

Audit opinion

Annual financial statements
as at 31 December 2006
and management report

Deutsche Börse Systems AG
Frankfurt am Main



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This is an English Translation of the German text,
which is the sole authoritative version

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Deutsche Börse Systems AG, Frankfurt/Main
Balance Sheet as at 31 December 2006

Assets	31.12.2006	31.12.2005
	€	T€
NONCURRENT ASSETS		
Intangible Assets		
Software	4.238.936,00	3.106
Prepayments	205.900,00	0
	4.444.836,00	3.106
Tangible Assets		
Fixtures improvements	1.672.846,00	2.136
Other assets, hardware, furniture and office equipment	26.875.461,00	17.699
	28.548.307,00	19.835
Financial Assets		
Shares in affiliated companies	470.154,68	470
Long-term securities	20.028.827,96	0
Other loans	51.205,09	62
	20.550.187,73	532
Total Noncurrent Assets	53.543.330,73	23.473
CURRENT ASSETS		
Accounts Receivable and Other Assets		
Trade accounts receivable	17.329.832,91	10.586
Accounts receivable Group	87.792.403,66	87.273
Other current assets	3.532.711,61	3.655
	108.654.948,18	101.514
Cash and Bank Balances	195.595,79	14.968
Total Current Assets	108.850.543,97	116.482
DEFERRED EXPENSES AND ACCRUED INCOME		
	6.348.680,28	8.067
Total Assets	168.742.554,98	148.022

Shareholders' Equity and Liabilities	31.12.2006	31.12.2005
	€	T€
SHAREHOLDERS' EQUITY		
Subscribed Capital	2.000.000,00	2.000
Capital reserve	415.110,03	415
Unappropriated Surplus	0,00	0
Total shareholders' equity	2.415.110,03	2.415
Provisions		
Provisions for pensions and similar obligations	24.422.191,00	16.129
Other provisions	48.641.954,32	35.972
Total provisions	73.064.145,32	52.101
LIABILITIES		
Trade accounts payables	5.680.471,45	7.774
Amounts owed to group undertakings	80.930.304,68	77.419
Other liabilities	6.622.156,37	8.168
<i>thereof tax € 3,363,035.21 (previous year T€ 3,836)</i>		
<i>thereof social security € 733.60 (previous year T€ 2)</i>		
Total Liabilities	93.232.932,50	93.362
DEFERRED INCOME AND ACCRUED EXPENSES	30.367,13	144
Total Shareholders' Equity and Liabilities	168.742.554,98	148.022

Deutsche Börse Systems AG, Frankfurt/Main
Profit and Loss Account
for the period 1 January to 31 December 2006

	2006		2005	
	€	€	T€	T€
Sales Revenue		283.283.751,22		272.711
Other Operating income		16.686.307,50		16.836
Personnel Expenses				
Wages and salaries	-70.744.656,78		-64.547	
Social security, pensions and other benefits	-16.668.001,98	-87.412.658,76	-12.586	-77.133
<i>thereof pensions € 10,650,692.68 € (previous year T€ 6,554)</i>				
Depreciation				
of intangible and tangible assets	-14.070.725,74	-14.070.725,74	-12.428	-12.428
Other Operating Expenses		-121.001.381,28		-127.182
Income from Participating Interests		700,00		1
<i>thereof from affiliated companies € 700.00 (previous year T€ 1)</i>				
Income from Financial Assets: Other Securities and Loans		50,25		0
Interest and similar Income		1.319.464,70		940
<i>thereof from affiliated companies € 1,288,426.38 € (previous year T€ 930)</i>				
Interest and similar Charges		-21.937,00		-964
<i>thereof to affiliated companies € 15,190.95 (previous year T€ 3)</i>				
Profit before tax from ordinary activities		78.783.570,89		72.781
Tax on Profit		-105,00		0
Other Taxes		804,00		0
Expenses for Profit and Loss Transfer Agreement		-78.784.269,89		-72.781
Net Profit for the Financial Year		0,00		0
Unappropriated Surplus		0,00		0

Notes to the financial statements for the 2006 financial year

Accounting and valuation Methods

The annual financial statements of Deutsche Börse Systems AG for the 2006 financial year were prepared in accordance with the regulations of the German Commercial Trading Code (HGB) and the German Stock Corporation Act (AktG).

The total cost (type of expenditure) method was selected for the statement of profit and loss.

The Company is a large corporation within the meaning of section 267 (3) HGB.

The valuation methods are consistent with those applied in the previous year.

Fixed asset items in foreign currency are converted into EUR at historical exchange rates applicable at the time of acquisition. Receivables and liabilities in foreign currency are valued at the ECB reference rate on the date of initial posting or at the lower (receivables) or higher (liabilities) ECB reference rate as at balance sheet respectively; expenses and income were converted at the ECB reference rate on initial posting.

