporate actions notifications, as well as transaction and position reporting directly to customers. By the end of 2005, around 1,000 financial institutions with a total of 17,500 users were connected securely to Clearstream through CreationOnline via the public Internet; 420 customers used CreationDirect via secure public Internet; and 1,250 customers were connected to Clearstream through Creation via SWIFT. All three CreationConnect channels comply fully to the global ISO 15022 standard.

Industry surveys confirm high degree of customer satisfaction

Clearstream favours competition as the main driving force for improvement in customer service, processing efficiency and product innovation; and Clearstream is convinced that competition is the best way to achieve cost reduction. As a commercially orientated market infrastructure provider, Clearstream focuses entirely on meeting customer needs. This involves improving market efficiency by increasing interoperability between market participants as well as delivering flexible solutions in line with customer needs and industry standards. Clearstream adopts a consultative approach that enables customers to achieve tangible reductions in their cost of doing business.

This philosophy has been validated by industry surveys measuring customer satisfaction. In 2005, Clearstream again met with broad recognition. For the second year in a row, Clearstream was classified as a "top-rated" international central securities depository by the "Global Custodian" magazine. In the area of Global Securities Financing services, the magazine rated Clearstream as the leading global provider of tripartite repo services to the international securities market for 2005. For the fourth time in the past five years, Clearstream achieved the highest overall scores and increased its scores in both absolute and relative terms as compared with 2004. Clearstream outperformed all other service providers in the key areas of "Operational Efficiency", "Costs, Servicing and Value-Added" and "Reporting and Communications".

Additionally, Clearstream received the JP Morgan Chase "Quality Recognition Award" for its high-quality funds transfer operations. The award, based on a review undertaken in 2004, is designed to identify companies that have demonstrated specific levels of operating excellence.

Change: Innovative services with even stronger focus on customer needs

Clearstream aims at providing a service offering at quality levels that exceed industry standards. By increasing standardization and processing efficiency, Clearstream reduces financing costs for all parties involved.

In partnership with its customers, Clearstream has been working hard to understand the key business issues that they face. As a direct result, a series of collaborative innovations have been introduced. This reflects the ever-changing nature of the securities business and the true customer focus required to react to and shape the evolutions within the industry.

Securities financing: Quad-party Repo

In close cooperation with Citigroup Global Transaction Services, a business line of Citigroup Corporate and Investment Banking, Clearstream and Barclays Capital executed the first ever quad-party securities financing trade in September. This innovation results from a collaborative effort to develop a new collateral custody service facility to enable easier financing of international and domestic assets.

Quad-party Repo is an extension of Clearstream's widely-used Tripartite Repo Service. With this new service, the local agent bank appointed by the cash takers to hold their domestic assets becomes the fourth party involved in the repo set-up. The key benefit is that instead of forcing cash takers to move their assets from their domestic agent bank into the international market for financing, quad-party enables the tripartite repo to be extended into domestic markets, thereby respecting the cash takers' choice of where they want to hold their assets.

Securities lending: ASLplus

Related to the need to optimize the use of assets across multiple locations and also reflecting the growing importance of securities lending in capital markets, Clearstream launched ASLplus, a service developed with Citigroup and UBS, in September. This service enables lenders of securities to increase the revenues they receive from their portfolios by introducing Clearstream as the principal and single borrower – and it delivers increased settlement efficiency at the same time. Lenders benefit directly from increased portfolio yield and waived custody fees on lent positions whilst borrowers gain more freedom to pursue their trading strategies by having easier access to one of the world's largest pools of fixed-income liquidity.

Investment funds: Vestima+

The level of established market infrastructure differs greatly across the asset classes that Clearstream serves. The European investment funds sector, for example, experiences strong growth but still lacks the level of market infrastructure enjoyed by other asset classes. To help provide a solution to this market need, Clearstream launched an innovative new service in January 2005 called Vestima+. This unique service provides highly efficient order-routing to the industry combined with Clearstream's proven capabilities as a depository for funds. Importantly, this service also facilitates an open settlement choice for customers, i.e. they can select their preferred low-cost settlement route: either within Clearstream or elsewhere. This model received widespread industry recognition in 2005 and, as a direct result, settlement volumes increased by over 54 percent by the end of December. The industry wishes to achieve even more and Clearstream is facilitating discussions within the market about the next evolutionary step for this asset class.

Asset Servicing: Superior service quality

Different tax legislations and legal environments around the globe have made the provision of securities services a highly complex business. In the area of Asset Servicing, Clearstream perceives continuous service quality enhancement as essential to be able to meet the needs of customers. By understanding the complexities of corporate actions and income payments across multiple markets and multiple asset classes and identifying those areas that cause the most problems for customers, Clearstream will deliver a service quality for Asset Servicing that meets the highest industry standards. Clearstream has set itself ambitious goals of service excellence in Asset

»My involvement in strategic projects throughout 2005 has given me the opportunity to work with people from all areas of the company and meet with numerous customers and market players. It was a fantastic learning experience.«
Tara Byrden, Product Management

Servicing that it will invest in and work on throughout the next two years to achieve a defined set of service level targets by the end of 2007.

Achieving asset servicing excellence: Service level targets

Corporate events
- Same-day-as-market corporate action notification
- Same-day-as-market corporate action deadline
- Proactive support for corporate actions – easy access to timely, relevant, reliable and complete information

Income events
- Correct amount pre-advised
- Correct amount paid
- Correct value date
- Comprehensive tax services

Other dimensions
- Best of breed proactive customer support and exception management
- Proactive market claim compensation
- Support of market standardization (SWIFT, STP)

In the area of Corporate Actions, the goals include aspects such as same-day-as-market corporate action notification, same-day-as-market corporate action deadlines and proactive support for corporate actions with easy access to timely, relevant, reliable and complete information. Furthermore, for income-related activities, Clearstream's targets include "best-in-class" achievement levels for the pre-advise and payment of income payments. By combining these enhancements with its comprehensive tax services, online information provision and the commitment to measure and share the results of this work with its customers, Clearstream will deliver improvements that make a concrete difference to its service offering.

Active part in European post-trade regulatory debate

Clearstream aligns its position in the regulatory debate to customer needs; it monitors developments and participates in all relevant discussions.

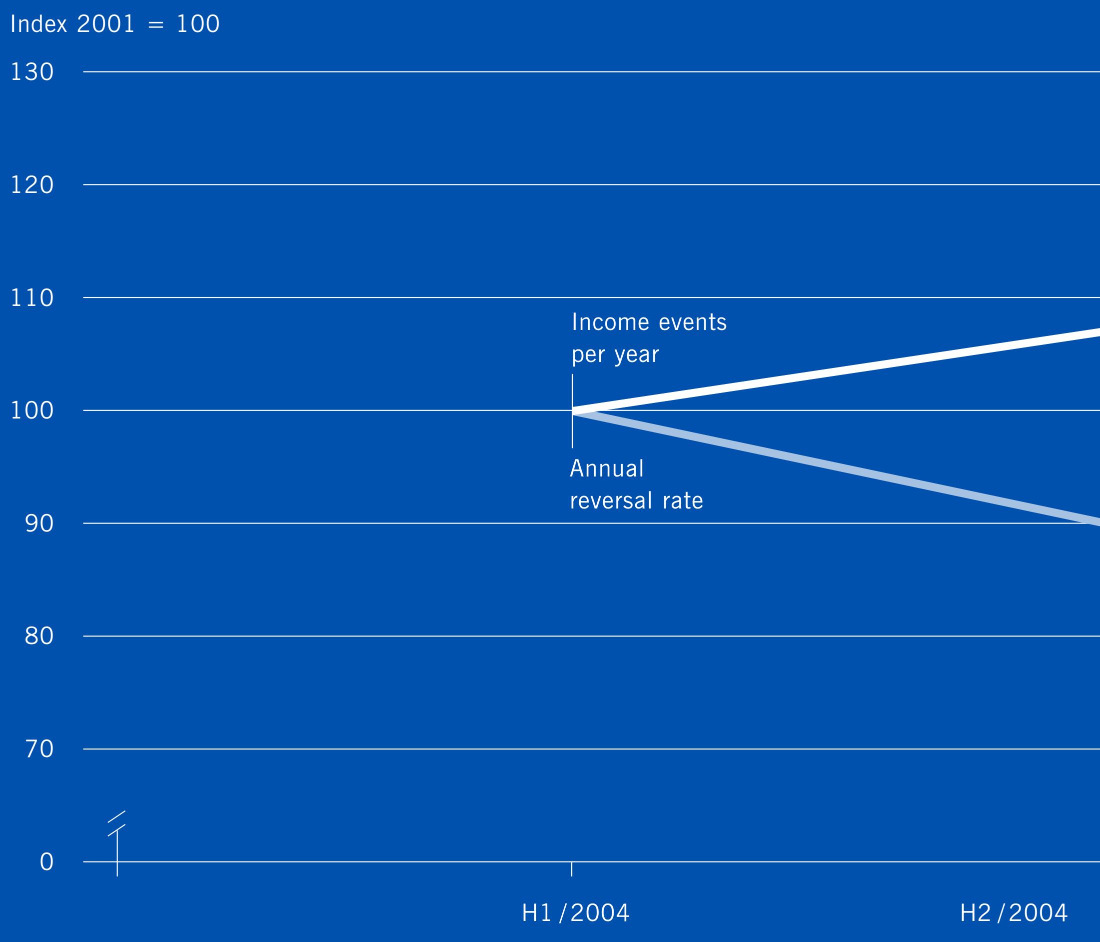
Clearstream is an active member of the Commission's Clearing and Settlement Advisory and Monitoring Expert group (CESAME) on systems integration in the EU. In particular, it ensures that the customer position is properly reflected in the lively European debate on post-trade activities, where the European Commission considers to propose a framework directive on clearing and settlement.

Clearstream will continue to contribute to market-driven solutions and will work closely with market players to achieve regulation that ensures investor security, a level playing field and growth of financial markets. A milestone in this process was the adoption of the Kauppi report in 2005, in which the European Parliament states that systems integration should be market-led and legislation – following the functional approach – should only be introduced if a Regulatory Impact Assessment (RIA) indicates definite economic benefits. The Commission is currently working on such an RIA to quantify potential savings in cross-border clearing and settlement from the introduction of a directive. The RIA is due to be completed in spring 2006 and Clearstream contributes to this assessment.

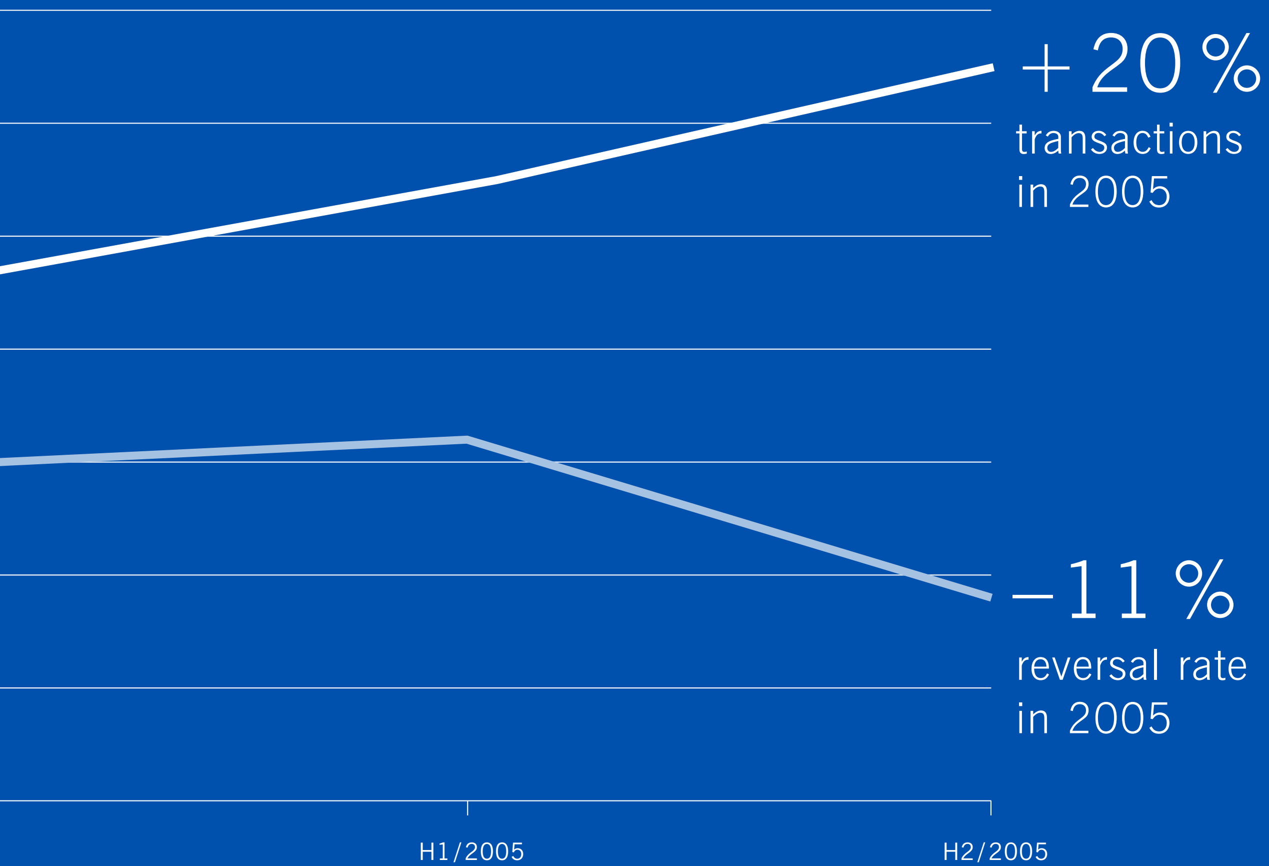
In consequence, the Commission has gained a clearer market understanding and distinguishes between the functions of CSDs and ICSDs. The competitive position of ICSDs in the debate is now appreciated, and in particular Clearstream is recognized as being fully aligned with its customers.

Continuity...

High reliability in settlement of corporate actions



… and Change: Operations



- **Responsible for operation or control of ten marketplaces**
- **Settlement volume of 53.9 million processed transactions**
- **Around 467,000 corporate actions implemented**
- **Straight-through processing rate raised**
- **Number of reversals decreased**

Continuity: Top-quality operations

Exchange organizations must deliver top quality with outstanding efficiency. To do this, they need to ensure that the core processes of trading, clearing, settlement and custody are performed reliably – i. e. in accordance with customers' needs and instructions as well as the issuer's terms and conditions – and that they are largely standardized and automated. At Deutsche Börse Group, this key task is the responsibility of Operations.

Operations controls all processes used in Deutsche Börse's securities business, but also those of other exchanges and marketplaces. In addition, it manages the further development of system functionality throughout the Group and pools customer service for the Group's operating activities. Almost one third of Deutsche Börse Group's employees work in Operations.

The securities business is a complex value chain. A cash market transaction, for example, begins with an instruction. The customer gives an order to buy or sell a certain number of units in a particular class at a specific price. The combination of buy and sell orders results in a transaction or trade. Then, the central counterparty (CCP) offsets all transactions against one another (a process known as clearing), so that the only thing left to do at the end of each trading day is net the fractions arising from the purchases and sales for each market participant. The banks involved then deliver equities for cash, using their own systems to credit or debit the shares to/from the end customer's custody account. This process is called settlement.

Deutsche Börse Group holds and manages the shares as a central securities depository, which is known as custody. As entire issues are embodied in global certificates, counterparties nowadays rarely exchange paper shares. Instead, the transactions are executed electronically. Deutsche Börse Group processes IPOs and most corporate actions, such as dividend payments or stock splits, electronically, the latter in parallel in the customer portfolios and in the transactions scheduled for the trading day in question.

Deutsche Börse Group offers these services not just for equity and bond trading, but for all types of securities in national and – using its global network – international cross-border trading. It also performs clearing and settlement services for over-the-counter transactions.

Besides day-to-day business, Operations implements new functional requirements in the Group's IT systems. The Group Functionality area bundles and defines these requirements for the entire Group, commissioning their development in IT projects. Group Functionality also plans the portfolio of future projects and approves all functional system innovations for use in daily production. What all processes have in common is that they are managed very accurately. Their reliability and quality, the capacity and resources they use, as well as their efficiency and performance, need to be strictly monitored and controlled.

Operations operates or controls four exchanges in the cash market (Xetra®, floor trading on FWB® Frankfurter Wertpapierbörse – the Frankfurt Stock Exchange –, the Irish Stock Exchange ISE and the European Energy Exchange EEX), a further four marketplaces for derivatives (Eurex, Helsinki Stock Exchange, EEX, Eurex US), the two marketplaces for trading bonds, Eurex Bonds and Eurex Repo, and four central counterparties (for clearing cash market transactions in Frankfurt, for Eurex, ISE and EEX). On Deutsche Börse Group systems alone, Operations settled 161.1 million transactions on the cash market in 2005, as well as 1.25 billion contracts traded on Eurex. In the settlement area, Operations processed 53.9 million settlement transactions, the custody volumes totalled €8.75 trillion. It implemented a total of 467,808 corporate actions for Clearstream.

Operations' ability to control processes successfully is evidenced by a number of independent customer surveys (see Clearstream section, page 34). In 2005, "Global Custodian Magazine" rated Clearstream as the best international Central Securities Depository for the second year in a row. The magazine also classified Clearstream as the leading global provider of tripartite repo services. In addition, Clearstream received the "Quality Recognition Award" from JP Morgan Chase in recognition of high process quality in its funds transfer operations.

Change: Increasing number of standardized and automated processes

Today, most securities trading processes are almost completely standardized and automated. Some, however, still require manual intervention. The task of Operations is to make the processes used by Deutsche Börse Group faster, more reliable and more cost-effective. This business area again succeeded in increasing the level of standardization and automation in 2005.

Straight-through processing (STP) is a key concept in the securities business. STP refers to the automated processing of a securities transaction where both the incoming and the outgoing data streams are standardized. The integration of all systems involved in the trading and settlement processes allows the data to be processed fully electronically and automatically. A higher STP rate means fewer friction losses and additional efficiency gains for market participants.

» We not only safeguard the operation of business-critical processes, we will also continuously improve these processes.«
Martin Reck (left), Managing Director, Group Functionality

» Specifically, this means: decreasing complexity, increasing the degree of automation, reducing risks and implementing customer requirements even more rapidly.«
Jürgen Röthig, Managing Director, Trading/Clearing/Info Operations

The markets in which Deutsche Börse Group is active have very different structures. On the basis of the market structures and the related complexity of the processes involved, Operations distinguishes between three operation models with different STP rates:

1. The “automated model” works with highly standardized data interfaces and processes that only require manual intervention in exceptional cases. The STP rates here are almost 100 percent. This model can be used for most of Deutsche Börse Group’s processes – cash market transactions, for example. In other words, these processes are almost fully standardized and automated.

2. The “specialized model” achieves much lower STP rates, because here the processes are more complex and the markets less structured, allowing only limited standardization and automation. Some of Deutsche Börse Group’s processes for the custody and administration of international securities follow this model.

3. The “customer-specific model” describes processes that are tailored to the requirements of individual customers and require substantial manual intervention. This model is applicable to only a small number of processes. Operations’ goal is to automate successful individual solutions and make these available to all customers.

These three models are the basis for the “Top” project that Operations launched in 2005. The goals of Top, which spans several years, are to process higher volumes with increased efficiency, speed and quality and reduce risks for market participants. Processes that are based on the specialized and customer-specific models will be gradually transferred to the automatic model.

Efficiency: New functions for reporting taxes

Shareholdings and certain corporate actions, such as dividend payments, are subject to withholding tax, which varies from country to country. In many countries, the holders of securities must pay a predefined rate of tax that is partly refunded when the authorities are furnished with detailed information about the shareholders. In 2005, Operations developed an electronic function that helps banks to remit their end customers’ withholding tax to the tax authorities. This new tool enables tax data to be reported online, reducing the amount of work for customers as well as the time and the interest they lose as a result.

Speed: More flexible deadlines for customers

Customers prefer longer deadlines for entering securities instructions, because the more time they have to decide, the better they can react to current market developments. By the same token, processing at Deutsche Börse Group and its correspondent banks takes a certain amount of time, which also affects the instruction deadlines. In 2005, Operations substantially reduced its processing times and is now able to offer customers greater flexibility for entering their instructions.

Quality: Fewer reversals

The amount and timing of interest or dividends to be paid depends on the information sent to Deutsche Börse Group via the different processes in each market. This information is generally correct. If it is incorrect, however, the entry must be corrected or reversed.

For customers, the revision of entries is extremely complex. Each individual reversal results in a large number of transfers to other accounts. One single reversal between Deutsche Börse and a customer can lead to several hundred transfers to the end customers' securities accounts, for example. The reversal rate is therefore an important indicator of the quality of the custody services.

Operations has introduced a control process that compares market information, making interest and dividend payments even more reliable. This process has enabled Operations to reduce its reversal rate by 11 percent to 0.83 percent in 2005, even though the total number of payments has increased considerably in recent years. The process quality has improved substantially as a result.

Risk reduction: Automated notification of corporate actions

One example of the customer-specific operating model described above, in which individual processes are standardized and then made available to all customers, is the automatic notification in place for a number of specific corporate actions (e.g. capital increases): if the issuer of securities is due to implement an arranged corporate action, Deutsche Börse Group requests the holders of these securities to act on the instructions of the issuer by a certain date.

An operating risk that may result in high losses arises if the holders of these securities fail to respond to this request for whatever reason. This is why Operations developed a notification function that informs customers once a day about their shareholdings that require instructions from them. This solution, which was developed for a specific customer, proved so effective in practice that Operations standardized it and has been offering it to all customers of Deutsche Börse Group since May 2005.

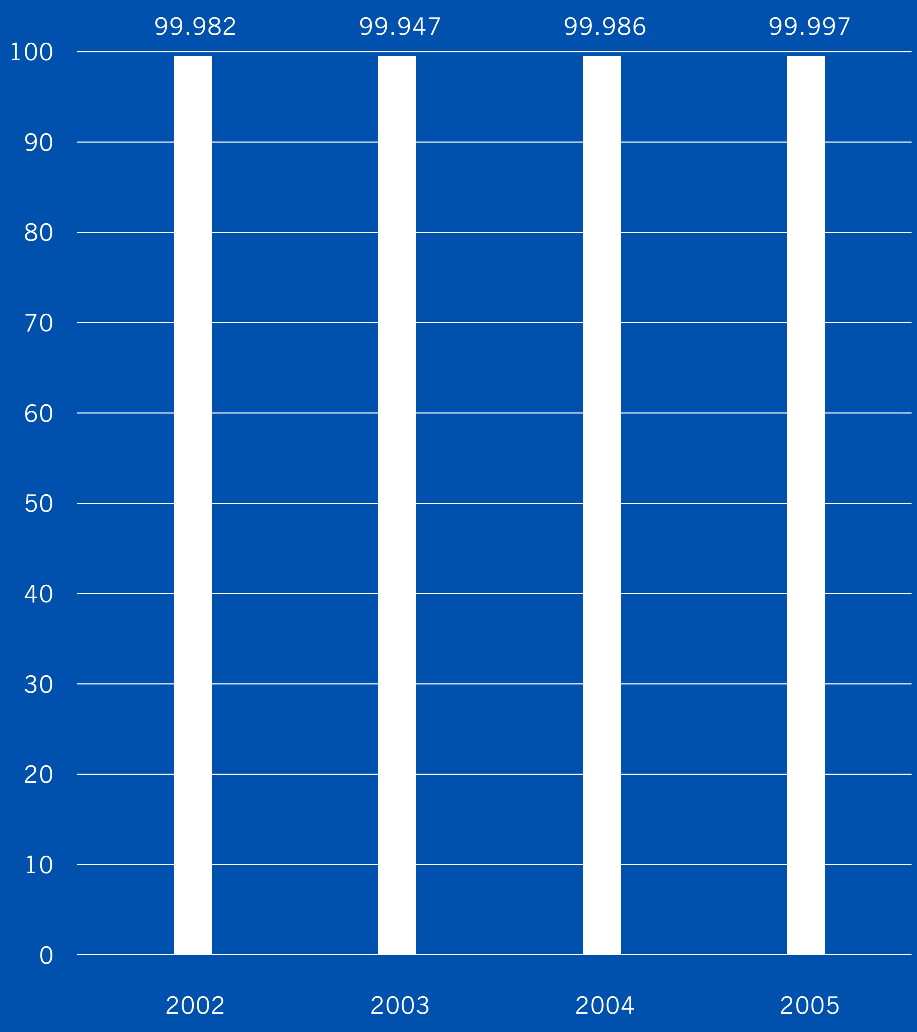
» We work closely together with our customers: for example, we develop new services that we initially customize manually for a concrete case. We then automate them so that all customers can subsequently benefit.«

Isabelle de Paepe, Reference Data Management

Continuity...

Constantly high system availability

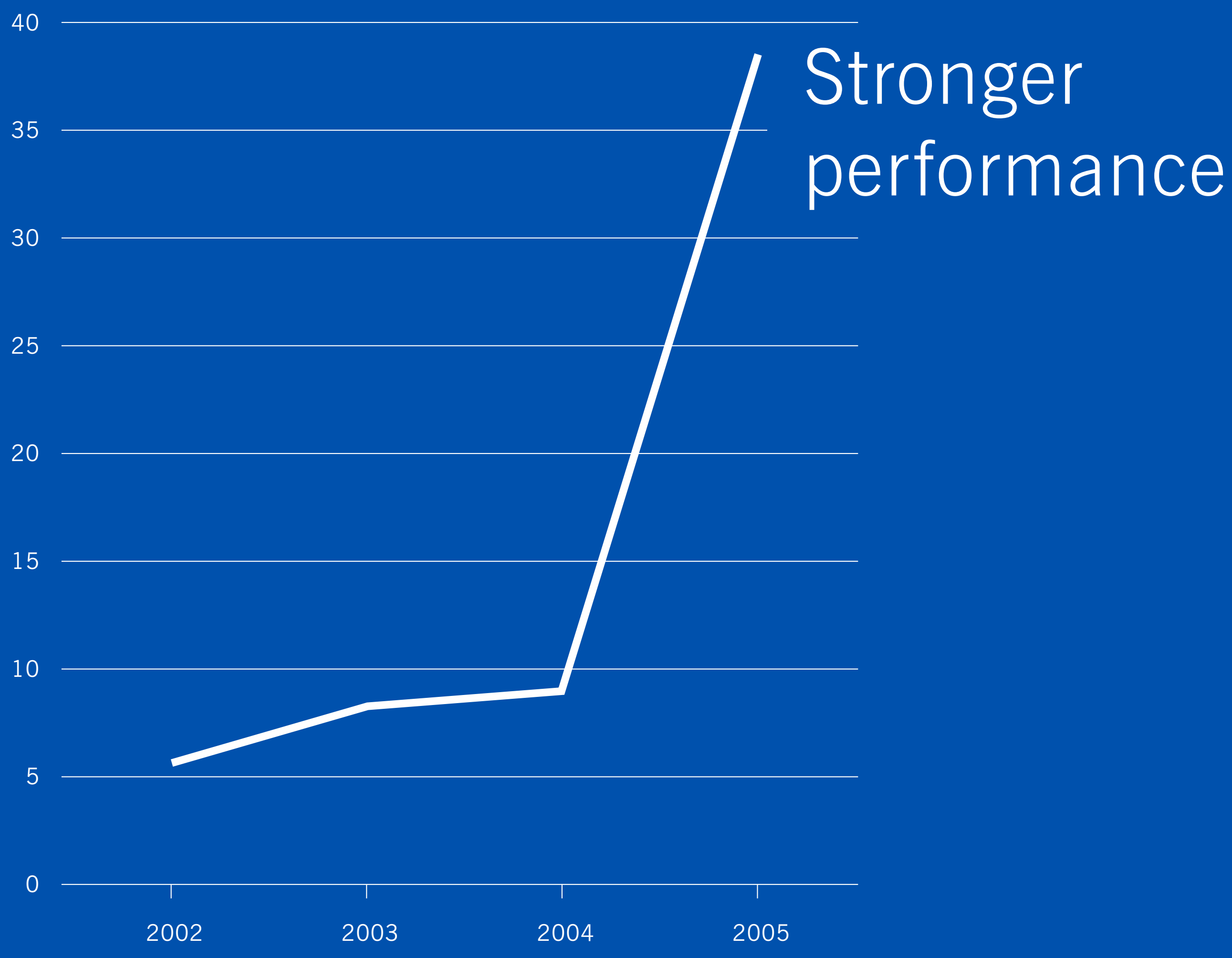
System availability in percent, shown for Eurex®



… and Change: Information Technology

Increasing volumes

Quotes on Eurex®, in millions

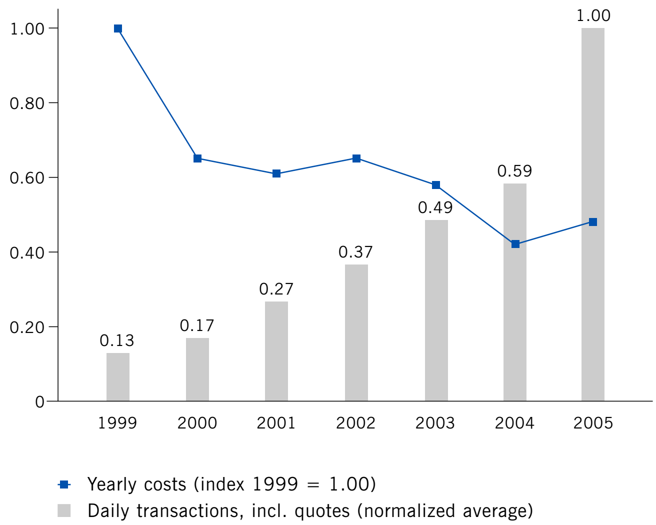


- **Sales revenue decreased by 4 percent to €119.8 million due to sale of entory**
- **EBITA grew slightly by 1 percent to €91.1 million**
- **Outstanding availability of stock exchange and settlement systems and decrease in operating costs in spite of rising volumes**
- **Expertise for external customers in the financial sector further extended**

Continuity: Reliable system services in dynamic markets

Technology developments have revolutionized business in the financial sector. Today, successful stock exchanges are therefore more than just marketplaces – they are high-tech service providers. The task of the Information Technology segment is to provide the right technologies for the strategies of Deutsche Börse's other business areas.

Falling costs despite rising transaction volumes, shown for Eurex®



Information Technology designs, builds and operates trading, settlement and information systems, mainly for Deutsche Börse Group. Approximately 1,000 employees in total implement the corporate strategies into technological applications and supply IT services to companies in the financial sector outside the Group.

Deutsche Börse Group has focused on automating processes, from trading to settlement. These have not just become faster, more efficient and cheaper; they are also available to customers locally and at low cost over a global network. The system architecture is so flexible that it is even able to track national market practices. Information Technology tailors individual parts of the system to market requirements or the customer selects specific functions as required (e.g. only trading or only settlement). The systems Information Technology operates run 24 hours a day and cover all time zones. Deutsche Börse Group is thus in an ideal position to offer its services to financial markets worldwide.

»Our IT infrastructure must continue to be efficient and reliable to deliver high performance. It is an important foundation for our integrated business model and for our business evolution based on speed and cost effectiveness. I am really proud to count on a team of highly talented IT professionals to make it happen every day.«
Yves Baguet, Managing Director, Technology/Systems – Delivery

In 2005, Deutsche Börse Group's trading and settlement systems were operated at their normal high levels of reliability. System availability – the availability of all infrastructure components from the data center to the customers – in the Xetra® cash market system and the Eurex® derivatives market system was 99.99 percent. All other systems (see box) achieved similarly high levels. Deutsche Börse Group's systems environment is characterized by its flexible, scalable architecture. Its efficiency is also evidenced by the fact that system operation costs rose only slightly in spite of the significant increase in transaction volumes.

Systems – developed and operated by Information Technology
At the heart of Deutsche Börse Group are its systems for trading and post-trading processes:

Eurex®. The centerpiece of the derivatives market Eurex is the trading and clearing system of the same name. Automation provided a key competitive edge that enabled Eurex to become the world's leading derivatives market within less than ten years. In 2005, 389 participants from 18 countries traded 1.25 billion contracts using the Eurex network.

Xetra®. Customers from 18 countries are connected to the Xetra network; at peak times, they execute over 310,000 trades per day. Apart from FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange), the exchanges in Dublin and Vienna as well as the European Energy Exchange (EEX) use Xetra technology.

Xontro. The order-routing and trading system facilitates trading in all listed national and international securities. It is used by the seven German stock exchanges – Berlin, Bremen, Dusseldorf, Frankfurt, Hamburg–Hanover (BÖAG Börsen AG), Munich and Stuttgart – to support floor trading.

CCP. The central counterparty (CCP) has three advantages for market participants: it anonymizes transactions, assumes counterparty default risk and offsets purchases against sales to reduce the number of transactions to be settled. At peak times, the CCP processes up to 650,000 trades per day.

CEF®. The data feed collects, formats and enhances all of the trading data of Deutsche Börse Group and its cooperation partners in a single system. The Market Data & Analytics segment markets this data feed to customers all around the world. In 2005, the volume of data processed by CEF amounted to up to 30 million messages per day (see page 27).

The frequency at which DAX® is calculated in the index calculation system was also increased from 15 seconds to one second.

CASCADE. The system tracks the main process stages in the post-trading of securities for the national market. The platform processes over 320,000 transactions per day; 383 participants are connected to the system. CASCADE and Creation are coordinated to optimize the settlement of cross-border transactions.

Creation. The Creation platform supports all steps in the process from the entry of the transaction and instruction to the settlement of liabilities. Creation has substantially improved post-trading processes in international transactions and reduced the operating risk for market participants. Today, the system processes up to 267,000 instructions per day in 41 markets and is poised for further growth (see page 33).

» One of the things I enjoy most about working in this company is the international project opportunities I am given. The last project has taken me back to the roots to China. Even though I never know where the next project will be, I am always looking forward to it.«
Elaine Hung, Consulting Frankfurt

Change: Rapid, flexible implementation of growing market requirements

Thanks to the efficient architecture of its exchange systems and organizational structure, the Information Technology segment is able to respond quickly and flexibly to the requirements of markets worldwide.

The international capital markets are extremely dynamic. Speed is not just crucial for executing fully electronic transactions (often in fractions of a second); on the markets themselves, changing conditions, shifting economic influences and unforeseen trends are constantly accelerating the speed of development. As a high-tech service provider, Deutsche Börse Group has the agility needed to spearhead competition on these dynamic markets.

Exponential growth in the volume of transactions processed

Information Technology lays the foundations for the implementation of growing market requirements with its application development. In 2005, regular software updates, combined into releases, again brought the system components to the cutting edge of technology. In addition, the basic technologies were updated and optimized for high performance. This enabled the Information Technology segment to provide robust IT infrastructures so that ever-increasing volumes can be processed at constant levels of service quality and system availability. Buoyant trading substantially increased the transaction loads on the systems of Deutsche Börse Group in 2005.

Eurex. The growth in the world's largest derivatives market is also reflected in the higher number of quotes that Eurex had to process. In the past decade, the number of quotes has risen by an average of 47 percent per year. It peaked in 2005, however, when the highest number of quotes recorded on a single trading day was 85.6 million, thus reaching a level six times higher than in the previous year.

CEF®. The annual average number of messages processed daily rose by 69 percent year-on-year. Since the CEF was launched in 2001, the annual average has thus increased by over 300 percent.

CreationOnline. The number of active users rose by 34 percent in 2005.

Eurex network capacity increased

Information Technology drove the consolidation of the global data communication network in 2005. Market participants worldwide can now access 14 applications developed by Deutsche Börse Group – including Xetra, Eurex, CCP, Xontro and CASCADE – simultaneously over a high-speed line. In spite of flexible allocation of capacity in the common network, the individual data streams are completely shielded from one another so that the most exacting requirements for the quality of the services are met. This is particularly important for Eurex and Xetra customers, where milliseconds can be crucial in the award of an order.

Information Technology has quadrupled the capacity of the Eurex network for all market participants so that the system will continue to be able to process high volumes of data swiftly and reliably and be well equipped for further growth. Previous consolidation of the network allowed for existing capacities to be used and facilitated an efficient migration requiring little adaptation by participants. To ensure that all market participants enjoy equal treatment at all times, the over 1,000 connections in 18 countries were migrated on the same day.

Offering of clearing services for markets outside Deutsche Börse Group broadened

The Irish Stock Exchange (ISE) and Deutsche Börse have been working together for a number of years. The Information Technology segment has been operating the ISE cash market platform on the Xetra system since 2000. Last year, the ISE extended this contract for a further five years ahead of schedule, adding more services. In conjunction with the UK-based settlement service provider CrestCo, for example, Deutsche Börse Group developed a central counterparty for the Irish equity market and made it available to market participants on 5 December 2005. Deutsche Börse's and CrestCo's IT infrastructures were connected to enable participants on the Irish market to continue using their infrastructure for equity trading and settlement.

Eurex trading hours extended

Information Technology organized its technical operations to support the extension of the Eurex trading hours to 10 p. m., without having to introduce expensive late and night shifts. The longer trading hours took effect on 21 November 2005. Previously, system operation, worldwide network operation and the technical help desk had already been transferred every afternoon from the operating center in Frankfurt to the mirror-imaged operating center of Deutsche Börse Systems Inc. in Chicago. The extension of trading hours was thus integrated into Information Technology's standard 24-hour operation (see page 21f.).

ISO 9001:2000/TickIT certificate awarded

Last year, 36 technology-based processes at Deutsche Börse received the ISO certificate "ISO 9001:2000/TickIT". This acknowledged the high level of standardization of Information Technology's processes and their compliance with the strict quality requirements laid down by the International Organization for Standardization. High process quality is a critical success factor in dynamic markets.

Internal IT consulting expanded

The agility of the Information Technology segment is the result of a special organizational structure. An internal consulting department was set up so that line work and projects can be managed efficiently and adequate personnel resources assigned. The staff in this department offer consulting services centred on IT and meet different requirements ranging from the development of concepts and specifications to implementation. This model was extended to the

» Deutsche Börse Systems Inc. in Chicago enables efficient 24-hour operation without requiring cost-intensive night shifts. US customers also profit from the technical customer support of an international stock exchange operator with in-house experts. «

Stephan Reinartz, Senior Project Manager, Networks & Infrastructure Operations

Luxembourg location in 2005. It enables peaks in demand for resources to be serviced even more efficiently and the number of external IT staff to be reduced.

IT expertise for customers in the financial sector enhanced

In fall 2005, Deutsche Börse sold its wholly owned IT subsidiary entory to Softlab GmbH, a company of the BMW Group. This gave Deutsche Börse the opportunity to refocus its services portfolio on the operation of IT systems for third parties. It retains the expertise of entory AG in the area of business process management thanks to a strategic partnership. In-depth knowledge of the financial sector combined with process and IT expertise make Information Technology a successful service provider for other financial companies.

Customers' positive response to this focus is illustrated in the recently published study entitled "SITSI Verticals Banking Germany", which put the Information Technology segment of Deutsche Börse Group in fourth place among the five highest-volume insourcing providers once again. This study was conducted by Pierre Audoin Consultants (PAC), one of the leading companies for IT analyses in Europe. The following reference projects demonstrate the Information Technology segment's capability as a sourcing partner.

dwpbank. Information Technology has been operating mainframe applications and server systems as well as network infrastructure in Deutsche Börse Group's data centers for Deutsche WertpapierService Bank AG (dwpbank) since 2003. In 2005, this segment took over the operation of other dwpbank systems and implemented a new system in line with the bank's requirements. In doing so, Information Technology established itself as a strategic partner of dwpbank.

EEX. Since 2004, Information Technology has been operating all of the energy trading on the European Energy Exchange (EEX) – cash and derivatives markets – on its systems, from trading to clearing and settlement. Trading with emissions certificates based on the Xetra system was successfully launched in 2005. The transactions are also settled on the systems Information Technology has adapted for this purpose. The Eurex system has been extended in such a way that participants can now also trade futures on emission certificates (CO_2 trading).

Shanghai Stock Exchange. China's largest stock exchange organization is currently developing a new trading system based on Xetra technology. The Chinese market sets requirements relating to the number of trading participants, the tradable instruments and the transactions to be processed that go far beyond the capabilities of conventional systems. Information Technology carried out an in-depth review of the architecture of the new trading system as part of its consulting services. The system is due to be introduced in 2006.

Luxembourg market. After Clearstream Services, a business area in the Information Technology segment, had been awarded the "Professionel du Secteur Financier" status from the Luxembourg Finance Ministry last year, it started to market insourcing services, operating services and SWIFT Service Bureau services. These enable companies to optimize their processes and costs and to focus on their core business. Clearstream Services won its first customer in September 2005.

» We were only able to integrate the main spot market of the EEX onto Xetra by tapping into the Group's wealth of expertise in exchange trading and clearing. Seeing the electronic trading concept we had designed being implemented, rolled out and successfully taken up by the market was one of the highest points of my career. «
Jonathan Butler, Xetra/Eurex Applications

Group Staff

- Attractive employer for dedicated employees
- Performance-based compensation and above-average social benefits
- Individualized career prospects in an international setting

Dedicated team writes extraordinary success story

The financial success of Deutsche Börse Group is built on the performance of a dedicated staff. It is they who organize the markets, develop products and services, build and run the trading and settlement systems and feed transactions into them. Deutsche Börse Group retains highly qualified employees for the long term by offering attractive benefits, thereby ensuring that high potential also translates into high productivity.

The success of Deutsche Börse Group depends on its highly qualified and highly motivated staff. The Group offers its employees challenging work, individualized career prospects and an international setting. Its stock exchange listing and rapid inclusion in the DAX® have raised awareness of the Company among both new graduates and seasoned professionals. Deutsche Börse is an attractive employer for them not only because of its innovative strength and its excellent results but also because of its corporate culture, which is based on open dialogue. This can be seen in such things as the transparent architecture of the Neue Börse building, the workplaces – mostly open-plan offices – and the flat hierarchies.

Despite its large market capitalization, which rivals that of some major corporations, Deutsche Börse Group has succeeded in remaining manageable and flexible. More than 11,000 applications (including interns and students) received in 2005 underscore the attractiveness of Deutsche Börse in the eyes of applicants.

Forward-looking workforce structure and tailored opportunities for development

In terms of the structure of its workforce, Deutsche Börse Group has completed the transition from a pure stock exchange to a service provider for the capital markets. Over the past years, significantly more marketing and sales staff have joined the Company. The number of IT specialists and mathematicians has also risen, while that of finance professionals has remained more or less constant.

In 2005, employees from 52 countries worked for Deutsche Börse Group – a figure that reflects the international character of the Company's markets and customers. An extremely low fluctuation rate is proof of the dedication and motivation of the staff – in 2005 it stood at 5.7 percent. The average company tenure was 8.6 years.

» In the competition for the brightest brains, Deutsche Börse Group has established itself as a prestigious employer. We are a highly profitable DAX company and offer our employees challenging responsibilities, individual prospects and an international working environment.«

Detlef Liebeskind, Director, Human Resources

Deutsche Börse Group employees
as at 31 December

Segment	2005	2004
Xetra	166	164
Eurex	189	197
Market Data & Analytics	170	161
Clearstream	905	910
Information Technology	1,050	1,387
Corporate Services	441	443
Total Deutsche Börse Group	**2,921**	**3,262**

In addition to the classic management path, careers as experts or project managers are also available to employees. Each of these three career paths comprises various stages of development tied to corresponding titles and compensation levels. A uniform model clearly defines the requirements and expectations for each stage. This allows employees an upward mobility that transcends conventional hierarchies.

Deutsche Börse Group identifies and develops highly talented employees through a "high potential" program, in which 45 staff members are currently enrolled. High-potential individuals are prepared for management positions in the Company by means of assessment centers, mentoring meetings with Executive Board members and Managing Directors, project work and seminars. To date, roughly 80 percent of participants have subsequently advanced to hold management positions at Deutsche Börse Group.

Attractive compensation package and interesting training opportunities

Deutsche Börse Group offers its employees an above-average compensation package with attractive benefits. All employees are paid above collective pay scales. Compensation consists of a fixed salary and a variable bonus. Employees can also participate in the Company's profits through a "Group Share Plan" that is based on performance and seniority. This allows employees to subscribe for shares of Deutsche Börse AG at a discount to the market price. With each share they also acquire a stock option. Managers receive a variable bonus on top of their fixed salary as well as phantom stock options, the number of which is geared to their management performance. In 2005, Deutsche Börse Group also allowed employees to share in the Company's profits in the form of a one-time special payment amounting to €3,500 per employee.

The Group also provides performance incentives through its training program. It develops employees "on the job" and in special training courses. In addition to language seminars, course offerings include topics such as stock exchange know-how, software applications and training in communication, personal development and management skills. Employees with exceptional qualifications are sent to the Master of Business Administration (MBA), Master of Science (MS) and investment consulting programs at US-based Duke University, Johann Wolfgang Goethe University of Frankfurt, Luxembourg School of Finance, or the European Business School in Oestrich-Winkel. In 2005, 50 percent of the staff held a college or university degree.

