



DEUTSCHE BÖRSE
GROUP

Challenge to Create Annual Report 2006

Illustrated version to be published
at beginning of April

Deutsche Börse Group: Financial Highlights

		2006	2005	Change in %
Consolidated income statement				
Sales revenue	€m	1,854.2	1,631.5	14
Net interest income from banking business	€m	150.7	112.7	34
Total expenses (excluding goodwill impairment)	€m	-1,092.4	-1,145.6	-5
Earnings before interest, tax and goodwill impairment (EBITA)	€m	1,029.1	710.9	45
Net income	€m	668.7	427.4	56
Consolidated cash flow statement				
Cash flows from operating activities	€m	843.4	667.7	26
Consolidated balance sheet				
Noncurrent assets	€m	1,907.6	2,007.8	-5
Current assets excluding technical closing date positions ¹⁾	€m	932.8	789.5	18
Equity	€m	2,283.3	2,200.8	4
Noncurrent interest-bearing liabilities	€m	499.9	501.6	0
Other noncurrent liabilities and provisions	€m	146.5	162.5	-10
Current liabilities excluding technical closing date positions ²⁾	€m	550.8	435.0	27
Total assets	€m	65,025.1	38,477.6 ³⁾	69
Performance indicators				
Earnings per share (basic)	€	6.73	4.00	68
Earnings per share (diluted)	€	6.72	4.00	68
Dividend per share	€	3.40 ⁴⁾	2.10	62
Dividends proposed	€m	332.5 ⁴⁾	210.4 ⁵⁾	58
Operating cash flow per share (basic)	€	8.49	6.25	36
Operating cash flow per share (diluted)	€	8.48	6.25	36
Employees (average annual FTEs)		2,739	2,979	-8
Sales revenue per employee	€ thousands	677	548	24
EBITA margin	%	56	44	
Return on shareholders' equity	%	30	18	
Equity ratio (annual average)	%	77	77	
Market indicators				
Xetra				
Number of transactions	m	107.7	81.3	32
Order book turnover	€bn	1,592.9	1,125.5	42
Floor trading				
Number of contract notes	m	33.8	27.7	22
Order book turnover	€bn	137.6	115.9	19
Eurex				
Number of contracts	m	1,526.8	1,248.7	22
Clearstream				
Number of transactions	domestic m	38.4	33.5	15
	international m	24.5	20.4	20
Value of securities deposited (as at 31 December)	domestic €bn	5,328	4,816	11
	international €bn	4,368	3,936	11
Deutsche Börse share price				
Opening price ⁶⁾ (as at 1 January)	€	86.56	44.28	
High ⁷⁾	€	140.88	90.19	
Low ⁷⁾	€	84.25	43.29	
Closing price (as at 31 December)	€	139.42	86.56	61

1) Technical closing date positions include financial instruments of Eurex Clearing AG, current receivables and securities from banking business as well as restricted bank balances. 2) Technical closing date positions include financial instruments of Eurex Clearing AG, liabilities from banking business as well as cash deposits by market participants. 3) Restated to reflect changes in accounting policies as well as changes in the structure of the consolidated balance sheet 4) Proposal of the Executive Board as at the finalization date of the consolidated financial statements 5) Restated to reflect actual distribution (reported in 2005: €210.6 million) 6) Closing price on preceding trading day 7) Intraday price

2006 by Segment

Xetra

- Number of transactions on Xetra® increased to more than 100 million
- 210 companies newly listed, representing a market capitalization of around €7.9 billion
- Exchange organization established for trading in structured products

Eurex

- Trading volume increased to more than 1.5 billion contracts
- Product range continually expanded
- Trading and clearing functionalities developed

Clearstream

- Settlement transactions grew by 17 percent to 62.9 million
- Value of securities deposited reached €9.7 trillion (plus 11 percent)
- Central Facility for Funds developed

Market Data & Analytics

- 12 percent of sales revenue generated with new products and functions
- CEF® data stream diversified according to customer needs
- Index offering expanded to include new regions and asset classes

Information Technology

- System performance upgraded to match exponential rise in transaction loads
- Round-trip times cut by two-thirds due to expanded network and computing capacities
- Established as provider of IT sourcing solutions for the financial services industry

Sales revenue in €m

Xetra



Eurex



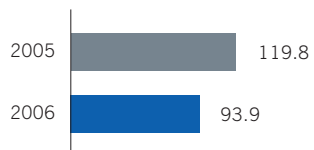
Clearstream



Market Data & Analytics



Information Technology



Challenge to Create

A company's success stands and falls with its people. People who get involved, who seek out a challenge. People who are willing to question the existing in order to make the future even better. People who break new ground, passionately and with ideas. People who listen to their customers and understand their needs. This is what success is made of.

Welcome to Deutsche Börse Group.



The English and German versions of the Annual Report 2006 are identical in content, but have different photographs on the cover and in the first section up to page 84. The reports feature a total of 98 employees, presenting the face of the Company. They reflect the Company's diversity and clearly show that Deutsche Börse Group's success is a matter of its people.

Many thanks to everyone involved.

[The people in the annual reports](#)

Schahriar Bahrami, Michel Barbancey, Stephen Baston, Pedro Bellosta von Colbe, Tony Bennett, Christelle Bernard, Manuela Bieß, Martina Blum, Britta Boerdner, Philippe Bonaert, Adel Bounif, Philip Brown, Jeannine Elektra Burkhardt, Imke Chayani, Francesca Crucitti, Claudia Dahm, Dirk De Smedt, Susana do Rosario Carpinteiro, Joselene Drux, Petra Eckes, Sarah Fuller, Delphine Giroux, Anna Glos, Matthias Graulich, Jeanette Groß, Ugur Günaydin, Werner Hagemann, Bethany Harlock, Lorenz J. Hassl, Wiebke Hedlefs, Adrian Hehl, Frank Henkes, Frank Hoba, Patrick Holtmann, Brigitte Hübner, Nicola Jahn, Levent Kandemir, Izumi Kazuhara, Angela Klein, Oliver Klopsch, Doaa Kopp, Pranjal Kothari, Dajana Madleen Kuhn, Rainer Kuhnert, Marie-Laure Lacouture, Grégory Langard, Nathalie Lebrun, Denis Lemaire, Nina Lüdtke, Yvonne McDonald, Sebastian Martinez Cabrera, Rosanna Mastrangelo, Chantal Meehan, Philippe Metoudi, Jens Moericke, Blaise Nkaba, Ralf Oster, Lee Parker, Christoph Payerl, Stefano Pedditzi, Uwe Pietsch, Guy Poul, Robert Prendergast, Veronika Quinzler, Jochen Rabe, Sabrina Raghdhi, Katja Rathe, Michael Rieß, Benoit Rosier, Bruno Rossignol, Armin Roth, Laurence Saccani, Ann-Kathrin Schleicher, Thomas Schulz, Daniel Schumann, Heiner Seidel, Nadine Siegwolf, Kai Silbach, Jean-Marc Sindic, Bob Soden, Markus Sperzel, Matthias Stephan-Weßlin, Sarah Taines, Françoise Thiel, Nina Trommershäuser, Oxana Tsvetkova, Franck Turchi, Isabelle Wachenheim, Astrid Walter, Manfred Weber, Regina Wenz, John Whipps, Patrik Wieczorek, Anke Wolf, Karin Woolwine, Kristin Zeller, Irja Zillich, Susanne Zorn

Content

The Business

- 4 2006 – The Year That Was
- 6 Letter to Shareholders
- 9 Deutsche Börse AG Shares

- 14 What Does Deutsche Börse Group Do?
- 18 Xetra
- 23 Eurex
- 27 Clearstream
- 33 Market Data & Analytics
- 37 Information Technology
- 42 Operations
- 45 MiFID – Challenge and Opportunity
- 47 Asia Initiative – Expansion into Growing Markets

The Group

- 50 Group Staff
- 52 Executive Board / Appointments
- 54 Supervisory Board / Appointments
- 56 Report of the Supervisory Board
- 66 Corporate Governance*
- 76 Corporate Responsibility
- 79 Customer Governance

The Financials

- 86 Group Management Report
- 115 Consolidated Financial Statements
- 121 Notes to the Consolidated Financial Statements
- 206 Audit Opinion
- 207 Summarized Single-Entity Financial Information
- 208 Proposal on the Appropriation of the Unappropriated Surplus

- 209 Deutsche Börse Group – International Presence
- 210 Index
- 212 Financial Calendar, Contact

* Including the remuneration report, which is part of the Group management report

2006 – The Year That Was

Quarter 1

Annual Reception 2006

The Chairman of the Supervisory Board, Kurt F. Viermetz, and Chief Executive Officer Reto Francioni welcome 800 guests to the Annual Reception in the Neue Börse building in Frankfurt on 16 January. The speaker on this occasion is Roland Koch. Three days later, some 200 guests are invited by the Group to its Annual Reception at 30 St Mary Axe in the City of London.

“Place of Ideas”

As part of the “Germany: Land of Ideas” image campaign initiated jointly by the Federal Government and German industry, Deutsche Börse Group is chosen as a “Place of Ideas”. On 13 January, the Neue Börse in Frankfurt opens its doors for visitors.

Large number of IPOs

In 2006, primion Technology AG is the first company to choose the Prime Standard market segment of the FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) for its IPO. By the end of the year, a total of 210 companies across all market segments were listed in Frankfurt for the first time. This is the highest number since the resegmentation of the stock market in March 2003 and a clear indication of the appeal of Frankfurt as a trading venue.

Vestima⁺ successful on the German market

DWS Investment decides upon Vestima⁺ as a platform for managing its transactions and settlements. This establishes Clearstream’s system for settling investment fund orders in the German market as well.

New investor portal

The new Deutsche Börse investor portal www.boerse-frankfurt.com goes online in February, offering extensive information on the Frankfurt Stock Exchange: in addition to share prices and company data, it provides commodity prices, as well as new tools and background material.

Clearstream extends its international network

Since January, Clearstream has been providing settlement and custody services for Croatian securities. Three months later, the company becomes the first international central security depository (ICSD) with services in Turkish public debt securities and settlement in Russian equities. In November, Clearstream becomes the first organization to settle Japanese government bonds outside Japan.

Connectivity services

Using Deutsche Börse Group’s global communication network, Fortis, an international services provider engaged in banking and insurance, offers trading and clearing services to customers worldwide. This move marks the expansion of Deutsche Börse’s IT Managed Services into network operations.

Quarter 2

DBIX launched

Since 5 April, the first member of the new DAXglobal® index family for international markets has been calculated. The DBIX Deutsche Börse India Index tracks the performance of the Indian equity market.

Further index for the Entry Standard

On 5 April, Deutsche Börse calculates the Entry Standard All Share Index for the first time, because the necessary minimum number of 31 companies listed in the market segment has been reached. In July, Primag AG becomes the 50th company in Deutsche Börse’s Entry Standard segment.

Weekly options

On 24 April, the derivatives exchange Eurex becomes the first European exchange to introduce weekly options. The underlyings of the options with weekly instead of monthly expiration dates are the benchmark indices DAX®, Dow Jones EURO STOXX 50® and SMI®. Eurex weekly options offer high flexibility and provide market participants with an efficient means to trade immediately ahead of the publication of key economic data.

Second “General Standard Conference”

The second General Standard Conference takes place on 3 and 4 May in Frankfurt. About 40 companies from the Entry Standard and General Standard meet investors and analysts. Companies present financial figures and business models, alongside with workshops covering financial and capital market topics. More than 400 participants visit the conference. For the first time, Entry Standard companies present themselves to investors and analysts.

Go-ahead for mutual funds trading

Trading in actively managed funds – known as mutual funds – begins on 19 May. Some 2,500 funds can be traded every business day from 9 a.m. to 8 p.m. (CET) in real-time without a front-load fee. Since the end of November, investors have also been able to subscribe to funds. The first issuer is asset manager First Private on 4 December.

New subsidiary in Prague

Deutsche Börse Services s.r.o. is entered in the Prague commercial register. The new IT subsidiary will support the Group’s IT applications development and will handle tasks that have been outsourced in the past.

High dividend for Deutsche Börse AG shares

At the Annual General Meeting on 24 May, Deutsche Börse AG shareholders resolve to pay a dividend of €2.10 per share for the 2005 financial year, thereby tripling the dividend. In total, Deutsche Börse distributes €210.4 million from a net income of €427.4 million: a distribution ratio of 49 percent.

Quarter 3

Eurex connects first member from Singapore

In August, following the establishment of a Deutsche Börse Systems access point in Singapore, a Eurex member company is linked directly to the telecommunications hub in Singapore for the first time ever. Transmarket Group Pte Limited starts trading via the hub on 4 August.

Record number of contracts traded

The number of contracts traded on Eurex reaches the 1 billion mark as early as August. In 2005, this volume was not reached until the end of October. By 31 December, a total of 1,526,751,902 contracts are traded on Eurex, more than ever before.

Proximity Services accelerate data transfer

Through the Proximity Services offered by Deutsche Börse Systems, customers are able to place their trading IT close to the Group's trading systems and data processing services, thereby minimizing latency. By December, 15 customers have opted for the new service.

First Back Office Summit

How is relevant data accessed and cleansed? These questions are addressed at the first ever Back Office Summit held in Frankfurt on 5 September by Market Data & Analytics. It is geared towards institutional market participants and financial services providers who are concerned with issues such as reference data management, data quality and compliance tasks.

Cooperation between CBEX and Deutsche Börse

A cooperation agreement is signed by the China Beijing Equity Exchange (CBEX) and Deutsche Börse, positioning the latter as the central point of access to the European market for Chinese companies.

Clearstream accepts AE dirham

In September, Clearstream becomes the first international central security depository (ICSD) to accept the United Arab Emirates dirham (AED) as eligible for settlement. This comes in response to growing demand from investment banks and issuers who would like to issue Eurobonds denominated in AED.

Quarter 4

Modernizing the main trading floor

On 9 October, work begins on the main trading floor at "Alte Börse" – the old stock exchange building – which is being modernized to meet the changing needs of lead brokers. While the work is in progress, trading continues in other trading rooms at Alte Börse.

Platform for structured products established

On 23 October, SWX Group and Deutsche Börse AG sign an agreement to establish and operate a joint stock exchange organization offering trading with warrants and certificates. This alliance enables the two companies to extend their successful Eurex and STOXX cooperation.

Code of Conduct officially adopted

Deutsche Börse Group welcomes the European Code of Conduct for clearing and settling shares on the cash market. As a member of the Federation of European Securities Exchanges (FESE), the European Association of Central Counterparty Clearing Houses (EACH) and the European Central Securities Depositories Association (ECSDA), Deutsche Börse has contributed to the development of the code and already complies with many of its requirements.

No combination with Euronext

On 15 November, Deutsche Börse decides not to pursue a combination with Euronext. This decision is based on the assessment that a transaction supported by both sides is not achievable and – given the recent share price development – would create no additional value for Deutsche Börse shareholders.

Ten years of German Equity Forum

The German Equity Forum celebrates its tenth anniversary: from 27 to 29 November, over 250 listed and non-listed companies present themselves – eight times as many as in 1996, the Equity Forum's first year. More than 4,000 private equity managers, funds managers, analysts, bank representatives and corporate finance experts attend the forum, with over 200 listed companies presenting themselves at investor and analyst conferences.

Trading with exchange-traded commodities begins

Commodities can now be traded on Deutsche Börse's Xetra® platform. Exchange-traded commodities (ETCs) are securities on individual commodities and on commodity baskets. At the same time, an index family for commodities is launched. At the start, the CX® index tracks the development of 20 commodities in the categories Agriculturals, Energy, Precious Metals, Industrial Metals and Livestock.

Letter to Shareholders



Dear shareholders,

The 2006 financial year was the most successful in Deutsche Börse Group's history to date. We generated double-digit volume growth in all market areas and lifted sales revenue by 14 percent to €1,854.2 million. Deutsche Börse Group increased its earnings disproportionately thanks to its business model as well as to the excellent performance by all employees. EBITA (earnings before interest, tax and goodwill impairment) rose by 45 percent to €1,029.1 million, making Deutsche Börse Group the most profitable exchange organization, not only in Europe, but worldwide. At the same time, it is one of the exchanges most strongly driven by customer needs in the world.

You, our shareholders, have invested in a business model that also delivers long-term success. After rising by 61 percent, Deutsche Börse shares were again among the five top performing shares in the German DAX® blue-chip index in 2006, just as in the previous year. Since Deutsche Börse's IPO in 2001, our shares have significantly outperformed the DAX and the Dow Jones EURO STOXX 50® each year.

We would like to thank you for your trust in, and support of, our activities. Based on the successful 2006 financial year, the Supervisory Board and Executive Board again wish to increase the dividend to be paid to you, and will propose a dividend of €3.40 per share to the Annual General Meeting on 11 May. The dividend is part of our on-going capital management program, which also includes share buy-backs. To this end, we use funds that are surplus to current business requirements and the further development of our business. Going forward, we will continue to meet the challenge of creating value for you, and will continue to work hard for our customers and shareholders.

Despite all our business successes in the past year, there was one objective we did not achieve: our plans to build a continental European exchange group together with Euronext were unfortunately not approved by the latter's management. We discontinued our efforts when it became clear that a transaction sought by both parties was unattainable and that, given the current development in share prices, it would not have generated any additional value for Deutsche Börse's shareholders. However, our strategy for future growth is not founded on the conclusion of a single transaction. Of course, we remain open to all forms of cooperation with other marketplace operators, provided we see value added to the Company and for our shareholders.

Why will your Company, Deutsche Börse, continue to develop successfully in the future? We service increasingly differentiated customer needs, we have rapid and reliable systems that grow in line with demands while retaining control over costs, and we invest comprehensively to develop new products and services. On top of this are the economies of scope that we generate due to our involvement in several investment classes and stages of the value chain. This enables us to offer our customers outstanding products and services from a single source and at fair conditions. This, and our constant cost discipline, allow us to work far more efficiently than other exchange organizations.

Demand for our services and products has risen sharply in all market areas. This is the result of the positive economic prospects around the world and the growing confidence in Europe's macroeconomic development, particularly in Germany. In addition, rising corporate profits and historically low long-term interest rates in Europe have contributed to this excellent outcome. Deutsche Börse Group has no control over these macroeconomic factors.

For this reason, we focus our strategy on factors which we can influence, as this report on the 2006 financial year explains in detail. We keep a very close eye on developments in our industry and monitor various structural trends that open the way to additional growth for us. These include the constantly increasing volumes in the cash and derivatives markets as a result of algorithmic trading, whose strategies are based on computer models, the increasing use of derivatives in complex trading strategies, as well as our customers' desire for clearing services that reduce both counterparty risk and capital adequacy requirements. Moreover, the desire for optimized yields on national and international equities and bonds deposited with Clearstream has an effect on this. We support these structural trends in specific areas, for example by our pricing model, through investments in our systems and via new products.

For instance, in recent months we have implemented various measures to promote algorithmic trading, for which rapid and powerful systems are vital. We have massively upgraded our network and computing capacities so as to cut round-trip times for orders

and we offer incentives for algorithmic trading in our price models. Finally, we provide interested customers with the opportunity to gain all-inclusive, rapid access to specific market data.

At the same time, we have expanded our product and service portfolio in all business areas: in international securities settlement and custody, we help our customers to achieve even higher yields on the securities deposited with us using new repo and securities lending products. We are constantly expanding our offering of cash and derivatives market products, for instance in funds trading, equity derivatives and over-the-counter (OTC) trading. In the market data business, we have introduced 13 new indices and index families, for example on commodities, in the past year alone. And in the information technology area, we have used our position as a neutral and reliable partner to gain new customers for the operation of sophisticated IT infrastructures.

In addition, we are tapping into new asset classes, expanding the Group's geographical presence and approaching new customer groups with our offering. For example, we use credit derivatives to address a rapidly growing market that until now have been traded fully off-exchange. We have been present in Asia now for 15 years with an office in Hong Kong and are now focusing on expanding this presence with further offices, e.g. in Tokyo. We are also expanding our network there and leveraging our broad product and service offering to enter into partnerships with local stock exchange organizations. One increasingly important customer group is comprised of the highly specialized securities traders who arbitrage price differences through the exclusive use of mathematical models.

In short, we have laid the foundations to benefit from structural growth trends in our industry and thus continue our own growth in the coming years.

Deutsche Börse Group's success is founded on the commitment, creativity and willpower of its staff. On behalf of the entire Executive Board, I would like to thank all employees for their hard work and their determination to continually drive forward the Company. Deutsche Börse Group has neither raw materials nor significant tangible assets. Its resources are its systems and its people. Finding new paths, creating "outside-the-box" solutions for our customers, questioning established processes – only our employees can do this. That is also why this annual report's motto is "Challenge to create". On these pages, we will introduce you to some of the people who contribute to this Company.

Sincerely,



Reto Francioni
Chief Executive Officer

Deutsche Börse AG Shares

- Share price surged from €86.56 to €139.42 (plus 61 percent) in 2006
- Earnings per share after tax grew by 68 percent to €6.73
- Increase of dividend to €3.40 proposed
- 3.6 million shares repurchased under the capital management program
- High credit ratings confirmed

Since going public at the beginning of 2001, the value of Deutsche Börse AG, measured in terms of market capitalization, more than tripled from €4 billion on 5 February 2001 to €14 billion on 31 December 2006. Accordingly, Deutsche Börse was no. 14 in the ranking of the largest companies in the German blue-chip index DAX® at the end of 2006.

Many international stock exchange operators have followed the example of Deutsche Börse and gone public in the past years. The market capitalization of all 20 listed exchanges worldwide was some €100 billion as at 31 December 2006. This indicates that the stock exchange operators are developing into a separate investment sector, which is attracting more and more interest from professional and international investors.

Excellent performance by Deutsche Börse shares in 2006

Following a 95 percent increase in share price in financial year 2005, Deutsche Börse AG shares again recorded an above-average development in 2006 compared with the DAX blue-chip index: while the latter grew by 22 percent in the course of the year, the price of Deutsche Börse

shares rose from €86.56 on 31 December 2005 to €139.42 on 31 December 2006 – an increase of 61 percent. The year's low was €84.25 on 10 January and its high €140.88 on 19 December. Thus, Deutsche Börse AG shares were once again among the five shares with the strongest price development in the DAX index.

Deutsche Börse AG shares: Key data

		2006	2005
Earnings per share	€	6.73 ¹⁾	4.00
Dividend per share	€	3.40 ²⁾	2.10
Operating cash flow per share	€	8.49 ³⁾	6.25
Opening price (as at 1 January) ⁴⁾	€	86.56	44.28
High ⁵⁾	€	140.88	90.19
Low ⁵⁾	€	84.25	43.29
Closing price (on 31 December)	€	139.42	86.56
Subscribed share capital (as at 31 December)	€m	102.0	105.9
Number of shares (as at 31 December)	m	102.0	105.9
Free float (as at 31 December)	%	100	100
Market capitalization (as at 31 December)	€bn	14.2	9.2

1) Basic earnings per share; the diluted earnings per share amounted to €6.72.

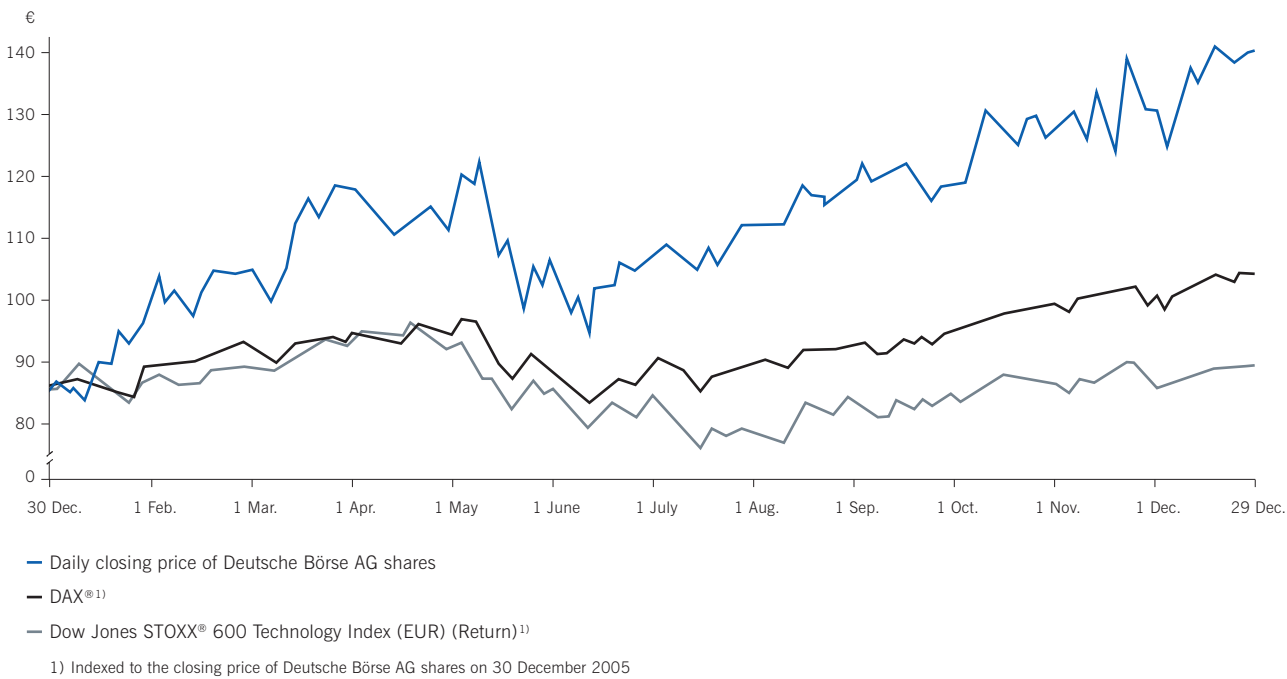
2) Proposal to the Annual General Meeting 2007

3) Basic cash flow per share; the diluted cash flow per share amounted to €8.48.

4) Closing price on preceding trading day

5) Intraday price

Deutsche Börse AG's share price 2006 significantly outperforms benchmark indices



A profitable investment in the long term

Thanks to Deutsche Börse’s attractive business model, its shareholders have the opportunity to participate in the long-term growth potential of the international capital markets. Since Deutsche Börse went public, shareholders have enjoyed an average annual return of 28 percent, which is well above the DAX average. In the same period, a direct investment in the DAX would have yielded a slightly negative return. This means that investors who purchased €10,000 worth of shares at Deutsche Börse’s IPO and reinvested the dividends in shares, held shares worth €43,853 at the end of 2006; had they invested in the DAX during the same period, their holdings would have been worth €9,938.

Investment in Deutsche Börse AG shares highlights sustained value growth

Growth of a model portfolio, initial investment of €10,000

Investment horizon	Since IPO on 5 February 2001 ¹⁾		1 year
Portfolio value ²⁾	€	43,853	16,359
Average annual return Deutsche Börse shares	%	27.9	63.6
Average annual DAX® return	%	–0.1	22.0

1) Purchase of shares at the offering price of €33.50
2) As at 31 December 2006, assuming all dividends were reinvested in shares

Share price driven by fundamental business developments

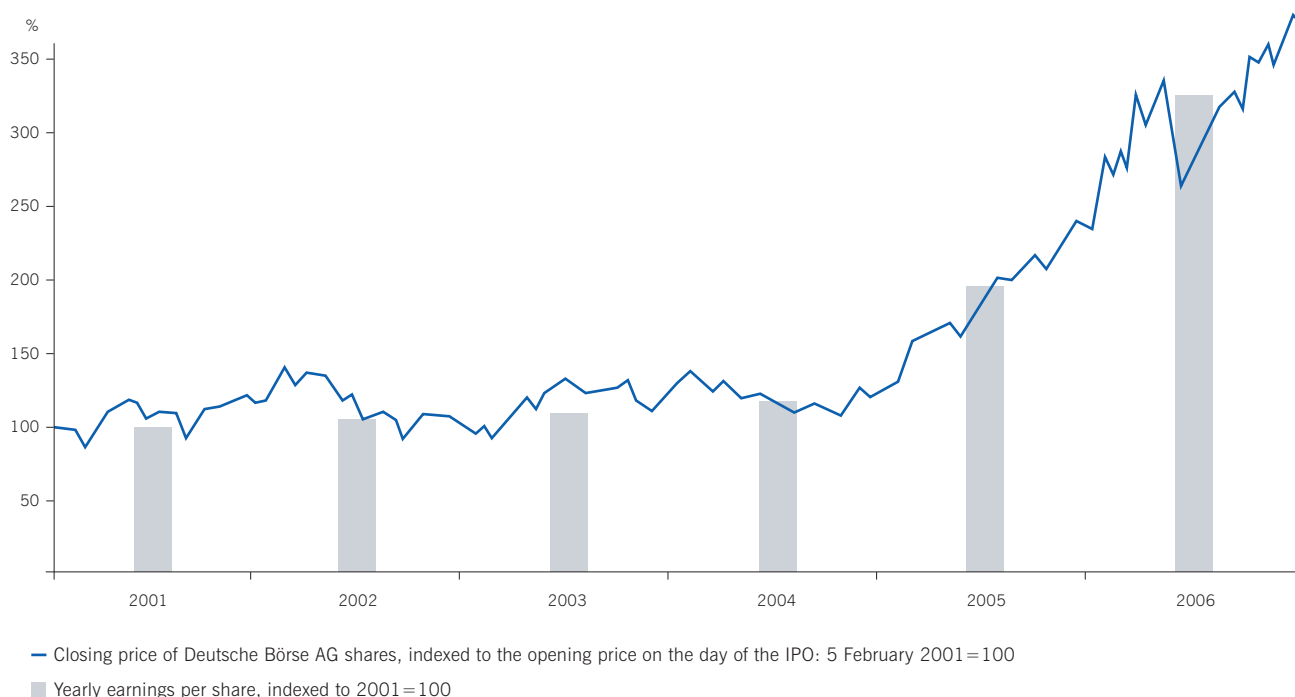
Trading activity on international capital markets again increased significantly in 2006. Thanks to its broad focus on a variety of international markets and efficient organization Deutsche Börse derived above-average benefit from this trend. Based on strong growth in all business areas and continued cost discipline, earnings before interest, tax and goodwill impairment (EBITA) again increased substantially in 2006 to €1,029.1 million (plus 45 percent). Earnings per share, which also contain effects from the share buy-back, increased by 68 percent to €6.73. Deutsche Börse intends to leverage further potential through new products and markets. In combination with structural growth trends in all business areas, this will open up attractive growth prospects for shareholders.

Capital structure optimized, credit ratings confirmed

Under the capital management program, which aims to optimize its capital structure, the Company distributes funds that are surplus to business requirements and the further development of business. In financial year 2006, Deutsche Börse paid out a total of €600.1 million in the form of share buy-backs and dividends: it repurchased approximately 3.6 million shares for €389.8 million and paid a dividend of €210.4 million in May 2006. The Company retired 3.9 million of the shares repurchased in 2005 and 2006 as at 10 April 2006, thereby reducing the subscribed share capital to €102.0 million.

In spite of these extensive distributions, Deutsche Börse's credit ratings remained strong: Moody's rated the Group at Aa1/Stable/P-1, while Standard & Poor's confirmed its rating of AA/Stable/A-1+. These ratings mean that Deutsche Börse Group continues to enjoy an excellent position on the capital market.

Share price develops in line with earnings per share



Deutsche Börse's success shared through progressive dividend policy

For financial year 2005, Deutsche Börse AG had tripled the dividend to €2.10 per share, distributing 49 percent of its net income for the year to shareholders, one of the highest distribution ratios of all DAX companies. This year, Deutsche Börse AG is continuing its progressive dividend policy. The Company will enable shareholders to participate in the continued growth in operating profit, proposing to the Annual General Meeting that the dividend for the financial year 2006 should be increased to €3.40 – a rise of some 62 percent year-on-year. This high growth and the distribution ratio of 50 percent enables the Company 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 six years in succession.

Active investor relations recognized by investors and analysts

Deutsche Börse and its shares attracted substantial attention from international investors, analysts, market participants and interested members of the public in the past year. This was due firstly to its strategic initiatives, in particular the proposed combination with Euronext (withdrawn in November 2006), and secondly to its strong performance. In 2006, Deutsche Börse adopted targeted extensive measures in order to inform current and potential investors not only about exchange consolidation, but also about what characterizes the business model, why the Company is successful and what prospects there are for further growth in the core markets. During international roadshows, conferences and visits, Deutsche Börse held over 400 one-on-one meetings with current and potential shareholders in the world's major capital centers. In addition to the positive individual feedback received from

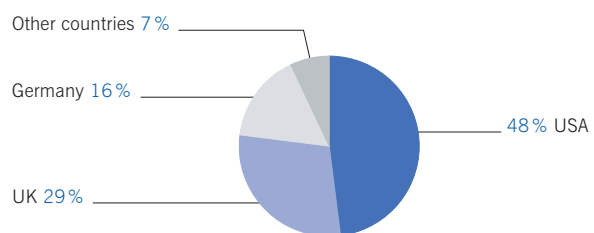
many international investors and analysts, the quality of Deutsche Börse AG's investor relations work was acknowledged by an outstanding ranking in the Thomson Extel Pan-European Survey 2006.

Interest of international investors reflected in shareholder structure

The excellent performance, prospects of continuous capital market growth and market expectations that the exchange consolidation will continue – all these positive factors have led to a sustained and widespread interest in Deutsche Börse AG shares among national, but even more so among international investors. The proportion of shareholders from outside Germany remained high at approximately 84 percent.

The high level of liquidity of Deutsche Börse shares also contributes to their attractiveness for global investment funds with large investment volumes. Trading volumes in the Company's shares have increased significantly since the IPO in 2001: in 2002, an average of 0.2 million shares were traded per day – by 2006, this had risen to 0.9 million.

International shareholder structure of Deutsche Börse AG



The Business

14	What Does Deutsche Börse Group Do?
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID – Challenge and Opportunity
47	Asia Initiative – Expansion into Growing Markets

Deutsche Börse Group's business is structured in five segments to reflect the securities trading value chain: Xetra organizes the cash market, Eurex the derivatives market, Clearstream is responsible for post-trade processes, Market Data & Analytics makes market developments transparent, and Information Technology builds and operates the Group's trading platforms. Last but not least, Operations services all segments.

What Does Deutsche Börse Group Do?

Exchanges are marketplaces. Here, buyers and sellers come together to trade. But, the goods are not physically present: rather, certificated or standardized financial instruments – such as equities, fixed-income securities, options and futures – are traded in a highly complex process, which has been fully automated in most areas.

In Germany, most people know exchanges from what they see on television: journalists reporting on market events with traders working in the background, while current securities price information scrolls across the screen on a news ticker. That's also what the trading floor looks like at the Frankfurt Stock Exchange. However, the traders are not employed by the stock exchange, but rather by banks and trading firms. Exchanges themselves do not participate in trading; they organize securities trading by making systems available, and defining and monitoring rules. Their purpose is to settle transactions at a fair price for both parties. They host the marketplaces where buyers and sellers come together to trade – in Frankfurt since 1585. However, many people don't know: Deutsche Börse has long been more than a mere marketplace, and it is also more than just a German exchange as its name would suggest. It is a transaction service provider that uses powerful technology to pave the way to the global capital markets for companies and investors. In the cash market, it supports the trading of equities, bonds, certificates, warrants and mutual funds – on the trading floor as well as in the fully electronic trading system Xetra®. Even more important than the cash market – in terms of sales revenue and earnings – are Eurex, the derivatives exchange, and the clearing and settlement organization Clearstream, which are both part of Deutsche Börse Group. Market data and information technology round off Deutsche Börse's product and service portfolio.

The cash market: Floor trading or trading on Xetra

What happens when a security is bought or sold? Let's say a private investor would like to order 100 shares in a company. He or she tells the investment advisor at the bank or places the order through one of the many online broker portals. It is not possible to place orders directly on

the stock market. Instead, investors must always commission a bank, which then transmits the orders to the stock exchange and acts as the trading participant. Investors usually have the choice on which stock exchange they want their order to be executed. If they choose the Frankfurt Stock Exchange, the order is executed via the latter's broker-based floor trading system. If investors choose to have their order executed on Xetra, it is entered into the fully electronic trading system's order book and appears immediately on the trading screens of Xetra participants all over the world. Xetra matches buy and sell orders automatically within fractions of a second. Institutional investors and major trading firms, who trade constantly and whose order volumes often run into millions, are the main users of the Xetra platform. Once the orders have been matched, they are cleared – in other words, the market participants' receivables and liabilities are first netted out internally, with only the balance being credited to or debited from their account. This reduces the number of settlement transactions. In addition, by introducing the so-called central counterparty that acts as an intermediary between buyer and seller, anonymity in trading is ensured.

Apart from equities, investors can trade a large number of other products on Xetra or the floor, depending on their strategy: bonds, certificates, warrants and funds – over 150,000 securities altogether. Xetra is one of the most reliable, fastest and most liquid fully electronic trading platforms worldwide, while the trading floor is particularly attractive for private investors since lead brokers ensure best prices even in less liquid securities from 9 a.m. to 8 p.m. (CET) on every trading day.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

Deutsche Börse's Xetra business area comprises electronically assisted floor trading and fully electronic trading on Xetra. The party placing the order pays a trading and clearing fee. Further income is generated through fees for the central counterparty and securities listing, among others. Approximately 17 percent of Deutsche Börse Group's sales revenue is generated by the Xetra segment. This is because the Group has a much more comprehensive offering than many other exchange organizations around the world.

Derivatives market: Risk management with options and futures

In contrast to the cash market, derivatives market participants do not trade securities, but rather contracts on future transactions, known as derivatives. Contracts are based on "underlying instruments", such as equities, bonds, currencies or commodities, whose price is already determined at the time the contract is entered into. Thus, while orders on the cash market are placed and executed within a short period of time, the delivery, acceptance and payment of a derivatives transaction only take place at an agreed future date. Derivatives market products can be broken down into options and futures. An equity option, for example, gives investors the right to buy or sell an equity during an agreed period at a certain price, no matter how the equity is performing. Deutsche Börse Group offers central counterparty clearing for the derivatives market, just like for the cash market.

Derivatives transactions are traded fully electronically on the Eurex derivatives exchange, a joint venture of Deutsche Börse and SWX Swiss Exchange. Deutsche Börse receives 85 percent of revenues from this joint venture. Derivatives are an excellent hedge against risk from fluctuations in prices, interest rates and currencies. Over the past years, professional portfolio managers in particular have been taking increasing advantage of the range of possibilities the derivatives market offers. Eurex is also benefiting from this growth. The segment generated 32 percent of Deutsche Börse Group's sales revenue in 2006.

After the trade is made: Managing securities transactions

But let's get back to our private investor. The order set in motion a complex chain of services, in which the actual trade represents the smallest component. What happens once an order has been matched and cleared? The individual positions are now entered into the buyer's and seller's accounts and money is exchanged for securities. The shares are then credited to the buyer's securities account, while the securities themselves are held in custody at a central depository.

Deutsche Börse's Clearstream segment and its services come in when the securities, both nationally and internationally traded equities and bonds, have been traded and cleared. Clearstream International, a 100 percent subsidiary of Deutsche Börse, ensures that money and securities are exchanged quickly and effectively between the parties to a trade. The transaction details submitted by both buyer and seller are verified and matched, ownership of the security is transferred, and payment of the corresponding cash amount made. In addition, Clearstream is responsible for the management, safekeeping and administration of the securities. Counterparties nowadays rarely exchange physical shares. Instead, the focus is on bits and bytes, as the transactions are executed electronically.

Yet Clearstream does more than merely manage the settlement of orders. Securities custody and administration cover a range of additional services because after a security has been issued, a number of different events can occur, e.g. dividend payments, capital increases, stock splits or tax reclaims. In every instance, Clearstream ensures that account holders benefit from the results of these corporate actions immediately, meaning, for example, that their accounts are credited in the case of a dividend payment. The major part of this business relates to the international market for corporate and government bonds,

which are mostly traded off-exchange (i.e. over the counter – OTC). Just imagine a German investor holding a bond denominated in sterling issued by an Italian company at a Swiss bank – how are interest payments treated for this investment, for example regarding the withholding tax payable in Germany? Clearstream handles all such issues for its customers. What the investor sees as a simple account transaction is usually the result of a complex process, in which an extremely wide variety of regulations must be observed.

Clearstream is also active in global securities financing, cash management as well as settlement and custody services for investment funds. Clearstream is the strongest revenue driver among Deutsche Börse Group's segments, accounting for 38 percent of the Group total.

Market data: Delivering trading information

Every transaction generates information, such as price, quantity and volume. Deutsche Börse gathers this raw data, analyzes and enhances it to create high-quality information products, which it makes available to the markets and the public. For example, our private investor was able to find out the price of the shares before deciding to buy. If you want to be successful on the capital markets, you need up-to-date information from a reliable source. Deutsche Börse Group's Market Data & Analytics business area delivers this information. Data is collected at its source: on the electronic platforms of the trading systems. Deutsche Börse not only distributes information gathered in its own marketplaces, but also increasingly data from other sources, such as the Irish Stock Exchange (ISE) and STOXX (a joint venture between Deutsche Börse, Dow Jones & Company and SWX Swiss Exchange), or – tracking the European bond markets – iBoxx® indices data.

Exchanges make market events transparent using real-time prices, indices and statistics. The DAX® blue-chip index is surely the best-known index in Germany. It tracks the 30 largest and most liquid stocks in the Prime Standard segment and has been the most trusted underlying instrument for certificates and warrants in Germany for years. However, Deutsche Börse also calculates German and international indices for other investment classes, such as bonds, volatility, or commodities. Whether in the newspaper, online, or on television, the prices come from Deutsche Börse. The Company generates 8 percent of its revenues by selling information, calculating indices and offering other services relating to financial market data.

Information technology: Building trading systems

Deutsche Börse Group not only operates its own trading platforms, it developed them itself. The Xetra and Eurex® trading systems, as well as CASCADE and Creation – to name only two systems used by Clearstream – were designed and built in-house by the Information Technology segment (IT). In addition to its proprietary systems, Deutsche Börse operates or controls the trading platforms for other exchanges, such as the ISE or the EEX energy exchange, and provides systems solutions to other companies in the financial sector. Even the Shanghai Stock Exchange bases its trading system on Xetra. Absolute reliability and a high degree of availability, even at peak loads, mark out the Group's systems. Income from external business partners of the IT segment makes up roughly 5 percent of the Company's total revenue.

The more orders Deutsche Börse can settle via its electronic systems, the more efficiently its vast capacities are used. The Group therefore continuously works to develop products and services in order to make transactions and related services faster, more efficient and thus more attractive. Investors and issuers benefit from the most liquid

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

market possible with strong supply and demand. The more buy and sell orders there are on the books, the narrower the spread between buy and sell prices, and the more efficient the market for all trading participants.

Exchanges: The foundation of a healthy economy

One of the central functions of an exchange is to execute securities transactions quickly, safely and at the lowest cost possible. However, as shown above, Deutsche Börse Group is active in other areas of the securities business, too.

Exchanges also perform an economic function, e.g. by providing a platform for issuing shares. Companies increase their equity by issuing shares on the exchange, making investors co-owners of the company. They can use this capital to implement their strategic goals. In the best case, they expand, create jobs and produce innovative products, thus stimulating consumption and keeping the economy going.

They are judged on whether or not they are doing it right and offer potential by the most neutral referee there is: the market. The current market price of an equity – and thus the value of the company concerned – is calculated continuously, and even several times per second in some cases. The higher the market price, the greater the company's chances for success in the market's opinion. For investors, this neutral and fair quotation by the market has the advantage of being a reliable judgement, enabling them to place their orders with confidence. In order to allow prices to be determined in a fair manner, exchanges offer a stable framework with a legal basis (such as the Wertpapierhandelsgesetz – the German Securities Trading Act – or the Börsengesetz – the German Stock Exchange

Act), trader monitoring by a neutral authority, and transparency regarding the economic position of all listed companies. The derivatives market, trading, settlement and custody all benefit the economy, for instance, in that they enable market participants to hedge risk or employ their capital where this is most productive.

Its business model makes Deutsche Börse Group the most profitable exchange organization worldwide, and a global champion in its industry. That is why this model is increasingly being copied. Germany as a business location and the German economy as a whole benefit from Deutsche Börse's success story, for it is unique around the world.

If you would like to know more about Deutsche Börse or exchanges in general, you can order the brochure "Deutsche Börse Group – From Trading Floor to Electronic Marketplace" (available in English or German) or our exchange dictionary "Börse von A bis Z" (German only) from Deutsche Börse's publications service.

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Xetra

- Sales revenue up by 27 percent to €314.1 million
- Number of transactions on Xetra® increased to more than 100 million
- 210 companies newly listed, representing a market capitalization of around €7.9 billion
- Exchange organization established for trading in structured products

The Xetra segment organizes securities trading on the Frankfurt Stock Exchange in two market models: in the open order book of the Xetra system, buy and sell orders are matched electronically; in floor trading using the Xontro system, this function is assumed by independent lead brokers. Both market models offer efficient trading and optimum liquidity. In recent years, thanks to various initiatives by the Xetra segment, both market models have become even more attractive for investors and issuers alike and now support new trading techniques and investment strategies even more efficiently. At the same time, Deutsche Börse's drive to continually improve conditions for raising capital on the stock market paid off: 2006 was a good year for IPOs.

A positive economic environment, rising share prices in the course of the year and high market volatility – these factors led to increased trading activity on the Frankfurt Stock Exchange last year. The number of transactions in the open order book of the Xetra system rose by 32 percent to 107.7 million year-on-year; the single-counted trading volume increased by 42 percent to €1,592.9 billion. The number of contract notes in floor trading was up by 22 percent to €33.8 million, with a volume increase of 19 percent to €137.6 billion.

Investors can decide for themselves where they wish to have their order executed. Xetra proved its worth as a platform trading in highly liquid securities, while floor trading established itself as a marketplace for a broad range of securities and evening trading.

Xetra is one of the world's most powerful fully integrated trading platforms. Buy and sell orders from all over the world are matched in the central order book and executed automatically at optimum conditions. Investors can order securities via the trading screens of over 4,600 registered traders at 262 participants in 18 countries (as at 31 December 2006), including all major banks and securities trading firms.

On the Frankfurt Stock Exchange, independent lead brokers and designated sponsors manage securities and execute orders. This means that less liquid securities can also be traded at optimum prices, i.e. with a low bid-offer spread.

A security must be authorized on an exchange for investors to be able to order it from there. With over 150,000 securities in total, Deutsche Börse's securities market is one of the largest markets in Europe. On 31 December 2006, a total of 8,302 companies were listed on the Frankfurt Stock Exchange. In addition to German and international issuers' equities, investors can trade more than 18,000 fixed-income securities, 3,100 funds (among those 171 exchange-traded index funds), 31 exchange-traded commodities and some 125,000 certificates and warrants.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

Börse Frankfurt: Broad range of tradable financial instruments

as at 31 December 2006

Equities	
Prime Standard	422
General Standard	399
Entry Standard	76
Open Market	7,405
	8,302
Funds	
Exchange-traded index funds	171
Xetra Active Funds	10
Mutual funds	2,958
	3,139
Further instruments	
Fixed-income securities	18,387
Warrants	69,627
Certificates	55,268
Other (pre-emptive rights etc.)	325
	143,607
Total	155,048

More IPOs, higher placement volumes, lower costs

Once again, companies are turning more and more to the capital markets to raise equity with a view to achieving their strategic goals. In 2005, Deutsche Börse extended its offering for issuers; since then, companies have been able to choose between three market segments: Entry Standard, General Standard and Prime Standard. With their different transparency requirements, these segments are tailored to the individual needs of issuers and investors. In 2006, a total of 210 companies were newly listed for trading on the Frankfurt Stock Exchange. Of these, 40 companies opted for the Prime Standard, nine for the General Standard and 59 for the Entry Standard.

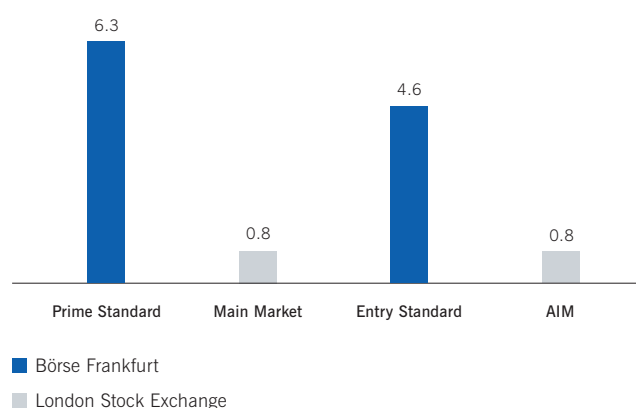
A further 102 companies were included in the Open Market. The stock market newcomers placed a volume of around €7.9 billion on the market, almost doubling that of the previous year (€4.1 billion).

Entry Standard: Positive first year

Since being launched in October 2005, the Entry Standard has established itself as a cost-effective alternative route for small and medium-sized companies to access the capital markets. The excellent liquidity and the increasing number of banks involved confirm that the Entry Standard has been accepted by issuers, intermediaries and investors. The average trading volume and the number of transactions per listed company in 2006 were almost double that of other alternative markets in Europe.

More liquid trading of new issues in Frankfurt than in London

Daily trading volume/market capitalization in %¹⁾



1) In the Prime Standard, the average daily trading volume corresponds to 6.3 percent of a company's market capitalization

Source: Study of the European Business School and Technische Universität München, 2006

Attractive stock exchange: Low costs and high trading activity

A study conducted by the European Business School and the Technical University of Munich underlines the attractiveness of the Frankfurt Stock Exchange for raising capital. Academics at these establishments examined the total costs associated with going and being public on a number of different stock exchanges. According to the study, the Frankfurt Stock Exchange charges less for an IPO or capital increase than other European stock exchanges. At the same time, the study confirms the high level of trading activity in Frankfurt: the average daily trading volume of €31.1 million per company in the Prime Standard segment is significantly higher than in London's Main Market (€6.3 million).

New markets: Russia, Eastern Europe and China

In future, Deutsche Börse aims to increasingly gain foreign issuers for a listing on its marketplaces. In particular, companies in Eastern Europe – above all in Russia and other CIS states – and companies in China (see page 47) are currently on the verge of entering the international capital markets in the euro zone. In November, for the first time ever, the German Equity Forum – the largest event in Europe for listed and capital-seeking SMEs – featured eight companies from Russia, six from the Ukraine and 24 from China presenting themselves to forum participants. With a listing on the Frankfurt Stock Exchange, these companies will attract the attention of international investors. At the same time, they will profit from the clear structure of the market with its various market segments and transparency standards as well as from the low, flat-rate listing fees, which – unlike at other European stock exchanges – are not tied to the market capitalization of the issuer. Investors, for their part, will have the opportunity to invest directly in Russian and Chinese companies at low transaction costs.

Efficient and high-performance Xetra trading

The best proof that technological progress will continue to shape securities trading is algorithmic trading, a trading technique in which a computer reacts to preprogrammed algorithms on market data and automatically enters orders in the trading system. Deutsche Börse recognized the trend towards automation early on and introduced the Automated Trading Program (ATP) to facilitate this. With ATP, trading participants receive discounts on transaction fees for automatically generated orders. These now already account on average for around 34 percent of total Xetra trading volume. This has a positive effect on trading volumes and overall market liquidity, which ultimately benefits all trading participants. Since October 2006, Deutsche Börse Group has also granted discounts on clearing ATP transactions, which can be expected to further increase trading volume and liquidity.