Intangible assets acquired for consideration are valued at acquisition cost less straight-line depreciation.

Tangible fixed assets are valued at acquisition or production cost. Tangible fixed assets are contributed at book value. Tangible fixed assets subject to attrition were depreciated by the straight-line method at the highest rates permissible for tax purposes. In the case of movable fixed assets, the tax-law simplification rules with respect to the start of depreciation are applied in the form applicable at the time of acquisition. Low-costs assets are fully written off in the year of acquisition.

The shares in and loans to affiliated companies and also other long-term equity investments shown under long-term financial assets are recognized at acquisition cost or at the lower market value, other loans are recognized at their nominal amounts. Long-term Securities are valued at their acquisition cost or lower market price as at balance sheet date.

Receivables and other assets are fundamentally reported at their nominal value. All recognizable risks are individually written down. Latent risks are considered by general provisions for doubtful accounts.

Provisions for pensions and similar obligations were recognized at partial value pursuant to section 6a German Income Tax Act (EStG) based on actuarial principles using Prof. Dr. Klaus Heubeck's "Richttafeln 2005 G". Unlike the previous year's assumed discount rate of 6 per cent, a discount rate of 4.5 per cent was used in the year under review.

Due to tax regulations, the present value was partially used to determine the level of the provisions for the employee-financed Deferred Compensation Program.

The other provisions take into account all identifiable risks und uncertain liabilities as at 31 December 2006 and were recognized at the level of anticipated payment obligation. The intrinsic value was used as the basis for calculating the amount of the provision for the phantom stock option programme. The provisions for anniversaries and early-retirement were valued according to actuarial principles at their partial value (or in the case of recipients of early-retirement benefits at their present value). Unlike the previous year's assumed discount rates of 5.5 and 6 per cent, a uniform discount rate of 4.5 per cent was used in the year under review. Prof. Dr. Klaus Heubeck's "Richttafeln 2005 G" were used as the basis of calculation.

Liabilities are recognized at their repayment amounts.

Notes and explanations on the balance sheet

Noncurrent assets

The changes in noncurrent assets can be derived from the attached statement of changes in noncurrent assets.

Shares in affiliated companies

Deutsche Börse Systems AG holds a 100 per cent stake in Deutsche Börse Systems Inc., Delaware/USA. As at 31 December 2006, equity amounted to 2,713 TUSD. The net profit for the year amounts to 763 TUSD.

Deferred expenses and accrued income

Deferred expenses and accrued income totalling 6,349 T€ mainly relate to prepayments of rent and lease instalments amounting to 5,272 T€ and also maintenance and licence fees amounting to 743 T€. Furthermore, proportionate extra rent payments for a building in Frankfurt am Main amounting to 316 T€ were accrued.

Shareholders' Equity

The fully paid-up nominal capital (subscribed capital) amounts to 2,000,000.00 €. It is divided into 2,000,000 no-par-value registered shares. The shares can only be transferred with the assent of the Company.

Other provisions

Other provisions amounting to 48,642 T€ are composed as follows:

	T€
Phantom stock options programmes	22,624
Vacation provision and provision for flexible working hours	7,220

Provisions for outstanding invoices	3,809
Provision for interest payments of taxes due to Trade fees (Xontro)	3,680
Provisions for staff bonuses and directors' fees	2,944
Provision for early-retirement benefits	2,713
Group Share Plan	2,589
Provisions for anniversaries	1,890
Other provisions	1,173

Total	48,642

Deutsche Börse AG has set up a phantom stock option programme for members of the Executive Board and senior executives of Deutsche Börse AG and its subsidiaries. Deutsche Börse Systems AG participates in this programme. The provision amounting to 11,661 T€ recognized in 2005 at the expense of personnel costs was increased by 10,963 T€, the intrinsic value of the phantom stock options allotted as at the reference date of the financial statements, to reach 22,624 T€.

Furthermore, Deutsche Börse AG has set up a Group Share Plan (GSP) for non-executive employees of Deutsche Börse AG and its subsidiaries, which consists of a component for the acquisition of employee shares and a stock option component. Deutsche Börse Systems AG also participates in this programme. The intrinsic value of the issued and outstanding stock options as at the reference date of the financial statements to 2,589 T€, at which level a provision was recognized.