» Luxembourg is a relatively small but very international market. We recruit people from all over Europe. This makes my job very challenging, diversified and rewarding, also because Deutsche Börse Group has a very good reputation and is perceived as an attractive employer.«
Irja Zillich, Recruitment and Development

Executive Board

as at 1 January 2006

Jeffrey Tessler **Mathias Hlubek** **Reto Francioni**

Michael Kuhn   Matthias Ganz

Executive Board Members and their Appointments to Supervisory Bodies of Other Companies

"Appointments to supervisory boards" include memberships in other statutory supervisory boards. "Other appointments" refer to memberships in comparable German and foreign control bodies of business enterprises. The appointments listed below reflect the situation as at 31 December 2005 unless otherwise stated.

Reto Francioni, born 1955
Frankfurt/Main
Chief Executive Officer of Deutsche Börse AG
(since 1 Nov. 2005)
responsible for Group Coordination/Corporate Center, Customers/Markets
(Group Coordination; Policy, Communication and Legal, and since 1 Jan. 2006 Trading and Clearing Services; Stock Market Business Development; Derivatives Market Business Development)

Appointments to supervisory boards
- Deutsche Börse Systems AG (since 16 Nov. 2005) (Chairman) (since 24 Nov. 2005)
- Eurex Clearing AG
- Eurex Frankfurt AG

Other appointments
- Clearstream International S.A. (since 16 Dec. 2005) (Vice Chairman of the Board of Directors)
- Eurex Zürich AG (Member of the Supervisory Board)

Matthias Ganz, born 1963
Frankfurt/Main
Member of the Executive Board of Deutsche Börse AG
responsible for Operations
(Group Functionality; Trading/Clearing/Info Operations; Settlement/Custody Operations)

- Chairman of the Executive Board Clearstream Banking AG
- Member of the Group Executive Management Clearstream Banking S.A.
- Member of the Group Executive Management Clearstream International S.A.
- Member of the Executive Management FWB Frankfurter Wertpapierbörse

Appointment to supervisory board
- entory AG (until 30 Sep. 2005)

Other appointments
- Clearstream Banking S.A. (Member of the Board of Directors)
- Clearstream International S.A. (Member of the Board of Directors)

Mathias Hlubek, born 1963
Kronberg
Member of the Executive Board of Deutsche Börse AG
responsible for Group Coordination/Corporate Center, Customers/Markets
(Group Corporate Center, Customers/Markets; Market Data & Analytics; Corporate Development)

- Member of the Executive Board Deutsche Börse Systems AG
- General Manager Deutsche Börse IT Holding GmbH
- Member of the Group Executive Management Clearstream Banking S.A.
- Member of the Group Executive Management Clearstream International S.A.
- Chairman of the Group Executive Management Clearstream Services S.A.

Appointments to supervisory boards
- entory AG (until 30 Sep. 2005)
- Eurex Clearing AG
- Eurex Frankfurt AG

Other appointments
- Clearstream Banking S.A. (Member of the Board of Directors)
- Clearstream International S.A. (Member of the Board of Directors)
- Clearstream Services S.A. (Chairman of the Board of Directors)
- Deutsche Börse Finance S.A. (Chairman of the Board of Directors)
- Eurex Zürich AG (Member of the Supervisory Board)
- Risk Transfer Re S.A. (Member of the Board of Directors)

Michael Kuhn, born 1954
Frankfurt/Main
Member of the Executive Board of Deutsche Börse AG
responsible for Technology/Systems
(Central Support; Delivery; Application Development Trading and Consulting; Application Development Clearing and Settlement, Custody)

- Chairman of the Executive Board Deutsche Börse Systems AG
- Member of the Group Executive Management Clearstream Services S.A.
- General Manager Deutsche Börse IT Holding GmbH

Appointments to supervisory boards
- entory AG (until 30 Sep. 2005)
- Eurex Clearing AG
- Eurex Frankfurt AG

Other appointments
- Clearstream Services S.A. (Member of the Board of Directors)
- Eurex Zürich AG (Member of the Supervisory Board)

Jeffrey Tessler, born 1954
Luxembourg
Member of the Executive Board of Deutsche Börse AG
responsible for Customers/Markets

- CEO Clearstream International S.A.
- Chairman of the Group Executive Management Clearstream International S.A.
- CEO Clearstream Banking S.A.
- Chairman of the Group Executive Management Clearstream Banking S.A.

Appointment to supervisory board
- Clearstream Banking AG (since 18 Apr. 2005) (Chairman)

Other appointments
- Clearstream Banking S.A. (Chairman of the Board of Directors)
- Clearstream International S.A. (Member of the Board of Directors)

FORMER EXECUTIVE BOARD MEMBERS

Rudolf Ferscha, born 1961
Frankfurt/Main
Member of the Executive Board of Deutsche Börse AG
(until 31 Dec. 2005)
responsible for Customers/Markets
(Trading and Clearing Services; Stock Market Business Development; Derivatives Market Business Development)

- Chief Executive Officer Eurex Clearing AG (until 31 Dec. 2005)
- Chief Executive Officer Eurex Frankfurt AG (until 31 Dec. 2005)
- Chief Executive Officer Eurex Zürich AG (until 31 Dec. 2005)
- Chairman of the Executive Management Eurex Deutschland
- General Manager Eurex Bonds GmbH (until 31 Dec. 2005)
- Chairman of the Executive Management FWB Frankfurter Wertpapierbörse

Appointments to supervisory boards
- Clearstream Banking AG (until 31 Dec. 2005)
- Deutsche Börse Systems AG (until 31 Dec. 2005)

Other appointments
- U.S. Futures Exchange L.L.C. (until 31 Dec. 2005) (Chairman of the Board of Directors)
- U.S. Exchange Holdings L.L.C. (until 31 Dec. 2005) (Chairman of the Board of Directors)
- The Clearing Corporation Inc. (until 31 Dec. 2005) (Member of the Board of Directors)

Werner G. Seifert, born 1949
Frankfurt/Main
Chief Executive Officer of Deutsche Börse AG
(until 9 May 2005)
responsible for Group Coordination/Corporate Center, Customers/Markets
(Group Coordination; Policy, Communication and Legal)

Appointments to supervisory boards
- Deutsche Börse Systems AG (until 14 May 2005) (Chairman)
- entory AG (until 14 May 2005) (Chairman)
- Eurex Clearing AG (until 14 May 2005) (Deputy Chairman)
- Eurex Frankfurt AG (until 14 May 2005) (Deputy Chairman)

Other appointments
- Clearstream International S.A. (until 9 May 2005) (Vice Chairman of the Board of Directors)
- Eurex Zürich AG (until 14 May 2005) (Vice Chairman of the Supervisory Board)

Report of the Supervisory Board

Dear shareholders,

The Supervisory Board performed its duties in accordance with the law and the Articles of Association throughout the entire year under review. We regularly advised the Executive Board on the management of the Company and monitored its work. As in previous years, we were directly involved in all key decisions affecting the Company.

In the financial year 2005, four ordinary and four extraordinary meetings of the Supervisory Board took place. In these, the Executive Board provided detailed, timely and comprehensive information, both verbally and in writing, in line with the legal requirements on the course of business, the position of the Company and the Group (including the risk situation and risk management), as well as on the Company's strategy and planning. Prior to the meetings, extensive reports by the Executive Board, extracts from Company documents, in particular financial controlling documents, and other documents prepared by Company employees or external consultants were circulated. On the basis of this and other information requested by us at and outside of the meetings, we were able to comply with our duty of supervision in an efficient manner. Deviations in business and earnings developments from plans and targets were explained to us in detail, and were examined by us with reference to the documents provided. Individual issues were also addressed between these meetings, both verbally and in written reports by the Executive Board. In addition, the Chairman of the Executive Board maintained regular contact with the Chairman of the Supervisory Board and informed him of current developments in the Company's business, key transactions and upcoming decisions. The Supervisory Board thoroughly examined, discussed and voted on all proposals made by the Executive Board requiring the approval of the Supervisory Board as stipulated by law or the Articles of Association. All members of the Supervisory Board attended more than half of the Supervisory Board meetings held during their term of office in 2005.

Focus of discussions by the Supervisory Board

We examined a number of topics in the financial year 2005. At the start of the year, the preconditional cash offer for the London Stock Exchange plc was the focus of intense discussion. A topic that remained highly relevant throughout was the implementation of the program to optimize the Company's capital structure. As part of this initiative, around €800 million was paid out to the shareholders of Deutsche Börse AG. The shareholder structure and communication with investors were discussed in various meetings.

In October, the Supervisory Board appointed Dr. Reto Francioni as the new CEO of Deutsche Börse AG. We also decided on new appointments to the Supervisory Board committees.

Another important topic which was the subject of extensive discussion was the development of the derivatives exchange U.S. Futures Exchange L.L.C. (Eurex US). We approved the future strategic orientation proposed by the Executive Board.

The CFO informed us regularly about the Company's financial position and share price performance. The Group's strategic orientation and further internationalization were also the subject of in-depth discussion at the plenary meetings.

Work of the committees

The Supervisory Board has established a total of five committees that prepare the topics and resolutions to be discussed in the plenary meetings. In addition, we have delegated individual decision-making powers, to the extent that this is legally permissible, to committees in order to increase our efficiency. A list of the members of the individual committees can be found on page 65 of this Annual Report. The Chairman of the Supervisory Board also chairs the Personnel Committee and the Strategy Committee.

- The Personnel Committee, which is responsible, among other things, for concluding, amending and terminating contracts of service with Executive Board members, met eight times in the year under review. It was intensely involved in the search for a new CEO and the termination agreements for retiring Executive Board members. In addition, the Personnel Committee prepared proposals for the new appointments to the Supervisory Board committees. As part of the annual audit of Executive Board compensation, it resolved on the annual bonuses to be paid, allocations under the phantom stock option plan and occupational pension commitments for Executive Board members. The Personnel Committee also addressed the fundamental revision of the compensation system for the Executive Board.

- The Strategy Committee dealt with the international orientation and strategic development of Deutsche Börse Group. It met six times in total in the period under review. The meetings focused on external growth options in Europe, the strategic development of Clearstream and the adoption of the annual strategic planning for Deutsche Börse Group. A particular focus of the Committee's work was the development of Eurex US. This topic was discussed extensively and corresponding decision documents were drawn up for the plenary meetings.

- The Audit and Finance Committee convened five times over the past year, in addition to holding three conference calls. The Committee's tasks are to monitor the Group's financial and economic situation and to deal with the preparation of the annual budget, the annual and consolidated financial statements (including the respective management reports), financial reporting and risk management. In addition, the Committee examines the necessary independence of the auditor, issues the auditing instructions to the auditor on the basis of the areas of emphasis specified, and determines the fee. In the period under review, the Committee was also intensely involved in the design of the program to optimize the Company's capital structure. Extensive discussions were also held on the Group Share Plan and the phantom stock option plan for Executive Board members and senior executives.

- The Technology Committee held two meetings in which it focused primarily on the extension of the trading hours for the Eurex system, current developments in offshoring and the fundamental organization of Deutsche Börse Group's IT segment.

- The Clearing and Settlement Committee met once in the year under review. In particular, the members dealt with regulatory trends in clearing and settlement, as well as with developments in the European post-trading market.

The Supervisory Board committees regularly presented reports on their work in the subsequent Supervisory Board plenary meetings.

Corporate governance and declaration of conformity

The Supervisory Board places great importance on the issue of corporate governance, which can be defined as responsible corporate management and supervision aimed at adding long-term enterprise value. On 22 December 2005, we submitted Deutsche Börse AG's declaration of conformity for 2005 in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) together with the Executive Board and declared that we fully comply with all of the recommendations of the German Corporate Governance Code. This declaration has been published on the Company's website.

Additional details concerning the Company's corporate governance practices are presented in a separate chapter on pages 66 to 73 of this Annual Report.

Adoption of the annual financial statements

The 2005 General Meeting appointed KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main, to audit the financial statements. KPMG audited Deutsche Börse AG's bookkeeping, its annual financial statements and management report, as well as the consolidated financial statements and Group management report. The auditor issued an unqualified audit opinion in each case.

The above-mentioned financial statement documents and reports by KPMG were presented to us for examination in a timely manner. The auditor also attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board which convened to adopt the accounts. The auditor reported on the key results of the audit and elaborated in particular on the net assets, financial position and results of operations of the Company and Group, as well as being available to provide supplementary information.

Based on our own examination of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we agreed with the results of the audit performed by the auditor. No objections were raised. Today, the Supervisory Board approved the annual and consolidated financial statements; the annual financial statements of Deutsche Börse AG are thereby adopted. Following intense discussion, we approved the Executive Board's proposal for the appropriation of the unappropriated surplus.

Changes in the Executive Board and the Supervisory Board

Changes were made to the composition of the Executive Board of the Company in the period under review. Dr. Werner Seifert resigned as a member of the Executive Board and CEO of Deutsche Börse AG on 9 May 2005. Rudolf Ferscha left the Executive Board on 31 December 2005. Dr. Reto Francioni was appointed to the Executive Board as CEO on 1 November 2005.

There were also changes in the Supervisory Board. The following shareholder representatives left the Supervisory Board in the past financial year in the period from May to October 2005: Lord Peter Levene of Portsoken KBE, Manfred Zaß, Uwe E. Flach, Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt, Mehmet Dalman, Dr. Stefan Jentzsch, Hessel Lindenbergh and Dr. Rolf-E. Breuer. The following persons were appointed by the courts as shareholder representatives to the Supervisory Board in 2005: Richard M. Hayden (12 July), Friedrich Merz (12 July), Gerhard Roggemann (12 July), Kurt F. Viermetz (12 July), Richard Berliand (7 October), Craig Heimark (7 October), Dr. Erhard Schipporeit (7 October) and Hermann-Josef Lamberti (11 October). Kurt F. Viermetz was elected as Chairman of the Supervisory Board on 10 October.

The Supervisory Board would like to thank its former members for their valuable commitment and constructive support of the Company and the Executive Board. In addition, we would like to thank all members of the Executive Board in 2005, as well as all employees and the employee representatives, for their efforts in the year under review.

Frankfurt/Main, 30 March 2006
On behalf of the Supervisory Board:

Kurt F. Viermetz
Chairman

Supervisory Board Members and their Appointments to Supervisory Bodies of Other Companies

"Appointments to supervisory boards" include memberships in other statutory supervisory boards. "Other appointments" refer to memberships in comparable German and foreign control bodies of business enterprises. The appointments listed below reflect the situation as at 31 December 2005 unless otherwise stated.

Kurt F. Viermetz (since 12 July 2005)
Chairman of the Supervisory Board (since 10 Oct. 2005)
Chairman of the Supervisory Board
Hypo Real Estate Holding AG, Munich
Former Vice Chairman
J.P. Morgan Group, New York

Appointments to supervisory boards
- E.ON Ruhrgas AG, Essen (until 31 Dec. 2005)
- ERGO-Versicherungs-AG, Dusseldorf
- Hypo Real Estate Holding AG, Munich (Chairman)

Other appointment
- Hypo Real Estate Bank International, Dublin (until 30 Sep. 2005) (Chairman of the Board of Directors)

David Andrews
Chief Executive Officer
Xchanging Ltd., London

Appointment to supervisory board
- european transaction bank GmbH, Frankfurt/Main (Chairman)

Herbert Bayer
Trade Union Secretary
ver.di, Department 1 Financial Services,
Area Frankfurt/Main and Region, Frankfurt/Main

Appointments to supervisory boards
- dwpbank – Deutsche WertpapierService Bank AG, Frankfurt/Main
- Eurohypo AG, Eschborn

Udo Behrenwaldt
Business consultant
Frankfurt/Main

Appointments to supervisory boards
- Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt/Main (Deputy Chairman)
- Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt/Main
- Deutsche Vermögensbildungsgesellschaft mbH, Frankfurt/Main (Chairman)
- DB Trust AG, Frankfurt/Main (until 31 Oct. 2005) (Chairman)
- Feri Finance AG, Bad Homburg (since 1 Sep. 2005)

Other appointments
- DWS Investment S.A., Luxembourg (Member of the Board of Directors)
- DWS Polska TFI S.A., Warsaw (Member of the Board of Directors)
- Deutsche Asset Management S.A., Warsaw (Member of the Board of Directors)
- DWS (Austria) Investmentgesellschaft mbH, Vienna (until 31 Dec. 2005) (Member of the Board of Directors)
- Deutsche Asset Management France S.A., Paris (until 30 Oct. 2005) (Member of the Board of Directors)

Richard Berliand (since 7 Oct. 2005)
Managing Director
JP Morgan Securities Ltd., London
JP Morgan Futures Inc., New York

Birgit Bokel
Staff member in the Facility Management section
Deutsche Börse AG, Frankfurt/Main

Hans-Peter Gabe
Staff member in the Personnel Services section
Deutsche Börse AG, Frankfurt/Main

Dr. Manfred Gentz
Chairman of the Board of Directors (since 19 April 2005)
Zurich Financial Services, Zurich
President of the International Chamber of Commerce (ICC)
Germany, Cologne

Appointments to supervisory boards
- adidas-Salomon AG, Herzogenaurach
- DWS Investment GmbH, Frankfurt/Main
- Eurohypo AG, Eschborn (since 25 May 2005) (Chairman)
- Hannoversche Leben Versicherung AG, Hanover (until 31 Mar. 2005)
- Zürich Beteiligungs-AG – Deutschland, Frankfurt/Main (until 11 Apr. 2005)

Other appointment
- Zurich Financial Services, Zurich (since 19 Apr. 2005) (Chairman of the Board of Directors)

Richard M. Hayden (since 12 July 2005)
Chairman
GSC Partners Europe Ltd., London

Other appointment
- Cofra Holding AG, Zug (Non-Executive Director)

Craig Heimark (since 7 Oct. 2005)
Managing Partner
Hawthorne Group LLC, Palo Alto

Other appointment
- Avistar Communications Corporation, Redwood Shores (Member of the Board of Directors)

Hermann-Josef Lamberti (since 11 Oct. 2005)
Member of the Executive Board
Deutsche Bank AG, Frankfurt/Main

Appointments to supervisory boards
- Carl Zeiss AG, Oberkochen
- Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt/Main (Chairman)
- Schering AG, Berlin

Other appointment
- Fiat S.p.A., Turin (Member of the Board of Directors)

Silke Martinez Maldonado
Staff member in the Front Office Data & Analytics section
Deutsche Börse AG, Frankfurt/Main

Friedrich Merz (since 12 July 2005)
Member of the German Bundestag (national parliament)
Lawyer
Mayer, Brown, Rowe & Maw LLP, Berlin

Appointments to supervisory boards
- AXA Versicherung AG, Cologne
- Deutsche Rockwool GmbH, Gladbeck
- Interseroh AG, Cologne

Other appointment
- BASF Antwerpen NV, Antwerp (Member of the Administrative Board)

Friedrich von Metzler
Personally liable partner
B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main

Appointment to supervisory board
- DWS Investment GmbH, Frankfurt/Main

Alessandro Profumo
Chief Executive Officer
UniCredito Italiano S.p.A., Milan

Appointment to supervisory board
- Bayerische Hypo- und Vereinsbank AG, Munich (since 29 Nov. 2005) (Chairman) (since 2 Dec. 2005)

Other appointments
- Bank Pekao S. A., Warsaw (until 19 Jan. 2005) (Chairman of the Supervisory Board)
- Mediobanca S.p.A., Milan (Member of the Board of Directors)
- Unicredit Banca Mobiliare (UBM) S.p.A., Milan (Chairman of the Board of Directors)
- Unicredit Xelion Banca S.p.A., Milan (Deputy Chairman of the Board of Directors)
- Olimpia S.p.A., Milan (Member of the Board of Directors)
- Koç Holding, A.Ş., Istanbul (until 27 Apr. 2005) (Member of the Board of Directors)

Sadegh Rismanchi
Staff member in the Configuration Management and Quality Assurance section
Deutsche Börse Systems AG, Frankfurt/Main

Appointment to supervisory board
- Deutsche Börse Systems AG, Frankfurt/Main

Gerhard Roggemann (since 12 July 2005)
Vice Chairman
Hawkpoint Partners Ltd., London

Appointment to supervisory board
- Euro-Product-Services AG, Munich (since 12 Aug. 2005)

Other appointments
- Rose & Sky Delta Fund Ltd., Cayman Islands (since 23 Sep. 2005) (Non-Executive Director)
- Rose & Sky Delta Master Fund Ltd., Cayman Islands (since 23 Sep. 2005) (Non-Executive Director)
- Rose & Sky Investment (Cayman) Ltd., Cayman Islands (since 23 Sep. 2005) (Non-Executive Director)
- VHV Holding AG, Hanover (Member of the Administrative Board)

Dr. Erhard Schipporeit (since 7 Oct. 2005)
Member of the Executive Board
E.ON AG, Dusseldorf

Appointments to supervisory boards
- Commerzbank AG, Frankfurt/Main
- Degussa AG, Dusseldorf
- E.ON Ruhrgas AG, Essen
- SAP AG, Walldorf (since 12 May 2005)
- Talanx AG, Hanover

Other appointments
- E.ON Audit Services GmbH, Dusseldorf (Chairman of the Supervisory Board)
- E.ON IS GmbH, Hanover (since 11 Jan. 2005)
- E.ON Risk Consulting GmbH, Dusseldorf (Chairman of the Supervisory Board)
- E.ON UK plc, Coventry (Member of the Board of Directors)
- E.ON US Investments Corp., Delaware (Member of the Board of Directors)
- HDI Haftpflichtverband der Deutschen Industrie V.a.G., Hanover (Member of the Supervisory Board)

Dr. Herbert Walter
Chairman of the Executive Board
Dresdner Bank AG, Frankfurt/Main

Appointment to supervisory board
- TSV München von 1860 GmbH & Co. KGaA, Munich

Other appointments
- Dresdner Bank Luxembourg S. A., Luxembourg (Chairman of the Administrative Board)
- Banco Popular Espanol S. A., Madrid (Miembro, Consejo de Administración)
- Banco BPI, S. A., Porto (Member of the Board of Directors)

Otto Wierczimok
Staff member in the Vaults section
Clearstream Banking AG, Frankfurt/Main

Appointment to supervisory board
- Clearstream Banking AG, Frankfurt/Main

Johannes Witt
Staff member in the Central Billing section
Deutsche Börse AG, Frankfurt/Main

FORMER SUPERVISORY BOARD MEMBERS

Dr. Rolf-E. Breuer (until 10 Oct. 2005)
Chairman of the Supervisory Board
Chairman of the Supervisory Board
Deutsche Bank AG, Frankfurt/Main
President
Bundesverband deutscher Banken e.V., Berlin
(until 10 Mar. 2005)

Appointments to supervisory boards
- Bertelsmann AG, Gütersloh (until 18 May 2005)
- Deutsche Bank AG, Frankfurt/Main (Chairman)
- E.ON AG, Munich

Other appointments
- Compagnie de Saint-Gobain S. A., Paris (until 9 June 2005) (Member of the Board of Directors)
- KfW Bankengruppe, Frankfurt/Main (until 9 Apr. 2005) (Member of the Administrative Board)
- Landwirtschaftliche Rentenbank, Frankfurt/Main (Member of the Administrative Board)

Mehmet Dalman (until 2 Oct. 2005)
Chief Executive Officer
WMG Limited, London

Other appointment
- TOSCA Ltd., Cayman Islands (until 7 Mar. 2005) (Non-Executive Director)

Uwe E. Flach (until 26 June 2005)
Former Deputy Chairman of the Executive Board
DZ BANK AG, Frankfurt/Main

Appointments to supervisory boards
- Andreae-Noris-Zahn AG, Frankfurt/Main (Deputy Chairman)
- ORGA Kartensysteme GmbH, Paderborn
- Stada Arzneimittel AG, Bad Vilbel

Other appointment
- GHP Holding GmbH, Bamberg (Member of the Advisory Board)

Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt
(until 26 June 2005)
Max Planck Institute for Foreign and
Private International Law, Hamburg

Dr. Stefan Jentzsch (until 6 Oct. 2005)
Member of the Executive Board (since 24 Nov. 2005)
Dresdner Bank AG, Frankfurt/Main
Member of the Executive Board (until 18 Nov. 2005)
Bayerische Hypo- und Vereinsbank AG, Munich

Appointments to supervisory boards
- DAB bank AG, Munich (until 8 Mar. 2005) (Chairman)
- HVB Informations-Verarbeitungs-GmbH, Munich (until 31 May 2005) (Deputy Chairman)
- HVB Systems AG, Munich (until 21 Apr. 2005)
- Infineon Technologies AG, Munich
- Premiere AG, Unterföhring (since 9 Mar. 2005)
- Vereins- und Westbank AG, Munich (until 14 Jan. 2005) (Deputy Chairman)

Other appointments
- Bank Austria Creditanstalt AG, Vienna (Member of the Supervisory Board)
- HVB Alternative Financial Products AG, Vienna (until 18 Mar. 2005) (Chairman of the Administrative Board)
- HVB Alternative Investment AG, Vienna (until 20 May 2005) (Chairman of the Supervisory Board)
- HVB Wealth Management Holding GmbH, Munich (Member of the Administrative Board)

Lord Peter Levene of Portsoken KBE (until 26 May 2005)
Chairman
Lloyd’s, London

Other appointments
- General Dynamics UK Limited, Oakdale (Chairman of the Board of Directors)
- Haymarket Group Ltd., London (Member of the Board of Directors)
- Total S. A., Courbevoie (since 17 May 2005) (Member of the Board of Directors)

Hessel Lindenbergh (until 6 Oct. 2005)
Former Member of the Executive Board
ING Group, Amsterdam

Other appointments
- DHV Holding, Amersfoort (Member of the Supervisory Board)
- Gamma Holding NV, Helmond (Member of the Supervisory Board)
- Koninklijke Numico NV, Zoetermeer (Member of the Supervisory Board)
- NIB Capital N.V., Den Haag (Member of the Supervisory Board)
- Ortec International NV, Gouda (Member of the Supervisory Board)
- Petroplus International NV, Rotterdam (Member of the Supervisory Board)
- Spyker Cars N.V., Zeewolde (Chairman of the Supervisory Board)

Manfred Zaß (until 25 June 2005)
Deputy Chairman of the Supervisory Board
Former Chief Executive Officer
DekaBank Deutsche Girozentrale, Frankfurt/Main

Appointment to supervisory board
- Deutsche EuroShop AG, Hamburg (Chairman)

Members of the Supervisory Board Committees

In the course of 2005, the composition of the shareholder representatives to the Supervisory Board changed. As a result, the composition of the Supervisory Board committees changed as well. These changes were completed by 11 October 2005.

Audit and Finance Committee
Dr. Manfred Gentz (Chairman) (since 10 Oct. 2005)
Udo Behrenwaldt
Dr. Erhard Schipporeit (since 10 Oct. 2005)
Johannes Witt

Former Committee member
Dr. Stefan Jentzsch (until 6 Oct. 2005) (Chairman)

Personnel Committee
Kurt F. Viermetz (since 10 Oct. 2005) (Chairman)
Hans-Peter Gabe
Richard M. Hayden (since 10 Oct. 2005)
Friedrich von Metzler

Former Committee members
Dr. Rolf-E. Breuer (until 10 Oct. 2005) (Chairman)
Udo Behrenwaldt (until 10 Oct. 2005)

Strategy Committee
Kurt F. Viermetz (since 10 Oct. 2005) (Chairman)
Herbert Bayer
Richard M. Hayden (since 10 Oct. 2005)
Silke Martinez Maldonado
Friedrich Merz (since 10 Oct. 2005)
Gerhard Roggemann (since 10 Oct. 2005)

Former Committee members
Dr. Rolf-E. Breuer (until 10 Oct. 2005) (Chairman)
Mehmet Dalman (until 2 Oct. 2005)
Hessel Lindenbergh (until 6 Oct. 2005)
Manfred Zaß (until 25 June 2005)

Technology Committee
David Andrews (Chairman)
Craig Heimark (since 10 Oct. 2005)
Sadegh Rismanchi
Dr. Herbert Walter

Former Committee member
Dr. Stefan Jentzsch (until 6 Oct. 2005)

Clearing and Settlement Committee
Hermann-Josef Lamberti (since 11 Oct. 2005) (Chairman)
David Andrews (since 27 June 2005)
Richard Berliand (since 10 Oct. 2005)
Otto Wierczimok

Former Committee members
Hessel Lindenbergh (until 6 Oct. 2005) (Chairman)
Uwe E. Flach (until 26 June 2005)
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt
(until 26 June 2005)

Corporate Governance

Corporate governance, which refers to responsible corporate management and supervision aimed at adding long-term enterprise value, has always been held in high regard at Deutsche Börse Group. Good corporate governance promotes the trust of domestic and foreign investors, the financial markets, business partners and employees, as well as the general public, in the management and supervision of the Company. In the past year, the Company again focused on further developing its corporate governance framework.

High ranking for Deutsche Börse's corporate governance

Deutsche Börse AG's corporate governance received a positive assessment in the past year: in a study on the quality characteristics of good corporate governance covering all 30 DAX® companies, Union Investment, one of Germany's biggest asset management companies, ranked Deutsche Börse AG's corporate governance in second place. In addition to the requirements of the German Corporate Governance Code, the study focused on key quality standards relating to corporate governance, such as the class of the shares issued and the transparency and communication of company information. The study proves that good corporate governance increases the probability of above-average share price development; however, it does not confirm the existence of a linear relationship between corporate governance and value growth.

Deutsche Börse complies in full with German Corporate Governance Code

In December 2005, the Executive Board and Supervisory Board revised the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). As in the past, Deutsche Börse AG therefore complies in full with the recommendations of the Government Commission of the German Corporate Governance Code as set out in the current version of the Code dated 2 June 2005. The text of the current declaration of conformity and the declarations of conformity for past years can be found on the Internet: www.deutsche-boerse.com > Investor Relations > Corporate Governance > Comply Declaration.

Close cooperation between the Executive and Supervisory Boards

The Executive Board and Supervisory Board work in close cooperation with the aim of achieving a sustainable increase in enterprise value. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all issues concerning planning, business development, the risk situation and risk management that are relevant for the Company. If the course of business departs substantially from plans and targets, the Executive Board informs the Supervisory Board and gives the reasons why. The by-laws for the Executive Board stipulate key transactions that require the Supervisory Board's approval.

When Executive Board members are appointed for the first time, they do not automatically receive a contract for five years, but generally for three years. An upper age limit of 60 years for Executive Board members and 70 years for Supervisory Board members applies.

When selecting candidates for the Supervisory Board, Deutsche Börse AG always ensures that the members of this body are sufficiently independent and have the necessary qualifications to allow them to fulfill their duties properly. In doing so, Deutsche Börse AG avoids potential conflicts of interest and takes into account the Company's international activities, as well as the upper age limit for Supervisory Board members set out in the Articles of Association. In contrast to other companies, the Supervisory Board of Deutsche Börse AG does not include any former Executive Board members. The Supervisory Board members do not sit on the boards of, or have consultancy arrangements with, any of the Company's key competitors, nor do they hold more than four posts on the supervisory boards of listed companies outside Deutsche Börse Group. There are no consultancy or other service agreements between members of the Supervisory Board and the Company, nor have there been any such potential conflicts of interest involving the members of the Executive and Supervisory Boards. These would require immediate disclosure to the Supervisory Board.

Good corporate governance also includes a responsible risk policy within the Company and accountability at the highest management level. Accordingly, at the end of 2005, the Executive Board dissolved the Risk Management and Compliance Committee which was formed in 2003, and returned the full responsibility for risk management and control to the Executive Board as a whole.

Supervisory Board as a reflection of the Company's global orientation

In line with the Company's global orientation, the Supervisory Board of Deutsche Börse AG has become more international and its composition reflects the wide range of business activities within the Group. There were no regular elections to the Supervisory Board in 2005. Eight members of the Supervisory Board stepped down before the end of their terms of office; the registry court in Frankfurt/Main appointed Richard Berliand, Craig Heimark, Richard M. Hayden, Hermann-Josef Lamberti, Friedrich Merz, Gerhard Roggemann, Dr. Erhard Schipporeit and Kurt F. Viermetz as new members. Their term of office runs until the next General Meeting on 24 May 2006, when they will stand for election individually. Following a resolution by the General Meeting on 25 May 2005, Deutsche Börse AG may determine the lengths of terms of office for Supervisory Board members flexibly. This change allows for terms of office that are shorter than three years.

Kurt F. Viermetz has been the Chairman of the Supervisory Board since 10 October 2005. With their varied professional backgrounds and qualifications, all of the shareholder representatives to the Supervisory Board serve to ensure its independence.

Along with the committees recommended in the Corporate Governance Code (the Personnel Committee, the Strategy Committee and the Audit and Finance Committee), two other committees regularly convene at Deutsche Börse AG. The Technology Committee and the Clearing and Settlement Committee provide the Supervisory Board with information on trends in these business areas (see page 65 for the composition of the committees). The Corporate Governance Code recommends that the Chairman of the Audit Committee have specialist knowledge and experience in the application of accounting principles and internal control processes. Dr. Manfred Gentz has assumed responsibility for this area at Deutsche Börse AG. Dr. Gentz was responsible for finance and financial control at a global group for a number of years in his role as a member of the Board of Management of DaimlerChrysler AG, and his professional experience gives him the qualifications and specialist expertise required to perform this task.

High level of transparency for all target groups ...

Providing the same information at the same time to all "customers" – this objective plays a key role in Deutsche Börse AG's communication activities. Institutional and private investors, as well as the interested public, can obtain information on current developments in the Group and subscribe to an electronic newsletter on the Internet (www.deutsche-boerse.com) in German and in English. The Corporate Governance pages provide comprehensive information on the Executive Board and the Supervisory Board, the current Articles of Association and details concerning the auditors and the compliance policies within Deutsche Börse Group. Links direct the users to related topics, such as notifications on directors' dealings in accordance with section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), ad hoc disclosures, the financial calendar, the organizational structure and the current interim and annual reports of Deutsche Börse AG.

In 2006, the opening speeches at the Annual General Meeting will again be broadcast live on the Internet; this will provide real-time information on business developments to all shareholders who cannot attend in person. As in previous years, Deutsche Börse AG is making it easy for shareholders to exercise their rights at the General Meeting. Shareholders' voting rights may be exercised in person, by a proxy of the shareholder's own choosing, or by a proxy appointed by the Company and acting on the instructions of the shareholder concerned. The proxy will attend the General Meeting on 24 May 2006 and will accept instructions on exercising voting rights in person both before and during the General Meeting. Instructions may be issued via electronic media until shortly before the start of the General Meeting.

In accordance with section 15a of the WpHG, persons with management responsibilities, i.e. the members of the Executive and Supervisory Boards of Deutsche Börse AG and related parties, are obliged to disclose the purchase or sale of shares of Deutsche Börse AG or derivatives based on these shares. The table on pages 71 and 73 provide an overview of the holdings and dealings in Deutsche Börse AG shares, and derivatives based on these shares, of which the Company had been notified as at 31 December 2005. There were no holdings requiring disclosure in accordance with no. 6.6 of the German Corporate Governance Code as at 31 December 2005. The shareholdings of the members of these two bodies and their dealings in the Company's shares are also disclosed in the interim reports.

To the extent that Deutsche Börse AG publishes reports outside Germany due to the statutory provisions for the respective capital market, these are also made public immediately within Germany.

... as well as for accounting and auditing

Deutsche Börse AG informs shareholders and the public about its results by means of this Annual Report and interim reports. The Annual Report is published within 90 days following the end of the financial year (31 December) and the interim reports within 45 days following the end of the respective quarter.

The auditors for Deutsche Börse AG's 2005 consolidated financial statements are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. Before KPMG was proposed for election to the General Meeting, the Audit and Finance Committee had obtained a declaration that there was no business, financial, personal or other relationship between the auditors and the Company that could give cause to doubt the auditors' independence. It was also agreed that the auditors would inform the Chairman of the Audit and Finance Committee immediately of any reasons for the auditors to be excluded or any conflicts of interest arising in the course of the audit, unless these are eliminated without delay. The auditors will also report immediately on all material findings and events that are revealed in the course of the audit and that significantly affect the duties of the Supervisory Board. In addition, the auditors must inform the Supervisory Board and/or note in the auditors' report if the audit reveals any facts that are not consistent with the declaration of conformity issued by the Executive Board in accordance with section 161 of the AktG. The auditors attend the Audit and Finance Committee as well as the Supervisory Board's discussions of the annual and consolidated financial statements, and report on the significant results of the audit.

Compliance rating for all employees

Responsible corporate governance includes sensitizing all employees to the fact that access to sensitive and confidential information – about Deutsche Börse AG and other issuers alike – entails certain obligations. For example, insider trading is a punishable crime in Germany. In many areas of their activities, employees of Deutsche Börse Group have access to information that results in them being deemed "insiders" and that they are therefore not permitted to exploit in their own securities and derivatives dealings. The WpHG has established additional rules of conduct for all companies involved in trading securities and their employees, stipulating that they act "in the best interests of customers and the integrity of the market" to "avoid conflicts of interest". Acting in line with the applicable legislation is called "compliance".

Compliance is an integral part of the corporate culture at Deutsche Börse Group. The Company introduced compliance rules for all employees back in 1996 and, since then, has constantly developed them to reflect changes in the law. As at 1 January 2004, Deutsche Börse standardized its compliance rules, which are applicable to Deutsche Börse AG and all companies in the Group with registered offices in Germany and which ensure that employees deal correctly with confidential information. Deutsche Börse AG has compiled a register of insiders, listing the names of all people who are employed by or on behalf of the Company and whose activities give them access to confidential information that could influence the price of Deutsche Börse AG shares and derivatives based on these shares. In addition, Deutsche Börse revised the insider ratings of all its employees in 2005 and informed them individually. These ratings govern the various regulations which employees must observe when trading in securities and derivatives. With these measures, Deutsche Börse has systematically complied with the security standard designed to avoid insider trading and conflicts of interest that is now binding for credit institutions and financial services institutions in Germany.

Performance-related compensation for the Executive Board

The guide for the appropriate compensation of Executive Board members is their individual performance and that of the Executive Board as a whole, together with the performance, financial position and prospects of Deutsche Börse AG.

Members of the Executive Board of Deutsche Börse AG are paid annual compensation comprising a fixed and a variable component. The fixed, non-performance-related component consists of a fixed monthly salary and other taxable salary components, such as health and long-term care insurance premiums and company car arrangements, while the variable component consists of performance-related compensation and long-term incentive elements (phantom stock option plan). Members of the Executive Board have also received pension commitments.

The Personnel Committee sets the level of the fixed, non-performance-related basic compensation. These levels are then reviewed every two years on the basis of overall salary growth within the Group, among other things. The performance-related variable compensation component is also determined annually by the Supervisory Board's Personnel Committee. It is based on an individual assessment of the members of the Executive Board in the following five categories: analytical skills, social skills, productivity, leadership qualities, and balanced risk-taking.

Deutsche Börse AG established a phantom stock option plan for Executive Board members following its IPO on 5 February 2001. The options issued have a maximum term of five years and a lock-up period of three years. The options can be exercised in 14-day exercise windows in each quarter of the two years after the end of the lock-up period. The options are designed to be notional. They do not confer the right to purchase Deutsche Börse AG shares at a set price, but rather confer the right to a cash payout. The amount of the cash payout depends on the relative performance of Deutsche Börse AG shares (adjusted for dividend payments) against the Dow Jones STOXX® 600 Technology Index (EUR) (Return) as the benchmark index (€1.00 per 1 percentage point outperformance). Outperformance is calculated by determining the opening and closing prices of Deutsche Börse's shares and of the benchmark index on the basis of the mean closing prices in Xetra® trading on FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) or the closing price of the index: the opening price for the 60 trading days prior to the grant of the stock options and the closing price for the 60 trading days prior to the cut-off dates preceding the start of the exercise windows (1 February, 1 May, 1 August and 1 November).

Phantom stock options are issued annually on 1 February. The Personnel Committee determines the number of options to be issued to each Executive Board member on the basis of the individual performance of the respective member. The Corporate Governance section of the website contains quarterly updates on the fair value of the options issued to Executive Board members.

Deutsche Börse AG has also taken out a D&O (directors' and officers' liability insurance) policy for its Executive and Supervisory Board members with an appropriate deductible.

Members of the Executive Board	Compensation				Holdings in Deutsche Börse AG shares[1]	
	Fixed compensation[2] € thousands	Performance-related compensation[3] € thousands	Long-term incentive components[3] [4] € thousands	Total 2005 € thousands	Shareholding as at 31 Dec. 2005[5] Number of shares	Purchases/ (Sales) in 2005[5] Number of shares
Reto Francioni[6]	117.7	104.2	0	221.9	0	0
Rudolf Ferscha[7]	454.3	675.0	458.9	1,588.2	18,290	0
Matthias Ganz	496.2	775.0	0	1,271.2	0	0
Mathias Hlubek	497.1	740.0	413.1	1,650.2	5,000	0
Michael Kuhn	469.4	625.0	413.2	1,507.6	0	0
Werner G. Seifert[8]	318.2	1,140.2	689.3	2,147.7	0	0
Jeffrey Tessler	578.9	315.9	0	894.8	0	0
Total	**2,931.8**	**4,375.3**	**1,974.5**	**9,281.6**		

1) As at 31 December 2005, the Company was not notified of any Executive Board member's holdings of or transactions in derivatives issued on Deutsche Börse AG shares.
2) Fixed compensation includes fixed salary and other taxable salary components, such as health and long-term care insurance premiums and company car arrangements.
3) Paid in the financial year
4) Value of stock options paid out in 2005
5) Not identical to the phantom stock option program for Executive Board members
6) Appointed to the Executive Board as from 1 November 2005
7) Left the Executive Board on 31 December 2005
8) Left the Executive Board on 9 May 2005, shareholding as at the date of departure

Supervisory Board compensation with fixed and variable components

The compensation paid to Supervisory Board members is set by the General Meeting and governed by Article 13 of the Articles of Association. It comprises a fixed and a performance-related component.

The fixed compensation for membership is €96 thousand per annum for the Chairman, €72 thousand for the Deputy Chairman (this position was filled by Manfred Zaß until 25 June 2005 and was not re-occupied after his retirement) and €48 thousand per annum for any other member. In addition, for membership of the Supervisory Board's Strategy, Technology, Personnel, Clearing and Settlement, and Audit and Finance Committees, the additional remuneration is €30 thousand per annum for the Chairman of each Committee (€40 thousand per annum for the Chairman of the Audit and Finance Committee) and €20 thousand per annum for each other member of each Committee.

Members of the Supervisory Board also receive annual variable compensation on the basis of two different, clearly defined targets relating to the Company's performance. Target 1: In the year in which compensation is paid, the consolidated return on equity after taxes of Deutsche Börse Group must exceed by at least five percentage points the average of the monthly average current yields to maturity of domestic bearer bonds and public-sector bonds with a remaining maturity of between nine and ten years as calculated by the Deutsche Bundesbank (Germany's central bank). Target 2: Consolidated earnings per share for the previous two full financial years must exceed consolidated earnings per share for the previous year in each case by 8 percent or more. For each target met, the members of the Supervisory Board each receive annual variable compensation in the amount of €16 thousand. This concept has been in place since 1 January 2005. It superseded the variable compensation concept which had previously been effective since 2003, under which the members of the Supervisory Board received stock options from the phantom stock option plan with a term of five years, free of charge, on 1 February each year. The phantom options granted in 2003 and 2004 can be exercised for the first time in 2006.

Supervisory Board members receive both the fixed and variable compensation for their activities ratably for the period of their membership of this body and its committees in the respective financial year.

The basic principles of the compensation system for the Executive Board and Supervisory Board are also published on the Company's website.

Incentive programs for senior executives and employees

Senior executives of Deutsche Börse AG and its subsidiaries receive stock options under the same phantom stock option plan as the members of the Executive Board. In 2005, a total of 521,748 phantom stock options were granted to senior executives.

The Company established a further tranche of the Group Share Plan (GSP) for Group employees in 2005.

Under the GSP tranche 2005, eligible employees were able to buy up to 200 shares of the Company, depending on their basic salary, at a discount of between 10 and 30 percent; this discount was based on the individual employee's performance assessment and length of service.

These shares must be held for at least two years. Employees also received one stock purchase option for each share bought. The issue price of these options consists of the exercise price, which corresponds to the volume-weighted average price of the Company's shares in the closing auctions in the Xetra® trading system on the ten trading days prior to the date of grant of the stock options, and as a minimum to the closing price on the date of grant of the stock options (i.e. 30 June 2005), plus a premium amounting to 20 percent of the exercise price. For the options to be exercisable, the price of Deutsche Börse's shares must equal or exceed the issue price on any given Xetra trading day during the life of the options. Options may not be exercised in the first two years and they expire without compensation if not exercised within six years. In total, some 36 percent of eligible employees subscribed for a total of 102,101 shares under the 2005 GSP.