Algorithmic trading techniques require an extremely powerful and reliable trading system. Deutsche Börse is continually enhancing the functionality and performance of Xetra in order to create optimal conditions for all trading participants and to reduce the time from order placement to confirmation. The shorter the round-trip time, the greater the ability of trading participants to react quickly and flexibly to market developments. In December, Deutsche Börse quadrupled the trading participants' connection bandwidths to the Xetra network from 128 kbit/s to 512 kbit/s. Even greater bandwidths of up to 1 Gbit/s will be available as an option in the future. This means that the maximum round trip of an order is just over 20 milliseconds at present and will decrease to less than

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

10 milliseconds by April 2007. However, the round-trip time is also influenced by the geographic distance to be covered by the order data. The shorter the distance between Deutsche Börse's Xetra back end and the trading participants' systems, the less time it takes for the data to arrive at its destination. In view of this, Deutsche Börse offers Proximity Services: customers can place their trading IT close to the systems of Deutsche Börse Group (see page 39).

Algorithmic programs will continue to speed up trading. With its powerful, reliable and extremely fast Xetra system, Deutsche Börse has the technology to benefit from this development and to provide optimum market liquidity.

New investment opportunities through new asset classes

With its market models, the Frankfurt Stock Exchange already accounts for some 97 percent of stock exchange trading in German shares. In order to further expand the high-volume business with securities from selection indices, Deutsche Börse is continually developing new product segments. In 2006, the established segment for exchange-traded index funds was joined by exchange-traded commodities (ETCs) and mutual funds.

Exchange-traded index funds: Continuing success story

Exchange-traded funds (ETFs) are still relatively new cash market products that combine the flexibility of a single share with the risk diversification of a fund. Investors value ETFs for several reasons: they can be used to track entire markets or sectors without substantial effort; they are traded via exchanges with the same transparency and liquidity as equities; and they can be acquired at the standard transaction costs without any of the additional fees that are generally associated with funds.

Since April 2000, investors have been able to trade in ETFs at the Frankfurt Stock Exchange's XTF® segment. Since then, this market segment has also established itself as the European market leader. In 2006, it accounted for some 45 percent of trading with ETFs. Sales volumes reached a record level of €66.7 billion, an increase of 45 percent year-on-year. In the meantime, the range of services has continued to grow: the large number of new instruments allows investors to pursue additional trading and investment strategies, including the first ETF issued on the Japanese equity index Nikkei 225 outside Japan, ETFs for Korea, Taiwan and Brazil and ETFs issued on selected Deutsche Börse strategy indices (LevDAX and DAXplus Covered Call). At the end of December 2006, the volume of all ETFs tradable on the Frankfurt Stock Exchange was €47.6 billion, up 77 percent compared with the previous year.

In November, Deutsche Börse added exchange-traded commodities (ETCs) to its product range – 31 securities on individual commodities or commodity baskets, which can be traded on Xetra in the same way as shares. The basis for these new products is secured debentures, not funds as is the case with ETFs.

Mutual funds: Successful market launch

Trading in actively managed funds on the Open Market of the Frankfurt Stock Exchange floor was launched in May. Traditionally, these funds were traded through intermediaries, e.g. banks, with a front-end load. Now, however, a total of around 2,900 of these mutual funds can be traded every exchange day from 9 a.m. to 8 p.m. (CET), in real time and without a front-end load. Specialists post bid and ask quotes for funds and ensure maximum price

quality. Thus, investors benefit from liquid trading at lowest transaction costs. Adherence to quality standards is continually monitored. In addition, the performance measurement that is firmly established in equity trading will also be used in funds trading as of 2007. The segment got off to a successful start and took an average market share of 25 percent of exchange trading in mutual funds in Germany.

New European platform for structured products

As of 1 January 2007, SWX Group and Deutsche Börse have combined the Swiss and German markets for structured products to create a joint exchange organization. The certificates and warrants market offers substantial growth potential. The new exchange will bundle the liquidity of the two national markets in Xetra, providing one of the world's largest participant networks with access to the new market. As a specialist exchange, it can focus more directly on customer needs. Issuers will be able to decide for themselves whether they wish to act as market maker or to transfer this function to an intermediary. The joint venture offers private investors a high level of transparency and fair conditions, giving them a clear overview of price discovery and trading rules at all times.

This cooperation sees the two partners extending their cooperation, which has already proven its worth with Eurex and STOXX, the leading index provider in Europe. The new organization aims to become Europe's leading exchange for structured products.

New splendor for the Frankfurt Stock Exchange floor

The traditional floor of the Frankfurt Stock Exchange has been given a makeover. Deutsche Börse modernized the Trading Hall in the "Alte Börse", the old exchange building, replacing the rectangular broker cubicles with round, ergonomic workstations for lead brokers. Other new features include dark oak flooring and a light concept capable of generating a variety of lighting moods. The Hall has been displaying its new look since the beginning of 2007, but its key features remain unchanged, for example the price display system with the DAX® board at the front.

Eurex

- Sales revenue up 19 percent to €597.8 million
- Trading volume increased to more than 1.5 billion contracts
- Product range continually expanded
- Trading and clearing functionalities enhanced

Transaction volumes on the international derivatives markets continued to increase in 2006. The key drivers of this sustained growth are new institutional customers, new quant-driven trading strategies and the steadily rising demand from investors for instruments that enable them to manage risks and employ their capital more effectively. With its business model, the Eurex derivatives exchange is playing a key role in this development as it focuses on the systematic expansion of the global distribution network, on cost-effective, fast and reliable electronic trading and on the systematic expansion of its product range. The continuous growth benefits all Eurex participants, who profit from high liquidity, efficient trading and low transaction costs.

Derivatives are the fastest growing form of investment. In 2006, over 12 billion contracts were traded on 57 derivatives exchanges worldwide. Just one year after its formation in 1998, Eurex – a joint venture of Deutsche Börse AG and SWX Swiss Exchange – took over the leading role among international derivatives exchanges. Compared with other derivatives exchanges, it is characterized by a balanced product range of highly liquid interest rate, equity and index derivatives, which is continually being expanded.

Eurex business model: Consistently successful

2006 was another excellent year for Eurex: volumes in trading and clearing derivatives market products again achieved double-digit growth; Eurex customers traded 1,526.8 million contracts, 22 percent more than in the previous year (1,248.8 million contracts).

Why are the derivatives markets booming? The structural changes in recent years play a significant role in this respect: investors – investment funds in particular – are increasingly using derivatives as a state-of-the-art risk management tool; regulatory barriers for institutional investors have been reduced; new, highly developed quant-driven trading strategies (such as algorithmic trading) that generate more orders are growing in popularity. Specialized market participants such as hedge funds make a substantial contribution to rising trading volumes. Furthermore, trading activity in derivatives is always driven by index levels, volatility on the equity markets, changing interest rates and the related need to hedge risk.

A key element of Eurex's successful business model is the complete integration of trading and clearing on a single platform. As Eurex Clearing AG is the central counterparty for transactions executed on Eurex and other platforms, it hedges (among other things) the risk that a transaction cannot be fulfilled due to default by a trading partner.

Balanced product range of attractive financial derivatives

Eurex customers benefit from its balanced product range of liquid financial derivatives:

- Interest rate derivatives (benchmark products for the capital market, e.g. Euro-Bund, Euro-Bobl and Euro-Schatz Futures as well as options on these futures, and money market products)
- Equity derivatives (options and futures on international equities)
- Equity index derivatives (options and futures on indices such as DAX®, Dow Jones EURO STOXX 50®, Dow Jones STOXX® sector indices and on exchange-traded funds)

The volume of interest rate derivatives contracts traded on Eurex in 2006 increased by 11 percent to 731.2 million. The continuous growth in contracts stems from the general trends mentioned above and from changes in interest rates. Sales revenue continued to be driven by the established benchmark products. The Euro-Bund Future achieved the highest revenue and the strongest absolute growth: at 319.9 million contracts, its trading volume increased by 20.6 million year-on-year.

A temporarily higher volatility in the course of the year, combined with the rising levels of leading indices, led to an increase in the trading volume of products based on shares and indices. The highest percentage growth was achieved by equity index derivatives with an increase of 46 percent to 487.4 million contracts.

Contract volumes in equity derivatives rose by 20 percent to 308.1 million. The highest relative growth in contracts was recorded by the single-stock futures launched in October 2005: while a total of 518,000 contracts were traded in the first five months, more than 3.9 million were traded on individual days in April 2006. In total, 35.6 million contracts were traded in 2006. Previously, single-stock futures had only been tradable in the US and UK; the underlying instrument in this case is not an index, but rather an individual share.

Eurex's open interest, i.e. the total of all open contract positions and consequently the outlook for future business, reached a record level of 129.3 million contracts traded in November 2006. At the end of December, the open interest amounted to 94.9 million contracts, an increase of 11 percent compared with 2005.

Growth in over-the-counter trading and clearing of government bonds

In addition to exchange trading in options and futures, Eurex has established a firm foothold in over-the-counter (OTC) trading and clearing. Eurex operates repo trading in 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.

Eurex Repo®, Eurex's platform for repo trading, recorded significant growth in 2006. The average outstanding volume rose by 14 percent to €84.4 billion. A significant portion of this is attributable to the euro repo market, which recorded its highest ever outstanding volume of €55 billion in September. A key growth driver in the euro repo market is Euro GC Pooling®. Since March 2005, this product has given participants access to collateralized, cash-driven financing. Euro GC Pooling stands for a fully

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

integrated trading, settlement and collateral management process and facilitates collateralized liquidity management with same-day payment and delivery. To collateralize Euro GC Pooling transactions, participants can access a basket of approximately 8,000 fixed-income securities.

In the second half of 2006, Eurex Bonds launched a total of 35 European government bonds from eight countries (Belgium, Finland, France, Greece, Ireland, Italy, Portugal and Spain), thereby extending the existing portfolio of government bonds from Germany, Austria and the Netherlands that had already been tradable on the platform. Thus, including the inflation-indexed European government bonds, approximately 90 instruments were listed on Eurex Bonds at the end of 2006, in addition to about 60 German government bonds. The trading volume increased from €149.3 billion to €151.3 billion; 33 participants are now authorized to trade.

Product range and distribution network: Continuous expansion

Eurex sees the continuous expansion of its product range and the targeted extension of its distribution network as the most important endogenous growth drivers for both its customers' business and that of the exchange. New derivatives offer market participants additional investment, hedging and arbitrage alternatives and generate more trading. When first launched, the trading volumes of new products are often minimal. There are always products that prove to be "hidden stars" that only start to shine after some time. A prime example of such a late starter was the future on the Dow Jones EURO STOXX 50: although it was only traded very little in the first two years following its launch, it now accounts for some 30 percent of the contract volume of index derivatives.

The most important new products of 2006:

- With the launch of Spanish and Swedish equity options in November 2006, Eurex now offers derivatives on 49 shares from the Dow Jones EURO STOXX 50 index in this product segment; taken together, these represent 99 percent of the market capitalization of this blue-chip index.
- Following the continuous extension of the range of single-stock futures, traders can choose among derivatives on some 380 of the 600 equities in the Dow Jones STOXX 600. With the single-stock futures, Eurex now covers all shares denominated in euros and Swiss francs from the Dow Jones STOXX 600.
- In May 2006, Eurex was the first European exchange to initiate "weekly options", i.e. trading options with weekly rather than monthly expiry dates on selected benchmark indices. This allows market participants to gear their individual strategies to forthcoming macro-economic developments effectively and in good time. The number of contracts traded has increased continually since the start – a clear indication that index options with extremely short terms have been accepted by the market.

Eurex will continue to give fresh impetus to the international derivatives markets with its innovative products. The number one product innovation in 2007: Eurex is the first derivatives exchange to enable credit derivatives to be traded on its platform. The fast-growing market is estimated at an outstanding volume of more than €20 trillion.

To date, credit derivatives were only traded over the counter. The trading of contracts on the exchange is an important step in the further development of the worldwide market for credit derivatives. With these instruments, market participants can hedge against unforeseeable events, e.g. corporate insolvencies, default or restructuring. Past cases have shown that "first movers" who draw liquidity to their trading platform with a new product have a decisive advantage over similar products on other exchanges.

As well as extending the product portfolio, the continuous geographic expansion of customer bases is a key factor in the success of an exchange. On 31 December 2006, the worldwide Eurex distribution network comprised 389 participants from 19 countries. The most important regions for the further systematic expansion of the distribution network are the US, Asia and Eastern Europe.

Eurex also continues to be represented directly in the key market US. In order to expand its US business and to target new customer groups with innovative product concepts, Eurex launched U.S. Futures Exchange L.L.C. (USFE – formerly Eurex US) in the summer of 2006 – a joint venture with Man Group plc, which includes one of the world's largest futures brokers. The Man Group acquired just under 70 percent of Eurex's shares in USFE. Eurex retains almost 30 percent, with the remainder being held by US market participants. Via its Information Technology segment, Deutsche Börse Group continues to operate and expand the trading platform and the infrastructure of USFE. The joint exchange will focus primarily on innovative derivatives which are tailored to private investors and which were previously traded over the counter. In this way, it creates an offering that complements that of other stock exchanges. Owing to its many close customer relationships as a broker, the Man Group is ideally positioned to identify customer needs early on and to integrate these in the product development process.

Trading volume from Asia used to be routed to Eurex via European subsidiaries of Asian companies or via European brokers. On 4 August 2006, the Transmarket Group became the first participant from Singapore directly linked to the Eurex distribution network. Further companies from Singapore are currently in the process of being connected. In December, Eurex was authorized to link participants from Japan directly to the network.

Network and technology: Outstanding infrastructure

Central to the success of the Eurex derivatives exchange is its powerful trading system, which is one of the main reasons for its leading position. As trading volumes rise constantly, the Eurex system continues to set the pace with a consistently high level of performance. In 2006, it processed a record daily volume of over 12 million contracts traded at peak times. In September 2006, Eurex received an award for "Best Trading Venue – Derivatives" in recognition of its outstanding performance in the field of technological infrastructure. The prize was awarded by the publication Financial News, with the winner having been selected by a panel of independent analysts and consultants.

Eurex Release 9.0 (November 2006) features improved functions in order book trading and clearing: it is now easier for market participants to quote in difficult market situations, combination trading of futures is simplified and trading participants can use the deposited collateral more efficiently. Although the new release has only just been made available to customers, Eurex is already working to meet the challenges of the coming years. For example, it is becoming increasingly important to continually shorten the processing times and the total time required to complete trading participants' transactions. As a result, the maximum round-trip time of an order is just below 10 milliseconds at present and will probably decrease further to about 7 milliseconds in the course of the year (see page 39).

Clearstream

- Sales revenue increased by 11 percent to €700.3 million
- Settlement transactions grew by 17 percent to 62.9 million
- Value of securities deposited reached €9.7 trillion (plus 11 percent)
- Central Facility for Funds developed

Clearstream is the post-trade services arm of Deutsche Börse Group. It is both an international central securities depository (ICSD), catering to the international capital market, and a central securities depository (CSD) for German and Luxembourg domestic securities. Clearstream is convinced that competition remains the main driver for continuous product innovation, high efficiency and cost reduction. This is why Clearstream invests in the harmonization and standardization of business processes, making the market more efficient and reducing costs of cross-border clearing and settlement in Europe.

Clearstream's core businesses are the settlement of market transactions and the custody of securities. The Deutsche Börse subsidiary 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. Additionally, the segment offers added-value services such as global securities financing and investment funds services. More than 2,500 customers in over 100 countries use Clearstream's products and services, which cover around 315,000 domestic and internationally traded bonds, equities and investment funds.

Dynamic business development

In 2006, Clearstream saw sustained growth in all business areas. Its core business of settlement and custody services accounted for 84 percent of sales revenue. The value of assets under custody increased by 11 percent year-on-year to reach €9.7 trillion. This growth is driven both by international and domestic instruments, mainly due to sustained primary market activity, i.e. the increased issuance of Eurobonds and domestic debt securities. Issuers provide new, mostly complex financial instruments, many of them designed for cross-border investments, to create new opportunities for investors. In the settlement business, the total number of settlement transactions processed by Clearstream went up by 17 percent to 62.9 million. Both on- and off-exchange trading contributed to this growth.

Clearstream has continued to expand its global network, opening new links to markets such as Russia and Croatia and extending its service offering in others such as Turkey, for which it now accepts government bonds for settlement and custody in addition to equities. Furthermore, in December 2006, Clearstream became the first custodian to offer the settlement and custody of Japanese government bonds outside Japan. Clearstream's network now spans 42 markets worldwide.

Clearstream has two main functions, one as an ICSD, the other as a CSD for German and Luxembourg domestic securities. As an ICSD it handles the settlement and safekeeping of Eurobonds and offers its customers settlement

and custody services for internationally traded bonds and equities. In 2006, Clearstream generated the larger part of its sales revenue from the ICSD business which operates in a highly competitive environment. As a CSD, Clearstream provides the post-trade infrastructure for German and Luxembourg securities. Clearstream's CSD business in Germany has been built and developed in close cooperation with market participants and provides a high level of straight-through processing for the German equity markets.

Improved core post-trade processes

As European settlement processes become more and more commoditized, value is increasingly created by establishing seamless cross-border interoperability. Clearstream has been cooperating with market participants and infrastructure providers for years to improve the efficiency of post-trade services for cross-border transactions. The enhancements to the Daytime Bridge and domestic market links serve as examples for initiatives where Clearstream has acted as a driving force.

Daytime Bridge: Moving towards real-time ICSD interoperability

The Bridge is an electronic communications platform that facilitates the efficient settlement of securities transactions between counterparties at Clearstream Banking, Luxembourg, and Euroclear Bank, a Belgium-based ICSD. It is named after Pont Adolphe in Luxembourg, a bridge over which trucks once physically delivered securities between the two depositories. Today, the Bridge is the most active

securities link in the world and one of the best examples of seamless interoperability between two competing infrastructure providers. Most settlements take place in the night when participants can make efficient use of their collateral resources. On a typical night, securities worth some €80 billion are settled for customers around the world.

In 2004, to improve settlement efficiency and liquidity in the market, the ICSDs introduced automated daytime settlement via the Bridge. In March 2006, they added pre-matching transmissions during the day to meet the needs of global clients across multiple time zones. The availability of earlier and more frequent matching has facilitated fails management and increased the efficiency of the settlement process, especially same-day settlement. In March 2007, the ICSDs increased the capacity for same-day transaction settlement and securities financing across the Bridge. Input deadlines were extended and the number of pre-matching transmissions and settlement file exchanges was increased allowing customers to benefit from:

- Later input deadlines for Bridge instructions
- Earlier feedback on matching, with earlier and more frequent access to transaction repair and fails management information
- Faster settlement turnaround
- More settlement opportunities throughout the day

Clearstream will continue to adapt the Bridge infrastructure to the future needs of the capital markets, such as same-day financing or maximum possibilities for transaction management. By optimizing interoperability, Clearstream provides efficient access to liquidity pools and improves access to other major European and US markets.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

Settlement Roadmap: Maximizing settlement efficiency throughout the day

Clearstream's Settlement Roadmap delivers reliable same-day services for internal settlement and improved settlement turnaround with all core external markets.

In 2007 and 2008, the Roadmap will offer customers enhanced real-time settlement capabilities, providing the opportunity for immediate turnaround of internal instructions and optimized turnaround time of domestic and Bridge instructions throughout an extended daytime period. Clearstream's Creation Settlement Engine will offer continuous settlement processing throughout the day, combining optimization algorithms with continuous fails lending programs, thus enabling immediate transaction feedback and greater settlement efficiency for its users. Customers will benefit from:

- Additional same-day settlement opportunities
- Improved settlement feedback on same-day instructions
- Earlier access to cash proceeds from settlement
- Enhanced interoperability timings with external markets

The Roadmap will also offer better coverage of the Asian markets through an earlier start of the daytime process and further extension of cash and securities deadlines. This will be supported by real-time reporting throughout the instruction lifecycle via the full suite of CreationConnect products.

New Global Note: Standardizing monetary policy operations

The end of June 2006 saw the successful introduction of a new legal and holding structure for international debt securities issued in global bearer form through the ICSDs. This new structure (the New Global Note) is the result of a market initiative led by the ICSDs, the International Capital Market Services Association (ICMSA), the International Capital Market Association (ICMA) and leading players in the international capital market. The New Global Note has become mandatory for newly issued international debt securities in order for these to be considered for eligibility as collateral for Eurosystem monetary policy and intraday credit operations since January 2007.

Asset servicing: Building on "best in class" performance levels

The arena of asset servicing is becoming ever more complex. Clearstream has set itself measurable targets in the areas of corporate actions and income processing to ensure "best in class" achievements for the timeliness, accuracy, completeness and reliability of information as well as for cash and securities movements. Clearstream measures its own performance and shares the results achieved against these targets with customers.

In addition, Clearstream continually improves its support for market standardization (SWIFT, straight-through processing), pro-active exception management, automated income and corporate action compensation, as well as comprehensive tax services. The main objective of Clearstream's tax services is to optimize relief at source so that tax reclaims become the exception. In the first three quarters of 2006, relief at source was increased by 89 percent, resulting in a decrease of tax reclaims by 35 percent.

Innovative solutions for growing markets

While continuously expanding its core business, Clearstream is also ideally positioned to create value by delivering innovative and standardized solutions in fragmented and less efficient areas. Key areas for investment include the collateral management and securities lending sector as well as the investment funds market. Clearstream challenges existing processes and creates solutions that help the industry to manage growth rates and to reduce risks whilst enabling customers to lower their overall processing costs.

Global securities financing: Using the new platform to create further business opportunities

The repo (repurchase agreement) market has increased steadily throughout the past few years. The total value of repo contracts outstanding, according to a semi-annual survey among market participants, reached €6,019 billion in June 2006, a 13 percent increase compared to €5,319 billion in June 2005. The growth of the repo market is expected to continue with the move to secured financing driven by the capital adequacy requirements of Basel II.

Clearstream's global securities financing (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 whilst lenders receive cash or other securities as collateral. In a cash-driven market, borrowers give non-specific securities as collateral using 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.

While business is reaching record volumes and customer requirements are evolving, Clearstream has continued to develop its service offering. To meet the collateral management needs of customers, Clearstream launched its new triparty collateral management system, CmaX (Collateral management eXchange), in October 2006. This new system is the technical platform on which Clearstream will continue to develop new and improve existing collateral management services. CmaX focuses on enhancements to triparty collateral management services, including new functionalities, new report formats and content, new customer notifications, and new legal agreements. CmaX is designed to handle growing volumes in shorter times. While in 1997 six employees at Clearstream worked full-time to manually allocate USD 7 billion of collateral and in 2001 the AutoAssign system was able to handle about USD 30 billion in a timespan of between 17 minutes and two hours, today CmaX allocates USD 30 billion in two seconds, with new rules and including concentration limits, which are now more complex than ever before.

Amongst the new functionalities offered by CmaX is the first collateral reuse functionality for triparty repo. The new service enables collateral receivers to reallocate collateral as a guarantee from a triparty counterpart towards another triparty exposure, this time as a collateral giver. It removes a key limitation to the growth of the European market share of triparty repo by making more collateral available for customers.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

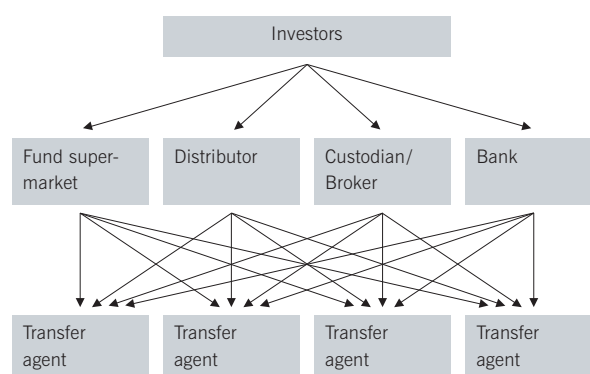
Investment funds: Delivering proven solutions along the value chain

Clearstream is rapidly growing in its role as a provider of solutions for the investment funds industry. In 2006, Vestima⁺, its multi-market automated order-routing service which is the only one to allow customers to choose their preferred settlement route, attracted new customers and was enhanced by new functionalities. Vestima⁺ was introduced to new markets in Europe (Germany, Austria) and Asia (South Korea, Hong Kong, Taiwan) and also became the first fund order-routing system to accept SWIFT's new ISO 20022 messaging format. As a result, more than 20,000 investment funds traded on a regular basis are now available on the platform. Settlement volumes in 2006 increased to 3.6 million transactions, up 47 percent from 2005.

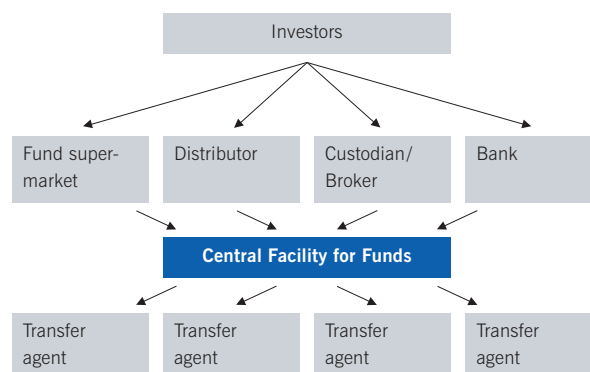
Luxembourg is Europe's largest market for international managed funds. A funds volume of approximately €1.7 trillion is currently invested in Luxembourg, attracting a net inflow of about €1 billion per day into the Grand Duchy's fund market. Although the industry has enjoyed high growth rates, its post-trade area is characterized by fragmentation, by manual transfers using fax and phone, and therefore by operational risk. Clearstream is introducing a new solution to improve the efficiency of post-trade processing and to reduce risk for the industry: the Central Facility for Funds (CFF) provides users with the same standards and electronic processes of execution that have already been established for bonds and equities. CFF automates and synchronizes the exchange of cash and fund units between transfer agents and fund distributors, thereby eliminating the inherent settlement risk. It will become a central hub open to transfer agents for Luxembourg-domiciled funds as well as to domestic and international distributors or large institutional investors. Several major market participants have been involved in developing the product. The service was launched in March 2007 to all customers and could be extended to other investment fund markets that have many features in common with the Luxembourg market.

New hub to simplify settlement of funds in Luxembourg

Current transfer agent model



New Central Facility for Funds (CFF)



Advantages of CFF from the customers' perspective

- Single point of access
- Reduced systemic and operational risk
- Delivery versus payment: synchronous cash and securities settlement
- Central and standardized straight-through processing of corporate action and income events
- Open and flexible access to order placement solutions (e.g. proprietary systems, Vestima⁺)
- Consistent service levels at contained cost

Market-driven solutions for harmonization and transparency

Even after the introduction of the euro, Europe has several currencies, many different languages, infrastructures, legal systems and tax regimes. Therefore, it is no surprise that in Europe cross-border equity clearing and settlement has been less efficient by comparison with national systems such as the US market. As long as the diversity of national fiscal and regulatory regimes persists, Clearstream concentrates its efforts on the development of market-led solutions to deliver further transparency, interoperability and unbundling, as well as on identifying ways to create more efficiency in post trading.

In July 2006, the European Commission accepted the industry's proposal that market participants abide by a Code of Conduct on cash equities clearing and settlement. The Code is the extension by the European Union of a Code of Best Practice written by market participants under the auspices of the European Central Securities Depository Association (ECSDA) and the Federation of Stock Exchanges (FESE).

Four key points define the Code of Conduct which has been signed by both Clearstream Banking AG, Frankfurt, and Clearstream International S.A., Luxembourg: price transparency for clearing and settlement of equities (already established in 2006), interoperability between exchanges, clearing houses and other players (to be achieved by 30 June 2007), separate accounting of clearing and settlement activities, and price unbundling for main services and activities (both by 30 December 2007). While Deutsche Börse Group already complies with many requirements of the Code, such as price transparency, work on adjustments to accounting separation and price unbundling is in progress so that the Code can be implemented by the end of 2007.

Clearstream also plays an active role in the work groups set up by the European Commission to tackle the barriers to a unified European clearing and settlement infrastructure outlined by the Giovannini group. Six of these 15 barriers do not stem from differences between countries in legal, regulatory or fiscal procedures and can thus be addressed by market participants. Some progress has been made, as for example with those barriers involving securities identifiers, corporate action practices, intraday finality of settlement and operating hours for depositories.

Industry awards

The most significant reward a service provider can receive is the recognition of its customers. Independent industry surveys are an indicator for such recognition and Clearstream has repeatedly succeeded in them.

- For the third consecutive year, Clearstream was classified as “top-rated” international central securities depository (ICSD) in the annual survey conducted by Global Custodian magazine. In addition, in 2006, Clearstream was the only ICSD to receive “Best in Class” awards in all ten service categories.
 - For the second year in a row, Global Custodian magazine rated Clearstream as Europe's best provider of tripartite repo services to the international securities market. Clearstream thus secured the leading position in five of the last six years.
 - In its annual repo survey, Euromoney ISF magazine rated Clearstream as the world's leading triparty agent. This is the second independent survey after that conducted by Global Custodian magazine which confirms Clearstream's rating as the best triparty provider in the world.
 - For the seventh consecutive year, Clearstream received the Quality Recognition Award by JPMorgan Chase Bank in recognition of a 99.46 percent straight-through processing rate for its funds transfer operations area.
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Market Data & Analytics

- Sales revenue up by 14 percent to €148.1 million
- 12 percent of sales revenue generated with new products and functions
- CEF® data feed diversified according to customer needs
- Index offering expanded to include new regions and asset classes

“Act on facts” – the faster and more accurate the information investors receive about trading activities on the capital markets, the more precisely they will be able to react. Share prices and trading volumes, statistics and the resulting key indicators make trading transparent. Together with indices and company-specific master data, they form the basis for further transactions. The Market Data & Analytics segment prepares this data and makes it available to its customers.

The business generated by Market Data & Analytics is largely independent of trading volumes on capital markets. The segment generates a major part of its sales revenue by delivering data packages to a growing number of subscribers. These packages – primarily prices and reference data – are regularly updated by Market Data & Analytics with new content and functions and adapted to the needs of market participants. This continual innovation is also reflected in sales: in 2006, 12 percent of the segment’s revenue was attributable to products and services that had been designed and launched on the market in the previous three years. A total of 21 new products and services were introduced in the year under review (2005: 13).

The business of Market Data & Analytics can be broken down into the following areas: Issuer Data & Analytics (index business), Front Office Data & Analytics (sale of price information) and Back Office Data & Analytics (reference data business). Over the past year, Market Data & Analytics increased its sales revenue in each of these areas. The sale of price information is the main source of revenue for the segment.

Issuer Data & Analytics: Dynamic expansion of the index family

Deutsche Börse is one of the most renowned and innovative index providers in the world. Issuers use indices as the underlying instruments for both derivative and structured products; investors use them as benchmarks to assess the performance of their investments. Customers of the Issuer Data & Analytics business area are primarily issuers of structured products, providers of exchange-traded funds and fund managers.

By systematically expanding its index families, Deutsche Börse has become a global provider of German and international indices for the shares, bonds, volatility and commodities asset classes. In 2006, among other things, it made changes to DAX regulations and its range of strategy indices as well as establishing new index families.

New DAX regulations: Deutsche Börse tracks the German equity market using the DAX®, MDAX®, SDAX® and TecDAX® selection indices. The DAX index has a beacon function for the German capital market. Owing to its high quality and transparency, it has been the most trusted underlying instrument for certificates and warrants in Germany for years. In the year under review, the number of new issues based on the Deutsche Börse blue-chip index increased by 32 percent to some 17,000. Deutsche Börse has calculated the DAX index since 1988, systematically developing the criteria for including shares in the index and for index calculation ever since. In 2006, for example, Deutsche Börse extended the DAX regulations, allowing companies with operational (but not legal) headquarters in Germany to qualify for membership of the DAX index. In addition, Deutsche Börse has recalculated the index every second since the beginning of last year (previously every 15 seconds).

Strategy indices: In addition to the blue-chip indices, Deutsche Börse has offered strategy indices as part of the DAXplus family since 2005. These mirror popular investment strategies. DAXplus Covered Call and DAXplus Protective Put have been part of the index family since 2006. Both of these indices reflect derivatives strategies involving options. This gives investors the opportunity to invest in the DAX index while protecting themselves – at least to a certain extent – against price drops. Finally, with the LevDAX, Deutsche Börse provides the market with an index that permits investment in the DAX with an additional leverage feature.

International indices: In 2006, Deutsche Börse launched its new DAXglobal® index family. With the indices of this family, investors can put money into international equity markets. DAXglobal® BRIC focuses primarily on the growth regions of Brazil, Russia, India and China. Other indices track Russia and India separately. Through their innovative construction based on ADRs (American Depositary Receipts), the indices are particularly suitable as underlying instruments for financial products. ADRs represent shares and are traded like shares on foreign stock exchanges such as London or New York. Only highly liquid stocks guaranteeing easy tradability are included in the index. DAXglobal® Alternative Energy allows investors to participate in the development of major companies active in the field of alternative energies.

Commodity indices: The CX® index family for commodities was created in autumn 2006 specially for financial investors. It tracks the development of the largest and most liquid commodities markets in five classes: Agriculturals, Energy, Precious Metals, Industrial Metals and Livestock. With a highly innovative concept, Deutsche Börse was able to facilitate the necessary regular alignment of the index composition, thereby making it easier to track the commodities markets.

Front Office Data & Analytics: Tailored CEF offering

The Front Office Data & Analytics business area processes the trading data of Deutsche Börse Group and its international cooperation partners, enhances it in the form of data packages and transmits them to customers via its CEF data feed. Recipients and users of these data packages are capital market players such as the front offices

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

of investment consultants, fund managers and trading departments at banks, as well as private investors. The data packages contain information on international shares, futures contracts, bonds, warrants, indices and exchange-traded funds. CEF transmits real-time data, i.e. the price of securities is transferred directly to trading screens, terminals or the Internet at the precise moment of its determination.

Trading is currently dominated by two trends. Firstly, algorithmic trading is growing steadily in importance. Here, a computer automatically provides the market with buy and sell orders once specific predefined parameters have been fulfilled; maximum speed and quality are therefore required from data providers. Secondly, customers demand data that tracks market depth as extensively as possible – to enable them to make decisions based on the complete chronology of all trade and pre-trade information. Products and their content were optimized in order to provide all customer groups with the exact data volume in the precise quality and at the precise speed required. Customers can now determine the type and volume of data provided to them via the CEF data feed.

CEF: The complete data feed can transmit a volume of over 540 million messages a day (as at January 2007). Data is received on over 330,000 instruments.

CEF alpha®: Via a software client customers can select – from the relevant cash and derivatives market data records – real-time information about up to 100 instruments and feed it directly into their automated trading applications. They can change this selection several times during the trading day.

CEF DataSelect: Customers have the option of choosing between data from up to 3,000 instruments from the entire data portfolio of Deutsche Börse and its cooperation partners.

CEF ultra: Customers are constantly provided with complete trading and order book data from Eurex at the precise moment of its determination. Customers who opt for this data package are in a better position to judge, based on the order book structure, how the market is developing. As with CEF, CEF ultra transmits data in a binary format; however, CEF ultra data records are smaller and the transmission speed is higher. CEF ultra is designed to process over 100,000 messages per second, thereby ensuring that this raw data reaches end customers “ultra fast”. Even at such high volumes, CEF transmits data with a delay of barely a millisecond. This is particularly attractive for traders who use algorithmic trading programs.

In addition, the Front Office Data & Analytics business area expanded its data offering for end users and vendors over the past year: with “Real-Time Analytics”, they receive analytical key indicators in addition to the transmitted cash and derivatives market data. This includes, for example, index weightings, liquidity indicators and dividend yields. Added to the Eurex package was Strategy Wizard data, which can be used by market participants to pursue special trading strategies.

Back Office Data & Analytics: Extension of existing services

The Back Office Data & Analytics business area consolidates, cleanses and distributes price and reference data for the middle and back offices of financial institutions worldwide. With the WSS Wertpapier-Service-System (securities service system) Market Data & Analytics provides a central platform for calling up securities master and maturity data as well as share price information. Since October 2006, the WSS offering has been supplemented by additional data relating to international corporate actions; since December 2006, WSS customers have also received information from two providers of prices outside Germany. Furthermore, the business area provides validated master and maturity data from Deutsche Börse Group's processes directly to vendors via the PROPRIS® data product and provides reporting to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – the German Federal Financial Supervisory Authority) via the TRICE® system. In addition, the business area has entered the counterparty data business by means of a majority interest in Avox Ltd. (see column on the right). Completing the offering is the provision of cleansed historical price data relating to trading on all Deutsche Börse Group markets.

Market Data & Analytics's back office business is the area most closely linked to trading on the markets: the higher the trading volume on the cash markets, the higher the demand for data for the back office and the greater the number of data records to be reported to BaFin.

Avox: A successful start

In September 2005, Deutsche Börse acquired a 51 percent interest in Azdex Ltd. which had been set up at the initiative of financial institutions two years before that. In April 2006, the company changed its name to Avox and its business was systematically developed and expanded. Avox specializes in customer and counterparty data cleansing, for financial institutions. Through independent research, Avox examines the data submitted by customers. In the event of inconsistencies, Avox verifies the data delivered by different customers again, correcting or supplementing it if necessary.

This data includes information such as company name, historical names, registered address, addresses of locations, industry, official identification numbers, URL, ownership structure and ticker symbol, as well as information required for MiFID customer classification data fields. Avox uses commercial and company registers, data from corporate actions or banks themselves as data providers. This ensures that the confidentiality of the data is guaranteed at all times.

Data is cleansed continually, not just on specific days: customers supply a continuous stream of new and modified data that Avox then verifies and forwards to all members of the Avox Community. On the one hand, customers can use the data verified by Avox to comply with the increased regulatory requirements brought about by the implementation of the Third Money Laundering Directive, Basel II and MiFID (see page 45); on the other hand, this data can be used by customers to estimate their overall credit risk or internal netting effects and cross-selling potential. So far, Avox has cleansed more than 600,000 company data records from 140 countries, thus establishing the leading network of its kind. Members of the Avox Community include international financial institutions such as Citigroup, Barclays Capital, the Royal Bank of Scotland and Dresdner Kleinwort.

Information Technology

- Sales revenue down by 22 percent to 93.9 million after deconsolidation of the entory subgroup
- System performance upgraded to match exponential rise in transaction loads
- Round-trip times cut by two-thirds due to expanded network and computing capacities
- Established as provider of IT sourcing solutions for the financial services industry

Three key technology trends are driving the capital markets and the demands placed on market operators such as Deutsche Börse Group: network technologies are becoming more and more powerful, high-performance computers are available at lower prices and trading strategies that can be implemented by market participants using these new technologies are increasingly modeled in real time by the systems. Building and operating high-performance systems – along the entire value chain from order placement to fulfillment – is the fundamental challenge for a specialized system service provider such as Deutsche Börse. The Information Technology (IT) segment not only assures the smooth operation of Deutsche Börse Group's business areas, it also flexibly meets customer needs and demands.

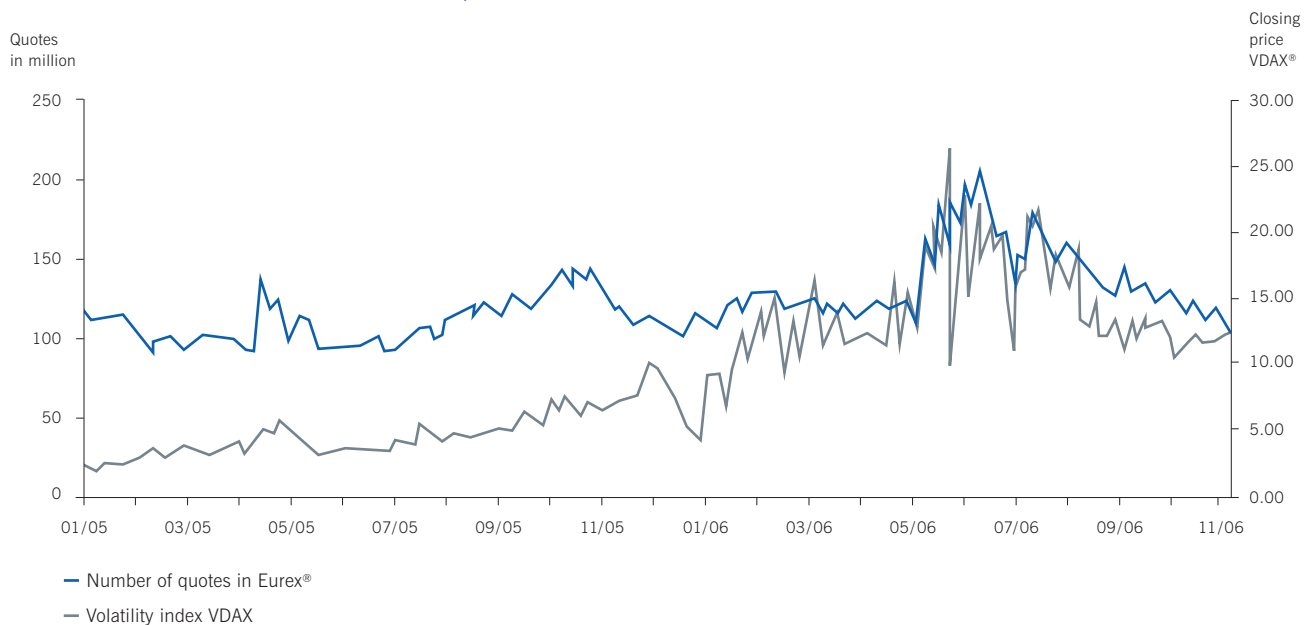
Competition to offer the most efficient technology in the financial sector is growing fast, as seen not least by the system performance required for computer-based automated trading (algorithmic trading), which is therefore improved continually. The more powerful systems also allow more complex algorithms to be used, meaning that post-trade services such as real-time risk management, continuous settlement and extended straight-through processing (STP) can be offered. In 2006, the IT segment once again deployed its resources primarily to optimize its systems and processes. It also created structures for anticipating customer requirements and developing solutions for these as quickly as possible.

Systems: Faster links, more capacity

According to current estimates, computer-based trading systems already generate more than half of the trading volume on some markets. This is driving demand for more detailed order book information that must be available more quickly. In the past three years alone, the volume of algorithmic trading on the Eurex® trading system has quadrupled. At the same time, the number of quotes has exploded: by a factor of four in 2005, and at peak times by a further 2.5 times in 2006. On 13 June 2006, the trading volume reached a new record of more than 12 million contracts in a single day, while quotes had already jumped to a new record of just under 230 million in a day.

The rapid growth in volumes is due to the new computer-based quotation and trading systems of the market participants – i.e. Deutsche Börse Group customers – and the greater volatility in the markets. The IT segment was able to align its systems for trading, clearing, settlement and information dissemination smoothly and quickly to the changed market requirements by further expanding its network, server and mainframe computer capacity. At the same time, measures implemented across the entire trading infrastructure – from the back end, the backbone and the last mile to the customer, down to the front-end architecture – cut the round-trip times by two-thirds. This means that today very short round-trip times are attainable: less than 10 milliseconds on Eurex and just over 20 milliseconds on Xetra®.

The more volatile the markets, the more quotes in the derivatives market



The IT segment started by expanding its computing capacity. This is possible without any significant software changes, thanks to Deutsche Börse's scalable architectures. Following this, performance was further enhanced by new releases for Eurex (November 2006) and CEF® (June and December 2006). For the basic link to Xetra and Eurex, the IT segment quadrupled network capacity to 1 mbit/s for Eurex and 512 kbit/s for Xetra in December 2006. Within only five months, IT installed more than 1,500 network channels worldwide, in 935 installations at more than 500 Deutsche Börse Group customer locations – in parallel to the existing links and in continuous operation.

The IT segment also established the conditions to allow market participants to further extend their links to Deutsche Börse Group systems:

- They can now receive the complete, unnetted Eurex order book data sent in real time even faster via bandwidths of up to 10 mbit/s.
- IT implemented the broadband communication architecture based on Ethernet technology so that, going forward, network capacity can be increased even more easily going forward.
- At the end of 2006, IT also rolled out the first version of a purely network-based interface for Eurex. This will allow participants to make their own hardware and operating system choices, giving them an edge in the competition for the most efficient use of technology. The entire project – from design to production roll-out – took less than half a year.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

Since September 2006, customers have also been able to use “Proximity Services” and thus place elements of their trading infrastructure in close proximity to Deutsche Börse’s trading systems and data processing services in Frankfurt. This allows them to minimize latency, i.e. the physical delay that results when data is transferred across geographical distances. Although it travels at almost the speed of light, data takes, for example, around 100 milliseconds to reach the computer of a market participant in the USA from the mainframe in Frankfurt.

IT is not only making its own systems more powerful, it also advises market participants on how they can tune their in-house infrastructure to reach maximum speed. Optimum performance is only possible if the entire transmission chain from the Deutsche Börse mainframe to the customer’s trading desk has been fine-tuned.

New technologies and the resulting changes in trading strategies have also had an impact on post-trade processes: the IT segment extended the system capacity for risk management, clearing, settlement, custody and data distribution at the same time as the capacities on the trading side. In addition, the collateral management algorithm was expanded in order to make optimum use of customer collateral. The process was accelerated substantially and the STP rate increased in custody transactions.

In 2007, the IT segment will further optimize the systems in use for trading, clearing, information dissemination and settlement to further increase speed, throughput and system reliability. In terms of technology, this will see the

phased migration to multi-core technology, which will enable system capacity to be expanded cost-effectively. The IT segment will use more flexible network connection options to meet the customers’ increasingly individual requirements. The main focus in the post-trade areas is on processing instructions in real time, i.e. as they occur rather than at fixed time intervals. In total, the throughput time from entering to settlement and reporting will be reduced to five minutes.

Processes: Driven by internal and external factors

In the high-tech world, many people like to equate innovation with disruptive inventions. However, innovation does not just mean completely new developments, but also the continuous optimization of existing systems and internal processes. The drive for innovation comes both from customers and from a company’s own employees. To exploit its internal expert knowledge, the IT segment launched a phased continuous improvement process in the past year, starting with Luxembourg and the USA. This combines aspects of the traditional employee suggestions system with a software-based ideas management process. Regardless of whether an idea could improve existing products or processes immediately, or with a more medium- to long-term horizon, it is validated using a standardized procedure. In addition to continuous process optimization, the IT segment uses this procedure to identify ideas that can be used as intellectual property.

At the same time, the Knowledge Management team tested the “CoMe On” tool in a pilot operation, in order to leverage Deutsche Börse Group’s internal expertise more effectively. CoMe On is a search engine that searches for text in all existing documents, independently of where the information

is stored in the various directories of Deutsche Börse Group. During the search process, it identifies and categorizes all references to similar topics, individuals involved, competitor information and concepts, and uses them as the basis for answers to future search queries. This form of search prevents the wheel from being reinvented in a department if the problem has already been addressed in detail elsewhere in the Company.

In addition, the IT segment is expanding the external science, research and consulting network which it uses as an ideas pool. The existing Technology Screening & Adoption Process again produced a range of new products and services in 2006. One example: together with the University of Brussels, Deutsche Börse Group employees evaluated software products that use linear programming methodologies. The chosen solution forms the basis for the new CmaX service (Collateral Management eXchange), that Clearstream offers to its customers (see page 30).

For a product to be successful, it not only has to be powerful, it also has to be available on the market as quickly as possible (short “time to market”). Innovation at Deutsche Börse Group encompasses the entire process – from the origination of an idea and its validation to its implementation in the market. As a rule, the IT segment uses prototypes and involves existing users to test whether an idea is market-ready, thereby keeping development costs to a minimum. In 2006, developments by the IT segment included a model for real-time risk calculation that protects the market against problems such as quotation systems with incorrect parameters. This prototype is now being developed to the production stage.

High quality standards of IT processes confirmed

Players who wish to be cost-efficient and successful on dynamic markets must be able to rely on the quality of their processes. The certification of Deutsche Börse IT according to the international standard ISO 9001: 2000 was renewed last year. In addition, the Delivery area of the Deutsche Börse was certified according to “ISO/IEC 20000:2005 Information Technology – Service Management”; this means that the operational processes are highly standardized and comply with strict quality requirements. According to itSMF, the international recognized IT Service Management Forum, Deutsche Börse is one of the few IT service providers in the international financial sector to have obtained certification under this relatively new standard – and the first certified company in Germany and Luxembourg.

New development center: IT subsidiary in the Czech Republic

In May, Deutsche Börse Group established a subsidiary in Prague – Deutsche Börse Services s.r.o. – in order to be able to offer its customers an even more attractive cost structure as well as optimal performance. This new subsidiary is designed to support the Group’s IT application development function and to perform tasks that were previously assigned to third-party service providers. In this way, the Group aims to further expand its core competencies in the strategically important area of Information Technology cost effectively. The Czech Republic was chosen as the location for the new subsidiary following a comparison of economic efficiency in the Central and Eastern European members of the European Union. Among other things, the country offers a large number of excellently trained IT specialists with good English and German language skills. In 2007, Deutsche Börse Services s.r.o. will be more closely integrated with the IT segment’s service portfolio.

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

“Go to Market”: Business with financial services providers expanded

As part of its “Go to Market” strategy, the IT segment successfully marketed its core competencies – building and operating exchange technology – and again proved itself one of the leading suppliers of specialized IT sourcing solutions for financial services providers and market operators in 2006. In Luxembourg in particular, the segment expanded its market presence after having been awarded the status of a “Professionnel du Secteur Financier” by the Luxembourg Finance Ministry the year before.

Its portfolio of services for other enterprises in the financial sector can be broken down into four areas: Access Products, Insourcing, IT Managed Services and Application Service Provision.

Access Products: In 2006, Deutsche Börse Group opened up its international communications network, which has over 3,000 links to financial services providers, to external customers. This means that market participants not only have simultaneous access to 14 Group applications – including Xetra, Eurex, CCP, Creation and CASCADE – but also to the services and data provided by Deutsche Börse’s partners from the financial sector. One of the first partners to make use of this opportunity is Fortis, which is offering its trading and clearing services as an intermediary via the Group-wide network. Customers linked to the network can now access these services directly. Another service operated by the IT segment, this time together with the SWIFT Service Bureau, is the entire SWIFT infrastructure for the Group and for 28 external customers. In 2006, Natexis Banque Luxembourg was acquired as an additional customer for this access product.

Insourcing: Customers – from the financial and other sectors – also benefit from Deutsche Börse IT’s skill in continuously optimizing systems and processes and in anticipating market requirements.

- The IT segment designed, built and launched a platform for intraday electricity trading for the European Energy Exchange EEX. Less than four months elapsed between the date the contract was signed and the date the system went live.
- After Eurex’s sale of 70 percent of the shares in U.S. Futures Exchange L.L.C. (USFE) to the Man Group, Deutsche Börse IT was selected to operate, maintain and upgrade the core USFE systems for a period of three years.

IT Managed Services: LuxTrust, an agency for digital certification, selected the u-Trust consortium to build and run a public-key infrastructure (PKI) following a Europe-wide tender. The Luxembourg arm of the IT segment is a key partner in this consortium. The task is to provide an infrastructure for the certification, registration and authentication of electronic messages such as electronic signatures.

Application Service Provision: The IT segment is entering into partnerships with software service providers in the financial sector and is developing new business areas. Among other things, it is offering solutions for global risk Management together with Reuters. In addition, it markets products from a number of software specialists (such as Information Mosaic, Fernbach-Software and Callataj & Wouters) and provides support services for the financial sector together with these partners. Customers include a major European bank, which uses the Mosaic services on offer.