Liabilities

The composition of the liabilities is presented as follows. No pledges or similar rights have been given in respect of liabilities.

in € thousands	Total	thereof up to 1 year
Trade accounts payables (previous year)	5,681 (7,774)	5,681 (7,774)
Amounts owed to group undertakings (previous year)	80,930 (77,419)	80,930 (77,419)
Other liabilities (previous year)	6,622 (8,168)	6,622 (8,168)
Thereof tax (previous year)	3,363 (3,836)	3,363 (3,836)
Thereof social security (previous year)	1 (2)	1 (2)
Total liabilities	93,233	93,233

(previous year)	(93,362)	(93,362)
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Profit and loss statement disclosures

Sales revenue and other operating income

Sales revenue amounting to 283,284 T€ relate to data centre services of 208,029 T€ and IT services of 75,255 T€. Classified by geographical markets, 264,174 T€ relate to Germany, 5,708 T€ to Switzerland, 5,338 T€ to the USA, 4,424 T€ to the United Kingdom and 3,640 T€ to all other geographical markets.

The other operating income amounts to 16,686 T€ and consists mainly of income for the provision of services to other Group companies (13,983 T€) and also income unrelated to the accounting period arising from the reversal of provisions (2,249 T€), from payments received for written-down receivables (54 T€), gains on exchange rate differences (35 T€), proceeds from the disposal of fixed assets (31 T€) and the refund of other taxes (16 T€).

Other operating expenses

Other operating expenses amount to 121,001 T€ and are composed in particular of the costs of consulting and support (22,680 T€), the costs of the communications network (14,837 T€), IT-operating costs (30,114 T€), the costs of services rendered by Deutsche Börse AG (37,826 T€), costs charged on by DBS Inc. (7,317 T€) and non-recoverable input VAT (1,912 T€).

Transfer of profit

On the basis of the profit pooling agreement, 78,784 T€ were transferred to Deutsche Börse AG.

Other financial obligations

The other financial obligations relate to leasing, rental, maintenance and other contracts. An amount of 100,343 T€ is expected to be expensed for these in the 2007 financial year. Of these, obligations exist under the service agreement concluded with Deutsche Börse AG (41,055 T€) and for fees for the joint use of trading systems amounting to 2,989 T€. Deutsche Börse Systems AG is expected to owe DBS Inc. 7,994 T€ pursuant to the Service Agreement. Furthermore, Deutsche Börse s r.o. is expected to provide services in the area of applications development amounting to 4,400 T€. In addition to the amounts mentioned, there are further contractual obligations to affiliated companies for IT services which are charged depending on the use made of these services. Moreover, expenses of 19,481 T€ will be incurred for the operation of networks and 15,817 T€ for obligations under maintenance contracts, 10,417 T€ for software rent and leasing contracts and 2,590 T€ for hardware rent and leasing contracts.

The obligations to Deutsche Börse AG and DBS Inc. are obligations to affiliated companies. These contracts can be terminated on annual notice.

Other disclosures

Supervisory Board

The members of the Supervisory Board are:

Dr. Reto Francioni - Chairman -	Chairman of the Executive Board of Deutsche Börse AG, responsible for Group Coordination/Corporate Center, Customers/Markets
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Jeffrey Tessler - Deputy Chairman - (since 9 March 2006)	Deputy Chairman since 6 April 2006, member of the Executive Board of Deutsche Börse AG, responsible for Customer/Markets
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Ulrich Kastner (since 9 March 2006)	Management Consultant
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Hermann Lange	Employee representative, responsible for Networks and Infrastructure/ Configuration Management and Quality Assurance
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Volker Potthoff (until 21 February 2006)	Managing Director of Deutsche Börse AG
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Sadegh Rismanchi	Employee representative, responsible for Networks and Infrastructure/ Configuration Management and Quality Assurance
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Dr. Holger Wohlenberg	Managing Director of Deutsche Börse AG, responsible for Market Data & Analytics
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The members of the Supervisory Board received no remuneration for 2006.

Executive Board

The members of the Executive Board are:

Dr.-Ing. Michael Kuhn - Chairman -	responsible for the Central Support and Consulting
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Yves Baguet - Deputy Chairman -	responsible for the Delivery
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Mathias Hlubek	responsible for the Group Corporate Center
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Ulrich Kastner responsible for the Application Development Trading and
(until 28 February 2006) Consulting

Gerhard Leßmann responsible for the Application Development

The total emoluments of the members of the Executive Board in 2006 amounted to 2,691 T€. The remuneration of former members of the Executive Board or their surviving dependants amounted to 321 T€ in the same period.

A total of 5,376 T€ was provided for pensions commitments to former members of the Executive Board and their surviving dependants.

In the year under review, 29,535 phantom stock options were granted to members of the Executive Board. The current fair value at the time of granting amounted in total to 1,018.4 T€.

For the components with a long-term incentive effect, 5,423 T€ were recognized as expense for options of those tranches which were still within the lock-up period in 2006, or whose lock-up period ended during the year under review.

Employees

The average number of employees during the 2006 financial year was 530. As at 31 December 2006, 523 persons (excluding the Executive Board) were employed by Deutsche Börse Systems AG.

Of the 523 employees, 11 colleagues possess limited duration employment contracts and 37 employees have part-time employment contracts.