Members of the Supervisory Board	Compensation			Holdings in Deutsche Börse AG shares[1]	
	Fixed compensation € thousands	Performance-related compensation € thousands	Total 2005 € thousands	Shareholding as at 31 Dec. 2005 Number of shares	Purchases/ (Sales) in 2005 Number of shares
Kurt F. Viermetz[2]	51.0	16.0	67.0	0	0
David Andrews	89.7	32.0	121.7	0	0
Herbert Bayer	68.0	32.0	100.0	0	0
Udo Behrenwaldt	84.7	32.0	116.7	0	0
Richard Berliand[2]	17.0	8.0	25.0	0	0
Birgit Bokel	48.0	32.0	80.0	0	0
Dr. Rolf-E. Breuer[3]	130.0	26.7	156.7	0	0
Mehmet Dalman[3]	56.7	26.7	83.4	0	0
Uwe E. Flach[3]	34.0	16.0	50.0	0	0
Hans-Peter Gabe	68.0	32.0	100.0	260	100 (250)
Dr. Manfred Gentz	73.0	32.0	105.0	0	0
Richard M. Hayden[2]	34.0	16.0	50.0	63,700	0
Craig Heimark[2]	17.0	8.0	25.0	0	0
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt[3]	34.0	16.0	50.0	0	0
Dr. Stefan Jentzsch[3]	90.0	26.7	116.7	0	(5,400)
Hermann-Josef Lamberti[2]	19.5	8.0	27.5	0	0
Lord Peter Levene of Portsoken KBE[3]	20.0	13.2	33.2	0	0
Hessel Lindenbergh[3]	81.7	26.7	108.4	0	0
Silke Martinez Maldonado	68.0	32.0	100.0	0	0
Friedrich Merz[2]	29.0	16.0	45.0	0	0
Friedrich von Metzler	68.0	32.0	100.0	0	0
Alessandro Profumo	48.0	32.0	80.0	0	0
Sadegh Rismanchi	68.0	32.0	100.0	200	100
Gerhard Roggemann[2]	29.0	16.0	45.0	0	0
Dr. Erhard Schipporeit[2]	17.0	8.0	25.0	0	0
Dr. Herbert Walter	68.0	32.0	100.0	0	0
Otto Wierczimok	68.0	32.0	100.0	251	200 (300)
Johannes Witt	68.0	32.0	100.0	0	(200)
Manfred Zaß[3]	46.0	16.0	62.0	0	0
Summe	**1,593.3**	**680.0**	**2,273.2**		

[1] As at 31 December 2005, the Company was not notified of any Supervisory Board member's holdings or transactions in derivatives issued on Deutsche Börse AG shares.
[2] Joined the Supervisory Board in the course of 2005, ratable compensation based on date joined
[3] Left the Supervisory Board in the course of 2005, ratable compensation based on leaving date; shareholding as at the date of departure

Social Responsibility

There has been increasing public debate about whether companies should accept social responsibility beyond their business interests – and about the form this responsibility should take. Deutsche Börse Group acknowledges its responsibility for the cultural and social environment in which it is active – at its own locations and elsewhere, through donations and sponsoring as well as the personal commitment of its employees. The Group's activities in this field are based on the conviction that shareholder value and social responsibility are mutually compatible. All its activities have one major aim: generating value for all stakeholders, shareholders, customers, employees and the Company.

Deutsche Börse Group believes it has a duty to give back to the public part of the contributions that culture and society have made to the economic success of the Company. This is all the more true because Deutsche Börse Group, as operator of two institutions under public law – FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) and Eurex Deutschland –, bears a particular responsibility for the common good, since it organizes a fair, transparent and customer-oriented market that has a far-reaching effect on its surroundings. Cities and regions where stock exchanges are located move to a fast beat – not only in a business sense, but socially and culturally as well. That is one reason why the Group also supports the United Nations' Global Compact Initiative, which has made a commitment to put into action ten criteria for corporate social responsibility (CSR) derived from UN principles and is relying on the sector to follow suit voluntarily.

Charitable activities and sponsoring at Deutsche Börse

The charitable donations made by the Company and its employees concentrate on educating young people both regionally and across the globe in places where people are in need. The primary consideration for all charitable projects is that they are sustainable over the long term and that employees are given the opportunity to get involved. In 2005, more than 80 employees attended "Social Day" in Frankfurt and donated one day of work to the Maltese Aid Service in active support of various projects for children's and youth organizations.

Deutsche Börse Group's sponsoring concept reflects an understanding of how taking on social responsibility can contribute to the advancement of art, music, education and science. Specifically, the sponsoring activities encompass three areas: photography, jazz and the support of educational, teaching and research institutions connected with the financial and capital markets. Regional focuses are Frankfurt and Luxembourg, where our corporate headquarters are located. However, Deutsche Börse Group, as an internationally oriented company, also supports numerous projects in other regions. In 2005, on its own initiative, the Company commissioned an external agency to rate its sponsoring activities over the previous three years. The criteria rated were the consistency, efficiency and effectiveness of sponsoring – and the agency's findings were very positive. According to the report, sponsoring is targeting the desired groups, and activities were found to be professional and efficient.

Photography: Contemporary art meets the office

Since its move in 2000 to the Neue Börse building in Frankfurt-Hausen, Deutsche Börse Group has assembled a substantial collection of contemporary photographs that has drawn international attention. Today the Art Collection Deutsche Börse comprises more than 500 works, most of them large-format, by more than 50 renowned contemporary artists from across the globe. Once again in 2005, Deutsche Börse systematically expanded its collection.

The artwork inspires employees and visitors at the Group's Frankfurt, Luxembourg and London offices. The collection is also presented to the public in regular tours throughout the year. Deutsche Börse also opens the doors of its head office once a year for the "Night of Museums" and regularly organizes temporary exhibitions at Neue Börse, allowing young photographers to present their work to a wider audience.

Sponsorship for photography exhibits in Germany and abroad round off the Company's involvement in contemporary photography. Since 2005, Deutsche Börse has been the lead sponsor of the Deutsche Börse Photography Prize. Awarded by the Photographers' Gallery in London, the prize invites entries from across Europe and honours one contemporary artist every year. The selection, the exhibits featuring the work of the four finalists and the awards ceremony all enjoy extensive coverage by international specialized publications.

Jazz: A Frankfurt tradition, imported from New York and Chicago

Jazz has a long tradition in Frankfurt. After all, the long-standing Frankfurt community of fans produced such world-class virtuosi as the brothers Albert and Emil Mangelsdorff. Deutsche Börse carries on this tradition by helping to organize and financially supporting Deutsche Börse JAZZnights, concerts by international jazz greats held at the Alte Oper in Frankfurt, in Berlin and in other major German cities. Among the highlights of 2005 were appearances by Bobby McFerrin and Herbie Hancock.

Education and research: Responsibility for the future of our home base

The support of educational, teaching and research institutions connected with the financial and capital markets is another focal point of sponsoring, and – like the sponsoring activities of the Group as a whole – represents a long-term commitment. It is the logical extension of the idea that higher education, research institutions and think tanks enable Frankfurt, Germany and, ultimately, continental Europe to reinforce their competitive position as financial center by developing products themselves. It is not merely the exchange that profits from innovative financial market products "made in Germany". All providers and customers in this market – from blue chips to private investors and from medium-sized enterprises to investment funds with global reach – stand to benefit from them.

Against this backdrop, Deutsche Börse Group supports numerous top-ranking institutions that in future will be located in the planned "House of Finance" – among them the Institute for Law and Finance, the Center for Financial Studies, the E-Finance Lab and the European campus of Duke University, one of the top business schools in the US. The House of Finance, a joint initiative between Frankfurt University and the government of the state of Hesse, has the potential to play in the same league as elite universities and think tanks in places like London, Boston and Chicago.

Deutsche Börse Group grants employees stipends for study in Duke University's international MBA program, selecting them according to a strict procedure. The program's aim is to build directly applicable management expertise and create an international network of management professionals. Employees follow the Internet-based distance learning course while working.

Deutsche Börse Group's involvement in the "Finanzstandort Deutschland" initiative, which is supported by major players in the German capital market, seeks to promote Germany as a financial center. For example, this initiative has played a significant role in putting German publicly traded real estate funds, known as real estate investment trusts (REITs), on the political agenda. Deutsche Börse Group is also one of the top sponsors of Deutsches Aktieninstitut, the association of German exchange-listed stock corporations and other companies and institutions with an interest in the capital market, whose publications, workshops and public relations activities make it one of the strongest advocates for an innovative equity culture in Germany.

Deutsche Börse Group is also active in the European arena through its support for the BRUEGEL think tank, based in Brussels and founded at the end of 2004. Its aim is to forge a link between practically oriented research and policy advice for use in the international debate on economic issues. The focus of the research program is on questions surrounding Europe's competitive standing as an international business location.

Deutsche Börse Group also promotes the Centre for European Policy Studies (CEPS) in Brussels, which for many years has had an impact on the European political agenda with its publications and events.

Socially responsible investment – a challenge for investor relations

The international investment community is aware of the many ways in which the Company gets involved – and rewards it accordingly. In 2005, for example, Deutsche Börse was admitted to the Dow Jones Sustainability indices (DJSI). Since then it has garnered above-average ratings according to the economic, ecological and social parameters measured. The Dow Jones Sustainability indices, the first global group of indices to track the financial performance of over 300 companies with sustainable business practices, were launched in 1999. They provide asset managers with a guideline for managing funds that are oriented toward the issues of sustainability and socially responsible investment.

Customer Governance

Deutsche Börse pursues a strong customer governance policy. It has built up a closely woven network of relationships with its customers with the aim of harmonizing corporate goals and customer requirements. Customers and capital market experts are represented not only in the "official" bodies, such as the supervisory board prescribed by the Aktiengesetz (the German Stock Corporation Act) and the exchange councils under public law, but also in the advisory bodies and working committees that Deutsche Börse itself has set up.

The Company develops new products and services together with its customers, and key decisions by the Company are preceded by in-depth consultations with the market participants. In 2005, the supervisory and advisory bodies and the working committees dealt with questions related to the development of the new Entry Standard, improvements to floor trading and settlement efficiency, and the effects of the extension of Eurex trading hours, among other things. Prior to the launch of new releases (CCP, Eurex®), customers are likewise consulted and their suggestions taken on board.

The list of committees on the following pages reflects Deutsche Börse Group's conviction that customers are the number one priority in the way the Group thinks and acts. In many committees, external members work in close cooperation with Deutsche Börse Group employees. Deutsche Börse Group would like to thank all the companies that have sent representatives to these supervisory and advisory bodies, and all members of these bodies for their commitment.

Working Committees, Supervisory and Advisory Bodies

as at 31 December 2005

Supervisory Board of Deutsche Börse AG

The Supervisory Board is the supervisory body of Deutsche Börse AG stipulated by the Aktiengesetz (the German Stock Corporation Act). It is composed of 21 members – 14 shareholder and seven employee representatives. The key duties of the Supervisory Board include monitoring the Company's management, appointing the Executive Board, as well as approving important corporate plans and decisions (see pages 56 ff. for an extensive report of the Supervisory Board).

Kurt F. Viermetz (Chairman),
Chairman of the Supervisory Board,
Hypo Real Estate Holding
David Andrews, Xchanging
Herbert Bayer, ver.di, Department 1 Financial Services
Udo Behrenwaldt, Business consultant
Richard Berliand, JP Morgan
Birgit Bokel, Deutsche Börse
Hans-Peter Gabe, Deutsche Börse
Dr. Manfred Gentz, Chairman of the Board of Directors,
Zurich Financial Services
Richard M. Hayden, GSC Partners Europe
Craig Heimark, Hawthorne Group
Hermann-Josef Lamberti, Deutsche Bank
Silke Martinez Maldonado, Deutsche Börse
Friedrich Merz, Mayer, Brown, Rowe & Maw
Friedrich von Metzler, B. Metzler seel. Sohn & Co.
Alessandro Profumo, UniCredito Italiano
Sadegh Rismanchi, Deutsche Börse Systems
Gerhard Roggemann, Hawkpoint Partners
Dr. Erhard Schipporeit, E.ON
Dr. Herbert Walter, Dresdner Bank
Otto Wierczimok, Clearstream Banking
Johannes Witt, Deutsche Börse

Exchange Council of the Frankfurt Stock Exchange

The Exchange Council is the supreme control and supervisory body of the stock exchange under public law. The management of FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) requires the approval of the Exchange Council for issues of fundamental importance. The Exchange Council is responsible for appointing, dismissing and monitoring the general managers, among other duties. It also resolves the Stock Exchange Regulations, the Fee Regulations and the Conditions for Transactions on the Exchange.

Dr. Lutz Raettig (Chairman), Morgan Stanley Bank International
Hermann-Josef Lamberti (Deputy Chairman), Deutsche Bank
Wolfgang Beck, Scheich & Partner Börsenmakler
Dr. Patrick R. Bettscheider, MainFirst Bank
Dr. Norbert E. Bräuer, Landesbank Hessen-Thüringen
Dr. Andre Carls, comdirect bank
Dr. Edgar Ernst, Deutsche Post
Henning von der Forst, Nürnberger Beteiligung
Dr. Hans-Jörg Frantzmann, Frankfurt-Trust Investment-Gesellschaft
Prof. Dr. Wolfgang Gerke, Chair for Banking and Exchange Systems, University of Erlangen-Nuremberg
Dr. Heiner Hasford, Munich Re
Heinz Hilgert, DZ Bank
Karl Ralf Jung, Dresdner Bank
Dr. Karl-Ludwig Kley, Deutsche Lufthansa
Wolf-Dietrich Martin, Wolfgang Steubing
Friedrich von Metzler, B. Metzler seel. Sohn & Co.
Rainer Roubal, ICF Kursmakler
Heinz-Jürgen Schäfer, Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.
Dr. Mirko Scherer, GPC Biotech
Carola Gräfin von Schmettow, HSBC Trinkaus & Burkhardt
Franz Sales Waas, HSH Nordbank
Stefan Winter, UBS Deutschland
Rüdiger Wolf, equinet Securities

Issuer Markets Advisory Committee

The Issuer Markets Advisory Committee (IMAC) advises Deutsche Börse AG on the design of the listing platform and the cash market. The Committee serves as a forum for all relevant capital market participants, particularly issuers, investors, issuing houses, IPO consultants and associations. In 2005, the IMAC met three times and was involved in the development of the Entry Standard, a segment of the Open Market.

3i Deutschland
Aixtron
Allianz Dresdner Asset Management
Apax Partners
BASF
Blättchen & Partner
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Deutsche Lufthansa
Deutsche Schutzvereinigung für Wertpapierbesitz
DIRK Deutscher Investor Relations Verband
Dresdner Bank
DWS
DZ Bank
equinet
Ernst & Young Wirtschaftsprüfungsgesellschaft
Fortis Investments
Goldman Sachs
HypoVereinsbank
Jenoptik
Loewe
Merrill Lynch
Morgan Stanley
MVV Energie
QIAGEN
Sal. Oppenheim
SAP
Shearman & Sterling
T-Online International
Techem
UBS Warburg
Union Asset Management
WestLB Asset Management

Secondary Markets Advisory Committee (SMAC)

The SMAC deals with the functionality and service levels of the Xetra® platform as well as of the trading floor of the Frankfurt Stock Exchange; market models and planned developments are presented and discussed in depth. In 2005, the SMAC was involved in initiatives such as Smart Trading, Cash Market 2005, MiFID (Markets in Financial Instruments Directive), trading of subscription rights, and Automated Trading Program (ATP).

Archelon
Baader Wertpapierhandelsbank
BNP Paribas
Citigroup
Commerzbank
CortalConsors
Credit Suisse First Boston
DAB bank
Deka Bank
Deutsche Bank
Dresdner Bank
DZ Bank
Goldman Sachs
Hesse Ministry of Economics, Transport and Regional Development
HSBC Trinkaus & Burkhardt
HypoVereinsbank
ICF Kursmakler
Instinet
JPMorgan
Lehman Brothers Bankhaus
Merrill Lynch
Morgan Stanley
Société Générale
UBS Warburg
WestLB

Lead Brokers Committee

The responsibility of the Lead Brokers Committee derives from section 39b of the Börsenordnung (Stock Exchange Regulations). In the year under review the Committee was consulted on all questions and decisions relating to the allocation of instruments to specialists on the Frankfurt floor. Moreover, the Committee is consulted for further enhancements in floor trading such as price determination rules and performance measurement.

Kai Jordan, Wolfgang Steubing
Ingo Kreisinger, Baader Wertpapierhandelsbank
Jürgen Laumann, Deutsche Bank
Dr. Patricia Weisbecker, ICF Kursmakler
Michael Wilhelm, N. M. Fleischhacker

Investors Advisory Committee

The Committee is responsible for the further development of Deutsche Börse Group's product and service portfolio for institutional investors. The main focus of every meeting changes in a rotating fashion, taking the various topics of Deutsche Börse's individual business units into consideration. The topics of this year's meetings had the emphasis on Clearstream and Eurex. Discussions with leading members of the European investment and asset management community included the changing European market structure as a result of developments in the US. The Committee also discussed the role of benchmarks in traditional and alternative asset management and was informed about new services for institutional investors.

Allianz Dresdner Asset Management
BAI Bundesverband Alternative Investments
BVI Bundesverband Investment und Asset Management
Cleary, Gottlieb, Steen & Hamilton[1)]
Credit Suisse First Boston
Deka Investment
Deutsche Bank
DWS
EFAMA, European Fund and Asset Management Association
FERI Trust
Fidelity Investments International
Freshfields Bruckhaus Deringer[1)]
Gartmore Investment Management
Gassner Stockmann & Kollegen[1)]
Goldman Sachs
Hengeler Mueller Weitzel Wirtz[1)]
Linklaters O & R Oppenhoff & Rädler[1)]
Morley Fund Management
Norges Bank
Schroders Investment Management
T. Rowe Price International
UBS Global Asset Management
Union Investment Luxembourg

[1)] Guest

Supervisory Board of Eurex Zürich AG
Supervisory Board of Eurex Frankfurt AG
Supervisory Board of Eurex Clearing AG

The Supervisory Board of Eurex Zürich AG and the identically staffed Supervisory Boards of Eurex Frankfurt AG and Eurex Clearing AG are the supervisory bodies of Eurex and its subsidiaries in accordance with the German Stock Corporation Act.

Dr. Markus Granziol (Chairman)
Dr. Hugo Bänziger, Deutsche Bank
Walter Berchtold, Credit Suisse First Boston
Reto Francioni, Deutsche Börse
Dr. Heinrich Henckel, SWX Swiss Exchange
Mathias Hlubek, Deutsche Börse
Michael Kuhn, Deutsche Börse
Roger Müller, Deutsche Börse
Martin Reck, Deutsche Börse
Jürgen Karl Röthig, Deutsche Börse
Jacques de Saussure, Pictet & Cie.

Exchange Council of Eurex Deutschland

The Exchange Council of Eurex Deutschland is the supreme control and supervisory body of the stock exchange under public law.

Hermann-Josef Lamberti (Chairman), Deutsche Bank
Gustav Gass (Deputy Chairman), Gass Capital Markets
Rolf Birkert, Birkert Wertpapierhandelshaus
Dr. Norbert E. Bräuer, Landesbank Hessen-Thüringen
Dirk Freitag, Baader Service Bank
Paul Hagen, HSBC Trinkaus & Burkhardt
Heinz Hilgert, DZ Bank
Matthias Hofinger, MH Trading Wertpapierhandel
Karl Ralf Jung, Dresdner Bank
Dagmar Kollmann, Morgan Stanley Wertpapiere
Jan-Dirk Lüders, CMT Capital Markets Trading
Dr. John Mathias, Merrill Lynch, Pierce, Fenner & Smith
Friedrich v. Metzler, B. Metzler seel. Sohn & Co.
Stefan Mülheim, Citigroup Global Markets
Helmut Olivier, Lehman Brothers Bankhaus
Andreas Preuss, Mako Europe

Christian Schaffer, First Futures
Prof. Dr. Christian Schlag, Chair of Derivatives and Financial Engineering, Johann Wolfgang Goethe University Frankfurt/Main
Nicholas Teller, Commerzbank
Franz Sales Waas, HSH Nordbank
Prof. Dr. Mark Wahrenburg, Chair of Banking and Finance, Johann Wolfgang Goethe University Frankfurt/Main

Working Committee for Equity and Index Products (Eurex)

The Working Committee is composed of the most important Eurex market participants and conveys its recommendations to Eurex's management. It advises Eurex on operational and strategic issues concerning equity and index derivatives. In 2005, these issues were the conversion of market making to permanent listing, the launch of new products (volatility and single-equity futures) and functions, and the effects of the extension of trading hours.

Archelon Deutschland
Banque Cantonale Vaudoise
BNP Paribas
Citigroup
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Bank
Fimat
Geneva Trading
Goldman Sachs
HSBC Trinkaus & Burkhardt
HypoVereinsbank
JPMorgan Securities
Lehman Brothers
Liquid Capital
Mako Global Derivatives Trading
Merrill Lynch
Morgan Stanley
Optiver
Société Générale
Timber Hill
UBS
WestLB

Working Committee for Interest Rate Products (Eurex)

The Working Committee is composed of Eurex market participants and advises the derivatives exchange on the parameters for interest rate products traded on the Eurex® platform. This Working Committee is also asked for advice on the development and introduction of functionality for entering over-the-counter (i.e. off-exchange) orders, an area in which Eurex offers settlement as well as trading of interest rate products. In 2005, the Working Committee focused on improvements in the interest rate options market and the relaunch of the Euro-Buxl® Future.

ABN Amro
Barclays
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Bank
Fimat
Fortis
Goldenberg, Heymeyer & Co.
Goldman Sachs
HypoVereinsbank
JPMorgan
Kyte Group
Liquid Capital
Mako Global
Man Financial
Marquette Proprietary
Morgan Stanley
RefCo
Tradition Securities
UBS Warburg

Working Committee for Clearing (Eurex)

The objective of the Working Committee for Clearing is the development and optimization of Eurex's clearing infrastructure in the interests of all market participants involved in the clearing process. Against this backdrop, the Working Committee issues recommendations and prepares decisions, which in its four meetings in 2005 led to the introduction of Eurex Release 8.0 and the extension of trading hours.

ABN Amro
Barclays
BNP Paribas
Citigroup
Credit Suisse First Boston
Deutsche Bank
Dresdner Kleinwort Wasserstein
dwpbank
Fimat International Banque
Fortis Bank Global Clearing
Goldman Sachs International
HSBC Trinkaus & Burkhardt
HypoVereinsbank
ING BHF-Bank
JPMorgan Securities
Morgan Stanley
UBS Warburg

Working Committee for Equity Clearing (Eurex)

The Working Committee for Equity Clearing helps to design cash market clearing for equity products at a functional level. The Committee provides a platform for discussing all issues brought up by the clearing house Eurex Clearing or members of the Working Committee. In 2005, the Working Committee provided valuable feedback during the simulation and launch of the central counterparty (CCP) Release 2.0, part 2 (enhancement of instruments) and Release 3.0 (fixed-income products). Topics were the introduction of UK products, which were developed in conjunction with the Committee. The Committee held two separate meetings and two meetings with the Fixed Income Clearing Committee.

BNP Paribas
Citibank
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Kleinwort Wasserstein
DZ Bank
Fortis
HSBC Trinkaus & Burkhardt
HypoVereinsbank
Morgan Stanley
TXB LB Transaktionsservice
WestLB

Working Committee for Fixed Income Clearing (Eurex)

The Working Committee for Fixed Income Clearing is composed of Eurex Bonds® and Eurex Repo® clearing members. It is asked to advise Eurex Clearing AG on the development of clearing and CCP services for fixed-income products. The Committee also provides a platform for discussions brought up by the clearinghouse or the Committee members. In the course of the simulation and launch of the CCP 3.0 Release (FI CCP) and Euro GC Pooling the Working Committee provided valuable feedback in 2005. Accordingly, the development of future releases in conjunction with the Committee helps to meet customer requirements. In 2005, the Committee met four times and held two combined meetings with the Equity Clearing Committee.

Bayerische Landesbank
Commerzbank
Deutsche Bank
Deutsche Bundesbank
Dresdner Kleinwort Wasserstein
dwpbank
Fimaseba
HypoVereinsbank
Landesbank Baden-Württemberg
Landesbank Hessen-Thüringen
Morgan Stanley
TXB LB Transaktionsservice

Working Committee for Equity Indices

The Working Committee issues recommendations for the composition of Deutsche Börse AG's selection indices based on fixed index rules. In addition, the Committee advises the Company on issues related to index structuring and updates to the rules. In 2005, the Committee met four times.

BNP Paribas
Commerzbank
Deutsche Bank
Dresdner Bank
DZ Bank
HypoVereinsbank
ING BHF-Bank
MEAG Asset Management
Sal. Oppenheim
UBS Investment Bank
WestLB

Clearstream International Board of Directors

The Clearstream International Board of Directors is a "single board" in line with the US/UK model. It currently includes four Managing Directors of Deutsche Börse Group along with 15 external directors.

André Roelants (Chairman), Clearstream International
Reto Francioni (Deputy Chairman), Deutsche Börse
Michel Bois, CA CE IS
Andrew Bruce, Barclays
Ernst-Wilhelm Contzen, Deutsche Bank Luxembourg
Guillaume Fromont, Crédit Agricole Investor Services
Matthias Ganz, Deutsche Börse
Dr. Ralf Gissel, Deutsche WertpapierService Bank
Mathias Hlubek, Deutsche Börse
Dominique Hoenn, BNP Paribas
Marc Hoffmann, Dexia BIL
Eric Hollanders, ING Wholesale Bank
Josef Landolt, UBS
Jean Meyer, Banque Générale du Luxembourg
Dr. Lutz Raettig, Morgan Stanley Bank International
Paul Schonenberg (Staff Delegation President), Clearstream International
Renato Tarantola, Cassa di Compensazione e Garanzia
Jeffrey Tessler, Clearstream International
Francesco Vanni d'Archirafi, Citigroup
Roberto Vicario, BBVA
Antonio Zoido, Bolsa de Madrid

User Advisory Board – Clearstream Banking Luxembourg

The User Advisory Board is the discussion forum for top Clearstream customers. In three meetings in 2005 the Board advised Clearstream's management with regard to business development, new projects and strategic initiatives.

ABN Amro Mellon
Banca Intesa
Banque de Luxembourg
Barclays
BNP Paribas
Citigroup
Commerzbank
Credit Suisse Financial Services
Deutsche Bank
Dexia BIL
Financial Markets Service Bank
Fortis Group
ING Group
IXIS Investor Services
Kredietbank Luxembourgoise
UBS

Advisory Board – Clearstream Banking Frankfurt

This Advisory Board, which is composed of representatives from all key customer groups, advises the Executive Board of Clearstream Banking AG, Frankfurt, and the Group Executive Management of Clearstream International in all questions relating to the German settlement business. In 2005, it particularly discussed the further increased settlement efficiency, achieved by the implementation of a real-time standard during night-time processing, the impact of regulatory initiatives on the German securities administration infrastructure and additional strategic projects, such as the cooperation with the Bundesbank (Germany's central bank) with respect to the Europe-wide introduction of Target2, the interbank payment system of the EU.

BNP Paribas
Citibank
Commerzbank
Deutsche Bank
Deutsche Bundesbank[1)]
Dresdner Bank
dwpbank – Deutsche WertpapierService Bank
etb european transaction bank
Financial Markets Service Bank
ING BHF-Bank
Morgan Stanley
TXB LB Transaktionsservice

[1)] Permanent guest

Technical Advisory Committee

The core responsibility of the Technical Advisory Committee is the further development of the IT infrastructure. The Committee is composed of IT managers from key customers of Deutsche Börse Group and represents their interests regarding short-term and medium-term IT requirements. In 2005, three meetings took place to achieve close coordination with the market participants in major activities such as the Eurex® network upgrade and the extension of Eurex trading hours. In addition, the Committee provided an outlook of planned releases in 2006 for Clearstream Banking Frankfurt and Luxembourg, CCP and Eurex to involve participants at the earliest possible stage.

Barclays Capital
BNP Paribas
Citigroup
Commerzbank
Credit Suisse First Boston
DekaBank Deutsche Girozentrale
Deutsche Bank
Dresdner Bank
dwpbank Deutsche WertpapierService Bank
DZ Bank
EEX European Energy Exchange
Fimat
Goldman Sachs
HypoVereinsbank Systems
ING BHF-Bank
Irish Stock Exchange
JPMorgan Securities
Man Financial
Merrill Lynch
Morgan Stanley
Österreichische Kontrollbank
Société Générale
SWX Swiss Exchange
UBS

Technical Advisory Board

The Technical Advisory Board advises the Executive Board of Deutsche Börse AG on all issues relating to the development of the Group's IT and data processing organization. The Board primarily consists of managers of IT and IT-related units from companies active in the financial markets.

Wolfgang Schmidt, T-Systems International (Chairman)
Dr. Thomas Noth, FinanzIT (Deputy Chairman)
Martin Bouwers, Barclays Capital
Stephen David Bowen, Xchanging
Wolfgang Gaertner, Deutsche Bank
Dr. Gerd Gouverneur, Dresdner Bank
Gerd Gresens, Commerzbank
Manfred Hartmann, HSBC Trinkaus & Burkhardt
Burkhard Oppenberg, DZ Bank
Frank Roth, Bayerische Hypo- und Vereinsbank
Dr. Michael Ruhrländer, TXB LB Transaktionsbank
Karin Weiser-Ruhl, ING BHF-Bank

Financial Report 2005 Deutsche Börse AG

Group Management Report

Deutsche Börse AG prepared its consolidated financial statements for the year ended 31 December 2005 in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU. As stipulated by section 315a of the HGB (Handelsgesetzbuch – German Commercial Code), they are supplemented by a group management report prepared in accordance with section 315 of the HGB. The group management report also takes into account the requirements of DRS 15 (Deutscher Rechnungslegungsstandard – German Accounting Standard).

Business and operating environment

Development of the financial markets

Worldwide, the financial markets developed very positively in 2005. In the United States, this development took place in an environment of sustained economic growth; as in the previous year, real GDP increased by some 4 percent. By contrast, the growth rate in the European Union and Germany in 2005 reached only around 1 percent. However, a rise in corporate profits and the brighter European economic outlook for 2006 contributed to the strong performance of the financial markets.

In this environment, Deutsche Börse Group's cash and derivatives markets, as well as its settlement and custody business, developed extremely positively. The volume of business conducted throughout the year under review was significantly greater than in the previous year.

The European equity markets gained in the course of the year, in some cases significantly. On 31 December 2005, most of the leading share indices closed substantially up on their opening levels for the year. For example, the blue-chip index DAX® rose by 27 percent to 5,408 points in the past year without experiencing any notable phases of weakness. Despite the continued low volatility, trading volumes on the major European stock exchanges increased significantly as against the previous year.

Trading activity by selected European cash market operators	Transactions (single counted) in 2005 millions	Change 2005 vs. 2004 %
Deutsche Börse	87.7	+20
Euronext	78.1	+15
London Stock Exchange	66.3	+24
OMX Exchanges	21.3	+25[1]

Source: Federation of European Securities Exchanges (FESE), own calculations
[1] The figures for 2004 were adjusted to reflect the integration of the Copenhagen Stock Exchange into OMX.

The trend in trading activity on the derivatives markets in 2005 was also extremely positive worldwide. This was driven by stronger demand for interest rate products as well as equity- and index-based products. Eurex's increase in trading volumes for interest rate products was primarily due to the development of long-term interest rate levels in Europe. The growth in trading volumes for equity- and index-based products can be attributed to the higher trading activity in the equity markets, as well as to the increasing use of equity and index derivatives in investment strategies.

Trading activity on selected derivatives exchanges	Traded contracts in 2005 millions	Change 2005 vs. 2004 %
Eurex	1,248.7	+17
CME	1,090.4	+35
CBOT	674.7	+12
Euronext.Liffe	605.9	+7[1]

Source: The exchanges listed
[1] Euronext.Liffe has adjusted its 2004 figures to reflect changes in contract specifications.

According to the Bank for International Settlements, the face value of fixed-income securities issued internationally by European issuers – a relevant figure for Deutsche Börse Group's custody business – increased by 16 percent to €6.8 trillion between December 2004 and September 2005. In the same period, the face value of securities issued nationally by European issuers rose by only 2 percent. The growth in the issuing volume of fixed-income securities is primarily due to low interest rates and the resulting attractive financing opportunities for issuers. The trend towards the issue of international securities continued in the year under review.

International fixed-income securities	Face value € trillions[1]	Growth %[2]
From issuers worldwide	11.9	+15
of which in Europe	6.8	+16
of which in Germany	1.4	+21

Source: Bank for International Settlements
1) As at end of September 2005
2) End of December 2004 to end of September 2005

Overview of Deutsche Börse Group

Legal Group structure

Deutsche Börse Group is composed of Deutsche Börse AG and its subsidiaries, associates and joint ventures. Deutsche Börse AG itself operates Deutsche Börse Group's cash markets and sells price information of its cash and derivatives markets. The derivatives markets and clearing services are business areas of Eurex Zürich AG and its subsidiaries, while Clearstream International S. A. and its subsidiaries are responsible for the settlement of securities transactions and securities custody. Deutsche Börse Systems AG and the Clearstream subgroup build and operate Deutsche Börse Group's technological infrastructure. Deutsche Börse AG's basis of consolidation is presented in full in note 2 of the Notes to the Consolidated Financial Statements.

Management and control

As a German stock corporation, the legal bodies of Deutsche Börse AG are the Annual General Meeting, the Supervisory Board and the Executive Board, each of which have their own areas of responsibility.

The Annual General Meeting resolves the appropriation of the unappropriated surplus, appoints the Supervisory Board and approves the act of the Executive Board and the Supervisory Board retrospectively. In addition, it resolves corporate actions and other matters governed by the Aktiengesetz (AktG – German Stock Corporation Act). The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the Company. Members of the Supervisory Board are appointed for a period of three years; however, when electing members to the Supervisory Board, the Annual General Meeting may determine a shorter term of office. The Supervisory Board of Deutsche Börse AG is composed of 21 members: 14 shareholder and seven employee representatives. The Executive Board is responsible for managing the Company. The Chief Executive Officer coordinates the activities of the Executive Board members. As at 31 December 2005, the Executive Board of Deutsche Börse AG was composed of six members.

Organizational structure

Deutsche Börse Group's organizational structure is function-based and reflects the three core functions of its business model: building of trading, clearing, settlement and custody systems (Technology/Systems), operating these systems (Operations) and loading them with transactions (Customers/Markets).

Reporting segments

For the purposes of financial reporting, Deutsche Börse Group's business activities are composed of the following segments: Xetra (cash market: electronic trading platform, floor trading and clearing services), Eurex (derivatives market: electronic trading platform and clearing services, over-the-counter trading platforms), Market Data & Analytics (sale of price information and information distribution), Clearstream (settlement of securities transactions, custody of securities, global securities financing services) and Information Technology (building and operation of technological infrastructure).

Overview of business development in the year under review

Thanks to the strong performance of the financial markets, business development in 2005 clearly exceeded the expectations of both the Company and the market. Fundamental macroeconomic factors, such as index levels and interest rates, developed positively from the Company's perspective. Thanks to its business model, which integrates all stages of the securities business value chain, Deutsche Börse Group derived above-average benefit from the positive trend on the financial markets. On the back of these developments, the Group recorded the best results in its history in 2005.

Sales revenue rose by 13 percent to €1,631.5 million (2004: €1,449.6 million). As total costs for the year under review increased only slightly, by 3 percent to €1,145.6 million (2004: €1,110.1 million), the growth in sales revenue had a direct impact on earnings: EBITA (earnings before interest, taxes and goodwill amortization and impairment) rose by 35 percent to reach a new record level of €710.9 million (2004: €527.6 million). This illustrates the advantages of Deutsche Börse Group's fixed cost-based business model, which allows higher transaction volumes to be processed while leaving costs essentially unchanged.

Deutsche Börse Group's key performance figures		2005	2004	Change %
Sales revenue	€m	1,631.5	1,449.6	+13
EBITA	€m	710.9	527.6	+35
Net income	€m	427.4	266.1	+61
Earnings per share	€	4.00	2.38	+68

Description of the Group's internal management control system

Deutsche Börse Group's internal management control system is primarily based on the management control indicators EBITA, costs, return on equity and net tangible equity.

Deutsche Börse Group manages EBITA, which is one of the most important performance indicators, via sales revenue and costs. The Company's sales revenue is largely dependent on three factors: the development of the financial markets (e.g. transaction volume growth on the cash market), structural changes affecting the financial markets (e.g. the increasing use of derivatives for investment strategies) and the launch of new products and services. While the Company cannot affect developments on the financial markets, it is able to exert an influence on the latter two factors, whether in part or in full.

With regard to the Company's costs, a distinction is made between other operating expenses, staff costs, depreciation and amortization expense (excluding goodwill amortization and impairment) and fee and commission expenses from banking business. With the exception of consulting costs, other operating expenses are largely fixed costs. Consulting costs primarily arise in conjunction with software development and can therefore be controlled by the Company. Staff costs are primarily fixed costs. However, they generally increase in line with inflation even when the number of employees remains unchanged; in addition, they may be subject to one-time factors. The amount of depreciation and amortization expense depends on the level of past investment. Fee and commission expenses from banking business are a strictly variable cost component whose amount depends on the development of the Group's settlement and custody business. They consist of commission payable by the Clearstream subgroup to settlement and custody services providers.

In November 2004, Deutsche Börse Group had published an EBITA target for 2005 of around €600 million. As the performance of the financial markets in the year under review was better than expected, this target could be clearly exceeded, with EBITA totalling €710.9 million.

The consolidated return on equity after taxes is another key figure underlying Deutsche Börse Group's strategy. In 2005, the Group generated a return on equity of 17.7 percent (2004: 10.9 percent). The increase is largely due to the significant rise in consolidated net income in the year under review.

As part of the capital management program, Deutsche Börse Group uses the net tangible equity as an additional key performance indicator. The aim of this program is to distribute funds not required for the Group's operating business to shareholders. The program is described in detail in the "Financial position" section of the Group management report (see page 96).

Research and development activities

In its core business, Deutsche Börse Group develops technological infrastructure for the capital markets and operates the IT systems needed to do this. Continuously developing its trading, clearing, settlement and custody systems and expanding its product portfolio are critical growth factors. Research and development spending is targeted primarily at developing new products, with research only taking a minor share. Product innovations partly demand modifications to existing IT systems, so product and software development are closely linked.

Deutsche Börse Group, before elimination of intra-Group profits, invested €86.9 million in product and systems development in 2005 (2004: €100.3 million). Under IFRSs, the share of costs directly attributable to internal development of new software is capitalized and amortized over the expected useful life. €27.8 million of development costs, after elimination of intra-Group profits, was capitalized in the year under review (2004: €44.8 million). Development costs are presented in detail in note 6 of the Notes to the Consolidated Financial Statements.

Product development involves various areas throughout the Group. In the case of critical or substantial new or further developments or enhancements, the individual measures are combined to form cross-segment projects under uniform management and supervision. Important decisions are also discussed in the Group-wide committees.

The systems in the Xetra and Eurex segments were enhanced again in 2005. Key events included the expansion of the central counterparty (CCP) for the cash market and the further development of Eurex software (Eurex Release 8.0). In the Clearstream segment, the focus was on further developments to optimize global securities financing services and to improve the market infrastructure.

Employees

In the year under review, the number of employees at Deutsche Börse Group fell by 10.5 percent to 2,921 (as at 31 December 2005); this was largely due to the sale of entory AG and its subsidiaries. Adjusted for the sale of the entory subgroup, the number of employees as at the balance sheet date decreased by 24 (as at 31 December 2004 without entory: 2,945). Deutsche Börse had an average of 3,179 salaried employees in 2005 (2004: 3,255). There was an average of 2,979 full-time equivalent (FTE) employees during the year (2004: 3,080).

In the course of financial year 2005, 166 employees left Deutsche Börse Group, resulting in a staff turnover rate of 5.7 percent, equivalent to the previous year's rate.

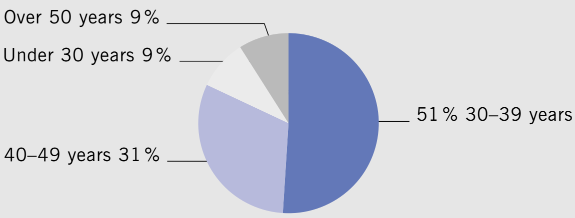
Sales revenue per employee amounted to €548 thousand (2004: €471 thousand), while staff costs per employee totalled €136 thousand (2004: €109 thousand).

As at 31 December 2005, Deutsche Börse Group had employees at 14 locations. The key locations and regions are:

Employees per region	31 Dec. 2005	%
Germany	1,564	54
Luxembourg	1,110	38
United Kingdom	71	2
Rest of Europe	88	3
North America	66	2
Asia	18	1
Middle East	4	0
Total	**2,921**	

The employees' age structure as at 31 December 2005 was as follows:

Deutsche Börse Group employees' age structure



An analysis of the length of service of the Group's employees as at 31 December 2005 showed the following result:

Employees' length of service	31 Dec. 2005	%
Less than 5 years	947	32
5 to 15 years	1,593	55
More than 15 years	381	13
Total	**2,921**	

As at 31 December 2005, the percentage of graduates among Deutsche Börse Group's employees was 50.3 percent. This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied technology, or a professional academy, as well as employees who have completed studies abroad.

In total, the Company invested an average of 3.5 days per employee in staff training.

Environmental protection

Caring for the environment and natural resources has always been a core component of Deutsche Börse Group's activities. Its business operations – building, operating and loading of IT systems – do not entail any direct environmental risk. All environmental protection measures therefore relate to the infrastructure of its office buildings in Frankfurt and Luxembourg, and to the selection and monitoring of suppliers.

The Frankfurt headquarters to which Deutsche Börse AG moved in 2000, as well as the buildings for the Luxembourg subsidiary Clearstream International S.A. that opened in 2003, were all designed to take advantage of state-of-the-art energy-saving concepts. Environmental protection also plays a role in day-to-day operations, in particular through consistent waste separation and the specific selection and monitoring of utilities and disposal companies. In the year under review, for example, a second cold water circuit was installed at the Company's primary data center in Frankfurt to reduce energy consumption and noise pollution. In the case of waste, entertainment and cleaning management, Deutsche Börse Group chooses materials on the basis of their suitability for recycling, and reuse in appropriate recirculation systems is ensured. For example, the volume of waste in Luxembourg alone was cut by 35 percent in 2005.

Deutsche Börse shares

Deutsche Börse's share price rose by 95 percent in the course of 2005, closing the year at €86.56 (2004: €44.28). The high for the year was €89.67 and the low €43.76 (Xetra® closing prices).

In 2005, investors enjoyed an annual return of 97 percent (price gains plus dividend). In the same period, investments on the DAX, the German blue-chip index, generated a return of 27 percent.

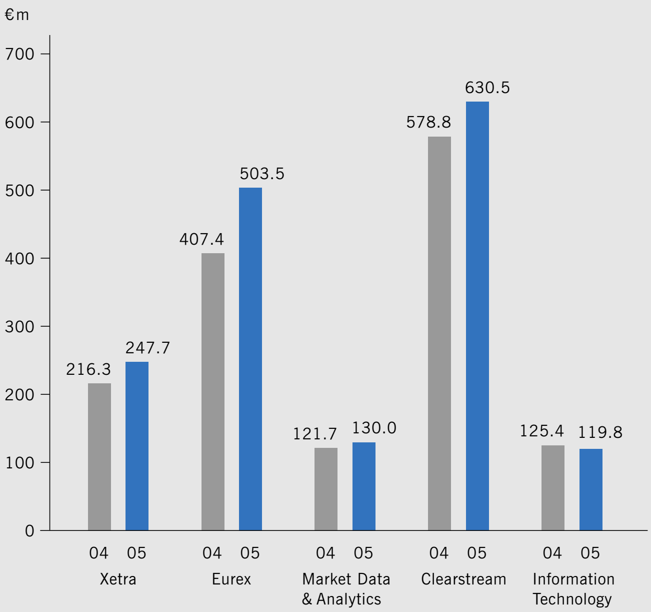
Following the publication of the proposed bid for the London Stock Exchange plc, which was later withdrawn, the shareholder structure became even more international. As at 31 December 2005, around 90 percent of the shareholders were domiciled abroad (2004: around 65 percent). The proportion of institutional investors also increased as a result of this development, accounting for around 97 percent of the Company's shares as at 31 December 2005 (2004: around 93 percent).

Results of operations, financial position and net assets

Results of operations

In 2005, Deutsche Börse Group's sales revenue increased by 13 percent to €1,631.5 million (2004: €1,449.6 million), due to the positive development of the financial markets. In absolute terms, this increase was driven in particular by the Eurex and Clearstream segments.

Sales revenue by segment



In addition to sales revenue, Deutsche Börse Group's total revenue includes net interest income from banking business, own expenses capitalized and other operating income. Net interest income is dependent on the one hand on the development of Clearstream's international settlement business and on the other hand on the development of short-term interest rates in the euro zone and the US. It increased by 46 percent to €112.7 million in the year under review (2004: €77.1 million). Own expenses capitalized fell by 38 percent to €27.8 million (2004: €44.8 million) due to the slightly lower level of development activity and the rather conservative approach to capitalization in 2005. Other operating income, which increased by 23 percent to €79.1 million in the year under review (2004: €64.2 million), resulted primarily from the operational management of the Eurex Zürich derivatives exchange for SWX Swiss Exchange AG.

Deutsche Börse Group's EBITA increased by 35 percent year-on-year to €710.9 million (2004: €527.6 million). The EBITA margin rose to 44 percent (2004: 36 percent). This development was due in particular to the Eurex and Clearstream segments.