Customers value this focus on four areas, as shown by the recently published study by Pierre Audoin Consultants (PAC), one of the leading European IT analysts. Deutsche Börse Group’s IT segment ranked fifth among the top insourcing suppliers in terms of sales revenue.

Operations

- Operation or control of eight marketplaces
- 24-hour global coverage for 2,500 customers in 100 countries
- Settlement volume of 62.9 million transactions (plus 17 percent)
- More than 590,000 processed corporate actions (plus 26 percent)

Challenging the status quo is at the heart of improving business processes, and continuous improvement remains the key operational target of Deutsche Börse Group. Where can the Company service its customers better? How can it reduce risks, increase speed and shorten time-to-market cycles? In 2006, Operations reinforced its efficiency initiatives, thus containing cost despite higher business volumes and increasing complexity in the securities industry – while customer satisfaction remained at historically high levels.

Trading, clearing, settlement and custody, as well as information dissemination are the core processes within the integrated value chain of Deutsche Börse Group. Operations serves all business segments by ensuring that customers have their transactions processed quickly, reliably and competently while obtaining transparent reporting, efficient exception management and personal support. In addition, it coordinates the 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.

Managing strong growth in a wide range of markets

Operations operates or controls four exchanges in the cash market (the Frankfurt Stock Exchange with its two market models Xetra® and floor trading, as well as the Irish Stock Exchange ISE and the European Energy Exchange EEX), a further two marketplaces for derivatives (Eurex, EEX), the two market-places for trading bonds, Eurex Bonds® and Eurex Repo®, and a central counterparty for four markets (for clearing cash market transactions in

Frankfurt, for Eurex, ISE and EEX). With Clearstream it also manages an international and a national central securities depository: Operations processes settlement and custody services for more than 250,000 different securities in 42 markets.

Due to stronger trading activity on the cash and derivatives markets as well as healthy new issuance figures, especially for cross-border investments, the volumes processed by Operations increased significantly in 2006. On Deutsche Börse Group systems alone, Operations processed 205.8 million transactions on the cash market (plus 28 percent year-on-year) and 1.5 billion contracts traded on Eurex (plus 22 percent). For Clearstream, Operations processed 62.9 million transactions (plus 17 percent) and a total of 590,715 corporate actions for Clearstream, the custody volume totalled €9.7 trillion (plus 11 percent).

Rapidly growing variety and complexity of instruments

The variety and complexity of financial instruments across all asset classes has increased considerably over the past years. For example, the number of financial instruments tradable on the Frankfurt Stock Exchange grew from 84,275 in 2005 to 155,048 in 2006. The time when plain vanilla bonds were the rule and the required corporate actions for securities were limited in their nature has long since passed. Today, investors and service providers

14	Deutsche Börse Group
18	Xetra
23	Eurex
27	Clearstream
33	Market Data & Analytics
37	Information Technology
42	Operations
45	MiFID
47	Asia Initiative

Operations manages growing processing volumes

		2006	2005	Change %
Cash market transactions	m	205.8	161.1	+28
Derivatives market contracts	m	1,527	1,249	+22
Settlement transactions	m	62.9	53.9	+17
Custody volume	€ trillion	9.695	8.752	+11
Corporate actions		590,715	467,808	+26
Income events		417,641	339,067	+23
Non-income events		173,074	128,741	+34
Reversal rate	%	0.93	0.83	+12

alike face a myriad of investment alternatives. Asset-backed securities, index-linked structured products and other instruments make quick and reliable processes a demanding task for the custodian. In this business environment, the market requires the provision of information from various sources as well as the processing of different income and cash flows.

Improving efficiency by increasing straight-through processing

Despite growing business volumes and increasing complexity, Operations optimized processes along the entire securities value chain, thus containing the cost base. This was achieved thanks to the TOP program, an ongoing efficiency enhancement initiative started in 2005. Three quarters of the ambitious goals of the program were delivered according to plan by the end of 2006. By reengineering business processes, notably in the fast moving area of trading as well as in the riskier parts of custody, Operations achieved sustainable efficiency gains against the baseline of 2005. Most efforts aim at higher rates of automation and straight-through processing (STP), thus reducing risk, costs and delivery times. Indeed, the higher the degree of automation and the greater the capacity for volume loads,

the smaller the risk of manual processing errors. In 2006, Deutsche Börse Group invested about 20 percent of its total product development portfolio in projects aiming at efficiency improvement. The TOP program proved to be a success: for three years in a row, Operations enhanced process efficiency by 15 to 19 percent year-on-year. In addition, supplier fees were renegotiated and streamlined. While the processed volume of assets under custody more than doubled over the past three years, the safekeeping expenses rose by only 50 percent.

Business process optimization for core custody processes

As a custodian, Clearstream handles corporate actions, which include stock splits, debt restructuring programs, and income events, such as dividend payments. Information has to be collected from the issuers, validated to ensure integrity and then provided to customers. They in turn give investment instructions that Clearstream executes. In the past, the issuers' data was neither collected systematically nor was the greater part of customer instructions received in a standardized manner. Operations has streamlined these processes by adopting an end-to-end approach, e.g. aligning the elements of the income process from data collection to dividend/coupon credit. Information on payment dates is now entered in a standardized fashion into the system with each new issue. After both data collection and messaging systems have been standardized, the instructions can be automatically processed by Deutsche Börse Group's systems. Operations continuously strives to increase the STP rate, data quality and timeliness by deploying a flexible business-rule-based processing model. Customers benefit from an increase in quality, from reduced operational and reputational risk as well as from lower financing costs.

Data warehouse for automated management reporting

Anticipating ever increasing customer and regulatory reporting requirements, Operations has developed a data warehouse strategy addressing consolidation issues and creating more transparency. Last year, Operations improved its data warehouse StatistiX® following this strategy. In addition, data processing speed and data availability were enhanced.

With a storage capacity of seven terabytes, StatistiX is one of the largest data warehouses in the financial industry. It allows for automated management reporting on the performance of suppliers and internal processes. The new infrastructure provides rapid “right-time” delivery as well as analysis of the vast amounts of data generated by Deutsche Börse Group and its customers. Another output are customer scorecards which provide customers with an accurate reflection of the levels at which contracted services are delivered. The target of these developments is to assist Operations in becoming both more efficient and more customer-focused.

Redesigning the product development process for more quality and speed

In addition to enhancing the processing of transactions, Operations implements new functional requirements in the Group's IT systems on a regular basis. With some 135 staff in the area of Group Functionality, Operations acts as an interface between customers and IT development. It bundles and defines customer requirements for the entire Group and commissions IT implementation.

Operations also plans the portfolio of future projects and approves all functional system innovations for use in daily production. By implementing cross-functional project teams, it was able to achieve a greater coherence and robustness in the solutions delivered, for example, in the areas of fund order management, core custody operations including data cleansing, as well as real-time cash and securities settlement platforms. Among the most important projects was Eurex Release 9.0 at the end of 2006, which introduced foreign exchange options, and the new collateral management system CmaX which enables the reuse of collateral for the Group's customers (see pages 26 and 30). The success of this cross-functional approach is reflected in the reduced time-to-market cycles, lower implementation costs and seamless roll-out.

Improving customer services

Listening to the customer is at the core of improving processes. That is why day-to-day users of Clearstream's services were asked to rate the servicing performance in an online survey. The feedback from the survey is considered in the next roadmap for enhancements. Tracking customer queries systematically, Operations can identify pain points and solve them by feeding them into the product development cycle, which creates a basis for the initiation of process improvements.

In 2006, Operations also developed an e-learning portal that enables customers to manage their individual training needs on demand. This allows customers to understand the full potential of the tools made available to them, and to fully benefit from the new infrastructure.

At Deutsche Börse Group, customer servicing is seen as a key differentiator in the market; it has been evolving from a pure point of contact to a solution center.

MiFID – Challenge and Opportunity

The EU Markets in Financial Instruments Directive (MiFID) is the centerpiece of the European Commission's Financial Services Action Plan. It establishes a uniform legal framework for the European financial sector which, as a result, faces new requirements – ones that Deutsche Börse already fulfills.

EU directive for an integrated financial market:

High requirements and a tight deadline

MiFID's goal is to create an integrated EU financial market with effective protection for investors, while improving the efficiency of the entire market. MiFID requires financial services providers to achieve "best execution" for customer orders and thus promotes transparency in equity trading. EU member states had until the end of January 2007 to incorporate the new rules into national law, while the financial sector must apply these as of 1 November 2007. This deadline does not pose a problem for Deutsche Börse Group since it already meets the requirements of the new EU directive in full on its own trading platforms. In addition, it offers its customers extensive services that enable them to align their processes with MiFID without the need for major investments.

Key requirements of MiFID already in place:

Best execution and transparency

MiFID not only imposes strict requirements regarding company organization – e.g. risk management, corporate governance and management of conflicts of interest – it also applies to large sections of the securities trading

value chain. Although the directive mainly relates to shares, individual provisions cover all financial instruments, including funds, bonds and certificated derivatives. From a stock exchange operator's perspective, the key aspects are:

Best execution: When executing orders, financial services providers are obliged to implement processes and procedures that allow them to achieve the best possible result for their customers. Best execution is primarily determined by the following core factors: costs, bid-offer spread, liquidity, speed, probability of execution, transparency and extensive data and reports regarding execution quality. The two market models Deutsche Börse provides for the cash market – Xetra® and floor trading – have a benchmark function with regard to the factors mentioned; they offer maximum liquidity in all tradable securities (more than 150,000 in total) and thus facilitate efficient trading. Deutsche Börse monitors trading quality on both platforms based on performance measurements. For securities in continuous trading on Xetra, the so-called Xetra Liquidity Measure (XLM) is calculated. On the trading floor of the Frankfurt Stock Exchange, the following factors, among others, are measured during the entire

trading day from 9 a.m. to 8 p.m. (CET): the quotation volume, bid-offer spread, execution speed and quote presence (the proportion of trading time for which a lead broker has allocated a valid quote). Furthermore, the lead brokers on the floor of the Frankfurt Stock Exchange guarantee that orders from private investors in German blue-chip companies are executed without spread in the same period of time.

Transparency: MiFID requires transparent information – including for the general public – both before trading (bid and ask prices, market depth) and directly after concluding transactions (price, trading volume, timing of transactions). Deutsche Börse already fulfills this requirement in full with the market data made available to the public by Market Data & Analytics. Moreover, Deutsche Börse has a transparent pricing model and shows trading, clearing and settlement fees separately.

**Additional offers for financial services providers:
Xetra BEST and MiFID Toolbox**

As an additional service, Deutsche Börse offers financial services providers Xetra BEST®, a system that allows banks themselves – or a third-party counterparty – to become the counterparty to their customer orders as “best executor”. This “best executor” can only conclude a transaction

if it can offer an even better price than the one at which the customer could execute the order on Xetra. The customer also benefits in that his order is executed in full and at a uniform price.

In addition to stock exchanges and operators of multilateral trading systems, financial services providers are affected by the MiFID transparency requirements – in particular in their role as “systematic internalizer”. For example, they are obliged to publish the latest price offers and the relevant business data. Deutsche Börse has developed a modular service offering – the MiFID toolbox – with which its customers can comply with pre- and post-trade transparency regulations, including for over-the-counter (OTC) transactions, in a cost-effective manner. The real-time data feed CEF® offers solutions for sending time-critical information and the data warehouse for non-time-critical information. With TRICE®, Deutsche Börse Market Data & Analytics already offers trading participants a hassle-free solution for the transmission of data regarding transactions that are subject to reporting requirements according to section 9 WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) to the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin).

Asia Initiative – Expansion into Growing Markets

Deutsche Börse has launched several initiatives to expand its activities into regions with attractive business potential. Asia is one of these new business regions. Deutsche Börse aims to become a recognized entity in this market. The Asian capital markets are growing rapidly, now accounting for more than a quarter of the world's total equity holdings. Deutsche Börse has a clear strategy to capture this growth: it will continue to expand its global network and use cooperative ventures to position itself as a reliable and innovative partner in the entire securities processing chain.

Successful past

Today Deutsche Börse is active in many Asian countries, such as China (including Hong Kong), India, Japan, Singapore, and South Korea. The foundations for a successful market presence in Asia were laid more than 15 years ago: Clearstream has been providing support for the Asia-Pacific market from Hong Kong since 1991, offering customers efficient access to a total of ten markets in the region. Clearstream has developed into one of the largest foreign suppliers of custody services in Asia and the Pacific Rim nations.

The more recent past has seen cooperation in many other fields. In 2004, the Shanghai Stock Exchange (SSE) acquired a license from Deutsche Börse to use Xetra® as the basis for its own next-generation trading system. The decisive factor in favour of Xetra was its superior systems architecture, which ensures maximum availability and scalability. Deutsche Börse Group is supporting SSE in the launch of their new electronic trading platform in 2007.

In 2005, Clearstream signed a Memorandum of Understanding (MoU) with China Securities Depository & Clearing Corporation Limited (SD&C) and China Government Securities Depository Trust & Clearing Co. Ltd. (CDC) to

explore regional opportunities. Other achievements included Eurex being granted market operator status by the Monetary Authority of Singapore and signing an MoU with Osaka Securities Exchange (OSE). Eurex plans to extend its global reach together with OSE.

2006 was another fruitful year with several major achievements:

- Clearstream became the first organization to settle Japanese government bonds outside Japan and opened an office in Tokyo in May 2006. Furthermore, Clearstream opened an office in Singapore in March 2007.
- Following the establishment of an access point in Singapore by the Information Technology segment, Transmarket Group became the first Eurex member to trade directly from Singapore.
- Deutsche Börse signed an MoU with China Foreign Exchange Trade System & National Interbank Funding Center (CFETS).
- Deutsche Börse entered into an agreement with major Chinese intermediaries to promote Deutsche Börse as the central gateway for Chinese companies to enter the European capital market.

The revenues generated by Deutsche Börse Group in the Asia-Pacific region have been increasing steadily for years and will continue to grow organically. Simultaneously, Deutsche Börse Group is developing new opportunities in areas such as IT, collateral management, securities lending, investment funds, indices and distribution channels.

Promising future

In view of the region's economic, political and structural diversity, Deutsche Börse Group aims to combine a variety of different approaches to position the Company as the bridge between East and West.

Expanding the global network: Building links to platforms in other Asian markets and providing remote access to Deutsche Börse Group's trading and settlement systems for new Asian customers should result in an increase in trading, clearing and settlement volumes and, ultimately, in higher efficiency and liquidity on the capital markets.

Benefiting from domestic growth: This approach will enable Deutsche Börse to share in the revenues generated by local capital market services providers such as stock exchanges, central securities depositories (CSDs), derivatives exchanges and other transaction service providers, e.g. via joint ventures or by acquiring equity interests as opportunities arise. In return, Deutsche Börse proposes to share its expertise and the benefits of its business model with local capital market services providers and local regulators in order to establish a local infrastructure.

Offering access to Asian products: The third approach involves giving Asian products extensive exposure in the European marketplace. This has already begun with the provision of ETF Japan Topix on Xetra, a number of IPO initiatives and the quotation of a number of Asian companies, including Chinese companies and settlement of securities in ten Asian markets.

Deutsche Börse Group is firm in its conviction that it has laid the foundations for positive business growth in Asia due to its commitment, its strategic partnerships and its cutting-edge technology. The Group will not only continue to grow organically but is also developing new ways of capturing a larger share of the Asian capital market while increasing its revenue in the region.

The Group

50	Group Staff
52	Executive Board / Appointments
54	Supervisory Board / Appointments
56	Report of the Supervisory Board
66	Corporate Governance *
76	Corporate Responsibility
79	Customer Governance

* Including the remuneration report, which is part of the Group management report

Deutsche Börse Group is shaped and defined by its people. This is true for the Group staff as well as for the corporate governance of the Group including the Executive and the Supervisory Board members. They are all taking on an active role in society, thus assuming corporate responsibility. And they cooperate with their customers to develop solutions in working committees, supervisory and advisory bodies (customer governance).

Group Staff: The People behind the Figures

- High-performance international team
- Performance appraisals across the Group
- Staff participation in company profits

Thanks to its dedicated staff, Deutsche Börse Group has developed into one of the world's most modern exchange organizations. The Group employs 2,966 people from 53 countries in their Frankfurt and Luxembourg offices as well as at 13 further locations. A dynamic, motivated and high-performance team.

Deutsche Börse Group is a high-tech company with a business model based on highly efficient electronic systems. However, it is the people in our Company who implement the business model so effectively: our employees master challenging tasks and create a corporate culture characterized by responsibility, commitment, flexibility and the determination to achieve something extraordinary – and they know how to seize the opportunities the Company offers them. Their main objective is not to preserve the status quo, but rather to challenge it to create the future.

Paving the way for performance and know-how: Leadership and encouragement

Visitors to either of the two Deutsche Börse main offices – the Neue Börse in Frankfurt with its multimedia wall in the lobby or The Square in Luxembourg – feel the energy in the air as soon as they step inside. The open office architecture in all locations is designed so that managers are seated in close proximity to their staff, thereby enhancing communication and cooperation.

Deutsche Börse Group has an open, dialogue-oriented management culture. Since last year, the performance of each individual staff member has been appraised by means of a uniform and mandatory system. Based on a previous competence rating by the supervisor, employee and supervisor meet to hold structured talks to set targets for

the employee and to discuss how these can be achieved and personal potential maximized. Thanks to this transparent approach, employees are given fresh impetus for their professional and personal development. For its part, the Company can help employees with developing their skills in specific areas and deploy them to match their strengths and capabilities. The same system is used for all employees across the Group: even top managers are measured on the basis of agreed targets.

The importance of qualified staff in a competitive global environment cannot be overemphasized. In view of this, Deutsche Börse Group developed an extensive training program which is constantly being refined and is increasingly available in the form of e-learning. In 2006, the Company invested an average of three days per employee in staff training. Deutsche Börse Group places exceptionally talented employees in a “high potential” program to further their development. The high-potential individuals form a think tank for top management and work together on important strategic issues. These individuals prepare for managerial activities within the Company by means of network meetings, mentoring discussions with top management, Group-wide project work and individual training.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

53 nationalities at 15 locations: Truly international

Deutsche Börse Group is an internationally oriented company with subsidiaries, branches and representative offices in a total of 13 countries. As well as this, it organizes its processes on a project work basis. Every day, employees from various locations work side by side in many different project teams and departments, with English as their common language.

Automated processes: Increased flexibility

Boosting efficiency with modern technology – this guiding principle also applies to the organization of the Group. Wherever possible, processes are electronic rather than manual. For instance, an Intranet database was programmed for performance appraisals, so that managers and employees can call up target agreements and other information at any time at the touch of a button. Automated and efficient processes have replaced manual and thus often time-consuming activities – not just in the area of personnel management. This affords employees the necessary scope to find creative solutions for more challenging tasks and look for answers to pressing questions.

Value-added for employees: Attractive compensation package

Companies aiming to secure highly qualified staff with ideas and initiative must offer them more than a desk full of international projects. In addition to interesting challenges and a stimulating working environment, Deutsche Börse Group offers its employees an excellent compensation package with extensive benefits. Almost all employees are paid above collective pay scales. Compensation consists of a fixed salary and a variable bonus. To allow employees to share in the success of the Company, Deutsche Börse Group has implemented a Group Share Plan since 2003. This allows employees to subscribe for Deutsche Börse AG shares at a discount of up to 40 percent to the market price. They also receive a stock option free of charge with each share. Thanks to the continuing

positive performance of Deutsche Börse shares, all participants in the Group Share Plan have made clear profits to date from their investment. The Company also benefits from this, in that the program encourages businessminded thinking and an independent and responsible approach to work.

(Please see page 94 of the Group management report for value-based key indicators from the personnel management of Deutsche Börse Group.)

Not just in the workplace: Responsibility and dedication

Our employees are people who want to make a difference, and their energy and drive is by no means restricted to the workplace. In 2006, over 70 employees again took part in a “Social Day” to actively support various projects for children’s and youth organizations. As part of a project entitled “Engage”, they offer advice to Frankfurt students during their vocational training course, evaluate their job preferences and help them to prepare job applications. In Luxembourg, a “Charity Committee” regularly organizes events, the proceeds of which are donated to good causes. Deutsche Börse Group supports these activities because it is aware that companies and their employees have a responsibility towards society (see also page 77f.). One of the highlights of every year is the employee concert, where musically inclined employees entertain their colleagues and their families with an extensive program of pop, rock, jazz and classical music.

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



Reto Francioni, born 1955

Frankfurt/Main

Chief Executive Officer, Deutsche Börse AG responsible for Group Coordination/Corporate Center, Customers/Markets (Group Coordination and until 31 Mar. 2006 Trading and Clearing Services; Stock Market Business Development; Derivatives Market Business Development)

- Deutsche Börse Systems AG (Chairman)
- Eurex Clearing AG (Deputy Chairman since 27 Apr. 2006)
- Eurex Frankfurt AG (Deputy Chairman since 27 Apr. 2006)
- Clearstream International S.A. (Vice Chairman of the Board of Directors)
- Eurex Zürich AG (Member of the Board of Directors; Vice Chairman since 27 Apr. 2006)



Matthias Ganz, born 1963

Frankfurt/Main

Member of the Executive Board, Deutsche Börse AG* Chief Operating Officer 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 Management Board, Frankfurter Wertpapierbörse
- 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, Deutsche Börse AG* Chief Financial Officer 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.
- Clearstream Banking AG (since 9 Jan. 2006)
- Eurex Clearing AG
- Eurex Frankfurt AG
- 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 Board of Directors)
- Risk Transfer Re S.A. (Member of the Board of Directors)

- Membership in statutory supervisory boards
- Membership in comparable German and foreign control bodies of business enterprises

As at 31 December 2006

* On 7 March 2007, Matthias Ganz and Mathias Hlubek resigned their positions as members of the Executive Board of Deutsche Börse AG effective immediately.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance



Michael Kuhn, born 1954
Frankfurt/Main

Member of the Executive Board,
Deutsche Börse AG
Chief Information Officer
responsible for Technology/Systems (Central
Support and Consulting; Delivery; Application
Development)

Chief Executive Officer,
Deutsche Börse Systems AG
Member of the Group Executive Management,
Clearstream Services S.A.
General Manager,
Deutsche Börse IT Holding GmbH

- Eurex Clearing AG
- Eurex Frankfurt AG
- Xlaunch Abwicklungs AG i.L.
(since 13 Mar. 2006; Chairman)
- Clearstream Services S.A.
(Member of the Board of Directors)
- Eurex Zürich AG
(Member of the Board of Directors)



Andreas Preuß, born 1956
Frankfurt/Main

Member of the Executive Board,
Deutsche Börse AG (since 1 Apr. 2006)
responsible for Customers/Markets
(Trading and Clearing Services; Stock Market
Business Development; Derivatives Market
Business Development)

Chief Executive Officer,
Eurex Clearing AG (since 27 Apr. 2006)
Chief Executive Officer,
Eurex Frankfurt AG (since 19 Apr. 2006)
Chief Executive Officer,
Eurex Zürich AG (since 19 Apr. 2006)
Member of the Management Board,
Eurex Deutschland (since 22 June 2006)
Chairman of the Management Board,
Frankfurter Wertpapierbörse (since 22 June 2006)

- U.S. Futures Exchange L.L.C.
(since 1 Oct. 2006; Member of the Board
of Directors)



Jeffrey Tessler, born 1954
Luxembourg

Member of the Executive Board,
Deutsche Börse AG
responsible for Customers/Markets

Chief Executive Officer,
Clearstream International S.A.
Chief Executive Officer,
Clearstream Banking S.A.

- Clearstream Banking AG
(Chairman)
- Deutsche Börse Systems AG
(since 9 Mar. 2006; Deputy Chairman
since 6 Apr. 2006)
- Clearstream Banking S.A.
(Chairman of the Board of Directors)
- Clearstream International S.A.
(Member of the Board of Directors)

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

Kurt F. Viermetz

Chairman

Chairman of the Supervisory Board
Hypo Real Estate Holding AG, Munich
Former Vice Chairman
JP Morgan Group, New York

- ERGO-Versicherungs-AG, Dusseldorf (until 12 Apr. 2006)
- Hypo Real Estate Holding AG, Munich (Chairman)

David Andrews

Chief Executive Officer
Xchanging Ltd., London

- Xchanging Transaction Bank GmbH, Frankfurt/Main (Chairman)

Herbert Bayer

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

- dwpbank – Deutsche WertpapierService Bank AG, Frankfurt/Main
- Eurohypo AG, Eschborn

Udo Behrenwaldt

Business Consultant
Frankfurt/Main

- Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt/Main (Deputy Chairman)
- Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt/Main
- Deutsche Vermögensbildungsgesellschaft mbH, Frankfurt/Main (Chairman)
- Feri Finance AG, Bad Homburg
- Karstadt Quelle AG, Essen (since 1 July 2006)
- Deutsche Asset Management S.A., Warsaw (until 28 Feb. 2006; Member of the Board of Directors)
- DWS Investment S.A., Luxembourg (Member of the Board of Directors)
- DWS Polska TFI S.A., Warsaw (Member of the Board of Directors)

Richard Berliand

Managing Director
JP Morgan Securities Ltd., London
JP Morgan Futures Inc., New York

- JP Morgan Cazenove, London (since Oct. 2006; Non-Executive Director)

Birgit Bokel

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

Hans-Peter Gabe

Staff member in the Staff Training section
Deutsche Börse AG, Frankfurt/Main

Dr Manfred Gentz

Chairman of the Board of Directors
Zurich Financial Services, Zurich
President of the International Chamber of Commerce (ICC) Germany, Cologne

- adidas AG, Herzogenaurach
- DWS Investment GmbH, Frankfurt/Main
- Eurohypo AG, Eschborn (until 31 Mar. 2006; Chairman)
- Zurich Financial Services, Zurich (Chairman of the Board of Directors)

Richard M. Hayden

Vice Chairman
GSC Group Ltd., London

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

Craig Heimark

Managing Partner
Hawthorne Group LLC, Palo Alto

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

Hermann-Josef Lamberti

Member of the Executive Board
Deutsche Bank AG, Frankfurt/Main

- Carl Zeiss AG, Oberkochen
- Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt/Main (Chairman)
- Schering AG, Berlin (until 20 Mar. 2006)
- Fiat S.p.A., Turin (Member of the Board of Directors)

Friedrich Merz

Member of the German Bundestag (national parliament)
Lawyer
Mayer, Brown, Rowe & Maw LLP, Berlin

- AXA Versicherung AG, Cologne
- Deutsche Rockwool GmbH, Gladbeck (until 31 Mar. 2006)
- Interseroh AG, Cologne
- IVG Immobilien AG, Bonn (since 30 May 2006)
- BASF Antwerpen NV, Antwerp (Member of the Administrative Board)
- Stadler Rail AG, Bussnang (since 7 Feb. 2006; Member of the Board of Directors)

Friedrich von Metzler

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

- DWS Investment GmbH, Frankfurt/Main

- Membership in statutory supervisory boards
- Membership in comparable German and foreign control bodies of business enterprises

As at 31 December 2006 (unless otherwise stated)

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Roland Prantl

(since 24 May 2006)
Staff member in the Configuration
Management and Quality Assurance section
Deutsche Börse Systems AG, Frankfurt/Main

Alessandro Profumo

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

- Bayerische Hypo- und Vereinsbank AG, Munich (Chairman)
- Bank Austria Creditanstalt AG, Vienna (Member of the Supervisory Board since 25 Jan. 2006; Chairman since 13 July 2006)
- Mediobanca S.p.A., Milan (Member of the Board of Directors)
- Olimpia S.p.A., Milan (until 3 Oct. 2006; Member of the Board of Directors)
- Unicredit Banca Mobiliare (UBM) S.p.A., Milan (Chairman of the Board of Directors)
- Unicredit Banca S.p.A., Bologna (Member of the Board of Directors)
- Unicredit Banca d'Impresa S.p.A., Verona (Member of the Board of Directors)
- Unicredit Private Banking S.p.A., Turin (Member of the Board of Directors)
- Unicredit Xelion Banca S.p.A., Milan (until 26 Jan. 2006; Deputy Chairman of the Board of Directors)

Sadegh Rismanchi

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

- Deutsche Börse Systems AG, Frankfurt/Main

Gerhard Roggemann

Vice Chairman
Hawkpoint Partners Ltd., London

- Euro-Product-Services AG, Munich
- GP Günter Papenburg AG, Schwarmstedt (since 21 July 2006; Chairman)
- Rose & Sky Delta Fund Ltd., Cayman Islands (until 31 Aug. 2006; Non-Executive Director)
- Rose & Sky Delta Master Fund Ltd., Cayman Islands (until 31 Aug. 2006; Non-Executive Director)
- Rose & Sky Investment (Cayman) Ltd., Cayman Islands (until 31 Aug. 2006; Non-Executive Director)
- VHV Holding AG, Hanover (Member of the Administrative Board)

Dr Erhard Schipporeit

Business Consultant
Hanover
Former member of the Executive Board (until 30 Nov. 2006)
E.ON AG, Düsseldorf

- Commerzbank AG, Frankfurt/Main
- Degussa AG, Düsseldorf (until 31 Dec. 2006)
- E.ON Ruhrgas AG, Essen (until 31 Dec. 2006)
- SAP AG, Walldorf
- Talanx AG, Hanover
- E.ON Audit Services GmbH, Düsseldorf (until 28 Nov. 2006; Chairman of the Supervisory Board)
- E.ON IS GmbH, Hanover (until 28 Nov. 2006)
- E.ON Risk Consulting GmbH, Düsseldorf (until 28 Nov. 2006; Chairman of the Supervisory Board)
- E.ON UK plc, Coventry (until 28 Nov. 2006; Member of the Board of Directors)
- E.ON US Investments Corp., Delaware (until 30 Nov. 2006; 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

- Allianz Beratungs- und Vertriebs-AG, Munich (since 24 Feb. 2006)
- E.ON Ruhrgas AG, Essen (since 24 Mar. 2006)
- TSV München von 1860 GmbH & Co. KGaA, Munich (until 13 July 2006)
- Banco BPI, S.A., Porto (Member of the Board of Directors)
- Banco Popular Espanol S.A., Madrid (Miembro, Consejo de Administración)
- Dresdner Bank Luxembourg S.A., Luxembourg (until 10 Mar. 2006; Chairman of the Board of Directors)

Otto Wierczimok

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

- Clearstream Banking AG, Frankfurt/Main

Johannes Witt

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

Former Supervisory Board Member

Silke Martinez Maldonado

(until 24 May 2006)
Staff member in the Front Office Data & Analytics section
Deutsche Börse AG, Frankfurt/Main

Report of the Supervisory Board



Dear shareholders,

In the past financial year, the Supervisory Board held in-depth discussions on the position and prospects of the Company, addressed certain special topics and performed its duties in accordance with the law and the Articles of Association. We regularly advised the Executive Board on the management of the Company and monitored its work, and were directly involved in all key decisions affecting the Company.

We held a total of seven meetings, two of which were extraordinary, and one was constituent. At our meetings, 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. We discussed all transactions significant for the Company, based on the reports of the Executive Board in the plenary meetings and in the Supervisory Board committees. Individual issues were also addressed between these meetings, both verbally and in written reports by the Executive Board. In addition, I maintained regular contact with the Chairman of the Executive Board and was informed by him of current developments in the Company's business, significant transactions and upcoming decisions. All members of the Supervisory Board attended more than half of the meetings of the Supervisory Board in 2006.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Focus of discussions by the Supervisory Board

During the reporting period, our discussions centered on vetting a potential merger of Deutsche Börse with Euronext. The Executive Board provided us with in-depth information on the value added and the possibilities of implementing such a transaction, aimed at creating a pan-European stock exchange organization. The Supervisory Board unanimously approved the Executive Board's decision in November to withdraw from the proposed transaction, describing this as sensible, necessary and inescapable, given the development in share prices and the opinion that an agreement sought by both parties was unobtainable. The Executive Board also informed the Supervisory Board of negotiations with Borsa Italiana over considerations of creating a pan-European stock exchange organization.

In addition, the Executive Board presented us a comprehensive overview of strategic alternatives to a combination with Euronext, pointing out both organic and accretive growth options.

The Supervisory Board also regularly examined in detail the implementation of the capital management program and approved the continuation of the share buy-backs. The CFO informed us regularly about Deutsche Börse's share price development and key performance indicators. We were also intensely involved in the strategic and operational planning process.

Moreover, the Executive Board informed us of the sale of a majority interest in U.S. Futures Exchange L.L.C. (Eurex US) to the Man Group. We also approved the implementation of a joint venture for structured products with the SWX Group.

During the reporting period, the Supervisory Board reviewed its efficiency in accordance with the recommendations in the German Corporate Governance Code and came to a positive conclusion. We discussed this in detail during a Supervisory Board meeting.

Work of the committees

The Supervisory Board has established five committees that prepare the decisions and topics to be discussed in the plenary meetings. Additionally, we have delegated individual decision-making powers to the committees, to the extent that this is legally permissible. Each of the committee chairs provided detailed reports of committee work at the meetings of the Supervisory Board. The Chairman of the Supervisory Board chairs the Personnel Committee and the Strategy Committee. The following overview presents the composition of the individual committees.

Composition of the committees

Personnel Committee

Kurt F. Viermetz (Chairman)
Hans-Peter Gabe (until 24 May 2006)
Richard M. Hayden
Friedrich von Metzler
Otto Wierczimok (since 24 May 2006)

Strategy Committee

Kurt F. Viermetz (Chairman)
Herbert Bayer
Birgit Bokel (since 24 May 2006)
Richard M. Hayden
Silke Martinez Maldonado (until 24 May 2006)
Friedrich Merz
Gerhard Roggemann

Audit and Finance Committee

Dr Manfred Gentz (Chairman)
Udo Behrenwaldt
Dr Erhard Schipporeit
Johannes Witt

Technology Committee

David Andrews (Chairman)
Craig Heimark
Sadegh Rismanchi
Dr Herbert Walter

Clearing and Settlement Committee

Hermann-Josef Lamberti (Chairman)
David Andrews
Richard Berliand
Hans-Peter Gabe (since 24 May 2006)
Otto Wierczimok (until 24 May 2006)

The **Personnel Committee** is responsible in particular for concluding, amending or terminating contracts of service with Executive Board members, and determining the variable component of the Executive Board remuneration. The Personnel Committee met five times during the period under review. A key topic of these meetings was the review of the existing remuneration system for the Executive Board and the establishment of a new one, with the goal of aligning it with market conditions. In addition, the committee concerned itself with issues of Executive Board composition, such as the reappointment of Executive Board members and the appointment of Andreas Preuß to the Executive Board of Deutsche Börse AG, making corresponding recommendations to the plenary meetings. Finally, the Personnel Committee addressed the definition of goals for the members of the Executive Board for 2007.

In the **Strategy Committee**, which was convened a total of five times and held one joint meeting with the Audit and Finance Committee in the reporting period, our primary concern was the intended merger with Euronext. The Executive Board provided us with comprehensive information on the latest developments relating to the planned stock exchange consolidation. Other topics discussed were the sale of a majority interest in Eurex US and strategic planning for 2007 to 2009.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

The **Audit and Finance Committee** held five meetings and two conference calls in 2006. The committee also participated in a joint meeting with the Strategy Committee. The Audit and Finance Committee discussed the annual financial statements and the audit report in a meeting with the auditors. It also reviewed the quarterly reports. It obtained the necessary statement of independence from the auditors, issued the audit engagement to the auditors and specified the areas of emphasis of the audit, as well as determining the audit fee. The auditors supported the committee in all material questions relating to accounting and the regular monitoring activities. A key topic was Deutsche Börse Group's risk management. The members of the Audit and Finance Committee were kept regularly informed on the matter and commissioned a review of the risk management concept and discussed its further development. Additional topics during the reporting period were the internal audit report, the internal control system, the compliance report and the effects of the stock option plan on the consolidated income statement. Finally, the Audit and Finance Committee reviewed its own activities and concluded that it carries out all duties stipulated by law, the Corporate Governance Code and the Articles of Association. At the same time, additional opportunities for improvement in this regard were discussed and their implementation was planned. The committee was also involved throughout the strategic and operational planning process.

The **Technology Committee** held two meetings in financial year 2006 in which it focused primarily on Eurex's trading system and discussed its efficiency and enhancement. The technological implementation of Deutsche Börse Group's post-trade services and the current nearshoring projects were also topics of discussions in this committee. Moreover, the committee examined the current benchmarking activities of Deutsche Börse Group's IT business area.

In 2006, the **Clearing and Settlement Committee** held three meetings, focusing primarily on regulatory developments and structural changes in the post-trade sector, such as the European Code of Conduct for Clearing and Settlement, as well as on their impact on Deutsche Börse Group's post-trade services. The committee also regularly reviewed the development of prospects in the area of clearing and settlement and the options for the Group arising from this.

Corporate governance and declaration of conformity

The Supervisory Board holds corporate governance in high regard. This year, we again submitted an unqualified declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the AktG (Aktiengesetz – German Stock Corporation Act) together with the Executive Board on 4 December 2006. We subsequently made it available to our shareholders on the Company's website under www.deutsche-boerse.com > Investor Relations > Corporate Governance > Comply Declaration. Additional information concerning the Company's corporate governance practices are presented on pages 66 to 70 of this annual report.

Audit of annual and consolidated financial statements

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main, audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements as well as the accompanying management reports together with the bookkeeping system and issued an unqualified audit opinion.

The financial statement documents and reports by KPMG were presented to us for examination in a timely manner. The auditors 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 auditors 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 concurred with the results of the audit performed by the auditors. No objections were raised. The Supervisory Board today approved the annual and consolidated financial statements; the annual financial statements of Deutsche Börse AG are thereby adopted. We approved the Executive Board's proposal for the appropriation of the unappropriated surplus.

Explanation of the disclosures in accordance with section 171 (2) of the AktG in connection with sections 289 (4), 315 (4) of the HGB (Handelsgesetzbuch – German Commercial Code)

In accordance with sections 289 (4) and 315 (4) of the HGB, the following disclosures were made in the management report and Group management report as at 31 December 2006, which we have taken over into our report of the Supervisory Board.

The share capital of Deutsche Börse AG amounts to €102,000,000 and is composed of 102,000,000 no-par value registered shares. There are no other classes of shares besides these ordinary shares.

The Executive Board of Deutsche Börse AG is not aware of any restrictions affecting the voting rights or transfer of shares.

The Children's Investment Fund Management (UK) LLP, London, United Kingdom, notified Deutsche Börse AG that it exceeded the threshold of 10 percent of the voting rights in the Company on 10 April 2006. The fund indirectly held 10.06 percent of the voting rights or 10,264,953 votes at that date.

The Children's Investment Master Fund, George Town, Cayman Islands, a fund managed by The Children's Investment Fund Management (UK) LLP, notified Deutsche Börse AG that it exceeded the threshold of 10 percent of the voting rights in the Company on 10 April 2006. The fund directly held 10.06 percent of the voting rights or 10,264,953 votes at that date. This share is included in the above-mentioned share held indirectly by The Children's Investment Fund Management (UK) LLP.

There are no holders of shares with special rights granting the holder powers of control.

Employees holding shares in Deutsche Börse AG may exercise their rights of control directly.

Members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG. In accordance with Article 6 (3) of the Articles of Association, membership of the Executive Board generally terminates when the members attain the age of 60. Initial and re-appointments of Executive Board members are normally for a maximum term of three years.

Changes in the Articles of Association are resolved by the Annual General Meeting in accordance with section 119 (1) no. 5 of the AktG. In accordance with Article 12 (4) of the Articles of Association, the Supervisory Board has the power to resolve changes to the Articles of Association which relate only to their wording. In accordance with Article 18 (1) of the Articles of Association, resolutions are passed by a simple majority of votes cast, unless explicit requirements of the AktG stipulate otherwise. Insofar as the AktG prescribes a majority of share capital to be represented at the Annual General Meeting for resolutions, a simple majority of the share capital shall suffice to the extent that this is legally permissible.

The Executive Board is authorized until 23 May 2011 to increase the share capital, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions on one or more occasions by up to a total of €5,200,000 (authorized share capital I). Full authorization, particularly the conditions for suspending the shareholders' pre-emptive rights, derives from Article 4 (3) of the Articles of Association.

The Executive Board is authorized until 13 May 2008 to increase the share capital, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions on one or more occasions by up to a total of €14,797,440 (authorized share capital II). Full authorization, particularly the conditions for suspending the shareholders' pre-emptive rights, derives from Article 4 (4) of the Articles of Association.

The Company's share capital has been contingently increased in accordance with Article 4 (5) of the Articles of Association by up to €3,000,000 by issuing up to 3,000,000 no-par value registered contingent shares (contingent share capital I). The contingent capital increase is used exclusively to service stock options, granted up to 13 May 2008 as a result of the authorization under item 2 of the agenda of the Annual General Meeting of 14 May 2003. The contingent capital increase is only implemented insofar as the holders of issued stock options exercise these and the Company does not service these stock options by transferring treasury shares or by way of a cash payment. The new shares participate in profit starting at the beginning of the financial year in which they are issued through the exercise of stock options.

The Company's share capital has been contingently increased in accordance with Article 4 (6) of the Articles of Association by up to an additional €30,000,000 by issuing up to 30,000,000 no-par value registered contingent shares (contingent share capital II). The contingent capital increase is only implemented insofar as the holders of options or conversion rights or those required to exercise their options or conversion rights exercise their options or conversion rights or, insofar as they are required to exercise their options or conversion rights, fulfill their obligation to do so using options or convertible bonds issued or guaranteed up to 13 May 2008 by the Company or a wholly owned subsidiary of the Company held directly or indirectly pursuant to the authorization resolution by the Annual General Meeting on 14 May 2003. The new shares will be issued at an option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares participate in profits starting at the beginning of the financial year in which they are issued through the exercise of options or conversion rights or the fulfillment of conversion or option obligations. The Executive Board is authorized, with the approval of the Supervisory Board, to define the further details of the implementation of the capital increase.

The Annual General Meeting held on 24 May 2006 authorized the Executive Board to acquire up to 10 percent of the share capital as treasury shares. The shares acquired, together with any treasury shares held by or allocated to the Company in accordance

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

with sections 71a ff. of the AktG acquired for any other reasons, may at no time exceed 10 percent of the Company's share capital. The authorization is valid until 31 October 2007 and may be exercised in part or in full on one or more occasions by the Company or by dependent companies, or companies in which the Company holds a majority share, or by third parties on its or their behalf. The Executive Board may elect to acquire the shares either (1) on the stock exchange or (2) via a public tender offer addressed to all shareholders. The full and exact wording of the authorization to acquire treasury shares, particularly the permissible purposes for their use, can be found in item 7 of the agenda of the Annual General Meeting of 24 May 2006.

In the event of a change of control following a takeover bid, the following material agreements apply:

- On 31 August 1998, Deutsche Börse AG and SWX Swiss Exchange AG agreed, under the terms of a shareholders' agreement relating to their joint investment in Eurex Zürich AG and its subsidiary companies, an extraordinary right of termination for a period of 60 days following registered notification. This applies in the event that a third exchange organization obtains a controlling influence over the other party whether by means of a takeover or a merger. Termination would have the effect of ending the joint venture.
- On 25 October 2006, Deutsche Börse AG and the SWX Group agreed in a cooperation agreement to combine their business operations in the area of structured products in a European exchange organization under a joint name and trademark. The cooperation agreement provides for a right of termination for both parties with a termination notice period of six months to the end of the month, which has the effect of ending the joint venture if a change of control occurs at Deutsche Börse AG or the SWX Group. Termination would have the effect of ending the joint venture. The right of termination expires if it is not exercised within three months of the date of the change of control. According to the cooperation agreement, a change of control has taken place if a person, corporation, or partnership directly or indirectly acquires control over a company, either alone or together with Group companies or in consultation with other persons or companies. A company has control if it directly or indirectly holds more than 50 percent of the voting rights or the capital of another corporation or partnership, if it must fully consolidate another corporation or partnership under IFRSs, or if it is able to control a company through voting trusts or by making appointments to executive bodies.

- On 10 May 2005, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. concluded a facility agreement with a consortium of 37 banks for a working capital credit line with a total amount of up to USD 1,000,000,000. In the event of a change of control, the lead manager of the consortium must terminate the agreement within a period of 30 days and declare all amounts due to the lenders immediately repayable, if required to do so by a majority of the consortium banks who together have provided two-thirds of the amount of the facility granted at the date of the change of control. Within the meaning of this facility agreement, a person or group of persons have control if they coordinate their actions and this provides them the opportunity to govern the business of the Company or to determine the composition of the majority of the Executive Board.
- Members of Deutsche Börse AG's Executive Board have a special right of termination in the event of a change of control. According to one part of the agreements with Executive Board members, a change of control is subject to one or several shareholders or third parties acquiring 30 percent of existing voting rights or being able to otherwise exercise a controlling influence over the Company. Such influence also exists if the shareholder(s) or third parties hold a share of the voting rights equal to more than half of the voting stock present at three consecutive Annual General Meetings. According to the other part of the agreements with Executive Board members, a change of control has occurred if (1) a shareholder or third party discloses in accordance with sections 21, 22 of the WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) its ownership of more than 50 percent of voting rights in Deutsche Börse AG, (2) an intercompany agreement in accordance with section 291 AktG is entered into with Deutsche Börse AG as a dependent company or (3) Deutsche Börse AG is absorbed in accordance with section 319 AktG or merged in accordance with section 2 of the UmwG (Umwandlungsgesetz – German Reorganization and Transformation Act).

In addition to the above mentioned agreements, Deutsche Börse AG and its subsidiaries are party to further agreements, which are subject to a change of control in the event of a takeover offer. However, in the opinion of Deutsche Börse AG, they are not material within the meaning of section 315 (4) of the HGB.

The compensation agreements entered into with the members of the Executive Board in the event of a takeover offer can be found in the remuneration report on pages 71 to 75 of the corporate governance chapter.

Personnel

The regular term of office of the Supervisory Board expired at the close of the Annual General Meeting on 24 May 2006. All shareholder representatives were elected individually by the General Meeting for a further term of office. One change was made due to the election of the employee representatives: Silke Martinez Maldonado left the Supervisory Board; Roland Prantl joined the Supervisory Board.

At the constituent meeting of the Supervisory Board on 24 May 2006, I was reelected as Chairman of the Supervisory Board.

There was also a change to the composition of the Executive Board: The Supervisory Board appointed Andreas Preuß as a member of the Executive Board of Deutsche Börse AG as of 1 April 2006.

I would like to personally thank Silke Martinez Maldonado for her commitment as a member of the Supervisory Board. In addition, the Supervisory Board would like to thank the Executive Board, as well as all employees and the employee representatives for their excellent work. Once again, they have contributed to a highly successful financial year for Deutsche Börse Group.

Frankfurt/Main, 19 March 2007
On behalf of the Supervisory Board:



Kurt F. Viermetz
Chairman

Corporate Governance

Corporate governance has always been one of the top priorities for Deutsche Börse Group. Good corporate governance increases the long-term value of the Company and boosts the confidence of investors, customers and employees in its management and supervision. To ensure responsible corporate governance, the Executive and Supervisory Boards of Deutsche Börse AG work closely together and communicate openly with shareholders.

Corporate Governance Report

Deutsche Börse AG again complies in full with the German Corporate Governance Code

In December 2006, the Executive Board and Supervisory Board submitted an unqualified declaration of conformity with the German Corporate Governance Code in accordance with section 161 of the AktG (Aktiengesetz – German Stock Corporation Act). This means that, as in the past, Deutsche Börse AG complies in full with the recommendations of the German Corporate Governance Code as set out in the current version. Accordingly, this report does not address all points of the Code, but rather focuses on aspects that are of particular relevance for Deutsche Börse AG and its shareholders.

Complying not only with the recommendations of the Code but also with its suggestions is of great importance for the Executive and Supervisory Boards of Deutsche Börse AG. However, from the Supervisory Board's perspective, it is more appropriate for shareholder and employee representatives not to pursue the standard practice of preparing for Supervisory Board meetings separately – as suggested in section 3.6 sentence 1 of the Code – but only to do so if necessary.

The text of the current declaration of conformity 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 bylaws for the Executive Board stipulate key transactions that require the Supervisory Board's approval. 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 bylaws. In contrast to other companies, the Supervisory Board of Deutsche Börse AG does not include any former Executive Board members.

In 2006, the Supervisory Board again validated the efficiency of its work. All members took part in an extensive survey, stating their opinions on various topics such as the organization of and procedure for meetings, the use of

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

resources, the provision of information to the Supervisory Board by the Executive Board, the control and supervisory function of the Supervisory Board, and the composition and work of the committees. One of the positive main findings was that the Supervisory Board felt very well informed by the Executive Board.

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

The composition of the Supervisory Board of Deutsche Börse AG reflects the Company's global orientation and the wide range of business activities within the Group. The regular elections to the Supervisory Board were held in 2006. All 14 shareholder representatives were elected individually by the Annual General Meeting for a further term of office. With their varied professional backgrounds and qualifications, all of the shareholder representatives on the Supervisory Board serve to ensure its independence. Of the seven shareholder representatives, six were reelected. Silke Martinez Maldonado was replaced by Roland Prantl in the Supervisory Board.

Directly after having been elected, the new Supervisory Board met for the first time. It confirmed Kurt F. Viermetz as its Chairman and revised the composition of the committees. 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 58 for the composition of the committees). The Corporate Governance Code recommends that the Chairman of the Audit and Finance Committee should

have specialist knowledge and experience in the application of accounting principles and internal control processes. At Deutsche Börse AG, Dr Manfred Gentz was reelected as Chairman of the Audit and Finance Committee. Dr Gentz was responsible for finance and controlling at Daimler-Chrysler AG for a number of years as a member of the Board of Management, and his professional experience gives him the necessary qualifications and specialist expertise.

Directors' dealings

In accordance with section 15a of the WpHG (Wertpapierhandelsgesetz – German Securities Trading Act), persons with management responsibilities, such as the members of the Executive and Supervisory Boards of Deutsche Börse AG and their related parties, are obliged to disclose the purchase or sale of Deutsche Börse AG shares or financial instruments, especially derivatives, on these shares.

On 24 February Hans-Peter Gabe sold 160 Deutsche Börse AG shares (ISIN DE000581005). The overview on the following page shows the holdings of and transactions in Deutsche Börse AG shares notified to the Company as at 31 December 2006.

On 7 August 2006, Kurt F. Viermetz purchased 5,000 units of a protect reverse convertible (ISIN DE000SBL8544) on Deutsche Börse AG shares maturing on 31 August 2007.

Deutsche Börse was not provided with any other information on the purchase or sale of Deutsche Börse AG shares or financial instruments on these shares. Furthermore, as at 31 December 2006 there were no holdings requiring disclosure in accordance with section 6.6 (2) of the German Corporate Governance Code.