13 employees were on maternity or child-rearing leave. The annual average staffing level was 506, taking part-time workers into account.

Group Affiliation

Deutsche Börse Systems AG is a wholly-owned subsidiary of Deutsche Börse AG, Frankfurt am Main. Deutsche Börse Systems AG is included in the exempting consolidated financial statements of Deutsche Börse AG, which are obtainable at the business premises of our Company. The consolidated financial statements of Deutsche Börse AG are prepared according to IFRS.

Deutsche Börse AG, Frankfurt am Main, has notified us, pursuant to section 20 (4) AktG, that it owns a majority stake in our Company.

Frankfurt am Main, 7 March 2007

Deutsche Börse Systems AG

Executive Board

Dr.-Ing. Michael Kuhn Yves Baguet Mathias Hlubek Gerhard Leßmann

Deutsche Börse Systems AG, Frankfurt am Main

Statement of Changes in Noncurrent Assets as at 31 December 2006

	Acquisition and Production Costs					Depreciation and Amortization					Book Value		
	Balance as at 1. Jan 06	Additions 2006	Transfers from affiliated companies	Disposals 2006	Reclassification 2006	Balance as at 31. Dez 06	Balance as at 1. Jan 06	Additions 2006	Transfers from affiliated companies	Disposals 2006	Balance as at 31.12.2006	as at 31.12.2006	as at 31.12.2005
	€	€	€	€	€	€	€	€	€	€	€	€	€
Intangible Assets													
Software	30.021.545,59	3.045.906,48	168.330,00	486.408,17	0,00	32.749.373,90	26.915.180,59	1.917.078,48	164.587,00	486.408,17	28.510.437,90	4.238.936,00	3.106.365,00
Prepayments	0,00	205.900,00	0,00	0,00	0,00	205.900,00	0,00	0,00	0,00	0,00	0,00	205.900,00	0,00
	<u>30.021.545,59</u>	<u>3.251.806,48</u>	<u>168.330,00</u>	<u>486.408,17</u>	<u>0,00</u>	<u>32.955.273,90</u>	<u>26.915.180,59</u>	<u>1.917.078,48</u>	<u>164.587,00</u>	<u>486.408,17</u>	<u>28.510.437,90</u>	<u>4.444.836,00</u>	<u>3.106.365,00</u>
Tangible Assets													
Fixtures in third party land	5.440.185,37	0,00	0,00	0,00	0,00	5.440.185,37	3.304.673,37	462.666,00	0,00	0,00	3.767.339,37	1.672.846,00	2.135.512,00
Other assets, furniture and office equipment	124.709.473,06	20.867.309,26	0,00	17.682.722,71	0,00	127.894.059,61	107.010.288,06	11.690.981,26	0,00	17.682.670,71	101.018.598,61	26.875.461,00	17.699.185,00
	<u>130.149.658,43</u>	<u>20.867.309,26</u>	<u>0,00</u>	<u>17.682.722,71</u>	<u>0,00</u>	<u>133.334.244,98</u>	<u>110.314.961,43</u>	<u>12.153.647,26</u>	<u>0,00</u>	<u>17.682.670,71</u>	<u>104.785.937,98</u>	<u>28.548.307,00</u>	<u>19.834.697,00</u>
Financial Assets													
Shares in affiliated companies	470.154,68	0,00	0,00	0,00	0,00	470.154,68	0,00	0,00	0,00	0,00	0,00	470.154,68	470.154,68
Long-term securities	0,00	20.028.827,96	0,00	0,00	0,00	20.028.827,96	0,00	0,00	0,00	0,00	0,00	20.028.827,96	0,00
Other loans	62.304,45	87.500,00	0,00	98.599,36	0,00	51.205,09	0,00	0,00	0,00	0,00	0,00	51.205,09	62.304,45
	<u>532.459,13</u>	<u>20.116.327,96</u>	<u>0,00</u>	<u>98.599,36</u>	<u>0,00</u>	<u>20.550.187,73</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>20.550.187,73</u>	<u>532.459,13</u>
	<u>160.703.663,15</u>	<u>44.235.443,70</u>	<u>168.330,00</u>	<u>18.267.730,24</u>	<u>0,00</u>	<u>186.839.706,61</u>	<u>137.230.142,02</u>	<u>14.070.725,74</u>	<u>164.587,00</u>	<u>18.169.078,88</u>	<u>133.296.375,88</u>	<u>53.543.330,73</u>	<u>23.473.521,13</u>

Management report for the 2006 financial year

Business and operating environment

General situation of the Company

Deutsche Börse Systems AG is part of the Information Technology segment of the Deutsche Börse Group. In collaboration with Clearstream TEC, Deutsche Börse Systems AG develops, builds and operates mainly the information distribution, trading, clearing and settlement systems of the Deutsche Börse Group. In addition to this internal business, Deutsche Börse Systems AG and Clearstream TEC also develop and operate IT infrastructures for companies in the financial industry outside the Group.