EBITA and profitability by segment

	2005		2004	
	EBITA €m	EBITA margin %	EBITA €m	EBITA margin %
Xetra	112.6	45	86.2	40
Eurex	253.9	50	174.9	43
Market Data & Analytics	45.5	35	45.1	37
Clearstream	233.4	37	177.5	31
Information Technology	91.1	20[1]	89.8	19[1]
Corporate Services	–33.2	–	–44.3	–
Reconciliation	7.6	–	–1.6	–
Total	**710.9**	**44**	**527.6**	**36**

[1] EBITA / (internal + external sales revenue)

The improved earnings situation as against the previous year is primarily due to the growth in sales revenue. Costs increased only slightly in the year under review, rising by 3 percent to €1,145.6 million. However, the development of the individual cost components was varied: while fee and commission expenses from banking business and staff costs were higher year-on-year, in some cases substantially, there was a reduction in consumables used, depreciation and amortization expense (excluding goodwill amortization and impairment) and other operating expenses.

The sharp rise in staff costs is due partly to one-time factors, such as a special bonus payment to employees and payments for termination benefits, as well as to higher costs in connection with the stock option plan for Executive Board members and senior executives of Deutsche Börse AG and its subsidiaries. Higher provisions had to be recognized after the Company's share price significantly outperformed the benchmark index Dow Jones STOXX® 600 Technology (EUR) (Return). The stock option plan is presented in detail in note 48 of the Notes to the Consolidated Financial Statements.

The increase in staff costs was partially offset by the decline in other operating expenses. Expenses relating to software development in particular were reduced.

The decrease in consumables used is attributable to the sale of the entory subgroup and its subsidiaries to Softlab GmbH with effect from 1 October 2005 and hence the elimination of consumables used in Q4/2005.

Cost overview	**2005** €m	**2004** €m	**Change** %
Fee and commission expenses from banking business	136.5	118.5	+15
Consumables used	25.7	33.6	–24
Staff costs	406.1	335.7	+21
Depreciation and amortization expense (excluding goodwill amortization and impairment)	161.4	191.0	–15
Other operating expenses	415.9	431.3	–4
Total	**1,145.6**	**1,110.1**	**+3**

Xetra segment

The number of transactions and the trading volume increased significantly in financial year 2005 on the back of the positive development of the equity markets. In particular, the sharp rise of the DAX in the second half of 2005 led to increased trading activity on Deutsche Börse Group's cash markets.

The number of transactions on the Xetra electronic trading system grew by 17 percent to 81.3 million, while the number of transactions on the floor of the FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) rose by 20 percent to 79.8 million.

Transactions on Xetra® and the Frankfurt Stock Exchange floor (in thousands)

	Xetra		Floor trading	
	2005	2004	2005	2004
Q1	19,570	20,152	19,789	23,163
Q2	19,270	16,364	17,592	15,129
Q3	21,832	15,748	21,423	13,057
Q4	20,630	17,108	21,013	15,361
Total	**81,302**	**69,372**	**79,817**	**66,710**

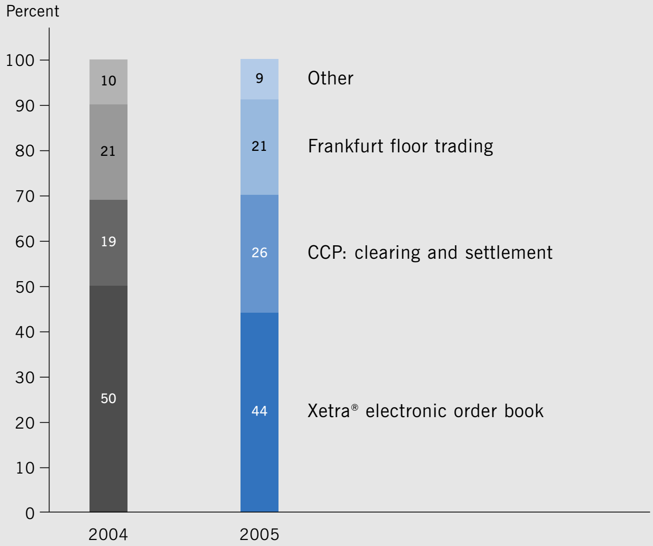
The trading volume (single counted) on the Xetra electronic trading system and on the floor of the Frankfurt Stock Exchange increased by 25 percent to €1,125.5 billion and by 4 percent to €115.9 billion respectively.

All in all, the Xetra segment increased its sales revenue by 15 percent to €247.7 million (2004: €216.3 million). Key factors in this development were income from Xetra and floor trading, as well as the equity central counterparty (CCP), listing fees and income from cooperation arrangements.

Following the change in the pricing models for the Xetra electronic trading system and the CCP with effect from 1 January 2005, the breakdown of sales revenue in the Xetra segment has shifted in favour of the CCP.

EBITA in the Xetra segment rose by 31 percent year-on-year to €112.6 million (2004: €86.2 million), producing an EBITA margin of 45 percent (2004: 40 percent). With costs remaining essentially unchanged compared with the previous year, the increase in the Xetra segment's profitability is due mainly to the growth in sales revenue.

Breakdown of sales revenue in the Xetra segment



Eurex segment

Trading volumes on the Eurex derivatives exchange, a joint venture of Deutsche Börse AG and SWX Swiss Exchange AG, remained at a high level throughout the year. The development of long-term interest rates in the euro zone resulted in high contract volumes in capital market product trading in the first half of 2005 in particular. In the second half of 2005, equity- and index-based products recorded high growth rates on the back of the pronounced upward trend on the equity markets.

Overall, trading activity increased by 17 percent year-on-year to a new record level of 1,249 million traded contracts (2004: 1,066 million).

Contract volumes in Eurex's product groups	2005 millions of contracts	2004 millions of contracts	Change %
Equity index products	334	279	+20
Equity products	256	212	+21
Capital market products:	659	575	+15
Euro-Bund Future	299	240	+25
Euro-Bobl Future	158	159	–1
Euro-Schatz Future	141	123	+15
Other products	61	53	+15
Total	1,249	1,066	+17

For many years, Eurex trading volumes have largely been based on orders from international market participants, whose share of the total trading volume remained unchanged year-on-year in 2005 at 81 percent.

Sales revenue rose by 24 percent year-on-year to €503.5 million (2004: €407.4 million). This was a result of increased trading activity and the revised split of Eurex's revenue and earnings between Deutsche Börse AG and SWX Swiss Exchange AG. Since the start of 2005, Deutsche Börse AG has received 85 percent of Eurex's revenue and earnings and SWS Swiss Exchange AG receives 15 percent. In previous years, the split was 80 percent for Deutsche Börse AG and 20 percent for SWX Swiss Exchange AG.

EBITA in the Eurex segment rose by 45 percent year-on-year to €253.9 million (2004: €174.9 million), producing an EBITA margin of 50 percent (2004: 43 percent). Costs increased slightly as against the previous year; this was due to higher staff costs and amortization relating to the Eurex US derivatives exchange in the USA.

Market Data & Analytics segment

In 2005, sales of information and services for financial market data in the Market Data & Analytics segment developed steadily across all areas (sales of price information, index business and reference data business).

The sales revenue generated by the segment rose by 7 percent year-on-year to reach €130.0 million (2004: €121.7 million). The distribution of real-time data from the cash and derivatives markets operated by Deutsche Börse Group accounted for around 79 percent of this figure (2004: 77 percent).

EBITA in the Market Data & Analytics segment increased slightly by 1 percent to €45.5 million (2004: €45.1 million), while the EBITA margin amounted to 35 percent (2004: 37 percent). Despite the growth in sales revenue, earnings did not improve significantly as against the previous year.

This was due to higher staff costs and increases in other operating expenses resulting from investments in products and services.

Clearstream segment

Business in the Clearstream segment was driven by the increase in the number of settlement transactions and the growing volume of securities under custody.

The overall value of securities deposited with Clearstream, which is the decisive factor for the level of deposit fees in the custody business, rose by 15 percent to €8,752 billion (2004: €7,593 billion). The value of the securities deposited with Clearstream Banking S. A. increased by 17 percent to €3,425 billion (2004: €2,937 billion). Among other things, this positive development was due to the higher issue volume of international fixed-income securities. The value of the securities deposited with Clearstream Banking AG rose by 14 percent to €5,326 billion (2004: €4,657 billion); this was mainly due to the higher valuation of the domestic equities deposited.

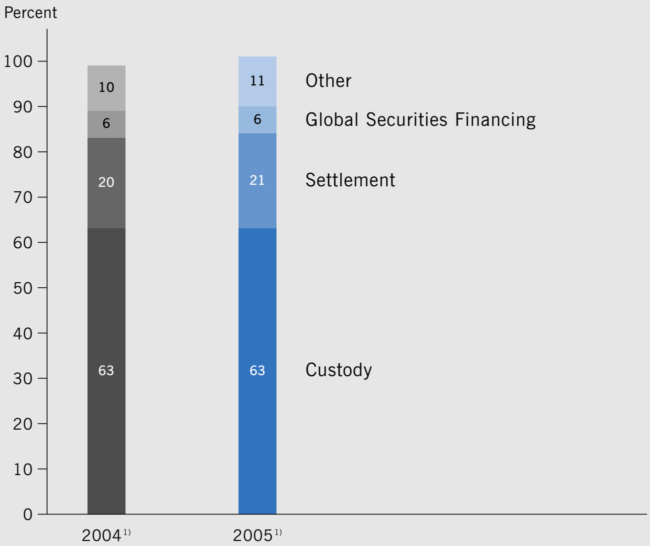
In Clearstream's settlement business, the number of international settlement transactions rose substantially by 19 percent to 20.4 million due to the increase in trading in international securities, particularly Eurobonds. By contrast, Clearstream Banking AG's domestic settlement activities grew only slightly, despite the significant rise in trading activity on the cash markets: the number of settlement transactions increased from 32.8 million in 2004 to 33.5 million in 2005. The main reason for this comparatively small increase was the expansion of the CCP to include transactions in foreign equities and exchange-traded index funds. The CCP acts as a counterparty between the trading parties and offsets buy and sell orders against each other (netting). This substantially reduces the number of settlement transactions required.

In the case of its Global Securities Financing services, which primarily comprise the tripartite repo, collateral management and securities lending products, Clearstream increased the average monthly outstanding volume by 55 percent to €210.9 billion in December 2005 (December 2004: €136.4 billion).

Clearstream segment: Key indicators	**2005**	**2004**	**Change**
Average cash reserves	€bn	€bn	%
Total	3.796	3.194	+19
Euro	1.650	1.395	+18
US dollar	1.181	1.109	+6
Other currencies	0.965	0.690	+40
Custody	€bn	€bn	%
Value of securities deposited as at 31 December	8,752	7,593	+15
Clearstream Banking S. A., international	3,425	2,936	+17
Clearstream Banking AG, international	510	339	+50
Clearstream Banking AG, domestic	4,816	4,318	+12
Settlement	m	m	%
Securities transactions	53.9	50.0	+8
Clearstream Banking S. A., international	14.5	12.6	+15
Clearstream Banking AG, international	5.9	4.6	+28
Clearstream Banking AG, domestic	33.5	32.8	+2
Global Securities Financing	€bn	€bn	%
Average outstanding volume in December			
Clearstream Banking S. A., international	210.9	136.4	+55

In 2005, the Clearstream segment increased its sales revenue by 9 percent to €630.5 million (2004: €578.8 million) and its net interest income from banking business by 46 percent to €112.7 million (2004: €77.1 million).

Breakdown of sales revenue in the Clearstream segment



1) Due to rounding, the total does not equal the sum of the individual figures shown.

Clearstream segment EBITA rose by 31 percent to €233.4 million (2004: €177.5 million). The EBITA margin improved substantially to 37 percent (2004: 31 percent) due to the fact that costs remained essentially unchanged year-on-year while sales revenue increased sharply.

Information Technology segment

The Information Technology segment reported a stabilization in demand for IT services. To increase the focus on the products and services business along the capital market infrastructure supply chain, the entory subgroup and its subsidiaries were sold to Softlab GmbH with effect from 1 October 2005. In financial year 2005, hence, segment sales revenue generated from external business partners decreased by 4 percent to €119.8 million (2004: €125.4 million). The internal sales revenue generated from business with other segments within Deutsche Börse Group, however, remained stable year-on-year to reach €340.6 million (2004: €340.0 million).

In 2005, EBITA in the Information Technology segment increased only slightly by 1 percent to €91.1 million (2004: €89.8 million). This reflected several effects that largely offset each other overall. The increase in staff costs due to the stock option plan and the special bonus paid to employees impacted EBITA, while positive effects resulted from the sale of the entory subgroup. The portion of the total proceeds from the sale in excess of the carrying amount of the entory subgroup was recognized as other operating income in the fourth quarter.

Development of profitability

Deutsche Börse Group's return on equity – the ratio of after-tax earnings to the average equity available to the Company in 2005 – rose to 17.7 percent (2004: 10.9 percent). This was largely due to the growth in earnings, but also affected by the fall in equity relating to the capital management program.

The weighted average cost of capital (WACC) after taxes amounted to 6.7 percent in the year under review (2004: 6.9 percent). WACC is generally used as the discount rate when valuing companies using the so-called discounted cash flow method.

Deutsche Börse's cost of capital	2005 %	2004 %
Risk-free interest rate[1]	3.4	3.7
Market risk premium	5.0	5.0
Beta[2]	1.0	0.9
Cost of equity[3] (before taxes)	7.9	8.2
Cost of debt[4] (before taxes)	3.7	3.5
Tax shield[5] 37%	1.4	1.3
Cost of debt (after taxes)	2.3	2.2
Equity ratio[6] (annual average)	77	79
Debt ratio[7] (annual average)	23	21
WACC (after taxes)	6.7	6.9
WACC (before taxes)	7.0	7.2

1) Average return on ten-year German Federal Government Bonds
2) A statistical measure of the sensitivity of the price of an individual share to changes in the entire market. A beta of 1.0 means that the performance of the share is moving strictly parallel to the reference market. A beta above 1 denotes greater volatility than the overall market and a beta below 1 less volatility.
3) (Risk-free interest rate + market premium) x beta
4) Interest rate on a €500 million corporate bond issued by Deutsche Börse Finance S.A.
5) The tax shield denotes and quantifies the reduction in tax paid that arises from the deductibility of interest payments on debt and is factored into the calculation of the cost of capital.
6) 1 – debt ratio
7) (Total liabilities – financial instruments of Eurex Clearing AG – liabilities from banking business – cash deposits by market participants – total current and noncurrent provisions) / (total assets – financial instruments of Eurex Clearing AG – liabilities from banking business – cash deposits by market participants); basis: average balance sheet positions in financial year based on quarterly figures

Deutsche Börse Group's profitability is also demonstrated by its return on capital employed (ROCE). In 2005, the ROCE of 47.4 percent (2004: 30.7 percent) exceeded the weighted average cost of capital (WACC) after taxes.

Return on capital employed (ROCE)	2005 €m	2004 €m
EBITA	710.9	527.6
Intangible assets, property, plant and equipment[1]	1,595.1	1,743.4
+ Equity investments[1]	36.1	35.3
+ Cumulative goodwill amortization and impairment	184.8	236.5
+ Trade receivables and other non-interest-bearing current assets[1]	268.1	267.8
– Non-interest-bearing provisions[1]	356.5	363.1
– Non-interest bearing liabilities[1]	226.8	202.3
= Capital employed	1,500.4	1,717.6
ROCE: EBITA as % of capital employed	47.4%	30.7%

1) Average figures for the year

Financial position

Operating cash flow

Deutsche Börse Group generated strong cash flow from its operating activities of €667.7 million in 2005 (2004: €439.6 million). This increase is primarily attributable to the higher net income and an increase in current provisions.

The Group invested €64.5 million (2004: €82.9 million) in intangible assets and property, plant and equipment. Cash flows from investing activities increased to €465.5 million (2004: €–33.5 million) due to the policy of investing in short duration deposits as at 31 December 2005. The Group generated further negative cash flows of €791.3 million (2004: €64.8 million) from financing activities, mainly for the purchase of its own shares within the scope of its capital management program, which was launched in 2005.

Cash flow statement (condensed)	2005 €m	2004 €m
Cash flows from operating activities	667.6	439.6
Cash flows from investing activities	465.5	–33.5
Cash flows from financing activities	–791.3	–64.8
Cash and cash equivalents as at 31 December	1,045.3	703.4

Cash and cash equivalents amounted to €1,045.3 million at the end of 2005 (2004: €703.4 million). Strong cash flows from operating activities ensure Group liquidity. At €604.2 million (2004: €359.8 million), free cash flow, i.e. cash flows from operating activities less payments to acquire noncurrent assets, significantly exceeded the previous year's level.

Capital Management Program

Under this program, the Company is distributing funds not required for the Group's operating business to shareholders. These measures are subject to special investment needs and capitalization requirements. The program is the result of an intensive review of capital requirements, which considered the

Group's capital needs from legal, regulatory, credit rating and economic capital perspectives. In particular, to ensure the continued success of its Eurex central counterparty and Clearstream custody businesses, which account for more than half of the Group sales and operating cash flow, Deutsche Börse believes it is necessary that the Group maintains strong "AA" credit ratings. Customers in these business areas require a service provider with a strong credit rating. Net tangible equity was defined as the management performance indicator for capital requirements in 2005. An amount of around €1 billion was calculated as the minimum required to ensure the Group's strong credit rating. Deutsche Börse Group's net tangible equity amounted to €1,115.2 million as at 31 December 2005 (2004: €1,440.7 million).

In May 2005, the Company had announced its intention to distribute a total of around €1.5 billion to its shareholders in the period up to the end of May 2007. In 2005, the Company repurchased around 10.6 million shares worth €726.3 million, and paid a dividend of €74.1 million in May 2005. This means that some €800 million was distributed to shareholders in the year under review. The Company retired 5.9 million of the 10.6 million repurchased shares on 24 May 2005, and 0.1 million shares were acquired by employees on 30 June 2005 as part of the Group Share Plan. As at 31 December 2005, the remaining 4.6 million shares were held by the Company as treasury shares.

Deutsche Börse Group will continue to review its capital requirements as part of its regular planning process.

Dividend

Deutsche Börse Group aims to substantially increase its distribution ratio as part of its capital management program. In this context, a dividend of €2.10 per no-par value share will be proposed to the Annual General Meeting for fiscal year 2005 – a three-fold increase year-on-year (2004: €0.70).

For 100,278,653 shares in issue carrying dividend rights for 2005, this produces a total distribution of €210.6 million (2004: €74.1 million).

Credit ratings

Deutsche Börse AG and Clearstream Banking S.A. have commissioned the rating agencies Fitch, Moody's and Standard & Poor's to rate their creditworthiness on a regular basis. Following the announcement of the program to optimize the Group's capital structure, Fitch and Standard & Poor's downgraded their long-term ratings slightly from AA+ to AA.

Ratings of Deutsche Börse AG	**Long-term**	**Short-term**
Moody's	Aa1	P-1
Standard & Poor's	AA	A-1+

Ratings of Clearstream Banking S.A.	**Long-term**	**Short-term**
Fitch	AA	F1+
Standard & Poor's	AA	A-1+

Other

As in the previous year, Deutsche Börse AG received no government grants or other assistance in 2005.

Net assets

Deutsche Börse Group's noncurrent assets amounted to €2,007.8 million as at 31 December 2005 (2004: €2,162.7 million). Goodwill of €1,071.5 million (2004: €1,104.5 million), mainly from the acquisition of Clearstream International S.A., represented the largest part of these noncurrent assets. The Group invests primarily in trading and settlement systems, which are capitalized as software and amortized over the expected useful life. As at 31 December 2005, the balance sheet showed software with a residual carrying amount of €188.8 million (2004: €254.9 million).

Clearstream International S.A. has also invested in office real estate in Luxembourg. These buildings are partly used by the Group itself and partly let.

They were carried in the balance sheet as land and buildings (2005: €122.1 million, 2004: €124.7 million) or as investment property (2005: €107.3 million, 2004: €114.7 million).

Securities from banking business amounted to €329.4 million (2004: €355.2 million) and represented the majority of the noncurrent financial assets. As interest rates are very low, cash funds from maturing securities were reinvested in short-term deposits.

Noncurrent assets were offset by equity amounting to €2,200.8 million (2004: €2,552.5 million) and debt, mainly from a corporate bond, of €501.6 million (2004: €502.3 million).

In the year under review, the Company converted its unfunded defined benefit obligations into partly or wholly funded defined benefit obligations under a contractual trust arrangement (CTA), and removed the unfunded obligations from the balance sheet accordingly. As a result, provisions for pensions and other employee benefits fell to €26.7 million (2004: €79.0 million). This position is presented in detail in note 25 of the Notes to the Consolidated Financial Statements.

Depreciation and amortization expense (other than goodwill amortization and impairment) amounted to €161.4 million (2004: €191.0 million), while investments were considerably lower. Overall, Deutsche Börse Group invested €64.5 million in the year under review, 20 percent less than in the previous year (2004: €82.9 million). The main focus of these investments were the segments Information Technology, Eurex and Clearstream.

Technical closing date balance sheet items
The balance sheet items “current receivables and securities from banking business” and “liabilities from banking business” are technical closing date items that are strongly correlated, having fluctuated between roughly €5 and €9 billion in the year under review. These amounts mainly represent customer balances within the international Clearstream settlement business.

The balance sheet item “Financial instruments of Eurex Clearing AG” relates to the function of Eurex Clearing AG: as it acts as the central counterparty for Deutsche Börse Group’s various markets, its financial instruments are carried in the balance sheet at their fair value. The financial instruments of Eurex Clearing AG are described in detail in notes 3 and 18 of the Notes to the Consolidated Financial Statements.

Market participants linked to Eurex Clearing provide collateral partly in the form of cash deposits, which are subject to daily adjustments. The cash deposits are generally invested securely overnight by Eurex Clearing AG and reported in the balance sheet under “restricted bank balances”. The total value of cash deposits varied in the year under review between roughly €0.9 and €1.6 billion.

Working capital/operating capital
As Deutsche Börse Group debits fees for most of its services directly after the end of the month, the trade receivables of €163.2 million as at 31 December 2005 (2004: €155.0 million) were relatively low when compared with the sales revenue. For this reason, the Group had negative working capital of €–188.2 million at the end of 2005 (2004: €–76.5 million), the rise being mainly due to an increase in tax provisions. Working capital is the sum of current assets less current liabilities, excluding receivables, securities and liabilities from banking business as well as bank balances.

Risk report

Risk management is an elementary component of the management and control of Deutsche Börse Group. Effective and efficient risk management is fundamental to safeguarding the Group's interests, both in terms of its corporate goals and its continued existence. The Group has therefore established a group-wide risk management concept for processes, roles and responsibilities applicable to all staff and organizational entities of Deutsche Börse Group. This concept is designed to ensure that emerging risks can be identified and dealt with at an early stage.

Risk management: Organization and methodology
The risk management framework of Deutsche Börse Group, as stated in the Group Risk Management Policy, aims at ensuring that all threats, causes of loss and potential disruptions are properly identified in good time, centrally recorded and assessed (quantified in financial terms to the greatest possible extent). It must ensure that the most appropriate treatment is applied and that a consolidated report is submitted in good time to the Executive Board of Deutsche Börse AG. The Executive Board of Deutsche Börse AG takes direct ownership of all risk management matters.

The information on all material risks – whether existing or potential – and the related risk control measures is routinely reported on a monthly basis and, when deemed necessary, on an ad hoc basis to the Executive Board, allowing them to direct appropriate actions.

While the Executive Board is ultimately responsible for the management of all risks, Deutsche Börse Group has adopted a two-tier approach. First, there is a decentralized risk management organization where primary responsibility for risk identification, notification and control within defined parameters is assigned to the relevant departments. Second, risk assessment and risk reporting is assigned to a central function unit with Group-wide responsibilities, the Group Risk Management department.

Deutsche Börse Group has developed its own Corporate Risk structure and distinguishes between operational, financial, project and business risks (see chart on page 101).

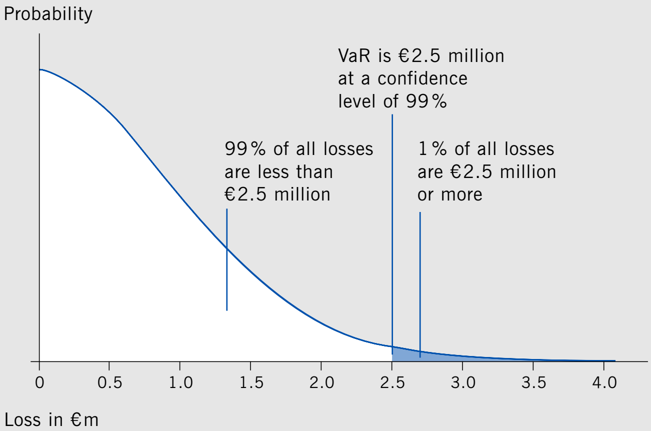
Internal Auditing ensures that the adequacy of the risk control and risk management functions is monitored through independent audits. The results of these audits are also fed into the risk management system.

Group-wide risk management instruments
Deutsche Börse Group gives considerable attention to its risk mitigation process and ensures that appropriate measures are taken for the avoidance, reduction, transfer, or intentional acceptance of the risk.

Deutsche Börse Group has installed a standardized approach for measuring and reporting all gross and residual operational, financial and business risks across its organization: the widespread concept of "value at risk" (VaR). The purpose is to allow the overall risk appetite to be expressed in a comprehensive and easily understood way, and to facilitate the prioritization of risk actions.

The VaR quantifies existing and potential risks. It denotes the maximum cumulative loss Deutsche Börse Group could face resulting from independent loss events materializing over a specific time horizon for a given probability. Deutsche Börse Group's models are based on a one-year time horizon, 99 percent confidence level and assumption of uncorrelated events.

Example illustrating risk distribution and the confidence level set at 99 percent



This means that there is a 99 percent probability that the cumulative loss within the next year will be below €2.5 million and, conversely, that there is a 1 percent probability of one or more losses occurring within the next year which, in total, will be equal to or greater than the VaR calculated.

The calculation of the VaR is a three-step process:

1. Determination of the loss distributions for every single risk: This is achieved using historical data (such as market data, default, claim or outage history) or best expert opinion. The losses related to a risk could, for example, be distributed triangularly (used e.g. for macroeconomic risks) or on a yes-no basis (used e.g. for credit risk, where a counterparty either defaults or fulfills).

2. Simulation of losses using the Monte Carlo method: A Monte Carlo simulation is used to run multiple trials of all random loss distributions at the same time in order to achieve a stable VaR calculation. This produces a spread of possible total losses.

3. Calculation of VaR on the basis of the Monte Carlo simulations: To do this, the results of the Monte Carlo simulation are arranged in descending order by size. If there are e.g. 100 simulations and a 99 percent confidence level is required, the second biggest loss is the corresponding VaR estimation.

In order to determine whether Deutsche Börse Group can bear the risk of a possible loss, the VaR calculated is compared against the then current EBITA forecasts. As at 31 December 2005, the total VaR of the Group represented less than half of its 2005 EBITA. That situation further improves when the risk mitigation provided by Deutsche Börse Group's customized insurance program is also considered.

Risk structuring and assessment

The following sections describe the relevant individual risks in more detail.

Operational risk

Operational risk encompasses all existing and newly arising risks in the context of the ongoing and continuous provision of services by Deutsche Börse Group. In terms of content, operational risk is defined as the risk of loss resulting from inadequate or defective systems and internal processes, from human or technical failure, from inadequate or

Risk system of Deutsche Börse Group

Corporate risk

Operational risks	Financial risks	Project risks	Business risks
Availability	Credit risk	Impact on operations	Macroeconomic risk
Service deficiency	Market risk	Impact on financials	Revenues
Damage to physical assets	Liquidity risk	Impact on business	Costs
Legal risks	Regulatory requirements		Regulatory evolution

defective external processes, from damage to physical assets and from legal risks. For Deutsche Börse Group, the main risks in this risk category lie in the uninterrupted and smooth delivery of its core products. In particular, they include the Xetra and Eurex cash and derivatives market trading systems, as well as the CCP, CASCADE and Creation clearing and settlement systems.

Operational risks that Deutsche Börse Group does not wish to retain and that can be insured at a reasonable price are transferred by taking out insurance policies. All insurance policies are coordinated centrally, thereby ensuring that uniform risk/cost benefit insurance cover is in place for the entire Deutsche Börse Group. The most significant policies of the insurance program are individually reviewed and approved by the Executive Board of Deutsche Börse Group.

(a) Availability risk

Availability risk results from the fact that resources essential to Deutsche Börse Group's service offering could fail, thereby making it impossible to deliver services on time or at all. This risk is therefore one of the most critical for the Group. Possible triggers include hardware and software failures, operator and security errors, and physical damage to the data centers.

For instance, it cannot be excluded that in the unlikely case of a lengthy outage of Eurex trading systems while the market is very volatile, market participants try to make significant claims against Deutsche Börse Group if they can demonstrate that they wanted to, but were unable to close their positions during the outage time.

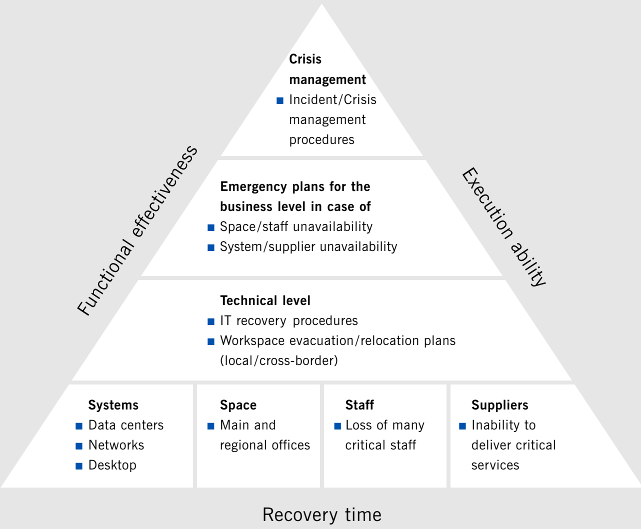
In particular, Deutsche Börse Group manages availability risk through intensive activities in the field of business continuity management (BCM). BCM encompasses all the processes that ensure business continues as normal, even if a crisis occurs, and therefore substantially reduces availability risk. It relates to arrangements for all the key resources (systems, space, staff, suppliers), including the redundant design of all critical IT systems and technical infrastructure, as well as back-up workspaces located in each of the main operational centers available for employees in critical functions.

Those BCM arrangements are regularly tested according to the three following dimensions:

- Functional effectiveness: validate that the arrangements are technically functioning
- Execution ability: ensure that staff are familiar with and knowledgeable in the execution of the plans and procedures
- Recovery time: confirm that the plans and procedures can be executed within the defined recovery time objective

This is illustrated in the diagram below.

Three dimensions of business continuity management



Service availability of Deutsche Börse Group's main products was again over 99.9 percent in 2005 and thus complied with the high standards specified for reliability.

(b) Risk of service deficiency
In contrast to availability risk, the occurrence of processing errors does not prevent Deutsche Börse Group from providing services to its customers. However, errors or omissions may occur that relate mainly to manual input. Despite all the automated systems and efforts aimed at delivering straight-through processing (STP), there is still a requirement for manual work. In addition, manual intervention in market and system management is necessary in special cases.

In 2005, sustained improvements were again made to reduce the potential risk of processing errors – either through a reduction in the amount of manual intervention necessary or through better protection. No significant losses occurred as a result of processing errors in 2005. Neither did last year provide any indication of events that could lead to significant losses in the future.

Nevertheless, it should be noted that risk management processes do not guarantee that incidents, claims and resulting loss will not occur, nor can it predict the specific occurrence of particular risk events. Despite all the risk mitigation measures deployed, Deutsche Börse Group remains exposed in certain business segments, i.e. in the custody area, to the risk of inadequate handling of customer instructions, which could, in extreme circumstances, result in significant losses.

(c) Damage to physical assets
This category includes the risks due to accidents and natural hazards, as well as terror and sabotage. No losses occurred as a result of damage to physical assets in 2005. Neither are there any indications of acute risks.

(d) Legal risks
Legal risks include losses that could arise as a result of non- or inappropriate compliance with new or existing laws, inadequate contractual frameworks, or court decisions in the context of corporate governance. Deutsche Börse Group has aligned its Group Compliance function that seeks to protect the Group from any prejudice that may result from the failure

to comply with applicable laws, regulations and standards of good practice, with a particular focus on the following topics:

- prevention of money laundering and terrorist financing
- professional and banking secrecy
- prevention of insider dealing
- prevention of market manipulation
- prevention of fraud
- prevention of conflicts of interest and corruption
- data protection

No losses occurred as a result of legal risks in 2005. Neither are there any indications of acute risks.

Financial risk

Deutsche Börse Group is exposed to financial risks mainly in the form of credit risk within the Clearstream subgroup, Eurex Clearing AG and the treasury business. On a very small scale, there are also market risks from cash investments and liquidity risks. The exposure to the above risks is mitigated through the existence of effective control measures.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default and Deutsche Börse Group's claims on this counterparty cannot be met in full or at all.

The Clearstream subgroup extends loans to its customers in order to increase the efficiency of securities transaction settlement. However, these lending operations cannot be compared with those of other credit institutions, as the Clearstream subgroup's loans are solely short-term, largely collateralized and only extended for settlement purposes and to customers with very good credit ratings. Furthermore, they can be revoked at any time.

Eurex Clearing AG acts as a central counterparty and thus assumes trading parties' credit risk. This applies to transactions at Eurex Deutschland, Eurex Zürich, Eurex Bonds, Eurex Repo and to a segment of cash market trading on Xetra and on the floor of the Frankfurt Stock Exchange, as well as on the Irish Stock Exchange. Eurex Clearing AG also clears over-the-counter trading of futures and options, provided that these contracts have specifications that comply with those of the contracts approved for trading at the Eurex exchanges. Eurex Clearing AG has various lines of defence through which it protects itself, such as securities as collateral and clearing guarantees. Intraday risk controls and daily stress tests ensure the adequacy of the lines of defence. If necessary, requests are made for additional intraday collateral. SWX Swiss Exchange AG has guaranteed to compensate for claims that Eurex Clearing AG may incur in the context of transaction settlement. This guarantee is restricted to 15 percent of €700 million.

There are further credit risks associated with the Treasury department's cash investments. This risk is reduced through investment limits for each counterparty and through largely collateralized investments.

In 2005, counterparties did not default on any of the types of transaction described.

(b) Market risk

Market risks can arise in connection with cash investments as a result of fluctuations in interest rates and currencies. In 2005, market risks were hedged largely through swap transactions, whereby future cash flows that are uncertain due to market risks are exchanged for cash flows where the amount is guaranteed. Regular reviews ensure the effectiveness of these hedges.

(c) Liquidity risk

Deutsche Börse Group is exposed to liquidity risk in that it may lack sufficient liquidity to meet its daily payment obligations or incur increased refinancing costs in the event of liquidity bottlenecks. Daily and intraday liquidity is monitored by Treasury and managed with the help of a limit system. Extensive credit lines are available to provide cover in extreme situations. The credit lines are presented in detail in note 43 of the Notes to the Consolidated Financial Statements. In 2005, Deutsche Börse Group's excess liquidity was high, as a result of which no liquidity bottlenecks occurred.

(d) Regulatory requirements

The Clearstream subgroup, Clearstream International S.A., Clearstream Banking S.A. and Clearstream Banking AG as well as Eurex Clearing AG must meet the equity and liquidity requirements specified by the national supervisory authorities. They consistently achieved these ratios throughout 2005.

Project risk

Project risks can arise as a result of project implementation (launch of new products, processes or systems), which may have a significant impact on one of the three other risk categories of operational, financial or business risks. These risks are assessed as described in the above sections and are addressed in the early stages of major projects. All projects that were planned and implemented in 2005 carried no or only limited risk. They did not trigger a change in the overall risk profile of Deutsche Börse Group. Issues connected with the delivery of projects, such as budget risk, quality/scope risk and deadline risk are separately monitored by the Corporate Project Coordination unit and are reported on a monthly basis to the Executive Board.

Business risk

The business risk reflects the relative sensitivity of the Group to the macroeconomic developments and its vulnerability to event risk arising from external threats. It is translated in EBITA terms, reflecting both some volatility in topline earnings and a potential increase in the structural cost base.

(a) Macroeconomic risk

The earnings position of Deutsche Börse Group is directly or indirectly subject to the evolution of a number of macroeconomic factors (e.g. interest rates, GDP growth, index value, index volatility). The resulting overall downside potential is limited thanks to the effective diversification of Deutsche Börse Group's business model, which currently spans operating systems for 16 cash and derivatives markets and offers settlement and custody services both for nationally and internationally traded equities and bonds. A review of macroeconomic assumptions is performed on a quarterly basis.

(b) Revenue and cost risk and risk from regulatory evolution

Deutsche Börse Group's earnings position may also be adversely affected by external threats – either endogenous changes to the market structure and the business environment or exogenous changes, such as the evolution of the regulatory environment. For each of the three major segments of the Group (Eurex, Clearstream and Xetra), scenarios are established around the most significant risk events and quantitatively assessed. The respective departments of Deutsche Börse Group closely monitor the developments in order to take early mitigation actions.

One of the key aspects of the Group's core business is institutional liquidity, which generates the particular advantage of low transaction costs for the institutional trading of standardized investment instruments. In addition, the price discovery process is also transparent for investors: automatic order execution in an open order book, meaning that it is visible to all parties. Because of the crucial unique selling proposition from the market perspective, the business risk of losing substantial institutional liquidity is very low. Deutsche Börse Group guarantees neutrality, i.e. independence from individual intermediaries, and efficient, transparent price discovery in its trading systems.

A commonality in the industry is the dependence on key accounts. In the Xetra, Eurex and Clearstream segments, a substantial proportion of trading volumes is accounted for by a few key accounts. However, as the key accounts for the trading systems differ from those of Clearstream, the settlement and custody organization, this leads to diversification and thus partly offsets the dependencies on specific key accounts at Group level.

Regulatory environment

Deutsche Börse Group has been closely monitoring the evolution of the EU Capital Requirements Directives (Basel II) from the early stage until its finalization in October 2005. The Group is currently also actively following the development of the transposition of the international framework to the national regulatory level (which is not yet completed in all locations it operates) in order to fulfill the new local requirements in good time.

More specifically in Germany, a circular on “MaRisk” (minimum requirements for risk management) for credit institutions and financial service providers was published by the German Federal Financial Supervisory Authority (BaFin) on 20 December 2005. MaRisk acts as an integrated document based on section 25a of the Kreditwesengesetz (KWG – German Banking Act) and replaces the minimum requirements for trading activities (MaH), minimum requirements for credit activities (MaK) and minimum requirements for internal audit (MaIR) circulars. MaRisk constitutes the basis for the implementation of the second pillar of Basel II (Supervisory Review Process). Besides the requirements for risk management, the MaRisk circular also includes requirements for internal audit as well as for the lending and trading business.

Within Deutsche Börse Group, the Clearstream Banking AG and Eurex Clearing AG subsidiaries are required to comply with MaRisk. Most of the MaRisk requirements were already implemented as a standard at both subsidiaries. Additional requirements will be implemented by the responsible line departments. As of today, this will be completed in compliance within the deadline stipulated by the BaFin.

Summary

Based on the market environment and Deutsche Börse Group’s business model, the Executive Board considers the risks for the Group to be limited and manageable. No significant changes in the risk profile are expected in financial year 2006.

Report on post-balance sheet date events

Under its share buy-back program, Deutsche Börse AG repurchased 1.0 million shares with a value of €94.5 million in the period from 1 January to 20 February 2006. The average repurchase price was €94.54. The share buy-back is part of the ongoing capital management program to optimize the Group’s capital structure.

Report on expected developments

The report on expected developments describes the expected development of Deutsche Börse Group in financial years 2006 and 2007. It contains forward-looking statements and information, i.e. statements and information on events in the future, not in the past. These prognoses are based on the Company's expectations and presumptions at the time of publication of this forecast report. These expectations and presumptions are subject to known and unknown risks and uncertainties. Numerous factors influence the success, the business strategy and the financial results of the Company. A number of these factors are outside the Company's control. Should one of the risks or uncertainties take place or one of the presumptions made turn out to be incorrect, the actual development of the Company could differ, in both a positive or a negative way, from the forward-looking statements and information in this report.

Development of operating environment

Deutsche Börse Group expects the financial markets to continue to improve in 2006 and 2007, primarily under the assumption of sustained economic growth in Europe. Leading economic research institutes forecast real GDP growth in this region of around 2 percent in 2006. Deutsche Börse Group concurs with this estimate. Analysts at investment banks and research institutes expect Germany's DAX blue-chip index to hit around 5,750 points at the end of 2006. Should this expectation be confirmed, this would correspond to growth of roughly 6 percent in the course of 2006 and approximately to the level of growth forecast by the Group for the German equity market over a period of several years. If the blue-chip index DAX remains significantly below the level prognosed by analysts for a considerable length of time, this could have a negative effect on sales revenue in the Xetra segment in particular, but also on a part of the Eurex business. However, as the DAX is only one of the drivers in the diversified business model of Deutsche Börse Group, the Company is confident that it can compensate, wholly or partially, for deviations to expectations.

The Company is not expecting any significant changes in its business policy in the forecast period at present. On the basis of its successful business model that covers the entire process chain for securities transactions, Deutsche Börse Group will continue to observe industry trends in the financial markets worldwide, and leverage them for its products and services. The Group's key strategic goal is to provide all customers with outstanding services.

Development of results of operations

On the basis of an assumed positive development in the financial markets coupled with Deutsche Börse Group's successful business model, the Company is forecasting further growth in both sales revenue and EBITA for 2006 and 2007.

The expected increase in sales revenue depends heavily on an assumed improvement in the financial markets. Deutsche Börse Group furthermore believes that it can develop additional sources of revenue triggered by structural changes and by launching new products and services. All in all, the Company is expecting its sales revenue to grow faster than GDP. The development of sales revenue in the Xetra segment will continue to depend primarily on the equity markets. On the basis of economic growth forecasts, Deutsche Börse Group is predicting an annual single-digit value increase in these markets in the long term. The volatility of the equity markets, i.e. fluctuations in securities prices or indices above or below an average value, has been historically low for several years. If volatility increases, this could provide an additional boost to the Xetra segment's growth in the short term. In the Eurex derivatives market segment, growth in contract volumes of equity- and index-based products will also depend mainly on the development of the equity markets. In addition, the fact that derivatives market products are being increasingly used for a variety of investment strategies is a key structural growth factor here. In the case of interest rate products, Deutsche Börse Group predicts that changes in long-term interest rates in the euro zone will contribute to growth, in particular if they differ from market expectations. Stable long-term interest rates over a longer period of time could have a negative impact on growth in interest rate products. Such a development is, however, not envisaged for the forecast period. With regard to the Market Data & Analytics segment, the Company is forecasting a slight increase in sales revenue in line with macroeconomic development. Growth in the Clearstream segment will also partly depend on the development of the equity markets; however, a greater increase in revenue is expected from the settlement and custody of international fixed-income securities. The Company predicts that the volume of fixed-income securities issued internationally will continue to grow faster than that of securities issued nationally. However, a substantial hike in long-term interest rates could impact Clearstream's business overall, as issuing activity would be expected to fall. As Deutsche Börse Group faces significant competition in the areas of settlement and custody of international bonds, loss of market share and a consequent reduction in Clearstream's sales revenue could occur. The Company does not expect any significant loss of market share for the forecast period.

In addition to higher sales revenue, Deutsche Börse Group is forecasting an increase in net interest income from banking business. Although the Group anticipates a decline in customer deposits due to improved liquidity management, it regards an increase in the short-term euro and US dollar interest rates that are relevant to this business as probable within the end of the forecast period.

The Company does not expect any significant increase in total costs for financial years 2006 and 2007 thanks to its continuing active cost management, although a slight increase in staff costs, partly due to inflation, is expected and fee and commission expenses from banking business are likely to rise due to higher settlement and custody volumes.

On the basis of this cost discipline and the scalability of its business model, the Company expects its EBITA to grow faster than sales revenue in the forecast period. If, for example, sales revenue were to rise by 5 percent, Deutsche Börse Group would expect a corresponding EBITA increase of around 10 percent assuming an unchanged cost base. In the long term, the Company considers an annual increase in sales revenue some percentage points above GDP to be possible.

Development of financial position

The Company expects its ongoing business activities to continue to generate positive operating cash flow. As part of its cash flows from investing activities, Deutsche Börse Group plans to invest around €80 million per year in intangible assets and property, plant and equipment in the forecast period (2005: €64.5 million). These investments are meant to be used primarily to develop new and enhance existing Group products and services, focusing on the Eurex and Clearstream segments.

Under the capital management program, the Group will make funds surplus to business requirements available to the shareholders in the forecast period. In the year under review, the Company paid out some €800 million of the total volume of €1.5 billion announced in May 2005. It now plans to distribute a further €700 million via share buy-backs and dividend payments up to and including May 2007. Under its new dividend policy, Deutsche Börse Group aims to distribute 50 to 60 percent of its net income to shareholders for financial year 2006.

When it announced the capital management program, Deutsche Börse Group's objective was to achieve a return on equity after taxes of 20 percent in 2007. As a result of the expected growth in its operating profit and the ongoing capital management program, the Company now expects to achieve this goal in 2006.