Purchase and sale of Deutsche Börse AG shares by members of the Executive and Supervisory Boards

	Shareholdings as at 31 Dec. 2005	Purchased in 2006	Sold in 2006	Shareholdings as at 31 Dec. 2006
Executive Board				
Reto Francioni	0	0	0	0
Matthias Ganz	0	0	0	0
Mathias Hlubek	5,000	0	0	5,000
Michael Kuhn	0	0	0	0
Andreas Preuß ¹⁾	–	0	0	30
Jeffrey Tessler	0	0	0	0
Supervisory Board				
Kurt F. Viermetz	0	0	0	0
David Andrews	0	0	0	0
Herbert Bayer	0	0	0	0
Udo Behrenwaldt	0	0	0	0
Richard Berliand	0	0	0	0
Birgit Bokel	0	0	0	0
Hans-Peter Gabe	260	0	160	100
Dr Manfred Gentz	0	0	0	0
Richard M. Hayden	63,700	0	0	63,700
Craig Heimark	0	0	0	0
Hermann-Josef Lamberti	0	0	0	0
Silke Martinez Maldonado ²⁾	0	0	0	–
Friedrich Merz	0	0	0	0
Friedrich von Metzler	0	0	0	0
Roland Pranti ³⁾	–	0	0	0
Alessandro Profumo	0	0	0	0
Sadegh Rismanchi	200	200 ⁴⁾	0	400
Gerhard Roggemann	0	0	0	0
Dr Erhard Schipporeit	0	0	0	0
Dr Herbert Walter	0	0	0	0
Otto Wierczimok	251	0	0	251
Johannes Witt	0	0	0	0

1) Appointed to the Executive Board as from 1 April 2006, so no data is given for 2005.

Purchases and sales refer to the period 1 April to 31 December 2006.

2) Left the Supervisory Board on 24 May 2006, so no data is given for 31 December 2006.

Purchases and sales refer to the period 1 January to 24 May 2006.

3) Joined the Supervisory Board on 24 May 2006, so no data is given for 2005.

Purchases and sales refer to the period 24 May to 31 December 2006.

4) Purchase within the scope of the Group Share Plan not subject to reporting requirements according to the Wertpapierhandelsgesetz (German Securities Trading Act)

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

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 English and in German. The corporate governance pages provide comprehensive information on the Executive Board and the Supervisory Board, the current Articles of Association, as well as 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 WpHG, ad hoc disclosures, the financial calendar, the organizational structure and the current interim and annual reports of Deutsche Börse AG. Section 10 of the WpPG (Wertpapierprospektgesetz – German Securities Prospectus Act) also requires an “Annual Document” that contains or makes reference to all information published or made available to the public by Deutsche Börse AG in the previous twelve months owing to specific capital market provisions. This document is available online: www.deutsche-boerse.com
> Investor Relations > Reports and Figures.

The opening speeches at the 2006 Annual General Meeting were broadcast live on the Internet in order to provide real-time information on business developments to all shareholders who were unable to attend in person. Deutsche Börse AG ensures that it is easy for absent shareholders to exercise their rights at the General Meeting: they can either exercise their vote 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 11 May 2007 and will accept instructions on exercising voting rights in person both before and during the General Meeting.

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 2006 annual and 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. The audit by KPMG did not reveal any facts that are not consistent with the declaration of conformity issued by the Executive Board and Supervisory Board in accordance with section 161 of the AktG.

Incentive programs for senior executives and employees

Senior executives of Deutsche Börse AG and its subsidiaries and members of the Executive Management of the subsidiaries receive stock options under the same phantom stock option plan as the members of the Executive Board; this plan is described in the remuneration report (see page 73f.). In 2006, a total of 346,626 phantom stock options were granted to senior executives of Deutsche Börse AG and its subsidiaries and to members of the Executive Management of the subsidiaries.

The Company established a further tranche of the Group Share Plan (GSP) for Group employees in 2006. Under the GSP tranche 2006, eligible employees were able to buy up to 200 shares of the Company, depending on their basic salary, at a discount of between 20 and 40 percent; this discount was based on the individual em-

ployee'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 at a minimum to the closing auction price on the date of grant of the stock options (i.e. 30 June 2006), 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. Some 27 percent of eligible employees subscribed for a total of 58,242 shares under the 2006 GSP.

Compliance rating for all employees

Responsible corporate governance includes making all employees aware that access to sensitive and confidential information – about Deutsche Börse AG or other issuers – entails certain obligations. For example, insider trading is a punishable crime in Germany. In many areas of their activities, Deutsche Börse Group employees have access to information that results in them being deemed "insiders". Therefore they are not permitted to exploit this information in their own securities and derivatives dealings or make it accessible to third parties. Additionally, the WpHG has established 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 corporate culture at Deutsche Börse Group. The Company introduced compliance rules for all employees back in 1996 and has constantly developed them since then. Uniform compliance policies apply across Deutsche Börse Group. In order to inform and train employees, and to ensure that they adhere to the regulations, Deutsche Börse AG has set up a Group Compliance department. This department is active across the Group and its head reports directly to the Executive Board. A newsletter is used to keep employees informed about new developments in compliance rules.

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 on these shares. In addition, all employees are classified into different insider groups. These ratings govern the various regulations that employees must observe when trading in securities and derivatives.

Persons who have access to financial information about Deutsche Börse Group companies prior to its publication may only trade in Deutsche Börse AG shares or derivatives on these shares in specified periods of time. The trading window indicates the periods of time in which employees may do so. Employees can see at any time whether the trading window is open or closed on the Intranet.

These measures mean that Deutsche Börse AG complies voluntarily with the high security standards of the banking industry designed to avoid insider trading and conflicts of interest. Every year, internal and external auditors ensure that Deutsche Börse AG complies with the statutory and voluntary compliance guidelines.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Remuneration report

Performance-related remuneration for the Executive Board

The guideline for the appropriate remuneration 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 remuneration 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/or company car arrangements, while the variable component consists of performance-related remuneration and long-term incentive elements (phantom stock option plan). Members of the Executive Board have also received pension commitments.

The Personnel Committee of the Supervisory Board sets the level of the fixed basic remuneration. This should be reviewed at least every two years. The performance-related variable remuneration component is determined annually by the 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 quality and balanced risk-taking.

Retirement benefit agreements (“direct commitments”) have been entered into individually with each member of the Executive Board of Deutsche Börse AG. These commitments are primarily based on the following arrangements:

Pension: Executive Board members receive a pension after reaching the age of 63 and leaving the Company, or if they are compulsorily retired, or after being appointed to the Executive Board for at least three years with (at least) one prolongation of their contract of service. Payment of the pension commences on the day following the date of their last salary payment.

Occupational incapacity or total disability pension: In the event of temporary occupational incapacity, Executive Board members are entitled to continued payment of their remuneration, but in any event for no longer than the date of termination of their contract of service. In the event of permanent occupational incapacity, Deutsche Börse AG is entitled to compulsorily retire the Executive Board member after six months.

Invalidity pension: Deutsche Börse AG has taken out accident insurance that pays out three times the annual fixed salary in a single sum for an insured event (death or total invalidity of the Executive Board member).

Upper limit: In the event that the Executive Board member leaves the Company prior to the regular retirement date, the pension is reduced by the amount of the excess of the new employment income plus pension over the current remuneration of the old contract of service.

Pension measurement basis: The pension amounts to 30 percent of the most recent fixed salary paid and rises by 5 percent per reappointment period to a maximum of 50 percent.

Surviving dependents' pensions: In the event of death during the period of active service or following entitlement to receive a pension (see above), the spouse is entitled to a life-long pension of 60 percent of the retirement pension; dependent children receive a (half-)orphan's pension of 10 and 25 percent respectively of the retirement pension.

Transitional payment: Executive Board members who leave the Company after reaching pensionable age or being compulsorily retired receive a transitional payment in the first twelve months after retirement amounting to a total of two-thirds of the most recent bonus and, in the twelve months thereafter, of a total of one-third of the most recent bonus. In the event that the beneficiary dies within 24 months of retirement, the surviving spouse is entitled to the full amount of the transitional payments described above for three months, and 60 percent of such payments for the remaining period.

Executive Board remuneration for 2006 (recognized expenses)

	Non- performance- related remuneration ¹⁾ € thousands	Performance- related remuneration ²⁾ € thousands	Long-term incentive components ³⁾ € thousands	Total € thousands	Pension expense ⁴⁾ € thousands
Reto Francioni	703.7	1,171.0	589.0	2,463.7	1,552.5
Matthias Ganz	481.3	900.0	3,872.4	5,253.7	826.3
Mathias Hlubek	624.8	1,150.0	3,919.6	5,694.4	686.3
Michael Kuhn	480.7	900.0	3,506.3	4,887.0	775.4
Andreas Preuß ⁵⁾	419.6	825.0	335.7	1,580.3	407.2
Jeffrey Tessler	553.3	1,000.0	1,402.6	2,955.9	818.4
Total	3,263.4	5,946.0	13,625.6	22,835.0	5,066.1

1) The non-performance-related remuneration includes the fixed salary and other taxable salary components, such as health and long-term care insurance premiums and company car arrangements.

2) Income from the reversal of prior-year provisions was offset against the expense for the performance-related remuneration in the reporting period.

3) In accordance with IFRS 2, the recognized expense from the measurement of the options is spread over the three-year vesting period of the options. The only long-term incentive component recognized is the expense allocated to the reporting period for options of tranches still within the vesting period in 2006 (2004 to 2006 tranches) or whose vesting period ended in 2006 (2003 tranche). The 2004 to 2006 tranches are measured at fair value as at the balance sheet date, and the 2003 tranche as at the end of the vesting period (31 January 2006). Changes in fair value that may arise between the end of the vesting period and the exercise date are not included in the total remuneration.

4) Includes past service cost of €1,213.6 thousand for Reto Francioni, €709.0 thousand for Matthias Ganz, €536.0 thousand for Mathias Hlubek, €632.2 thousand for Michael Kuhn, €407.2 thousand for Andreas Preuß and €603.7 thousand for Jeffrey Tessler; their pension agreements (features as described above) were modified in 2006.

5) Appointed to the Executive Board on 30 March 2006, effective 1 April 2006

The table presented above shows the amount of expenses for the fixed and variable remuneration, and future entitlements under share-based payment arrangements. The pension expense comprises the current service cost and the past service cost, which were recognized as additions to provisions in the year under review.

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

There are severance commitments for the Executive Board members Francioni, Ganz and Hlubek in the event that their appointment is terminated. The amount of the severance payment depends on the remuneration for the remainder of the agreed period of service, and amounts to at least three times (in two cases) and 1.5 times (in one case) the total annual remuneration (comprising fixed salary, bonuses and phantom stock options) received by them in the most recent full calendar year.

Change-of-control arrangements

On the basis of their contracts of service, the members of the Executive Board are entitled to severance payments if they leave the Executive Board in certain cases of change of control. In the case of the Executive Board members Ganz and Hlubek, these severance payments are based on the settlement of all claims for remuneration arising until the end of the agreed contract term and a one-time payment, due at the time of leaving the Executive Board, in the amount of the total annual remuneration (comprising fixed salary, bonuses and phantom stock options) received by them in the most recent full calendar year for each period of appointment that has commenced. The resulting total amounts to at least three and a maximum of six times the aggregate annual remuneration. The payments for the Executive Board members Francioni, Kuhn, Preuß and Tessler are calculated on the basis of the capitalized remuneration (fixed salary and bonuses) for the remainder of the agreed contract term and a severance payment of up to two times the annual remuneration in the amount of the remuneration for the most recent calendar year (fixed salary and bonuses). The resulting total may not exceed five times the annual remuneration. The stock options are settled on the date the member leaves the Executive Board. In the event that the Executive Board members themselves resign their office, only 50 percent of the stock options are paid out.

Phantom stock option plan

Deutsche Börse AG established a phantom stock option plan following its IPO on 5 February 2001 that also applies to Executive Board members. The options issued have a maximum term of five years and a vesting 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 vesting 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 percent

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) and the mean closing prices 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 were issued annually on 1 February. The Supervisory Board's Personnel Committee determined the number of options to be granted to each Executive Board member on the basis of the individual performance of the respective member. See note 46 in the notes to the consolidated financial statements for details of the measurement of the stock option plan for the Executive Board.

The number of phantom stock options granted in the reporting period and their fair value at the grant date of 1 February 2006 are shown in the following table:

Tranche 2006

	Phantom stock options granted Number	Value of the options at grant date € thousands
Reto Francioni	29,070	1,002.3
Matthias Ganz	20,930	721.7
Mathias Hlubek	23,256	801.9
Michael Kuhn	20,930	721.7
Andreas Preuß	16,570	571.3
Jeffrey Tessler	16,279	561.3
Total	127,035	4,380.2

The following table presents the total expense recognized for the options in the reporting period (i.e. including changes in fair value after the end of the vesting period for the 2002 and 2003 tranches), the carrying amount of the provisions recognized for the phantom stock options as at the reporting date and the total intrinsic value of the options that were exercisable as at the reporting date:

	Recognized expense 2006 € thousands	Carrying amount as at 31 Dec. 2006 € thousands	Intrinsic value of exercisable options as at 31 Dec. 2006 € thousands
Reto Francioni	589.0	589.0	–
Matthias Ganz	4,272.7	4,763.6	–
Mathias Hlubek	4,319.8	4,810.7	–
Michael Kuhn	3,906.6	4,287.5	–
Andreas Preuß	335.7	335.7	–
Jeffrey Tessler	1,402.6	1,656.6	–
Total	14,826.4	16,443.1	0

Former members of the Executive Board or their surviving dependents

Former members of the Executive Board or their surviving dependents received remuneration of €661 thousand in 2006 (2005: €505 thousand). The actuarial present value of the pension obligations (DBO) at the balance sheet date was €26,031 thousand in 2006 (2005: €27,063 thousand).

Remuneration of the Supervisory Board

Supervisory Board members received a rateable fixed remuneration for their services in 2006. As in the previous year, the fixed remuneration for membership was €96 thousand per annum for the Chairman, €72 thousand for a Deputy Chairman and €48 thousand for each 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 remuneration on the basis of two different, clearly defined targets relating to the Company's performance.

Target 1: In the year in which remuneration 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 more than nine to 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 remuneration in the amount of €16 thousand.

This concept has been in place since 1 January 2005. It superseded the variable remuneration concept which had previously been effective since 2003, under which the members of the Supervisory Board had received stock options from the phantom stock option plan with a term of five years and a target value of €40 thousand, free of charge, on 1 February each year. The phantom stock options granted under the phantom stock option plan up to financial year 2004 could be exercised for the first time in 2006.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Supervisory Board remuneration for 2006 (recognized expenses)

	2006 membership period	Non-performance-related remuneration € thousands	Performance-related remuneration € thousands	Long-term incentive components ¹⁾ € thousands
Kurt F. Viermetz	1 Jan. – 31 Dec.	156.0	32.0	–
David Andrews	1 Jan. – 31 Dec.	98.0	32.0	–
Herbert Bayer	1 Jan. – 31 Dec.	68.0	32.0	63.7
Udo Behrenwaldt	1 Jan. – 31 Dec.	68.0	32.0	63.7
Richard Berliand ²⁾	1 Jan. – 31 Dec.	68.0	32.0	–
Birgit Bokel	1 Jan. – 31 Dec.	61.3	32.0	63.7
Hans-Peter Gabe	1 Jan. – 31 Dec.	68.0	32.0	63.7
Dr Manfred Gentz	1 Jan. – 31 Dec.	88.0	32.0	63.7
Richard M. Hayden	1 Jan. – 31 Dec.	88.0	32.0	–
Craig Heimark	1 Jan. – 31 Dec.	68.0	32.0	–
Hermann-Josef Lamberti	1 Jan. – 31 Dec.	78.0	32.0	–
Silke Martinez Maldonado	1 Jan. – 24 May	28.3	13.3	63.7
Friedrich Merz	1 Jan. – 31 Dec.	68.0	32.0	–
Friedrich von Metzler	1 Jan. – 31 Dec.	68.0	32.0	63.7
Roland Prantl	24 May – 31 Dec.	32.0	21.3	–
Alessandro Profumo ³⁾	1 Jan. – 31 Dec.	48.0	32.0	–
Sadegh Rismanchi	1 Jan. – 31 Dec.	68.0	32.0	63.7
Gerhard Roggemann	1 Jan. – 31 Dec.	68.0	32.0	–
Dr Erhard Schipporeit	1 Jan. – 31 Dec.	68.0	32.0	–
Dr Herbert Walter	1 Jan. – 31 Dec.	68.0	32.0	63.7
Otto Wierczimok	1 Jan. – 31 Dec.	68.0	32.0	63.7
Johannes Witt	1 Jan. – 31 Dec.	68.0	32.0	63.7
Total		1,561.6	674.6	700.7

1) Regarding the long-term incentive components, see the footnotes of the table "Executive Board remuneration for 2006" above as well as note 46 in the notes to the consolidated financial statements. For the options granted to Supervisory Board members, a total expense of €0.9 million (2005: €0.8 million) was recognized as additions to provisions in the year under review.

2) On instructions received from the Supervisory Board member Mr Berliand, his remuneration will be directly paid to JP Morgan Securities Ltd.

3) On instructions received from the Supervisory Board member Mr Profumo, his remuneration will be directly paid to UniCredito Italiano S.p.A.

Corporate Responsibility

Deutsche Börse Group firmly believes that a company has obligations to society above and beyond its own business interests. Because of this, the Company maintains close contact with all stakeholders: shareholders, business partners, customers, employees and society as a whole. Deutsche Börse is also of the opinion that shareholder value and social responsibility are mutually compatible. Providing financial support for research projects, lending active assistance in renovating youth and educational facilities, initiating an international photography award for up-and-coming talent, membership of influential economic institutions – all of these activities have a common goal: to generate value for all stakeholders.

Targeted sponsoring activities

Deutsche Börse Group actively promotes art, music, education and research. More specifically, it focuses on three areas: photography, jazz and support for educational, teaching and research facilities connected with the financial and capital markets at the Group's main locations. Deutsche Börse Group commissions an evaluation of the professionalism and efficiency of its sponsoring activities on a regular basis. The most recent analysis indicated that, largely thanks to its clear focus, credibility and networked approach to communicating these activities, Deutsche Börse Group has a positive image as a sponsor in the above areas.

Art: Focus on contemporary photography

Since 2000, Deutsche Börse Group has supported international contemporary photography and amassed an extensive collection, the Art Collection Deutsche Börse, which has drawn considerable attention far beyond the Company's locations. At present, the collection consists of just under 600 works by 57 artists from all over the world.

The artwork not only inspires employees and business partners at the Group's Frankfurt, Luxembourg and London offices – visitors also have access to the collection, with a total of 90 tours having been conducted in the past year alone. In addition, well over 2,000 visitors responded to the invitation to visit the art exhibition in the Neue Börse building in Frankfurt during the "Night of Museums" sponsored by Deutsche Börse. Furthermore, Deutsche Börse Group organizes regular temporary exhibitions at its headquarters in Frankfurt, thereby offering young photographers in particular the opportunity to present their works to a wider audience. Following the initiative "Kunst privat! Tage der Unternehmens-Kunst-sammlungen" (Private Art! Corporate Art Collection Days) in Hesse, Deutsche Börse instituted the open day "Private Art Kirchberg" in Luxembourg. In cooperation with other companies located on the Kirchberg complex, it presents the works of art on display in the Clearstream building to the public.

Sponsorship for photography exhibitions in Germany and abroad rounds 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 honors a contemporary artist every year. At some of its locations, Deutsche Börse also lends its support to art associations and exhibition projects dedicated to promoting contemporary photography and encouraging young artists. Prime

examples of these include the Frankfurter Verein für Künstlerhilfe – an organization that provides support to artists – the exhibition program C/O Talents in Berlin and the “photomeetings” series of workshops in Luxembourg.

Music: International jazz comes to Germany

Jazz has a long tradition in Frankfurt. Deutsche Börse carries on this tradition by presenting “Deutsche Börse JAZZNights”, a series of concerts by international jazz greats, in Frankfurt, Berlin and other German cities. Among the musical highlights of 2006 were performances by Klaus Doldinger, Randy Crawford and the Esbjörn Svensson Trio. In Luxembourg the Group supports the tradition of classical concerts by sponsoring young talents.

Education and research: Opportunities for young people

Another of Deutsche Börse’s main sponsoring activities involves providing support to educational and training facilities and to research institutes and events. Deutsche Börse uses this involvement to take responsibility for educating and training young people, and invests, together with educational institutions, specifically in school and academic research and theory.

One focus in this field is the Group’s support of higher education institutes, academic chairs and research projects in the area of financial and capital markets. An example of this is the House of Finance at Frankfurt University and the institutes located there, such as the Center for Financial Studies, the E-Finance Lab and the Institute for Law and Finance.

Closely related to this is also Deutsche Börse’s commitment to providing special opportunities for selected employees. Among other things, it awards grants for study in Duke University’s international MBA program, whose European campus is situated in the House of Finance. The aim of the program is to develop management expertise within the Company and to create a worldwide network of management professionals.

Deutsche Börse Group also promotes innovative education and training concepts: it is the main sponsor of the newly opened Erasmus primary school, a pilot project in Frankfurt. This trilingual primary school is based on progressive philosophies, where the focus of the educational process is on the child’s individual preferences and strengths. Lessons are given in German, English and Spanish or French by native speakers.

Charitable donations and corporate citizenship

Deutsche Börse donates funds to vocational training projects in the Rhine-Main region and in places throughout the world that are in need of aid. This allows the Company to meet its responsibilities, particularly with regard to its local environment and the social organizations based there. Deutsche Börse also encourages active social responsibility among its employees. Last year, more than 100 Deutsche Börse Group employees lent active support to a variety of social projects for children’s and youth organizations.

As part of a project called “Engage”, over 30 employees helped Frankfurt students during their basic one-year vocational training course, many of whom were from disadvantaged social backgrounds, in their application for vocational traineeships. In addition, they helped the students to prepare for job interviews. In December, the federal state of Hesse presented Deutsche Börse Group with a “Company of the Month” award for the “Engage” project. This award is given in recognition of exemplary corporate citizenship.

Every year, Deutsche Börse Group also invites Frankfurt-based social organizations to showcase their work at the Group’s employee concert. Proceeds from this event in 2006 went to the Rödelheim Children’s Home.

The “Social Day” has since established itself as a standard part of Deutsche Börse Group’s corporate citizenship activities. In 2006, the Company supported the “Social Day” in Frankfurt for the third time in a row and for the second time was main partner. Over 70 employees gave a day of their time to carry out necessary renovation work at various children’s and youth facilities. Frankfurt’s example set something of a precedent: in 2006, for the very first time, Deutsche Börse organized the “Luxembourg Social Day” on its own initiative, involving employees from Luxembourg, 25 of whom gave a Luxembourg children’s and youth center a new coat of paint and a new floor covering.

Memberships and economic policy initiatives

One of the main goals of Deutsche Börse Group’s socio-political activities is the promotion of Germany in general and Frankfurt/Main in particular as financial centers. To this end, Deutsche Börse Group is an active member of the “Finanzstandort Deutschland Initiative” (IFD), which is supported by major players in the German capital market. For example, this initiative has played a significant role in putting German real estate investment trusts (REITs) on the political agenda. Through its involvement in the “Finanzplatz Frankfurt” commission, Deutsche Börse Group is instrumental in ensuring that specific regional interests are included in political discussions. 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.

As a member of the Institut der deutschen Wirtschaft Köln (Cologne Institute for Economic Research, IW), Deutsche Börse Group also helps to promote the organization’s business research activities. In addition, Deutsche Börse supports a liberal regulatory policy through its membership of the Initiative Neue Soziale Marktwirtschaft (New Social Market Economy Initiative, INSM).

Once a year, Deutsche Börse Group hosts the “Übernahmeforum” (M&A forum), addressing legal issues in the area of mergers and acquisitions. Several times a year, Deutsche Börse Group also organizes the “Ökonomen Forum” (economists’ forum), where opinion leaders at the interface of theory and practice discuss current economic policy issues with customers and employees.

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 applied research and political consulting in the international debate on economic issues. The focus of the research program is on Europe’s competitive standing as an international business location.

Deutsche Börse Group also supports 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, too, is aware of the many ways in which the Company is involved – and rewards it accordingly. In 2006, for example, Deutsche Börse was confirmed as a member of the Dow Jones Sustainability Indices (DJSI) family. Since then it has garnered above-average ratings for the economic, ecological and social parameters measured. The Dow Jones Sustainability Indices, launched in 1999, is the first group of indices to track the financial performance of over 400 sustainability-driven companies worldwide. They provide asset managers with a guideline for managing funds that are oriented on sustainability and socially responsible investment.

Customer Governance

Deutsche Börse Group attaches great importance to involving representatives of the capital market in development and decision-making processes. Only by means of a trust-based working relationship with its customers is the Company able to shape markets and create value for shareholders. Customer governance bodies include, on the one hand, the mandatory supervisory boards required by the Aktiengesetz (the German Stock Corporation Act) and the exchange councils under public law, and, on the other, a variety of advisory bodies and working committees set up by Deutsche Börse itself.

A number of bodies have functions that are limited to a specific period of time, while others have been working regularly for years on attractive offerings for the capital markets. The composition of each of these bodies reflects the increasingly international customer base and the fact that more and more nationalities are represented, with English being an increasingly frequent choice of working language.

The Company develops new products and services together with its customers, and key decisions by the Company are preceded by in-depth consultations with market participants. In 2006, the bodies and working committees were concerned, among other things, with designing a market segment for listed real estate funds and real estate investment trusts (REITs), with MiFID requirements relating to the capital markets, with clearing fee structures and with the impact of regulatory initiatives on the German securities administration infrastructure.

The list of bodies and working committees as well as customers represented on them shown 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. Deutsche Börse Group would like to thank all the companies that have appointed representatives and all the members of these bodies for their commitment.

Working committees, supervisory and advisory boards as at 31 December 2006

Supervisory Board of Deutsche Börse AG

For details on the Supervisory Board see pages 54 to 65.

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. This council is responsible for appointing, dismissing and monitoring the general managers, among other duties. It also resolves the Börsenordnung (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 Werner Brandt, SAP
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
Jens Hagemann, DAB Bank
Dr Heiner Hasford, Münchener Rückversicherungs-Gesellschaft
Heinz Hilgert, DZ Bank
Dr Stefan Jentzsch, Dresdner Bank
Wolf-Dietrich Martin, Wolfgang Steubing
Friedrich von Metzler, B. Metzler seel.
Sohn & Co.
Rainer Roubal, ICF Kursmakler
Heinz-Jürgen Schäfer
Dr Mirko Scherer, GPC Biotech
Carola Gräfin von Schmettow, HSBC Trinkaus & Burkhardt
Franz Sales Waas, DekaBank
Stefan Winter, UBS Deutschland
Rüdiger Wolf, equinet Securities

Issuer Markets Advisory Committee (IMAC)

IMAC advises Deutsche Börse AG on the design of the listing platform and the cash market. The committee serves as a forum for all market participants, particularly issuers, institutional investors, issuing houses and IPO consultants. In 2006, IMAC's involvement included further developing the Entry Standard and in designing a market segment for REITs.

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
Grammer
Jenoptik
Loewe
Morgan Stanley
QIAGEN
Sal. Oppenheim
SAP
Shearman & Sterling
Techem
UBS Warburg
UniCredit Markets & Investment Banking
Union Asset Management
WestLB Asset Management

Secondary Markets Advisory Committee (SMAC)

In 2006, the SMAC was divided into two new working committees – SMAC Retail and SMAC Wholesale – which now have a more specialized focus on current market developments and requirements in retail and wholesale trading.

SMAC Retail

SMAC Retail focuses on the functionality of the intermediary-based trading system at the Frankfurt Stock Exchange. Market models and planned measures for individual products are developed, presented and discussed together. The working committee was restructured in 2006 and was actively involved in the following initiatives: MiFID requirements and the “best execution” obligation, harmonization of the settlement calendars of European exchanges (Barrier 7 in the Giovannini Report), and the further development of the market model for structured products as part of Deutsche Börse's cooperation with SWX.

Baader Wertpapierhandelsbank
Commerzbank
CortalConsors
DAB Bank
Deutsche Bank
Dresdner Bank
dwpbank – Deutsche WertpapierService Bank
DZ Bank
Hesse Ministry of Economics, Transport and Regional Development
HSBC Trinkaus & Burkhardt
HypoVereinsbank
ICF Kursmakler
ING-Diba

SMAC Wholesale

SMAC Wholesale focuses on trading on the Xetra® platform, general conditions and planned developments. In 2006, SMAC was involved in issues such as: promotion of electronically generated trading on Xetra (expansion of the Automated Trading Program), measures for enhancing performance on Xetra, developing a new type of order (the “discretionary order”) and the effects of MiFID and its “best execution” obligation.

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Archelon
BNP Paribas
Citigroup
Commerzbank
Credit Suisse First Boston
DekaBank
Deutsche Bank
Dresdner Bank
DZ Bank
Goldman Sachs
Hesse Ministry of Economics, Transport
and Regional Development
HSBC Trinkaus & Burkhardt
HypoVereinsbank
Instinet
JPMorgan
Lehman Brothers Bankhaus
Merrill Lynch
Morgan Stanley
Société Générale
UBS Investment Bank
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 financial instruments to the lead brokers on the Frankfurt floor. In addition, the committee makes proposals on further enhancements in floor trading, such as price determination rules and measuring the performance of lead brokers.

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

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

The Board of Directors of Eurex Zürich AG as well as 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 Swiss Code of Obligations and the German Stock Corporation Act.

Prof Dr oec. HSG Peter Gomez (Chairman),
University of St. Gallen / SWX Swiss Exchange
Dr Hugo Bänziger, Deutsche Bank
Reto Francioni, Deutsche Börse
Christian Gell, Credit Suisse
Andreas Häberli, UBS Investment Bank
Dr Heinrich Henckel, SWX Swiss Exchange
Mathias Hlubek, Deutsche Börse
Michael Kuhn, Deutsche Börse
Roger Müller, Deutsche Börse
Martin Reck, Deutsche Börse
Jacques de Saussure, Pictet & Cie.
Nicholas Teller, Commerzbank

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
Jelle Elzinga, Optiver
Dirk Freitag, Baader Service Bank
Hans Joachim Goetz, Close Brothers Seydler
Paul Hagen, HSBC Trinkaus & Burkhardt
Heinz Hilgert, DZ Bank
Matthias Hofinger, MH Trading
Wertpapierhandel
Dr Stefan Jentzsch, Dresdner Bank
Dagmar Kollmann, Morgan Stanley Bank
John Mathias, Merrill Lynch, Pierce,
Fenner & Smith
Christopher Morris, Saxon Financials
Friedrich von Metzler,
B. Metzler seel. Sohn & Co.
Stefan Mülheim,
Citigroup Global Markets Deutschland
Helmut Olivier, Lehman Brothers International
(Europe)
Christian Schaffer, First Futures
Roland Scharff, BHF-Bank

Prof Dr Christian Schlag, Chair of Derivatives
and Financial Engineering, Johann Wolfgang
Goethe University Frankfurt/Main
Charles Tall, Archelon Deutschland
Nicholas Teller, Commerzbank
Franz Sales Waas, DekaBank
Prof Dr Mark Wahrenburg, Chair of Banking
and Finance, Johann Wolfgang Goethe Univer-
sity Frankfurt/Main

Working Committee for Equity and Index Products (Eurex)

The working committee is composed of the most important Eurex market participants in the field of equity and index derivatives. It conveys its recommendations regarding operational and strategic issues to Eurex's management. In 2006, these issues were the launch of options on Spanish and Swedish equities, the European harmonization of corporate actions handling and the introduction of the block auction request functionality.

All Options
Archelon Deutschland
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 launch of new interest rate products and trading functionalities and on necessary changes to existing products. In 2006, the working committee discussed the development of new products in the interest rate segment and in other segments such as loans, commodities and currencies. In the field of product management, a possible reduction in the tick size in the calendar spreads of euro-denominated fixed-income futures was discussed, as well as measures for further developing the segment for interest rate options.

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
Marex Financial
Marquette Proprietary
Merrill Lynch
Morgan Stanley
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 2006 related to the introduction of Eurex Release 9.0, preparation of requirements for Eurex Release 10.0, revision of the outsourcing concept, harmonization of settlement processes for Eurex products with cash market processes, and enhancement of the clearing infrastructure in order to support global products.

ABN Amro
Barclays
BHF Bank
Citigroup
Credit Suisse First Boston
Deutsche Bank
Fimat International Banque
Fortis Bank Global Clearing
Goldman Sachs International
HSBC Trinkaus & Burkhardt
HypoVereinsbank
JPMorgan Securities
Lehman Brothers
Merrill Lynch
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 AG or members of the working committee. In 2006, the working committee provided valuable feedback during the simulation and launch of the CCP (central counterparty) Release 3.1 that connected the Eurex exchanges to the CCP platform and Release 3.2 which extended the instrument scope. Adequately the content of future releases was developed in conjunction with the committee in order to meet customer requirements.

BNP Paribas
Citibank
Commerzbank
Credit Suisse First Boston
Deutsche Bank

dwpbank – Deutsche WertpapierService Bank
Fortis
HypoVereinsbank
IST International Transaction Services
Kasbank
Landesbank Baden-Württemberg
Morgan Stanley
Société Générale
UBS
Xchanging

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 (central counterparty) 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 CCP Releases 3.1 and 3.2 the working committee provided valuable feedback in 2006. Moreover, the committee was involved in the consultations regarding the extension of Euro GC Pooling® and the scope of CCP Release 4.0, which includes the clearing of open and variable repos, among others.

Bayerische Landesbank
Commerzbank
Deutsche Bank
Deutsche Bundesbank
Dresdner Kleinwort
dwpbank – Deutsche WertpapierService Bank
Fimaseba
Landesbank Baden-Württemberg
Morgan Stanley
Norddeutsche Landesbank
TxB LB Transaktionservice
WestLB
Xchanging

50	Group Staff
52	Executive Board/Appointments
54	Supervisory Board/Appointments
56	Report of the Supervisory Board
66	Corporate Governance
76	Corporate Responsibility
79	Customer Governance

Clearstream International Board of Directors

The Clearstream International Board of Directors is a single board in line with the US/UK model. It is currently composed of six representatives of Deutsche Börse Group along with 14 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, dwpbank – Deutsche WertpapierService Bank
 Mathias Hlubek, Deutsche Börse
 Dominique Hoenn, BNP Paribas
 Eric Hollanders, ING Wholesale Bank
 Josef Landolt, UBS
 Jean Meyer, Lawyer
 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

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 2006, its discussions centered on settlement efficiency, the impact of regulatory initiatives on the German securities administration infrastructure and on additional strategic projects, such as the cooperation with the Bundesbank (Germany's central bank) on the Europe-wide introduction of Target2, the EU's interbank payment system.

BNP Paribas
 Citibank
 Commerzbank
 Deutsche Bank
 Deutsche Bundesbank¹⁾
 Dresdner Bank
 dwpbank – Deutsche WertpapierService Bank
 etb european transaction bank
 Financial Markets Service Bank
 HSBC Trinkaus & Burkhardt
 ING BHF-Bank
 Landesbank Baden-Württemberg
 Morgan Stanley
 TxB LB Transaktionsservice

1) Permanent guest

Customer Consultation Committee – Clearstream Banking Luxembourg

(formerly the User Advisory Board)
 In an ever-changing market environment, Clearstream recognized the need to create an interactive committee to consult on both strategic and regulatory initiatives as well as developments in products and services. In this context, it was decided to expand the former User Advisory Board (UAB) into the Customer Consultation Committee (CCC), and to split the Committee into two separate groups: the Market Development Group and the Products and Services Group.

Market Development Group (MDG)

The MDG advises on key issues which are of strategic importance to Clearstream: the positioning in the market and in the European regulatory debate, the evolution of the market landscape and subsequent opportunities and risks for Clearstream, as well as break-out strategic initiatives. This Group meets on an ad hoc basis when strategic or market issues require discussion

Banca Intesa
 Barclays
 BNP Paribas
 CA CE IS Bank
 Deutsche Bank
 ICAP
 State Street Bank
 UBS

Products and Services Group (PSG)

The PSG advises on product- and service-related developments. This Group meets on a quarterly basis.

Banca Intesa
 Banque de Luxembourg
 Barclays
 BNP Paribas
 CA CE IS Bank
 Citigroup
 Commerzbank
 Financial Markets Service Bank
 ING Group
 JPMorgan
 Kredietbank Luxembourg
 RBC Dexia
 State Street Bank
 UBS

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.

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

Technical Advisory Committee (TAC)

The core responsibility of the TAC is to advise Deutsche Börse Group in further developing the IT infrastructure according to customer needs. The Committee is composed of IT managers from different customer groups of Deutsche Börse Group. Given its diversified composition, the TAC provides a representative picture of the short-term and medium-term IT requirements of Deutsche Börse Group's customers. The aim is to closely cooperate with the market participants in major activities. On the trading side, these activities included the Eurex/Xetra network upgrades, high bandwidth connectivity to Eurex/Xetra, Proximity

Services, the Eurex Performance Initiative (including system enhancements supporting algorithmic trading and round-trip time transparency) and the IT-related implications of MiFID. On the post-trade side, the Novelo project, CmaX (Collateral Management Exchange), Vestima[†], CFF (Central Facilities for Funds) and the interoperability with Euroclear were discussed. In addition, the Committee consulted on the planned system releases in 2007, thereby involving participants at the earliest possible stage.

Barclays Capital
BHF-Bank
BNP Paribas
Citigroup
Commerzbank
Credit Suisse First Boston
DekaBank Deutsche Girozentrale
Depfa Deutsche Pfandbriefbank
Deutsche Bank
Dresdner Bank
dwpbank – Deutsche WertpapierService Bank
DZ Bank
EEX European Energy Exchange
Fimat
Goldman Sachs
HypoVereinsbank London
HypoVereinsbank Systems
Irish Stock Exchange
ITS International Transaction Services
JPMorgan Securities
Landesbank Baden-Württemberg
Landesbank Baden-Württemberg Ireland
Man Financial
Merrill Lynch
Morgan Stanley
Österreichische Kontrollbank
Société Générale
SWX Swiss Exchange
TxB Transaktionsbank
UBS
WestLB
Wiener Börse

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 (Chairman), T-Systems
International
Dr Thomas Noth (Deputy Chairman), FinanzIT
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
Dr Norbert Linn, BHF-Bank
Burkhard Oppenberg, DZ Bank
Dr Michael Ruhrländer, TxB Transaktionsbank
Eberhard Weidner, Bayerische Hypo- und
Vereinsbank

The Financials

86	Group Management Report
115	Consolidated Financial Statements
121	Notes to the Consolidated Financial Statements
206	Audit Opinion
207	Summarized Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

Deutsche Börse AG's financial report was prepared in accordance with the International Financial Reporting Standards (IFRSs) and comprises the Group management report, consolidated financial statements and notes to the consolidated financial statements. The Group management report includes the remuneration report, which is published in the "Corporate Governance" chapter on pages 71 to 75 in line with the German Corporate Governance Code. All sections of the financial report were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and granted an unqualified audit opinion.

Financial Report 2006 Deutsche Börse AG

86	Group Management Report	171	24. Shareholders' equity and appropriation of net profit of Deutsche Börse AG
86	Business and operating environment	172	25. Provisions for pensions and other employee benefits
95	Deutsche Börse shares	174	26. Changes in other provisions
95	Results of operations, financial position and net assets	175	27. Other noncurrent provisions
104	Risk report	175	28. Liabilities
111	Report on post-balance sheet date events	176	29. Tax provisions
111	Report on expected developments	176	30. Other current provisions
115	Consolidated Financial Statements	176	31. Liabilities from banking business
121	Notes	177	32. Cash deposits by market participants
	Basis of Preparation	177	33. Other current liabilities
121	1. General principles	178	34. Maturity analysis of financial assets and liabilities
126	2. Basis of consolidation	180	35. Reconciliation of the classification of financial instruments
130	3. Accounting policies		Consolidated Cash Flow Statement Disclosures
	Consolidated Income Statement Disclosures	181	36. Consolidated cash flow statement
144	4. Sales revenue	181	37. Cash flows from operating activities
146	5. Net interest income from banking business	182	38. Cash flows from investing activities
146	6. Own expenses capitalized	183	39. Cash flows from financing activities
147	7. Other operating income	183	40. Reconciliation to cash and cash equivalents
147	8. Staff costs		Other Disclosures
148	9. Depreciation, amortization and impairment losses (other than goodwill)	185	41. Earnings per share
149	10. Other operating expenses	186	42. Segment reporting
151	11. Result from equity investments	190	43. Financial risk management
151	12. Net financial result	196	44. Other financial obligations
152	13. Income tax expense	196	45. Leases
	Consolidated Balance Sheet Disclosures	198	46. Phantom stock option and Group Share Plan
155	14. Intangible assets	201	47. Executive bodies
159	15. Property, plant and equipment	201	48. Corporate governance
160	16. Financial assets and investment property	202	49. Related party disclosures
162	17. Derivatives	204	50. Shareholders
164	18. Financial instruments of Eurex Clearing AG	204	51. Employees
165	19. Current receivables and securities from banking business	205	52. Events after the balance sheet date
166	20. Trade receivables	205	53. Date of approval for publication
166	21. Other current assets	206	Audit Opinion
167	22. Restricted bank balances	207	Summarized Single-Entity Financial Information
167	23. Equity	208	Proposal on the Appropriation of the Unappropriated Surplus

Group Management Report

Deutsche Börse AG prepared its consolidated financial statements for the year ended 31 December 2006 in accordance with International Financial Reporting Standards (IFRSs) as adopted by 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 (Deutscher Rechnungslegungsstandard – German Accounting Standard) 15.

Business and operating environment

Overview of Deutsche Börse Group

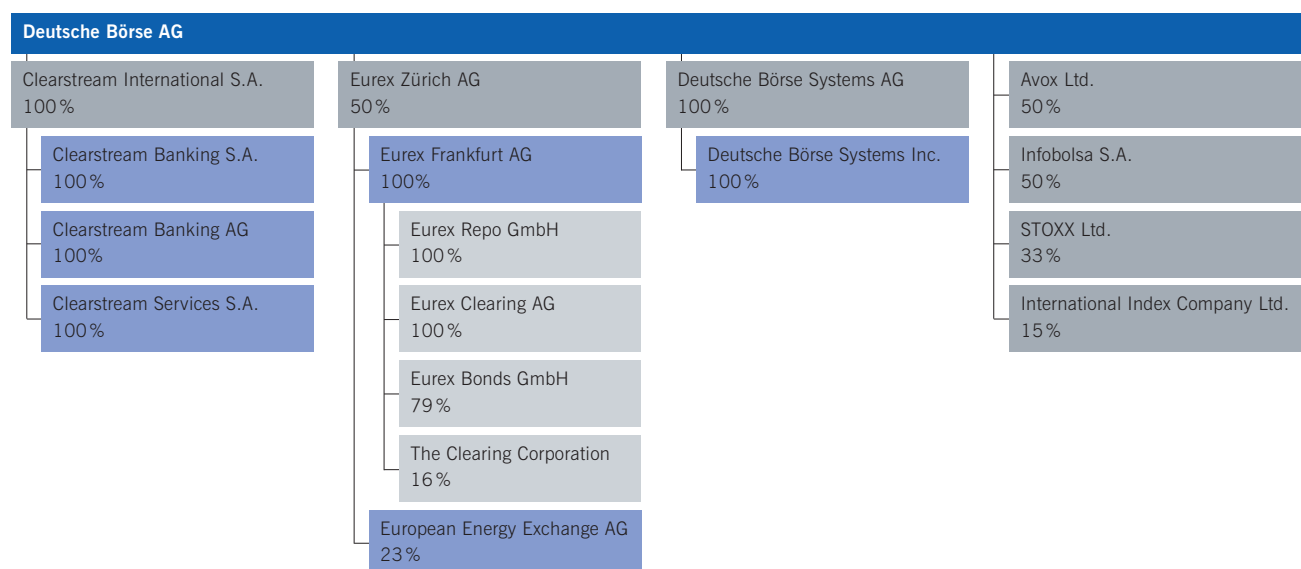
Business operations and Group structure

Deutsche Börse Group is much more than just an organizer of markets for trading in shares and other securities. It is a transaction service provider: it uses state-of-the-art technology to open the way for companies and investors to the global capital markets.

Deutsche Börse's portfolio of products and services is much more comprehensive than that of its competitors. It covers the entire process chain from trading and clearing in equities and derivatives, transaction settlement, custody services and the provision of market information to the development and operation of electronic systems. Its process-oriented business model improves the efficiency of capital markets: issuers benefit from low costs of capital, while investors enjoy high liquidity and low transaction fees.

Deutsche Börse Group is composed of Deutsche Börse AG and its subsidiaries, associates and joint ventures. Deutsche Börse AG itself operates the Frankfurt Stock Exchange's cash market via the fully electronic Xetra trading platform and floor trading, and sells price information from the cash and derivatives markets. The derivatives market and clearing services are business areas of Eurex Zürich AG, a joint venture between Deutsche Börse AG and SWX Swiss Exchange AG, and its subsidiaries. Clearstream International S.A. and its subsidiaries are responsible for the settlement of securities transactions and securities custody. Deutsche Börse Systems AG and Clearstream Services S.A. build and operate Deutsche Börse Group's technological infrastructure. The principal shareholdings are presented in the chart below; Deutsche Börse AG's basis of consolidation is presented in full in note 2 of the notes to the consolidated financial statements.

Simplified shareholding structure of Deutsche Börse Group as at 31 December 2006



86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

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 has its own areas of responsibility.

The Annual General Meeting resolves the appropriation of the unappropriated surplus, appoints the Supervisory Board and resolves on the approval of the acts of the Executive Board and the Supervisory Board retrospectively. In addition, it resolves corporate actions and other matters governed by the AktG (Aktengesetz – German Stock Corporation Act). The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the Company. Additionally, it adopts the annual financial statements together with the Executive Board. 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 solely responsible for managing the Company. The Chief Executive Officer coordinates the activities of the Executive Board members. As at 31 December 2006, the Executive Board of Deutsche Börse AG was composed of six members.

The compensation system and the compensation paid to the individual members of the Executive Board of Deutsche Börse AG are presented in the remuneration report, which is disclosed in the corporate governance chapter on pages 71 to 75. It forms part of this Group management report and accordingly has been audited by the auditors.

Reporting segments

For the purposes of corporate management and financial reporting, Deutsche Börse Group's business activities are composed of the following segments: Xetra, Eurex, Clearstream, Market Data & Analytics and Information Technology. The Corporate Services segment provides internal services and covers the central functions.

Reporting segment	Business areas
Xetra	Cash market using the Xetra electronic trading system and floor trading Central counterparty for equities Admission of securities to listing
Eurex	Eurex electronic derivatives market trading platform Over-the-counter (OTC) trading platforms Eurex Bonds and Eurex Repo Central counterparty for bonds, derivatives and repo transactions
Clearstream	Settlement and custody services for domestic and foreign securities Global securities financing services Investment funds services
Market Data & Analytics	Sales of price information and information distribution Index development and sales
Information Technology	Development, building and operation of technological infrastructures Provision of IT solutions
Corporate Services	Group strategy Responsibility for central functions

Organizational structure

Deutsche Börse Group's organizational structure is function-based and, in addition to the central functions, reflects the three core elements of its business model: building of trading, clearing, settlement and custody

Organizational structure of Deutsche Börse Group as at 31 December 2006

Executive Committee			
R. Francioni (CEO), M. Hlubek (CFO)	A. Preuß, J. Tessler	M. Ganz (COO)	M. Kuhn (CIO)
Group Coordination / Corporate Center, Customers/Markets	Customers / Markets	Operations	Technology / Systems
Group Coordination	Trading and Clearing Services	Group Functionality	Central Support and Consulting
Group Corporate Center	Stock Market Business Development	Trading/Clearing/ Info Operations	Delivery
Market Data & Analytics	Derivatives Market Business Development	Settlement /Custody Operations	Application Development
Corporate Development	Clearstream		

systems (Technology/Systems), operating these systems (Operations) and loading them with transactions (Customers/Markets).

Disclosures in accordance with section 315 (4) HGB

In accordance with section 315 (4) of the HGB, Deutsche Börse AG makes the following disclosures as at 31 December 2006:

The share capital of Deutsche Börse AG amounts to €102,000,000 and is composed of 102,000,000 no-par value registered shares. There are no other classes of shares besides these ordinary shares.

The Executive Board of Deutsche Börse AG is not aware of any restrictions affecting the voting rights or transfer of shares.

The Children's Investment Fund Management (UK) LLP, London, United Kingdom, notified Deutsche Börse AG that it exceeded the threshold of 10 percent of the voting rights in the Company on 10 April 2006. The fund indirectly held 10.06 percent of the voting rights or 10,264,953 votes at that date.

The Children's Investment Master Fund, George Town, Cayman Islands, a fund managed by The Children's Investment Fund Management (UK) LLP, notified Deutsche Börse AG that it exceeded the threshold of 10 percent of the voting rights in the Company on 10 April 2006. The fund directly held 10.06 percent of the voting rights or 10,264,953 votes at that date. This share is included in the above-mentioned share held indirectly by The Children's Investment Fund Management (UK) LLP.

There are no holders of shares with special rights granting the holder powers of control.

Employees holding shares in Deutsche Börse AG may exercise their rights of control directly.

Members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG (Aktengesetz – German Stock Corporation Act). In accordance with Article 6 (3) of the Articles of Association, membership of the Executive Board generally terminates when the members attain the age of 60.

Changes in the Articles of Association are resolved by the Annual General Meeting in accordance with section 119 (1) no. 5 of the AktG. In accordance with Article 12 (4) of the Articles of Association, the Supervisory Board has the power to resolve changes to the Articles of Association which relate only to their wording. In accordance with Article 18 (1) of the Articles of Association, resolutions are passed by a simple majority of votes cast, unless explicit requirements of the AktG stipulate otherwise. Insofar as the AktG prescribes a majority of share capital to be represented at the Annual General Meeting for resolutions, a simple majority of the share capital shall suffice to the extent that this is legally permissible.

The Executive Board is authorized until 23 May 2011 to increase the share capital, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions on one or more occasions by up to a total of €5,200,000 (authorized share capital I). Full authorization, particularly the conditions for suspending the shareholders' pre-emptive rights, derives from Article 4 (3) of the Articles of Association.

The Executive Board is authorized until 13 May 2008 to increase the share capital, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares against cash and/or non-cash contributions on one or more occasions by up to a total of €14,797,440 (authorized share capital II). Full authorization, particularly the conditions for suspending the shareholders' pre-emptive rights, derives from Article 4 (4) of the Articles of Association.

The Company's share capital has been contingently increased in accordance with Article 4 (5) of the Articles of Association by up to €3,000,000 by issuing up to 3,000,000 no-par value registered contingent shares (contingent share capital I). The contingent capital increase is used exclusively to service stock options, granted up to 13 May 2008 as a result of the authorization under item 2 of the agenda of the Annual General Meeting of 14 May 2003. The contingent capital increase is only implemented insofar as the holders of issued stock options exercise these and the Company does not service these stock options by transferring treasury shares or by way of a cash payment. The new shares participate in profit starting at the beginning of the financial year in which they are issued through the exercise of stock options.

The Company's share capital has been contingently increased in accordance with Article 4 (6) of the Articles of Association by up to an additional €30,000,000 by issuing up to 30,000,000 no-par value registered contingent shares (authorized share capital II). The contingent capital increase is only implemented insofar as the holders of options or conversion rights or those required to exercise their options or conversion rights exercise their options or conversion rights or, insofar as they are required to exercise their options or conversion rights, fulfill their obligation to do so using options or convertible bonds issued or guaranteed up to 13 May 2008 by the Company or a wholly owned subsidiary of the Company held directly or indirectly pursuant to the authorization resolution by the Annual General Meeting on 14 May 2003. The new shares will be issued at an option or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares participate in profits starting at the beginning of the financial year in which they are issued through the exercise of options or conversion rights or the fulfillment of conversion or option obligations. The Executive Board is authorized, with the approval of the Supervisory Board, to define the further details of the implementation of the capital increase.