Deutsche Börse Systems AG:

Deutsche Börse Systems AG, as part of the Information Technology segment of the Deutsche Börse Group, supplies development and operating services for trading, clearing, market data and analytics and settlement. For many years, the Company has successfully built up and operated, among other things, the exchange systems Xetra®, Eurex®, Eurex US, central counterparty (CCP) and the data distribution system CEF. It also supplies operating services for the settlement systems of Clearstream Banking Frankfurt (CBF), for instance CASCADE and Xemac.

523 employees translate the corporate strategy into technology applications and provide its proper operation. In addition, they supply IT services to external customers outside the Deutsche Börse Group. Deutsche Börse Systems AG thus operates, beside others, the Xontro trading system for BrainTrade Gesellschaft für Börsensysteme mbH, the trading systems Xetra and Eurex for European Energy Exchange AG (EEX), as well as mainframe applications and server systems for Deutsche WertpapierService Bank AG (dwpbank).

The international financial sector represents an extremely dynamic environment. Changing conditions and economic factors as well as unforeseen trends cause rapid developments of these markets. Providing reliable services and a high degree of flexibility are extremely important factors for setting the pace on these dynamic markets.

The year 2006 was once more marked by significantly increased transaction volume caused by higher trading and settlement activities on the markets of the Deutsche Börse Group. The exchange systems were operated with the accustomed high reliability, in spite of the increased load.

In order to provide services with a high degree of availability, it is essential to ensure that resources which are necessary for continuous operation of the systems are kept available at all times. The relevant resources are based on several components:

- § IT infrastructure: Redundant design including the front end, the network and the data centers of the Deutsche Börse Group (back end);

§ Processes: Mission-critical processes can be operated from various locations; fully equipped back-up locations are maintained for this purpose. In addition, operating departments are distributed over various locations, and the employees are trained to cope with system failures and restore normal operation.

In addition to providing the necessary resources, a permanent monitoring as well as regular tests of the complete technical infrastructure are essential in conjunction with close alignment with the worldwide system users. Deutsche Börse Systems AG develops emergency scenarios together with its customers, and carries out regular tests including individual architecture components.

The average service availability – the availability of all components of the architecture from the data centre to the end user – was 99.99% in 2006, both for the spot market system Xetra and the derivatives market system Eurex. Similarly high values were obtained for all systems with comparable demands.

Apart from the high level of service reliability, a high degree of flexibility is necessary to enable the IT infrastructure to be constantly adapted to increasing business requirements.

The demands on processing capacity rose strongly once again in 2006, due to continuously rising trading volumes. Deutsche Börse Systems AG has quadrupled the capacity of the Eurex and Xetra connections in the data communications network for all market participants, in order to process the significantly increased volumes with a high degree of reliability and high speed. The bandwidth of all Eurex participants was extended from 256 kbit/s [kilobits per second] to 1 Mbit/s [megabits per second] and that of the Xetra participants from 128 kbit/s to 512 kbit/s. The changeover of all connections was accomplished in a single day, on 2 December 2006, so that the equal treatment of all Eurex and Xetra market participants was guaranteed at all times. In previous months, the necessary infrastructure was extended and tested in cooperation with Eurex and Xetra market participants.

In order to be prepared for further increase in trading volumes, Xetra participants were offered in November 2006 an optional bandwidth of 2 Mbit/s for the launch of Xetra Release 8.0 in April 2007. In 2006, CEF participants were offered a bandwidth of up to 100 Mbit/s.

The use of a modular, flexible system architecture makes the efficient implementation of highly complex functional requirements in IT systems possible. The architecture of Deutsche Börse Group's systems enables new products for the world of finance to be created with modest effort by assembling system components from both internal and external systems. The products are implemented with minimal impact on the participants. Thus, in particular, market entry barriers are avoided.

The major further developments of software in 2006 consisted of Eurex Release 9.0 which was taken into operation in November 2006. Apart from measures for improving processing speed, a series of functional measures such as OTC block auctions or un-netted broadcast (XFI) was implemented. Release 8.0 was developed for Xetra and will go into operation in April 2007. This is distinguished by the fact that participants can decide whether they wish to receive price information un-netted. Efficiency is increased by a so-called broadcast split, in which the participant can subscribe only to those data streams which are relevant for him/her.

Overview of the business development in the year under review

In spite of increased transaction loads and the implementation of complex market requirements in the Deutsche Börse Group's systems, Deutsche Börse Systems AG succeeded once more in 2006 in further increasing the efficiency of systems operation. In particular, the costs of the infrastructure of the data centres and networks were reduced by about 6 per cent compared to the previous year. The consolidation of the IT infrastructure played an important role in this respect.