Consolidated Income Statement

for the period 1 January to 31 December 2005

	Note	2005 € m	2004 € m
Sales revenue	4	1,631.5	1,449.6
Net interest income from banking business	5	112.7	77.1
Own expenses capitalized	6	27.8	44.8
Other operating income	7	79.1	64.2
		1,851.1	**1,635.7**
Fee and commission expenses from banking business		–136.5	–118.5
Consumables used[1]		–25.7	–33.6
Staff costs	8	–406.1	–335.7
Depreciation and amortization expense (other than goodwill)	9	–161.4	–191.0
Other operating expenses	10	–415.9	–431.3
Result from equity investments	11	5.4	2.0
Earnings before interest, taxes and goodwill amortization and impairment (EBITA)		**710.9**	**527.6**
Goodwill amortization and impairment	14	–5.9	–68.9
Earnings before interest and taxes (EBIT)		**705.0**	**458.7**
Financial income	12	48.9	36.5
Financial expense	12	–57.7	–43.2
Earnings before tax (EBT)		**696.2**	**452.0**
Income tax expense	13	–266.4	–197.8
Net profit for the year		**429.8**	**254.2**
Minority interests		–2.4	11.9
Net income[2]		**427.4**	**266.1**
Earnings per share (basic and diluted) (€)	41	**4.00**	**2.38**

[1] As a result of the deconsolidation of the entory subgroup, the amount for 2005 only includes consumables used up to 30 September.
[2] Gains attributable to shareholders of the parent company

Consolidated Balance Sheet

as at 31 December 2005

ASSETS	Note	2005 €m	2004 €m
NONCURRENT ASSETS			
Intangible assets	14		
Software		188.8	254.9
Goodwill		1,071.5	1,104.5
Payments on account and construction in progress		11.9	21.1
Other intangible assets		0	3.1
		1,272.2	**1,383.6**
Property, plant and equipment	15		
Land and buildings		122.1	124.7
Fixtures and fittings		55.4	64.8
Computer hardware, operating and office equipment		58.8	56.1
Payments on account and construction in progress		0.2	0
		236.5	**245.6**
Financial assets and investment property	16		
Investments in associates		22.0	19.6
Other equity investments		16.4	14.2
Securities from banking business		329.4	355.2
Other financial instruments		10.4	10.1
Other loans		0.1	0.8
Investment property		107.3	114.7
		485.6	**514.6**
Miscellaneous noncurrent assets			
Deferred tax assets	13	0	1.2
Other noncurrent assets	17	13.5	17.7
		13.5	**18.9**
Total noncurrent assets		**2,007.8**	**2,162.7**
CURRENT ASSETS			
Receivables and other current assets			
Financial instruments of Eurex Clearing AG	18	24,176.1	19,096.9
Current receivables and securities from banking business	19	5,182.7	4,583.4
Trade receivables	20	163.2	155.0
Associate receivables		1.8	0
Receivables from other investors		8.9	2.9
Income tax receivables		2.8	10.9
Other current assets	21	69.7	80.3
		29,605.2	**23,929.4**
Restricted bank balances	22	938.7	867.4
Other cash and bank balances		543.1	740.2
Total current assets		**31,087.0**	**25,537.0**
Total assets		**33,094.8**	**27,699.7**

EQUITY AND LIABILITIES	Note	2005 €m	2004 €m
EQUITY	23		
Subscribed capital		105.9	111.8
Share premium		1,336.1	1,330.2
Treasury shares		–366.8	0
Revaluation surplus		11.6	7.9
Accumulated profit		1,099.9	1,095.3
Shareholders' equity		**2,186.7**	**2,545.2**
Minority interests		14.1	7.3
Total equity		**2,200.8**	**2,552.5**
NONCURRENT LIABILITIES			
Provisions for pensions and other employee benefits	25	26.7	79.0
Other noncurrent provisions	27	74.3	51.7
Deferred tax liabilities	13	52.5	63.2
Interest-bearing liabilities	28	501.6	502.3
Other noncurrent liabilities	17, 28	9.0	10.4
Total noncurrent liabilities		**664.1**	**706.6**
CURRENT LIABILITIES			
Tax provisions	29	151.6	72.0
thereof income tax due: €141.3 million (2004: €70.5 million)			
Other current provisions	30	70.9	39.6
Financial instruments of Eurex Clearing AG	18	24,176.1	19,096.9
Liabilities from banking business	31	4,682.0	4,186.5
Other bank loans and overdrafts		0.4	0
Trade payables		77.2	91.6
Payables to associates		7.8	1.3
Payables to other investors		8.1	4.0
Cash deposits by market participants	32	936.8	831.5
Other current liabilities	33	119.0	117.2
Total current liabilities		**30,229.9**	**24,440.6**
Total liabilities		**30,894.0**	**25,147.2**
Total equity and liabilities		**33,094.8**	**27,699.7**

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2005

	Note	2005 €m	2004 €m
Net profit for the year		429.8	254.2
Depreciation and amortization expense	9, 14	167.3	259.9
(Decrease)/increase in noncurrent provisions	37	–26.4	22.1
Deferred tax income	13	–9.1	–13.8
Other non-cash income	37	–20.3	–0.7
Changes in working capital, net of non-cash items:			
(Increase)/decrease in receivables and other assets		–1.0	13.3
Increase/(decrease) in current liabilities	37	128.6	–94.4
Decrease in noncurrent liabilities		–1.6	–0.5
Net loss/(profit) on disposal of property, plant and equipment	7, 10	0.4	–0.5
Cash flows from operating activities	37	**667.7**	**439.6**
Payments to acquire intangible assets and property, plant and equipment		–63.5	–79.8
Payments to acquire noncurrent financial instruments		–10.2	–10.0
Payments to acquire subsidiaries, net of cash acquired		–0.5	0
Proceeds from disposal of subsidiaries, net of cash disposed		32.3	0
Net decrease/(increase) in current receivables, securities and liabilities from banking business with an original term greater than three months		469.6	–31.4
Proceeds from disposals of available-for-sale noncurrent financial instruments		35.3	84.9
Proceeds from disposal of other noncurrent assets		2.5	2.8
Cash flows from investing activities	38	**465.5**	**–33.5**
Purchase of treasury shares		–726.3	–4.6
Proceeds from sale of treasury shares		6.4	4.6
Net cash received from minority shareholders		4.9	0
Finance lease payments		–2.2	–2.0
Repayment of long-term borrowings		0	–1.4
Dividends paid		–74.1	–61.4
Cash flows from financing activities	39	**–791.3**	**–64.8**
Net change in cash and cash equivalents		341.9	341.3
Cash and cash equivalents as at beginning of period[1]		703.4	362.1
Cash and cash equivalents as at end of period[1]	40	**1,045.3**	**703.4**
Operating cash flow per share (€)		6.25	3.93
Interest income and other similar income		48.6	45.6
Dividends received[2]		4.0	4.0
Interest paid		–54.1	–47.6
Income tax paid		–187.9	–301.9

1) Excluding cash deposits by market participants
2) Dividends received from investments in associates and other equity investments

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December 2005

	Note	2005 €m	2004 €m
Subscribed capital			
Balance as at 1 January		111.8	111.8
Retirement of treasury shares		–5.9	0
Balance as at 31 December		**105.9**	**111.8**
Share premium			
Balance as at 1 January		1,330.2	1,330.2
Retirement of treasury shares		5.9	0
Balance as at 31 December		**1,336.1**	**1,330.2**
Treasury shares			
Balance as at 1 January		0	0
Purchase of treasury shares		–726.3	–4.6
Retirement of treasury shares		353.1	0
Sales within the Group Share Plan		6.4	4.6
Balance as at 31 December		**–366.8**	**0**
Revaluation surplus	23		
Balance as at 1 January		7.9	4.0
Increase in carrying amount of stock options related to share-based payments		–0.3	0.6
Remeasurement of cash flow hedges		0.2	–0.6
Remeasurement of other financial instruments		2.6	4.1
Deferred taxes on remeasurement of financial instruments		1.2	–0.2
Balance as at 31 December		**11.6**	**7.9**
Accumulated profit	23		
Balance as at 1 January		1,095.3	895.2
Dividends paid	24	–74.1	–61.4
Net income		427.4	266.1
Decrease in carrying amount of equity-accounted investments taken directly to equity		–2.9	–1.1
Exchange rate differences and other adjustments		7.3	–3.5
Retirement of treasury shares		–353.1	0
Balance as at 31 December		**1,099.9**	**1,095.3**
Shareholders' equity as at 31 December (carried forward)		**2,186.7**	**2,545.2**

	2005 €m	2004 €m
Shareholders' equity (brought forward)	**2,186.7**	**2,545.2**
Minority interests		
Balance as at 1 January	7.3	12.3
Change due to equity increases	4.4	6.9
Change due to share in net profit for the year	2.4	–11.9
Balance as at 31 December	**14.1**	**7.3**
Total equity as at 31 December	**2,200.8**	**2,552.5**

Statement of recognized income and expense for the period

	Note	2005 €m	2004 €m
Exchange rate differences and other adjustments	23	7.6	–3.5
Remeasurement of cash flow hedges		–0.4	–0.6
Remeasurement of other financial instruments		1.5	4.1
Deferred taxes on remeasurement of financial instruments	23	1.2	–0.2
Gains/(losses) taken to equity		**9.9**	**–0.2**
Net profit for the year reported in consolidated income statement		429.8	254.2
Total recognized income for the period		**439.7**	**254.0**
thereof attributable to:			
Shareholders of parent company		437.3	265.9
Minority interests		2.4	–11.9

Notes to the Consolidated Financial Statements Basis of Preparation

1. General principles

Deutsche Börse AG ("the Company") is incorporated as a German public limited company ("Aktiengesellschaft") and is domiciled in Germany. The Company's registered office is Neue Börsenstraße 1, 60487 Frankfurt/Main.

The consolidated financial statements for the year ended 31 December 2005 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Commission.

In addition, the disclosures required in accordance with section 315a (1) of the Handelsgesetzbuch (HGB – German Commercial Code) have been made in the notes, and the consolidated financial statements are supplemented by a group management report. The consolidated financial statements are based on the interpretations issued by the Rechnungslegungs Interpretations Committee (Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (German Accounting Standards Committee), to the extent that these do not contradict the standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the International Accounting Standards Board (IASB).

Effects of new accounting standards

In addition to the standards that were applied early (see next page), the following standards were applied for the first time in financial year 2005:

Standard/ interpretation		Issued by IASB	Effective date	Endorsement[1]
IFRS 1	Amendment to IFRS 1 "First-time Adoption of IFRS: Amendments from IAS 39"	17 Dec. 2004	1 Jan. 2005	26 Oct. 2005
IFRS 3	Business Combinations	31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IFRS 4	Insurance Contracts	31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IAS 16	Amendment to IAS 16 "Property, Plant and Equipment" by the Improvement Project and IFRSs 3 and 5	18 Dec. 2003/ 31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IAS 17	Amendment to IAS 17 "Leases" by the Improvement Project and IFRS 5	18 Dec. 2003/ 31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IAS 36	Amendment to IAS 36 "Impairment of Assets"	31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IAS 38	Amendment to IAS 38 "Intangible Assets"	31 Mar. 2004	1 Jan. 2005	31 Dec. 2004
IAS 39	Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Transition and Initial Recognition of Financial Assets and Financial Liabilities"	17 Dec. 2004	1 Jan. 2005	26 Oct. 2005
IFRIC 2	Members' Shares in Cooperative Entities and Similar Instruments	25 Nov. 2004	1 Jan. 2005	8 July 2005
IFRIC 6	Liabilities Arising from Participating in Specific Markets – Waste Electrical and Electronic Equipment	1 Sep. 2005	1 Dec. 2005	27 Jan. 2006
SIC 12	Amendment to SIC 12 "Consolidation – Special Purpose Entities"	11 Nov. 2004	1 Jan. 2005	26 Oct. 2005

[1] IFRSs adopted by the European Commission (endorsement process); date of publication

On 31 March 2004, the IASB adopted the new IFRS 3 “Business Combinations”, as well as the revised IAS 36 and IAS 38. Under these standards, recognized goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in accordance with IAS 36, and are no longer amortized. If events or a change in circumstances indicate that an asset may be impaired, the impairment test must be performed more frequently. IFRS 3 is applicable to all business combinations agreed on or after 31 March 2004. The standard must be applied to goodwill and intangible assets that are acquired before 31 March 2004 as part of a business combination in financial years beginning on or after 31 March 2004. Goodwill amortization (including impairment losses) amounted to €68.9 million in 2004 (of which goodwill impairment losses: €0.4 million).

The first-time application of the other IFRSs and the revised IASs had no material effect on the Company’s financial statements.

Early application of accounting standards

Following the issuance of IFRSs and revised IASs in the course of 2004 and 2005 and their adoption by the EU, the Company opted to apply the following standards early:

Standard[1]		Issued by IASB	Effective date[2]	Endorsement[3]
IAS 19	Amendment to IAS 19 “Actuarial Gains and Losses, Group Plans and Disclosures”	16 Dec. 2004	1 Jan. 2006	24 Nov. 2005
IAS 39	Amendment to IAS 39 “Financial Instruments: Recognition and Measurement – the Fair Value Option”	16 June 2005	1 Jan. 2006	16 Nov. 2005
	Amendment to IAS 39 “Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions”	14 Apr. 2005	1 Jan. 2006	22 Dec. 2005

1) Deutsche Börse Group has no items falling within the scope of IFRS 1, IFRS 6 or IFRIC 5.
2) Earlier application is recommended.
3) IFRSs adopted by the European Commission (endorsement process); date of publication

Amendment to IAS 19 “Actuarial Gains and Losses, Group Plans and Disclosures”

The amendment to IAS 19, which applies among other things to the recognition of pension provisions, primarily relates to the introduction of another option for accounting for actuarial gains and losses. Deutsche Börse Group has chosen not to exercise this option. The disclosures in the notes have been adjusted to reflect the amendment to IAS 19.

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – the Fair Value Option"

The previous wording of the revised IAS 39, which was issued by the IASB on 17 December 2003, provided entities with the option of designating any financial asset or financial liability on initial recognition as one to be measured "at fair value through profit or loss" (unrestricted fair value option). On 19 November 2004, the European Commission incorporated IAS 39 (revised 2004) into EU law, removing the individual provisions on the fair value option, among other things. This "carve-out" introduced restrictions on the application of the IAS 39 fair value option to financial assets. Following the amendment to IAS 39, the fair value option may only be applied under very specific circumstances. The early application of the amendment to IAS 39 "Fair Value Option" has not affected Deutsche Börse Group.

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions"

This amendment to IAS 39.80 (2004) explicitly permits a forecast intra-Group transaction to be designated as the hedged item under well-defined circumstances for the purposes of hedge accounting, provided that the forecast transaction is "highly probable". Deutsche Börse Group does not expect to be affected by the application of this amendment to IAS 39, as it has entered into hedges exclusively with third parties.

New accounting standards

The following IFRSs and IFRICs, which Deutsche Börse Group did not adopt in 2005 prior to the effective date, have been published by the IASB and partly adopted by the European Commission as at the reporting date:

Standard/ interpretation[1]		Issued by IASB	Effective date[2]	Endorsement[3]	Expected effects
IFRS 4	Amendment to IFRS 4 "Insurance Contracts – Financial Guarantee Contracts"	18 Aug. 2005	1 Jan. 2006	27 Jan. 2006	no material effect
IFRS 7	Financial Instruments: Disclosures	18 Aug. 2005	1 Jan. 2007	27 Jan. 2006	additional notes disclosure
IAS 1	Amendment to IAS 1 "Presentation of Financial Statements: Capital Disclosures"	18 Aug. 2005	1 Jan. 2007	27 Jan. 2006	additional notes disclosure
IAS 21	Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operation"	15 Dec. 2005	1 Jan. 2006	n.a.	none
IAS 39	Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Financial Guarantees"	18 Aug. 2005	1 Jan. 2006	27 Jan. 2006	no material effect
IFRIC 4	Determining Whether an Arrangement Contains a Lease	2 Dec. 2004	1 Jan. 2006	24 Nov. 2005	none
IFRIC 8	Scope of IFRS 2	12 Jan. 2006	1 May 2006	n.a.	none

1) Deutsche Börse Group has no items falling within the scope of IFRIC 7.
2) Earlier application is recommended.
3) IFRSs adopted by the European Commission (endorsement process); date of publication

IFRS 7 "Financial Instruments: Disclosures"
IFRS 7 replaces IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions" and the requirements set out in IAS 32 on disclosures on financial instruments in the notes to financial statements. As a result, IAS 32 now deals only with the presentation of financial instruments. The new standard increases the range of disclosure requirements for financial instruments.

Amendment to IAS 1 "Presentation of Financial Statements: Capital Disclosures"
The changes in equity disclosure requirements resulting from Exposure Draft ED 7 "Financial Instruments: Disclosures" were issued in a separate standard, "Amendment to IAS 1". The new standard increases the range of disclosure requirements for equity. Deutsche Börse Group has already voluntarily applied some of these changes for financial year 2005.

Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operation"
The amendment serves to simplify the recognition of exchange differences on certain monetary items forming part of an entity's net investment in a foreign operation. Deutsche Börse Group does not expect to be affected by the application of this amendment.

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Financial Guarantees" and IFRS 4 "Insurance Contracts – Financial Guarantee Contracts"
These amendments to IAS 39 and IFRS 4 are intended to ensure the recognition of all financial guarantee contracts issued. The amendments are effective for annual periods beginning on or after 1 January 2006. Deutsche Börse does not expect to be materially affected by their application.

IFRIC 4 "Determining Whether an Arrangement Contains a Lease"
IFRIC 4 specifies which contractual arrangements not taking the legal form of a lease ("constructive leases") should be accounted for as leases in accordance with IAS 17. The application of this interpretation will not affect Deutsche Börse Group.

IFRIC 8 "Scope of IFRS 2"
This interpretation clarifies that IFRS 2 "Share-based Payment" applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. If the identifiable consideration given appears to be less than the fair value of the equity instruments granted, IFRS 2 applies. Deutsche Börse Group does not expect to be affected by the application of this interpretation.

Note on the restatement of prior-period amounts

Net financial result

The consolidated income statement was adjusted to reflect the opinion issued by IFRIC on IAS 1 and now presents the gross finance costs.

Financial instruments of Eurex Clearing AG

To help promote the adoption of uniform global accounting practices at clearing houses despite differences in local legal frameworks, Deutsche Börse Group resolved to voluntarily adjust its existing accounting practices with regard to transactions involving the central counterparty (CCP) to reflect the requirements of IAS 8.29. Following discussions with other stock exchanges that converted their accounting systems to IFRSs in 2005, all outstanding options transactions, bond forwards and repos traded via the CCP will be reported in the balance sheet. In addition, receivables from clearing members for cash collateral and receivables and liabilities from daily-settled margins that are only paid on the following day will be reported in the balance sheet. The prior-period amounts have been adjusted to ensure comparability. This adjustment does not affect the consolidated income statement, cash flow statement, or statement of changes in equity.

Accumulated profit

In the consolidated financial statements for the financial year ended 31 December 2005, the “Legal reserve and other retained earnings” (2004: €868.5 million) and “Unappropriated surplus” (2004: €226.8 million) items have been combined and are now reported under “Accumulated profit”. The consolidated statement of changes in equity was restated accordingly.

Liabilities

To ensure more appropriate presentation, liabilities amounting to €12.6 million, which were reported as other current liabilities in 2004, are presented as trade payables as at 31 December 2005.

2. Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures that were included in the consolidated financial statements as at 31 December 2005 are presented in the following tables. Unless otherwise stated, the financial information is presented in accordance with generally accepted accounting principles in the companies' countries of domicile.

Fully consolidated subsidiaries as at 31 December 2005:

Company	Domicile	Equity interest as at 31 Dec. 2005 direct (indirect) %
Azdex Ltd.	UK	50.33
Clearstream International S.A.	Luxembourg	100.00
Clearstream Banking S.A.	Luxembourg	(100.00)
Clearstream Banking AG	Germany	(100.00)
Clearstream Services S.A.	Luxembourg	(99.96)
Clearstream Services (UK) Ltd.[1]	UK	(99.96)
Clearstream Properties S.A.	Luxembourg	(100.00)
Immobilière Espace Kirchberg A S.A.	Luxembourg	(100.00)
Immobilière Espace Kirchberg C S.A.	Luxembourg	(100.00)
Immobilière Espace Kirchberg D S.A.	Luxembourg	(100.00)
Deutsche Börse Finance S.A.	Luxembourg	100.00
Deutsche Börse IT Holding GmbH	Germany	100.00
Deutsche Börse Systems AG	Germany	100.00
Deutsche Börse Systems Inc.	USA	(100.00)
Deutsche Gesellschaft für Wertpapierabwicklung AG	Germany	100.00
Eurex Zürich AG	Switzerland	49,97[4]
Eurex Frankfurt AG	Germany	(49.97)[4]
Eurex Clearing AG	Germany	(49.97)[4]
Eurex Repo GmbH	Germany	(49.97)[4]
Eurex Bonds GmbH	Germany	(38.45)[5]
U.S. Exchange Holdings Inc.	USA	(49.97)[6]
U.S. Futures Exchange L.L.C.	USA	(45.81)[7]
Infobolsa S.A.	Spain	50.00
Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S.A.	Portugal	(50.00)
Infobolsa Deutschland GmbH	Germany	(50.00)
Risk Transfer Re S.A.	Luxembourg	100.00
Xlaunch AG	Germany	100.00

1) Financial information prepared in accordance with IFRSs
2) Thousands
3) Before profit transfer or loss absorption
4) Beneficial interest in profit or loss: 84.99 percent; until 31 December 2004: 79.99 percent
5) Beneficial interest in profit or loss: 65.40 percent; until 31 December 2004: 61.55 percent
6) Beneficial interest in profit or loss: 84.99 percent
7) Beneficial interest in profit or loss: 77.91 percent (until 31 March 2005: 67.99 percent). Minority shareholders' share of losses is limited to their investment in equity.

	Ordinary share capital		Equity		Total assets		Sales revenue 2005		Net profit/loss 2005	First consolidated
	€ thous.		€ thous.		€ thous.		€ thous.		€ thous.	
GBP[2)]	151	GBP[2)]	1,022	GBP[2)]	1,022	GBP[2)]	104	GBP[2)]	–269	15 Sep. 2005
	25,000		860,896		911,768		84,374		190,395	2002
	57,808		160,287		5,499,678		387,620		97,316	2002
	25,000		85,490		824,133		221,460		36,758	2002
	30,000		52,644		131,923		236,408		14,353	2002
GBP[2)]	0	GBP[2)]	221	GBP[2)]	390	GBP[2)]	0	GBP[2)]	228	2002
	1,700		8,567		105,460		6,861		–1,546	2002
	73		3,077		43,005		5,300		1,122	2002
	54		2,933		27,270		4,224		1,213	2002
	52		1,171		48,652		5,646		788	2002
	125		6,019		717,623		0		3,943	2003
	1,000		56,076		68,023		0		11,847[3)]	2002
	2,000		2,415		148,022		272,712		72,781[3)]	1993
USD[2)]	400	USD[2)]	1,950	USD[2)]	2,104	USD[2)]	8,946	USD[2)]	349	2000
	2,610		2,800		2,800		0		58	2002
CHF[2)]	10,000	CHF[2)]	115,383	CHF[2)]	140,175	CHF[2)]	1,259	CHF[2)]	205	1998
	6,000		49,762		130,704		1,762		–18,029	1998
	5,113		20,887		1,004,393		0		780[3)]	1998
	100		550		1,876		2,797		–2.079[3)]	2001
	3,600		2,716		3,411		3,864		12	2001
USD[2)]	1,000	USD[2)]	76,189	USD[2)]	76,338	USD[2)]	0	USD[2)]	–2,422	2003
USD[2)]	71,550	USD[2)]	1,762	USD[2)]	10,835	USD[2)]	10,615	USD[2)]	–22,754	2003
	331		10,761		12,514		10,285		731	2002
	50		–64		189		412		–169	2002
	100		1,573		2,080		1,479		–629	2003
	1,225		1,225		2,754		1,833		0	6 Oct. 2004
	500		4,000		4,224		882		193[3)]	2000

The change in the number of fully consolidated subsidiaries is shown in the following table:

Fully consolidated subsidiaries	**Germany**	**Foreign**	**Total**
As at 1 January 2005	13	18	31
Additions	0	2	2
Disposals	–3	–3	–6
As at 31 December 2005	**10**	**17**	**27**

The liquidation of Deutsche Gesellschaft für Wertpapierabwicklung mbH was completed in financial year 2005. Deutsche Börse Vermögensverwaltungs AG was renamed Deutsche Gesellschaft für Wertpapierabwicklung AG during the financial year. In addition, the liquidation of Filinks S.A.S. and the merger of Infobolsa Internet S.A.U with Infobolsa S.A. were completed.

The Group companies entory AG, Silverstroke AG and entory S.A. (formed in March 2005) were sold effective 1 October 2005. These companies were included in the consolidated financial statements up to the date of deconsolidation, 30 September 2005. Xlaunch AG was sold within the Group to Deutsche Börse AG.

On 15 September 2005, Deutsche Börse AG acquired an equity interest totalling 50.33 percent in Azdex Ltd. by purchasing shares and then implementing a capital increase while disapplying the subscription rights of the other shareholders. In accordance with the Articles of Association, Deutsche Börse AG now holds 71.43 percent of the voting rights. Acquisition accounting is based on Deutsche Börse AG's beneficial interest in Azdex Ltd.'s profit or loss. Intangible assets of the company with a fair value amounting to €2.9 million as at the acquisition date were recognized in the consolidated financial statements.

Deutsche Börse AG's direct equity interest in Eurex Zürich AG, including the 0.02 percent interest held by members of its Executive Board, amounts to 49.97 percent. On the basis of the profit participation rights granted to Deutsche Börse AG, its actual beneficial interest in Eurex Zürich AG's profit or loss was 84.99 percent in the year under review (2004: 79.99 percent). Acquisition accounting is based on this figure. After allowance for voting trust and pooling arrangements, the share of voting rights is 50 percent.

Eurex Clearing AG was awarded a banking license on 24 May 2005 and, as a bank, has therefore only been subject to solvency supervision since this date. This change in legal status did not lead to any changes in presentation in accordance with IAS 30 (Disclosures in the Financial Statements of Banks and Similar Financial Institutions), because Eurex Clearing AG is not a bank as defined by IAS 30.

The direct equity interest held by U.S. Exchange Holdings Inc. in U.S. Futures Exchange L.L.C. (Eurex US) rose from 80 percent to 91.67 percent due to a capital increase on 31 March 2005.

Associates and joint ventures carried at equity as at 31 December 2005 in accordance with IAS 28 or IAS 31:

Company	Domicile	Equity interest as at 31 Dec. 2005 direct (indirect) %	Ordinary share capital €thous.	Assets[1] €thous.	Liabilities[1] €thous.	Sales revenue 2005[1] €thous.	Net profit/loss 2005[1] €thous.	Associate since
FDS Finanz-Daten-Systeme GmbH & Co. KG	Germany	50.00	19,451	3,821	72	1,540	649	1998
FDS Finanz-Daten-Systeme Verwaltungs GmbH	Germany	(50.00)	26	37	5	0	0	1998
NEWEX Kapitalmarkt-beratungsgesellschaft m. b. H.	Germany	50.00	70	9,189	3,986	3,067	3,025	1999
STOXX Ltd.	Switzerland	33.33	1,000[2]	43,343[2]	12,044[2]	45,543[2]	24,999[2]	1997
European Energy Exchange AG	Germany	(11.60)	40,050	67,029	38,182	23,474	3,374	1999
International Index Company Ltd.	UK	16.28	9,208	10,834	3,460	8,089	2,447	2001
The Clearing Corporation Inc.	USA	(7.14)[3]	50,876[4]	179,297[4]	119,267[4]	7,245[4]	–18,862[4]	1 Jan. 2004

1) Preliminary figures
2) CHF thousands
3) Indirect beneficial interest in profit or loss: 12.15 percent
4) USD thousands

As at 31 December 2005, the Eurex subgroup's US activities comprised U.S. Exchange Holdings Inc.'s 14.29 percent stake in The Clearing Corporation Inc. (CCorp) in addition to the fully consolidated equity investments described above. Due to the ability to participate in decisions on appointments to the Board of Directors and the volume of transactions settled via CCorp, this company is carried at equity in the consolidated financial statements in accordance with IAS 28.7. These investments are held by Eurex Zürich AG, thus reducing the overall indirect stake in these companies accordingly.

The stake in International Index Company Ltd. is classified as an associate and carried at equity because of the high degree of operational integration. European Energy Exchange AG is categorized as an associate and carried at equity as the direct equity interest amounted to 23.2 percent as at 31 December 2005.

On 1 December 2005, Deutsche Börse AG terminated its licensing agreement with NEWEX Kapitalberatungsgesellschaft m.b.H. and its cooperation agreement with Wiener Börse AG effective 31 December 2006. Due to the termination of the licensing agreement, Wiener Börse AG exercised the contractually agreed option to acquire Deutsche Börse AG's stake in NEWEX Kapitalberatungsgesellschaft m. b. H. against payment of €1.00 on 2 January 2006. The shares were transferred on 16 February 2006.

The investment in Deutsche Gesellschaft für Ad-hoc-Publizität mbH, which was reported at cost in the previous year, was sold effective 9 December 2005.

3. Accounting policies

The consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are shown in millions of euros (€m). The annual financial statements of subsidiaries included in the consolidated financial statements have been prepared on the basis of common groupwide accounting principles based on IFRSs that are described in detail in this note. For reasons of materiality, the single-entity financial statements of associates were not adjusted to comply with uniform Group accounting policies.

Recognition of revenue and costs

Trading, clearing and settlement fees are recognized immediately at the trade date and billed on a monthly basis. Custodian fees, as well as fees from the sale of information services and system operation services, are generally recognized ratably and billed on a monthly basis.

Revenue of the entory subgroup relating to contracts on fixed-price software development or other services is recognized using the percentage of completion method. In accordance with IAS 11.30 and IAS 18.24, the stage of completion is calculated as the proportion of the contract costs incurred for work performed to the estimated total contract costs.

The company Risk Transfer Re S.A. is a reinsurance company. Premium income and acquisition costs arising from reinsurance contracts are recognized over the life of the contracts. The activities of this company are immaterial in the context of the financial statements of Deutsche Börse Group.

Interest income and expenses are recognized using the effective interest method. Interest income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company. Interest expenses are recognized as an expense in the period in which they are incurred. Interest income and expenses from banking business are netted in the income statement and disclosed separately in note 5.

Intangible assets

Purchased software is carried at cost and reduced by systematic amortization. Amortization is charged using the straight-line method over the expected useful life or until the proprietary right in question has expired. Expected useful lives are presented in the following table:

Assets	Amortization method	Amortization period	Recognition
Standard software	straight-line	3 to 10 years	ratable
Purchased custom software	straight-line	4 to 6 years	ratable
Internally developed custom software	straight-line	5 years	ratable

Goodwill acquired prior to 31 March 2004, including goodwill from the initial consolidation of subsidiaries, was capitalized and, up to and including 2004, amortized over a useful life of 20 years or (for the goodwill of entory AG) seven years. IFRS 3 was applied prospectively to this goodwill starting from 2005. Amortization of goodwill has been discontinued. The cumulative amortization recognized up to 31 December 2004 was eliminated against the cost of goodwill as at 1 January 2005. Goodwill is tested for impairment in accordance with IAS 36 (revised 2004) on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. If the carrying amount of the cash-generating unit to which goodwill has been allocated, including this goodwill, exceeds the recoverable amount of the unit, impairment losses are charged accordingly.

Research costs are expensed in the period in which they are incurred. Development costs are capitalized at cost, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour costs, costs of purchased services (external consultants) and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use, such as software development environment costs. Borrowing costs are not included in production cost. Capitalized development costs are principally amortized over the expected useful life of five years, starting on the date of first use.

Software that is no longer used, or whose future useful life is shorter than originally assumed, is written down. Intangible assets are derecognized on disposal or when no further economic benefits are expected to flow from the assets.

The amortization period for intangible assets with finite useful lives is reviewed at least at the end of each financial year. If the expected useful life of an asset differs from previous estimates, the amortization period is changed accordingly.

Property, plant and equipment

Property, plant and equipment is carried at cost and reduced by depreciation for wear and tear. The cost of an item of property, plant and equipment comprises all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. It also includes the initially estimated cost of any restoration obligations assumed. Financing costs are not recognized.

Property, plant and equipment is depreciated over the following expected useful lives:

Assets	Depreciation method	Depreciation period	Recognition
Computer hardware	straight-line	3 to 4 years	ratable
Office equipment	straight-line/declining balance	5 to 25 years	ratable
Improvements to leaseholds and own property	straight-line	Based on lease term or 10 years for own property	ratable
Buildings	straight-line	40 years	ratable
Land	not depreciated	n.a.	n.a.

For simplification, investments in moveable items of property, plant and equipment made during a month are depreciated from the first day of this month and pro rated for the actual number of months.

If the cost of part of an item of property, plant and equipment forms a significant proportion of the total value of the asset, this part may be depreciated separately over a different useful life.

Purchased low-value assets are written off immediately. Repair and maintenance costs are expensed as incurred. If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Company and the cost of the respective asset can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of the parts of the asset that have been replaced are derecognized.

Provided that the criteria for classification as a finance lease have been satisfied, leased property, plant and equipment is recognized in accordance with IAS 17 and depreciated, and a corresponding finance lease liability is recognized.

Recognition of financial assets and liabilities
Financial assets and liabilities are recognized when a Group company becomes a party to the contractual provisions of the instrument.

With the exception of receivables and liabilities from banking business and the financial instruments of Eurex Clearing AG, all financial assets and liabilities are recognized on the trade date. In accordance with IAS 39.38, receivables and liabilities from banking business are recognized at the settlement date. For details on the financial instruments of Eurex Clearing AG see below.

Derecognition of financial assets and liabilities
Financial assets are derecognized when the contractual rights to the cash flows expire or when substantially all the rights and rewards of ownership of the financial assets are transferred.

Financial liabilities are derecognized when the obligations specified in the contracts are discharged, cancelled or have expired.

Netting of financial assets and liabilities
Financial assets and liabilities are offset and only the net amount is presented in the balance sheet when the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Noncurrent financial assets and investment property
There are five categories of noncurrent financial assets: investments in associates, other equity investments, securities from banking business, other noncurrent financial instruments, and other loans. All financial instruments are initially measured at cost, including transaction costs. Subsequent to initial recognition, the measurement of financial instruments depends on the type of instrument as described below.

Investments in associates consist of investments in joint ventures and other associates. Joint ventures and other associates are generally carried at equity in accordance with IAS 31.38 or IAS 28.13. Where joint ventures or other associates are not measured at equity, they are carried at cost because of their insignificance.

Other equity investments are equity interests of less than 20 percent that are designed to establish a permanent relationship with the company concerned and where no significant influence based on the criteria set out in IAS 28.7 exists. In accordance with IAS 39.46, such financial assets are measured at their fair values, based on current market prices. Where such a current market price is unavailable and alternative valuation methods are inappropriate, such investments are carried at cost subject to an impairment review. Other investments for which no active market exists are measured on the basis of current market transactions.

Securities from banking business are described in further detail in the following section.

Other noncurrent financial instruments are classified as available-for-sale financial assets and carried at their fair values in accordance with IAS 39, based on market prices. Discounted cash flow methods are applied where a current market price is not available. Discount rates used are based on market interest rates for financial instruments having substantially the same terms and characteristics.

In accordance with IAS 40, the Group has chosen the cost model to measure its investment property. Consequently, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. As at 31 December 2005, investment property related to unused land and two buildings leased to third parties, except for a minor part of one building which is used by the Clearstream subgroup. Investment property is depreciated in line with the guidelines applied to property, plant and equipment.

Receivables, securities and liabilities from banking business

The financial instruments contained in the receivables and securities from banking business as well as in the liabilities from banking business are accounted for in accordance with IAS 39, which states that the entire portfolio of financial assets and liabilities must be broken down into four categories and measured in accordance with this classification:

"Financial assets at fair value through profit or loss" are recognized at the trade date. This category includes financial assets and liabilities which are classified as held for trading (including derivatives). Such instruments are held for the purpose of generating trading profit in the short term or are derivatives not classified as hedging instruments under IAS 39. This category also includes financial assets and liabilities which were designated on initial recognition as at fair value through profit or loss (fair value option). As in the previous year, Deutsche Börse Group did not use the "fair value option" category in financial year 2005.

"Loans and receivables" are recognized at the payment date. This category includes loans created by providing funds to a debtor. It also includes reverse repurchase agreements, i.e. securities purchase agreements under which essentially identical securities will be resold at a certain date in the future at an agreed price. Such agreements are treated as secured fixed-term deposits. The amounts paid are reported as loans to other banks and customers. The difference between the purchase price and the repurchase price is accrued over the period of the transaction and is contained in "net interest income from banking business".

"Available-for-sale financial assets" (financial assets other than at fair value through profit or loss, or loans and receivables) are recognized at the settlement date.

"Bonds and other fixed-income securities" corresponding to the investment of the entity's capital, and hence held for the long term, are classified as noncurrent irrespective of their remaining maturity.

As in the previous year, Deutsche Börse Group did not use the "held-to-maturity investments" category in financial year 2005.

Subsequent to initial recognition, all financial assets at fair value through profit or loss as well as available-for-sale financial assets are remeasured at their fair values. Exceptions to this rule relate to assets whose fair value cannot be reliably determined. Such assets were carried at cost, less any write-downs for impairment.

All financial liabilities not held for trading, originated loans and receivables are carried at amortized cost, less any write-downs for impairment. Premiums and discounts are contained in the amortized cost of the instrument concerned and are amortized using the effective interest method.

Financial instruments of Eurex Clearing AG (central counterparty)
Eurex Clearing AG acts as the central counterparty and guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). As the central counterparty, it also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions on FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) (equities) and certain cash market transactions on the Irish Stock Exchange. These transactions are only executed between Eurex Clearing AG and a clearing member.

In accordance with IAS 39.38, purchases and sales of equities via the central counterparty are recognized and simultaneously derecognized at the settlement date.

For products that are marked to market (futures and options on futures), Eurex Clearing AG recognizes gains and losses on open positions each exchange day. By means of the variation margin, profits and losses on open positions resulting from exchange rate fluctuations are settled on a daily basis. The difference between this and other margin types is that the variation margin does not comprise collateral, but is a daily offsetting of profits and losses in cash. In accordance with IAS 39.17 (a) and IAS 39.39, futures are therefore not reported in the balance sheet. For options on futures (future-style options), the option premium is not required to be paid in full until the end of the term or upon exercise. Option premiums are carried in the balance sheet as liabilities and receivables at their fair value on the trade date, which is determined using recognized mathematical methods.

So-called traditional options, for which the buyer must pay the option premium in full upon purchase, are carried in the balance sheet at fair value. Fixed-income bond forwards are recognized as derivatives until the settlement date. Receivables and liabilities from repo transactions are classified as held for trading and carried at fair value. Receivables and liabilities from variation margins and cash collateral that is determined on the reporting date and only paid on the following day are carried at their nominal amount.

The fair values recognized in the balance sheet are based on daily settlement prices. These are calculated and published by Eurex on a daily basis in accordance with the rules set out in the contract specifications (see also the Clearing Conditions of Eurex Clearing AG).

Cash or securities collateral of Eurex Clearing AG

As Eurex Clearing AG guarantees the settlement of all traded contracts, it has established a multi-level collateral system. The central pillar of the collateral system is the determination of the overall risk per clearing member (margin) to be covered by cash or securities collateral. Losses calculated on the basis of current prices and potential future price risks are covered up to the date of the next collateral payment.

In addition to these daily collateral payments, each clearing member must make contributions to the clearing fund (for further details, see note 44). Cash collateral is reported in the balance sheet under “Cash deposits by market participants” and the corresponding amounts under “Restricted bank balances”. In accordance with IAS 39.20 (b) in conjunction with IAS 39.37, securities collateral is not derecognized by the clearing member providing the collateral. As the transfer of securities does not meet the conditions for derecognition, the securities are not recognized as assets in accordance with IAS 39 AG 34.

Derivatives and hedges

Derivatives are used to hedge interest rate risk or foreign exchange risk associated with the activities of the Group.

All derivatives are carried at their fair values. The fair value of interest rate swaps is determined on the basis of current market interest rates. The basis for determining the fair value of currency forwards are future expected exchange rates at the balance sheet date.

Hedge accounting is applied for derivatives that are part of a hedging relationship determined to be highly effective under IAS 39, as follows:

Cash flow hedges

The portion of the gain or loss on the hedging instrument determined to be highly effective is recognized directly in equity. This gain or loss eventually adjusts the value of the hedged cash flow. The ineffective portion of the gain or loss is recognized immediately in the income statement.

Fair value hedges

The gain or loss on the hedging instrument, together with the gain or loss on the hedged item attributable to the hedged risk, is recognized immediately in the income statement. The gain or loss on the hedged item adjusts its carrying amount.

Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognized immediately in the income statement.

Impairment testing

In accordance with IAS 36, noncurrent assets are tested for impairment. At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If there are indications of impairment, the recoverable amount is estimated based on discounted pre-tax future cash flows expected. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital adjusted for the specific risks for the asset.

Irrespective of any indications of impairment, intangible assets with indefinite useful lives and intangible assets not yet available for use must be tested for impairment annually. If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized, and the net book value of the asset is reduced down to its estimated recoverable amount.

Recognition of measurement adjustments

Profit for the year includes changes in the measurement of other equity investments and financial assets at fair value through profit or loss within receivables and securities from banking business, as well as changes in the measurement of investments in associates, other than exchange rate differences. Changes in the measurement of investments in associates arising from exchange rate differences are recognized directly in equity. Changes in the measurement of other noncurrent financial instruments, other noncurrent loans and available-for-sale financial assets held within receivables and securities from banking business are taken directly to shareholders' equity until realized, or until an impairment loss is recognized, at which time the cumulative gain or loss previously taken to equity is included in the profit for the year.

Other current assets

Receivables, other assets, and cash and cash equivalents are carried at their principal amount. Adequate valuation allowances take account of identifiable risks.

Restricted bank balances include cash deposits by market participants which are invested overnight mainly in the form of reverse repurchase agreements with banks. Such agreements are treated as secured fixed-term deposits. Cash funds attributable to the Clearstream subgroup arising from minimum reserve requirements at central banks are also included in this item.

Treasury shares

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. In accordance with IAS 32.33, no gains or losses on treasury shares may be recognized in profit or loss. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from shareholders' equity (net of any related income tax benefit).

Provisions for pensions and other employee benefits

Provisions for pension obligations are measured using the projected unit credit method on the basis of actuarial reports, in accordance with IAS 19. The obligations are measured at the balance sheet date each year using actuarial methods that conservatively estimate the relevant parameters. The pension benefits expected on the basis of projected salary growth are spread over the remaining length of service of the employees. The calculations are based on generally accepted industry mortality tables. The 1998 mortality tables published by Prof. Klaus Heubeck were used in Germany in 2004; the new "2005 G mortality tables" (generation tables) were applied for the first time in the year under review (for the effects, see note 25).

The following assumptions were applied to the calculation of the actuarial obligations for the pension plans:

	31 Dec. 2005 %	31 Dec. 2004 %
Discount rate	4.00	4.75
Expected return on plan assets [1)]	4.25/5.60	4.75
Salary growth	2.50	2.50
Pension growth [2)]	1.75/2.50	1.75
Staff turnover rate [3)]	2.00	2.00

1) Expected return in 2005 for 2006: Luxembourg 4.25 percent, Germany 5.60 percent. The expected return on plan assets is composed of expected short- (2.00 percent) and long-term (4.00 percent) fixed-interest rate levels and a return premium on the equities portion of the investment portfolio (2.50 percent). A 50.00 percent equities portion is assumed for the Luxembourg investment portfolio, a portion of 80.00 percent for the German investment portfolio, respectively.
2) 2.50 percent for plans for which this percentage was contractually agreed
3) No turnover assumed for employees over the age of fifty years and regarding deferred compensation plans

Deutsche Börse Group recognizes a portion of its actuarial gains and losses as income or expense if the net cumulative unrecognized actuarial gains or losses of each company and plan at the end of the previous reporting period have exceeded the greater of 10 percent of the present value of the defined benefit obligation before deduction of plan assets and 10 percent of the fair value of plan assets. The portion of actuarial gains and losses recognized is the excess determined above, divided by the expected average remaining working lives of the employees participating in the retirement benefit plans.

Retirement provision for Group employees is ensured by a variety of retirement benefit plans, the use of which varies from country to country.

A deferred compensation plan was introduced for employees of Deutsche Börse Group in Germany (excluding employees of Infobolsa Deutschland GmbH) as at 1 July 1999. Since its introduction, new commitments have been entered into on the basis of this deferred compensation plan; the existing pension plans were closed for new staff as at 30 June 1999. Employees with pension commitments under the old retirement benefit arrangements were given an option to participate in the deferred compensation plan by converting their existing pension rights. Individual commitment plans exist for members of the executive boards of Group companies.

A new scheme for the retirement provisions for senior managers and new members of the executive boards in Germany was agreed and implemented as at 1 January 2004. The new benefits are based on performance and no longer exclusively on the principle of providing benefits. The old pension system based on pensionable income is being replaced by a "capital component system". This system builds on annual income received composed of both the fixed annual salary and the variable remuneration paid. Thus individual professional performance is directly reflected in the future pension payments. Every year, Group companies contribute an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalization factor depending on age, resulting in the "annual capital component". The benefit assets equal the total of the capital components of the individual years and are converted into a lifelong pension once the benefits fall due.