The Annual General Meeting held on 24 May 2006 authorized the Executive Board to acquire up to 10 percent of the share capital as treasury shares. The shares acquired, together with any treasury shares held by or allocated to the Company in accordance with sections 71a and following of the AktG acquired for any other reasons, may at no time exceed 10 percent of the Company's share capital. The authorization is valid until 31 October 2007 and may be exercised in part or in full on one or more occasions by the Company or by dependent companies, or companies in which the Company holds a majority share, or by third parties on its or their behalf. The Executive Board may elect to acquire the shares either (1) on the stock exchange or (2) via a public tender offer addressed to all shareholders. The full and exact wording of the authorization to acquire treasury shares, particularly the permissible purposes for their use, can be found in item 7 of the agenda of the Annual General Meeting of 24 May 2006.

In the event of a change of control following a takeover bid, the following material agreements apply:

- On 31 August 1998, Deutsche Börse AG and SWX Swiss Exchange AG agreed, under the terms of a shareholders' agreement relating to their joint investment in Eurex Zürich AG and its subsidiary companies, an extraordinary right of termination for a period of 60 days following registered notification. This applies in the event that a third exchange organization obtains a controlling influence over the other party whether by means of a takeover or a merger. Termination would have the effect of ending the joint venture.
- On 25 October 2006, Deutsche Börse AG and the SWX Group agreed in a cooperation agreement to combine their business operations in the area of structured products in a European exchange organization under a joint name and trademark. The cooperation agreement provides for a right of termination for both parties with a termination notice period of six months to the end of the month, which has the effect of ending the joint venture if a change of control occurs at Deutsche Börse AG or the SWX Group. The right of termination expires if it is not exercised within three months of the date of the change of control. According to the cooperation agreement, a change of control has taken place if a person, corporation, or partnership directly or indirectly acquires control over a company, either alone or together with Group companies or in consultation with other persons or companies. A company has control if it directly or indirectly holds more than 50 percent of the voting rights or the capital of another corporation or partnership, if it must fully consolidate another corporation or partnership under IFRSs, or if it is able to control a company through voting trusts or by making appointments to executive bodies.
- On 10 May 2005, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. concluded a facility agreement with a consortium of 37 banks for a working capital credit line with a total amount of up to USD 1,000,000,000. In the event of a change of control, the lead manager of the consortium must terminate the

agreement within a period of 30 days and declare all amounts due to the lenders immediately repayable, if required to do so by a majority of the consortium banks who together have provided two-thirds of the amount of the facility granted at the date of the change of control. Within the meaning of this facility agreement, a person or group of persons have control if they coordinate their actions and this provides them the opportunity to govern the business of the Company or to determine the composition of the majority of the Executive Board.

- Members of Deutsche Börse AG's Executive Board have a special right of termination in the event of a change of control. According to one part of the agreements with Executive Board members, a change of control is subject to one or several shareholders or third parties acquiring 30 percent of existing voting rights or being able to otherwise exercise a controlling influence over the Company. Such influence also exists if the shareholder(s) or third parties hold a share of the voting rights equal to more than half of the voting stock present at three consecutive Annual General Meetings. According to the other part of the agreements with Executive Board members, a change of control has occurred if (1) a shareholder or third party discloses in accordance with sections 21, 22 of the WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) its ownership of more than 50 percent of voting rights in Deutsche Börse AG, (2) an intercompany agreement in accordance with section 291 AktG is entered into with Deutsche Börse AG as a dependent company or (3) Deutsche Börse AG is absorbed in accordance with section 319 AktG or merged in accordance with section 2 of the UmwG (Umwandlungsgesetz – German Reorganization and Transformation Act).

In addition to the above mentioned agreements, Deutsche Börse AG and its subsidiaries are party to further agreements, which are subject to a change of control in the event of a takeover offer. However, in the opinion of Deutsche Börse AG, they are not material within the meaning of section 315 (4) of the HGB.

The compensation agreements entered into with the members of the Executive Board in the event of a takeover offer can be found in the remuneration report on pages 71 to 75 of the corporate governance chapter.

Strategy and internal management control

In recent years, Deutsche Börse Group has developed into one of the largest exchange organizations in the world. Its objective is to continue growing, both organically and, potentially, externally in all segments in the coming years, in order to achieve sustainable increases in enterprise value in the future as well.

The foundation for this growth is Deutsche Börse Group's successful business model. The core components of the business model are, firstly, the integration of different financial market services such as trading, clearing, settlement and custody and, secondly, the provision of these services for different asset classes such as equities, bonds and derivatives. This combination enables Deutsche Börse Group to offer its services on a more efficient basis than many other exchange organizations. The efficiency of the business model is reflected on the one hand by the fact that Deutsche Börse Group is one of the providers of trading, clearing and settlement services in Europe with the most attractive prices, and on the other in the profitability of the Company. Deutsche Börse Group is one of the most profitable companies in its sector, with an EBITA margin (earnings before interest, tax and goodwill impairment) of 56 percent in the year under review.

The Company considers three principal factors to determine organic growth: the development of the financial markets in line with general economic conditions (e.g. increase in trading volumes on the cash market), structural changes in the financial markets (e.g. increasing use of fully computerized trading strategies, known as algorithmic trading) and the Company's innovative ability, which is demonstrated by its constant introduction of new products and services. While the Company cannot affect the development of the financial markets, since they evolve in line with general economic conditions, it is able to exert an influence on the latter two factors in part or in full. The increasing significance of the structural growth factors and of its new products should further reduce Deutsche Börse Group's dependence on the factors outside its control in the future.

In order to take advantage of opportunities for external growth, Deutsche Börse Group constantly monitors and assesses the possibilities which arise. In this context, the Company is open to cooperation agreements and business combinations in various forms, provided that these create value for the Company and its shareholders.

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

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

Deutsche Börse Group manages its EBITA via sales revenue and costs. Total revenue is composed of sales revenue with external customers, net interest income from banking business, own expenses capitalized and other operating income. Sales revenue with external customers is generally dependent on the three growth factors described above. Net interest income is dependent on the development of Clearstream's international settlement business on the one hand and the development of short-term interest rates in the euro zone and the US on the other. Own expenses capitalized comprise development costs for internally generated computer software. Other operating income results mainly from the operational management of the Eurex Zürich derivatives market for SWX Swiss Exchange AG.

With regard to costs, the Company distinguishes between fee and commission expenses from banking business, staff costs, depreciation, amortization and impairment losses (excluding goodwill impairment) and other operating expenses. Fee and commission expenses from banking business are a variable cost component whose amount depends on the development of the international settlement and custody business at Clearstream. Staff costs comprise wages and salaries as well as social security contributions and the cost of retirement benefits. They are firstly subject to an element of inflation and secondly depend on the development of Deutsche Börse AG's stock price, since they also include changes in the provisions and payments in respect of the stock option plan for members of the Executive Board and senior executives. The depreciation, amortization and impairment losses for intangible assets, property, plant and equipment, and investment property (excluding goodwill) is dependent on the amount of investments capitalized. Other operating expenses principally comprise the costs of developing and operating the Group's technological infrastructure, office infrastructure costs and marketing costs.

Since around 80 percent of Deutsche Börse Group's total costs are fixed costs, the Company can handle higher volumes of business without a significant increase in costs. The approximately 20 percent represented by variable costs includes the fee and commission expenses from banking business, the operation of the floor trading system and various license fees, among other items.

In November 2005, Deutsche Börse Group set itself the objective of closing the 2006 financial year with costs at the same level as in 2005. After adjusting for the costs incurred in 2005 in connection with the entory subgroup, this represents a cost target of around €1,090 million. With total costs amounting to €1,092.4 million, Deutsche Börse Group achieved the cost target set. This successful outcome was based on strict cost discipline in the year under review.

The return on shareholders' equity after taxes is another key performance indicator underlying Deutsche Börse Group's strategy. It represents the ratio of after-tax earnings to the average equity available to the Company in 2006. In 2006, this ratio increased to 30.1 percent (2005: 17.7 percent). This was largely due to the growth in earnings, but was also affected by the further reduction in equity relating to the capital management program. In the year under review, therefore, Deutsche Börse Group already reached its target, originally set for 2007, of achieving a return on shareholders' equity of 20 percent.

Deutsche Börse Group uses net tangible equity (equity less goodwill) as a management performance indicator in the context of the capital management program. The aim of this program is to distribute funds not required for the Group's operating business to shareholders. A figure of around €1 billion was determined as the minimum amount for net tangible equity in order to protect the Group's high credit ratings. The program is described in detail in the "Financial position" section (see page 101).

Economic environment

2006 marked the fourth consecutive year of significant growth of the global economy. The major industrial nations are expected to have experienced stronger economic

growth than in the previous year. According to current estimates, real GDP in the OECD countries rose by an average of 3.2 percent (2005: 2.7 percent).

In the context of macroeconomic development, Deutsche Börse Group's business is mainly influenced by economic trends in Germany, the rest of Europe and the United States.

In 2006, the German economy grew somewhat faster than the Company had expected. Real GDP was up by 2.5 percent year on year. This is the strongest economic upswing since 2000. In contrast to previous years, growth impulses originated mainly from within Germany. In addition to investment, consumption was also strong: private consumption increased by 0.6 percent following two years of virtual stagnation.

At the European level as well, greater domestic demand and investment provided momentum to the economy. In 2006, real GDP increased by 2.6 percent in the euro zone. As a result of this growth and the associated inflation risks, the European Central Bank raised its key interest rate by a total of 1.25 percentage points over the course of the year to 3.5 percent.

In the US, economic growth slowed after a very strong first quarter. Nevertheless, real GDP is expected to have grown by 3.3 percent in 2006 overall. The slowdown in growth can be attributed mainly to a rise in imports, a decline in real estate investment and a lull in public and private consumption. The Federal Reserve therefore decided against further raising its key lending rate, which has been at 5.25 percent since summer 2006, despite continuing inflation risks during the second half of the year.

Given this economic growth, the financial markets also performed very positively in the year under review:

The stock markets performed extremely favorably, particularly in the second half of 2006, influenced by falling oil prices, climbing corporate profit forecasts and healthy takeover activity, reaching multiyear highs. For example,

the blue-chip index DAX rose by 22 percent to 6,597 points in the course of the year, despite a weak phase in the second quarter. In spite of continued low volatility, trading volumes on the major exchanges increased, significantly in some cases, as against the previous year.

Trading activity on selected cash markets

		2006 billions	Change 2006 vs. 2005 %
London Stock Exchange ¹⁾	£	1,511	+44
Deutsche Börse Group – Xetra¹⁾	€	1,593	+42
Euronext ¹⁾	€	2,444	+34
NYSE Group ²⁾	Shares	458,495	+10
Nasdaq ³⁾	Shares	244,798	+4

Source: the exchanges listed, own calculations

1) Order book volume electronic trading

2) Executed volume of NYSE-listed securities

3) Executed volume of Nasdaq-listed securities

On the derivatives markets, changes in the estimates of the future course of monetary policy, particularly in the US, provided a boost to business with money market products. At the long end of the maturity spectrum, increasing yields in the largest economies led to a significant increase in turnover in government bond derivatives. Equities and equity index derivative trading activity was naturally influenced by developments on the underlying equities markets. In the first and last quarter of 2006, increased valuations were a driving factor, as was the temporarily significantly higher volatility in the second quarter.

Trading activity on selected derivatives markets

Traded contracts	2006 millions	Change 2006 vs. 2005 %
CME	1,341	+28
Deutsche Börse Group – Eurex	1,527	+22
Euronext.Liffe	730	+21
CBOT	806	+19

Source: the exchanges listed

According to the Bank for International Settlements, the face value of bonds issued internationally – a relevant figure for Deutsche Börse Group's custody business –

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

increased by 12 percent to €12.3 trillion between June 2005 and June 2006. In the same period, the face value of securities issued nationally rose by only 1 percent. The growth in the volume of bond issuance is primarily due to the low interest rates (by long-term standards) and the resulting attractive financing opportunities for issuers. The trend towards the issue of international securities continued in the year under review.

Development of bond markets

	2006 € trillions	Growth rate %
Bonds outstanding¹⁾		
international	12.3	12
domestic	30.0	1
Net issuance volume²⁾		
international	1.0	27
domestic	0.9	-24

Source: Bank for International Settlements, as of end of June 2006

1) As of June 2006, growth compared to June 2005

2) First six months of 2006, growth compared to first six months 2005

Overview of business development

In 2006, Deutsche Börse Group achieved by far the best results in its history. The extremely positive environment in the financial markets, structural growth factors and continuing cost discipline all contributed to this outcome. As a result of the scalability of its business model, Deutsche Börse Group was able to convert all of the additional sales revenue generated into additional earnings.

Sales revenue in the year under review rose by 14 percent to €1,854.2 million (2005: €1,631.5 million). At the

same time, total costs in the year under review fell by 5 percent to €1,092.4 million (2005: €1,145.6 million), and earnings therefore increased significantly: EBITA reached a new record figure of €1,029.1 million (2005: €710.9 million), an increase of 45 percent.

Deutsche Börse Group achieved growth of 56 percent in net income, which rose to €668.7 million (2005: €427.4 million). In addition to the substantial increase in earnings, the lower tax rate also had a positive effect on net income. Adjusted for goodwill impairment and extraordinary, non-taxable income, it amounted to 36 percent in the year under review (2005: 38 percent).

The improvement in basic earnings per share of 68 percent to €6.73 (2005: €4.00) was even more impressive. An additional factor here was the lower average number of shares outstanding following the share buy-backs.

Deutsche Börse Group's key performance figures

	2006 €m	2005 €m	Change %
Sales revenue	1,854.2	1,631.5	14
Total expenses	1,092.4	1,145.6	-5
EBITA	1,029.1	710.9	45
Net income	668.7	427.4	56
Earnings per share (basic) (€)	6.73	4.00	68
Earnings per share (diluted) (€)	6.72	4.00	68

In 2006, the second quarter was by far the best during the reporting period, in terms of sales revenue and earnings (see table below).

Highlights by quarter

	Q1		Q2		Q3		Q4	
	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m
Sales revenue	464.7	399.4	491.1	405.5	432.0	417.8	466.4	408.8
Total costs	266.1	273.8	259.1	279.2	257.2	286.3	310.0	306.3
EBITA	257.0	177.7	291.4	174.4	255.0	179.9	225.7	178.9
Net income for the period	162.0	109.0	185.8	109.6	175.1	110.3	145.8	98.5
Earnings per share (basic and diluted) (€)	1.61	0.97	1.86	1.02	1.76	1.05	1.50 ¹⁾	0.96

1) Basic earnings per share; the diluted earnings per share amounted to €1.49.

Employees

As at 31 December 2006, Deutsche Börse Group had 2,966 employees. This represents a slight 2 percent increase in the number of employees over 31 December 2005. The increase was mainly attributable to the Market Data & Analytics segment. This is because of the new Avox Ltd. employees, who were recruited as part of the expansion of the business. In the Eurex segment, the number of employees fell due to the deconsolidation of U.S. Futures Exchange L.L.C. Employee numbers in the Corporate Services and Xetra segments changed slightly in the period under review as part of the reorganization of a department.

Employees by segment

	31 Dec. 2006	31 Dec. 2005
Xetra	182	166
Eurex	173	189
Clearstream	931	905
Market Data & Analytics	200	170
Information Technology	1,049	1,050
Corporate Services	431	441
Total Deutsche Börse Group	2,966	2,921

Deutsche Börse had an average of 2,935 employees in 2006. This fell from 3,179 in 2005, as this figure still comprised the employees of the entory subgroup until 30 September 2005, which was sold effective 1 October 2005. There was an average of 2,739 full-time equivalent (FTE) employees during the year (2005: 2,979).

In the course of the year, 184 employees left Deutsche Börse Group, resulting in a staff turnover rate of 6 percent, equivalent to that in previous years.

Sales revenue per employee rose by 24 percent during the reporting year and amounted to €677 thousand (2005: €548 thousand). Staff costs per employee rose by 11 percent to €151 thousand (2005: €136 thousand).

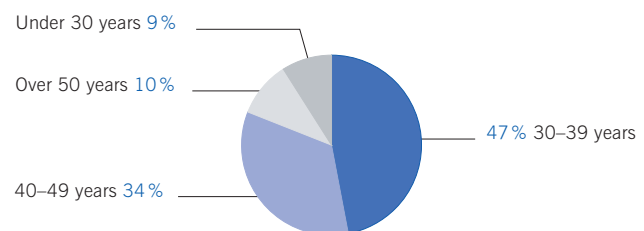
As at 31 December 2006, Deutsche Börse Group employed people at 15 locations worldwide. The key countries and regions are:

Employees per country/region

	31 Dec. 2006	%
Germany	1,551	52
Luxembourg	1,123	37
United Kingdom	112	4
Rest of Europe	105	4
North America	48	2
Asia	22	1
Middle East	5	0
Total Deutsche Börse Group	2,966	

The average age of Deutsche Börse Group's employees at the end of the year under review was 39 years. The employee age structure as at 31 December 2006 was as follows:

Deutsche Börse Group employees' age structure



The average length of service at the end of the year under review was nine years. The following table illustrates the length of service of the Group's employees as at 31 December 2006:

Employees' length of service

	31 Dec. 2006	%
Less than 5 years	748	25
5 to 15 years	1,751	59
More than 15 years	467	16
Total Deutsche Börse Group	2,966	

As at 31 December 2006, the percentage of graduates among Deutsche Börse Group's employees was 51 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.

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

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

Environmental protection

It is a matter of course that in all its activities Deutsche Börse Group treats the environment with great care. Its business operations – building, operating and loading 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 of 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. In the year under review, a further improvement in the Group's energy consumption was achieved by introducing a free cooling system in the Clearstream buildings in Luxembourg. In order to use energy more efficiently, the outside temperature is used to cool offices and data centers in spring and autumn.

Research and development activities

As a service provider, Deutsche Börse Group does not engage in research and development activities comparable with those of manufacturing companies. This section of the report has therefore been omitted. The Group's product development activities are described in more detail in the report on expected developments.

Deutsche Börse shares

Deutsche Börse's share price rose by 61 percent in the course of 2006, almost as strongly as earnings per share, which rose by 68 percent. The shares closed the year at €139.42 (2005: €86.56). The low for the year was €84.25, just after the beginning of the year on 10 January. The high for the year was €140.88 on 19 December.

In 2006, investors enjoyed an annual return of 64 percent (price gains plus dividend). Over the same period, investments in the DAX, the German blue-chip index, generated a return of a mere 22 percent.

The excellent business performance, prospects of continuous capital market growth and market expectations that exchange consolidation would continue all led to a sustained and widespread interest in Deutsche Börse AG shares, in particular among international investors. As at 31 December 2006, the proportion of non-German shareholders remained at the high level of around 84 percent (2005: 90 percent). The proportion of institutional investors also remained high: their holdings accounted for 98 percent of the Company's shares at the end of the year (2005: 97 percent).

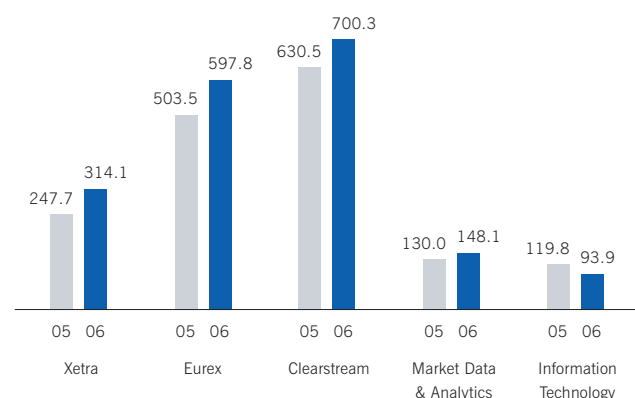
Results of operations, financial position and net assets

Results of operations

In 2006, Deutsche Börse Group's sales revenue increased by 14 percent to €1,854.2 million (2005: €1,631.5 million), due to the positive development of the financial markets. In absolute terms, this increase in sales revenue was most evident in the strong Eurex, Clearstream and Xetra segments.

Sales revenue by segment

€ millions



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 in the year under review rose by 34 percent to €150.7 million (2005: €112.7 million), reflecting increased settlement activities in Clearstream's international settlement business and higher interest rates. Own expenses capitalized fell by 20 percent to €22.2 million (2005: €27.8 million) despite the increase in development activities. Other operating income increased by 8 percent in the reporting year to €85.8 million (2005: €79.1 million).

Deutsche Börse Group's EBITA increased by 45 percent to €1,029.1 million (2005: €710.9 million). The EBITA margin rose to 56 percent (2005: 44 percent). All business areas contributed to the increase in earnings, and in particular the Eurex, Clearstream and Xetra segments.

EBITA and profitability by segment

	2006		2005	
	EBITA €m	EBITA- margin %	EBITA €m	EBITA- margin %
Xetra	179.0	57	112.6	45
Eurex	392.7	66	253.9	50
Clearstream	324.3	46	233.4	37
Market Data & Analytics	58.7	40	45.5	35
Information Technology	93.8	21 ¹⁾	91.1	20 ¹⁾
Corporate Services	-23.9	-	-33.2	-
Reconciliation	4.5	-	7.6	-
Total	1,029.1	56	710.9	44

1) EBITA/(internal + external sales revenue)

The improved earnings situation as against the previous year is primarily due to the growth in sales revenue. In addition, Deutsche Börse Group achieved a reduction in costs in the year under review compared with 2005 of 5 percent to €1,092.4 million. This decline is mainly due to effects from the deconsolidation of the entory subgroup.

In detail, the following changes relating to the various cost items occurred in the year under review:

- Fee and commission expenses from banking business were up on the previous year's figures due to the positive business performance in the Clearstream segment.
- Following the sale of the entory subgroup to Softlab GmbH on 1 October 2005, consumables used, which were previously purchased as external services via the entory subgroup, were eliminated in 2006. Deutsche Börse Group continued to directly purchase some of these external services from entory after the sale. The relevant costs are reported as consulting costs under other operating expenses.
- Staff costs increased by 2 percent – mostly reflecting higher costs relating to the stock option plan for the Executive Board and senior executives of Deutsche Börse AG and its subsidiaries. Following the Deutsche Börse AG shares significant outperformance of the Dow Jones STOXX 600 Technology (Return) (EUR) benchmark index, the total expense for the stock option plan increased to €73.3 million during the reporting year (2005: €32.9 million). The plan is presented in detail in note 46 of the notes to the consolidated financial statements.
- The expense for depreciation, amortization and impairment (excluding goodwill impairment) fell again. This reflects the decline in the volume of investments and the amount of expenses capitalized.
- The decline in other operating expenses is mainly due to a reimbursement of non-recoverable input tax amounting to €15.3 million in the Eurex segment.

Cost overview

	2006 €m	2005 €m	Change %
Fee and commission expenses from banking business	141.4	136.5	4
Consumables used	0	25.7	-100
Staff costs	414.9	406.1	2
Depreciation, amortization and impairment losses (other than goodwill)	130.4	161.4	-19
Other operating expenses	405.7	415.9	-2
Total	1,092.4	1,145.6	-5

Xetra segment

Business activities in the Xetra cash market segment in the year under review developed extremely positively. Trading volumes both in the Xetra electronic trading system and in floor trading again rose significantly as against the already strong performance in the previous year. Structural changes in the equities market as well as very favorable general conditions on the financial markets contributed to this growth.

The number of transactions on the Xetra electronic trading system rose by 32 percent to 107.7 million compared with the previous year. The trading volume (single-counted) was 42 percent higher at €1,592.9 billion. Business performance on the Xetra system is largely dependent on the trading activities of institutional investors and banks' own-account trading. A number of factors had a beneficial effect on the Xetra trading volume: the positive economic environment – measured, among other things, by economic growth in 2006 and rising company profits –, the rise in the levels of the leading indices over the year and temporary increases in volatility. Structural changes in trading also played a major role. In addition to these general economic factors, the increasing use of fully computerized trading strategies is particularly noteworthy here. Deutsche Börse AG gives volume rebates for automatically generated orders as part of its ATP initiative, a package of incentives for automated trading. Also as a result of the ATP initiative, the proportion of algorithmic trading rose again in the year under review, accounting on average for around 34 percent of total Xetra trading volume (2005: 25 percent).

In floor trading, the number of transactions increased by 22 percent to 33.8 million and the trading volume (single-counted) by 19 percent to €137.6 billion. Trading volumes on the floor of the Frankfurt Stock Exchange are mostly dependent on orders from private investors. They placed the greatest number of buy and sell orders for equities, bonds and structured products in the first quarter of 2006. As a result of the sharp fall in the leading DAX index and other indices in May, their investment behavior around the mid-year period was nervous despite a confident outlook for the German economy.

Together with the seasonal decline in orders in the summer months recorded every year, this made the third quarter the weakest in the year under review. Trading activity picked up again only in the fourth quarter on the back of significant price gains at the end of the year.

Trading activity on the cash market

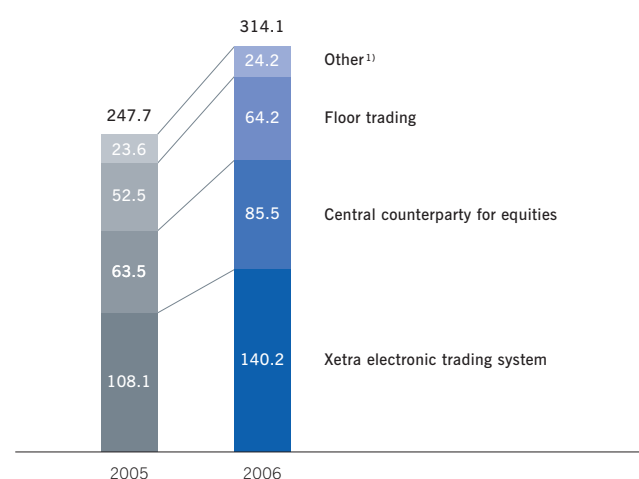
	Trades concluded ¹⁾		Order book volume (single-counted)	
	2006 millions	2005 millions	2006 € billions	2005 € billions
Xetra	107.7	81.3	1,592.9	1,125.5
Floor	33.8	27.7	137.6	115.9

1) Xetra transactions; contract notes in floor trading

All in all, the Xetra segment increased its sales revenue by 27 percent to €314.1 million (2005: €247.7 million). In addition to income from trading, the central counterparty for equities (CCP) as well as income from cooperation agreements contributed to this growth. The sales revenue of the central counterparty is primarily dependent on the amount of activity on the Xetra trading system. Income from cooperation agreements mainly stems from systems operation for the Irish Stock Exchange and the Vienna Stock Exchange. Xetra sales revenue also includes listing fees; these are generated on the basis of the number of companies newly admitted to listing and of the total number of companies quoted.

Breakdown of sales revenue in the Xetra segment

€ millions



1) Including income from listing and cooperation agreements

EBITA in the Xetra segment rose by 59 percent year-on-year to €179.0 million (2005: €112.6 million), producing an EBITA margin of 57 percent (2005: 45 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.

Eurex segment

Trading volumes on the Eurex derivatives exchange, a joint venture of Deutsche Börse AG and SWX Swiss Exchange AG, continued the growth trend of previous years and rose further in the year under review. Trading activity was 22 percent higher year-on-year and reached 1,526.8 million contracts traded (2005: 1,248.8 million), a new record level. The equity index derivatives made the largest contribution to this growth with an increase of 46 percent in the year under review.

Contract volumes in the derivatives market

	2006 m contracts	2005 m contracts	Change %
Equity index derivatives	487.4	333.8	+46
Equity derivatives	308.1	256.0	+20
Interest rate derivatives	731.2	658.9	+11
Total ¹⁾	1,526.8	1,248.8	+22

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

Although the favorable development of the equity markets and movements on the interest rate markets also have an effect on trading activity on Eurex, structural changes have been the main reason for the growth in trading volume in recent years.

The following growth drivers, among others, can be identified in the year under review:

- In the context of the new European legal and administrative requirements, investment funds may also increasingly use derivatives.
- Market players are now making more use of derivatives to hedge financial market risks.

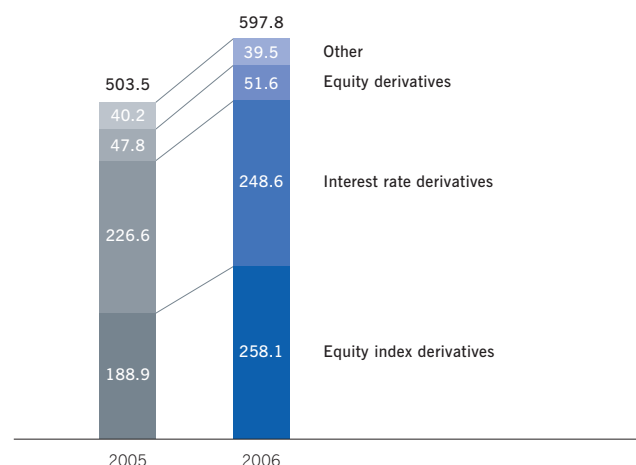
- Issuers of structured cash market products use derivatives to create and manage products, and as hedging instruments.
- Banks and investors are increasingly applying fully automated trading strategies.
- Assets managed by hedge funds with very high levels of trading activity have grown.

In addition, new products and services provided by Eurex contribute to market participants' trading activity. For example, futures on individual equities and a series of equity and equity index options were introduced in the year under review. Furthermore, in 2005, a program to increase trading of equities and equity index derivatives was introduced, and enhanced in 2006. This program limits trading fees for especially large orders to an amount that varies depending on the product, in order to attract more business from the OTC market.

Sales revenue was €597.8 million and thus 19 percent higher than in the previous year (2005: €503.5 million), thanks mainly to the increase in trading activity.

Breakdown of sales revenue in the Eurex segment

€ millions



86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

With lower costs than in the previous year, EBITA for the Eurex segment grew at a faster rate than sales revenue, rising by 55 percent to €392.7 million (2005: €253.9 million). Eurex therefore achieved an EBITA margin of 66 percent (2005: 50 percent). The costs declined because depreciation, amortization and impairment losses (excluding goodwill) fell and €15.3 million in non-recoverable input tax was reimbursed.

The sale of 70 percent of the U.S. Futures Exchange L.L.C. to Man Group plc also had a positive impact on the earnings of the Eurex segment: extraordinary income amounting to around €24 million was recorded in the third quarter of 2006 in respect of the transaction.

Clearstream segment

Business in the Clearstream segment was driven by the higher volume of securities under custody and the increase in the number of settlement transactions in 2006. The overall value of securities deposited with Clearstream, which is the factor that determines deposit fees in the custody business, rose to €9,696 billion (2005: €8,752 billion). Within this total, the value of international instruments increased by 11 percent to €4,368 billion (2005: €3,936 billion). This positive performance was primarily due to the higher issue volume of international fixed-income securities. The value of domestic securities also grew by 11 percent to €5,328 billion (2005: €4,816 billion); this was mainly the result of the higher valuation of domestic equities deposited.

In Clearstream's settlement business, the overall number of settlement transactions rose by 17 percent to 62.9 million (2005: 53.9 million). The number of settlement transactions relating to international securities increased substantially by 20 percent to 24.5 million (2005: 20.4 million). The reason for this was the increased emission volume of international securities, especially Eurobonds, and the associated rise in trading activity. The number of domestic settlement transactions also rose substantially by 15 percent to 38.4 million (2005: 33.5 million) as a result of increased trading activity on the cash markets.

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 43 percent to €301.2 billion in December 2006 (December 2005: €210.9 billion).

Clearstream's average daily cash reserves in the year under review fell slightly by 1 percent to €3,740 million, as expected (2005: €3,796 million). In addition to the level of short-term interest rates, the amount of cash reserves and the breakdown between individual currencies are the main factors affecting the amount of net interest income in the Clearstream segment.

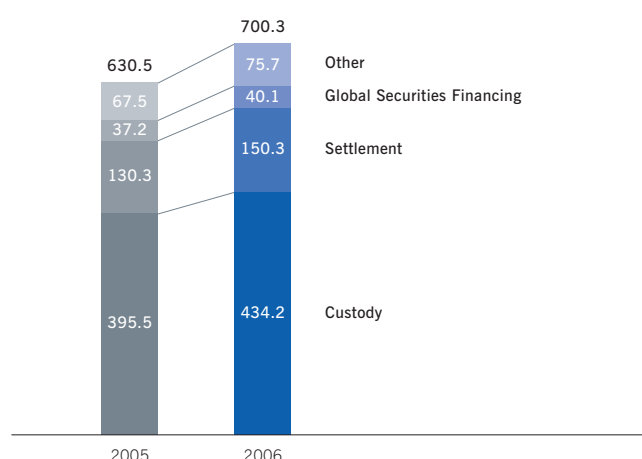
Clearstream segment: Key indicators

	2006	2005	Change
	€bn	€bn	%
Custody			
Value of securities deposited (as at 31 December)	9,696	8,752	11
international	4,368	3,936	11
domestic	5,328	4,816	11
Settlement	m	m	%
Securities transactions	62.9	53.9	17
international	24.5	20.4	20
domestic	38.4	33.5	15
Global securities financing	€bn	€bn	%
Average outstanding volume in December	301.2	210.9	43
Average cash reserves	€m	€m	%
Total	3,740	3,796	-1
Euro	1,530	1,650	-7
US dollars	1,403	1,181	19
Other currencies	807	965	-16

In 2006, the Clearstream segment increased its sales revenue by 11 percent to €700.3 million (2005: €630.5 million) and its net interest income from banking business by 34 percent to €150.7 million (2005: €112.7 million).

Breakdown of sales revenue in the Clearstream segment

€ millions



Clearstream segment EBITA rose by 39 percent to €324.3 million (2005: €233.4 million). The EBITA margin improved substantially to 46 percent (2005: 37 percent) due to the fact that there was only a modest increase in costs compared with previous year, while sales revenue and net interest income from banking business rose sharply.

Market Data & Analytics segment

The business of the Market Data & Analytics segment consists of the sale of price information, trading statistics, analyses and indices, among other products and services. Business in this segment in the year under review developed very positively.

The sales revenue generated by the segment rose by 14 percent year-on-year to reach €148.1 million (2005: €130.0 million). As in the previous year, 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. The growth was helped by increases in sales of data packages and higher-value products, as well as by newly launched products and services.

EBITA in the Market Data & Analytics segment rose by 29 percent to €58.7 million (2005: €45.5 million), while the EBITA margin amounted to 40 percent (2005: 35 percent). The segment achieved a substantial improvement in earnings over the previous year, despite a small increase in costs resulting from investments in new products and services, thanks to the rise in sales revenue.

Information Technology segment

External sales revenue in the Information Technology segment declined during the year under review by 22 percent to €93.9 million (2005: €119.8 million). Adjusted for the sales revenue from the divested entory subgroup, however, external sales revenue rose by 17 percent. The growth was mostly attributable to higher transaction volumes on the IT platforms operated. At the same time, the internal sales revenue generated from business with other segments within Deutsche Börse Group remained almost unchanged year-on-year at €344.5 million (2005: €340.6 million). EBITA for the Information Technology segment in 2006 improved by 3 percent to €93.8 million (2005: €91.1 million).

Development of profitability

The Group's return on shareholders' equity in the year under review increased to 30.1 percent (2005: 17.7 percent). This was principally due to the growth in earnings, but was also affected by the renewed fall in equity relating to the capital management program.

The weighted average cost of capital (WACC) after taxes amounted to 8.2 percent in the year under review (2005: 6.7 percent). Deutsche Börse AG's cost of equity reflects the return on a risk-free alternative investment plus a premium for general market risk, as well as taking account of the specific risk of Deutsche Börse shares compared with the market as a whole, known as the beta. The cost of debt represents the terms on which Deutsche Börse AG is able to raise long-term debt finance.

Deutsche Börse's cost of capital

	2006 %	2005 %
Risk-free interest rate ¹⁾	3.8	3.4
Market risk premium	5.0	5.0
Beta ²⁾	1.2	0.9
Cost of equity ³⁾ (after tax)	9.9	7.9
Cost of debt ⁴⁾ (before tax)	3.7	3.7
Tax shield ⁵⁾ 37%	1.4	1.4
Cost of debt (after tax)	2.3	2.3
Equity ratio ⁶⁾ (annual average)	77	77
Debt/equity ratio ⁷⁾ (annual average)	23	23
WACC (after tax)	8.2	6.7
WACC (before tax)	8.5	7.0

- 1) Average return on ten-year German federal government bonds
 2) 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 moves strictly parallel to the reference market as a whole. A beta above 1.0 denotes greater volatility than the overall market and a beta below 1.0 less volatility.
 3) Risk-free interest rate + (market premium x beta)
 4) Interest rate on the €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 the financial year

Deutsche Börse Group's profitability is also demonstrated by its return on capital employed (ROCE). This pre-tax figure measures the sustainable earnings generated from operating activities in relation to the capital employed in the business.

The difference between ROCE and the cost of capital is equal to the relative value added, which rose in the reporting year to 36.7 percent (2005: 23.0 percent). Absolute value added is calculated by multiplying this figure by capital employed. This rose by 53 percent to €841.7 million (2005: €551.1 million).

Return on Capital Employed (ROCE)

	2006 €m	2005 €m
EBITA	1,029.1	710.9
Intangible assets	1,475.2	1,595.1
+ Equity investments ¹⁾	44.0	36.1
+ Cumulative goodwill impairment ¹⁾	186.4	184.8
+ Trade receivables and other non-interest-bearing current assets ¹⁾	1,238.2	1,168.8
– Non-interest-bearing provisions ¹⁾	425.8	356.5
– Non-interest-bearing liabilities ¹⁾	223.6	226.8
= Capital employed	2,294.3	2,401.5
ROCE: EBITA as % of capital employed	44.9	29.6
Relative value added (%)	36.7	23.0
Absolute value added (€m)	841.7	551.1

- 1) Annual averages

Financial position

Operating cash flow

Deutsche Börse Group generated strong cash flow from operating activities of €843.4 million in 2006 (2005: €667.7 million). The increase of 26.3 percent is primarily attributable to the higher net income.

The Group invested €69.2 million (2005: €63.5 million) in intangible assets and property, plant and equipment during the financial year, somewhat less than originally estimated (around €80 million). Cash flows from investing activities decreased to €–269.8 million (2005: €465.5 million) due to an increase in original duration over three months for short-duration deposits as at the balance sheet date. The Group generated further negative cash flows of €592.1 million (2005: €791.3 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.

As a result, cash and cash equivalents amounted to €1,026.8 million at the end of 2006 (2005: €1,045.3 million). Strong cash flows from operating activities ensure Group liquidity. At €774.2 million (2005: €604.2 million), free cash flow, i.e. cash flows from operating activities less payments to acquire noncurrent assets, significantly exceeded the previous year's level.

Cash flow statement (condensed)

	2006 €m	2005 €m
Cash flows from operating activities	843.4	667.7
Cash flows from investing activities	-269.8	465.5
Cash flows from financing activities	-592.1	-791.3
Cash and cash equivalents as at 31 December	1,026.8	1,045.3

Capital management program

Under this program, the Company is distributing funds not required for the Group's operating business to shareholders. The program aims to achieve a distribution ratio of 50 to 60 percent and further distributions in the form of share buy-backs. 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. To ensure the continued success of its Eurex central counterparty and Clearstream custody businesses, the Group wants to maintain a strong "AA" credit rating. Customers in these business areas require a service provider with a strong credit rating. The Group currently uses net tangible equity (equity less goodwill) as one of its management control indicators for capital requirements. It was estimated in 2005 that, together with a conservative interest cover and debt/equity ratio, a minimum amount of around €1 billion was necessary in order to maintain good credit ratings. Deutsche Börse Group's net tangible equity amounted to €1,193.5 million as at 31 December 2006 (2005: €1,115.2 million).

In May 2005, Deutsche Börse Group 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 response to the positive performance of the business, it increased this amount by around €200 million to €1.7 billion in August 2006. After returning around €800 million to its shareholders in the form of share buy-backs and dividends in 2005, Deutsche Börse Group paid a dividend amounting to €210.4 million and repurchased shares with a total price of €389.7 million in 2006. As at the balance sheet date of 31 December 2006, a total of €1.4 billion had been distributed to shareholders since the capital management program was launched.

Of the total of 14.2 million shares repurchased in 2005 and 2006, the Company cancelled 5.9 million shares on 24 May 2005 and 3.9 million shares on 10 April 2006. A further 0.2 million shares were acquired by employees under the terms of the Group Share Plan (see note 46 in the notes to the consolidated financial statements). As at 31 December 2006, the remaining 4.2 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

The payment of a dividend of €3.40 per share for the 2006 financial year will be proposed to the Annual General Meeting – this represents an increase of 62 percent over the previous year (2005: €2.10). In accordance with this proposal, the distribution ratio is 50 percent (2005: 49 percent), and thus at the lower end of the medium-term target corridor of 50 to 60 percent defined by the capital management program at the end of May 2005. With 97,799,111 shares in issue carrying dividend rights for the 2006 financial year, this produces a total distribution of €332.5 million (2005: €210.4 million).

Credit ratings

Deutsche Börse AG regularly has its creditworthiness reviewed by the rating agencies Moody's and Standard & Poor's, while Clearstream Banking S.A. is rated by Fitch and Standard & Poor's. In the year under review, Moody's raised its outlook, which had been downgraded following the announcement of the capital management program, from "negative" to "stable". There were no other changes.

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+

Net assets

Deutsche Börse Group's noncurrent assets amounted to €1,907.6 million as at 31 December 2006 (2005: €2,007.8 million). Goodwill of €1,069.9 million (2005: €1,071.5 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 2006, the balance sheet showed software with a residual carrying amount of €129.8 million (2005: €188.8 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 (2006: €119.3 million, 2005: €122.1 million) or as investment property (2006: €94.4 million, 2005: €107.3 million). Securities from banking business amounted to €283.4 million (2005: €329.4 million) and represented the majority of the noncurrent financial assets.

Noncurrent assets were offset by equity amounting to €2,283.3 million (2005: €2,200.8 million) and debt, mainly from a corporate bond, of €499.9 million (2005: €501.6 million).

Overall, Deutsche Börse Group invested €69.2 million in the year under review, 9 percent more than in the previous year (2005: €63.5 million). The main focus of these investments were the Information Technology, Eurex and Clearstream segments.

Working capital

As Deutsche Börse Group collects fees for most of its services directly after the end of the month, the trade receivables of €183.2 million as at 31 December 2006 (2005: €163.2 million) were relatively low when compared with the sales revenue. For this reason, the Group had negative working capital of €-277.9 million at the end of 2006 (2005: €-188.2 million), the rise being mainly due to an increase in tax provisions. Working capital is current assets less current liabilities, excluding technical closing date balance sheet items.

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 were strongly correlated in the year under review, and fluctuated between approximately €5 billion and €7 billion. 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 43 of the notes to the consolidated financial statements and in the risk report below.

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 on a secured basis 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 €1 billion and €2 billion.

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 protecting the Group’s interests: it enables the Group to achieve its corporate goals and safeguards 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 appropriately at an early stage.

Risk management: Organization and methodology

The risk management system of Deutsche Börse Group, as stated in the Group Risk Management Policy, aims at ensuring that all threats, causes of potential loss and disruptions are properly identified in good time, centrally

recorded and assessed (i.e. quantified in financial terms to the greatest possible extent). It ensures that the most appropriate course of action is chosen and that adequate countermeasures are initiated. In addition, 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 and joint ownership of all risk management matters.

All material risks – whether existing or potential – and the related risk control measures are routinely reported on a monthly basis and, when deemed necessary, forwarded 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 106).

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

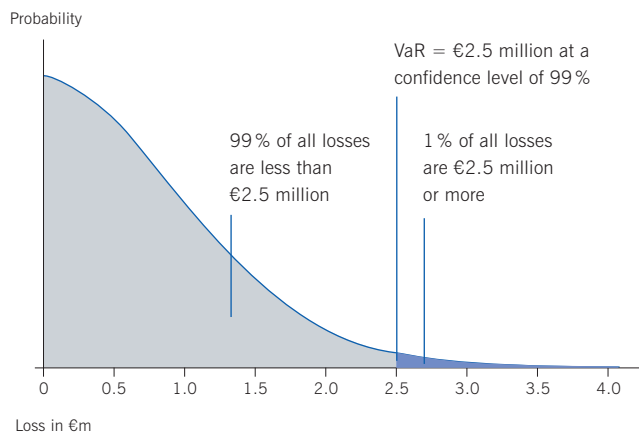
Group-wide risk management instruments

Deutsche Börse Group gives considerable attention to its risk mitigation process and ensures that appropriate measures are taken to avoid, reduce and transfer or intentionally accept 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 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 management actions.

The VaR quantifies existing and potential risks. It denotes the maximum cumulative loss Deutsche Börse Group could face independent loss events materialized 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. 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.

Example illustrating the risk distribution relating to a confidence level of 99 percent

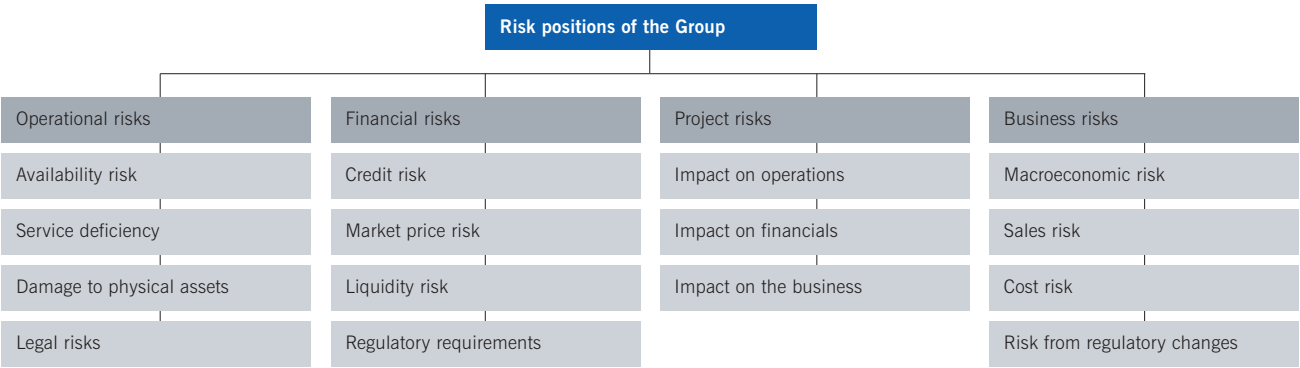


The calculation of the VaR is a three-step process:

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 the operating risk arising from the destruction or loss of securities deposited) or they might conform to a Bernoulli distribution (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 simulation: 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 2006, the total VaR of the Group represented less than half of its 2006 EBITA. This proportion is further reduced when the risk mitigation provided by Deutsche Börse Group's customized insurance program is also considered.

Risk system of Deutsche Börse Group



Risk structuring and assessment

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

Operational risks

Operational risk encompasses all existing and newly arising risks in the context of the ongoing 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 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, these 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.

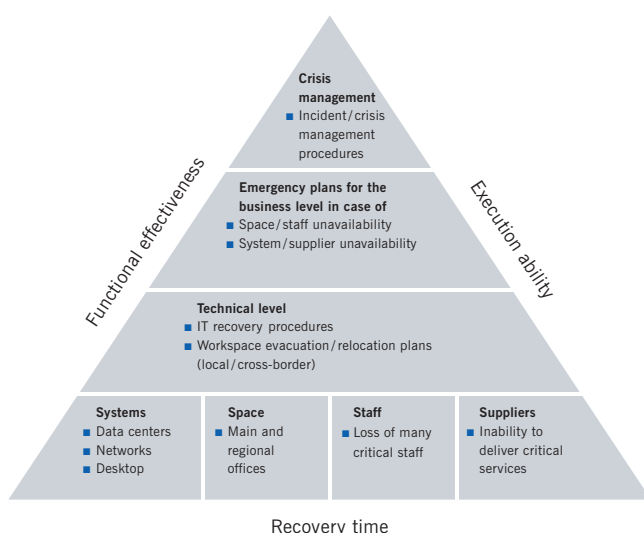
For instance, it cannot be excluded that in the unlikely case of a lengthy outage of Eurex trading systems while the market is very volatile, market participants try to make claims against Deutsche Börse Group.

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. These BCM arrangements are regularly tested according to the three following dimensions (see also the chart below):

- 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

Three dimensions of business continuity management



Service availability of Deutsche Börse Group's main products was again over 99.9 percent in 2006 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 the year under review, 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 2006. 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 2006. 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, losses from inadequate contract terms, or court decisions in the context of corporate governance. Deutsche Börse Group has established a 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 the year under review. Neither are there any indications of acute risks.

Financial risks

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. In addition, Group receivables are subject to credit risk. On a very small scale, there are also market price 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 consists of the risk that a counterparty will default and that Deutsche Börse Group's claims on this counterparty cannot be met in full or at all.

The companies within the Clearstream subgroup extend loans to their customers in order to increase the efficiency of securities transaction settlement. However, these lending operations cannot be compared with those of other credit institutions. Firstly, the loans are extended solely on an extremely short-term basis. Secondly, they are extended only for the purposes of increasing the efficiency of securities transaction settlement and are largely collateralized and granted to customers with very good credit ratings. Furthermore, credit lines granted can be revoked at any time. The creditworthiness of potential customers is assessed before entering into a business relationship. Clearstream establishes customer-specific credit lines on the basis of both regular reviews of the customer's creditworthiness and ad hoc analyses as required.

Eurex Clearing AG clears transactions only with its clearing members, in accordance with its clearing conditions. Its clearing activities cover securities, rights and derivatives traded on Eurex Deutschland and Eurex Zürich AG ("Eurex exchanges"), Eurex Bonds GmbH, Eurex Repo GmbH, the Frankfurt Stock Exchange and the Irish Stock Exchange and for which Eurex Clearing AG acts as the central counterparty.

In order to safeguard Eurex Clearing AG against the risk of the default of a clearing member, clearing members are required under the terms of the clearing conditions in the version dated 20 November 2006 to provide daily – and in addition, where necessary, intraday – collateral in the form of cash or securities (margins) in an amount stipulated by Eurex Clearing AG. The intraday profit or loss arising as a result of price movements is either settled between the counterparties in cash (variation margin) or deposited by the seller with Eurex Clearing AG as collateral due to the change in value of the position (premium margin). In the case of bonds, repo or equities transactions, the margin is collected either from the buyer or from the seller (current liquidating margin) – depending on the ratio between the purchase price and the current market price. In addition to settling profits and losses, these measures are intended to protect against the risk of the maximum possible cost of closing out an account on the next business day, assuming the most unfavorable price movement possible (worst-case loss) for the positions held in the account (additional margin). Margin calculations are performed separately for customer accounts and the Company's own accounts.

The method of calculating the margin is known as risk-based margining and is essentially a VaR approach. First of all, the maximum cost of closure is calculated for each trading participant, each position account and each product individually. Opposite positions with the same risk profile are then offset against each other provided that they have been highly correlated over significant periods of time. The target confidence level for the additional margin is at least 99 percent.

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

In addition to providing margins, each clearing member must contribute to a clearing fund independently of its individual risk. The fund provides collective protection against the financial consequences of the default of a clearing member. Moreover, each clearing member must prove that it has liable capital of an amount stipulated by Eurex Clearing AG depending on the risk of the clearing member. Regular stress tests ensure that the amounts of the margins and of the lines of defense are sufficient to cover the risk exposure.