The network, for example: once again in 2006, Deutsche Börse Systems AG pushed ahead with consolidating the Deutsche Börse Group's global data communications network. Market participants throughout the world can today simultaneously access 17 Deutsche Börse Group applications – including Xetra, CCP, Xontro and CASCADE – via a high performance connection. In spite of a flexible allocation of capacity in the joint network, the individual data flows are completely shielded from each other, so as to meet the highest demands on the quality of the services. This is especially important for Eurex and Xetra customers, as even milliseconds can be decisive for awarding an order here. The failure security of the market critical network through which the systems can be accessed worldwide without limit was once again pushed ahead. The average availability worldwide was more than 99,998%.

Sales revenues of Deutsche Börse Systems AG rose by 4 per cent in comparison to the previous year, whereby income earned with financial sector companies outside the Group increased significantly.

Business development

Internal sales revenues: the vast majority of the internal sales revenues of Deutsche Börse Systems AG are derived from the Derivatives Markets, Cash Markets and Market Data & Analytics areas and account for about 67 per cent of total income. Overall, internal sales revenues fell by 2 per cent compared to the previous year, as income shortfalls for Eurex and Xetra were not completely compensated for by additional sales revenue from Market Data & Analytics. Total income from Market Data & Analytics rose once more in 2006 by over 6 per cent and essentially stem from capacity expansion due to increased transaction volumes in the Consolidated Exchange Feed area.

External sales revenues: the three largest external customers of Deutsche Börse Systems AG are dwpbank, BrainTrade and EEX. Overall, external sales revenues increased by 17 per cent in 2006 compared to the previous year. The increase is largely due to sales revenues to the new customer US Futures Exchange, higher transaction-dependent sales revenues to BrainTrade and additional sales revenues from EEX. The following examples demonstrate the efficiency of Deutsche Börse Systems AG as a service provider for other financial companies:

- § dwpbank: Deutsche Börse Systems AG has been operating mainframe applications and server systems and also the network infrastructure in the Deutsche Börse Group's data centre for dwpbank since 2003. In 2006, Deutsche Börse Systems AG took over the operation of further dwpbank systems. Deutsche Börse Systems AG has thus further extended its role as a strategic partner of dwpbank.

§ USFE: since October 2006, Deutsche Börse Systems AG has provided the US Futures Exchange with the necessary trading infrastructure – from server operation via applications support to the participant's network infrastructure – and is extending the platform to include new functions. USFE is a U.S. American regulated exchange in which Eurex holds a 27.7 per cent stake.

Research and development activities

The expenditure and activities in the research and development area amounting to 2,572 T€ (previous year 2,602 T€) are mainly concentrated on the evaluation of new methods, procedures and products in the areas of software development and system architecture.

Employees

In the 2006 financial year, the number of Deutsche Börse Systems AG employees fell slightly once again and comprised 523 staff as of 31 December 2006. Deutsche Börse Systems AG employed an average of 530 persons in the 2006 financial year. During the course of the 2006 financial year, 12 employees left Deutsche Börse Systems AG, the rate of fluctuation thus amounted to 2.3 per cent.

Deutsche Börse Systems AG employs staff at four locations:

Location	Number of staff	Per cent
Frankfurt	515	98.4%
Luxembourg	1	0.2%
Chicago	4	0.8%
Prague	3	0.6%
Total	523	100%

Deutsche Börse Systems AG's age structure as of 31 December 2006 was as follows:

Age group	Number of staff	Per cent
< 30 years	13	2.5%
30 – 39 years	174	33.3%
40 – 49 years	254	48.6%
50+ years	82	15.7%
Total	523	100%

The length of company service of the employees as of 31 December 2006 was as follows:

Service with Deutsche Börse	Number of staff	Per cent
< 5 years	66	12.6%
5 – 15 years	324	62.0%
> 15 years	133	25.4%
Total	523	100%

Note: in portraying company service, reference was made to company service within the Deutsche Börse Group, analogously to the prevailing organizational structure of the Group.

Deutsche Börse Systems AG displays a graduate ratio of 62 per cent as at 31 December 2006. This percentage comprises employees with a degree from a university, university of applied technology, or a professional academy as well as employees who have completed studies abroad.

The average number of training days at Deutsche Börse Systems AG equals to a total of 2.8 days per employee.

Results of operations, financial position and net assets

Deutsche Börse Systems AG generated net profit of 78,784 T€ in 2006, which were transferred to the parent company, Deutsche Börse AG, pursuant to the profit transfer agreement.

The sales revenues of Deutsche Börse Systems AG in 2006 total 283,284 T€ (previous year 272,712 T€) and include the revenue of the data center amounting to 208,029 T€ (previous year 200,727 T€) and revenue for software services amounting to 75,255 T€ (previous year 71,985 T€).