The employees of the Clearstream subgroup in Luxembourg participate in separate defined benefit pension plans.

Deutsche Börse Group uses external funds to cover some of its pension obligations. The amount of the annual net pension expense is reduced by the expected return on the plan assets of the funds. The defined benefit obligations are offset against the fair value of the plan assets taking into account unrecognized actuarial gains and losses as well as past service cost as yet unrecognized. In addition, the pension obligations of Deutsche Börse Group are secured in part by reinsurance policies. The capitalized surrender value of these reinsurance policies is carried under other noncurrent assets.

The defined benefit pension plan in favour of Luxembourg employees of the Clearstream subgroup is funded by means of cash contributions to an “Association d’épargne pension” (ASSEP) organized in accordance with Luxembourg law. Contributions may or may not cover the entire provisions calculated as per IAS 19, but they must cover pension provisions as determined under Luxembourg law.

There are defined contribution pension plans for employees working in Germany, Switzerland, the UK and the USA. The employer pays contributions to these employees’ private pension funds.

Other long-term benefits for employees and members of executive boards (total disability pension, transitional payments and surviving dependents’ pensions) are also measured using the projected unit credit method. In accordance with IAS 19.127, actuarial gains and losses and past service cost are recognized immediately and in full.

Other provisions
In accordance with IAS 37, the other provisions take account of all identifiable risks as well as uncertain obligations and are measured in the amount of the probable obligation.

Group Share Plan and phantom stock option plan
Accounting for the Group Share Plan and the phantom stock option plan follows IFRS 2 “Share-based payment”.

Group Share Plan
The cost of shares granted to employees at a discount is recognized in the income statement at the grant date. Options granted follow the accounting principles for share-based payments with a choice of settlement in cash or equity instruments. As the Company does not have an obligation to settle in cash at the grant date, the options are recognized as equity-settled share-based payments. The options are measured at their fair values at the grant date and recognized in the income statement over the two-year vesting period, with a corresponding increase in shareholders’ equity.

Under the 2003 tranche, a present obligation to settle in cash arose during the vesting period following the announcement of cash settlement prior to the end of the vesting period. Accordingly, the options in the 2003 tranche were recognized as cash-settled share-based payments in the period under review, and the amount previously recognized in shareholders’ equity was reclassified to provisions. The difference between the amount previously recognized and the fair value was expensed in full. From this date on, the options will be measured at their respective fair values at the reporting date and recognized in the income statement.

Phantom stock option plan
Options granted follow the accounting principles for cash-settled share-based payments. The cost of the options is estimated using an option pricing model (fair value measurement).

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet approach in accordance with IAS 12. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled. The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognized for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Financial liabilities

Financial liabilities that are not held for trading purposes are carried at their amortized cost. Such liabilities include commercial paper and bonds issued by Group companies.

Acquisition accounting

In the past, acquisition accounting was performed in accordance with IAS 22 using the purchase method of accounting in the form of the parent company concept. In accordance with IFRS 3, subsidiaries acquired after 31 March 2004 are accounted for using the purchase method in the form of the full revaluation model. The acquiree's identifiable assets, liabilities and contingent liabilities are carried at their fair values at the acquisition date. Any excess of the cost of acquisition over the acquirer's interest in the fair value of the subsidiary is recognized as goodwill and carried at cost. Subsequent to initial recognition, goodwill is carried at cost less any accumulated impairment losses.

Any excess of the acquirer's interest in fair value over the cost of acquisition results in a reassessment of the identification and measurement of the fair value and the cost of acquisition; any excess remaining after this reassessment is recognized immediately in income.

Other consolidation adjustments

Intra-Group assets and liabilities are eliminated. Income arising from intra-Group transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intra-Group goods and services, as well as dividends distributed within the Group, are eliminated. Deferred tax assets or liabilities are recognized for consolidation adjustments where these are expected to reverse in subsequent years.

Investments in subsidiaries in non-EMU (European Monetary Union) countries, as well as investee equity items, are translated at historical exchange rates. Assets and liabilities of companies whose functional currency is not euro are translated into euro at the closing rate. In accordance with IAS 21, income statement items are translated using average exchange rates. Resulting exchange differences are recognized directly in equity, under retained earnings.

The following euro exchange rates have been used:

		Average rate 2005	Average rate 2004	Closing rate 31 Dec. 2005	Closing rate 31 Dec. 2004
Swiss francs	CHF	1.5507	1.5439	1.5549	1.5428
US dollars	USD	1.2208	1.2558	1.1828	1.3628
Pounds sterling	GBP	0.6810	0.6814	0.6852	0.7066

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from first-time consolidation are presented in the functional currency of the foreign operation and translated at the closing rate.

Interests in equity attributable to minority shareholders are carried under “minority interests”, within equity.

Currency translation
In accordance with IAS 21, foreign currency transactions are translated at the middle rate prevailing at the transaction date.

At the balance sheet date, for operations whose functional currency is euro, monetary balance sheet items are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items are measured at historical cost. Currency translation differences are recorded as income or expense in the period in which they arise unless the underlying transactions are hedged. Such items of income or expense are contained in other operating income or expenses, as appropriate.

Key sources of estimation uncertainty and management judgements
Note 14 (Intangible assets) contains information on the assumptions applied in performing annual goodwill impairment tests. In each case, the respective business plans serve as the basis for determining any impairment. These plans contain projections of the future financial performance of the cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary.

Note 48 (Phantom stock option plan and Group Share Plan) contains disclosures on the valuation model used in the measurement of stock options. In addition, the recognition of provisions for anticipated losses from rental expenses was based in part on estimates of probable utilization; details of these estimates can be found under note 27 (Other noncurrent provisions).

Consolidated Income Statement Disclosures

4. Sales revenue

A breakdown of external sales revenue by segment is presented below:

	2005 €m	2004 €m
Xetra		
Xetra trading fees	108.1	108.9
Clearing and settlement fees	63.5	41.0
Floor trading fees	52.5	45.9
Listing fees	12.9	13.1
Income from cooperation agreements	7.4	5.1
Other sales revenue	3.3	2.3
	247.7	**216.3**
Eurex		
Trading and clearing fees	485.6	397.3
Other sales revenue	17.9	10.1
	503.5	**407.4**
Market Data & Analytics		
Sales of price information	102.6	94.0
Other sales revenue	27.4	27.7
	130.0	**121.7**
Clearstream		
Custody fees	395.5	366.6
Transaction fees	130.3	117.4
Global Securities Financing	37.2	35.9
Other sales revenue	67.5	58.9
	630.5	**578.8**
Information Technology		
Systems operation	66.2	68.2
Systems development	53.6	57.2
	119.8	**125.4**
Total sales revenue	**1,631.5**	**1,449.6**

Xetra and Eurex sales revenue is composed principally of trading and clearing revenue that is charged as a fee per transaction or per contract. The Eurex trading and clearing fees represent the contractual 85 percent (2004: 80 percent) of transaction fees invoiced by Eurex Clearing AG. The remaining 15 percent (2004: 20 percent) are paid to SWX Swiss Exchange AG and are not included in the Deutsche Börse Group financial statements.

The tariff structure applicable to trading on the Xetra electronic market was changed in January 2005. It now consists of three main elements: a value-based trading fee and a value-based clearing fee, both of which are charged for each order executed, plus a flat-rate settlement fee to be paid for the settlement transactions remaining after netting (CCP). The 15 percent increase in segment revenue to €247.7 million (2004: €216.3 million) is attributable to the growth in the number of Xetra transactions (up 17 percent to 81.3 million) and the number of contract notes (up 14 percent to 27.6 million). Income from cooperation arrangements contains a one-time charge to the Irish Stock Exchange for the development of the ISE-CCP in the amount of €1.5 million.

The sharp increase in Eurex's sales revenue of 24 percent to €503.5 million (2004: €407.4 million) is largely due to two factors: the new fee distribution model and increased trading activity. Applying the new fee distribution model (see above) for 2004, Eurex would have generated sales revenue of €432.2 million. The remaining 16 percent is attributable to the growth in the number of traded contracts, which rose by 17 percent.

Market Data & Analytics generates most of its sales revenue from the sale of price information. Other revenue is generated by index license income and the provision of securities information.

Sales revenue in the Clearstream segment rose by 9 percent to €630.5 million (2004: €578.8 million). The 8 percent rise in custody revenue is the result of the increase in the average value of securities held in custody to €8.1 trillion (2004: €7.4 trillion). Transaction revenue increased by 11 percent; this was due to the 6 percent rise in the number of transactions to 48.8 million (2004: 46.1 million; both excluding CCP transactions) and the increased proportion of (higher priced) international transactions. Other sales revenue rose by 15 percent to €67.5 million (2004: €58.9 million) due to new functions offered by CreationOnline in conjunction with increased OTC volumes.

Information Technology develops and operates systems for internal and external customers. External revenue fell by 4 percent to €119.8 million (2004: €125.4 million). This was due to the sale of the entory subgroup to Softlab GmbH with effect from 1 October 2005 (for detailed information, see note 2, Basis of consolidation): Among other things, external sales revenue of €39.8 million and external costs of €51.5 million for the entory subgroup were recognized in 2005 in the consolidated income statement for the first nine months of the year. The Information Technology segment's external fixed price development contracts amounted to €5.7 million in 2005 (2004: €8.3 million).

5. Net interest income from banking business

Net interest income from banking business is composed of the following items:

	2005 €m	2004 €m
Gross interest income	201.8	124.1
Interest expense	–89.1	–47.0
Net interest income from banking business	**112.7**	**77.1**

The significant increase in average customer deposits by 19 percent to €3.8 billion (2004: €3.2 billion) and rising interest rates (particularly in the US dollar area) meant that net interest income from banking business grew by 46 percent to €112.7 million.

6. Own expenses capitalized

Own expenses capitalized relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

	Total expense for software development		of which own expenses capitalized	
	2005 €m	2004 €m	2005 €m	2004 €m
Xetra				
Equity Central Counterparty, CCP, FI-CCP, ISE-CCP[1]	8.1	14.8	4.0	6.6
Xetra software	0	4.7	0	2.9
	8.1	**19.5**	**4.0**	**9.5**
Eurex				
Eurex software	22.4	14.2	18.5	10.8
Integrated Clearer[1]	2.3	0.9	2.1	0.9
Eurex US software	0	8.9	0	8.0
	24.7	**24.0**	**20.6**	**19.7**
Market Data & Analytics				
Consolidated Exchange Feed (CEF)	4.3	4.8	0	0
Infobolsa	0.4	0.5	0.4	0.5
	4.7	**5.3**	**0.4**	**0.5**
Clearstream				
Custody	9.2	4.8	0	3.2
New German Settlement Model	8.6	3.9	0.5	2.3
Connectivity – Cedcom	8.0	13.6	1.6	8.4
Lending & Collateral Management	5.1	0	3.8	0
Reference Data Factory	4.9	2.4	3.7	0.9
ECB Standard 3	3.4	0	1.2	0
Funds Distribution	2.8	6.0	1.2	4.1
Daytime Bridge	0	10.8	0	5.6
Clearing & Settlement	0	4.0	0	2.1
Other	4.8	3.5	1.8	2.1
	46.8	**49.0**	**13.8**	**28.7**
Information Technology				
Xentric	0	0.1	0	0.1
Other	2.6	2.4	0	0
	2.6	**2.5**	**0**	**0.1**
Total of all segments	**86.9**	**100.3**	**38.8**	**58.5**
less intra-Group profits	14.6	18.7	11.0	13.7
Total research and development costs	**72.3**	**81.6**	**27.8**	**44.8**

[1] The Equity Central Counterparty, CCP, FI-CCP, ISE-CCP and Integrated Clearer systems are managed as part of a joint project; the development costs were allocated to the Xetra and Eurex segments on the basis of the resources used.

7. Other operating income

Other operating income is composed of the following items:

	2005 €m	2004 €m
Income from agency agreements	34.9	36.3
Gains on the disposal of subsidiaries and equity investments	13.2	0
Rental income from investment property	8.5	5.9
Rental income from sublease contracts	6.7	7.8
Foreign currency income	5.5	3.6
Income from the release of provisions	4.1	4.4
Income from insurance recoveries	1.3	0.5
Gains on the disposal of noncurrent assets	0.1	0.7
Miscellaneous	4.8	5.0
Total other operating income	**79.1**	**64.2**

Income from agency agreements results mainly from the operational management of the Eurex Zürich derivatives market for SWX Swiss Exchange AG.

For details of proceeds from the disposal of subsidiaries, see notes 2 (Basis of consolidation) and 38 (Cash flows from investing activities).

For details of rental income from sublease contracts, see note 47 (Leases).

Miscellaneous other operating income relates to income from cooperation agreements and from training as well as the restatement of the revaluation surplus from the first-time consolidation of the Clearstream subgroup, among other things.

8. Staff costs

Staff costs are composed of the following items:

	2005 €m	2004 €m
Wages and salaries	348.3	280.9
Social security contributions, retirement and other benefits	57.8	54.8
Total staff costs	**406.1**	**335.7**

In 2005, wages and salaries expense rose by 24 percent to €348.3 million. This was mainly due to the following three factors: firstly, the strong price performance of Deutsche Börse AG's shares meant that expenses relating to the Group Share Plan and stock option programs increased to €40.1 million (2004: €3.0 million) (see also note 48, Phantom stock option plan and Group Share Plan); secondly, changes at senior executive level resulted in payments for termination benefits to the amount of €20.2 million (2004: €5.2 million); and thirdly, a one-time bonus totalling €10.0 million was paid to the Group's employees in the year under review (2004: nil). Adjusted for these factors, wages and salaries increased slightly by 2 percent. This was primarily due to annual salary growth.

Social security contributions, retirement and other benefit costs rose by 5 percent to €57.8 million (2004: €54.8 million), of which €21.7 million (2004: €21.4 million) related to contributions to defined contribution pension plans. The prior-period amount was adjusted for employer contributions to the statutory pension scheme. For details on defined benefit pension plans, see note 25 (Provisions for pensions and other employee benefits).

9. Depreciation and amortization expense (other than goodwill)

The depreciation and amortization expense (other than goodwill) may be analyzed as follows. For details on the impairment losses see also notes 14 (Intangible assets) and 42 (Segment reporting).

	2005 €m	2004 €m
Intangible assets	114.5	139.4
Property, plant and equipment	39.5	45.4
Investment property	7.4	6.2
Total depreciation and amortization expense (other than goodwill)	**161.4**	**191.0**

The decrease in amortization of intangible assets is the result of the decline in capitalized investments in the past few years.

Depreciation of property, plant and equipment fell due to the complete depreciation for some hardware, in particular for servers.

In 2005, depreciation of investment property rose to €5.8 million (2004: €4.7 million) due to the completion of the Luxembourg building "The Square D" in March 2004. The remaining depreciation amounting to €1.6 million (2004: €1.5 million) relates to impairment losses charged on a property held for sale.

10. Other operating expenses

Other operating expenses are composed of the following items:

	2005 €m	2004 €m
Consulting costs	77.0	91.0
Premises expenses	64.6	73.9
IT costs	48.3	55.8
Non-recoverable input tax	40.3	29.2
Purchase of price information	26.0	24.0
Communication costs (including network costs)	24.9	24.8
Advertising and marketing costs	22.6	29.6
Insurance premiums, contributions and fees	15.1	13.4
Xontro system operation	14.3	13.9
Travel, entertainment and corporate hospitality expenses	12.8	13.9
Cost of agency agreements	11.4	10.7
Non-wage labour costs and voluntary social benefits	10.1	9.9
Fees payable to Helsinki Exchange Ltd. Oy	5.1	6.2
Cost of exchange rate differences and inventory write-downs	4.6	3.2
External labour	4.2	4.0
Valuation allowances and bad debt losses	4.1	1.9
Supervisory Board compensation	3.9	2.7
Rent and leases (excluding IT)	2.9	4.5
Postage and transport costs	2.2	2.5
Maintenance (excluding IT)	1.6	1.8
Office supplies	1.5	1.7
Loss on disposal of noncurrent assets	0.5	0.2
Miscellaneous	17.9	12.5
Total other operating expenses	**415.9**	**431.3**

Consulting costs relate mainly to expenses in conjunction with software development. An analysis of research and development costs is presented in note 6 (Own expenses capitalized), which shows a reduction of €9.3 million. Consulting costs also contain costs of strategic and legal consulting services as well as for auditing activities.

The fees for the auditor, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main and Berlin, Germany, expensed in accordance with section 314 (1) no. 9 HGB (Handelsgesetzbuch – German Commercial Code) in the year under review, were as follows:

	2005 €m	2004 €m
Audit	2.2	1.4
Other assurance or valuation services	0	0.1
Tax advisory services	0.7	1.0
Other services	0.5	0.8
Total	**3.4**	**3.3**

The increase in auditing costs is due among other things to the extended audit of Eurex Clearing AG (which has now acquired bank status), additional charges from the previous year, and the auditing costs for the entory subgroup, which had a short financial year as a result of its disposal.

Premises expenses relate primarily to the cost of providing office space (excluding depreciation on the Group's own buildings). They include rent, maintenance, security, energy, cleaning and miscellaneous premises expenses. The €9.3 million decrease is due mainly to the lower increases in provisions for anticipated losses from rental expenses, which amounted to €4.6 million (2004: €13.6 million).

IT costs contain the costs for rental, leasing and maintenance of hardware and software. They fell by €7.5 million as a result of the changeover from leased to owned office hardware, the renegotiated outsourcing contract for the central helpdesk, and renegotiated hardware and software contracts.

Non-recoverable input tax results mainly from the VAT-free Eurex trading and clearing fees, and from interest income and income from payment services. The significant increase in this item was due to the recognition of provisions for potential risks.

Costs for the purchase of price information are incurred for data and information from other stock exchanges.

Communication costs include costs for the participant network, the SWIFT network and telephone charges.

The decrease in advertising and marketing costs is mainly the result of the decline in costs for incentive programs in connection with the Eurex segment's entry into the US market.

Due to a price reduction, the rise in the costs of operating the Xontro system was less pronounced than the growth in sales revenue.

The cost of agency agreements relates to the costs of SWX Swiss Exchange AG, which renders services for the Eurex subgroup.

Miscellaneous other operating expenses include license fees, donations, cash transaction costs and processing error costs.

11. Result from equity investments

The result from equity investments is attributable to the following items:

	2005 €m	2004 €m
At equity result of associates and joint ventures		
STOXX Ltd.	2.3	0.4
European Energy Exchange AG	1.3	0.1
FDS Finanz-Daten-Systeme GmbH & Co. KG	0.3	0
International Index Company Ltd.	0.3	0.4
Total income from measurement at equity	**4.2**	**0.9**
The Clearing Corporation Inc.	–2.4	–2.9
Other equity investments accounted for at equity	–0.4	0
Total losses from measurement at equity[1)]	**–2.8**	**–2.9**
Net income from measurement at equity	**1.4**	**–2.0**
Dividends from associates		
STOXX Ltd.	3.1	2.6
Other associates	0.1	0.4
Total dividends from associates	**3.2**	**3.0**
Income from other equity investments	**0.8**	**1.0**
Total result from equity investments	**5.4**	**2.0**

1) Including impairment losses (see note 16)

Gains and losses on the disposal of equity investments are reported in other operating income.

12. Net financial result

Financial income is composed of the following items:

	2005 €m	2004 €m
Interest on bank balances	14.0	10.0
Income from noncurrent financial instruments	4.2	0.2
Other interest and similar income	30.7	26.3
Total financial income	**48.9**	**36.5**

The growth in interest on bank balances was primarily attributable to the volume of Deutsche Börse Group’s investments, which rose by 33 percent. Income from noncurrent financial instruments includes realized price gains from the sale of noncurrent assets in the amount of €3.8 million (2004: nil). Other interest and similar income rose by 17 percent; this was due to the 17 percent increase in the average volumes of cash deposits at Eurex Clearing AG.

Financial expense is composed of the following items:

	2005 €m	2004 €m
Interest paid on Eurex participants’ cash deposits	22.2	19.2
Interest on noncurrent loans	17.3	17.3
Interest on current liabilities	1.7	2.0
Other interest and similar expenses	16.5	4.7
Total financial expense	**57.7**	**43.2**

Due to the aforementioned reasons, the interest paid on Eurex participants’ cash deposits rose. Other interest and similar expenses primarily include interest expenses from taxes and commitment fees for credit facilities.

13. Income tax expense

The following table shows the main components of the income tax expense:

	2005 €m	2004 €m
Current income taxes:		
of the year under review	257.3	216.0
from previous years	18.2	–4.4
Deferred tax expense on current temporary differences	–9.1	–13.8
Total income tax expense	**266.4**	**197.8**

An unchanged tax rate of 41 percent was used in 2005 to calculate deferred taxes for the German companies (2004: 41 percent). As in the previous year, this reflects trade income tax at a multiplier of 490 percent on the tax base value of 5 percent, corporation tax of 25 percent and the 5.5 percent solidarity surcharge on the corporation tax. An unchanged tax rate of 30 percent was also used for the Luxembourg companies, reflecting trade income tax at a rate of 7.5 percent and corporation tax at 23 percent.

Tax rates of 30 to 40 percent were applied to the companies in the United Kingdom, the USA, Spain and Portugal.

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognized in income or directly in equity.

	Deferred tax assets		Deferred tax liabilities		Deferred tax expense/(income)		Tax expense/(income) recognized directly in equity	
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
Pension provisions and other employee benefits	7.4	8.6	–7.2	0	8.4	–1.5	0	0
Other provisions	8.9	8.5	0	0	–0.4	–1.2	0	0
Risk provisions	0	0	–25.7	–25.7	0	0	0	0
Intangible assets	3.9	0.3	–34.0	–46.8	–16.4	–8.7	0	0
Securities	0	0.4	–3.9	–5.5	0	–0.8	–1.2	0.2
Other noncurrent assets	0	0	–1.7	–2.9	–1.2	–0.6	0	0
Other	0.7	1.2	–0.9	–0.1	0.5	–1.0	0.8[1]	0
Gross amounts	**20.9**	**19.0**	**–73.4**	**–81.0**	**–9.1**	**–13.8**	**–0.4**	**0.2**
Netting of deferred taxes	–20.9	–17.8	20.9	17.8	0	0	0	0
Total deferred taxes	**0**	**1.2**	**–52.5**	**–63.2**	**–9.1**	**–13.8**	**–0.4**	**0.2**

[1] Eliminated against other retained earnings.

Changes taken directly to equity relate to deferred taxes on changes in the measurement of noncurrent financial assets carried at fair value (see also note 23, Revaluation surplus).

€7.4 million (2004: €8.6 million) of deferred tax assets and €38.6 million (2004: €28.6 million) of deferred tax liabilities have an expected remaining maturity of more than one year.

Deferred tax liabilities have not been recognized in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG – German Corporation Tax Act), 5 percent of dividend and similar income received by German companies will be treated as non-deductible expenses for tax purposes.

The following table presents a reconciliation between the expected and the actual tax expense. To determine the expected tax expense, the profit before tax has been multiplied by the composite tax rate of 41 percent assumed for 2005 (2004: 41 percent).

	2005 €m	2004 €m
Expected income taxes derived from net profit for the year before taxes	285.4	185.3
Tax increases due to non tax-deductible goodwill amortization	2.4	28.3
Non tax-deductible losses carried forward	6.8	16.2
Risk provision	0	5.9
Tax increases due to other non tax-deductible expenses	5.2	3.5
Effects resulting from different tax rates[1]	–19.9	–13.4
Tax decreases due to foreign dividends and income from equity investments	–30.2	–23.7
Other	–1.5	0.1
Income tax expense arising from current year	**248.2**	**202.2**
Prior-period income taxes	18.2	–4.4
Income tax expense	**266.4**	**197.8**

1) The Luxembourg tax rates were applied to calculate the profit for the year of the Luxembourg companies belonging to the Clearstream subgroup.

As at 31 December 2005, accumulated unused tax losses amounted to €64.6 million (2004: €48.7 million), for which no deferred tax asset was established. In neither 2004 nor 2005 were tax losses from prior years offset against current year profits.

Losses incurred in Germany can be carried forward indefinitely, taking into account the minimum taxation in accordance with current legislation. Losses incurred outside Germany can be carried forward for between 15 and 20 years.

Consolidated Balance Sheet Disclosures

14. Intangible assets

Intangible assets	Software €m	Goodwill €m	Payments on account and construction in progress €m	Other intangible assets[1] €m	Total €m	thereof internally generated software[2] €m
Historical cost as at 1 Jan. 2004	**813.2**	**1,341.0**	**11.1**	**0**	**2,165.3**	**580.9**
Additions	6.8	0	44.4	4.6	55.8	44.8
Disposals	–14.8	0	–2.5	0	–17.3	–2.5
Reclassifications	31.9	0	–31.9	0	0	0
Historical cost as at 31 Dec. 2004	**837.1**	**1,341.0**	**21.1**	**4.6**	**2,203.8**	**623.2**
Exchange rate differences	0	0	0	0.4	0.4	0
Net changes in the basis of consolidation	1.0[3]	–84.7	0	0	–83.7	0
Additions	18.7	0	14.2	0	32.9	27.8
Reclassifications	23.4	0	–23.4	0	0	0
Adjustments to IFRS 3[4]	0	–178.9	0	0	–178.9	0
Historical cost as at 31 Dec. 2005	**880.2**	**1,077.4**	**11.9**	**5.0**	**1,974.5**	**651.0**
Depreciation as at 1 Jan. 2004	**461.6**	**167.6**	**0**	**0**	**629.2**	**262.6**
Additions	134.1	68.5	0	1.5	204.1	109.3
Impairment losses	1.3	0.4	2.5	0	4.2	3.8
Disposals	–14.8	0	–2.5	0	–17.3	–2.5
Depreciation as at 31 Dec. 2004	**582.2**	**236.5**	**0**	**1.5**	**820.2**	**373.2**
Changes in the basis of consolidation	–1.8	–57.6	0	0	–59.4	0
Additions	101.2	0	0	1.4	102.6	83.6
Impairment losses	9.8	5.9	0	2.1	17.8	9.8
Adjustments to IFRS 3[4]	0	–178.9	0	0	–178.9	0
Depreciation as at 31 Dec. 2005	**691.4**	**5.9**	**0**	**5.0**	**702.3**	**466.6**
Carrying amount as at 1 Jan. 2004	351.6	1,173.4	11.1	0	1,536.1	318.3
Carrying amount as at 31 Dec. 2004	254.9	1,104.5	21.1	3.1	1,383.6	250.0
Carrying amount as at 31 Dec. 2005	**188.8**	**1,071.5**	**11.9**	**0**	**1,272.2**	**184.4**

1) This item relates to assets from the acquisition of equity investments within the framework of the Eurex subgroup's US activities. It is allocated to the Eurex segment.
2) Composed of a part of the item "software" and the total "payments on account and construction in progress".
3) This item includes additions totalling €2.9 million resulting from the acquisition of equity investments.
4) This relates to cumulative impairment losses charged on goodwill as at 31 December 2004 (with the exception of the impairment losses charged on the goodwill of the entory subgroup, which was presented as a change in the Group structure). Cumulative impairment losses are reported netted off cost as at 31 December 2004 in accordance with IFRS 3.79.

Software and payments on account and construction in progress
Additions and reclassifications of software relate primarily to the development of software products for the Clearstream segment and to the expansion of the Xetra and Eurex electronic trading systems. Payments on account relate mainly to advance payments on software. The amortization of software and other intangible assets is reported in the income statement under "Depreciation and amortization expense (other than goodwill)".

As at 31 December 2005, major individual software assets show the following carrying amounts and remaining depreciation periods:

Software	Carrying amount as at		Remaining depreciation period as at	
	31 Dec. 2005 €m	31 Dec. 2004 €m	31 Dec. 2005 years	31 Dec. 2004 years
Xetra				
Equity Central Counterparty	11.4	16.5	2.3	3.3
Eurex				
Eurex Release 8.0	10.0	0	4.9	n.a.
Eurex Release 6.0	7.4	11.5	1.8	2.8
Eurex Release 5.0	6.1	11.6	1.2	2.2
Market Data & Analytics				
Consolidated Exchange Feed	2.5	9.6	0.4	1.4
Clearstream				
CreationConnect	57.7	79.1	2.3	3.3
Creation 24	12.5	20.7	2.0	3.0
New German Settlement Model	11.5	12.5	2.9	3.9
Custody	8.5	12.6	2.2	3.2
Daytime Bridge	7.6	9.8	3.5	4.5
Other software assets[1]	**53.6**	**71.0**		
Total software	**188.8**	**254.9**		

[1] Each with a carrying amount of less than €6.0 million

Impairment losses include depreciation of the systems Xetra Release 7.0 in the Xetra segment, Global Clearing Link (GCL) phase 2, FEX 1.0 and a/c/e in the Eurex segment, and of the Euro GC Pooling functionality in the Clearstream segment.

The following table shows impairment losses by segment:

	2005 €m	2004 €m
Xetra	0.5	3.3
Eurex	8.8	0.5
Clearstream	0.5	0
Total impairment losses (excluding goodwill and other intangible assets)[1)]	**9.8**	**3.8**

1) Net amounts, i.e. excluding inter-Company profits/losses

Goodwill

Changes in goodwill	entory AG €m	Clearstream International S.A. €m	Infobolsa S.A. €m	Total goodwill €m
Balance as at 1 Jan. 2004	**34.5**	**1,124.6**	**14.3**	**1,173.4**
Goodwill amortization and impairment	–7.4	–60.8	–0.7	–68.9
Balance as at 31 Dec. 2004	**27.1**	**1,063.8**	**13.6**	**1,104.5**
Impairment	0	0	–5.9	–5.9
Changes in the basis of consolidation	–27.1	0	0	–27.1
Balance as at 31 Dec. 2005	**0**	**1,063.8**	**7.7**	**1,071.5**

Goodwill allocated to the various cash-generating units is the sole intangible asset with an indefinite useful life.

Of the total amount recognized as goodwill from the acquisition of entory AG, €7.4 million was written down in the previous year, including €0.4 million recognized as an impairment loss in the Information Technology segment. The value in use on which this impairment loss was calculated was based on estimated future cash flows using a pre-tax discount rate of 16.1 percent. entory AG was deconsolidated in the year under review. The remaining goodwill of €27.1 million was eliminated against the proceeds from the sale during deconsolidation, and the remaining income was reported under other operating income.

The recoverable amounts of the cash-generating units to which goodwill is allocated are based on their values in use.

Key assumptions relating to these values vary depending on the cash-generating unit. Pricing or market share assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors. Correlations of core business revenues with the macro-economic environment are identified through a multiple regression model. Significant macro-economic indicators include, for instance, stock index levels, volatility of stock indices, as well as interest rates, exchange rates, GDP growth, unemployment levels or government debt. Patterns in historic developments of macro-economic factors are identified and then used in a Monte Carlo simulation to predict anticipated growth rates for various product lines. The distribution of growth rates shows the sensitivity to the macro-economic environment. Finally, a revenue corridor with various confidence intervals is calculated. Planned revenues are within one standard deviation from the mean.

Clearstream

Key assumptions used to determine Clearstream's value in use are the following: assets held in custody, transaction volumes and market interest rates.

Cash flows are projected over a three-year period (2006 to 2008). Cash flow projections beyond 2008 are extrapolated assuming a 4 percent growth rate. The pre-tax discount rate used is 14.3 percent.

Infobolsa

The net carrying amount of goodwill resulting from the acquisition of the Infobolsa subgroup was allocated to the two cash-generating units Infobolsa S.A. and Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S.A. (€7.7 million), as well as Infobolsa Deutschland GmbH (€5.9 million).

Key assumptions made to determine the values in use are the following: Infobolsa terminal sales, as well as sales revenues from application services provider and retail business.

Cash flows are projected over a three-year period (2006 to 2008). Cash flow projections beyond 2008 are extrapolated assuming a 4 percent growth rate. The pre-tax discount rate used is 12.7 percent for Infobolsa S.A. and Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S.A. and 10.0 percent for Infobolsa Deutschland GmbH.

The estimated value in use of Infobolsa Deutschland GmbH is lower than the amount of goodwill attributed to it. As a result, an impairment loss equal to the net carrying amount of the goodwill attributed to it (€5.9 million) was reported in the Market Data & Analytics segment in 2005.

15. Property, plant and equipment

Property, plant and equipment	Land and buildings €m	Fixtures and fittings €m	Computer hardware, operating and office equipment €m	Payments on account and construction in progress €m	Total €m
Historical cost as at 1 Jan. 2004	**133.7**	**86.6**	**225.6**	**54.7**	**500.6**
Additions	3.2	6.9	16.0	5.3	31.4
Disposals	0	–0.3	–15.5	–0.1	–15.9
Reclassifications	–7.7	–3.9	2.9	–59.9	–68.6
Historical cost as at 31 Dec. 2004	**129.2**	**89.3**	**229.0**	**0**	**447.5**
Changes in the basis of consolidation	0	–0.4	–2.9	0	–3.3
Additions	0.1	0.5	30.8	0.2	31.6
Disposals	0	–2.4	–13.9	0	–16.3
Reclassifications	–0.6	0.6	1.0	0	1.0
Historical cost as at 31 Dec. 2005	**128.7**	**87.6**	**244.0**	**0.2**	**460.5**
Depreciation as at 1 Jan. 2004	**1.2**	**15.1**	**155.7**	**0**	**172.0**
Additions	3.3	9.6	32.5	0	45.4
Disposals	0	–0.2	–15.3	0	–15.5
Depreciation as at 31 Dec. 2004	**4.5**	**24.5**	**172.9**	**0**	**201.9**
Changes in the basis of consolidation	0	–0.4	–2.8	0	–3.2
Additions	2.8	9.6	27.1	0	39.5
Disposals	–0.7	–1.5	–12.6	0	–14.8
Reclassifications	0	0	0.6	0	0.6
Depreciation as at 31 Dec. 2005	**6.6**	**32.2**	**185.2**	**0**	**224.0**
Carrying amount as at 1 Jan. 2004	132.5	71.5	69.9	54.7	328.6
Carrying amount as at 31 Dec. 2004	124.7	64.8	56.1	0	245.6
Carrying amount as at 31 Dec. 2005	**122.1**	**55.4**	**58.8**	**0.2**	**236.5**

The changes in 2004 in payments on account and construction in progress relate mainly to “The Square”. In 2004, one building was transferred to “Investment property” after its completion.

The item “Computer hardware, operating and office equipment” includes leased assets of which the Group is the beneficial owner in accordance with IAS 17. The net carrying amount of the leased assets was €3.5 million as at 31 December 2005 (previous year: €4.5 million); see also note 47 (Leases).

16. Financial assets and investment property

Financial assets	Investments in associates €m	Other equity investments €m	Securities from banking business €m	Other financial instruments €m	Other loans €m
Historical cost as at 1 Jan. 2004	**33.2**	**28.2**	**375.6**	**11.1**	**0.8**
Additions	0	0	10.0	0	0.2
Disposals	0	0	–82.8	0	–0.2
Reclassifications	11.9	–11.9	43.9	0	0
Historical cost as at 31 Dec. 2004	**45.1**	**16.3**	**346.7**	**11.1**	**0.8**
Additions	0	1.3	10.2	0	0.2
Disposals	–0.1	0	–34.6	–3.1	–0.9
Historical cost as at 31 Dec. 2005	**45.0**	**17.6**	**322.3**	**8.0**	**0.1**
Revaluation as at 1 Jan. 2004	**–22.6**	**–2.1**	**8.9**	**–1.6**	**0**
Net income from measurement at equity[1]	–2.0	0	0	0	0
Currency translation differences recognized in profit or loss	0	0	–1.8	0	0
Impairment losses recognized in income statement[2]	0	0	0	–0.3	0
Amortization of discount[3]	0	0	–0.8	0	0
Market price changes recognized directly in equity	0	0	2.2	0.9	0
Currency translation differences recognized directly in equity	–0.9	0	0	0	0
Revaluation as at 31 Dec. 2004	**–25.5**	**–2.1**	**8.5**	**–1.0**	**0**
Disposals	0	0	0	–1.8	0
Net income from measurement at equity[1]	2.4	0	0	0	0
Currency translation differences recognized in profit or loss	0	0	3.1	0	0
Impairment losses recognized in income statement	–1.0[1]	0	0	–0.2[2]	0
Amortization of discount[3]	0	0	–3.3	0	0
Market price changes recognized directly in equity	0	0.9	–1.2	1.8	0
Currency translation differences recognized directly in equity	1.1	0	0	0	0
Revaluation as at 31 Dec. 2005	**–23.0**	**–1.2**	**7.1**	**2.4**	**0**
Carrying amount as at 1 Jan. 2004	10.6	26.1	384.5	9.5	0.8
Carrying amount as at 31 Dec. 2004	19.6	14.2	355.2	10.1	0.8
Carrying amount as at 31 Dec. 2005	**22.0**	**16.4**	**329.4**	**10.4**	**0.1**

[1] Included in the result from equity investments
[2] Included in the net financial result
[3] Included in the net interest income from banking business

For details on revaluation differences recognized directly in equity, see also note 23.

Other equity investments include available-for-sale shares.

No write-downs of securities from banking business and other securities were recognized in income in the year under review (2004: €0.3 million).

The following table shows the components of the caption “securities from banking business”:

	Total amounts		thereof with remaining maturity of 12 months or less	
	31 Dec. 2005 €m	31 Dec. 2004 €m	31 Dec. 2005 €m	31 Dec. 2004 €m
Fixed-income securities:				
from sovereign issuers	63.0	71.4	7.8	0
from multilateral banks	174.0	172.0	100.6	6.4
from other credit institutions	92.4	98.0	10.0	15.2
Equity funds	0	13.8	0	0
Total	**329.4**	**355.2**	**118.4**	**21.6**

All securities from banking business are listed (2004: €330.2 million).

Investment property	€m
Historical cost as at 1 Jan. 2004	**55.8**
Additions	0.2
Disposals	–1.9
Reclassifications	68.6
Historical cost as at 31 Dec. 2004	**122.7**
Historical cost as at 31 Dec. 2005	**122.7**
Depreciation as at 1 Jan. 2004	**1.8**
Additions	4.7
Impairment losses	1.5
Depreciation as at 31 Dec. 2004	**8.0**
Additions	5.8
Impairment losses	1.6
Depreciation as at 31 Dec. 2005	**15.4**
Carrying amount as at 1 Jan. 2004	54.0
Carrying amount as at 31 Dec. 2004	114.7
Carrying amount as at 31 Dec. 2005	**107.3**

Investment property was recognized in the balance sheet at €107.3 million (2004: €114.7 million). The estimated fair value as at 31 December 2005 was €138.3 million (2004: €132.9 million). The fair value of the unused piece of land was based on a valuation made by a real estate assessor. The fair value of the buildings rented to third parties was calculated based on calculated rental income for the building and a discount rate of 6.5 percent. The impairment losses relate to the Clearstream segment and result from premises for sale.

Investment property, which yielded rental income of €8.5 million (2004: €5.9 million) during the year, incurred operating expenses amounting to €2.0 million (2004: €2.4 million).

17. Derivatives

Derivative assets and liabilities are recognized at their fair values, under the captions “Other noncurrent assets” and “Other noncurrent liabilities”, respectively, as follows:

Other noncurrent assets	31 Dec. 2005 €m	31 Dec. 2004 €m
Fair value hedges	1.3	0.7
Cash flow hedges	0	0.8
Derivative assets	**1.3**	**1.5**
Miscellaneous	12.2	16.2
Total other noncurrent assets[1]	**13.5**	**17.7**

[1] Thereof €0.1 million (2004: nil) with remaining maturity of less than one year

Other noncurrent liabilities	31 Dec. 2005 €m	31 Dec. 2004 €m
Fair value hedges	4.6	3.4
Cash flow hedges	0.5	1.4
Other derivative liabilities	3.9	5.6
Total other noncurrent liabilities[1]	**9.0**	**10.4**

[1] Thereof €0.1 million (2004: nil) with remaining maturity of less than one year

Fair value hedges

Interest rate swaps under which a fixed interest rate is paid and a variable rate is received have been used to hedge the value of particular fixed-rate available-for-sale financial instruments (fair value hedges).

The following table gives an overview of the notional amount of the positions covered by fair value hedges at 31 December 2005 and the corresponding weighted average interest rates:

		31 Dec. 2005	31 Dec. 2004
Notional amount of pay-fixed interest rate swaps	€m	288.1	284.9
Fair value of pay-fixed interest rate swaps	€m	–3.3	–2.7
Average pay rate	%	3.51	3.51
Average receive rate	%	2.38	2.19

Cash flow hedges

Interest rate swaps under which a variable rate of interest is paid and a fixed rate is received are used to hedge part of the expected cash flows from the investment of cash balances from the settlement business (cash flow hedges).

The Clearstream subgroup entered into interest rate swaps in 2005 to hedge approximately 25 percent of the USD cash flows from the investment of cash balances expected for 2006 (2004: 50 percent of the expected USD and EUR cash flows for 2005).

At the end of the year, the positions were as follows:

		31 Dec. 2005	31 Dec. 2004
Notional amount of receive-fixed interest rate swaps	€m	1,361.1	1,040.2
Fair value of receive-fixed interest rate swaps	€m	–0.5	–0.6
Average pay rate	%	3.48	2.24
Average receive rate	%	2.99	2.60

The outstanding positions were composed of the following items:

Currency	Notional amount	Counter value		Term		Receive rate
		2005	2004	from	until	
	m	€m	€m			%
€	600.0	600.0	600.0	6 Jan. 2005	6 Jan. 2006	2.5000
USD	600.0	507.4	440.2	6 Jan. 2005	6 Jan. 2006	2.7663
USD	300.0	253.7	–	6 Jan. 2006	8 Jan. 2007	4.6475

The following gains or losses on derivative financial assets designated as cash flow hedges were recognized directly in equity (prior to deferred tax adjustments):

	2005 €m	2004 €m
Value of cash flow hedges recognized directly in equity as at 1 January	–0.6	0
Amount recognized in equity during the year	–0.5	–0.6
Amount removed from equity and reported in net income	0.6	0
Value of cash flow hedges recognized directly in equity as at 31 December	**–0.5**	**–0.6**

All cash flow hedges entered into during 2005 were classified as fully effective.

Derivatives held for trading

Foreign exchange swaps as at 31 December 2005 expiring in less than three months with a notional value of €119.6 million (2004: €119.5 million) had a fair value of €0.6 million (2004: €0.9 million). These swaps were entered into to convert foreign currencies received through the issue of commercial paper within the banking business into euros and to hedge short-term foreign currency balances in the markets. These are reported under "Liabilities from banking business" in the balance sheet (see also note 31, Liabilities from banking business).

18. Financial instruments of Eurex Clearing AG

	31 Dec. 2005 €m	31 Dec. 2004 €m
Options[1]	4,175.4	1,733.0
Bond forwards and repos	19,562.9	17,052.6
Other	437.8	311.3
Financial instruments of Eurex Clearing AG	**24,176.1**	**19,096.9**

[1] Fair value of traditional options and option premiums for future-style options

Receivables and liabilities that may be offset against a clearing member are reported net. See note 44 for details on the deposited collateral relating to the financial instruments held by Eurex Clearing AG.

19. Current receivables and securities from banking business

In addition to securities from banking business that are classified as noncurrent financial assets (see note 16), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2005:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Loans to banks and customers:		
Reverse Repurchase Agreements	1,649.4	2,297.4
Money market lendings	2,393.9	1,185.6
Balances on nostro accounts	202.9	621.8
Overdrafts from settlement business	877.3	361.7
	5,123.5	**4,466.5**
Available-for-sale fixed-income securities – money market instruments	0	99.8
Interest receivables	59.2	17.1
Total	**5,182.7**	**4,583.4**

The largest amount placed on deposit with one counterparty under a reverse repurchase agreement as at 31 December 2005 was €771.6 million (2004: €740.9 million). The fair value of securities received under reverse repurchase agreements was €1,654.4 million (2004: €2,306.8 million).

The largest amount placed in the money market with one counterparty as at 31 December 2005 was €253.6 million (2004: €220.1 million).

The largest balance on nostro accounts with a single bank, excluding amounts with central banks, as at 31 December 2005 was €72.4 million (2004: €302.5 million).

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. The largest amount outstanding to an individual customer as at 31 December 2005 was €278.3 million (2004: €146.0 million).

Potential concentrations of credit risk are monitored against counterparty credit limits. The largest total amount receivable from a single counterparty of the banking business as at 31 December 2005 was €1,008.5 million (2004: €769.3 million).

Fixed-income securities held as at 31 December 2004 amounted to €99.8 million. All of the money market instruments held as at 31 December 2004 were issued by sovereign or sovereign-guaranteed issuers and were listed. The remaining maturity as at 31 December 2004 was less than three months.

The remaining maturity of loans to banks and customers can be categorized as follows:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Less than 3 months	5,123.5	4,363.5
3 months to 1 year	0	103.0
Total loans to banks and customers	**5,123.5**	**4,466.5**

In general, there were no early call rights in the loans extended.

20. Trade receivables

Valuation allowances and bad debt losses of €4.3 million (2004: €1.9 million) were charged on receivables in 2005. As at the balance sheet date, €3.8 million (2004: €1.0 million) related to debtor-specific valuation allowances and €0.5 million (2004: €0.9 million) related to bad debt losses.