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. The shortfall and costs incurred in such a closure would be covered in the first instance by the collateral provided by the relevant clearing member or by its contribution to the clearing fund. Any remaining shortfall would initially be covered by the retained earnings of Eurex Clearing AG and then by a proportionate claim on the contributions made by all other clearing members to the clearing fund. Finally, any deficit arising from the default of a clearing member would be 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 given an undertaking to Eurex Clearing AG to provide the latter with the funds required to cover the deficit arising. Deutsche Börse AG and SWX Exchange AG bear the obligation from the undertaking in the proportions of 85 percent and 15 percent respectively, and the obligation is limited to a maximum amount of €700 million.

Additional credit risks are associated with the Treasury department's cash investments. Deutsche Börse Group reduces this risk by distributing it across a number of counterparties, by defining investment limits for each counterparty and by largely collateralizing investments. The Group establishes maximum investment limits on the basis of regular assessments of creditworthiness and ad hoc analyses as required.

(b) Market price risk

Market price risks can arise in connection with cash investments as a result of fluctuations in interest rates and foreign exchange rates. In 2006, these market price risks were largely hedged using swap transactions. The latter

involve exchanging future payment flows which are uncertain as a result of market price risks for payment flows whose amount is guaranteed. Regular reviews ensure the effectiveness of these hedges. The Group is exposed to share price risks only to a very small extent resulting from investment in an index-based exchange-traded fund and also from contractual trust arrangements (insolvency-proof fund assets covering Deutsche Börse Group's existing pension plans).

(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 – as described in note 43 in the notes to the consolidated financial statements – to provide cover in extreme situations. In the reporting year, Deutsche Börse Group had excess liquidity as a result of which no liquidity bottlenecks occurred.

(d) Regulatory requirements

The Clearstream subgroup, Clearstream International S.A., Clearstream Banking S.A., 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 2006.

Project risks

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 (operational, financial and business risk). 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 2006 carried no or only limited risk. They did not trigger a change in the overall risk profile of Deutsche Börse Group. Risks connected with the delivery of projects, such as budget risk, quality/scope risk or deadline risk, are separately monitored by the Corporate Project Coordination unit and are reported on a monthly basis to the Executive Board.

Business risks

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

Financial performance of Deutsche Börse 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 cash and derivatives markets as well as 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) Sales and cost risk and risk from regulatory changes

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 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 transparent for investors: automatic order execution in an open order book, meaning that its entries are visible to all parties. Because of the Company's 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 June 2006. The Group is currently also actively following the transposition of the international framework to the national regulatory level 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 services providers was published by the German Federal Financial Supervisory Authority (BaFin) on 20 December 2005. The MaRisk circular acts as an integrated document based on section 25a of the KWG (Kreditwesengesetz – German Banking Act) and replaces the minimum requirements for trading activities (MaH), minimum requirements for credit activities (MaK) and minimum requirements for internal auditing (MaIR). The MaRisk requirements constitute the basis for the implementation of the second pillar of Basel II (Supervisory Review Process). Besides the requirements for risk management, the MaRisk rules also include requirements for internal auditing as well as for the lending and trading business.

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

Deutsche Börse Group implemented the MaRisk requirements at its Clearstream Banking AG and Eurex Clearing AG subsidiaries as at 1 January 2007. The Basel II regulatory equity requirements are scheduled to be implemented at the Clearstream subgroup companies and at Eurex Clearing AG within the stipulated deadline. The Clearstream subgroup is applying to use the Advanced Measurement Approach (AMA) to measure operational risks.

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 2007.

Report on post-balance sheet date events

There have been no reportable events.

Report on expected developments

The report on expected developments describes the expected development of Deutsche Börse Group in financial years 2007 and 2008. It contains forward-looking statements and information, i.e. statements and information on events in the future. 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 in turn 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 arise or one of the presumptions made turn out to be incorrect, the actual development of the Company could deviate 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 economic growth to continue in all regions relevant to the Group's business in 2007 and 2008. Economic growth is expected to be slightly lower during the forecast period than in 2006 due to an anticipated slowing in corporate profit growth. Real GDP is expected to increase by around 2 percent in Germany, Europe and the US. This expectation is based primarily on the assumption of a "soft landing" scenario in the US, which would not experience a recession but rather an extended period of weaker economic growth. Economists consider this scenario to be the most likely.

The anticipated economic growth will form the foundation for the continued upward trend on the financial markets. In addition, this trend is likely to be supported by continued high corporate profits, attractive long-term equity market valuations and continuing "de-equitization", e.g. the takeover of companies using private equity and the repurchase of own shares by companies.

A further rise in inflation and interest rates, a slump in corporate profits and declining consumer spending are among the risk scenarios threatening the expected upward trend on the financial markets. The Company currently considers the likelihood of one or more of these scenarios negatively impacting the development of the financial markets during the forecast period to be low.

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 and the most prominent investment classes, Deutsche Börse Group will continue to observe trends in the financial markets worldwide, and leverage them in order to continue developing 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 expected upturn in the financial markets coupled with Deutsche Börse Group's successful business model, the Company is forecasting further growth in sales revenue for 2007 as well as 2008. Structural changes in the financial markets and the introduction of new products and services will also contribute to this growth. The Company expects EBITA to grow faster than sales revenue in connection with its continued policy of active cost management. Should the financial markets not develop as expected, the Company is confident that it can compensate, wholly or partially, for variances, based on its diversified business model.

Xetra segment

Sales revenue in the Xetra cash market segment will depend on equity market trends, equity volatility and structural changes relating to trading activity. On average the volatility of the equity markets, i.e. fluctuations in securities prices or indices above or below an average value, continued to be historically low in 2006. An increase in volatility, as seen briefly in the second quarter of 2006, could provide Xetra with additional growth impulses during the forecast period. Structural changes in the equity market stem primarily from the increasing use of fully computerized trading strategies, known as algorithmic trading. For the forecast period, the Company anticipates a further proportional increase in these strategies in Xetra's trading volume. However, the expanded product and service portfolio will also bolster cash market sales revenue growth. For example, on 1 January 2007, the SWX Group and Deutsche Börse AG pooled their structured products trading in a joint subsidiary with a view to becoming Europe's leading stock exchange in this market segment. Xetra Release 8.0, which is to be launched in the second quarter of 2007, will also introduce a host of improvements for trading by institutional investors and banks.

Among other things, the electronic trading system's processing and data distribution times will again be shortened in order to meet the increasing needs of market players.

Eurex segment

In contrast to the cash market, the general trend on the financial markets will play a subordinated role in the Eurex derivatives market segment. Here, the Company expects structural growth factors to be more significant. These factors were explained in more detail in the "Results of operations" section. The Company is also expanding its product and service portfolio for the derivatives market. As part of Eurex Release 10.0, software will be enhanced and hardware upgraded in order to further reduce processing times on the derivatives market. In addition to the continuous expansion of the existing product range, the first quarter of 2007 will see the introduction of a product in the new investment class of credit derivatives. This new product will be a futures contract on the iTraxx Europe index. The index tracks a balanced portfolio of the 125 most liquid European investment grade reference debtors for credit default swaps (CDS). The iTraxx indices are calculated by International Index Company Ltd., a leading provider of CDS indices. Market participants are able to hedge against credit risks such as corporate insolvency, default, or restructuring using credit derivatives.

On 1 February 2007, Eurex launched an incentive program to increase own-account trading by customers. The program's objective is to promote algorithmic trading. It offers volume rebates of up to 30 percent for on-exchange transactions involving Eurex's major product groups. If the new price model had been used during the first nine months of 2006, Eurex's revenue from trading and clearing would have been reduced by €25 million to €30 million. Deutsche Börse AG and SWX Swiss Exchange AG will absorb the effects of price reduction in line with the profit distribution of 85 percent and 15 percent. The positive effects of expected dynamic growth will offset price reductions.

86	Group Management Report
115	Financial Statements
121	Notes
206	Audit Opinion
207	Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

Clearstream segment

Sales revenue in the Clearstream segment will also largely be generated through the settlement and custody of international bonds in the future. 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. In terms of customer structure, the Company expects continued customer consolidation in Clearstream's domestic and international business. Since this leads to larger customers who would receive larger rebates, this could lead to a decline in average fees. As Deutsche Börse Group faces especially intense 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. For the forecast period, however, the Company does not expect any loss of market share.

The Company also does not expect its results of operations to be impacted during the forecast period by "Target2 Securities", the European Central Bank's planned securities settlement platform. This assessment is based firstly on the fact that this project has yet to be approved by the European Union finance ministers, and secondly, according to the preliminary project timetable, it is scheduled to be introduced not before 2013.

As part of the Clearstream segment's upgraded product and service offering, the Company is planning, among other things, to launch a new investment fund settlement service during the forecast period: the CFF, or Central Facility for Funds. The CFF will enable full delivery-versus-payment settlement functions between fund sales, custodians and transfer agents for Clearstream, thus circumventing transaction-related settlement risk.

Deutsche Börse Group expects net interest income from banking business to remain at around the same level as in 2006 during the forecast period. This estimate is based on an expected decline in customer deposits, in spite of increasing business activity, due to customers' improved liquidity management and an anticipated stagnation in short-term interest rates.

Market Data & Analytics segment

For the Market Data & Analytics segment, the Company anticipates further increases in demand for financial market data, due to forecasted financial market developments.

Development of pricing models

For the forecast period, Deutsche Börse Group anticipates sustained price pressure in some of its areas of business, such as in Xetra's electronic trading activities. The Company's objective is to mitigate this price pressure by continually improving its products and services and offering targeted price incentives for price-elastic business. For example, Xetra and Eurex users' network bandwidths were significantly increased while costs remained stable during the period under review, and price incentives were expanded to include equity clearing for algorithmic trading in the cash market. In spite of this, it is to be expected that average sales revenue per chargeable unit will decline slightly over the long term in some areas.

Regulatory framework

Regulatory changes in areas in which Deutsche Börse Group is active stem from the Markets in Financial Instruments Directive (MiFID) on the one hand and the Code of Conduct for clearing and settling shares on the cash market on the other.

MiFID is designed to foster transparent and fair competitive conditions for all participants and improve investor protection. To achieve this, MiFID introduces strict pre-trading and post-trading transparency rules for on-exchange and OTC equity trading. In addition, investment service companies will be obliged to offer their customers "best execution" of orders, i.e. execution at the best possible price.

Deutsche Börse Group sees the new guidelines as an opportunity to expand its service range: the Company is developing a host of new services in the cash market and for market data, which are expected to lead to a slight improvement in the results of operations during the forecast period. Deutsche Börse Group considers itself to be excellently positioned with its transparent and deep liquidity pool – even against the backdrop of the new best execution obligations. The Company does not anticipate the potential market entry of banks or other exchange organizations to significantly impact its results of operations in its cash market business during the forecast period.

The Code of Conduct is a market initiative designed to create a consistent, standard and cost-effective European framework for cross-border equity trading, clearing and settlement. Deutsche Börse Group helped to define the Code, and will implement it in its entirety by the end of 2007. It covers the following areas: price transparency, access and interoperability, as well as the organization of services and separate accounting. Deutsche Börse Group already meets many of the requirements in the Code of Conduct and does not expect it to materially affect the Company's business model, revenue or cost structure upon its introduction.

Cost management

Deutsche Börse Group does not anticipate any significant increase in overall costs due to its continued active cost management efforts. In financial year 2007, the Company expects costs to increase slightly between 3 percent and 5 percent, corresponding to total costs of slightly over €1.1 billion. The anticipated increase can be attributed partly to unavoidable inflationary and technical effects, such as the consolidation of the joint venture with the SWX Group in the area of structured products. Given this, staff costs are expected to increase, as well as banking fee and commission expenses resulting from greater settlement and custody volumes. Additionally, the 2007 cost forecast takes into account a planned increase in investment volume for new products and services of around 25 percent more than in 2006.

A further reduction in depreciation, amortization and impairment expense (excluding goodwill) is likely to have a positive effect on costs. Another of the Company's objectives for 2008 is to handle additional business activities with only a slight increase in total costs.

Based on the anticipated increase in sales revenue and active cost management, Deutsche Börse Group expects a new record EBITA of over €1.1 billion for 2007. Furthermore, a tax rate of approximately 36 percent is anticipated for the forecast period. If the corporate tax reform that is currently being planned in Germany were to be implemented as it stands today, it could lead to a slight reduction in the Company's tax burden beginning in 2008.

Development of the 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 (2006: €69.2 million). These investments will serve primarily to develop new and enhance existing Group products and services in the Xetra, Eurex and Clearstream segments.

Under the capital management program, the Group will continue to make funds surplus to business requirements available to the shareholders in the forecast period. Under its dividend policy, Deutsche Börse Group aims to distribute 50 to 60 percent of its net income for financial years 2007 and 2008 to shareholders. The remaining funds are largely earmarked for the continued repurchase of own shares.

Consolidated Income Statement

for the period 1 January to 31 December 2006

	Note	2006 €m	2005 €m
Sales revenue	4	1,854.2	1,631.5
Net interest income from banking business	5	150.7	112.7
Own expenses capitalized	6	22.2	27.8
Other operating income	7	85.8	79.1
		2,112.9	1,851.1
Fee and commission expenses from banking business		-141.4	-136.5
Consumables used ¹⁾		0	-25.7
Staff costs	8	-414.9	-406.1
Depreciation, amortization and impairment losses (other than goodwill)	9	-130.4	-161.4
Other operating expenses	10	-405.7	-415.9
Result from equity investments	11	8.6	5.4
Earnings before interest, tax and goodwill impairment (EBITA)		1,029.1	710.9
Goodwill impairment	14	-1.6	-5.9
Earnings before interest and tax (EBIT)		1,027.5	705.0
Financial income	12	62.8	48.9
Financial expense	12	-64.3	-57.7
Earnings before tax (EBT)		1,026.0	696.2
Income tax expense	13	-360.0	-266.4
Net profit for the year		666.0	429.8
Minority interests		2.7	-2.4
Net income²⁾		668.7	427.4
Earnings per share (basic) (€)	41	6.73	4.00
Earnings per share (diluted) (€)	41	6.72	4.00

1) Due to the deconsolidation of the entry subgroup, the 2005 figure includes consumables used up until 30 September only.

2) Profit attributable to shareholders of the parent company

Consolidated Balance Sheet as at 31 December 2006

Assets

	Note	2006 €m	2005 €m
NONCURRENT ASSETS			
Intangible assets	14		
Software		129.8	188.8
Goodwill		1,069.9	1,071.5
Payments on account and construction in progress		14.3	11.9
		1,214.0	1,272.2
Property, plant and equipment	15		
Land and buildings		119.3	122.1
Fixtures and fittings		46.5	55.4
Computer hardware, operating and office equipment		65.4	58.8
Payments on account and construction in progress		4.3	0.2
		235.5	236.5
Financial assets and investment property	16		
Investments in associates		33.4	22.0
Other equity investments		16.2	16.4
Securities from banking business		283.4	329.4
Other financial instruments		11.9	10.4
Other loans		0.1	0.1
Investment property		94.4	107.3
		439.4	485.6
Other noncurrent assets	17	18.7	13.5
Total noncurrent assets		1,907.6	2,007.8
CURRENT ASSETS			
Receivables and other current assets			
Financial instruments of Eurex Clearing AG	18	53,956.9	29,558.9
Current receivables and securities from banking business	19	6,645.0	5,182.7
Trade receivables	20	183.2	163.2
Associate receivables		10.7	1.8
Receivables from other investors		2.4	8.9
Income tax receivables ¹⁾		19.9	2.8
Other current assets	21	56.6	69.7
Noncurrent assets held for sale	16	7.6	0
		60,882.3	34,988.0
Restricted bank balances	22	1,582.8	938.7
Other cash and bank balances		652.4	543.1
Total current assets		63,117.5	36,469.8
Total assets		65,025.1	38,477.6

1) Thereof €15.5 million with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) KStG (Körperschaftsteuergesetz – German Corporation Tax Act)

Equity and Liabilities

	Note	2006 €m	2005 €m
EQUITY	23		
Subscribed capital		102.0	105.9
Share premium		1,340.0	1,336.1
Treasury shares		-443.1	-366.8
Revaluation surplus		12.9	11.6
Accumulated profit		1,251.6	1,099.9
Shareholders' equity		2,263.4	2,186.7
Minority interests		19.9	14.1
Total equity		2,283.3	2,200.8
NONCURRENT LIABILITIES			
Provisions for pensions and other employee benefits	25	14.5	26.7
Other noncurrent provisions	26, 27	105.9	74.3
Deferred tax liabilities	13	23.4	52.5
Interest-bearing liabilities	28	499.9	501.6
Other noncurrent liabilities	17, 28	2.7	9.0
Total noncurrent liabilities		646.4	664.1
CURRENT LIABILITIES			
Tax provisions	26, 29	244.8	151.6
thereof income tax due: €231.8 million (2005: €141.3 million)			
Other current provisions	26, 30	82.0	70.9
Financial instruments of Eurex Clearing AG	18	53,956.9	29,558.9
Liabilities from banking business	31	6,078.7	4,682.0
Other bank loans and overdrafts		0.1	0.4
Trade payables		91.8	77.2
Payables to associates		3.0	7.8
Payables to other investors		8.5	8.1
Cash deposits by market participants	32	1,509.0	936.8
Other current liabilities	33	120.6	119.0
Total current liabilities		62,095.4	35,612.7
Total liabilities		62,741.8	36,276.8
Total equity and liabilities		65,025.1	38,477.6

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2006

	Note	2006 €m	2005 €m
Net profit for the year		666.0	429.8
Depreciation, amortization and impairment losses	9, 14	132.0	167.3
Increase/(decrease) in noncurrent provisions	37	19.4	-26.4
Deferred tax income	13	-28.0	-9.1
Other non-cash income	37	-14.6	-20.3
Changes in working capital, net of non-cash items:			
Increase in receivables and other assets		-48.4	-1.0
Increase in current liabilities	37	116.6	128.6
Decrease in noncurrent liabilities		0	-1.6
Net loss on disposal of property, plant and equipment	10	0.4	0.4
Cash flows from operating activities	37	843.4	667.7
Payments to acquire intangible assets and property, plant and equipment		-69.2	-63.5
Payments to acquire noncurrent financial instruments		-84.3	-10.2
Payments to acquire investments in associates		-0.7	0
Payments to acquire subsidiaries, net of cash acquired		0	-0.5
Proceeds from the disposal of (shares in) subsidiaries and other equity investments, net of cash disposed		34.3	32.3
Net (increase)/decrease in current receivables, securities and liabilities from banking business with an original term greater than three months		-270.1	469.6
Proceeds from disposals of available-for-sale noncurrent financial instruments		118.5	35.3
Proceeds from disposal of other noncurrent assets		1.7	2.5
Cash flows from investing activities	38	-269.8	465.5
Purchase of treasury shares		-389.7	-726.3
Proceeds from sale of treasury shares		5.9	6.4
Net cash received from minority shareholders		4.0	4.9
Finance lease payments		-1.9	-2.2
Dividends proposed		-210.4	-74.1
Cash flows from financing activities	39	-592.1	-791.3
Net change in cash and cash equivalents		-18.5	341.9
Cash and cash equivalents as at beginning of period ¹⁾		1,045.3	703.4
Cash and cash equivalents as at end of period¹⁾	40	1,026.8	1,045.3
Operating cash flow per share (basic) (€)		8.49	6.25
Operating cash flow per share (diluted) (€)		8.48	6.25
Interest income and other similar income		62.4	48.6
Dividends received ²⁾		5.2	4.0
Interest paid		-67.1	-54.1
Income tax paid		-311.9	-187.9

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 2006

	Note	2006 €m	2005 €m
Subscribed capital			
Balance as at 1 January		105.9	111.8
Retirement of treasury shares		-3.9	-5.9
Balance as at 31 December		102.0	105.9
Share premium			
Balance as at 1 January		1,336.1	1,330.2
Retirement of treasury shares		3.9	5.9
Balance as at 31 December		1,340.0	1,336.1
Treasury shares			
Balance as at 1 January		-366.8	0
Purchase of treasury shares		-389.7	-726.3
Retirement of treasury shares		304.1	353.1
Sales within the Group Share Plan		9.3	6.4
Balance as at 31 December		-443.1	-366.8
Revaluation surplus	23		
Balance as at 1 January		11.6	7.9
Increase/(decrease) in carrying amount of stock options related to share-based payments		0.7	-0.3
Remeasurement of cash flow hedges		0.6	0.2
Remeasurement of other financial instruments		-0.5	2.6
Deferred taxes on remeasurement of financial instruments		0.5	1.2
Balance as at 31 December		12.9	11.6
Accumulated profit	23		
Balance as at 1 January		1,099.9	1,095.3
Dividends proposed	24	-210.4	-74.1
Net income		668.7	427.4
Reversal of equity-accounted investments taken directly to equity		0	-2.9
Exchange rate differences and other adjustments		-2.5	7.3
Retirement of treasury shares		-304.1	-353.1
Balance as at 31 December		1,251.6	1,099.9
Shareholders' equity as at 31 December		2,263.4	2,186.7

	2006 €m	2005 €m
Shareholders' equity (brought forward)	2,263.4	2,186.7
Minority interests		
Balance as at 1 January	14.1	7.3
Changes due to equity increases	9.0	3.2
Changes due to share in net loss of subsidiaries for the period	-2.7	2.4
Exchange rate differences	-0.5	1.2
Balance as at 31 December	19.9	14.1
Total equity as at 31 December	2,283.3	2,200.8

Statement of recognized income and expense for the period

	Note	2006 €m	2005 €m
Exchange rate differences	23	-2.2	7.6
Remeasurement of cash flow hedges		0.6	-0.4
Remeasurement of other financial instruments		-0.5	1.5
Deferred taxes on remeasurement of financial instruments	23	0.5	1.2
(Losses)/gains taken to equity		-1.6	9.9
Net profit for the year reported in consolidated income statement		666.0	429.8
Total recognized income for the period		664.4	439.7
thereof attributable to:			
Shareholders of parent company		667.6	437.3
Minority interests		-3.2	2.4

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 2006 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Commission.

In addition, the consolidated financial statements are supplemented by a Group management report in accordance with the HGB (Handelsgesetzbuch – German Commercial Code). The disclosures required in accordance with section 315a (1) of the HGB have been made in the notes to the consolidated financial statements and the remuneration report (see corporate governance chapter, pages 71 to 75) which is part of the Group management report. The consolidated financial statements are also 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 and interpretations that were applied prior to the effective date (see next page), the following standards and interpretations were applied for the first time in financial year 2006:

Standard/ Interpretation		Issued by IASB	Effective date	Endorsement ¹⁾
IFRS 4	Amendment to IFRS 4 “Insurance Contracts: Financial Guarantees”	18 Aug. 2005	1 Jan. 2006	27 Jan. 2006
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	9 May 2006
IAS 39	Amendment to IAS 39 “Financial Instruments: Recognition and Measurement – Financial Guarantees”	18 Aug. 2005	1 Jan. 2006	27 Jan. 2006
IFRIC 4	Determining Whether an Arrangement Contains a Lease	2 Dec. 2004	1 Jan. 2006	24 Nov. 2005

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

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement – Financial Guarantees” and IFRS 4 “Insurance Contracts: Financial Guarantees”

These amendments to IAS 39 and IFRS 4 are intended to ensure the recognition of all financial guarantee contracts issued. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

IFRIC 4 “Determining Whether an Arrangement Contains a Lease”

IFRIC 4 specifies which contractual arrangements not taking the legal form of a lease (“embedded leases”) should be accounted for as leases in accordance with IAS 17.

The first-time application of the IFRSs, IFRICs and revised IASs described above had no material effect on the Company’s consolidated financial statements.

In addition, the Group applied for the first time the VorstOG (Gesetz über die Offenlegung der Vorstandsvergütungen – German Act on Disclosure of Executive Board Remuneration), which came into force on 11 August 2005. The new rules on the disclosure of executive board remuneration are required to be applied for the first time to annual and consolidated financial statements for the financial year beginning 1 January 2006. The relevant provisions of the VorstOG were incorporated into the version of the German Corporate Governance Code dated 12 June 2006. Under this Code, Deutsche Börse Group discloses the remuneration of the individual members of its Executive Board in the remuneration report (see corporate governance chapter, pages 71 to 75). The summarized disclosures resulting from IAS 24 “Related Party Disclosures” are shown in note 49.

The amendment to IAS 19 “Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures” and the amendments to IAS 39 “Financial Instruments: Recognition and Measurement – the Fair Value Option” and “Financial Instruments: Recognition and Measurement – Cash Flow Hedge Accounting of Forecast Intragroup Transactions” were already applied in 2005 prior to the effective date.

Early application of accounting standards

Following the issue of IFRSs and their adoption by the EU, the Company opted to apply the following Standards and Interpretations prior to their effective date:

Standard / Interpretation	Issued by IASB	Effective date ¹⁾	Endorsement ²⁾
IFRS 7 Financial Instruments: Disclosures	18 Aug. 2005	1 Jan. 2007	27 Jan. 2006
IAS 1 Amendment to IAS 1 “Presentation of Financial Statements: Capital Disclosures”	18 Aug. 2005	1 Jan. 2007	27 Jan. 2006
IFRIC 8 Scope of IFRS 2	12 Jan. 2006	1 May 2006	9 Sep. 2006
IFRIC 9 Reassessment of Embedded Derivatives	1 Mar. 2006	1 June 2006	9 Sep. 2006

1) Application to the first period of a financial year beginning on or after this date. Earlier application is recommended.

2) 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. Application of the new standard has in particular increased the scope of disclosures on the nature and extent of risks arising from financial instruments. The qualitative disclosures relating to these risks are published in the risk report contained in the Group management report. The quantitative disclosures are summarized in note 43.

Amendment to IAS 1 “Presentation of Financial Statements: Capital Disclosures”

The amendment to IAS 1 imposes additional capital disclosure requirements. The new standard has increased the scope of capital disclosure requirements. The disclosures are presented in note 23.

IFRIC 8 “Scope of IFRS 2”

This interpretation stipulates that IFRS 2 “Share-based Payment” is applicable to agreements under which the entity cannot specifically identify some or all of the goods or services received as consideration for its equity instruments. If the identifiable consideration given appears to be less than the fair value of the equity instruments granted, IFRS 2 applies.

IFRIC 9 “Reassessment of Embedded Derivatives”

IFRIC 9 stipulates that an entity must assess whether an embedded derivative (a component of a hybrid instrument that also includes a non-derivative host contract) is required to be separated from the host contract and accounted for as a derivative only when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

The application of IFRIC 8 and IFRIC 9 prior to their effective date has not had any impact on Deutsche Börse Group.

New accounting standards

The following standards and interpretations which Deutsche Börse Group did not adopt in 2006 prior to the effective date, have been published by the IASB but not yet adopted by the European Commission as at the reporting date:

Standard/ Interpretation		Issued by IASB	Effective date ¹⁾	Endorsement ²⁾	Expected effects
IFRS 8	Operating Segments	30 Nov. 2006	1 Jan. 2009	Expected in May/June 2007	Additional notes disclosure
IFRIC 10	Interim Financial Reporting and Impairment	20 July 2006	1 Nov. 2006	Expected in May/June 2007	No material effect
IFRIC 11	IFRS 2: Group and Treasury Share Transactions	2 Nov. 2006	1 Mar. 2007	Expected in May/June 2007	None
IFRIC 12	Service Concession Arrangements	30 Nov. 2006	1 Jan. 2008	Expected in June/July 2007	None

1) Application to the first period of a financial year beginning on or after this date. Earlier application is recommended.

2) IFRSs adopted by the European Commission (endorsement process); date of publication

IFRS 8 “Operating Segments”

IFRS 8 will replace IAS 14 “Segment Reporting” and converges segment reporting under IFRSs with Statement of Financial Accounting Standards (SFAS) 131 (US GAAP). Under IFRS 8, operating segments are only reportable if they represent components of an entity for which discrete financial information is available that is reviewed regularly by the entity’s chief operating decision maker to make decisions about resources to be allocated to this segment and assess its performance. This financial information should normally be provided on the basis of internal reports. Deutsche Börse Group expects the application of IFRS 8 to require only minor adjustments to the disclosures in the notes to the consolidated financial statements.

IFRIC 10 “Interim Financial Reporting and Impairment”

IFRIC 10 prohibits an entity from reversing an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Interpretation may not be extended by analogy to other areas of potential conflict between IAS 34 “Interim Financial Reporting” and other Standards.

IFRIC 11 “IFRS 2: Group and Treasury Share Transactions”

IFRIC 11 provides guidance on how IFRS 2 “Share-based Payment” is to be applied to share-based payments involving an entity’s own equity instruments or those of another entity in the same group of companies.

IFRIC 12 “Service Concession Arrangements”

Service concession arrangements are arrangements whereby a government or another institution of the public sector grants contracts for the supply of public services – such as roads, airports, prisons, energy distribution, water supply and distribution facilities – to private operators. IFRIC 12 provides guidance on the application of existing IFRSs by the operator to these arrangements.

Deutsche Börse Group does not expect the application of these three new interpretations to have any material impact.

Note on the restatement of prior-period amounts

The financial instruments of Eurex Clearing AG include amounts in respect of open positions in traditional options and option premiums for future-style options. In 2005, these amounts were netted at the clearing member account level. From 2006, this accounting treatment has been adjusted to report each clearing member’s gross option positions. Accordingly, the amount of financial instruments of Eurex Clearing AG shown on the balance sheet under current assets and current liabilities as at 31 December 2005 has been increased by €5,382.8 million to €29,558.9 million. This adjustment has no impact on the Group’s income statement, cash flow statement or statement of changes in equity.

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 2006 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 2006:

Company	Domicile	Equity interest as at 31 Dec. 2006 direct (indirect) %
Avox 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 Properties S.A.	Luxembourg	(100.00)
Clearstream Services S.A.	Luxembourg	(100.00)
Clearstream Services (UK) Ltd.	UK	(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 mbH	Germany	100.00
DGW Abwicklungs AG i.L.	Germany	100.00
Eurex Zürich AG	Switzerland	49.96 ³⁾
Eurex Frankfurt AG	Germany	(49.96) ³⁾
Eurex Bonds GmbH	Germany	(39.69) ⁴⁾
Eurex Clearing AG	Germany	(49.96) ³⁾
Eurex Repo GmbH	Germany	(49.96) ³⁾
U.S. Exchange Holdings Inc.	USA	(49.96) ³⁾
Infobolsa S.A.	Spain	50.00
Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.	Portugal	(50.00)
Infobolsa Deutschland GmbH	Germany	(50.00)
Risk Transfer Re S.A.	Luxembourg	100.00
Xlaunch Abwicklungs AG i.L.	Germany	100.00
Xlaunch GmbH	Germany	100.00
Deutsche Börse Services s.r.o.	Czech Republic	(100.00)

1) Thousands

2) Before profit transfer or loss absorption

3) Beneficial interest in profit or loss: 85 percent

4) Beneficial interest in profit or loss: 67.52 percent (until 31 December 2005: 65.40 percent)

Ordinary share capital € thousands		Equity € thousands		Total assets € thousands		Sales revenue 2006 € thousands		Net profit/loss 2006 € thousands		First consolidated
GBP ¹⁾	0	GBP ¹⁾	125	GBP ¹⁾	125	GBP ¹⁾	1,213	GBP ¹⁾	-896	15 Sep. 2005
	25,000		853,431		926,702		79,757		182,534	2002
	57,808		265,283		7,015,544		454,284		215,164	2002
	25,000		100,638		1,450,722		266,712		50,525	2002
	1,700		19,543		99,690		6,883		215	2002
	30,000		48,234		93,611		249,952		7,890	2002
GBP ¹⁾	0	GBP ¹⁾	0	GBP ¹⁾	0	GBP ¹⁾	0	GBP ¹⁾	0	2002
	73		2,961		39,455		5,445		1,084	2002
	54		2,887		25,690		4,316		1,153	2002
	52		1,681		42,528		6,255		1,260	2002
	125		6,329		723,541		0		310	2003
	1,000		1,000		3,826		0		2,826	2002
	2,000		2,415		168,743		283,284		78,784 ²⁾	1993
USD ¹⁾	400	USD ¹⁾	2,713	USD ¹⁾	3,180	USD ¹⁾	9,250	USD ¹⁾	763	2000
	25		16		27		0		-12	10 May 2006
	2,610		2,885		2,885		0		85	2002
CHF ¹⁾	10,000	CHF ¹⁾	161,479	CHF ¹⁾	166,731	CHF ¹⁾	1,730	CHF ¹⁾	130	1998
	6,000		72,282		118,914		1,698		-6,594	1998
	3,600		3,074		3,688		3,705		358	2001
	5,113		50,430		1,641,791		0		861	1998
	100		550		1,669		2,868		-2,229 ²⁾	2001
USD ¹⁾	1,000	USD ¹⁾	42,991	USD ¹⁾	44,054	USD ¹⁾	0	USD ¹⁾	-36,298	2003
	331		10,598		12,545		10,015		568	2002
	50		10		114		396		-97	2002
	100		1,172		1,691		1,854		-401	2003
	1,225		1,225		4,269		0		1,266	2004
	500		493		593		0		-57	2000
	25		712		724		0		-13	10 May 2006
CZK ¹⁾	200	CZK ¹⁾	16,818	CZK ¹⁾	33,502	CZK ¹⁾	13,073	CZK ¹⁾	-3,227	24 May 2006

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 2006	10	17	27
Additions	2	1	3
Disposals	0	-1	-1
As at 31 December 2006	12	17	29

During the course of the year, Deutsche Börse AG established Deutsche Gesellschaft für Wertpapierabwicklung mbH, Xlaunch GmbH and Deutsche Börse Services s.r.o. as subsidiaries. In addition, Deutsche Gesellschaft für Wertpapierabwicklung AG and Xlaunch AG were renamed DGW Abwicklungs AG and Xlaunch Abwicklungs AG, respectively, and the liquidation of the renamed companies was resolved. Azdex Ltd. was renamed Avox Ltd.

The sale of interests in U.S. Futures Exchange L.L.C. means that this company is no longer consolidated, but is accounted for using the equity method (see below).

In 2006, Clearstream International S.A. acquired the interests in Clearstream Services S.A. previously held by third parties retrospectively as at 1 January 2006. The interests in Clearstream Services S.A. and Clearstream Services (UK) Ltd. therefore increased from 99.96 percent to 100 percent.

Deutsche Börse AG's direct equity interest in Eurex Zürich AG, including the 0.03 percent interest held by members of its Executive Board, amounts to 49.96 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 as in the previous year. Acquisition accounting is based on this figure. After allowance for voting trust and pooling arrangements, the share of voting rights is 50 percent.

On 13 December 2006, Eurex Frankfurt AG acquired an additional 2.5 percent interest in Eurex Bonds GmbH and now holds 79.44 percent of the capital and voting rights of this company. This transaction increased Deutsche Börse AG's indirect interest to 39.69 percent.

On 23 October 2006, SWX Group and Deutsche Börse AG signed an agreement to establish and operate a joint stock exchange organization for cash trading in structured products. Once the joint venture has been established, which is expected to occur in the first quarter of 2007, SWX Group/Deutsche Börse JV Holding S.A., headquartered in Luxembourg, and its subsidiaries will be fully consolidated in Deutsche Börse Group's consolidated financial statements. In this context Börse Frankfurt Smart Trading AG (formerly Bremer Wertpapierbörse AG) was acquired as at 1 February 2007.

Associates and joint ventures accounted for using the equity method as at 31 December 2006 in accordance with IAS 28 or IAS 31:

Company	Domicile	Equity interest as at 31 Dec. 2006 direct (indirect) %	Ordinary share capital € thousands	Assets ¹⁾ € thousands	Liabilities ¹⁾ € thousands	Sales revenue 2006 ¹⁾ € thousands	Net profit/loss 2006 ¹⁾ € thousands	Associate since
European Energy Exchange AG	Germany	(11.60)	40,050	93,606 ²⁾	58,208 ²⁾	37,835 ²⁾	6,551 ²⁾	1999
FDS Finanz-Daten-Systeme GmbH & Co. KG	Germany	50.00	19,451	3,212	74	1,540	678	1998
FDS Finanz-Daten-Systeme Verwaltungs GmbH	Germany	(50.00)	26	39	5	0	2	1998
International Index Company Ltd.	UK	14.89	9,216	13,530	3,092	10,940	3,326	2001
STOXX Ltd.	Switzerland	33.33	1,000 ³⁾	54,477 ³⁾	11,011 ³⁾	59,946 ³⁾	32,568 ³⁾	1997
The Clearing Corporation Inc.	USA	(8.17) ⁴⁾	49,651 ⁵⁾	91,727 ⁵⁾	48,332 ⁵⁾	6,336 ⁵⁾	-15,149 ⁵⁾	2004
U.S. Futures Exchange L.L.C.	USA	(13.84) ⁶⁾	37,999 ⁵⁾	45,820 ⁵⁾	11,274 ⁵⁾	7,336 ⁵⁾	-5,663 ⁵⁾	30 Sep. 2006

1) Preliminary figures

2) Subgroup figures

3) CHF thousands

4) Indirect beneficial interest in profit or loss: 13.90 percent

5) USD thousands

6) Indirect beneficial interest in profit or loss: 23.53 percent

The Eurex subgroup's US activities at 31 December 2006 related to a 16.35 percent interest in The Clearing Corporation Inc. (CCorp), held by U.S. Exchange Holdings Inc. Additionally, effective 30 September 2006, U.S. Exchange Holdings Inc. reduced its interest in U.S. Futures Exchange L.L.C. (USFE – formerly Eurex US) from 91.67 percent to 27.71 percent. Since that date, the interest has been included in the consolidated financial statements as an associate accounted for using the equity method. Because the appointment of members of the board of directors and the settlement of significant business volumes through CCorp give rise to the ability to significantly influence its operating and financial policies, CCorp is included in the consolidated financial statements using the equity method in accordance with IAS 28.7. Both of these investments are held via Eurex Zürich AG, thereby reducing the indirect interest in these companies accordingly.

Deutsche Börse AG and all other shareholders of STOXX Ltd. have each granted that company a credit line of €1.0 million to ensure its liquidity. As in the previous year, STOXX Ltd. did not use Deutsche Börse AG's credit line in 2006.

The interest in International Index Company Ltd. is classified as an associate and accounted for using the equity method because of the high degree of operational integration. European Energy Exchange AG is categorized as an associate and accounted for using the equity method as the direct equity interest amounted to 23.2 percent as at 31 December 2006. The investment is held via Eurex Zürich AG, thereby reducing the indirect interest in this company accordingly.

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 interest in NEWEX Kapitalberatungsgesellschaft m.b.H. against payment of €1.00 on 2 January 2006. The shares were transferred on 16 February 2006 and the equity interest in the company was treated as being disposed of from that date.

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 Group-wide 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 expenses

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 rateably and billed on a monthly basis.

Revenue of the entity subgroup relating to contracts on fixed-price software development or other services was recognized using the percentage of completion method until the deconsolidation of the companies effective 1 October 2005. 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.

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 consolidated 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 entity and the income can be measured reliably. 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 consolidated 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	rateable
Purchased custom software	straight-line	4 to 6 years	rateable
Internally developed custom software	straight-line	5 years	rateable

Goodwill is tested for impairment in accordance with IAS 36 on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognized if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of this goodwill) is higher than its recoverable amount.

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 generally amortized over the expected useful life of five years, starting on the date of first use.

An impairment loss is recognized for software that is no longer used or whose future useful life is shorter than originally expected. 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.

Government grants related to assets are presented as deferred income in the consolidated balance sheet. They are recognized as income over the depreciation period. Government grants related to expenses are recognized as income over the periods necessary to match them with the related costs.

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	rateable
Office equipment	straight-line/declining balance	5 to 25 years	rateable
Improvements to leasehold and own property	straight-line	based on lease term or 10 years for own property	rateable
Buildings	straight-line	40 years	rateable
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 in the year of acquisition. 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.

Financial assets and investment property

There are five classes of financial assets: investments in associates, other equity investments, securities from banking business, other 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 accounted for using the equity method in accordance with IAS 31.38 or IAS 28.13. Joint ventures and other associates that are insignificant for the presentation of a true and fair view in the consolidated financial statements are not accounted for using the equity method, but are carried at cost.

For disclosures on other equity investments and securities from banking business, see the “Financial instruments” 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, Deutsche Börse Group has chosen the cost model to measure its investment property. Investment property is therefore carried at cost less accumulated depreciation (depreciation period of 40 years) and impairment losses. As at 31 December 2006, investment property related to 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 using the policies applied to property, plant and equipment.

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 is evidence that the carrying amount exceeds the recoverable amount (the higher of value in use and fair value less costs to sell), the asset's value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, net of taxes. 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 to its estimated recoverable amount.

Financial instruments

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 at 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.

Clearstream acts as principal in securities borrowing and lending transactions in the context of the ASLplus securities lending system. In these transactions, there is a perfect match between the securities borrowed and lent. Such securities lending transactions do not qualify for derecognition by the lender because it retains substantially all the risks and rewards associated with the securities lent. Consequently these transactions are not recognized in the Company's consolidated balance sheet.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and only the net amount is presented in the consolidated 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.

Other equity investments

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 observable 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. Realized gains and losses, including dividend income, are recognized under financial income or financial expense. Unrealized gains and losses are recognized directly in equity in the revaluation surplus.

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 and loss" are recognized at the trade date. This category includes spot and forward foreign exchange derivatives not classified as hedging instruments under IAS 39. Fair value of these derivatives is estimated based on observable current market rates. Realized and unrealized gains and losses are immediately recognized in the consolidated income statement as other operating income and other operating expenses. As in the previous year, Deutsche Börse Group did not exercise the option to designate financial assets or liabilities as at fair value through profit or loss on initial recognition in 2006.

“Loans and receivables” are recognized at the settlement 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” comprise current and noncurrent financial assets.

Current available-for-sale financial assets (financial assets other than at fair value through profit and loss or loans and receivables) are recognized at the settlement date. Subsequent measurement is based on their fair values, estimated based on observable current quotations. Interest income is recognized in the consolidated income statement in net interest income from banking business based on the effective interest rate method. Other realized gains and losses, including dividend income, are recognized in the consolidated income statement in “other operating income” and “other operating expenses”. Fair value adjustments are recognized directly in equity in the revaluation surplus.

Noncurrent available-for-sale financial assets include bonds and other fixed-income securities. They correspond to the investment of the entity’s capital, are hence held for the long term and are classified as noncurrent assets irrespective of their remaining maturity. They are recognized at the settlement date. Subsequent measurement is based on their fair values, based on observable current quotations. Interest income is recognized in the consolidated income statement as net interest income from banking business based on the effective interest rate method. When such bonds are hedged instruments under fair value hedges, hedge accounting is applied for fair value adjustments corresponding to the hedged item (see “Fair value hedges” below). Other fair value adjustments are recognized directly in equity in the revaluation surplus.

Deutsche Börse Group did not use the “held-to-maturity investments” category in financial years 2006 and 2005.

All financial liabilities not held for trading, and 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 liabilities not measured at fair value through profit and loss

Financial liabilities not held for trading are carried at amortized cost. These liabilities relate to bonds issued by Group companies.

Other noncurrent assets/liabilities – 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 observable market interest rates. The fair value of forward foreign exchange transactions is determined on the basis of forward foreign exchange rates at the balance sheet date for the remaining period to maturity.

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 consolidated 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 consolidated 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 consolidated income statement.

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 in equities on FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) 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 consolidated 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 consolidated balance sheet as liabilities and receivables at their fair value on the trade date.

“Traditional” options, for which the buyer must pay the option premium in full upon purchase, are carried in the consolidated balance sheet at fair value. Fixed-income bond forwards are recognized as derivatives and carried at fair value 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 consolidated balance sheet are based on daily settlement prices. These are calculated and published by Eurex Clearing AG 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 the risk report in the Group management report). Cash collateral is reported in the consolidated 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.

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, gains or losses on treasury shares are taken directly to equity. 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).

Recognition of measurement adjustments

Profit for the year includes changes in the measurement of financial assets at fair value through profit and 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 nominal 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.

Noncurrent assets held for sale

Noncurrent assets are classified as held for sale and presented as such separately under current assets if they meet the criteria set out in IFRS 5. This is the case if the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. These assets are recognized at the lower of their carrying amount and fair value less costs to sell.

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. In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck have been used since 2005 (see note 25 for the effects in 2005).

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

	31 Dec. 2006	31 Dec. 2005
	%	%
Discount rate	4.50	4.00
Expected return on plan assets ¹⁾	5.05/5.80	4.25/5.60
Salary growth	3.50	2.50
Pension growth ²⁾	1.75/2.50	1.75/2.50
Staff turnover rate ³⁾	2.00	2.00

1) Expected return in 2006 for 2007: Luxembourg 5.05 percent and Germany 5.80 percent. The expected return on plan assets is calculated on the basis of the assumed short-term (3.60 percent; 2005: 2.00 percent) and long-term (3.80 percent; 2005: 4.00 percent) interest rates, plus a premium for the equity component of the investment portfolio (unchanged: 2.50 percent). The equity component of the Luxembourg portfolio is expected to be unchanged at 50.00 percent, while the equity component of the German portfolio is expected to be 80.00 percent.

2) 2.50 percent for plans for which this percentage was contractually agreed

3) No turnover assumed for employees over the age of 50 and in respect of 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 executives 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. Individual professional performance is thus 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. Since 1 July 2006, this benefit is no longer available to new senior executives.

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 or 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.

Acquisition accounting

Acquisition accounting uses the purchase method in accordance with IFRS 3. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the net fair value of the subsidiary is recognized as goodwill and carried at cost. Goodwill is measured in subsequent periods at cost less 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.

Deutsche Börse AG's functional currency is the euro. Investments in subsidiaries in non-EMU countries, as well as investee equity items, are translated at historical exchange rates. Assets and liabilities of companies whose functional currency is not the euro are translated into euros 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 accumulated profit. When a subsidiary is disposed of, the cumulative exchange differences recognized in accumulated profit until its deconsolidation are recognized in consolidated profit in the period in which the deconsolidation gain or loss is recognized.

The following euro exchange rates have been used:

		Average rate 2006	Average rate 2005	Closing rate as at 31 Dec. 2006	Closing rate as at 31 Dec. 2005
Swiss francs	CHF	1.5842	1.5507	1.6057	1.5549
US dollars	USD	1.2658	1.2208	1.3155	1.1828
Czech koruny	CZK	28.0701	–	27.4725	–
Pounds sterling	GBP	0.6848	0.6810	0.6709	0.6852

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 initial 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 exchange rate prevailing at the transaction date.

At the balance sheet date, monetary balance sheet items in foreign currencies of operations whose functional currency is the euro 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

The application of accounting policies, presentation of assets and liabilities and recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Estimated amounts may differ from actual amounts. The amounts are therefore adjusted retrospectively if they relate to previous periods.

Note 14 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.

Accounting for provisions for pensions and similar obligations requires the application of certain actuarial assumptions (e.g. discount rate, staff turnover rate) so as to estimate their carrying amounts (see above). Note 25 shows the present value of the obligations at each balance sheet date. These assumptions may fluctuate considerably, for example because of changes in the macroeconomic environment, and may thus materially affect provisions already recognized. However, this effect is mitigated by application of the corridor method.

Note 46 contains disclosures on the valuation model used for the options. Where the estimates of the valuation parameters originally applied differ from those available when the options are exercised, adjustments are necessary; such adjustments are recognized in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

In addition, estimates of probable settlement are applied to the recognition of provisions for expected losses from rental agreements (see note 27).

Consolidated Income Statement Disclosures

4. Sales revenue

A breakdown of external sales revenue by segment is presented below:

	2006 €m	2005 €m
Xetra		
Xetra trading fees	140.2	108.1
Clearing and settlement fees	85.5	63.5
Floor trading fees	64.2	52.5
Listing fees	12.5	12.9
Income from cooperation agreements	9.0	7.4
Other sales revenue	2.7	3.3
	314.1	247.7
Eurex		
Trading and clearing fees	582.8	485.6
Other sales revenue	15.0	17.9
	597.8	503.5
Clearstream		
Custody fees	434.2	395.5
Transaction fees	150.3	130.3
Global Securities Financing	40.1	37.2
Other sales revenue	75.7	67.5
	700.3	630.5
Market Data & Analytics		
Sales of price information	116.8	102.6
Other sales revenue	31.3	27.4
	148.1	130.0
Information Technology		
Systems operation	74.3	66.2
Systems development	19.6	53.6
	93.9	119.8
Total sales revenue	1,854.2	1,631.5

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 of transaction fees invoiced by Eurex Clearing AG. The remaining 15 percent are paid to SWX Swiss Exchange AG and are not included in Deutsche Börse Group's consolidated financial statements.

The tariff structure applicable to trading on the Xetra electronic market was changed in January 2005; in 2006, it was supplemented only by a phased rebate for clearing fees under the Automated Trading Program. The tariff structure 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 (via the central counterparty – CCP). The significant increase in segment revenue by 27 percent to €314.1 million (2005: €247.7 million) is mainly attributable to the positive growth in the number of Xetra transactions (up 32 percent to 107.7 million) and the increased number of contract notes from floor trading (up 22 percent to 33.8 million).

The increase in Eurex's sales revenue of 19 percent to €597.8 million (2005: €503.5 million) is largely due to the 22 percent increase in the number of traded contracts in combination with the offsetting effect of the "Block Trade Fee Capping" (i.e. where the maximum fee per order is constant above a certain order size), whose introduction began in 2005.

Sales revenue in the Clearstream segment rose by 11 percent to €700.3 million (2005: €630.5 million). The 10 percent rise in custody revenue is the result of the 14 percent increase in the average value of securities held in custody to €9.2 trillion (2005: €8.1 trillion) and the volume-related fee schedule, which results in a slight decrease in average pricing as volumes increase. Transaction revenue increased by 15 percent; this was due to the 16 percent rise in the number of transactions to 56.6 million (2005: 48.8 million; both excluding CCP transactions). The €8.2 million increase in other revenue is largely attributable to the €4.3 million increase in connectivity revenue.

Sales revenue in the Market Data & Analytics segment rose by 14 percent to €148.1 million (2005: €130.0 million). Most of the revenue was generated by the sale of price information. Other revenue is generated by index license income and the provision of securities information.

Information Technology develops and operates systems for internal and external customers. External revenue fell by 22 percent to €93.9 million (2005: €119.8 million). This was due to the sale of the entity subgroup to Softlab GmbH with effect from 1 October 2005 (see note 42).

5. Net interest income from banking business

Net interest income from banking business is composed of the following items:

	2006 €m	2005 €m
Gross interest income	260.0	201.8
Interest expense	-109.3	-89.1
Net interest income from banking business	150.7	112.7

The slight decrease in average customer deposits by 3 percent to €3.7 billion (2005: €3.8 billion) was more than offset by rising interest rates (in the US dollar area and the euro zone), so net interest income from banking business grew by 34 percent to €150.7 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	
	2006 €m	2005 €m	2006 €m	2005 €m
Xetra				
Equity Central Counterparty, CCP, FI-CCP, ISE-CCP ¹⁾	6.1	8.1	2.6	4.0
Xetra software	4.8	0	2.4	0
	10.9	8.1	5.0	4.0
Eurex				
Eurex software	22.0	22.4	9.3	18.5
Integrated Clearer ¹⁾	0.5	2.3	0.5	2.1
	22.5	24.7	9.8	20.6
Clearstream				
Settlement and Collateral Management	49.9	29.9	6.7	8.9
Custody	24.4	14.1	2.5	3.7
Investment Funds	8.4	2.8	4.5	1.2
	82.7	46.8	13.7	13.8
Market Data & Analytics				
Consolidated Exchange Feed (CEF)	4.4	4.3	0	0
Other	0.3	0.4	0.3	0.4
	4.7	4.7	0.3	0.4
Information Technology				
Xentric	0.2	0	0.2	0
Other	2.6	2.6	0	0
	2.8	2.6	0.2	0
Total of all segments	123.6	86.9	29.0	38.8
less intercompany profits	-18.6	-14.6	-6.8	-11.0
Total development costs	105.0	72.3	22.2	27.8

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:

	2006 €m	2005 €m
Gains on the disposal of (shares in) subsidiaries and other equity investments	25.7	13.2
Income from agency agreements	23.8	34.9
Rental income from sublease contracts	9.7	6.7
Rental income from investment property	9.0	8.5
Foreign currency income	3.1	5.5
Income from insurance recoveries	2.9	1.3
Miscellaneous	11.6	9.0
Total other operating income	85.8	79.1

Income from agency agreements results mainly from the operational management of the Eurex Zürich derivatives market for SWX Swiss Exchange AG.