Deutsche Börse Systems AG's return on sales (the ratio between net income after taxes and revenue) rose in comparison to the previous year and amounts in 2006 to 27.8 per cent (previous year 26.7 per cent). The primary causes for this are increased sales revenues but also strict cost management.

Personnel expenses amounted to 87,413 T€ (previous year 77,133 T€), of which 70,745 T€ (previous year 64,548 T€) relate to wages and salaries. Wages and salaries thus rose in comparison to the previous year by 9.6 per cent. The prime reason for this rise is on the one hand the development of the Deutsche Börse AG share price, which caused the costs of Group Share Plan and phantom stock option plan to rise to 18,058 T€ (previous year 15,000 T€) and also the increase of 5,126 T€ (previous year 75 T€) in the cost of the allocation to provisions for pensions and deferred compensation. The personnel costs amounting to 2,217 T€ (previous year 15 T€), which were incurred within the framework of the restructuring of the management area, represent a further special effect. Adjusted for these effects, wages and salaries remained more or less constant at the previous year's level.

Depreciation amounted to 14,071 T€ (previous year 12,428 T€). Other operating expenses ran to 121,001 T€ (previous year 127,182 T€).

As at 31 December 2006, the assets of Deutsche Börse Systems AG amounted to 53,543 T€ (previous year 23,474 T€); on the other side, equity amounted to 2,415 T€ (previous year 2,415 T€). There are furthermore liabilities to affiliated companies amounting to 80,930 T€ (previous year 77,419 T€).

Deutsche Börse Systems AG's free liquidity (receivables and credit balances due within not more than 30 days less liabilities due within the next 30 days) amounts as of 31 December 2006 to 11,227,893 T€ (previous year 20,755,473 T€).

The return on equity before profit transfer (net profit for the year ÷ annual average equity; annual average equity is calculated on the basis of 30 days per month / 360 per year) amounts to 97.0 per cent (previous year 96.8 per cent).

In 2006, Deutsche Börse Systems AG obtained an operating cash flow from current business activities amounting to 100,918 T€ (previous year 105,815 T€). The reduction is essentially attributable to the decrease in liabilities owed to group undertakings, trade accounts payables and other liabilities.

In the 2006 financial year, 3,252 T€ were invested in purchased software and 20,867 T€ in hardware. The investment in hardware was for the replacement of existing hardware systems and for the extension of existing systems, for example Eurex and spot market owing to the growth in volumes at peak times. A further emphasis again was investment in new technologies.

Risk management

Deutsche Börse Systems AG is integrated into Deutsche Börse AG's Group-wide risk management on the basis of a contract for services. Deutsche Börse AG uses risk management for the management and control of risks, enabling it to recognize developments which could endanger the continued existence of the entity in good time, and to take suitable measures. For this reason we refer to the comments under the Risk Management Report in the Group management report.

Special risks

Operational risks arise for Deutsche Börse Systems AG from the operation of the Deutsche Börse Group's computer-based markets and also from the operation of applications for customers.

Both the Eurex derivatives exchange and the Xetra spot market system, including central counterparty (CCP), are fully computer-based. This also applies to the other exchanges operated by Deutsche Börse Systems AG (Börse Wien, Helsinki Exchange, Irish Stock Exchange, European Energy Exchange etc.), the trading platforms (Eurex Bonds, Eurex Repo etc.) and to Clearstream Banking Frankfurt AG's clearing and settlement systems.

For this reason, Deutsche Börse Systems AG is exposed primarily to operational risks, in particular availability risk and the risk of incorrect processing. These risks can lead directly to commitments, compensation for damages and also the loss of sales. Apart from these direct, disadvantageous effects, indirect consequences can arise from the potential loss of customers and their business associated with a loss of reputation.

Operational risks which the Company does not wish to bear itself and which can be insured for a reasonable price are transferred by way of taking out insurance policies. Central coordination of all insurance policies by the parent company ensures that there is uniform and cost-efficient insurance cover for the entire Group.

The relevant individual risks are described in detail in the following:

(a) Availability risk

Availability is attributable to the fact that systems which support mission-critical processes may fail, meaning that the process of providing the services is delayed or becomes impossible. This risk is accordingly one of the most critical for Deutsche Börse Systems AG. It is caused by various factors, including the failure of hardware and software components, operating and security errors as well as physical damage to the data centers.

In 2006, service availability of the main systems of Deutsche Börse Systems AG was again more than 99.9 percent, and accordingly was consistent with the stringent requirements regarding their reliability.

Deutsche Börse Systems AG protects itself against the availability risk by means of redundant and disaster-tolerant design of all critical IT systems and the technical infrastructure. Emergency workstations are also provided for employees in critical functions.