As at 31 December 2005, there were no trade receivables with more than one year to maturity (2004: nil).

21. Other current assets

Other current assets are composed of the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Tax receivables	29.0	53.3
Receivables from the sale of noncurrent assets	16.7	0
Prepaid expenses	12.9	12.5
Interest receivables	4.3	5.5
Collection business of Deutsche Börse Systems AG	3.4	2.5
Miscellaneous	3.4	6.5
Total other current assets	**69.7**	**80.3**

22. Restricted bank balances

Amounts reported separately as at 31 December 2005 under liabilities as cash deposits by market participants amounting to €936.8 million (2004: €831.5 million) are restricted. Such amounts are mainly invested overnight in interest-bearing accounts at banks and in reverse repurchase agreements. These agreements are collateralized by government or government-guaranteed debenture and bank bonds with a Standard & Poor's credit rating not below AA– for direct agreements and not below BBB for tripartite reverse repurchase agreements.

Cash funds amounting to €1.9 million (2004: €35.9 million), attributable to the Clearstream subgroup, are also restricted due to minimum reserve requirements at central banks.

23. Equity

Changes in equity are presented in the statement of changes in equity. As at 31 December 2005, Deutsche Börse AG had 105,918,789 no-par value shares in issue (31 December 2004: 111,802,880).

Subject to the agreement of the Supervisory Board, the Executive Board is authorized to increase the subscribed share capital by the following amount:

	Amount in €	Date of authorization by the shareholders	Expiry date	Existing shareholders' subscription rights may be suspended for fractional amounts and/or may be suspended if the share issue is:
Authorized share capital II[1]	14,797,440	14 May 2003	13 May 2008	■ for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 percent of the nominal capital. ■ to issue new shares to employees or subsidiaries' employees under a Group Share Plan up to a maximum of 3,000,000 shares. ■ against non-cash contributions for the purpose of acquiring companies, parts of companies or stakes in companies. ■ to grant subscription rights for new shares to holders of warrants and convertible bonds issued by Deutsche Börse AG and its subsidiaries.

[1] The authorization for authorized share capital I expired on 31 December 2005.

In addition to authorized share capital II, the Executive Board is allowed, subject to the agreement of the Supervisory Board, to issue new contingent shares ("bedingtes Kapital"), namely up to 30,000,000 shares solely in connection with the issue and satisfaction of convertible bonds and bonds with warrants, and up to 3,000,000 shares in connection with the exercise of employee stock options under the Group Share Plan; see note 48.

There were no further subscription rights for shares as at 31 December 2005 or 31 December 2004.

Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and noncurrent financial instruments at their fair value less deferred taxes, and the value of the stock options under the Group Share Plan for which no cash settlement was provided at the balance sheet date (see note 48).

Revaluation surplus	Securities from banking business (noncurrent) €m	Other financial instruments (noncurrent) €m	Other €m	Deferred taxes €m	Total €m
Balance as at 1 Jan. 2004	**8.9**	**–0.4**	**0.3**	**–4.8**	**4.0**
Fair value measurement	2.2	0.9	–0.1	–0.2	2.8
Reversed to net profit or loss	1.0	0.1	0	0	1.1
Balance as at 31 Dec. 2004	**12.1**	**0.6**	**0.2**	**–5.0**	**7.9**
Fair value measurement	–1.2	1.8	0.2	1.2	2.0
Reversed to net profit or loss	1.1	0	0.6	0	1.7
Balance as at 31 Dec. 2005	**12.0**	**2.4**	**1.0**	**–3.8**	**11.6**

Accumulated profit

The “accumulated profit” item includes exchange rate differences amounting to €3.7 million (2004: €–3.9 million). €7.6 million (2004: €–3.5 million) from currency translation for foreign subsidiaries was added in the year under review.

Capital Management Program

The aim of the Capital Management Program launched by Deutsche Börse Group in 2005 is to determine the volume of capital required for its business operations. Any surplus capital will be distributed to shareholders in the form of dividend payments or under an ongoing share buy-back program: the Group aims to distribute 50 to 60 percent of its net income via dividends and to distribute any additional available capital that is surplus to business requirements by repurchasing shares. IFRS equity required for business operations is determined using three independent methods:

a) Economic capital, which is used to cover economic risks arising from business processes, is generally determined using a value-at-risk model based on a confidence level of 99 percent. Additional criteria are applied when determining the required capital to reflect special risks in banking and banking-related areas.

b) Regulatory capital is determined on the basis of the individual companies or subgroups that are subject to solvency supervision. The regulatory capital requirement is also calculated on a consolidated basis. As regulatory capital does not correspond to equity determined under IFRSs, adjustments must be made to determine the equity requirement under IFRSs.

c) Deutsche Börse Group requires a strong credit rating for parts of its operations. In a relatively non-transparent process, rating agencies take into account qualitative factors such as risk management processes and the competitive position of the company in question, as well as key financial indicators. A key factor considered by rating agencies at present appears to be the absolute value of net tangible equity, which corresponds to shareholders' equity less goodwill. Capital required for business operations is the total of the target value of net tangible equity and goodwill.

The following table shows the calculation of net tangible equity at the balance sheet date:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Shareholders' equity	2,186.7	2,545.2
less goodwill	1,071.5	1,104.5
Net tangible equity	**1,115.2**	**1,440.7**
Target value for net tangible equity	1,000.0	n.a.

The Capital Management Program was developed and announced in 2005. Until then, the balance sheet was managed for financial flexibility.

Regulatory capital requirements and regulatory capital ratios

The Clearstream subgroup and the Group companies Clearstream Banking S.A., Clearstream Banking AG, Clearstream International S.A. and Eurex Clearing AG are subject to solvency supervision by the Luxembourg or German banking supervisory authorities (Commission de Surveillance du Secteur Financier and Bundesanstalt für Finanzdienstleistungsaufsicht respectively). Eurex Clearing AG was awarded a banking license on 24 May 2005 and, as a bank, has only been subject to solvency supervision since this date. All Group companies are non-trading book institutions with the exception of Clearstream Banking S.A., Luxembourg, which is classified as a trading book institution due to the introduction of the ASLplus securities lending program. Market risk positions are limited to a relatively small open foreign currency position. As a result of the Group companies' specific businesses, their risk-weighted assets are subject to sharp fluctuations and their solvency ratios are correspondingly volatile.

Risk-weighted assets and liable capital are determined in accordance with national regulations. Deutsche Börse Group companies only have a very small amount of Tier 2 regulatory capital. To enhance comparability, the solvency ratio was determined in accordance with the requirements for the overall capital ratio under German law. The overall capital ratio must be a minimum of 8 percent. The Group companies' capital resources adequately reflect the fluctuation of risk-weighted assets, which can lead to overall capital ratios of over 60 percent. In addition to fulfilling current regulatory requirements, capital resources are designed to cover operational risks.

As at 31 December 2005, under the new securities lending program ASLplus, Clearstream Banking S. A. had securities borrowings from various counterparties totalling €79.4 million. These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S. A. in connection with these loans amounted to €83.0 million. In accordance with current capital adequacy regulations, these transactions do not result in an additional capital requirement.

The following table shows the regulatory capital ratios as at 31 December 2005:

	31 December 2005			31 December 2004		
	Risk-weighted assets[1] €m	Regulatory equity €m	Solvency ratio[2] %	Risk-weighted assets[1] €m	Regulatory equity €m	Solvency ratio[2] %
Clearstream subgroup	1,424.2	732.0	51.4	1,156.2	811.3	70.2
Clearstream International S. A.	768.5	530.0	69.0	763.2	618.5	81.0
Clearstream Banking S. A.	928.6	291.4	31.4	634.9	331.4	52.2
Clearstream Banking AG	166.8	59.2	35.5	138.1	69.1	50.0
Eurex Clearing AG	44.0	20.5	46.5	n.a.[3]	n.a.[3]	n.a.[3]

1) Including open currency positions that are relevant for regulatory purposes
2) Overall capital ratio, converted to German regulations
3) Granting of banking license in May 2005

24. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2005 in accordance with the provisions of the HGB (Handelsgesetzbuch – German Commercial Code) and for which an unqualified audit opinion has been granted, report net profit for the year of €461.1 million (2004: €226.8 million) and shareholders' equity of €1,821.5 million (2004: €2,154.5 million).

The substantial increase in the net profit for the year relates mainly to the dividend payments totalling €50.0 million received by Deutsche Börse AG from its Luxembourg subsidiary Clearstream International S. A. in the year under review for 2004 (2004: nil), and to an interim dividend of €140.0 million for 2005. Deutsche Börse AG received no dividend payment from these companies in the previous year due to the merger of Cedel International S. A. with Clearstream International S. A.

Other reasons for the growth in net profit are the overall increase in the volume of business, the greater interest in Eurex's profit and the sale of the entory subgroup.

The Executive Board proposes that the unappropriated surplus amounting to €340.0 million (2004: €226.8 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Net profit for the year	461.1	226.8
Appropriation to other retained earnings in the annual financial statements	–121.1	0
Unappropriated surplus	**340.0**	**226.8**
Proposal by the Executive Board:		
Distribution of a dividend to the shareholders on 25 May 2006 of €2.10 per share for 100,278,653 no-par value shares carrying dividend rights (in 2005 from net profit for 2004: €0.70)	210.6	74.1[1]
Appropriation to retained earnings	129.4	152.7[2]

[1] Amount restated to reflect actual distribution (proposal for 2004: €78.3 million)
[2] Amount restated to reflect appropriation to retained earnings

The proposed dividend for 2005 corresponds to a distribution ratio of 49.3 percent of the consolidated net income (2004: 27.8 percent). €461.1 million or 107.9 percent of the consolidated net income was generated in the HGB annual financial statements of the parent company Deutsche Börse AG (2004: €226.8 million or 85.2 percent).

No-par value shares carrying dividend rights	Number
Number of shares outstanding as at 31 December 2004	111,802,880
Number of shares retired in May 2005 that were acquired under the 2005 share buy-back program	–5,884,091
Number of shares issued as at 31 December 2005	**105,918,789**
Number of shares acquired under the 2005 share buy-back program that are planned to be retired	–4,640,136
Number of shares outstanding as at 31 December 2005	**101,278,653**
Number of shares acquired under the 2006 share buy-back program up to the balance sheet date that are planned to be retired	–1,000,000
Total number of no-par value shares carrying dividend rights	**100,278,653**

Following the acquisition of own shares in accordance with section 71 (1) no. 8 of the Aktiengesetz (AktG – German Stock Corporation Act), Deutsche Börse AG's share of voting rights in its own company exceeded the 5 percent threshold in accordance with section 21 (1) sentence 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) on 3 February 2006.

25. Provisions for pensions and other employee benefits

The present value of defined benefit obligations (DBOs) can be reconciled with the provisions shown in the balance sheet as follows:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Unfunded defined benefit obligations	1.2	88.0
Partly or wholly funded defined benefit obligations	127.7	12.9
Defined benefit obligations	**128.9**	**100.9**
Fair value of plan assets	–80.3	–16.5
Deferred advance payments to plan assets	0.4	0.2
Net unrecognized actuarial losses	–21.7	–5.6
Net unrecognized past service cost	–0.6	0
Total provisions for pensions and other employee benefits recognized in balance sheet	**26.7**	**79.0**

The fall in provisions is primarily due to the additional coverage of existing pension plans through the establishment of insolvency-proof fund assets for this purpose in 2005. The increase in net unrecognized actuarial losses is mainly due to the application of the changed discount rate. In addition, the increase includes effects of €1.8 million resulting from the first-time application of the new mortality tables.

Plan assets do not include any of the Group's own financial instruments. Neither do they include any property occupied or other assets used by the Group.

The pension-related expenses contained in staff costs in the consolidated income statement are composed of the following items:

	2005 €m	2004 €m
Current service cost	6.7	5.7
Past service cost	5.2	5.5
Interest cost	4.6	3.9
Expected return on plan assets	–0.8	–0.9
Net actuarial gain recognized	0.2	0.2
Total pension-related expenses recognized in the income statement	**15.9**	**14.4**

The changes in defined benefit obligations were as follows:

	2005 €m	2004 €m
Defined benefit obligations as at 1 January	100.9	86.4
Service cost	6.7	5.7
Past service cost	5.2	5.5
Interest cost	4.6	3.9
Changes in actuarial losses	18.3	3.6
Pensions paid	–3.7	–4.2
Changes in the basis of consolidation	–3.1	0
Defined benefit obligations as at 31 December	**128.9**	**100.9**

The expected contributions to defined benefit plans will total around €12.5 million in 2006.

The changes in the fair value of plan assets were as follows:

	2005 €m	2004 €m
Fair value of plan assets as at 1 January	16.5	15.0
Expected return on plan assets	0.8	0.9
Actuarial return on plan assets	1.4	0
Employer contributions	62.3	1.8
Benefits paid	–0.7	–1.2
Fair value of plan assets as at 31 December	**80.3**	**16.5**

The actual return on plan assets amounted to €2.2 million in the year under review (2004: €0.9 million). The calculation of the expected return on plan assets was based on rates of 4.75 percent (previous year: 5.50 percent).

Plan assets are mainly composed of the following items:

	31 Dec. 2005 %	31 Dec. 2004 %
Bonds	11.0	40.6
Investment funds	11.3	52.0
Cash deposits and bank balances	77.7	7.4
Total plan assets	**100.0**	**100.0**

The following table shows the development in amounts in the past financial year:

	2005 €m
Actuarial present value of pension obligations	128.9
Fair value of plan assets	–80.3
Underfunding	**48.6**
Experience adjustments (gains)	1.5
thereof attributable to plan liabilities	0.1
thereof attributable to plan assets	1.4

26. Other provisions

The development of other provisions is presented in the following statement of changes in provisions:

	Other noncurrent provisions €m	Other current provisions €m	Tax provisions €m	Total €m
As at 1 Jan. 2005	**51.7**	**39.6**	**72.0**	**163.3**
Reclassifications	0.6	–2.6	0	–2.0
Changes in the basis of consolidation	0	–0.8	–0.5	–1.3
Utilization	–7.4	–40.7	–1.7	–49.8
Reversal	–1.6	–1.6	–1.4	–4.6
Additions	31.0	77.0	83.2	191.2
Balance as at 31 Dec. 2005	**74.3**	**70.9**	**151.6**	**296.8**

27. Other noncurrent provisions

Other noncurrent provisions with more than one year to maturity comprise the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Anticipated losses from rental expenses	31.5	30.6
Other provisions:		
Phantom stock options	18.2	1.1
Pension obligations to the IHK[1]	10.6	10.8
Early retirement benefits	9.0	9.0
Miscellaneous	5.0	0.2
Total other noncurrent provisions	**74.3**	**51.7**
thereof with remaining maturity between 1 and 5 years	53.0	33.7
thereof with remaining maturity of more than 5 years	21.3	18.0

[1] Industrie- und Handelskammer (Chamber of Commerce)

As at 31 December 2005, the provisions for anticipated losses from rental expenses amounted to €40.0 million (2004: €41.4 million), of which €8.5 million (2004: €10.8 million) was allocated to current provisions. The provisions classified as noncurrent are not expected to be utilized before 2007. They were calculated on the basis of existing rental agreements for each building. A discount rate of 3.45 percent (2004: 3.75 percent) was applied. The allocation includes interest rate effects amounting to €1.4 million, of which €0.2 million result from the discount rate change.

Provisions for pension obligations to the IHK (Industrie- und Handelskammer – Chamber of Commerce) are recognized on the basis of the number of eligible employees. Provisions for early retirement benefits are estimated on the basis of the active and former employees involved.

For details on the changes in provisions, see notes 26 and 48.

28. Liabilities

Interest-bearing liabilities include a corporate bond with a book value of €498.8 million (2004: €498.3 million), a market value of €503.0 million (2004: €506.9 million) and a remaining time to maturity of 2.4 years (2004: 3.4 years).

Liabilities contain finance lease obligations (see note 47).

As at 31 December 2005, noncurrent liabilities with a term to maturity of more than five years amounted to €4.4 million (2004: €2.7 million).

The liabilities recognized in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2005 nor as at 31 December 2004.

29. Tax provisions

Provisions for current taxes comprise the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Income tax expense: previous years	88.8	51.0
Income tax expense: current year	52.5	19.5
Capital tax and value added tax	10.3	1.5
Total tax provisions	**151.6**	**72.0**

The estimated remaining maturity of the tax provisions is less than one year.

For details on the changes in provisions, see note 26.

30. Other current provisions

The other current provisions are composed of the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Recourse, litigation and interest rate risks	28.8	11.1
Phantom stock options	12.2	4.3
Anticipated losses from rental expenses	8.5	10.8
Rent and incidental rental costs	4.5	4.4
Restructuring costs	3.3	0.7
Stock options from Group Share Plan	1.5	0
Miscellaneous	12.1	8.3
Total other current provisions	**70.9**	**39.6**

For details on the changes in provisions, see note 26.

31. Liabilities from banking business

The liabilities from banking business, attributable solely to the Clearstream subgroup, are composed of the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Customer deposits from securities settlement business	3,867.2	3,268.4
Money market borrowings	475.6	462.3
Issued commercial paper	261.9	299.9
Overdrafts on nostro accounts	65.5	153.6
Interest liabilities	11.2	1.4
Foreign exchange swaps	0.6	0.9
Total liabilities from banking business	**4,682.0**	**4,186.5**

Remaining maturity of liabilities from banking business:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Not more than 3 months	4,682.0	4,135.7
More than 3 months but not more than 12 months	0	50.8
Total liabilities from banking business	**4,682.0**	**4,186.5**

32. Cash deposits by market participants

Liabilities from cash deposits by market participants contain the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Liabilities from margin payments to Eurex Clearing AG by members	913.1	807.1
Liabilities from cash deposits by participants in equity trading	23.7	24.4
Total cash deposits by market participants	**936.8**	**831.5**

33. Other current liabilities

The other current liabilities are composed of the following items:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Special payments and bonuses	30.7	26.7
Tax liabilities (excluding income taxes)	24.8	26.2
Loan interest payable	14.2	15.0
Vacation entitlements, flexitime and overtime credits	10.9	12.6
Debtors with credits	4.1	3.1
Social security liabilities	3.3	2.7
Payables to Eurex participants	2.4	3.2
Liabilities relating to the revenue incentive program	0.9	7.3
Miscellaneous	27.7	20.4
Total other current liabilities	**119.0**	**117.2**

Miscellaneous other current liabilities include liabilities resulting from rental agreements and finance lease transactions (see note 47), as well as the compensation to be paid to the members of the Supervisory Board for financial year 2005, which is not paid until the following year.

34. Asset and liability maturity analysis

The following table indicates the effective interest rates at the reporting date and the period in which financial assets and liabilities reprise:

	Effective interest rate		Sight	
	2005 %	2004 %	2005 €m	2004 €m
Assets				
Intangible assets, property, plant and equipment	–	–	–	–
Noncurrent securities from banking business	5.03	5.08	–	–
Other noncurrent financial assets, miscellaneous noncurrent assets	–	–	–	–
Financial instruments of Eurex Clearing AG	–	–	–	–
Current receivables and securities from banking business	2.52	2.02	1,503.8	1,915.4
Other current receivables, other current assets	–	–	–	–
Current financial instruments and bank balances	2.28	2.10	1,009.8	1,454.8
Total assets			**2,513.6**	**3,370.2**
Provisions and liabilities				
Provisions and deferred tax liabilities	–	–	–	–
Noncurrent interest-bearing liabilities	3.51	3.50	–	–
Other noncurrent liabilities	–	–	–	–
Financial instruments of Eurex Clearing AG	–	–	–	–
Liabilities from banking business	1.01	0.48	–4,293.2	–3,823.5
Other bank loans and overdrafts	–	–	–0.4	–
Cash deposits by market participants	2.14	1.99	–936.8	–831.5
Trade payables, payables to associates, payables to other investors, and other current liabilities	–	–	–	–
Total provisions and liabilities			**–5,230.4**	**–4,655.0**
Asset/liability gap			**–2,716.8**	**–1,284.8**
Derivatives affecting interest rate sensitivity of cash and cash equivalents				
Pay-fixed interest rate swaps:				
Average pay rate	3.51	3.51	–	–
Average receive rate	2.38	2.19	–	–
Receive-fixed interest rate swaps:				
Average pay rate	3.48	2.24	–	–
Average receive rate	2.99	2.60	–	–
Total derivatives			**0**	**0**
Net interest sensitivity gap			**–2,716.8**	**–1,284.8**

Fixed-income instruments								Not interest bearing		Total	
Not more than 3 months		More than 3 months but not more than 12 months		More than 1 year but not more than 5 years		Over 5 years					
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
–	–	–	–	–	–	–	–	1,508.7	1,629.2	1,508.7	1,629.2
–	–	118.4	21.6	88.4	198.0	122.6	121.8	0	13.8	329.4	355.2
–	–	–	–	1.3	1.5	–	–	168.4	176.8	169.7	178.3
–	–	–	–	–	–	–	–	24,176.1	19,096.9	24,176.1	19,096.9
3,678.9	2,565.0	0	103.0	–	–	–	–	–	–	5,182.7	4,583.4
–	–	–	–	–	–	–	–	246.4	249.1	246.4	249.1
472.0	152.8	–	–	–	–	–	–	–	–	1,481.8	1,607.6
4,150.9	**2,717.8**	**118.4**	**124.6**	**89.7**	**199.5**	**122.6**	**121.8**	**26,099.6**	**21,165.8**	**33,094.8**	**27,699.7**
–	–	–	–	–	–	–	–	–376.0	–305.5	–376.0	–305.5
–0.2	–	–1.1	–	–500.3	–502.3	–	–	–	–	–501.6	–502.3
–	–	–0.1	–	–0.6	–2.1	–4.4	–2.7	–3.9	–5.6	–9.0	–10.4
–	–	–	–	–	–	–	–	–24,176.1	–19,096.9	–24,176.1	–19,096.9
–388.8	–312.2	–	–50.8	–	–	–	–	–	–	–4,682.0	–4,186.5
–	–	–	–	–	–	–	–	–	–	–0.4	0
–	–	–	–	–	–	–	–	–	–	–936.8	–831.5
–	–	–	–	–	–	–	–	–212.1	–214.1	–212.1	–214.1
–389.0	**–312.2**	**–1.2**	**–50.8**	**–500.9**	**–504.4**	**–4.4**	**–2.7**	**–24,768.1**	**–19,622.1**	**–30,894.0**	**–25,147.2**
3,761.9	**2,405.6**	**117.2**	**73.8**	**–411.2**	**–304.9**	**118.2**	**119.1**	**1,331.5**	**1,543.7**	**2,200.8**	**2,552.5**
–	–	–97.7	–	–78.1	–172.6	–112.3	–112.3	–	–	–288.1	–284.9
280.4	277.2	7.7	7.7	–	–	–	–	–	–	288.1	284.9
–1,361.1	–1,040.2	–	–	–	–	–	–	–	–	–1,361.1	–1,040.2
1,107.4	–	–	–	253.7	1,040.2	–	–	–	–	1,361.1	1,040.2
26.7	**–763.0**	**–90.0**	**7.7**	**175.6**	**867.6**	**–112.3**	**–112.3**	**0**	**0**	**0**	**0**
3,788.6	**1,642.6**	**27.2**	**81.5**	**–235.6**	**562.7**	**5.9**	**6.8**	**1,331.5**	**1,543.7**	**2,200.8**	**2,552.5**

35. Reconciliation of the classification of financial instruments

The following table shows the reconciliation of the balance sheet items to classification in accordance with IAS 39 as well as the corresponding carrying amounts of financial instruments:

Consolidated balance sheet item	Note	Classification	Measured at	Carrying amount 31 Dec. 2005 €m	Carrying amount 31 Dec. 2004 €m
Other equity investment	16	AFS[1]	Historical cost	12.1	12.0
		AFS[1]	Fair value	4.3	2.2
Securities from banking business	16	AFS[1]	Fair value	329.4	355.2
Other financial instruments	16	AFS[1]	Fair value	10.4	10.1
Other loans	16	Loans and receivables	Amortized cost	0.1	0.8
Other noncurrent assets	17	Cash flow hedge	Fair value	0	0.8
		Fair value hedge	Fair value	1.3	0.7
		Loans and receivables	Amortized cost	12.2	16.2
Financial instruments of Eurex Clearing AG	18	Held for trading	Fair value	24,176.1	19,096.9
Current receivables and securities from banking business	19	AFS[1]	Fair value	0	0.1
		Loans and receivables	Amortized cost	5,182.7	4,583.3
Other noncurrent liabilities	17	Cash flow hedge	Fair value	0.5	1.4
		Fair value hedge	Fair value	4.6	3.4
		Held for trading	Fair value	3.9	5.6
Liabilities from banking business	31	Liabilities at amortized cost	Amortized cost	4,681.4	4,185.6
		Held for trading	Fair value	0.6	0.9

[1] Available for sale (AFS) financial assets

The “Other equity investments” item, which is carried at cost, comprises unlisted equity instruments whose fair value cannot be reliably determined because there is no active market for them and the information required to reliably determine their fair value is not available. As in 2004, their fair value in the year under review is likely to be within an estimated bandwidth of €6.5 million to €16.3 million.

Consolidated Cash Flow Statement Disclosures

36. Consolidated cash flow statement

The cash flow statement presents the balance of and changes in Deutsche Börse Group's cash and cash equivalents. In compliance with IAS 7, cash flows are classified by operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and current receivables from banking business, net of current liabilities from banking business, each with an original term of less than three months, and cash deposits by market participants.

37. Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities amounted to €667.7 million (2004: €439.6 million) and operating cash flow per share was €6.25 (2004: €3.93). The entire cash flows from net financial result (net interest and investment income) has been allocated to operating activities.

The decrease in provisions of €26.4 million (2004: increase of €22.1 million) is mainly due to the fall in pension provisions in the amount of €52.3 million as well as to the offsetting effect of €17.1 million caused by the addition to phantom stock options (see note 27). The drop in pension provisions relates primarily to the establishment of insolvency-proof fund assets in 2005 totalling €61.0 million (see note 25). This effect is reduced by general additions to provisions and past service cost arising from plan amendments.

Other non-cash income results from the following items:

	2005 €m	2004 €m
Gains on the disposal of subsidiaries and equity investments	–13.2	0
Measurements at equity	–1.4	2.0
Miscellaneous	–5.7	–2.7
Total other non-cash income	**–20.3**	**–0.7**

The increase in current liabilities of €128.6 million (2004: decrease of €94.4 million) relates mainly to timing differences between the period in which the tax expense was recognized and the date on which the income taxes are to be paid – with an overall increase in the tax expense due to the improved profit – as well as to the growth in other current provisions of €31.3 million. Among other things, this results from the increase in the number of (phantom) stock options exercisable.

38. Cash flows from investing activities

Payments to acquire noncurrent assets (excluding other noncurrent assets) can be broken down as follows:

	2005 €m	2004 €m
Payments to acquire intangible assets, property, plant and equipment, and investment property:		
Payments to acquire intangible assets	32.9	50.7
Payments to acquire property, plant and equipment	30.6	28.9
Investment property	0	0.2
Total payments to acquire intangible assets, property, plant and equipment, and investment property	**63.5**	**79.8**
Payments to acquire noncurrent financial instruments	10.2	10.0
Non-cash investments	2.5	7.8
Total additions to noncurrent assets (excluding miscellaneous noncurrent assets)	**76.2**	**97.6**

The acquisition of the subsidiary Azdex Ltd. led to a cash outflow of €0.5 million; see also note 2. The sale of subsidiaries and equity investments led to a cash inflow of €32.3 million.

	2005 €m
Breakdown of selling price:	
Intangible assets	–27.1
Property, plant and equipment	–0.1
Other noncurrent assets	–1.7
Receivables and other current assets	–15.3
Noncurrent liabilities	3.3
Current liabilities	11.8
Total assets and liabilities disposed	**–29.1**
Disposal proceeds[1]	43.6
net of cash disposed	–1.3
Remaining difference	**13.2**

[1] €33.6 million of this figure was received in 2005.

The net cash proceeds from the sale of available-for-sale noncurrent financial instruments amounted to €35.3 million (2004: €84.9 million). The proceeds for 2005 correspond to the repayment at maturity of available-for-sale fixed-income securities and the sale of variable-rate securities. The proceeds for 2004 correspond to the repayment at maturity of available-for-sale fixed-income securities.

39. Cash flows from financing activities

In 2005, a dividend of €74.1 million was distributed for 2004 (in 2004 for 2003: €61.4 million). For details on the acquisition of own shares, see notes 23 and 24.

40. Reconciliation to cash and cash equivalents

The reconciliation to cash and cash equivalents is shown in the following table:

	2005 €m	2004 €m
Cash and bank balances	1,481.8	1,607.6
Other bank loans and overdrafts	–0.4	0
Reconciliation to cash and cash equivalents		
Current receivables from banking business	5,182.7	4,583.4
less: credits to other banks and customers with an original maturity of more than three months	0	–420.6
less: available-for-sale fixed-income securities – money market instruments with an original maturity of more than three months	0	–99.8
Current liabilities from banking business	–4,682.0	–4,186.5
less: amounts owed to other banks and customers with an original maturity of more than three months	0	1.1
less: issued commercial paper with an original maturity of more than three months	0	49.7
Current liabilities from cash deposits by market participants	–936.8	–831.5
	–436.1	**–904.2**
Cash and cash equivalents	**1,045.3**	**703.4**

To prevent receivables and liabilities from banking business from distorting the operating cash flow, such items with an original maturity of more than three months have been reported within cash flows from investing activities. Items with an original maturity of less than three months are included within the position “cash and cash equivalents”.

Except in the case of cash flow hedges fulfilling the conditions of IAS 39, there are no significant outstanding currency positions. Any significant effect of exchange rates on cash and cash equivalents is offset by an opposite effect on other monetary assets and liabilities. Transferring only the effect of exchange rates on cash and cash equivalents from operating activities to the reconciliation of changes in cash and cash equivalents would distort the operating cash flow. To avoid such a distortion, operating activities include the effect of exchange rates changes on both cash and cash equivalents and other monetary assets and liabilities. These effects are not material to Deutsche Börse Group, neither in the year under review nor in the previous year.

Cash and bank balances as at 31 December 2005 included restricted bank balances amounting to €938.7 million (2004: €867.4 million); for details see note 22.

Other disclosures

41. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding.

In order to determine the average number of shares, the shares repurchased and re-issued under the Group Share Plan (GSP) were included ratably in the calculation. The shares bought back under the share buy-back program were removed from the calculation of the number of shares at the date of repurchase. In order to determine diluted earnings per share, the number of potentially dilutive ordinary shares that may be acquired under the GSP was added to the average number of shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted to reflect the fair value of the services still to be provided.

There were the following potentially dilutive outstanding options or rights to purchase shares as at 31 December 2005:

Tranche	Exercise price €	Adjusted exercise price €	Numbers of options outstanding 31 Dec. 2005	Average price for the period[1] €	Number of potentially dilutive ordinary shares 31 Dec. 2005
2004	52.35[2]	53.78	76,624	63.34	11,339
2005	77.69	84.41	89,267	63.34	0

[1] Volume-weighted average price of Deutsche Börse shares on Xetra in the period from 1 January to 31 December 2005
[2] The issue price of €51.84 was adjusted due to the reduction of the share capital under the share buy-back program.

As the volume-weighted average share price was higher than the employees' option-adjusted exercise prices for the 2004 tranche, these options are considered dilutive under IAS 33. However, earnings per share were unchanged due to the small number of potentially dilutive ordinary shares. There were no further rights to subscribe for shares that could have potentially diluted earnings per share neither as at 31 December 2005 nor as at 31 December 2004.

Earnings per share were calculated as follows:

	2005	2004
Number of shares outstanding as at beginning of period	111,802,880	111,802,880
Number of shares outstanding as at end of period	101,278,653	111,802,880
Weighted average number of shares outstanding	106,897,255	111,802,880
Number of potentially dilutive ordinary shares	11,339	0
Weighted average number of shares used to compute diluted earnings per share	106,908,594	111,802,880
Net income (€m)	427.4	266.1
Earnings per share (basic and diluted) (€)	4.00	2.38

42. Segment reporting

Segment reporting is governed by the internal organizational and reporting structure, which is broken down by markets and services into the following segments:

Segment	Activity
Xetra	Cash market: electronic order book and floor trading; clearing and settlement of transactions
Eurex	Derivatives exchange, OTC trading platforms and clearing services
Market Data & Analytics	Sales of price information and information distribution
Clearstream	Settlement of transactions and custody of securities, global securities financing services
Information Technology	Development, implementation and operation of technical infrastructure and provision of IT solutions
Corporate Services	Group strategy and provision of centralized functions for the other segments

Deutsche Börse AG sold the entory subgroup to Softlab GmbH effective 1 October 2005 (see note 2). The companies sold were therefore only included in the Information Technology segment up to the date of deconsolidation.

Sales revenue is presented separately by external sales revenue and internal (inter-segment) revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data & Analytics). Services are measured at a market price and are charged on an arm's length or a cost-plus basis; these include services of the Information Technology segment, such as application development hours or data center services.

Further services are billed to users on the basis of fully absorbed costs using an allocation key, for example the billing of building usage at absorbed costs (excluding rental expense provisions, which remain in the Corporate Services segment), on the basis of used space.

The adjustment of the underlying quantities corresponds to the relevant usage; price changes are driven by changes in costs. In the aggregate, there were no material changes required to be reported under IAS 14.75.

Due to their insignificance to segment reporting, the "financial income" and "financial expense" items have been combined to produce the "net financial result".

As financial control within Deutsche Börse Group is performed centrally by Deutsche Börse AG, cash and other bank balances as well as financial liabilities are usually not allocated directly to the segments. Exceptions to this are restricted bank balances and financial instruments, which were allocated to the segments as they relate to operational business. Prior-year amounts were restated accordingly to ensure comparability.

Segment reporting for the year ended 31 December

	Xetra		Eurex		Market Data & Analytics	
	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
External sales revenue	247.7	216.3	503.5	407.4	130.0	121.7
Internal sales revenue	0	0.1	0	0	7.7	7.4
Total sales revenue	**247.7**	**216.4**	**503.5**	**407.4**	**137.7**	**129.1**
Net interest income from banking business	0	0	0	0	0	0
Own expenses capitalized	4.0	9.5	20.6	19.7	0.4	0.5
Other operating income	23.2	15.2	54.0	54.0	0.6	0.7
Fee and commission expenses from banking business	0	0	0	0	0	0
Consumables used	0	0	0	0	0	0
Staff costs	–21.7	–17.4	–38.8	–28.7	–17.0	–15.4
Depreciation and amortization expense (other than goodwill)	–21.6	–29.0	–41.3	–27.3	–12.0	–11.9
Other operating expenses	–119.3	–109.5	–243.1	–247.5	–70.2	–61.6
Result from equity investments	0.3	1.0	–1.0	–2.7	6.0	3.7
Earnings before interest, taxes and goodwill amortization and impairment (EBITA)	**112.6**	**86.2**	**253.9**	**174.9**	**45.5**	**45.1**
Goodwill amortization and impairment	0	0	0	0	–5.9	–0.7
Earnings before interest and taxes (EBIT)	**112.6**	**86.2**	**253.9**	**174.9**	**39.6**	**44.4**
Net financial result	0	0	3.9	3.9	0.2	0.1
Earnings before tax (EBT)	**112.6**	**86.2**	**257.8**	**178.8**	**39.8**	**44.5**
Assets						
Intangible assets	29.2	46.7	55.2	75.4	19.1	33.2
Property, plant and equipment	0.3	0.4	0.4	0.5	0.9	0.8
Investments in associates	0	0.6	12.9	12.8	9.1	6.2
Other assets[1]	47.8	46.9	25,154.7	19,963.4	38.5	32.3
Total assets	**77.3**	**94.6**	**25,223.2**	**20,052.1**	**67.6**	**72.5**
Provisions and liabilities	42.8	48.2	25,120.6	19,945.8	20.8	18.3
Net assets	34.5	46.4	102.6	106.3	46.8	54.2
Investments in intangible assets, property, plant and equipment	4.0	9.8	20.8	20.0	0.8	0.8
Employees (as at 31 December)	166	164	189	197	170	161
EBITA margin (%)[2]	**45.5**	**39.9**	**50.4**	**42.9**	**35.0**	**37.1**

The reconciliation column shows:
– Elimination of intra-Group sales revenue and profits
– Assets not attributable to the segments (noncurrent financial assets less equity-accounted investments, deferred tax assets) and tax items

1) Due to the centralized financial control within Deutsche Börse Group, cash holdings are reported in the Corporate Services segment; the prior-year amounts were restated accordingly.
2) Including result from equity investments unless stated otherwise
3) Based on the total of internal and external sales revenue

Clearstream		Information Technology		Corporate Services		Total of all segments		Reconciliation		Group	
2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m	2005 €m	2004 €m
630.5	578.8	119.8	125.4	0	0	1,631.5	1,449.6	0	0	1,631.5	1,449.6
6.5	7.7	340.6	340.0	0	0	354.8	355.2	–354.8	–355.2	0	0
637.0	**586.5**	**460.4**	**465.4**	**0**	**0**	**1,986.3**	**1,804.8**	**–354.8**	**–355.2**	**1,631.5**	**1,449.6**
112.3	76.0	0	0	0	0	112.3	76.0	0.4	1.1	112.7	77.1
13.8	28.7	0	0.1	0	0	38.8	58.5	–11.0	–13.7	27.8	44.8
1.9	7.7	30.9	20.0	249.1	218.6	359.7	316.2	–280.6	–252.0	79.1	64.2
–136.5	–118.5	0	0	0	0	–136.5	–118.5	0	0	–136.5	–118.5
0	0	–25.7	–33.6	0	0	–25.7	–33.6	0	0	–25.7	–33.6
–93.9	–77.9	–153.2	–135.6	–81.5	–60.7	–406.1	–335.7	0	0	–406.1	–335.7
–52.4	–75.6	–25.3	–30.8	–27.0	–27.4	–179.6	–202.0	18.2	11.0	–161.4	–191.0
–248.8	–249.3	–196.0	–195.8	–173.9	–174.8	–1,051.3	–1,038.5	635.4	607.2	–415.9	–431.3
0	–0.1	0	0.1	0.1	0	5.4	2.0	0	0	5.4	2.0
233.4	**177.5**	**91.1**	**89.8**	**-33.2**	**–44.3**	**703.3**	**529.2**	**7.6**	**–1.6**	**710.9**	**527.6**
0	–60.8	0	–7.4	0	0	–5.9	–68.9	0	0	–5.9	–68.9
233.4	**116.7**	**91.1**	**82.4**	**–33.2**	**–44.3**	**697.4**	**460.3**	**7.6**	**–1.6**	**705.0**	**458.7**
0	0	0	–0.4	–12.5	–9.2	–8.4	–5.6	–0.4	–1.1	–8.8	–6.7
233.4	**116.7**	**91.1**	**82.0**	**–45.7**	**–53.5**	**689.0**	**454.7**	**7.2**	**–2.7**	**696.2**	**452.0**
1,188.5	1,225.8	7.1	33.3	3.1	4.2	1,302.2	1,418.6	–30.0	–35.0	1,272.2	1,383.6
0	0	38.0	32.0	196.9	211.9	236.5	245.6	0	0	236.5	245.6
0	0	0	0	0	0	22.0	19.6	0	0	22.0	19.6
5,604.9	5,099.0	36.8	32.5	665.0	862.5	31,547.7	26,036.6	16.4	14.3	31,564.1	26,050.9
6,793.4	**6,324.8**	**81.9**	**97.8**	**865.0**	**1,078.6**	**33,108.4**	**27,720.4**	**–13.6**	**–20.7**	**33,094.8**	**27,699.7**
4,836.5	4,351.0	50.2	63.0	594.2	585.6	30,665.1	25,011.9	228.9	135.3	30,894.0	25,147.2
1,956.9	1,973.8	31.7	34.8	270.8	493.0	2,443.3	2,708.5	–242.5	–156.0	2,200.8	2,552.5
15.2	28.7	26.9	17.5	7.8	19.8	75.5	96.6	–11.0	–13.7	64.5	82.9
905	910	1,050	1,387	441	443	2,921	3,262	0	0	2,921	3,262
37.0	30.7	19.8[3]	19.3[3]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	43.6	36.4

In gross terms (i.e. including eliminated inter-Company profits and losses, and costs that are not capitalized at the Group level), the following impairment losses (excluding goodwill) were attributable to systems: €0.5 million relating to Xetra Release 7.0 in the Xetra segment, €8.0 million to GCL phase 2, €6.2 million to FEX 1.0 and €1.4 million to a/c/e in the Eurex segment, as well as €0.6 million to Euro GC Pooling in the Clearstream segment (see also note 14).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

	2005 €m	2004 €m
Xetra	0.2	0.4
Eurex	0.8	0.9
Market Data & Analytics	0.2	0.1
Clearstream	0.1	0
Information Technology	1.3	0.4
Corporate Services	1.5	0.1
Total non-cash valuation allowances and bad debt losses	**4.1**	**1.9**

Assets and liabilities are allocated to the individual segments on the basis of objective criteria. Assets that cannot be allocated to the segments, as well as minority interests, are disclosed in the reconciliation column.

Deutsche Börse Group's business model – and in particular that of its Xetra, Eurex, Market Data & Analytics and Clearstream segments – is focused on an internationally operating participant base and pricing is not differentiated according to the customer's location. From a price, margin and risk perspective, this means that it is unimportant whether revenues are generated from German or non-German participants.

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying the geographical segments under IAS 14.9. As a result, Deutsche Börse Group has identified the following geographical segments: the EMU, the USA, the United Kingdom and Switzerland. As the total revenue, segment results and assets of subsidiaries domiciled in the USA, the United Kingdom and Switzerland account for less than 5 percent of the respective Group total, it is not required to report secondary geographical segments in accordance with IAS 14.

43. Credit lines

As at 31 December 2005, the Group companies had the following contractually agreed credit lines:

Company	Purpose of credit line		Currency	Amount in millions 31 Dec. 2005	Amount in millions 31 Dec. 2004
Deutsche Börse AG	Working capital	– interday	€	435.0[1]	435.0
Eurex Clearing AG	Settlement	– interday	€	370.0	370.0
	Settlement	– intraday	€	700.0	700.0
Clearstream Banking S.A.	Working capital	– interday	USD	1,000.0[1]	1,000.0
	Settlement	– interday	USD	5,600.0	5,600.0
	Settlement in Germany (uncommitted)	– interday	€	2,700.0	3,600.0
Clearstream Banking AG	Domestic settlement in Germany (committed)	– interday	€	83.9	59.7

[1] €400 million of Deutsche Börse AG's working capital credit line is a sub credit line of Clearstream Banking S.A.'s USD 1,000 million working capital credit line.

A commercial paper program offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. No commercial paper has currently been issued.

Clearstream Banking S.A., Luxembourg, also has a commercial paper program, with a program limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2005, commercial paper with a nominal value of €262 million was issued (31 December 2004: €300 million).

A Debt Issuance Program was established in May 2003. This program, under which Deutsche Börse AG and Deutsche Börse Finance S.A. can issue up to €2.0 billion in debt, provides an opportunity for long-term financing. For tranches issued by Deutsche Börse Finance S.A., Deutsche Börse AG acts as guarantor. On 23 May 2003, the first five-year tranche of nominal €500.0 million was issued by Deutsche Börse Finance S.A. under this program.

As at 31 December 2005, Moody's Investors Service and Standard & Poor's issued long-term credit ratings for Deutsche Börse AG of Aa1 and AA respectively (31 December 2004: Aa1 / AA+). Deutsche Börse AG's commercial paper program was awarded the best possible short-term rating by both Moody's Investors Service (P-1) and Standard & Poor's (A-1+) (31 December 2004: P-1 / A-1+).

Fitch and Standard & Poor's issued long-term credit ratings of AA for Clearstream Banking S.A. (31 December 2004: AA+ / AA+). Fitch awarded an F1+ rating to Clearstream Banking S.A.'s commercial paper program, and Standard & Poor's awarded an A-1+ rating (31 December 2004: F1+ / A-1+).

As in the previous year, Clearstream Banking AG was awarded the best rating (A1) because of its deposit protection by Gesellschaft für Bonitätsbeurteilung mbH.

44. Off-balance-sheet contingencies and commitments

Eurex Clearing AG

Under Eurex Clearing AG's clearing conditions (the "clearing conditions"), transactions in securities and derivatives that are included in clearing and that were executed on Eurex Deutschland and Eurex Zürich AG ("Eurex exchanges"), Eurex Bonds GmbH, Eurex Repo GmbH, FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) and the Irish Stock Exchange are only entered into between Eurex Clearing AG and a clearing member of Eurex Clearing AG.

To safeguard Eurex Clearing AG against possible losses from any default by its contracting parties, the clearing conditions as amended on 23 January 2006 require in particular each individual clearing member to provide collateral. Among other things, each individual clearing member must provide cash or securities collateral to secure all its securities and derivatives transactions included in clearing each exchange day in the amount stipulated by Eurex Clearing AG. In addition, each clearing member must prove that it has liable capital in an amount stipulated by Eurex Clearing AG.