Gains on the disposal of (shares in) subsidiaries and other equity investments include a gain on the disposal of U.S. Futures Exchange L.L.C. amounting to €23.5 million (see note 38).

For details of rental income from sublease contracts see note 45.

Miscellaneous other operating income includes income from cooperation agreements and from training as well as employee contributions for company cars and valuation allowances.

8. Staff costs

Staff costs are composed of the following items:

	2006 €m	2005 €m
Wages and salaries	359.1	348.3
Social security contributions, retirement and other benefits	55.8	57.8
Total staff costs	414.9	406.1

In 2006, wages and salaries expense rose by 3 percent to €359.1 million (2005: €348.3 million). This was due to the following two offsetting effects: 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 €76.8 million (2005: €40.1 million) (see also note 46); the second effect is the significantly lower expense for severance payments amounting to €9.4 million (2005: €20.2 million). Adjusted for these factors, wages and salaries decreased by 5 percent. This was a result of the 8 percent decrease in the average workforce, coupled with the annual pay rise.

Social security contributions, retirement and other benefit costs declined by 3 percent to €55.8 million (2005: €57.8 million), of which €20.9 million (2005: €21.7 million) related to contributions to defined contribution pension plans. For details on defined benefit pension plans, see note 25.

9. Depreciation, amortization and impairment losses (other than goodwill)

Depreciation, amortization and impairment losses (other than goodwill) are broken down as follows. For details on the impairment loss see also notes 14 and 42.

	2006 €m	2005 €m
Intangible assets	87.5	114.5
Property, plant and equipment	37.6	39.5
Investment property	5.3	7.4
Total depreciation, amortization and impairment losses (other than goodwill)	130.4	161.4

The decrease in the amortization of intangible assets is the result of the decline in own expenses capitalized in the past few years.

Depreciation of property, plant and equipment fell as some buildings and fixtures and fittings were fully depreciated.

The decrease in depreciation of investment property is a result of the impairment loss of €1.6 million charged in 2005 due to the impairment of a property held for sale (see also note 16).

10. Other operating expenses

Other operating expenses are composed of the following items:

	2006 €m	2005 €m
Costs for IT services providers and other consulting services	110.0	77.0
Premises expenses	59.0	64.6
IT costs	48.1	48.3
Purchase of price information	30.0	26.0
Communication costs (including network costs)	24.9	24.9
Advertising and marketing costs	17.9	22.6
Xontro system operation	15.9	14.3
Cost of agency agreements	14.4	11.4
Insurance premiums, contributions and fees	14.3	15.1
Travel, entertainment and corporate hospitality expenses	13.8	12.8
Non-recoverable input tax	13.7	40.3
Non-wage labour costs and voluntary social benefits	8.8	10.1
Fees payable to Helsinki Exchange Ltd. Oy	4.5	5.1
External labour	4.3	4.2
Supervisory Board remuneration	3.7	3.9
Cost of exchange rate differences	2.9	4.6
Postage and transport costs	2.1	2.2
Rent and leases (excluding IT and buildings)	1.7	2.9
Valuation allowances and bad debt losses	1.5	4.1
Office supplies	1.3	1.5
Maintenance (excluding IT and buildings)	0.7	1.6
Loss on disposal of noncurrent assets	0.5	0.5
Miscellaneous	11.7	17.9
Total other operating expenses	405.7	415.9

Costs for IT services providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 6. These costs also contain costs of strategic and legal consulting services as well as of audit 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:

	2006 €m	2005 €m
Audit	1.2	2.2
Tax advisory services	1.0	0.7
Other assurance or valuation services	0.1	0
Other services	0.7	0.5
Total	3.0	3.4

The higher audit costs in 2005 were due among other things to higher provisions, additional charges from the previous year, and the audit costs for the entity subgroup.

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 €5.6 million decrease is due mainly to the lower increases in provisions for anticipated losses from rental expenses, which amounted to €0.8 million (2005: €4.6 million).

IT costs contain the costs for rental, leasing and maintenance of hardware and software.

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 activities in 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.

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 decrease in this item was mainly due to tax refunds totalling €15.3 million in respect of previous years.

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:

	2006 €m	2005 €m
Equity method-accounted result of associates and joint ventures		
STOXX Ltd.	2.7	2.3
European Energy Exchange AG	2.4	1.3
International Index Company Ltd.	0.4	0.3
Total income from equity method measurement	5.5	3.9
The Clearing Corporation Inc.	-1.8	-2.4
FDS Finanz-Daten-Systeme GmbH & Co. KG	-0.3	0.3
Other equity investments accounted for at equity	0	-0.4
Total losses from equity method measurement¹⁾	-2.1	-2.5
Net income from equity method measurement	3.4	1.4
Dividends from associates		
STOXX Ltd.	3.7	3.1
Other associates	1.5	0.1
Total dividends from associates	5.2	3.2
Income from other equity investments	0	0.8
Total result from equity investments	8.6	5.4

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:

	2006 €m	2005 €m
Interest on bank balances	14.8	14.0
Income from noncurrent financial instruments	0.4	4.2
Other interest and similar income	47.6	30.7
Total financial income	62.8	48.9

Income from noncurrent financial instruments did not include any realized price gains from the sale of noncurrent assets in 2006 (2005: €3.8 million). Other interest and similar income rose by 55 percent; this was due to the 15 percent increase in the average volumes of cash deposits at Eurex Clearing AG and the significant rise in interest rates (from 2.0 percent in the previous year to 3.5 percent in 2006).

Financial expense is composed of the following items:

	2006 €m	2005 €m
Interest paid on Eurex participants' cash deposits	35.8	22.2
Interest on noncurrent loans	17.4	17.3
Interest on current liabilities	1.2	1.7
Other interest and similar expenses	9.9	16.5
Total financial expense	64.3	57.7

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:

	2006 €m	2005 €m
Current income taxes:		
of the year under review	399.8	257.3
from previous years	-11.8	18.2
Deferred tax income on current temporary differences	-28.0	-9.1
Total income tax expense	360.0	266.4

An unchanged tax rate of 41 percent was used in 2006 to calculate deferred taxes for the German companies. 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.

A tax rate of 29.63 percent (2005: 30 percent) was used for the Luxembourg companies, reflecting trade income tax at a rate of 6.75 percent (2005: 7.5 percent) and corporation tax at 23 percent (2005: 23 percent).

Tax rates of 24 to 40 percent were applied to the companies in the UK, the USA, Spain, Switzerland, the Czech Republic 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	
	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m
Pension provisions and other employee benefits	8.8	7.4	0	0	-1.4	1.2	0	0
Other provisions	5.9	8.9	-11.9	-7.2	8.1	6.8	-0.4 ¹⁾	0
Risk provisions	0	0	0	-25.7	-25.7	0	0	0
Intangible assets	3.4	3.9	-25.4	-34.0	-8.1	-16.4	0	0
Securities	0	0	-3.8	-3.9	0.4	0	-0.5	-1.2
Other noncurrent assets	0	0	-0.7	-1.7	-1.0	-1.2	0	0
Other	1.1	0.7	-0.8	-0.9	-0.3	0.5	-0.2 ¹⁾	0.8 ¹⁾
Gross amounts	19.2	20.9	-42.6	-73.4	-28.0	-9.1	-1.1	-0.4
Netting of deferred taxes	-19.2	-20.9	19.2	20.9	0	0	0	0
Total deferred taxes	0	0	-23.4	-52.5	-28.0	-9.1	-1.1	-0.4

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). In addition, deferred taxes on transaction costs from the share buy-back program and staff costs that originated from exercised options allocated under the Group Share Plan were recognized directly in retained earnings.

€8.8 million (2005: €7.4 million) of deferred tax assets and €12.6 million (2005: €38.6 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 KStG (Körperschaftsteuergesetz – German Corporation Tax Act), 5 percent of dividend and similar income received by German companies is 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, profit before tax has been multiplied by the composite tax rate of 41 percent assumed for 2006 (2005: 41 percent).

	2006 €m	2005 €m
Expected income taxes derived from net profit for the year before tax	420.7	285.4
Tax increases due to non-tax-deductible goodwill impairment	0.7	2.4
Non-tax-deductible losses carried forward	6.6	6.8
Tax increases due to other non-tax-deductible expenses	5.5	5.2
Effects resulting from different tax rates ¹⁾	-19.0	-19.9
Tax decreases due to foreign dividends and income from equity investments	-34.7	-30.2
Other	-8.0	-1.5
Income tax expense arising from current year	371.8	248.2
Prior-period income taxes	-11.8	18.2
Income tax expense	360.0	266.4

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 2006, accumulated unused tax losses amounted to €102.2 million (2005: €64.6 million), for which no deferred tax asset was established. Tax losses of €1.2 million were utilized in 2006 (2005: nil).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg and the UK indefinitely as the law now stands. Losses in other countries can be carried forward for periods of up to 20 years.

Consolidated Balance Sheet Disclosures

14. Intangible assets

Intangible assets

	Purchased software €m	Internally developed software €m	Goodwill €m	Payments on account and construction in progress ¹⁾ €m	Other intangible assets ²⁾ €m	Total €m
Historical cost as at 1 Jan. 2005	235.0	602.1	1,341.0	21.1	4.6	2,203.8
Exchange rate differences	0	0	0	0	0.4	0.4
Net changes in the basis of consolidation	1.0 ³⁾	0	-84.7	0	0	-83.7
Additions	5.1	13.6	0	14.2	0	32.9
Reclassifications	0	23.4	0	-23.4	0	0
Adjustments to IFRS 3 ⁴⁾	0	0	-178.9	0	0	-178.9
Historical cost as at 31 Dec. 2005	241.1	639.1	1,077.4	11.9	5.0	1,974.5
Changes in the basis of consolidation	0	0	0	0	-5.0	-5.0
Additions	8.4	7.2	0	15.3	0	30.9
Disposals	-0.5	0	0	0	0	-0.5
Reclassifications	0	12.9	0	-12.9	0	0
Historical cost as at 31 Dec. 2006	249.0	659.2	1,077.4	14.3	0	1,999.9
Amortization and impairment losses as at 1 Jan. 2005	209.0	373.2	236.5	0	1.5	820.2
Net changes in the basis of consolidation	-1.8	0	-57.6	0	0	-59.4
Amortization	17.6	83.6	0	0	1.4	102.6
Impairment losses	0	9.8	5.9	0	2.1	17.8
Adjustments to IFRS 3 ⁴⁾	0	0	-178.9	0	0	-178.9
Amortization and impairment losses as at 31 Dec. 2005	224.8	466.6	5.9	0	5.0	702.3
Changes in the basis of consolidation	0	0	0	0	-5.0	-5.0
Amortization	10.0	77.0	0	0	0	87.0
Impairment losses	0	0.5	1.6	0	0	2.1
Disposals	-0.5	0	0	0	0	-0.5
Amortization and impairment losses as at 31 Dec. 2006	234.3	544.1	7.5	0	0	785.9
Carrying amount as at 1 Jan. 2005	26.0	228.9	1,104.5	21.1	3.1	1,383.6
Carrying amount as at 31 Dec. 2005	16.3	172.5	1,071.5	11.9	0	1,272.2
Carrying amount as at 31 Dec. 2006	14.7	115.1	1,069.9	14.3	0	1,214.0

1) In 2005, all payments on account and construction in progress related to internally developed software; in the year under review, this position includes additions to purchased software amounting to €0.3 million.

2) This item relates to assets from the acquisition of equity investments as part of the Eurex subgroup's US activities. It is allocated to the Eurex segment.

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 entry subgroup, which were presented as a net change in the basis of consolidation). Cumulative impairment losses were netted against cost as at 31 December 2004 in accordance with IFRS 3.79.

Software and payments on account and construction in progress

Additions to 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. Amortization of and impairment losses on software and other intangible assets are reported in the income statement under “depreciation, amortization and impairment losses (other than goodwill)”. Impairment losses on internally developed software relate to the inter-dealer broker system in the Clearstream segment.

As at 31 December 2006, the carrying amounts and remaining amortization periods of major individual software assets are as follows:

	Carrying amount as at		Remaining amortization period as at	
	31 Dec. 2006 €m	31 Dec. 2005 €m	31 Dec. 2006 years	31 Dec. 2005 years
Xetra				
Equity Central Counterparty	6.3	11.4	1.3	2.3
Eurex				
Eurex Release 8.0	7.9	10.0	3.9	4.9
Eurex Release 9.0	4.4	0	4.9	–
Eurex Release 6.0	3.3	7.4	0.8	1.8
Eurex Release 7.0	3.0	4.1	2.8	3.8
Eurex Release 6.1	2.8	4.3	1.8	2.8
Eurex Release 5.0	0.5	6.1	0.2	1.2
Clearstream				
CreationConnect	32.6	57.7	1.3	2.3
New Cash Processing Program ¹⁾	7.7	11.5	1.9	2.9
Collateral Management	5.5	0	4.8	–
Daytime Bridge	5.4	7.6	2.5	3.5
Custody	5.0	8.5	1.2	2.2
Investment Funds	4.2	0	3.8	–
Creation 24	4.1	12.5	1.0	2.0
Market Data & Analytics				
Consolidated Exchange Feed	0	2.5	–	0.4
Other software assets²⁾	37.1	45.2		
Total software	129.8	188.8		

1) The term “New German Settlement Model” used in 2005 has been amended to reflect an expansion in the scope of the project.

2) Each with a carrying amount of less than €4.0 million

The following table shows impairment losses by segment:

	2006 €m	2005 €m
Xetra	0	0.5
Eurex	0	8.8
Clearstream	0.5	0.5
Total impairment losses (excluding goodwill and other intangible assets)¹⁾	0.5	9.8

1) Net amounts, i.e. excluding intercompany 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. 2005	27.1	1,063.8	13.6	1,104.5
Impairment losses	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
Impairment losses	0	0	-1.6	-1.6
Balance as at 31 Dec. 2006	0	1,063.8	6.1	1,069.9

Goodwill allocated to the various cash-generating units is the sole intangible asset with an indefinite useful life.

entory AG was deconsolidated effective 1 October 2005. The remaining goodwill of €27.1 million was offset against the disposal gains in the course of deconsolidation, and the remaining amount of the gain was reported as 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, equity index levels, volatility of equity 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 (2007 to 2009). Cash flow projections beyond 2009 are extrapolated assuming a 3.7 percent (2005: 4 percent) growth rate. The pre-tax discount rate used is 12.2 percent (2005: 14.3 percent).

Infobolsa

The net carrying amount of goodwill resulting from the acquisition of the Infobolsa sub-group was allocated to the two cash-generating units Infobolsa Spain/Portugal (Infobolsa S.A. and Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.) as well as Infobolsa Deutschland GmbH.

Key assumptions made to determine the values in use are the following: Infobolsa terminal sales, as well as sales revenue from the application service provider and retail business.

Cash flows are projected over a three-year period (2007 to 2009). Cash flow projections beyond 2009 are extrapolated assuming a 3.7 percent (2005: 4 percent) growth rate. The pre-tax discount rate used is 12.4 percent (2005: 12.7 percent) for Infobolsa S.A. and Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A. The estimated value in use of these companies was lower than their attributable fair value in 2006. An impairment loss of €1.6 million was therefore allocated to the Market Data & Analytics segment.

During 2005, the value in use of Infobolsa Deutschland GmbH was estimated to be 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. 2005	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
Additions	0	0.6	33.4	4.3	38.3
Disposals	0	-2.8	-20.0	0	-22.8
Reclassifications	0	0	0.2	-0.2	0
Historical cost as at 31 Dec. 2006	128.7	85.4	257.6	4.3	476.0
Depreciation and impairment losses as at 1 Jan. 2005	4.5	24.5	172.9	0	201.9
Changes in the basis of consolidation	0	-0.4	-2.8	0	-3.2
Depreciation	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 and impairment losses as at 31 Dec. 2005	6.6	32.2	185.2	0	224.0
Depreciation	2.8	8.3	26.5	0	37.6
Disposals	0	-1.6	-19.5	0	-21.1
Depreciation and impairment losses as at 31 Dec. 2006	9.4	38.9	192.2	0	240.5
Carrying amount as at 1 Jan. 2005	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
Carrying amount as at 31 Dec. 2006	119.3	46.5	65.4	4.3	235.5

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 €1.4 million as at 31 December 2006 (2005: €3.5 million); see also note 45.

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. 2005	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
Additions	9.0	0	84.3	0	0.2
Disposals	-9.6	-0.2	-118.5	0	-0.2
Historical cost as at 31 Dec. 2006	44.4	17.4	288.1	8.0	0.1
Revaluation as at 1 Jan. 2005	-25.5	-2.1	8.5	-1.0	0
Disposals	0	0	0	1.8	0
Net income from equity method measurement ¹⁾	2.4	0	0	0	0
Currency translation differences recognized in income statement	0	0	3.1	0	0
Impairment losses recognized in income statement	-1.0 ¹⁾	0	0	-0.2 ²⁾	0
Other market price changes recognized in income statement 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
Disposals	9.6	0	0	0	0
Net income from equity method measurement ¹⁾	3.4	0	0	0	0
Currency translation differences recognized in income statement	0	0	-2.3	0	0
Other market price changes recognized in income statement ³⁾	0	0	-8.7	0	0
Market price changes recognized directly in equity	0	0	-0.8	1.5	0
Currency translation differences recognized directly in equity	-1.0	0	0	0	0
Revaluation as at 31 Dec. 2006	-11.0	-1.2	-4.7	3.9	0
Carrying amount as at 1 Jan. 2005	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
Carrying amount as at 31 Dec. 2006	33.4	16.2	283.4	11.9	0.1

1) Included in the result from equity investments (see note 11)

2) Included in the net financial result

3) Included in the net interest income from banking business and other operating income

For details on revaluation differences recognized directly in equity, see also note 23.

Other equity investments include available-for-sale shares.

In the year under review, no impairment losses on securities from banking business and other securities were recognized in income statement (2005: €0.2 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. 2006 €m	31 Dec. 2005 €m	31 Dec. 2006 €m	31 Dec. 2005 €m
Fixed-income securities				
from sovereign issuers	100.2	63.0	50.1	7.8
from multilateral banks	69.8	174.0	0	100.6
from other credit institutions	78.4	92.4	0	10.0
from regional or local public bodies	35.0	0	0	0
Total	283.4	329.4	50.1	118.4

Securities from banking business include financial instruments listed on a stock exchange amounting to €263.6 million (2005: €329.4 million).

Investment property

	€m
Historical cost as at 1 Jan. 2005	122.7
Historical cost as at 31 Dec. 2005	122.7
Reclassifications ¹⁾	-10.7
Historical cost as at 31 Dec. 2006	112.0
Depreciation and impairment losses as at 1 Jan. 2005	8.0
Depreciation	5.8
Impairment losses	1.6
Depreciation and impairment losses as at 31 Dec. 2005	15.4
Depreciation	5.3
Reclassifications ¹⁾	-3.1
Depreciation and impairment losses as at 31 Dec. 2006	17.6
Carrying amount as at 1 Jan. 2005	114.7
Carrying amount as at 31 Dec. 2005	107.3
Carrying amount as at 31 Dec. 2006	94.4

1) Land not used by Deutsche Börse Group which was reclassified as a noncurrent asset held for sale in the year under review, as its sale is highly probable in the first quarter of 2007. Its carrying amount as at 31 December 2006 was €7.6 million.

Investment property was recognized in the balance sheet at €94.4 million (2005: €107.3 million). The estimated fair value as at 31 December 2006 was €124.2 million (2005: €138.3 million). The fair value of the buildings rented to third parties is calculated on the basis of a valuation made by an independent real estate assessor, based on the estimated rental income for the building and a discount rate of 5.85 to 6.00 percent (2005: 6.5 percent). The impairment losses from 2005 are attributable to the Clearstream segment and result from a property held for sale that was reclassified to “noncurrent assets held for sale” in 2006. The fair value of the unused piece of land was based on a valuation made by an independent real estate assessor.

Investment property, which yielded rental income of €9.0 million (2005: €8.5 million) during the year, incurred operating expenses amounting to €1.7 million (2005: €2.0 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. 2006 €m	31 Dec. 2005 €m
Fair value hedges	3.7	1.3
Other derivative assets	3.5	6.6
Derivative assets	7.2	7.9
Miscellaneous	11.5	5.6
Total other noncurrent assets¹⁾	18.7	13.5

1) Thereof €0 million (2005: €0.1 million) with a remaining maturity of less than one year

Other noncurrent liabilities

	31 Dec. 2006 €m	31 Dec. 2005 €m
Fair value hedges	0	4.6
Cash flow hedges	0.8	0.5
Other derivative liabilities	1.9	3.9
Total other noncurrent liabilities¹⁾	2.7	9.0

1) Thereof €0 million (2005: €0.1 million) with a 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 2006 and the corresponding weighted average interest rates:

		31 Dec. 2006	31 Dec. 2005
Notional amount of pay-fixed interest rate swaps	€m	188.0	288.1
Fair value of pay-fixed interest rate swaps	€m	3.7	-3.3
Average pay rate in the reporting period	%	3.87	3.51
Average receive rate in the reporting period	%	3.63	2.38

The gains and losses on the positions covered by fair value hedges and the hedging instruments are indicated in the following table:

	31 Dec. 2006 €m	31 Dec. 2005 €m
(Losses)/gains on hedged items	-7.0	0.7
Gains/(losses) on hedging instruments	7.0	-0.7
Net hedging ineffectiveness	0	0

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 2006 to hedge approximately 45 percent of the USD cash flows and 21 percent of the EUR cash flows from the investment of cash balances expected for 2007 (2005: 25 percent of the expected USD and EUR cash flows for 2006).

At the end of the year, the positions were as follows:

		31 Dec. 2006	31 Dec. 2005
Notional amount of receive-fixed interest rate swaps	€m	1,212.0	1,361.1
Fair value of receive-fixed interest rate swaps	€m	-0.8	-0.5
Average pay rate in the reporting period	%	4.91	3.48
Average receive rate in the reporting period	%	4.71	2.99

The outstanding positions were composed of the following items:

Currency	Notional amount million	Equivalent		Term		Receive rate %
		2006 €m	2005 €m	from	until	
USD	300.0	228.0	253.7	6 Jan. 2006	8 Jan. 2007	4.6475
USD	300.0	228.0	–	25 Jan. 2006	25 Jan. 2007	4.8150
USD	600.0	456.0	–	5 Jan. 2007	5 Jan. 2008	5.2644
€	300.0	300.0	–	5 Jan. 2007	5 Jan. 2008	3.8400

The following gains or losses on derivative financial assets designated as cash flow hedges were recognized directly in equity (prior to deferred tax adjustments):

	2006 €m	2005 €m
Value of cash flow hedges recognized directly in equity as at 1 January	-0.5	-0.6
Amount recognized in equity during the year	0.6	-0.5
Amount removed from equity and reported in net income	0.2	0.6
Value of cash flow hedges recognized directly in equity as at 31 December	0.3	-0.5

The Clearstream subgroup entered into forward currency transactions in 2006 in order to hedge part of the expected EUR cash flows from sales revenue at risk from a weaker US dollar. In total, four transactions expected in 2007 amounting to USD 7.0 million (2005: USD 7.5 million) each were hedged as at the balance sheet date. The contracts are due on 31 January, 30 April, 31 July and 30 October 2007 (2005: 30 March, 30 June, 29 September and 29 December 2006). The contracts had a positive fair value of €1.1 million as at 31 December 2006 (2005: nil) and are included within the position “current receivables and securities from banking business” (see note 19).

All cash flow hedges entered into during 2006 and 2005 were classified as fully effective.

Derivatives held for trading

Foreign exchange swaps as at 31 December 2006 expiring in less than three months with a notional value of €44.8 million (2005: €119.6 million) had a negative fair value of €0.1 million (2005: €0.6 million). These swaps were entered into to convert foreign currencies received through the issue of commercial paper from the banking business into euros and to hedge short-term foreign currency receivables and liabilities in euros. These are reported under “liabilities from banking business” in the balance sheet (see also note 31).

18. Financial instruments of Eurex Clearing AG

	31 Dec. 2006 €m	31 Dec. 2005 €m
Options ¹⁾	14,207.3	9,512.4
Bond forwards and repos	39,500.1	19,562.9
Other	249.5	483.6
Financial instruments of Eurex Clearing AG	53,956.9	29,558.9

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 43 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 2006:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Loans to banks and customers		
Reverse repurchase agreements	1,481.3	1,649.4
Money market lendings	4,254.0	2,393.9
Balances on nostro accounts	239.6	202.9
Overdrafts from settlement business	473.9	877.3
	6,448.8	5,123.5
Available-for-sale fixed-income securities – money market instruments	149.5	0
Interest receivables	45.6	59.2
Forward foreign exchange transactions	1.1	0
Total	6,645.0	5,182.7

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored against counterparty credit limits (see note 43).

All of the money market instruments held as at 31 December 2006 were issued by sovereign or sovereign-guaranteed issuers and were listed. The remaining maturity as at 31 December 2006 was less than three months.

The remaining maturity of loans to banks and customers can be categorized as follows:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Less than 3 months	6,364.2	5,123.5
3 months to 1 year	84.6	0
Total loans to banks and customers	6,448.8	5,123.5

In general, there were no early call rights in the loans extended.

20. Trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2006.

Changes in allowance accounts on trade receivables are presented in the following table:

Allowance account		€m
Balance as at 1 Jan. 2005		4.3
Additions		2.5
Utilization		-0.4
Reversal		-0.8
Balance as at 31 Dec. 2005		5.6
Additions		1.4
Utilization		-0.4
Reversal		-0.3
Changes in the basis of consolidation		-0.4
Balance as at 31 Dec. 2006		6.3

Uncollectible receivables of €0.2 million for which no allowance accounts had previously been recognized were derecognized in 2006 (2005: €0.8 million).

21. Other current assets

Other current assets are composed of the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Tax receivables	30.8	29.0
Receivables from the sale of noncurrent assets	0	16.7
Prepaid expenses	10.9	12.9
Interest receivables	5.1	4.3
Collection business of Deutsche Börse Systems AG	3.1	3.4
Miscellaneous	6.7	3.4
Total other current assets	56.6	69.7

Insurance recoverables in the amount of €1.6 million (2005: €1.4 million) have been pledged to the IHK (Industrie- und Handelskammer – Chamber of Commerce) Frankfurt/Main.

22. Restricted bank balances

Amounts reported separately as at 31 December 2006 under liabilities as cash deposits by market participants amounting to €1,509.0 million (2005: €936.8 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 as well as for tripartite reverse repurchase agreements.

Cash funds amounting to €73.8 million (2005: €1.9 million) attributable to the Clearstream subgroup are 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 2006, 102,000,000 no-par value shares of Deutsche Börse AG were issued (31 December 2005: 105,918,789).

The transaction costs from the buy-back of treasury shares, less deferred tax income, in the amount of €0.1 million (2005: €0.2 million) were taken directly to equity.

Subject to the agreement of the Supervisory Board, the Executive Board is authorized to increase the subscribed share capital by the following amounts:

	Amount in €	Date of authorization by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be suspended for fractional amounts and/or may be suspended if the share issue is:
Authorized share capital I	5,200,000	24 May 2006	23 May 2011	■ against non-cash contributions for the purpose of acquiring companies, parts of companies or interests in companies or other assets.
Authorized share capital II	14,797,440	14 May 2003	13 May 2008	<ul style="list-style-type: none"> ■ 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 interests in companies. ■ to grant subscription rights for new shares to holders of warrants and convertible bonds issued by Deutsche Börse AG and its subsidiaries.

In addition to authorized share capital I and 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 servicing 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 46).

There were no further subscription rights for shares as at 31 December 2006 or 31 December 2005.

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 46).

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. 2005	12.1	0.6	0.2	-5.0	7.9
Fair value measurement	-1.2	1.8	0.2	1.2	2.0
Reversal 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
Fair value measurement	-0.8	1.5	0.7	0.1	1.5
Reversal to net profit or loss	-1.2	0	0.6	0.4	-0.2
Balance as at 31 Dec. 2006	10.0	3.9	2.3	-3.3	12.9

Accumulated profit

The “accumulated profit” item includes exchange rate differences amounting to €2.0 million (2005: €3.7 million). €1.7 million was deducted due to currency translation for foreign subsidiaries in the year under review (2005: €7.6 million added).

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. In addition, further criteria for assessing economic capital are applied to banking and banking-related activities.

b) Regulatory capital is determined on the basis of the individual companies or subgroups that are subject to solvency supervision. In addition, Deutsche Börse AG and other Group companies must have sufficient own funds available either as stock exchange operators or as shareholders of credit institutions in the Group. However, there are no specific rules governing the amount of these own funds. At a consolidated level, the Group is not currently subject to any regulatory capital adequacy requirements. 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 intransparent 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. One key factor considered by rating agencies at present appears to be the absolute amount 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. 2006 €m	31 Dec. 2005 €m
Shareholders' equity	2,263.4	2,186.7
less goodwill	-1,069.9	-1,071.5
Net tangible equity	1,193.5	1,115.2
Target value for net tangible equity	1,000.0	1,000.0

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). With the exception of Clearstream Banking S.A., Luxembourg, which has been classified as a trading-book institution since the introduction of the ASLplus securities lending system in the fourth quarter of 2005, all Group companies are non-trading-book institutions. Market price 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 volume 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 in risk-weighted assets, which can lead to overall capital ratios of well over 60 percent. In addition to fulfilling current regulatory requirements, capital resources are designed to cover operational risks.

Securities lending transactions entered into in connection with the ASLplus program (see note 3) are included in the trading book in accordance with current capital adequacy regulations. As at 31 December 2006 and 2005, exposure in connection with securities lent was fully covered by collateral (see note 43) and consequently did not result in any additional capital requirement.

The following table shows the regulatory capital ratios as at 31 December 2006:

	31 Dec. 2006			31 Dec. 2005		
	Risk-weighted assets ¹⁾ €m	Regulatory equity €m	Solvency ratio ²⁾ %	Risk-weighted assets ¹⁾ €m	Regulatory equity €m	Solvency ratio ²⁾ %
Clearstream subgroup	1,626.7	649.9	40.0	1,424.2	732.0	51.4
Clearstream International S.A.	923.9	545.2	59.0	768.5	530.0	69.0
Clearstream Banking S.A.	1,207.9	292.8	24.2	928.6	291.4	31.4
Clearstream Banking AG	309.2	59.7	19.3	166.8	59.2	35.5
Eurex Clearing AG	10.3	50.0	486.4	44.0	20.5	46.5

1) Including open currency positions that are relevant for regulatory purposes

2) Overall capital ratio, converted to German regulations

Eurex Clearing AG applied to the Financial Services Authority (FSA) in the UK on 25 August 2006 to become a “recognised overseas clearing house” (ROCH). The British regulations require an ROCH to maintain regulatory capital equivalent to at least six months of operating expenses, among other things. In order to satisfy this requirement, Eurex Clearing AG increased its shareholder’s equity to €50.0 million in 2006 in anticipation of the regulatory approval received on 16 January 2007. Furthermore, as part of its efforts to invest the market participants’ cash deposits at the lowest possible risk and against first-class collateral, Eurex Clearing AG reached further agreements to deposit cash in the form of reverse repo placements during the year. Thus, the proportion of government securities within the collateral increased significantly, which led to a reduction in the risk-weighted assets despite the increased cash deposits. As a result of the significant increase in shareholder’s equity and the sharp reduction in risk-weighted assets, the solvency ratio increased more than tenfold.

New capital requirements and new rules for limiting counterparty risk (large exposure rules) have been in force in the European Economic Area (EEA) since 1 January 2007. They have been implemented in national regulations to transpose the 2006 EU Banking and Capital Requirements Directive and are based on the “Basel II” rules. The new capital requirements rules have introduced a number of changes. For the quantitative calculation of capital requirements, the primary new or modified elements are (a) the introduction of a capital requirement for operational risk, (b) the introduction of (advanced) internal measurement approaches for credit and operational risk, (c) the option of choosing between three methods for measuring credit and operational risk, (d) the introduction of risk weightings for credit risk that depend on the specific credit risk and (e) expanded opportunities to use risk mitigation techniques (e.g. collateral) to reduce the regulatory capital commitment.

2007 is a transitional year for the introduction of the new capital requirements rules: they are not yet required to be applied this year, and advanced measurement approaches for credit risk (advanced Internal Ratings Based Approach – IRBA) and for operational risk (Advanced Measurement Approach – AMA) may not yet be applied.

Given its customer structure (primarily banks and other financial institutions), Deutsche Börse Group has decided to apply only the standardized approach to all credit risk. Eurex Clearing AG will apply the basic indicator approach to operational risk, while the Clearstream subgroup will apply the AMA. Eurex Clearing AG has been applying the new German rules since 1 January 2007, while the Clearstream subgroup will not apply the new Luxembourg and German rules until 2008 because of the greater implementation effort and the intended use of the AMA.

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 2006 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 €616.0 million (2005: €461.1 million) and shareholders' equity of €1,846.7 million (2005: €1,821.5 million). Reflecting the deferred tax assets recognized in accordance with section 274 (2) of the HGB, an amount of €7.5 million (2005: nil) was appropriated to retained earnings to limit capital distribution.

The increase in the net profit for the year relates mainly to the growth in sales revenue due to higher trading volumes. With respect to the costs, the disposal of U.S. Futures Exchange L.L.C. had a beneficial effect.

The Executive Board proposes that the unappropriated surplus amounting to €350.0 million (2005: €340.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Net profit for the year	616.0	461.1
Appropriation to other retained earnings in the annual financial statements	-266.0	-121.1
Unappropriated surplus	350.0	340.0
Proposal by the Executive Board:		
Distribution of a dividend to the shareholders on 14 May 2007 of €3.40 per share for 97,799,111 no-par value shares carrying dividend rights (in 2006 from net profit for 2005: €2.10)	332.5	210.4 ¹⁾
Appropriation to retained earnings	17.5	129.6 ²⁾

1) Amount restated to reflect actual distribution (amount reported in 2005: €210.6 million)

2) Amount restated to reflect actual appropriation to retained earnings

The proposed dividend for 2006 corresponds to a distribution ratio of 49.7 percent of the consolidated net income (2005: 49.2 percent; restated to reflect actual distribution).

No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2005	105,918,789
Number of shares retired in April 2006 that were acquired under the 2005 share buy-back program	-3,918,789
Number of shares issued as at 31 December 2006	102,000,000
Number of shares acquired under the 2005 and 2006 share buy-back programs that are scheduled to be retired	-4,201,039
Number of shares outstanding as at 31 December 2006	97,798,961
Shares issued in 2007 under the Group Share Plan prior to the preparation date of the financial statements	150
Total number of no-par value shares carrying dividend rights	97,799,111

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the Company that are not eligible to receive dividends under section 71b of the AktG (Aktiengesetz – German Stock Corporation Act). The number of shares eligible to receive dividends can change up until the Annual General Meeting through the repurchase of further treasury shares (irrespective of whether or not such shares are subsequently retired) or through the sale of treasury shares. In this case, without changing the dividend of €3.40 per eligible share, an amended resolution for the appropriation of surplus will be proposed to the Annual General Meeting.

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. 2006 €m	31 Dec. 2005 €m
Unfunded defined benefit obligations	0.8	1.2
Partly or wholly funded defined benefit obligations	148.2	127.7
Defined benefit obligations	149.0	128.9
Fair value of plan assets	-115.2	-80.3
Net unrecognized actuarial losses	-19.9	-21.0 ¹⁾
Net unrecognized past service cost	-4.3	-1.2
Net liability	9.6	26.4
Amount recognized in the balance sheet		
Other noncurrent assets	4.9	0.3
Provisions for pensions and other employee benefits	14.5	26.7
Net liability	9.6	26.4

1) Including net losses of €1.8 million resulting from the application of 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:

	2006 €m	2005 €m
Current service cost	10.4	6.7
Past service cost	6.0	5.3
Interest cost	5.1	4.5
Expected return on plan assets	-4.3	-0.8
Net actuarial loss recognized	1.1	0.2
Total pension-related expenses recognized in the income statement	18.3	15.9

The changes in defined benefit obligations were as follows:

	2006 €m	2005 €m
Defined benefit obligations as at 1 January	128.9	100.9
Service cost	10.4	6.7
Past service cost	9.1	6.4
Interest cost	5.1	4.5
Changes in actuarial losses	-0.5	16.3
Benefits paid	-4.0	-3.7
Changes in the basis of consolidation	0	-2.2
Defined benefit obligations as at 31 December	149.0	128.9

The expected contributions to defined benefit plans will amount to approximately €6.2 million for the 2007 financial year.

The changes in the fair value of plan assets were as follows:

	2006 €m	2005 €m
Fair value of plan assets as at 1 January	80.3	16.5
Expected return on plan assets	4.3	0.8
Actuarial return on plan assets	-0.5	1.4
Employer contributions	35.1	62.3
Benefits paid	-4.0	-0.7
Fair value of plan assets as at 31 December	115.2	80.3

The actual return on plan assets amounted to €3.8 million in the year under review (2005: €2.2 million). The calculation of the expected return on plan assets had been based on rates of 4.25 to 5.60 percent (2005: 4.75 percent).

Plan assets are mainly composed of the following items:

	31 Dec. 2006 %	31 Dec. 2005 %
Bonds	29.0	11.0
Investment funds	64.4	11.3
Cash deposits and bank balances	6.6	77.7
Total plan assets	100.0	100.0

The following table shows the experience adjustments to pension obligations and plan assets:

	2006 €m	2005 €m
Actuarial present value of pension obligations	149.0	128.9
Fair value of plan assets	-115.2	-80.3
Underfunding	33.8	48.6
Experience adjustments	-2.4	1.5
thereof attributable to plan liabilities	-1.9	0.1
thereof attributable to plan assets	-0.5	1.4

26. Changes in other provisions

The development of other provisions is presented in the following statement of changes in provisions:

	Other noncurrent provisions €m	Tax provisions €m	Other current provisions €m	Total €m
Balance as at 1 Jan. 2006	74.3	151.6	70.9	296.8
Changes in the basis of consolidation	0	0	-0.7	-0.7
Utilization	-5.6	-70.2	-38.8	-114.6
Reversal	-4.9	-3.4	-5.1	-13.4
Additions	42.1	166.8	55.7	264.6
Balance as at 31 Dec. 2006	105.9	244.8	82.0	432.7

27. Other noncurrent provisions

Other noncurrent provisions with more than one year to maturity comprise the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Anticipated losses from rental expenses	26.6	31.5
Other provisions:		
Phantom stock options	55.3	18.2
Pension obligations to IHK ¹⁾	8.9	10.6
Early retirement benefits	8.3	9.0
Miscellaneous	6.8	5.0
Total other noncurrent provisions	105.9	74.3
thereof with remaining maturity between 1 and 5 years	90.5	53.0
thereof with remaining maturity of more than 5 years	15.4	21.3

1) Industrie- und Handelskammer (Chamber of Commerce)

As at 31 December 2006, the provisions for anticipated losses from rental expenses amounted to €32.0 million (2005: €40.0 million), of which €5.4 million (2005: €8.5 million) was allocated to current provisions. The provisions classified as noncurrent are not expected to be utilized before 2008. They were calculated on the basis of existing rental agreements for each building. A discount rate of 3.75 percent (2005: 3.45 percent) was applied. Additions include interest rate effects amounting to €1.1 million (2005: €1.4 million), of which €0.2 million (2005: €0.2 million) result from the discount rate change.

For details on the phantom stock options, see note 46.

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.

28. Liabilities

Interest-bearing liabilities include a corporate bond with a book value of €499.3 million (2005: €498.8 million), a market value of €495.8 million (2005: €503.0 million) and a remaining time to maturity of 1.4 years (2005: 2.4 years).

Liabilities contain finance lease obligations (see note 45).

As at 31 December 2006, there were no noncurrent liabilities with a term to maturity of more than five years (2005: €4.4 million).

The liabilities recognized in the balance sheet were not secured by liens or similar rights, either as at 31 December 2006 or as at 31 December 2005.

29. Tax provisions

Provisions for current taxes comprise the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Income tax expense: current year	156.6	52.5
Income tax expense: previous years	75.2	88.8
Capital tax and value added tax	13.0	10.3
Total tax provisions	244.8	151.6

The estimated remaining maturity of the tax provisions is less than one year.

30. Other current provisions

The other current provisions are composed of the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Recourse, litigation and interest rate risks	30.8	28.8
Phantom stock options	28.9	12.2
Anticipated losses from rental expenses	5.4	8.5
Rent and incidental rental costs	4.3	4.5
Restructuring costs	3.8	3.3
Stock options from Group Share Plan	1.7	1.5
Miscellaneous	7.1	12.1
Total other current provisions	82.0	70.9

For details on phantom stock options and stock options from Group Share Plan, see note 46.

31. Liabilities from banking business

The liabilities from banking business, attributable solely to the Clearstream subgroup, are composed of the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Customer deposits from securities settlement business	4,335.0	3,867.2
Money market borrowings	1,370.7	475.6
Issued commercial paper	254.8	261.9
Overdrafts on nostro accounts	108.8	65.5
Interest liabilities	9.4	11.2
Miscellaneous	0	0.6
Total liabilities from banking business	6,078.7	4,682.0

All liabilities from banking business have a contractual maturity of less than three months.

32. Cash deposits by market participants

Liabilities from cash deposits by market participants contain the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Liabilities from margin payments to Eurex Clearing AG by members	1,502.3	913.1
Liabilities from cash deposits by participants in equity trading	6.7	23.7
Total cash deposits by market participants	1,509.0	936.8

33. Other current liabilities

The other current liabilities are composed of the following items:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Special payments and bonuses	36.2	30.7
Tax liabilities (excluding income taxes)	21.8	24.8
Loan interest payable	13.6	14.2
Vacation entitlements, flexitime and overtime credits	12.2	10.9
Payables to Eurex participants	8.0	2.4
Debtors with credits	3.7	4.1
Social security liabilities	3.0	3.3
Miscellaneous	22.1	28.6
Total other current liabilities	120.6	119.0

Miscellaneous other current liabilities include liabilities resulting from rental agreements and finance lease transactions (see note 45), as well as the remuneration to be paid to the members of the Supervisory Board for financial year 2006, but which will only be paid in the following year.

34. Maturity analysis of financial assets and liabilities

The following table indicates the underlying contractual maturities of the financial assets and liabilities at the balance sheet date:

	Contractual maturity	
	2006 €m	Sight 2005 €m
Non-derivative financial liabilities		
Interest-bearing liabilities	–	–
Other non-derivative noncurrent financial liabilities	–	–
Non-derivative liabilities from banking business	5,805.5	4,293.2
Other bank loans and overdrafts	0.1	0.4
Trade payables, payables to associates, payables to other investors	–	–
Cash deposits by market participants	1,509.0	936.8
Total non-derivative financial liabilities, gross	7,314.6	5,230.4
less non-derivative financial assets:		
Noncurrent securities from banking business	–	–
Other noncurrent financial instruments and loans	–	–
Other non-derivative noncurrent financial assets	–	–
Current receivables and securities from banking business	–3,877.8	–1,503.8
Trade receivables	–	–
Restricted bank balances	–1,582.8	–938.7
Total non-derivative financial assets	–5,460.6	–2,442.5
Total non-derivative financial liabilities, net	1,854.0	2,787.9
Derivatives and financial instruments of Eurex Clearing AG		
Financial liabilities and derivatives of Eurex Clearing AG	4,661.0	1,856.8
less financial assets and derivatives of Eurex Clearing AG	–4,661.0	–1,856.8
Other noncurrent liabilities – derivatives and hedges		
Cash flow hedges	–	–
Fair value hedges	–	–
Derivatives	46.3	–
Other noncurrent assets – derivatives and hedges		
Cash flow hedges	–	–
Fair value hedges	–	–
Derivatives	–46.3	–
Total derivatives	0	0

1) Includes the traditional options and option premiums of future-style options in the amount of €14,207.3 million (2005: €9,512.4 million). The various series have different maximum durations: 36 months for single-stock futures, 60 months for equity options, 9 months for index futures and 119 months for index options. As the respective asset and liability sides of the options are always of the same duration, no analysis of the individual durations is presented for reasons of materiality, and the total outstanding is presented as having a contractual maturity of not more than three months.

Contractual maturity								Reconciliation to carrying amount		Carrying amount	
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				Other	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
	0.2	–	1.1	500.4	501.7	–	–	–0.5	–1.4	499.9	501.6
–	–	–	–	–	–	–	–	2.7	9.0	2.7	9.0
273.2	388.8	–	–	–	–	–	–	–	–	6,078.7	4,682.0
–	–	–	–	–	–	–	–	–	–	0.1	0.4
–	–	–	–	–	–	–	–	103.3	93.1	103.3	93.1
–	–	–	–	–	–	–	–	–	–	1,509.0	936.8
273.2	389.0	0	1.1	500.4	501.7	0	0	105.5	100.7	8,193.7	6,222.9
–45.0	–5.0	–5.0	–113.4	–78.5	–88.4	–154.9	–122.6	–	–	–283.4	–329.4
–	–	–0.1	–0.1	–	–	–	–	–61.5	–48.8	–61.6	–48.9
–	–	–	–	–	–	–	–	–94.4	–107.3	–94.4	–107.3
–2,607.6	–3,678.9	–159.6	–	–	–	–	–	–	–	–6,645.0	–5,182.7
–	–	–	–	–	–	–	–	–183.2	–163.2	–183.2	–163.2
–	–	–	–	–	–	–	–	–	–	–1,582.8	–938.7
–2,652.6	–3,683.9	–164.7	–113.5	–78.5	–88.4	–154.9	–122.6	–339.1	–319.3	–8,850.4	–6,770.2
–2,379.4	–3,294.9	–164.7	–112.4	421.9	413.3	–154.9	–122.6	–233.6	–218.6	–656.7	–547.3
45,969.1 ¹⁾	24,139.6 ¹⁾	3,326.8	3,562.5	–	–	–	–	–	–	53,956.9	29,558.9
–45,969.1 ¹⁾	–24,139.6 ¹⁾	–3,326.8	–3,562.5	–	–	–	–	–	–	–53,956.9	–29,558.9
14.6	12.4	46.7	31.1	2.9	0.9	–	0	–	–	64.2	44.4
1.3	1.3	6.0	8.8	23.1	25.9	5.9	10.5	–	–	36.3	46.5
6.1	122.1	0	0	1.6	3.2	–	0	–	–	54.0	125.3
–28.6	–36.4	–21.0	–22.5	–35.5	–11.8	–	0	–	–	–85.1	–70.7
–1.7	–1.7	–5.1	–4.1	–20.0	–15.6	–4.9	–5.6	–	–	–31.7	–27.0
–6.1	–121.4	0	–0.3	–1.6	–3.2	–	0	–	–	–54.0	–124.9
–14.4	–23.7	26.6	13.0	–29.5	–0.6	1.0	4.9	0	0	–16.3	–6.4

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 the financial instruments:

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount	
				31 Dec. 2006 €m	31 Dec. 2005 €m
Other equity investments	16	AFS ²⁾	Historical cost	12.0	12.1
		AFS ²⁾	Fair value	4.2	4.3
Securities from banking business	16	AFS ²⁾	Fair value	283.4	329.4
Other financial instruments	16	AFS ²⁾	Fair value	11.9	10.4
Other loans	16	Loans and receivables	Amortized cost	0.1	0.1
Other noncurrent assets ¹⁾	17	Fair value hedge	Fair value	3.7	1.3
		Held for trading	Fair value	3.5	6.6
		Loans and receivables	Amortized cost	11.5	5.6
Financial instruments of Eurex Clearing AG	18	Held for trading	Fair value	53,956.9	29,558.9
Current receivables and securities from banking business	19	AFS ²⁾	Fair value	149.5	0
		Cash flow hedge	Fair value	1.1	0
		Loans and receivables	Amortized cost	6,494.4	5,182.7
Other noncurrent liabilities	17	Cash flow hedge	Fair value	0.8	0.5
		Fair value hedge	Fair value	0	4.6
		Held for trading	Fair value	1.9	3.9
Liabilities from banking business	31	Liabilities at amortized cost	Amortized cost	6,078.7	4,681.4
		Held for trading	Fair value	0	0.6

1) Composition for 2005 restated in 2006

2) 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. For the year under review, their fair value is estimated to be close to historical cost. In the previous year, their fair value was estimated 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 €843.4 million (2005: €667.7 million). Basic operating cash flow per share was €8.49 (2005: €6.25), diluted operating cash flow per share was €8.48 (2005: €6.25). The entire cash flow from the net financial result (net interest and investment income) has been allocated to operating activities.

The increase in noncurrent provisions of €19.4 million in the year under review (2005: decrease of €26.4 million) is mainly due to an increase of additions to the phantom stock options amounting to €37.1 million (2005: €17.1 million); see note 27. This increase is partially offset by the reduction of €12.2 million (2005: €52.3 million) of the provisions for pension and other employee benefits. This drop relates primarily to the contribution to the fund assets amounting to €35.1 million (2005: 62.3 million) as well as to the offsetting effect of €20.1 million (2005: €28.0 million) caused by the increase of the defined benefit obligation (see note 25).

Other non-cash income results from the following items:

	2006 €m	2005 €m
Gains on the disposal of (shares in) subsidiaries and other equity investments	-23.5	-13.2
Equity method measurement	-6.4	-1.4
Miscellaneous	15.3	-5.7
Total other non-cash income	-14.6	-20.3

The increase in current liabilities of €116.6 million (2005: €128.6 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 €11.1 million (2005: €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:

	2006 €m	2005 €m
Payments to acquire intangible assets, property, plant and equipment, and investment property:		
Payments to acquire intangible assets	30.9	32.9
Payments to acquire property, plant and equipment	38.3	30.6
Total payments to acquire intangible assets, property, plant and equipment, and investment property	69.2	63.5
Payments to acquire noncurrent financial instruments	84.3	10.2
Payments to acquire investments in associates	0.7	0
Non-cash investments	0	2.5
Total additions to noncurrent assets (excluding other noncurrent assets)	154.2	76.2

The disposal of (shares in) subsidiaries and other equity investments led to a cash inflow of €34.3 million (2005: €32.3 million).

	2006 €m	2006 €m
Allocation of selling price		
Intangible assets	0	-27.1
Property, plant and equipment	0	-0.1
Other noncurrent assets	0	-1.7
Receivables and other current assets	-2.3	-15.3
Noncurrent liabilities	0	3.3
Current liabilities	1.1	11.8
Total assets and liabilities disposed	-1.2	-29.1
Disposal consideration	26.6 ¹⁾	43.6
net of cash disposed	-0.5	-1.3
less exchange rate differences	-1.4	0
Remaining difference	23.5	13.2

1) Thereof €18.3 million received in 2006

The net cash proceeds from the sale of available-for-sale noncurrent financial instruments amounted to €118.5 million (2005: €35.3 million). The proceeds for 2006 correspond to the repayment at maturity of fixed-income securities. The proceeds for 2005 correspond additionally to the sale of shares in investment funds.