(b) Incorrect processing

In contrast to the availability risk, in the event of incorrect processing a service is provided to customers of Deutsche Börse Systems AG; however, errors may occur. These are mainly due to manual interventions which are exposed to the risk of errors and omissions. Despite all automation and efforts to achieve so-called Straight-through Processing (STP) manual support is still necessary. It is also necessary in special cases to intervene manually in market and system management.

Lasting improvements were achieved once more in 2006 in order to reduce the potential risk of incorrect processing, either by reducing the necessary amount of manual intervention or by way of providing better protection for necessary manual intervention. These include comprehensive test and simulation activities in the run-up to the introduction of a release and also the accessibility of specialists. No losses from incorrect processing worth mentioning arose in 2006 and there are no indications of events in 2006 which could lead to significant losses in the future.

(c) Damage to material goods

Risks due to accidents or natural catastrophes and also terrorism and sabotage fall into this category. No losses worth mentioning due to damage to material goods arose in 2006 and neither are any acute risks recognizable.

(d) Legal risks

Legal risks include losses that arise due to new or existing laws not being complied with or inadequately observed and also due to inadequate contractual conditions or to court decisions in connection with Corporate Governance. No losses worth mentioning due to legal risks arose in 2006 and neither are any acute risks recognizable.

Branches

The Company does not maintain any branches.

Report on post-balance sheet date events

No events of special significance have occurred after the end of the financial year.

Report on expected developments

The report on expected developments describes the expected development of Deutsche Börse Systems AG in financial years 2007 and 2008. It contains forward-looking statements and information, i.e. statements and information on events in the future, not in the past. These prognoses are based on the Company's expectations and presumptions at the time of publication of the forecast report. These expectations and presumptions are in term subject to known and unknown risks and uncertainties. Numerous factors influence the success, the business strategy and the financial result of the Company. A number of these factor's are outside the Company's control. Should one of the risks or uncertainties take place or one of the presumptions made turn out to be incorrect, the actual development of the Company could differ, in both a positive or a negative way, from the forward-looking statements and information in this report.

For 2007 and 2008, Deutsche Börse Group expects economic growth to continue in all regions relevant to the Group's business. Owing to the anticipated slight slowdown in the growth of company profits, an economic growth slightly below the 2006 level is expected for the forecast period. The anticipated economic growth will form the basis for continued positive development of the financial markets. On the basis of its successful business model, Deutsche Börse Group will continue to observe trends in the financial markets worldwide and make use of these for the new and further development of its products and services. The overriding strategic goal thereby is to provide all customers with excellent services.

Support for the implementation of the Deutsche Börse Group's strategy and business with financial sector companies outside the Group will remain the focus of Deutsche Börse Systems. The aim of Deutsche Börse Systems AG is to serve its customers as a reliable partner. A high degree of flexibility is provided to guarantee stable services in dynamic markets.

Following the consolidation phase in recent years, the European market for IT services in the financial sector continues to represent an attractive market. Deutsche Börse Systems AG, with its portfolio of service focussed on the operation of IT systems, will take advantage of this potential as a competent partner in the financial sector.

By analogy with the Deutsche Börse Group's growth assumptions, an associated continuous rise in technical transaction volumes as well as increasing demands on the systems' performance is expected, which will call for significantly higher investment in hardware and software of about 26 per cent. Thus the electronic trading system's processing and data distribution times will be further shortened – among other things within the

framework of Xetra Release 8.0, which will be introduced in the second quarter of 2007 – so as to fulfil the rising demands of market participants. Within the framework of Eurex Release 10.0 the software will be further optimized and the hardware upgraded, with the aim of further reducing processing times in the futures market too. Based on expectations in respect of the development of the financial markets, the Company anticipates for the Market Data & Analytics segment a further increase in demand for financial market data and the associated increases in technical volumes, amongst others for the distribution of price data via the Consolidated Exchange Feed (CEF) system.

On the basis of these assumptions, Deutsche Börse Systems AG expects an increase in sales revenues of about 9 per cent. In conjunction with continued active cost management, the increase in total costs is expected to be limited to 8 per cent, despite of significant upgrading of the production systems and network capacity. Based on this a moderate rise in EBIT of 3 per cent is anticipated.

The Company's aim for the 2008 financial year is to handle additional business activity with only slightly rising costs.

Frankfurt am Main, 7 March 2007

Deutsche Börse Systems AG

Executive Board

Dr.-Ing. Michael Kuhn Yves Baguet Mathias Hlubek Gerhard Leßmann

Audit opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Deutsche Börse Systems AG, Frankfurt/Main, for the business year from 1 January to 31 December 2006. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch“: „German Commercial Code“] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



Deutsche Börse Systems AG
Audit opinion
Annual financial statements as at 31.12.2006
and management report
Translation

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 8 March 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bors	Kampmann
Wirtschaftsprüfer	Wirtschaftsprüferin