If a clearing member does not fulfill its obligations to Eurex Clearing AG, its outstanding positions and transactions are closed out as a final consequence. Any shortfall resulting from such a closure would be covered in the first instance by the collateral provided by the clearing member in question. Any remaining shortfall would initially be covered by the retained earnings of Eurex Clearing AG and then the contributions made by all clearing members to the clearing fund. Finally, any deficit arising from the default of a clearing member is covered by comfort letters issued by Deutsche Börse AG and SWX Swiss Exchange AG. In these letters, Deutsche Börse AG and SWX Swiss Exchange AG have made an undertaking to Eurex Clearing AG to provide the latter with 85 percent and 15 percent respectively of the funds required by Eurex Clearing AG, up to a maximum of €700 million for 100 percent, in order to meet its obligations.

The total risk inherent in the executed trades in the event of default by a contracting party was valued at €17,493 million (2004: €12,351 million) at the balance sheet date.

The risk was offset by total collateral in the amount of €23,824.8 million (2004: €18,259.1 million), composed as follows:

	Carrying amount as at 31 Dec. 2005 €m	Carrying amount as at 31 Dec. 2004 €m	Fair value as at 31 Dec. 2005 €m	Fair value as at 31 Dec. 2004 €m
Cash collateral (cash deposits)	913.1	807.1	913.1	807.1
Securities and book-entry securities collateral	22,911.7	17,452.0	26,052.7	19,480.0
Total collateral	**23,824.8**	**18,259.1**	**26,965.8**	**20,287.1**

There were also third-party bank guarantees for clearing members of Eurex Clearing AG amounting to €200 million as at the year-end (2004: €216 million).

Clearstream Banking AG

Deutsche Börse AG and Clearstream International S.A. have each issued an unlimited letter of comfort in favour of Clearstream Banking AG in accordance with section 5 (10) of the statutes of the Einlagensicherungsfonds (deposit insurance fund) existing within the Bundesverband deutscher Banken e.V. (German Banking Association), by which Deutsche Börse AG and Clearstream International S.A. have each undertaken to indemnify Bundesverband deutscher Banken e.V. against all losses that may result from actions in accordance with section 2 (2) of the aforementioned statutes.

Settlement facilities

"Technical overdraft facilities" are made available to the customers of the Clearstream subgroup in order to maximize settlement efficiency during processing. These settlement facilities are subject to internal credit review procedures. These facilities are revocable at the option of the Clearstream subgroup and are largely collateralized by cash and securities. They amounted to €52.1 billion as at 31 December 2005 (2004: €47.2 billion). Actual outstandings at the end of each business day generally represent a small percentage of such facilities and as at 31 December 2005 amounted to €877.3 million (2004: €361.7 million).

Furthermore, following the modified security settlement processing via the Bundesbank (the German central bank) introduced on 17 November 2003, Clearstream Banking AG provided intraday credit facilities amounting to a maximum of €140.0 million (2004: €106.0 million) to customers without their own Lombard facilities at the Bundesbank against collateral security. Of this amount, €83.9 million was irrevocable as at 31 December 2005 (2004: €59.7 million).

Guarantees given

Clearstream guarantees the risk resulting from the Automated Securities Fails Financing ("ASF") program it offers to its customers. This only applies when the risk is collateralized. In the absence of collateral, the risk is covered by third parties. At 31 December 2005, the guarantees issued under this program amounted to €529.4 million (2004: €728.3 million).

Pledged securities

Insurance recoverables in the amount of €1.4 million (2004: €1.7 million) have been pledged to the IHK (Industrie- und Handelskammer – Chamber of Commerce) Frankfurt/Main.

The Clearstream subgroup is allowed to repledge with central banks part of the collateral received. Amounts available for repledge at central banks amounted to €1,794.4 million as at 31 December 2005 (2004: €1,581.2 million). The contract conditions are based on the Global Master Repurchase Agreement of The Bond Market Association (TBMA) and the International Securities Market Association (ISMA) or on recognized national bilateral master agreements.

45. Financial risk management

Currency and interest rate risks

Deutsche Börse Group seeks to reduce any currency and interest rate risks arising from its business to an acceptable level in comparison with the Group's pre-tax earnings. Currency risks arise largely from Clearstream's custody fees based on the value of customers' US dollar assets, from interest earned on US dollar balances, and from the revenues and expenses of the Eurex US derivatives exchange. Approximately 10 percent of Clearstream's revenue is related to the US dollar. These exposures are partially offset by operating costs that are incurred in US dollars. Any remaining expected net exposure is hedged through forward currency transactions to the extent that it is significant. With the exception of positions hedged by cash flows, there were no significant foreign exchange positions as at 31 December 2005 and 2004, see note 17.

Interest rate risks arise largely in the Clearstream segment. As forecasts of future cash balances are inherently uncertain, interest rate swaps may be used to lock in fixed rates on approximately half of the expected cash balances. Interest rate swaps are primarily used when forward interest rates are judged to be attractive.

Liquidity risks

Liquidity risks are managed by matching the duration of assets and liabilities, restricting investments in potentially illiquid or volatile asset classes, and maintaining sufficient credit facilities to overcome unexpected demands for liquidity.

Deutsche Börse Group's cash reserves are mostly invested in unsecuritized and securitized money market instruments of very high credit quality. The instruments used comprise term money deposits with banks and reverse repurchase agreements.

Default risk

Clearstream permits customers to borrow in order to settle securities transactions and has established internal limits for investing funds at correspondent banks. Before entering into a business relationship, Clearstream evaluates potential customers and correspondent banks and determines the volume of credit or placement lines based on a regular credit assessment. The vast majority of customer credit lines are secured by appropriate collateral. As a central counterparty, Eurex Clearing AG enters into default risk as against its customers. Such risks are covered by various layers of protection as described in note 44.

The Group also bears credit risk on term deposits of liquid funds. Such risks are largely countered by investing short-term funds via reverse repurchase agreements. In addition, short-term deposits made by non-banks within Deutsche Börse Group with banks are covered by deposit protection funds.

Credit risks arising through investments in bonds are minimized by only investing in government securities or securities issued by state or development banks with a credit rating of AA– or better.

Credit exposure to customers for non-payment of fees is limited because trading, clearing, custody and settlement fees are generally either debited directly from customer accounts or from customers' bank accounts. In the past, credit losses in respect of fees for other services, such as the provision of data and information, have been limited.

46. Other financial obligations

Group expenses in connection with long-term contracts in the coming years relating to maintenance contracts and to other contracts amount to €141.3 million (2004: €153.3 million). Obligations in subsequent years are shown in the table below:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Up to 1 year	77.1	93.2
1 to 5 years	53.7	46.0
More than 5 years	10.5	14.1
Total future financial obligations	**141.3**	**153.3**

Obligations resulting from insurance policies amount to €8.2 million in 2006 (2005: €9.4 million).

47. Leases

Finance leases

Finance leases relate to IT hardware components that are used operationally in Deutsche Börse Group and are not subleased. The minimum lease payments are shown in the following table:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Up to 1 year	2.5	1.7
1 to 5 years	1.6	3.0
Total minimum lease payments	**4.1**	**4.7**
Discount	–0.2	–0.2
Present value of minimum lease payments	**3.9**	**4.5**

No contingent rent is provided for under the terms of the leases. The corresponding agreements do not contain any escalation clauses. Deutsche Börse Group is entitled to purchase some of the leased assets at the end of the lease term for €0.3 million. The cost of this option has been included under "total minimum lease payments". These lease agreements do not restrict the activities of Deutsche Börse Group above and beyond the obligations set out above.

Operating leases (as lessee)

In addition to finance leases, the Company has also entered into leases that must be classified as operating leases on the basis of their economic substance; this means that the leased asset is allocated to the lessor. These leases relate mainly to buildings and IT hardware. The minimum lease payments are shown in the following table:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Up to 1 year	57.4	60.9
1 to 5 years	148.6	180.8
More than 5 years	64.8	98.4
Total minimum lease payments	**270.8**	**340.1**

In the year under review, €57.3 million (2004: €64.2 million) in minimum lease payments was recognized as an expense.

Operating leases for buildings, some of which are sublet, have terms of between 0.5 and 16 years. They usually terminate automatically when the lease expires. The Company has options to extend some leases.

Part of the Group's rented offices are sublet to third parties. Rental income expected from these sublease contracts is as follows:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Up to 1 year	5.0	5.6
1 to 5 years	7.0	5.0
More than 5 years	0	0.1
Total	**12.0**	**10.7**

Operating leases (as lessor)

On the basis of operating leases, the Group let a building of which it is the beneficial and legal owner. The future minimum lease receipts from these non-cancellable property leases are shown in the following table:

	31 Dec. 2005 €m	31 Dec. 2004 €m
Up to 1 year	7.5	7.5
1 to 5 years	14.1	19.4
More than 5 years	1.4	1.6
Total	**23.0**	**28.5**

The underlying property leases expire in the period from 2007 to 2011. They generally include renewal clauses.

48. Phantom stock option plan and Group Share Plan

Phantom stock option plan

Since its IPO on 5 February 2001, Deutsche Börse AG has established a phantom stock option program for Executive Board members and senior executives of Deutsche Börse AG and its subsidiaries. The program was extended to members of the Supervisory Board effective from 28 May 2003; however, this extension was revoked under an amendment to the Articles of Association dated 25 May 2005. The phantom stock options have a maximum term of five years and a lock-up period of three years. The options can be exercised in each quarter of the subsequent two years in 14-day exercise windows. If options have not been exercised by the last day of the exercise period, the holder is treated as if he had exercised the options. The amount of the cash payout depends on the relative performance of Deutsche Börse AG shares (adjusted for dividend payments) against the Dow Jones STOXX 600 Technology Index (EUR) (Return) as the benchmark index (€1.00 per 1 percentage point outperformance).

In accordance with IFRS 2, an adapted "exchange options" model (spread option model) was used to calculate the value of the stock options. This model applied the following valuation parameters:

		as at 31 Dec. 2005	as at 31 Dec. 2004
60-day average of Deutsche Börse AG shares	€	82.26	42.41
60-day average of Dow Jones STOXX 600 Technology (EUR) (Return)	Points	353.88	304.47
Volatility of Deutsche Börse AG shares[1]	%	18.39	3.17
Volatility of Dow Jones STOXX 600 Technology (EUR) (Return)[1]	%	14.24	6.03
Correlation[1]	%	51.03	–6.49

1) From 2005, the estimates of future volatility and correlation are no longer based on the volatilities and correlations of the 60-day averages of the underlyings, but on the volatilities and correlations of the underlyings themselves.

The option pricing model does not include any exercise hurdles and assumes that options will be held for the maximum holding period. The model was also applied for the valuation of the stock options granted to members of the Supervisory Board. The value thus calculated reflects the best value for the services received. This results in the following valuations as at 31 December 2005:

	Balance as at 31 Dec. 2005 Number	Opening share price[1] €	Opening index price Points	Intrinsic value/ option €	Value of the options/ option €	Payment obligation €m	Provision as at 31 Dec. 2005 €m
Tranche 2001[2]	82	32.22	840.8	213.22	213.22	0	0
Tranche 2002[2]	1,387	40.22	493.6	132.84	132.84	0.2	0.2
Tranche 2003	150,182	36.78	249.3	81.70	82.07	12.3	12.0
Tranche 2004	163,793	42.94	320.2	81.06	81.51	13.3	8.5
Tranche 2005	441,447	44.05	302.6	69.81	71.49	31.6	9.7
Total	**756,891**					**57.4**	**30.4**

1) Adjusted for the dividend payment
2) The 2001 and 2002 tranches, i.e. a total of 1,469 options, were exercisable as at 31 December 2005.

In accordance with IFRS 2, the full value of the stock options in the 2003 to 2005 tranches is added to provisions proportionately over the vesting period of the options. Provisions amounting to €30.4 million (2004: €5.4 million) were recognized as at the closing date of 31 December 2005. Of this amount, €18.2 million (2004: €1.1 million) are long-term provisions. Members of the Executive Board accounted for €5.0 million (2004: €1.5 million) of this amount and members of the Supervisory Board for €0.8 million (2004: €0.1 million). The total cost of the options in the year under review was €32.9 million (2004: €1.2 million). Details of the stock options granted to members of the Executive Board can be found in note 52.

The following table shows the allocated stock options:

Number	Balance as at 31 Dec. 2004	Additions	Options paid out	Options expired	Balance as at 31 Dec. 2005
To the Supervisory Board	14,038	0	0	1,006	13,032
To the Executive Board	127,479	134,884	35,431	97,860	129,072
To other senior executives	313,648	386,864	79,614	6,111	614,787
Total stock options allocated	**455,165**	**521,748**	**115,045**	**104,977**	**756,891**

The average exercise price of the 115,045 (2004: 24,495) stock options paid out during the year under review amounted to €67.07 (2004: €96.55).

Group Share Plan
Deutsche Börse Group employees have the opportunity to subscribe for shares of Deutsche Börse AG with a discount to the issue price of up to 40 percent, depending on the individual employee's performance assessment and length of service. These shares must be held for at least two years.

For each share acquired, employees receive an additional stock option that they can exercise after two years at a fixed premium to the issue price. The respective stock option tranches must be approved by the shareholders at the Annual General Meeting. The issue price of these additional options consists of the exercise price, which corresponds to the volume-weighted average price of the Company's shares in the closing auctions in the Xetra trading system on the ten trading days prior to the date of grant of the stock options, but as a minimum to the closing price on the date of grant of the stock options, plus a premium amounting to 20 percent of the exercise price. Options may not be exercised in the first two years and expire without compensation if not exercised within six years. Each option entitles the holder to subscribe for one Deutsche Börse share unless Deutsche Börse AG exercises its right to settle in cash instead of new or existing shares.

Following approval by the Annual General Meeting on 25 May 2005, the Company established a further tranche of the Group Share Plan (GSP) for employees other than Executive Board members and senior executives. Under the GSP tranche 2005, eligible employees were able to buy up to 200 shares of the Company (2004: 200 shares), depending on their basic salary, at a discount of between 10 and 30 percent (2004: between 20 and 40 percent).

In accordance with IFRS 2, the stock options allocated under the 2004 and 2005 tranches were measured at their fair value at the grant date, and the options allocated under the 2003 tranche were measured at their fair value at the balance sheet date. The fair value of the options was calculated using the Black-Scholes option pricing model and applying the following assumptions:

		Tranche 2003[1]	Tranche 2004[2]	Tranche 2005[2]
Term until		30 June 2009	30 June 2010	30 June 2011
Risk-free interest rate	%	2.98	3.86	2.79
Volatility of Deutsche Börse AG shares	%	18.39	19.15	21.37
Deutsche Börse AG share price	€	86.56	41.90	66.89
Dividend yield	%	1.84	1.46	2.50
Exercise price	€	55.33[3]	51.84	77.69
Market value	€	**32.40**	**5.59**	**8.78**

[1] Valuation parameter and fair value at the balance sheet date 31 December 2005
[2] Valuation parameter and fair value at the grant date
[3] The issue price of €54.79 was adjusted due to the reduction of the share capital under the share buy-back program.

The volatility applied in the option pricing model corresponds to the market volatility of comparable call options. Apart from the lock-up period, the valuation model does not include any exercise hurdles and assumes that options will be held for the maximum holding period.

In total, some 36 percent (2004: 32 percent) of eligible employees subscribed for a total of 102,101 (2004: 81,699) shares under the GSP. These shares were all purchased in the market. The difference between the average purchase price and the average subscription price paid by employees, amounting to €2.7 million (2004: €1.3 million), was charged to staff costs.

Equity is increased by the full value of the stock options in the 2005 tranche (€0.9 million; 2004: €0.5 million) proportionately over the vesting period of the options. In the year under review, the stock options in the 2003 to 2005 tranches resulted in staff costs of €2.9 million (2004: €0.6 million), of which €0.4 million (2004: €0.6 million) was attributable to equity-settled share-based payments.

During the vesting period, the Executive Board announced to the employees that it would settle the 2003 tranche in cash. As a result of this announcement, the Company had a present obligation to settle in cash at the balance sheet date and €0.8 million was reclassified from equity to provisions. The difference between the fair value at the grant date and the fair value on the date of the announcement, amounting to €2.1 million, was charged to staff costs. The options recognized as provisions are measured at current market prices at the closing date concerned. At the balance sheet date, this provision amounted to €2.1 million, of which €1.5 million was attributable to the intrinsic value of the options that were exercisable at the balance sheet date.

The following table shows the changes in the employees' stock options in the year under review:

Number	Balance as at 31 Dec. 2004	Additions	Options paid out	Options expired	Balance as at 31 Dec. 2005
Tranche 2003[1)]	139,529	0	86,371	5,585	47,573
Tranche 2004	79,989	0	0	3,365	76,624
Tranche 2005	0	102,101	0	12,834	89,267
Total stock options allocated	**219,518**	**102,101**	**86,371**	**21,784**	**213,464**

[1)] 47,573 options were exercisable as at 31 December 2005.

The weighted average share price for the options exercised in the year under review amounted to €75.18 (no exercise possible in 2004).

49. Executive bodies

The members of the Company's executive bodies are listed in the "Managing Directors" and "Supervisory Board" sections of this annual report.

50. Shareholdings of the Executive and Supervisory Boards and Directors' Dealings

The Company was notified of the following holdings and dealings in Deutsche Börse AG shares as at 31 December 2005:

Executive Board	Shareholding as at 31 Dec. 2004	Purchased in 2005	Sold in 2005	Shareholding as at 31 Dec. 2005
Reto Francioni[1)]	–	0	0	0
Rudolf Ferscha[2)]	18,290	0	0	18,290
Matthias Ganz	0	0	0	0
Mathias Hlubek	5,000	0	0	5,000
Michael Kuhn	0	0	0	0
Werner G. Seifert[3)]	0	0	0	0
Jeffrey Tessler	0	0	0	0

[1)] Appointed to the Executive Board as from 1 November 2005, so no data is given for 2004
[2)] Left the Executive Board on 31 December 2005
[3)] Left the Executive Board on 9 May 2005; the shareholdings given for 2005 relate to the date of leaving.

Supervisory Board	Shareholding as at 31 Dec. 2004	Purchased in 2005	Sold in 2005	Shareholding as at 31 Dec. 2005
Kurt F. Viermetz[1]	–	0	0	0
David Andrews	0	0	0	0
Herbert Bayer	0	0	0	0
Udo Behrenwaldt	0	0	0	0
Richard Berliand[1]	–	0	0	0
Birgit Bokel	0	0	0	0
Dr. Rolf-E. Breuer[2]	0	0	0	0
Mehmet Dalman[2]	0	0	0	0
Uwe E. Flach[2]	0	0	0	0
Hans-Peter Gabe	410	100	250	260
Dr. Manfred Gentz	0	0	0	0
Richard M. Hayden[1]	–	0	0	63,700
Craig Heimark[1]	–	0	0	0
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt[2]	0	0	0	0
Dr. Stefan Jentzsch[2]	5,400	0	5,400	0
Hermann-Josef Lamberti[1]	–	0	0	0
Lord Peter Levene of Portsoken KBE[2]	0	0	0	0
Hessel Lindenbergh[2]	0	0	0	0
Silke Martinez Maldonado	0	0	0	0
Friedrich Merz[1]	–	0	0	0
Friedrich von Metzler	0	0	0	0
Alessandro Profumo	0	0	0	0
Sadegh Rismanchi	100	100	0	200
Gerhard Roggemann[1]	–	0	0	0
Dr. Erhard Schipporeit[1]	–	0	0	0
Dr. Herbert Walter	0	0	0	0
Otto Wierczimok	351	200	300	251
Johannes Witt	200	0	200	0
Manfred Zaß[2]	0	0	0	0

[1] Joined the Supervisory Board during the course of 2005, so no data is given for 2004
[2] Left the Supervisory Board during the course of 2005; shareholding as at the date of departure

The Company was not notified of any further holdings or transactions in Deutsche Börse AG shares or derivatives issued on these shares.

51. Corporate governance

On 22 December 2005, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the AktG (Aktiengesetz – German Stock Corporation Act) and made it available to shareholders on the Company's website. The declaration of conformity is also reproduced on the Company's website.

52. Related party disclosures

Related parties as defined by IAS 24 are the members of the executive bodies of Deutsche Börse AG as well as those companies classified as its associates and other investors.

Executive Board

Members of the Executive Board are paid annual compensation with a fixed and a variable component, including phantom stock options.

	2005				2004
	Fixed compensation[1] € thousands	Performance-related compensation[2] € thousands	Long-term incentive components[2] € thousands	Total € thousands	Total € thousands
Reto Francioni[3]	117.7	104.2	0	221.9	–
Rudolf Ferscha[4]	454.3	675.0	458.9	1,588.2	1,054.2
Matthias Ganz	496.2	775.0	0	1,271.2	1,099.7
Mathias Hlubek	497.1	740.0	413.1	1,650.2	1,160.2
Michael Kuhn	469.4	625.0	413.2	1,507.6	1,020.3
André Roelants[5]	–	–	–	–	1,624.4
Werner G. Seifert[6]	318.2	1,140.2	689.3	2,147.7	2,591.0
Jeffrey Tessler[7]	578.9	315.9	0	894.8	181.7
Total Executive Board remuneration	**2,931.8**	**4,375.3**	**1,974.5**	**9,281.6**	**8,731.5**

[1] Fixed compensation includes fixed salary and other taxable salary components, such as health and long-term care insurance premiums and company car arrangements.
[2] Paid in the financial year
[3] Appointed to the Executive Board as from 1 November 2005
[4] Left the Executive Board on 31 December 2005
[5] Left the Executive Board on 30 June 2004
[6] Left the Executive Board on 9 May 2005
[7] Appointed to the Executive Board on 6 October 2004

In 2005, other ancillary payments to Reto Francioni amounting to €0.3 million and to Jeffrey Tessler amounting to €0.3 million was recognized as an expense (2004: nil).

In the year under review, the actuarial present value of pension obligations to members of the Executive Board amounted to €10.1 million (2004: €9.1 million). One-time current expenses with immediate effect amounting to €3.3 million was recognized as an addition to pension obligations. Moreover, the following expenses were recognized in the consolidated income statement: termination benefits amounting to €15.3 million (2004: nil), expenses for performance-related compensation amounting to €4.9 million (2004: €4.5 million) and long-term incentive components in the amount of €5.5 million (2004: €0.5 million).

Former members of the Executive Board or their surviving dependents

The table below presents the benefits paid and the obligations to former members of the Executive Board or their surviving dependents:

	2005 € thousands	2004 € thousands
Pensions paid to former members of the Executive Board or their surviving dependents	505	270
Payments from exercise of stock options granted	0	0
Actuarial present value of unfunded pension obligations	9,731	11,058

Remuneration of the Supervisory Board

Supervisory Board members received a ratable fixed remuneration for their services in 2005. The fixed compensation for membership is €96 thousand (2004: €80 thousand) per annum for the Chairman, €72 thousand (2004: €60 thousand) for the Deputy Chairman (after the retirement of Manfred Zaß in the course of 2005, this position was not and will not be filled again) and €48 thousand (2004: €40 thousand) per annum for any other member. In addition, for membership of the Supervisory Board's Strategy, Technology, Personnel, Clearing and Settlement, and Audit and Finance Committees, the additional remuneration is €30 thousand per annum for the Chairman of each Committee (€40 thousand (2004: €80 thousand) per annum for the Chairman of the Audit and Finance Committee) and €20 thousand per annum for each other member of each Committee.

Members of the Supervisory Board also receive annual variable compensation on the basis of two different, clearly defined targets relating to the Company's performance. Target 1: In the year in which compensation is paid, the consolidated return on equity after taxes of Deutsche Börse Group must exceed by at least five percentage points the average of the monthly average current yields to maturity of domestic bearer bonds and public-sector bonds with a remaining maturity of between nine and ten years as calculated by the Deutsche Bundesbank. Target 2: Consolidated earnings per share for the previous two full financial years must exceed consolidated earnings per share for the previous year in each case by 8 percent or more. For each target met, the members of the Supervisory Board each receive annual variable compensation in the amount of €16 thousand. This concept has been in place since 1 January 2005. It superseded the variable compensation concept which had previously been effective since 2003, under which the members of the Supervisory Board received stock options from the phantom stock option plan with a term of five years and a target value of €40 thousand in each case, free of charge, on 1 February each year (for further details, see note 48).

An overview of the total fixed and variable remuneration in 2005 by Supervisory Board members is given below:

	2005 membership period	Total 2005 fixed remuneration € thousands	Total 2005 variable remuneration[1] € thousands	2004 membership period	Total 2004 fixed remuneration € thousands
Kurt F. Viermetz	12 July – 31 Dec.	51.0	16.0	–	–
David Andrews	1 Jan. – 31 Dec.	89.7	32.0	1 Jan. – 31 Dec.	70.0
Herbert Bayer	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Udo Behrenwaldt	1 Jan. – 31 Dec.	84.7	32.0	1 Jan. – 31 Dec.	72.4
Richard Berliand	7 Oct. – 31 Dec.	17.0	8.0	–	–
Birgit Bokel	1 Jan. – 31 Dec.	48.0	32.0	1 Jan. – 31 Dec.	40.0
Dr. Rolf-E. Breuer	1 Jan. – 10 Oct.	130.0	26.7	1 Jan. – 31 Dec.	140.0
Mehmet Dalman	1 Jan. – 2 Oct.	56.7	26.7	1 Jan. – 31 Dec.	60.0
Uwe E. Flach	1 Jan. – 26 June	34.0	16.0	1 Jan. – 31 Dec.	60.0
Hans-Peter Gabe	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Dr. Manfred Gentz	1 Jan. – 31 Dec.	73.0	32.0	1 Jan. – 31 Dec.	60.0
Richard M. Hayden	12 July – 31 Dec.	34.0	16.0	–	–
Craig Heimark	7 Oct. – 31 Dec.	17.0	8.0	–	–
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt	1 Jan. – 26 June	34.0	16.0	1 Jan. – 31 Dec.	60.0
Harold Hörauf	–	–	–	1 Jan. – 19 May	23.0
Sandra S. Jaffee	–	–	–	1 Jan. – 19 May	26.8
Dr. Stefan Jentzsch	1 Jan. – 6 Oct.	90.0	26.7	1 Jan. – 31 Dec.	140.0
Hermann-Josef Lamberti	11 Oct. – 31 Dec.	19.5	8.0	–	–
Lord Peter Levene of Portsoken KBE	1 Jan. – 26 May	20.0	13.2	19 May – 31 Dec.	24.8
Hessel Lindenbergh	1 Jan. – 6 Oct.	81.7	26.7	1 Jan. – 31 Dec.	78.7
Silke Martinez Maldonado	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Friedrich Merz	12 July – 31 Dec.	29.0	16.0	–	–
Friedrich von Metzler	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Alessandro Profumo	1 Jan. – 31 Dec.	48.0	32.0	19 May – 31 Dec.	24.8
Sadegh Rismanchi	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Gerhard Roggemann	12 July – 31 Dec.	29.0	16.0	–	–
Dr. Erhard Schipporeit	7 Oct. – 31 Dec.	17.0	8.0	–	–
Dr. Herbert Walter	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Otto Wierczimok	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Johannes Witt	1 Jan. – 31 Dec.	68.0	32.0	1 Jan. – 31 Dec.	60.0
Manfred Zaß	1 Jan. – 26 June	46.0	16.0	1 Jan. – 31 Dec.	80.0
Total		**1,593.3**	**680.0**		**1,440.4**

[1] The variable compensation concept was introduced on 1 January 2005.

The phantom stock options granted under the phantom stock option plan up to financial year 2004 may be exercised for the first time in 2006. The options were recognized at a total expense amounting to €0.8 million (2004: €0.1 million), see also note 48.

Other transactions with related parties

Other transactions with related parties are composed of the remuneration of the Technology Advisory Board totalling €19.5 thousand (2004: €17.0 thousand) and material transactions with companies classified as related parties (see the following table). All transactions were effected on an arm's length basis.

Amount of the transactions[1]	2005 €m	2004 €m
Associates		
License fees paid by Eurex Frankfurt AG to STOXX Ltd.	–8.2	–7.0
Operation of Eurex software for European Energy Exchange AG by Deutsche Börse Systems AG	8.0	8.0
Provision of price data by STOXX Ltd. to Deutsche Börse AG	–3.6	–3.2
Provision of price data by International Index Company Ltd. to Deutsche Börse AG	–1.0	–0.8
Reimbursement of software development costs to The Clearing Corporation Inc. by Eurex Frankfurt AG	–0.4	–2.3
Total associates	**–5.2**	**–5.3**
Other investors		
Office and administrative services for SWX Swiss Exchange AG by Eurex Zürich AG	34.8	35.7
Office and administrative services for Eurex Zürich AG by SWX Swiss Exchange AG	–8.4	–7.1
Development of Eurex software by Deutsche Börse Systems AG for SWX Swiss Exchange AG	5.4	7.1
Office and administrative services for Eurex Frankfurt AG by SWX Swiss Exchange AG	–3.4	–4.0
Total other investors	**28.4**	**31.7**
Other companies		
Operation and development of Xontro by Deutsche Börse Systems AG for BrainTrade GmbH	20.8	20.3
Operation of the floor trading system by BrainTrade GmbH for Deutsche Börse AG	–14.2	–13.9
Total other companies	**6.6**	**6.4**

[1] Outstanding balances not presented since they are not material to Deutsche Börse Group

53. Shareholders

The Children's Investment Fund Management (UK) LLP, London, UK, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) that it has held more than 5 percent of the Company's voting rights since 14 January 2005.

The Children's Investment Master Fund, George Town, Cayman Islands, a fund managed by The Children's Investment Fund Management (UK) LLP, has informed Deutsche Börse AG in accordance with section 21 (1) WpHG that it has held more than 5 percent of the Company's voting rights since 26 January 2005.

Atticus Capital, L.L.C., New York, USA, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 5 and 6 WpHG that it has held more than 5 percent of the Company's voting rights since 18 February 2005.

Lone Pine Capital LLC, Greenwich, USA, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 WpHG that it has held more than 5 percent of the Company's voting rights since 12 January 2006.

54. Employees

	2005	2004
Average number of employees during the year	3,179	3,255
thereof entory subgroup	252	299
Employed as at the balance sheet date	2,921	3,262
thereof entory subgroup	0	317

Of the average number of employees during the year, 12 (2004: 10) were classified as Managing Directors (excluding Executive Board members), 310 (2004: 289) as senior executives and 2,857 (2004: 2,956) as employees.

There was an average of 2,979 full-time equivalent (FTE) employees during the year (2004: 3,080). Please refer also to the "Employees" section in the Group Management Report.

55. Contingent liabilities

All known contingencies have been reflected in these financial statements.

56. Date of approval for publication

Deutsche Börse AG's Executive Board approved the Consolidated Financial Statements for submission to the Supervisory Board on 21 February 2006. The Supervisory Board is responsible for examining the Consolidated Financial Statements and stating whether it endorses them.

Frankfurt/Main, 21 February 2006
Deutsche Börse AG

Reto Francioni | Matthias Ganz | Mathias Hlubek

Michael Kuhn | Jeffrey Tessler

Audit Opinion

We have audited the consolidated financial statements prepared by the Deutsche Börse AG, Frankfurt/Main, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2005. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Handelsgesetzbuch "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 23 February 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Wohlmannstetter (German Public Auditor)   Bors (German Public Auditor)

Single-Entity Financial Statements in Accordance with the HGB

A summary of Deutsche Börse AG's single-entity financial statements prepared in accordance with the provisions of the HGB (Handelsgesetzbuch – German Commercial Code) is presented below. Note that the information is not presented in the legally required form of publication in accordance with section 328 (2) of the HGB. A copy of the complete financial statements can be obtained from Deutsche Börse AG, Investor Relations, 60485 Frankfurt/Main, Germany.

Income statement **for the period 1 January to 31 December**	**2005** €m	**2004** €m
Sales revenue	861.1	733.3
Other operating income	153.5	130.3
Total expenses	–642.4	–540.1
Income from equity investments	194.1	4.2
Income from profit pooling agreements	84.8	84.7
Cost of loss absorption	0	–26.8
Write-downs of noncurrent financial assets and current financial instruments	–6.4	–3.5
Net financial result	–3.6	1.9
Profit before tax from ordinary activities	**641.1**	**384.0**
Taxes	–180.0	–157.2
Net profit for the year	**461.1**	**226.8**
Appropriation to other retained earnings	–121.1	0
Unappropriated surplus	**340.0**	**226.8**

Balance **as at 31 December**	**2005** €m	**2004** €m
Assets		
Fixed assets	2,225.4	2,213.6
Current assets	514.0	752.2
Total assets	**2,739.4**	**2,965.8**
Shareholders' equity and liabilities		
Equity:		
Subscribed capital	101.3	111.8
(thereof par value of shares acquired for retirement: €–4.6 million; previous year: €0 million)		
Share premium	1,373.4	1,367.5
Other retained earnings	6.8	448.4
Unappropriated surplus	340.0	226.8
	1,821.5	**2,154.5**
Provisions	194.4	113.9
Liabilities	723.5	697.4
	917.9	**811.3**
Total shareholders' equity and liabilities	**2,739.4**	**2,965.8**

Proposal on the Appropriation of the Unappropriated Surplus

The Executive Board proposes that the unappropriated surplus amounting to €340.0 million (2004: €226.8 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	2005 €m	2004 €m
Distribution of a dividend to the shareholders on 25 May 2006 of €2.10 per share for 100,278,653 no-par value shares carrying dividend rights (in 2005 from net profit for 2004: €0.70)	210.6	74.1[1]
Appropriation to retained earnings	129.4	152.7[2]
Unappropriated surplus	**340.0**	**226.8**

[1] Amount restated to reflect actual distribution (proposal for 2004: €78.3 million)
[2] Amount restated to reflect appropriation to retained earnings

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Financial Calendar/Contact

Financial Calendar of Deutsche Börse Group for 2006

22 February
Annual Press Briefing for the financial year 2005

4 May
Q1/2006 results

24 May
Annual General Meeting

25 May
Distribution of dividend for the financial year 2005

2 August
Q2/2006 results

6 November
Q3/2006 results

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Further copies of this annual report and interim reports from Q1/2003 onwards can be ordered from Deutsche Börse Group's publications service:

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Fax +49-(0) 69-2 11-1 15 11

Order number 1010-2042

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Registration court
Frankfurt/Main HRB 32 23 2

Deutsche Börse Group: Five-year review

		2001	2002[1]	2003[1]	2004	2005
Consolidated income statement						
Sales revenue	€m	760.3	1,106.5	1,419.4	1,449.6	1,631.5
Net interest income from banking business	€m	0	64.4	94.4	77.1	112.7
Own expenses capitalized	€m	62.6	110.1	55.3	44.8	27.8
Other operating income	€m	77.3	70.6	80.6	64.2	79.1
Total expenses (excluding goodwill amortization and impairment)	€m	679.9	972.7	1,123.7	1,110.1	1,145.6
Earnings before interest, taxes and goodwill amortization and impairment (EBITA)	€m	278.3	419.9	527.8	527.6	710.9
Goodwill amortization and impairment	€m	–0.2	–68.7	–75.2	–68.9	–5.9
Earnings before tax (EBT)	€m	319.2	374.4	448.1	452.0	696.2
Net income[2]	€m	203.7	235.1	246.3	266.1	427.4
Dividends paid	€m	37.0	49.2	61.4	74.1[3]	210.6[4]
Consolidated cash flow statement						
Cash flows from operating activities	€m	248.8	466.2	530.6	439.6	667.7
Consolidated balance sheet						
Noncurrent assets	€m	754.7	2,678.4	2,381.8	2,162.7	2,007.8
Financial instruments of Eurex Clearing AG	€m	–	–	–	19,096.9	24,176.1
Current receivables and securities from banking business	€m	6.9	3,085.0	4,047.3	4,583.4	5,182.7
Current other receivables and other current assets	€m	153.7	229.0	263.3	249.1	246.4
Restricted bank balances	€m	164.7	303.7	1,048.4	867.4	938.7
Other cash and bank balances	€m	1,055.1	248.1	548.1	740.2	543.1
Total equity[2]	€m	1,570.9	2,175.3	2,353.5	2,552.5	2,200.8
Minority interests	€m	10.6	23.1	12.3	7.3	14.1
Noncurrent interest-bearing liabilities	€m	0	9.2	503.2	502.3	501.6
Other noncurrent liabilities and provisions	€m	116.2	210.0	195.1	204.3	162.5
Current liabilities excluding technical closing date liabilities[5]	€m	283.3	674.6	423.2	325.7	435.0
Total assets[2]	€m	2,135.1	6,544.2	8,276.0	27,699.7	33,094.8
Balance sheet performance indicators						
Trade creditors days 1[6]	days	28	33	24	20	15
Trade creditors days 2[7]	days	33	38	26	22	16
Trade creditors ratio[8]	%	29	47	15	14	12
Equity ratio 1[9]	%	208	45	69	92	71
Equity ratio 2[10]	%	223	63	85	107	83
Debt/equity ratio[11]	%	14	22	12	9	13
Liabilities structure[12]	%	73	77	38	32	40
Cash ratio[13]	%	372	37	59	89	58
Current ratio[14]	%	430	72	88	118	84
Debt coverage[15]	%	104	68	64	70	78
Equity / net noncurrent tangible assets[16]		37.3	8.0	18.9	45.5	37.3
Equity / net noncurrent assets[17]		5.2	1.1	1.4	1.8	1.7
Cash flow 1 return on investment (CF1 ROI)[18]	%	21	20	21	20	26
Cash flow 2 return on investment (CF2 ROI)[19]	%	21	20	21	21	28
Staff costs / total revenue	%	12	18	19	21	22

Deutsche Börse Group: Five-year review

			2001	2002[1]	2003[1]	2004	2005
Performance indicators							
EBITA margin		%	31	35	37	36	44
Earnings per share (basic and diluted)[20]		€	2.04	2.18	2.20	2.38	4.00
Dividend per share[20]		€	0.36	0.44	0.55	0.70	2.10
Operating cash flow per share[20]		€	2.49	4.33	4.75	3.93	6.25
Return on shareholders' equity[21]		%	16	13	11	11	18
Employees (average annual FTEs)			1,030	2,302	3,049	3,080	2,979
Sales revenue per employee		€thous.	738	481	466	471	548
Market indicators							
Xetra							
Number of transactions		thous.	49,719	60,001	71,368	69,372	81,302
Order book turnover		€m	958,407	876,179	833,074	902,747	1,125,521
Participants (as at 31 December)			413	359	308	283	267
Floor trading							
Number of transactions		thous.	124,342	86,653	70,144	66,710	79,817
Order book turnover		€m	235,780	157,760	131,632	111,649	115,893
Eurex							
Number of contracts		m	674.2	801.2	1,014.9	1,065.6	1,248.7
Participants (as at 31 December)			427	424	406	409	389
Clearstream							
Number of transactions	domestic	m	66.2	67.0	45.3	32.8	33.5
	international	m	19.8	15.2	16.5	17.2	20.4
Value of securities deposited (as at 31 December)	domestic	€bn	4,838	4,407	4,376	4,318	4,816
	international	€bn	2,830	2,737	2,959	3,276	3,936

1) The 50 percent interest in Clearstream International S.A. was carried at equity following the merger of Deutsche Börse Clearing AG with the operations of Cedel International S.A. to form Clearstream International S.A. Following the acquisition of Cedel International S.A., Clearstream International S.A. has been fully consolidated since 1 July 2002.
2) Restated to reflect changes in accounting policies as well as changes in the structure of the Consolidated Income Statement and the Consolidated Balance Sheet
3) Amount restated to reflect actual distribution (proposal 2004: €78.3 million)
4) Proposal to Annual General Meeting 2006
5) Technical closing date liabilities include financial instruments of Eurex Clearing AG (since 2004), liabilities from banking business of Clearstream subgroup (since 2002) as well as cash deposits by Eurex market participants.
6) Trade payables * 360 / (sales revenue + net interest income from banking business + own expenses capitalized + other operating income)
7) Trade payables * 360 / (sales revenue + net interest income from banking business)
8) (Other current bank liabilities + current liabilities from the issuance of commercial paper + trade payables + other current liabilities) / sales revenue
9) (Equity – intangible assets) / (total assets – intangible assets – land and buildings – fixtures and fittings – technical closing date liabilities – other cash and bank balances)
10) (Equity – intangible assets + provisions for pensions and other employee benefits + other noncurrent provisions + deferred tax liabilities) / (total assets – intangible assets – land and buildings – fixtures and fittings – technical closing date liabilities – other cash and bank balances)
11) (Current liabilities – technical closing date liabilities) / (total assets – technical closing date liabilities)
12) (Current liabilities – technical closing date liabilities) / (liabilities – technical closing date liabilities)
13) Other cash and bank balances / (current liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)
14) (Other cash and bank balances + trade receivables + associate receivables + receivables from other investors + other current assets) / (current liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)
15) (Net income + income tax expense + depreciation and amortization expense) / (liabilities – technical closing date liabilities)
16) Equity / (property, plant and equipment – land and buildings – fixtures and fittings)
17) Equity / (intangible assets + property, plant and equipment – land and buildings – fixtures and fittings)
18) (Net income + income tax expense + depreciation and amortization expense) / (total assets – technical closing date liabilities)
19) (Net income + income tax expense + depreciation and amortization expense + additions to pension provisions) / (total assets – technical closing date liabilities)
20) Adjusted for the 10-for-1 stock split implemented on 1 June 2001
21) Net income / average shareholders' equity for the financial year, based on the quarter-end shareholders' equity balances

Glossary

CCP – Central Counterparty In cash market trading: functionality for exchange and off-exchange transactions that acts as a legal intermediary between trading parties, thus ensuring anonymity, minimizing the default risk, and facilitating → netting.

Clearing The → netting and → settlement of receivables and liabilities arising from securities and derivatives transactions; determination of the bilateral net debt of buyers and sellers.

Contract On the derivatives market: a binding agreement between two parties to buy or sell an instrument of a precisely defined quality (e.g. equities, interest rate instruments, foreign exchange) in a particular amount at a fixed point of time or within a certain time span in the future, and at a price determined at the time the contract is concluded.

Custody The safekeeping and administration of securities for others. A custody account (similar to an account for money transactions) is established for each customer. The account information includes details of the types, nominal values or quantities, numbers etc. of the securities held, as well as the name and address of the account holder.

Derivatives Highly liquid standardized financial instruments whose value depends on the performance of an → underlying financial instrument. The most important types of derivatives are → futures and → options.

ETF Exchange-traded fund; also: passively managed fund. Mutual fund whose indefinitely dated stocks can be bought or sold in continuous trading on the stock exchange, and which tracks the performance of the index on which it is based – e.g. that of DAX®.

Eurex Bonds® Trading platform for all German Federal Government Bonds, German Jumbo-Pfandbriefe (mortgage bonds with a volume of over €500 million), as well as bonds issued by KfW-Bankengruppe, the European Investment Bank and individual German federal states.

Fixed-income segment Here: Eurex product segment in which the business with → futures and → options on fixed-income securities is concentrated.

Future Standardized tradable → derivatives contract in which sellers agree to deliver and buyers agree to purchase a certain quantity of an → underlying at a predetermined price on a specified date.

Investment products The varied forms of these products enable investors to achieve returns on → underlyings in different market phases. Possible features include investment protection, security buffers against price drops, and disproportionately high yields in sideways markets. Examples of such products include reverse convertibles and certificates.

Lead broker Financial services provider or bank appointed by the general management of an exchange to fulfill certain functions in floor trading, i.e. keeping the order books allocated to them and calculating prices in all market segments. A list of the lead brokers for securities traded in the Official Market or Regulated Market of FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) can be found at www.deutsche-boerse.com/broker.

Leverage products These products enable investors to achieve an outperformance of the → underlying if the market is assessed correctly. In extreme cases, however, they can also lose their capital completely. Examples of such products include warrants and knock-out products.

Market maker A bank or securities trading house that – at any given time – quotes binding buy and sell prices for the securities for which it makes a market. At FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange), market makers are known as “Designated Sponsors”.

Netting Offsetting buy and sell positions over a given period of time so that market participants only have to settle the balance. One of the functions and advantages of the → CCP.

Open Interest Number of → contracts that are not closed by the end of a trading day.

Option → Derivatives contract that entitles buyers and sellers to buy (call) or sell (put) a defined quantity of an → underlying at an agreed price (exercise price) within a certain period of time or on a specified date.

Repo Short for repurchase agreement. The sale of securities with a simultaneous agreement to buy back securities of the same kind at a later date.

Settlement The completion of an exchange transaction, i.e. the transfer of money and traded securities from the seller to the buyer and vice versa. Within Deutsche Börse Group, Clearstream is in charge of this post-trading task.

Structured products Combination of conventional investment instruments (such as shares, interest rate instruments or foreign exchange) and one or several → derivative products in the same security.

Underlying Market instrument on which an → options or → futures contract is based. Underlyings can be shares, indices, goods or foreign exchange, for example.

Volatility Measure of the extent to which the price of a security or an index fluctuates around a mean value during a fixed period of time.

Zero spread Since July 2005, the → lead brokers on the trading floor of FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) have been offering “zero spread” to private investors in the 160 shares included in the selection indices DAX®, MDAX®, TecDAX® and SDAX®. In no-spread trading in these most heavily traded equities, lead brokers execute buy and sell orders of the investors at the midpoint between bid and ask price, based on the current order book situation for that security.

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