39. Cash flows from financing activities

In 2006, a dividend of €210.4 million was distributed for financial year 2005 (in 2005 for 2004: €74.1 million). For details on the acquisition of treasury 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:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Cash and bank balances	2,235.2	1,481.8
Other bank loans and overdrafts	-0.1	-0.4
Reconciliation to cash and cash equivalents		
Current receivables from banking business	6,645.0	5,182.7
less credits to other banks and customers with an original maturity of more than 3 months	-115.0	0
less available-for-sale fixed-income securities – money market instruments with an original maturity of more than 3 months	-149.5	0
less derivative assets	-1.1	0
Current liabilities from banking business	-6,078.7	-4,682.0
Current liabilities from cash deposits by market participants	-1,509.0	-936.8
	-1,208.3	-436.1
Cash and cash equivalents	1,026.8	1,045.3

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 not more than three months are classified as 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 effects of exchange rate changes mentioned above. 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 2006 included restricted bank balances amounting to €1,582.8 million (2005: €938.7 million); for details see note 22.

Other Disclosures

41. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net income 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 rateably 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 2006:

Tranche	Exercise price ¹⁾ €	Adjusted exercise price €	Average number of outstanding options 31 Dec. 2006	Average price for the period ²⁾ €	Number of potentially dilutive ordinary shares 31 Dec. 2006
2004	52.35	52.35	68,731	112.80	36,833
2005	78.29	79.88	88,162	112.80	25,730
2006	127.80	149.48	29,220	112.80	0

1) The original issue prices of €51.84 for Tranche 2004 and €77.69 for Tranche 2005 were adjusted due to the reduction of the share capital under the share buy-back program.

2) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2006

As the volume-weighted average share price was higher than the employees' option-adjusted exercise prices for the 2004 and 2005 tranches, these options are considered dilutive under IAS 33. In 2005, 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 either as at 31 December 2006 or as at 31 December 2005.

Earnings per share (basic and diluted) were calculated as follows:

	2006	2005
Number of shares outstanding as at beginning of period	101,278,653	111,802,880
Number of shares outstanding as at end of period	97,798,961	101,278,653
Weighted average number of shares outstanding	99,393,767	106,897,255
Number of potentially dilutive ordinary shares	62,563	11,339
Weighted average number of shares used to compute diluted earnings per share	99,456,330	106,908,594
Net income (€m)	668.7	427.4
Earnings per share (basic) (€)	6.73	4.00
Earnings per share (diluted) (€)	6.72	4.00

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
Clearstream	Settlement of transactions and custody of securities, global securities financing services
Market Data & Analytics	Sales of price information and information distribution
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

In the year under review, part of the interest in the formerly fully consolidated subsidiary U.S. Futures Exchange L.L.C. was sold effective 30 September 2006. Since that date, this company is only included in the consolidated financial statements using the equity method of accounting (see note 2). External sales of €5.5 million and external costs of €8.1 million were included in the 2006 consolidated income statement in respect of U.S. Futures Exchange L.L.C. for the first nine months of the year.

Deutsche Börse AG sold the entory subgroup to Softlab GmbH effective 1 October 2005. The companies sold were therefore only included in the Information Technology segment up to the date of deconsolidation. External sales of €39.8 million (including €5.7 million from fixed-price contracts for software development) and external costs of €51.5 million were included in the 2005 consolidated income statement in respect of the entory subgroup for the first nine months of the year.

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 calculation of the underlying quantities is based on the relevant usage; price changes are driven by changes in costs. Overall, there were no material changes required to be reported under IAS 14.

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.

Segment reporting for the year ended 31 December

	Xetra		Eurex		Clearstream	
	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m
External sales revenue	314.1	247.7	597.8	503.5	700.3	630.5
Internal sales revenue	0	0	0	0	7.9	6.5
Total sales revenue	314.1	247.7	597.8	503.5	708.2	637.0
Net interest income from banking business	0	0	0	0	150.1	112.3
Own expenses capitalized	5.0	4.0	9.8	20.6	13.7	13.8
Other operating income	22.9	23.2	66.1	54.0	4.9	1.9
Fee and commission expenses from banking business	0	0	0	0	-141.4	-136.5
Consumables used	0	0	0	0	0	0
Staff costs	-26.9	-21.7	-35.2	-38.8	-98.7	-93.9
Depreciation, amortization and impairment losses (other than goodwill)	-12.6	-21.6	-21.6	-41.3	-52.1	-52.4
Other operating expenses	-124.4	-119.3	-224.8	-243.1	-260.4	-248.8
Result from equity investments	0.9	0.3	0.6	-1.0	0	0
Earnings before interest, tax and goodwill impairment (EBITA)	179.0	112.6	392.7	253.9	324.3	233.4
Goodwill impairment	0	0	0	0	0	0
Earnings before interest and tax (EBIT)	179.0	112.6	392.7	253.9	324.3	233.4
Net financial result	0	0	8.1	3.9	0	0
Earnings before tax (EBT)	179.0	112.6	400.8	257.8	324.3	233.4
Assets						
Intangible assets	21.7	29.2	43.7	55.2	1,151.4	1,188.5
Property, plant and equipment	0.3	0.3	0.3	0.4	0	0
Investments in associates	0	0	21.5	12.9	0	0
Other assets	43.2	47.8	55,553.5	30,537.5	6,949.6	5,604.9
Total assets	65.2	77.3	55,619.0	30,606.0	8,101.0	6,793.4
Provisions and liabilities	27.4	42.8	55,500.1	30,503.4	6,238.0	4,836.5
Net assets	37.8	34.5	118.9	102.6	1,863.0	1,956.9
Investments in intangible assets, property, plant and equipment	5.2	4.0	9.9	20.8	13.8	15.2
Employees (as at 31 December)	182	166	173	189	931	905
EBITA margin (%)¹⁾	57.0	45.5	65.7	50.4	46.3	37.0

The reconciliation column shows:

- Elimination of intra-Group sales revenue and profits
- Assets not attributable to the segments (noncurrent financial assets less equity method-accounted investments) and tax items

1) Including result from equity investments unless otherwise indicated

2) Based on the total of internal and external sales revenue

	Market Data & Analytics		Information Technology		Corporate Services		Total of all segments		Reconciliation		Group	
	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m	2006 €m	2005 €m
	148.1	130.0	93.9	119.8	0	0	1,854.2	1,631.5	0	0	1,854.2	1,631.5
	9.6	7.7	344.5	340.6	0	0	362.0	354.8	-362.0	-354.8	0	0
	157.7	137.7	438.4	460.4	0	0	2,216.2	1,986.3	-362.0	-354.8	1,854.2	1,631.5
	0	0	0	0	0	0	150.1	112.3	0.6	0.4	150.7	112.7
	0.3	0.4	0.2	0	0	0	29.0	38.8	-6.8	-11.0	22.2	27.8
	1.2	0.6	19.4	30.9	236.6	249.1	351.1	359.7	-265.3	-280.6	85.8	79.1
	0	0	0	0	0	0	-141.4	-136.5	0	0	-141.4	-136.5
	0	0	0	-25.7	0	0	0	-25.7	0	0	0	-25.7
	-22.3	-17.0	-148.6	-153.2	-83.2	-81.5	-414.9	-406.1	0	0	-414.9	-406.1
	-7.0	-12.0	-25.0	-25.3	-22.9	-27.0	-141.2	-179.6	10.8	18.2	-130.4	-161.4
	-78.3	-70.2	-190.6	-196.0	-154.4	-173.9	-1,032.9	-1,051.3	627.2	635.4	-405.7	-415.9
	7.1	6.0	0	0	0	0.1	8.6	5.4	0	0	8.6	5.4
	58.7	45.5	93.8	91.1	-23.9	-33.2	1,024.6	703.3	4.5	7.6	1,029.1	710.9
	-1.6	-5.9	0	0	0	0	-1.6	-5.9	0	0	-1.6	-5.9
	57.1	39.6	93.8	91.1	-23.9	-33.2	1,023.0	697.4	4.5	7.6	1,027.5	705.0
	0.3	0.2	0	0	-9.4	-12.5	-1.0	-8.4	-0.5	-0.4	-1.5	-8.8
	57.4	39.8	93.8	91.1	-33.3	-45.7	1,022.0	689.0	4.0	7.2	1,026.0	696.2
	11.3	19.1	9.6	7.1	2.7	3.1	1,240.4	1,302.2	-26.4	-30.0	1,214.0	1,272.2
	0.8	0.9	49.4	38.0	184.7	196.9	235.5	236.5	0	0	235.5	236.5
	11.9	9.1	0	0	0	0	33.4	22.0	0	0	33.4	22.0
	34.9	38.5	29.5	36.8	904.1	665.0	63,514.8	36,930.5	27.4	16.4	63,542.2	36,946.9
	58.9	67.6	88.5	81.9	1,091.5	865.0	65,024.1	38,491.2	1.0	-13.6	65,025.1	38,477.6
	18.8	20.8	59.1	50.2	608.5	594.2	62,451.9	36,047.9	289.9	228.9	62,741.8	36,276.8
	40.1	46.8	29.4	31.7	483.0	270.8	2,572.2	2,443.3	-288.9	-242.5	2,283.3	2,200.8
	0.9	0.8	36.0	26.9	10.2	7.8	76.0	75.5	-6.8	-11.0	69.2	64.5
	200	170	1,049	1,050	431	441	2,966	2,921	0	0	2,966	2,921
	39.6	35.0	21.4²⁾	19.8²⁾	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	55.5	43.6

In gross terms (i.e. including inter-company profits and losses and costs that cannot be capitalized at the Group level, which are all eliminated), the following impairment losses (excluding goodwill) were attributable to systems: €0 million in the Xetra segment (2005: €0.5 million relating to Xetra Release 7.0), €0 million in the Eurex segment (2005: €15.6 million relating to GCL phase 2, FEX 1.0 and a/c/e), as well as €0.5 million to Inter-Dealer Broker in the Clearstream segment (2005: €0.6 million to Euro GC Pooling).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

	2006 €m	2005 €m
Xetra	0.1	0.2
Eurex	0.5	0.8
Clearstream	0	0.1
Market Data & Analytics	0.8	0.2
Information Technology	0.1	1.3
Corporate Services	0	1.5
Total non-cash valuation allowances and bad debt losses	1.5	4.1

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, Clearstream and Market Data & Analytics segments – is focused on an internationally operating participant base and pricing does not differ depending on 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. As a result, Deutsche Börse Group has identified the following geographical segments: the euro zone, the USA, the UK and Switzerland. As the total revenue, segment results and assets of subsidiaries domiciled in the USA, the UK and Switzerland account for less than 5 percent of the respective Group totals, there is no requirement to report secondary geographical segments in accordance with IAS 14.

43. Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the Group management report (see explanations in the risk report on pages 104 to 111), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group in the form of credit risk, market price risk and liquidity risk and are quantified using the "value at risk" (VaR) concept (please refer to the risk report for detailed disclosures). The VaR calculated in this way is compared with

the current forecasted EBITA so as to test the Group's ability to absorb losses. Expressed as a proportion of this measure, the aggregate VaR arising from financial risk increased by a mid-range single-digit percentage figure as at 31 December 2006.

Credit risk

Credit risk arises in Deutsche Börse Group from the following items and segments resulting from the business model:

Classification of financial instruments¹⁾

	Segment	Note	Amount as at 31 Dec. 2006 €m	Amount as at 31 Dec. 2005 €m
Collateralized cash investments				
Overnight money against pledge of securities	Eurex ³⁾		68.4	0
Reverse repurchase agreements	Eurex ³⁾		1,493.8	928.1
	Clearstream	19	1,481.3	1,649.4
			3,043.5	2,577.5
Uncollateralized cash investments				
Money market borrowings	Eurex ³⁾		4.0	18.1
	Clearstream	19	4,254.0	2,393.9
Balances on nostro accounts	Clearstream	19	239.6	202.9
Fixed-income securities	Clearstream	16	283.4	329.4
			4,781.0	2,944.3
Loans for settling securities transactions				
Technical overdraft facilities	Clearstream	19	473.9	877.3
Automated Securities Fails Financing ²⁾	Clearstream		757.7	529.4
ASLplus securities lending system ²⁾	Clearstream		24,778.6	79.4
Credit facilities for customers without own Lombard facilities at the Bundesbank ²⁾	Clearstream		51.5	83.9
			26,061.7	1,570.0
Other receivables				
Trade receivables	Group	20	183.2	163.2
Associate receivables	Group		10.7	1.8
Receivables from other investors	Group		2.4	8.9
			196.3	173.9
Financial instruments of Eurex Clearing AG (central counterparty)				
		18	53,956.9	29,558.9
Maximum risk position				
			88,039.4	36,824.6
Collaterals				
			101,283.6	46,407.9

1) Excluding derivatives, which are only entered into with prime-rated counterparties.

In addition, the positive fair values exposed to credit risk are not significant.

2) Off-balance-sheet items

3) Presented in the items "restricted bank balances" and "other cash and bank balances"

Cash investments

The Group is exposed to credit risk in connection with the investment of cash funds. Such risks are largely countered by investing short-term funds via reverse repurchase agreements. Investments in fixed-income securities largely take the form of selected government or supranational issues, while a small proportion is invested in secured securities issued by non-governmental issuers. The minimum investment rating is AA–.

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup and Eurex Clearing AG) was €3,207.6 million (2005: €2,644.6 million). The Clearstream subgroup is allowed to repledge the securities received to central banks. The fair value of securities repledged to central banks amounted to €1,482.0 million at 31 December 2006 (2005: €1,654.4 million). The contract terms are based on recognized international or national bilateral master agreements.

At the Eurex companies, a small volume of cash investments takes the form of unsecured overnight and term money deposits with a variety of counterparties with high credit ratings, subject to counterparty limits; in the Clearstream subgroup, this is the case for about half of the liquidity. Short-term deposits made by non-banks within Deutsche Börse Group with banks are additionally covered by deposit protection funds. The counterparty limits are always significantly below the liability ceilings defined by the Bundesverband deutscher Banken e.V. (association of German banks).

As in the previous year, the VaR of these investments at 31 December 2006 represented a low single-digit percentage of EBITA.

Loans for settling securities transactions

Technical overdraft facilities are made available to Clearstream customers in order to maximize settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralized. Technical overdraft facilities amounted to €54.0 billion at 31 December 2006 (2005: €52.1 billion). Of this amount, €4.4 billion (2005: €4.9 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other state-guaranteed institutions. Actual outstandings at the end of each business day generally represent a fraction of the facilities and amounted to €473.9 million as at 31 December 2006 (2005: €887.3 million); see note 19.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing (“ASF”) program it offers to its customers. However, this only applies when the risk is collateralized. In the absence of collateral, this risk is covered by third parties. Guarantees furnished under this program amounted to €757.7 million as at 31 December 2006 (2005: €529.4 million).

Under the ASLplus securities lending program, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €24,778.6 million as at 31 December 2006 (2005: €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 €26,517.8 million (2005: €83.0 million).

As part of the national securities settlement process, Clearstream Banking AG provided intraday credit facilities amounting to a maximum of €85.0 million (2005: €140.0 million) to customers without their own Lombard facilities at the Bundesbank against collateral security. Of this amount, €51.5 million was irrevocable as at 31 December 2006 (2005: €83.9 million). The fair value of securities received under these credit commitments was €53.2 million (2005: €93.0 million).

In 2006, no counterparties defaulted on any of the types of transaction described.

As in the previous year, the VaR of these loans at 31 December 2006 represented a low single-digit percentage of EBITA.

Other receivables

Trading, clearing, custody and settlement fees are generally collected without delay by direct debit. In the past, credit losses in respect of fees for other services, such as the provision of data and information, have been limited. As in the previous year, the VaR of the other receivables of Deutsche Börse Group at 31 December 2006 represented less than 0.5 percent of EBITA.

Financial instruments of Eurex Clearing AG (central counterparty)

To safeguard Eurex Clearing AG against the risk of default by a clearing member, the clearing conditions in the version dated 20 November 2006 require the clearing members to deposit margins (collateral required by Eurex Clearing AG in the form of cash or securities) daily – and, if necessary, on an intraday basis – in the amount stipulated by Eurex Clearing AG. Additional lines of defense of Eurex Clearing AG are described in detail in the risk report.

The carrying amount is not comparable with the net risk position, i.e. the total of all margins from the executed trades, which amounted to €23,840 million (2005: €17,493 million) at the balance sheet date. The aggregate collateral amounted to €31,899 million (2005: €23,825 million), which was broken down as follows:

	Carrying amount as at 31 Dec. 2006 €m	Carrying amount as at 31 Dec. 2005 €m	Fair value as at 31 Dec. 2006 €m	Fair value as at 31 Dec. 2005 €m
Cash collateral (cash deposits)	1,502.3	913.1	1,502.3	913.1
Securities and book-entry securities collateral	30,396.6	22,911.7	34,741.1	26,052.7
Total collateral	31,898.9	23,824.8	36,243.4	26,965.8

There were also third-party bank guarantees for clearing members of Eurex Clearing AG amounting to €199.5 million as at the year-end (2005: €200.0 million).

In 2006, no counterparties defaulted on any of the types of transaction described.

As in the previous year, the VaR for the clearing house's credit risk at 31 December 2006 was 0 percent of EBITA.

In contrast to the risk-oriented net analysis of the transactions via the central counterparty, the underlying gross amounts for repurchase agreements, for example, are reported in the balance sheet because of the prohibition on netting receivables and liabilities. For a detailed explanation of this balance sheet item, see section “Financial instruments of Eurex Clearing AG (central counterparty)” in note 3. This carrying amount was €53,956.9 million at 31 December 2006 (2005: €29,558.9 million). The fair value of the securities underlying repurchase agreements was €39,534.1 million (2005: €19,766.0 million).

Credit risk concentrations

Deutsche Börse Group's business model and the resulting business relationships with a large part of the financial sector mean that, as a rule, concentrations of risk on individual counterparties are avoided. Potential concentrations of credit risk are monitored against counterparty credit limits. The regulatory requirements, for example those arising under the GroMiKV (Großkredit- und Millionenkreditverordnung – Regulation Governing Large Exposures and Exposures in Excess of €1 million) in Germany, are complied with. The internally defined limits are below those stipulated by the GroMiKV or similar national rules. See note 23 for an explanation of regulatory capital requirements.

Market price risk

Currency risks arise largely from the approximately 10 percent of the Clearstream segment's sales revenue that is related to the US dollar and results from interest income on US dollar balances. Eurex receives interest on intraday margin calls paid in US dollars. These exposures are partially offset by operating costs incurred in US dollars. The treasury policy of Deutsche Börse Group regulates that any remaining expected net exposure is hedged through forward currency transactions when the exposure exceeds 10 percent of EBITA. These transactions fulfill the criteria for cash flow hedges set out in IAS 39. Furthermore, the policy regulates that open foreign exchange positions are closed immediately when they exceed €15.0 million. As at 31 December 2006 and 2005, this policy was complied with and there were no significant foreign exchange positions (see note 17).

Interest rate risks arise largely in the Clearstream segment. As forecasts of future cash balances are inherently uncertain, interest rate swaps (see note 17) 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.

An insubstantial equity price risk arises from investments in an equity index-based, exchange-traded fund, and in conjunction with contractual trust arrangements (CTAs).

As in the previous year, the VaR for market price risk at 31 December 2006 represented less than 0.5 percent of EBITA.

Liquidity risk

Liquidity risk arises from potential financial difficulties and the resulting increase in refinancing costs. Liquidity risk is managed by matching the duration of investments and liabilities, restricting investments in potentially illiquid or volatile asset classes, authorizing the Clearstream subgroup to repledge securities received with central banks and maintaining sufficient financing facilities to overcome unexpected demands for liquidity. Most of the Group's cash investments are short-term. Eurex Clearing AG remains perfectly matched with respect to the durations of customer deposits and investments while the Clearstream subgroup may invest customer balances up to a maximum of six months (see note 34 for an overview of the maturity structure).

As at 31 December 2006, the Group companies' contractually agreed credit lines included the following:

Company	Purpose of credit line		Currency	Amount as at	Amount as at
				31 Dec. 2006 million	31 Dec. 2005 million
Deutsche Börse AG	working capital	– interday	€	435.0 ¹⁾	435.0 ¹⁾
Eurex Clearing AG	settlement	– interday	€	370.0	370.0
	settlement	– intraday	€	700.0	700.0
	settlement	– interday	CHF	50.0	50.0
Clearstream Banking S.A.	working capital	– interday	USD	1,000.0 ¹⁾	1,000.0 ¹⁾
	settlement	– interday	USD	4,500.0	5,600.0
	settlement in Germany (uncommitted)	– interday	€	2,700.0	2,700.0
Clearstream Banking AG	domestic settlement in Germany (committed)	– interday	€	51.5	83.9

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 2006, commercial papers with a nominal value of €254.8 million had been issued (31 December 2005: €261.9 million).

As at 31 December 2006, Moody's Investors Service and Standard & Poor's issued long-term credit ratings of Aa1 and AA respectively for Deutsche Börse AG. Deutsche Börse AG's commercial paper program was again awarded the best possible short-term rating by both Moody's Investors Service (P-1) and Standard & Poor's (A-1+).

The long-term credit ratings by Fitch and Standard & Poor's for Clearstream Banking S.A. also remained unchanged over the previous year at AA. As in the previous year, Clearstream Banking S.A.'s commercial paper program was rated F1+ by Fitch and A-1+ by Standard & Poor's.

44. Other financial obligations

Group expenses in connection with long-term contracts relating to maintenance contracts and other contracts in the coming years amount to €143.2 million (2005: €141.3 million). The maturities of these obligations are shown in the following table:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Up to 1 year	84.0	77.1
1 to 5 years	49.4	53.7
More than 5 years	9.8	10.5
Total future financial obligations	143.2	141.3

Obligations resulting from insurance policies amount to €7.8 million in 2007 (2006: €8.2 million).

45. 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. 2006 €m	31 Dec. 2005 €m
Up to 1 year	1.3	2.5
1 to 5 years	0.6	1.6
Total minimum lease payments	1.9	4.1
Discount	–0.1	–0.2
Present value of minimum lease payments	1.8	3.9

No contingent rent is provided for under the terms of the leases. The corresponding agreements do not contain any escalation clauses.

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. 2006 €m	31 Dec. 2005 €m
Up to 1 year	53.0	57.4
1 to 5 years	122.5	148.6
More than 5 years	53.2	64.8
Total minimum lease payments	228.7	270.8

In the year under review, €57.7 million (2005: €57.3 million) in minimum lease payments was recognized as an expense.

Operating leases for buildings, some of which are sublet, have terms of between 0.7 and 15 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. 2006 €m	31 Dec. 2005 €m
Up to 1 year	6.4	5.0
1 to 5 years	4.5	7.0
More than 5 years	0	0
Total rental income expected from sublease contracts	10.9	12.0

Operating leases (as lessor)

The Group has let buildings of which it is the beneficial and legal owner on the basis of operating leases. The future minimum lease receipts from these non-cancellable property leases are shown in the following table:

	31 Dec. 2006 €m	31 Dec. 2005 €m
Up to 1 year	7.6	7.5
1 to 5 years	6.6	14.1
More than 5 years	0.5	1.4
Total future minimum lease receipts	14.7	23.0

The underlying property leases expire in the period from 2008 to 2012. They generally include renewal clauses.

46. Phantom stock option plan and Group Share Plan

Phantom stock option plan

Following its IPO on 5 February 2001, Deutsche Börse AG 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 same valuation model used for the stock options for Executive Board members and senior executives is applied to the measurement of the options granted to members of the Supervisory Board. The value calculated in this way best reflects the value of the services received. The phantom stock options have a maximum term of five years and a vesting 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 percent 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. 2006	as at 31 Dec. 2005
60-day average of Deutsche Börse AG shares	€	130.12	82.26
60-day average of DJ STOXX 600 Technology (EUR) (Return)	Points	375.98	353.88
Volatility of Deutsche Börse AG shares ^{1) 2)}	%	24.7–33.0	18.39
Volatility of DJ STOXX 600 Technology (EUR) (Return) ^{1) 3)}	%	14.0–36.8	14.24
Correlation ^{1) 4)}	%	32.9–64.6	51.03

1) From 2006, the estimates of future volatility and correlation are no longer based on the 60-day volatilities and correlations of the underlyings at the balance sheet date, but on the volatilities and correlations for matching maturities.

2) The underlying volatility of the individual tranches was: Tranche 2002: 33.0 percent, Tranche 2003: 27.6 percent, Tranche 2004: 24.7 percent, Tranche 2005: 26.3 percent and Tranche 2006: 27.8 percent.

3) The volatility of the index was as follows: Tranche 2002: 14.0 percent, Tranche 2003: 17.8 percent, Tranche 2004: 20.3 percent, Tranche 2005: 29.8 percent and Tranche 2006: 36.8 percent.

4) Correlation was as follows: Tranche 2002: 64.63 percent, Tranche 2003: 43.92 percent, Tranche 2004: 39.01 percent, Tranche 2005: 33.77 percent and Tranche 2006: 32.91 percent.

The option pricing model does not include any exercise hurdles and assumes that options will be held for the maximum holding period. This results in the following valuations as at 31 December 2006:

	Balance as at 31 Dec. 2006 Number	Opening share price ¹⁾ €	Opening index price Points	Intrinsic value/option €	Option value/option €	Payment obligation €m	Provision as at 31 Dec. 2006 €m
Tranche 2002 ²⁾	285	39.55	493.6	252.83	252.83	0.1	0.1
Tranche 2003 ²⁾	7,783	36.17	249.3	208.94	208.94	1.6	1.6
Tranche 2004	146,675	42.23	320.2	190.70	190.75	28.0	27.2
Tranche 2005	402,779	43.32	302.6	176.14	178.59	70.9	46.0
Tranche 2006	463,137	85.86	365.3	48.63	66.20	22.5	9.3
Total	1,020,659					123.1	84.2

1) Adjusted for the dividend payment

2) The 2002 and 2003 tranches, i.e. a total of 8,068 options, were exercisable as at 31 December 2006.

In accordance with IFRS 2, the full value of the stock options in the 2004 to 2006 tranches is added to provisions proportionately over the vesting period of the options. Provisions amounting to €84.2 million (2005: €30.4 million) were recognized as at the closing date of 31 December 2006. Of this amount, €55.3 million (2005: €18.2 million) are long-term provisions. Members of the Executive Board accounted for €16.4 million (2005: €5.0 million) of this amount and members of the Supervisory Board for €1.9 million (2005: €0.8 million). The total cost of the options in the year under review was €73.3 million (2005: €32.9 million). Members of the Executive Board accounted for €14.8 million (2005: €5.6 million) of this amount and members (as well as former members) of the Supervisory Board accounted for €1.4 million (2005: €0.8 million). For details on the stock options granted to members of the Executive Board, please also refer to the remuneration report (pages 71 to 75).

The following table shows the number of the allocated stock options:

Stock options allocated

	Balance as at 31 Dec. 2005	Additions	Options exercised	Options forfeited	Balance as at 31 Dec. 2006
to the Supervisory Board	13,314 ¹⁾	0	3,397	0	9,917
to the Executive Board	129,072	127,035	23,865	0	232,242
to other senior executives	614,787	346,626	123,725	59,188	778,500
Total stock options allocated	757,173	473,661	150,987	59,188	1,020,659

1) Adjusted for 282 originally forfeited options

The average exercise price of the 150,987 (2005: 115,045) stock options paid out during the year under review amounted to €130.69 (2005: €67.07).

Group Share Plan

Deutsche Börse Group employees have the opportunity to subscribe for shares of Deutsche Börse AG with a discount to the market price at the time of issue 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 shares in the closing auctions in Xetra trading 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.

Following approval by the Annual General Meeting on 24 May 2006, 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 2006 tranche, eligible employees were able to buy up to 200 shares of the Company (2005: 200 shares), depending on their basic salary, at a discount of between 20 and 40 percent (2005: between 10 and 30 percent).

In accordance with IFRS 2, the stock options allocated under the 2004 to 2006 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⁾	Tranche 2006 ²⁾
Term until		30 June 2009	30 June 2010	30 June 2011	30 June 2012
Risk-free interest rate	%	3.89	3.86	2.79	3.93
90-day volatility of Deutsche Börse AG shares	%	27.07	19.15	21.37	37.68
Deutsche Börse AG share price	€	139.42	41.90	66.89	109.09
Dividend yield	%	2.28	1.46	2.50	2.63
Exercise price	€	55.33 ³⁾	51.84	77.69	127.80
Market value	€	84.09	5.59	8.78	28.90

1) Valuation parameters and fair value at the balance sheet date 31 December 2006

2) Valuation parameters and fair value at the grant date

3) The issue price of €54.79 was adjusted due to the reduction in 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 vesting 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 27 percent (2005: 36 percent) of eligible employees subscribed for a total of 58,242 (2005: 102,101) 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 €2.2 million (2005: €2.7 million), was charged to staff costs and reflects the utilization of a provision in the amount of €1.5 million.

Equity is increased by the full value of the stock options in the 2006 tranche (€1.7 million; 2005: €0.9 million) proportionately over the vesting period of the options. In the year under review, the GSP-related stock options resulted in staff costs of €2.8 million (2005: €2.9 million), of which €0.7 million (2005: €0.4 million) was attributable to equity-settled share-based payments.

The 2003 tranche stock options recognized as a provision (for full details, please refer to note 3) are measured at current market prices at the closing date concerned. At the balance sheet date, this provision amounted to €1.7 million (2005: €2.1 million); this amount (2005: €1.5 million) reflects the intrinsic value of the options that were exercisable at the balance sheet date.

The following table shows the changes in the numbers of employee stock options in the year under review:

Employees' stock options

	Balance as at 31 Dec. 2005	Additions	Options exercised	Options forfeited	Balance as at 31 Dec. 2006
Tranche 2003	47,573	0	26,431	550	20,592 ¹⁾
Tranche 2004	76,624	0	38,502	1,585	36,537 ¹⁾
Tranche 2005	89,267	0	0	3,700	85,567
Tranche 2006	0	58,242	0	800	57,442
Total stock options allocated	213,464	58,242	64,933	6,635	200,138

1) Exercisable at 31 December 2006; altogether 57,129 options from the 2003 and 2004 tranches (2005: 47,573 from the 2003 tranche)

The weighted average share price for the options exercised in the year under review amounted to €120.15 (2005: €75.18).

47. Executive bodies

The members of the Company's executive bodies are listed in the "Executive Board" and "Supervisory Board" chapters of this annual report (see pages 52 to 55).

48. Corporate governance

On 4 December 2006, 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 permanently available to shareholders on the Company's website.

49. Related party disclosures

Related parties as defined by IAS 24 are the members of the executive bodies of Deutsche Börse AG, those companies classified as its associates and other investors, and companies that are controlled or significantly influenced by members of its executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the remuneration report in the corporate governance chapter (see pages 71 to 75). The remuneration report is a component of the Group management report, and thus of this financial report, which is audited by the auditors.

Executive Board

In 2006, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €9.2 million (2005: €7.8 million). Details of the stock option plan for members of the Executive Board are presented in note 46.

In 2005, €15.3 million was recognized in the consolidated income statement as expenses for non-recurring termination benefits for Executive Board members.

The actuarial present value of the pension obligations to Executive Board members was €14.3 million in financial year 2006 (2005: €10.1 million). Non-recurring (recognized in the period) and current expenses of €5.1 million (2005: €3.3 million) were recognized as additions to pension provisions.

Former members of the Executive Board or their surviving dependents

The remuneration paid to former members of the Executive Board or their surviving dependents amounted to €0.7 million in 2006 (2005: €0.5 million). The actuarial present value of the pension obligations was €26.0 million in financial year 2006 (2005: €27.1 million).

Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2006 was €2.2 million (2005: €2.3 million). A total expense of €0.9 million was recognized for the phantom stock options granted under the phantom stock option plan until financial year 2004 (2005: €0.8 million); see also note 46.

Supervisory Board member Friedrich von Metzler is the personally liable partner of B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main. Deutsche Börse AG and some of its subsidiaries have established a contractual trust arrangement (CTA) with this company. Expenses totalling €120,000 are included in the consolidated income statement in respect of these services during 2006.

Other transactions with related companies

The following table shows the other material transactions with companies classified as related parties. All transactions were effected on an arm's length basis.

	Amount of the transactions		Outstanding balances	
	2006 €m	2005 €m	2006 €m	2005 €m
Associates:				
License fees paid by Eurex Frankfurt AG to STOXX Ltd.	-12.2	-8.2	-3.0	-7.4
Operation of Eurex software by Deutsche Börse Systems AG for European Energy Exchange AG	9.6	8.0	1.7	0.8
Provision of price data by STOXX Ltd. to Deutsche Börse AG	-3.0	-3.6	0	0
Operation of the trading system by Deutsche Börse Systems AG for U.S. Futures Exchange L.L.C.	5.1	-	5.1	-
Provision of price data by International Index Company Ltd. to Deutsche Börse AG	-0.9	-1.0	0	-0.2
Administrative services and index calculation services by Deutsche Börse AG for STOXX Ltd.	0.9	0.9	0	0
Other transactions with associates	-	-	3.9	0.8
Total associates	-0.5	-3.9	7.7	-6.0
Other investors:				
Office and administrative services by Eurex Zürich AG for SWX Swiss Exchange AG	23.6	34.8	1.1	1.9
Office and administrative services by SWX Swiss Exchange AG for Eurex Zürich AG	-11.0	-8.4	-1.6	-1.7
Development of Eurex software by Deutsche Börse Systems AG for SWX Swiss Exchange AG	4.9	5.4	0.8	1.0
Office and administrative services by SWX Swiss Exchange AG for Eurex Frankfurt AG	-4.0	-3.4	-0.7	-0.4
Operation and development of Xontro by Deutsche Börse Systems AG for BrainTrade GmbH	23.3	20.8	2.3	2.9
Operation of the floor trading system by BrainTrade GmbH for Deutsche Börse AG	-16.2	-14.2	-1.5	-1.5
Other transactions with other investors	-	-	-6.5	-1.4
Total other investors	20.6	35.0	-6.1	0.8

50. 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 of the WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) that it has held more than 10 percent of the Company's voting rights since 10 April 2006.

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) of the WpHG that it has held more than 10 percent of the Company's voting rights since 10 April 2006. This share is included in the above-mentioned share held indirectly by The Children's Investment Fund Management (UK) LLP.

Atticus Management LLC (formerly Atticus Capital, L.L.C.), New York, USA, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 of the WpHG that it has held more than 5 percent of the Company's voting rights since 11 May 2005. In addition, Atticus Management LLC has notified Deutsche Börse AG that the voting rights are attributable to it since 1 January 2006 in accordance with section 22 (1) sentence 1 no. 6, sentence 2 of the WpHG.

Atticus Capital LP, New York, USA, has notified Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 of the WpHG that it has held more than 5 percent of the Company's voting rights since 1 January 2006. This share is included in the above-mentioned share held indirectly by Atticus Management LLC.

51. Employees

	2006	2005
Average number of employees during the year	2,935	3,179
thereof entry subgroup	0	252
Employed as at the balance sheet date	2,966	2,921

Of the average number of employees during the year, 10 (2005: 12) were classified as Managing Directors (excluding Executive Board members), 319 (2005: 310) as senior executives and 2,606 (2005: 2,857) as employees.

There was an average of 2,739 full-time equivalent (FTE) employees during the year (2005: 2,979). Please refer also to the "Employees" section in the Group management report.

52. Events after the balance sheet date

On 14 February 2007, Deutsche Börse AG signed a definitive agreement with Bombay Stock Exchange Ltd. to invest in a 5 percent interest in Bombay Stock Exchange, and also to explore ways of strengthening their collective competencies across a broad spectrum of business areas. The issue of shares is subject to approvals from the relevant regulatory authorities in India and the shareholders of Bombay Stock Exchange.

53. 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 2007. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.


Frankfurt/Main, 21 February 2007
Deutsche Börse AG



Reto Francioni



Matthias Ganz



Mathias Hlubek



Michael Kuhn



Andreas Preuß



Jeffrey Tessler

Audit Opinion

We have audited the consolidated financial statements prepared by 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 financial year from 1 January to 31 December 2006. 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 section 315a (1) of the HGB (Handelsgesetzbuch – German Commercial Code) is 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 section 317 of the HGB 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, and the additional requirements of German commercial law pursuant to section 315a (1) of the 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 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Becker (German Public Auditor) Bors (German Public Auditor)

Summarized Single-Entity Financial Information

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

	2006 €m	2005 €m
Sales revenue	1,043.3	861.1
Other operating income	142.4	153.5
Total expenses	-577.6	-642.4
Income from equity investments	180.6	194.1
Income from profit pooling agreements	81.6	84.8
Write-downs of noncurrent financial assets and current financial instruments	-5.3	-6.4
Net financial result	5.9	-3.6
Profit before tax from ordinary activities	870.9	641.1
Taxes	-254.9	-180.0
Net profit for the year	616.0	461.1
Appropriation to other retained earnings	-266.0	-121.1
Unappropriated surplus	350.0	340.0

Balance as at 31 December

	2006 €m	2005 €m
Assets		
Fixed assets	2,218.9	2,225.4
Current assets	619.1	514.0
Total assets	2,838.0	2,739.4
Equity and liabilities		
Equity		
Subscribed capital	97.8	101.3
(thereof par value of shares acquired for retirement: €-4.2 million; previous year: €-4.6 million)		
Share premium	1,377.3	1,373.4
Other retained earnings	21.6	6.8
Unappropriated surplus	350.0	340.0
	1,846.7	1,821.5
Provisions	335.1	194.4
Liabilities	656.2	723.5
	991.3	917.9
Total equity and liabilities	2,838.0	2,739.4

Proposal on the Appropriation of the Unappropriated Surplus

The Executive Board proposes that the unappropriated surplus amounting to €350.0 million (2005: €340.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	2006 €m	2005 €m
Distribution of a dividend to the shareholders on 14 May 2007 of €3.40 per share for 97,799,111 no-par value shares carrying dividend rights (in 2006 from net profit for 2005: €2.10)	332.5	210.4 ¹⁾
Appropriation to retained earnings	17.5	129.6 ²⁾
Unappropriated surplus	350.0	340.0

1) Amount restated to reflect actual distribution (amount reported in 2005: €210.6 million)

2) Amount restated to reflect actual appropriation to retained earnings

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the Company that are not eligible to receive dividends under section 71b of the AktG (Aktiengesetz – German Stock Corporation Act). The number of shares eligible to receive dividends can change up until the Annual General Meeting through the repurchase of further treasury shares (irrespective of whether or not such shares are subsequently retired) or through the sale of treasury shares. In this case, without changing the dividend of €3.40 per eligible share, an amended resolution for the appropriation of surplus will be proposed to the Annual General Meeting.

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Index

A

Algorithmic trading **20**, 35, 37
 Annual General Meeting 4, 6, 69, **87**
 Annual Reception 4
 Art Collection Deutsche Börse 76
 Asia initiative 47 f.
 Audit opinion 206
 Automated Trading Program (ATP) 20, 97
 Avox 36

B

Basis of consolidation 86, **126 ff.**
 Best Execution **45**, 114
 Business development 93
 Business model 90

C

Capital management program 11, 102, 168 f.
 Cash flows 101 f.
 Cash flow per share 9
 CEF® 35
 Central counterparty 14, 23
 CFF (Central Facility for Funds) 31
 China 5, 20, 47
 Clearstream
 – Segment 15 f., 27 ff., 43, 99 f.
 Custody volume 27, 99
 EBITA 100
 Sales revenue 15, 100, 144 f.
 CmaX (Collateral management eXchange) 30
 Compliance 70
 Corporate governance 66 ff.

D

DAX® 16, 34
 DAXplus Covered Call 34
 Daytime Bridge 28
 Directors' dealings 67
 Dividend 12, 102

E

Earnings per share 11, 93, 185
 Eastern Europe 20, 26, 40
 EBITA 91, 98
 Employees → Staff
 Entry Standard 4, 19
 Environmental protection 95
 Equity Forum → German Equity Forum
 ETCs (exchange-traded commodities) 5, 21
 ETFs (exchange-traded funds) 21
 Eurex
 – Segment 15, 23 ff., 98 f., 112
 EBITA 99
 Sales revenue 15, 98, 144 f.
 – Participants 26
 – Product portfolio 24, 25
 – Trading system 26, 44
 – Trading volume 37
 Eurex Bonds 25
 Eurex Repo 24
 Eurex US → USFE
 Euro GC Pooling 24
 Euronext 5, 7, 12
 European Code of Conduct 5, 32, 114
 Executive Board 52 f., 71 ff.

F

Financial calendar 212
 Floor trading 22, 45
 Frankfurt Stock Exchange 14 ff., 18 ff.

G

General Standard 4
 German Equity Forum 5, 20
 Group Share Plan 140 f., 199 f.

I

Information Technology
 – Segment 16, 37 ff., 100
 EBITA 100
 Sales revenue 16, 144 f.
 Investor relations 12, **212**
 IPOs (initial public offerings) 4, 19

L

Locations 209

M

Market capitalization 9
 Market Data & Analytics
 – Segment 16, 33 ff., 100, 113
 EBITA 100
 Sales revenue 16, 144 f.
 MiFID (Markets in Financial Instruments Directive)
 36, 45 f.
 Mutual funds 4, 21

O

Operations 42 ff.
 Organizational structure 87
 Outlook → Report on expected developments

P

Phantom stock option plan 69, **73 f.**, 96, 198 f.
 Proximity Services 5, 39

Q

Quarterly review
 – Highlights 4 f.
 – Key figures 93

R

Rating 11, 102, 103
 Report on expected developments 111 ff.
 Reporting standards 121 ff.
 Research and development 95
 Risk report 104 ff.
 – Financial risk management 190 ff.

S

Sales revenue 95f.
 Segment reporting 186 ff., **188 f.**
 Shareholder structure 12, 95, 204
 Share price 10
 Shares of Deutsche Börse AG 9 ff., 95
 Single-entity financial information 207
 Sponsoring 76f.
 Staff 1f., 50f., 94, 204
 Supervisory Board **54 f.**, 56 ff., 67, 74 ff.

U

Unappropriated surplus (appropriation of the)
 208
 USFE (U.S. Futures Exchange L.L.C.) 26, 128

V

VDAX® 38
 Vestima+ 31

W

Working committees 80 ff.

X

Xetra
 – Segment 14, 18 ff., 97 f., 112
 EBITA 98
 Sales revenue 15, 97, 144 f.
 – Participants 18
 – Trading system 18
 – Trading volume 18

Financial Calendar

3 May

Q1/2007 results

11 May

Annual General Meeting

14 May

Distribution of dividend for the financial year 2006

31 July

Q2/2007 results

31 October

Q3/2007 results

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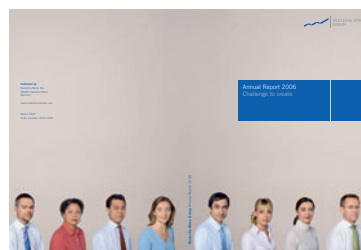
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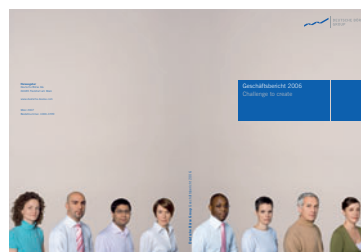
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The Financials

86	Group Management Report
115	Consolidated Financial Statements
121	Notes to the Consolidated Financial Statements
206	Audit Opinion
207	Summarized Single-Entity Financial Information
208	Proposal on the Appropriation of the Unappropriated Surplus

Deutsche Börse AG's financial report was prepared in accordance with the International Financial Reporting Standards (IFRSs) and comprises the Group management report, consolidated financial statements and notes to the consolidated financial statements. The Group management report includes the remuneration report, which is published in the "Corporate Governance" chapter on pages 71 to 75 in line with the German Corporate Governance Code. All sections of the financial report were audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and granted an unqualified audit opinion.

Deutsche Börse Group: Five-Year Review

		2002 ¹⁾	2003	2004	2005	2006
Consolidated income statement						
Sales revenue	€m	1,106.5	1,419.4	1,449.6	1,631.5	1,854.2
Net interest income from banking business	€m	64.4	94.4	77.1	112.7	150.7
Total expenses (excluding goodwill impairment)	€m	-972.7	-1,123.7	-1,110.1	-1,145.6	-1,092.4
Earnings before interest, tax and goodwill impairment (EBITA)	€m	419.9	527.8	527.6	710.9	1,029.1
Net income	€m	235.1	246.3	266.1	427.4	668.7
Consolidated cash flow statement						
Cash flows from operating activities	€m	466.2	530.6	439.6	667.7	843.4
Consolidated balance sheet						
Noncurrent assets	€m	2,678.4	2,381.8	2,162.7	2,007.8	1,907.6
Equity	€m	2,175.3	2,353.5	2,552.5	2,200.8	2,283.3
Total assets	€m	6,544.2	8,276.0	27,699.7	38,477.6 ²⁾	65,025.1
Performance indicators						
EBITA margin	%	38	37	36	44	56
Earnings per share (basic)	€	2.18	2.20	2.38	4.00	6.73
Earnings per share (diluted)	€	2.18	2.20	2.38	4.00	6.72
Dividend per share	€	0.44	0.55	0.70	2.10	3.40 ³⁾
Dividends proposed	€m	49.2	61.4	74.1	210.4 ⁴⁾	332.5 ³⁾
Operating cash flow per share (basic)	€	4.35	4.75	3.93	6.25	8.49
Operating cash flow per share (diluted)	€	4.35	4.75	3.93	6.25	8.48
Return on shareholders' equity ⁵⁾	%	13	11	11	18	30
Employees (average annual FTEs)		2,302	3,049	3,080	2,979	2,739
Sales revenue per employee	€ thous.	481	466	471	548	677
Market indicators						
Xetra						
Number of transactions	m	60.0	71.4	69.4	81.3	107.7
Order book turnover	€bn	876.2	833.1	902.7	1,125.5	1,592.9
Participants (as at 31 December)		359	308	283	267	262
Floor trading						
Number of contract notes	m	31.7	25.8	24.2	27.7	33.8
Order book turnover	€bn	157.8	131.6	111.6	115.9	137.6
Eurex						
Number of contracts	m	801.2	1,014.9	1,065.6	1,248.7	1,526.8
Participants (as at 31 December)		424	406	409	389	389
Clearstream						
Number of transactions	domestic	m	67.0	45.3	32.8	38.4
	international	m	15.2	16.5	17.2	24.5
Value of securities deposited (as at 31 December)	domestic	€bn	4,407	4,376	4,318	4,816
	international	€bn	2,737	2,959	3,276	3,936

1) The 50 percent interest in Clearstream International S.A. was accounted for using the equity method 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 balance sheet 3) Proposal of the Executive Board as at the finalization date of the consolidated financial statements 4) Amount restated to reflect actual distribution (reported in 2005: €210.6 million) 5) Net income/average shareholders' equity for the financial year based on the quarter-end shareholders' equity balances

Glossary

Algorithmic trading Trading in which a computer automatically generates buy and sell orders once predefined parameters are fulfilled.

CCP Central counterparty. In cash market trading: functionality for on- and off-exchange transactions that acts as a legal → intermediary between trading parties, minimizing the default risk and facilitating → netting, without revealing the buyer's or seller's identity.

CEF® Data stream provided by Deutsche Börse offering real-time data on international equities, futures and options contracts, bonds, warrants, indices and exchange-traded index funds. End users of the data packages are, for example, investment consultants, fund managers, trading departments at banks and private investors.

Certificate Debt instrument of an issuer that securitizes investors' participation in the price performance of certain securities or other financial instruments. The holder of a certificate participates in the price performance of an → underlying instrument. From a purely legal perspective, certificates are bonds and do not securitize any ownership rights in the company in question.

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.

DAXplus Covered Call Deutsche Börse's strategy index that tracks covered-call investment strategies. This strategy combines a passive index investment with a passive option position: a DAX® call option is sold and the entire DAX index is acquired at the same time. The premium from the sale of the option offers a risk buffer compared with a pure investment in the German DAX blue-chip index. The composition of the DAXplus Covered Call is adjusted each month. On each third Friday in the month, a call option is selected and then used for the index calculation in the following month.

Derivative Highly liquid standardized financial instrument whose value depends on the performance of an underlying financial instrument. The most important types of derivatives are futures and options.

ETC Exchange-traded commodity. Securities on individual commodities or commodity baskets that can be traded in the same way as shares on the stock exchange via the Xetra® trading system. In contrast to → ETFs, ETCs are perpetual debt instruments that are secured by the relevant commodities.

ETF Exchange-traded fund. Mutual fund whose indefinitely dated shares 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.

Euro-Bund Future Standardized derivatives contract on a long-term bond issued by the Federal Republic of Germany.

Going public Opening a company for new external equity – usually equated with a company's initial public offering (IPO). After going public, the company is listed and, when its shares are admitted to trading, it must fulfill a range of post-admission obligations, some of which are laid down by law.

Intermediary Broker, intermediate dealer. In the cash market, this is usually the → lead broker, who represents the link between the buyer and the seller of a security in floor trading.

Lead broker Financial services provider or bank appointed by the general management of an exchange to keep the order books allocated to them and calculate prices in all market segments. Each lead broker is responsible for one security.

LevDAX Strategy index of Deutsche Börse that is tied to the performance of the DAX® and features a leverage of 2. It therefore rises and

falls twice as fast as the DAX, offering investors disproportionately high participation in market movements.

Market depth Volume of a stock bought or sold that triggers a price increase or decrease. The greater the market depth, the lower the impact of an order on the share price. A great market depth stabilizes prices because a purchase or sale causes little or no price fluctuation.

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 the Frankfurt Stock Exchange, market makers in Xetra® trading are known as “Designated Sponsors”.

Middle office Area of a company that combines sales/distribution (front office) and internal business processes (back office). In the financial sector, it is also an organizational unit responsible for risk assessment in finance and investment projects. The “data warehouse”, an extensive database that comprises information about customers, markets and business processes, plays a central role for the middle office.

Mutual fund Usually an actively managed investment fund that is offered to the general public.

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 Market In addition to the Official Market and the Regulated Market, the Open Market is the third statutory market segment in Germany.

Apart from a number of German shares, the Open Market mainly comprises trading in foreign equities, → mutual funds, fixed-income securities from German and foreign issuers, → certificates and → warrants.

REIT Real estate investment trust. Listed public company active in the real estate sector with special tax and investment-related features. REITs must fulfill government requirements, e.g. they must distribute the majority of their income to shareholders.

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. Repos are primarily entered into between banks and provide them with a temporary source of liquidity.

Round trip Time taken from when an order or quote is issued by the participant until the confirmation is received from the trading system of the exchange (measured on the trading participant's technical infrastructure).

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.

Spread In Xetra® trading: difference between the best binding buy and sell offer. The lower the spread, the more uniform the estimate by the market participants with regard to the value of a security. In “zero spread trading” for private investors in 160 shares in the DAX®, TecDAX®, MDAX® and SDAX® indices, the → lead brokers at the Frankfurt Stock Exchange execute the buy and sell orders they receive up to certain total volumes per price in the middle of the estimate made by them.

Structured product 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 a → derivative is based. Underlyings can be shares, indices, goods or foreign exchange, for example.

Warrant → 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.

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