

Audit Opinion

Annual Financial Statements for the  
period ended 31 December 2007  
and Management Report

Deutsche Börse Systems AG  
Frankfurt/Main





Audit Opinion

Annual Financial Statements for the  
period ended 31 December 2007  
and Management Report

Deutsche Börse Systems AG  
Frankfurt/Main

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 2007**

Assets	31 Dec 2007	31 Dec 2006
	€	T€
<b>NONCURRENT ASSETS</b>		
<b>Intangible Assets</b>		
Software	5,422,985.00	4,239
Prepayments	75,000.00	206
	<b>5,497,985.00</b>	<b>4,445</b>
<b>Tangible Assets</b>		
Fixtures on third party land	1,215,940.00	1,673
Other assets, furniture and office equipment	33,849,827.00	26,875
	<b>35,065,767.00</b>	<b>28,548</b>
<b>Financial Assets</b>		
Shares in affiliated companies	470,154.68	470
Long-term securities	21,304,871.66	20,029
Other loans	45,789.67	51
	<b>21,820,816.01</b>	<b>20,550</b>
<b>Total Noncurrent Assets</b>	<b>62,384,568.01</b>	<b>53,543</b>
<b>CURRENT ASSETS</b>		
<b>Accounts Receivable and Other Assets</b>		
Trade accounts receivable	14,373,609.84	17,330
Accounts receivable group	121,338,116.55	87,792
Other current assets	5,992,386.30	3,533
	<b>141,704,112.69</b>	<b>108,655</b>
<b>Cash and Bank Balances</b>	<b>1,830,170.14</b>	<b>196</b>
<b>Total Current Assets</b>	<b>143,534,282.83</b>	<b>108,851</b>
<b>DEFERRED EXPENSES AND ACCRUED INCOME</b>	<b>5,297,851.14</b>	<b>6,349</b>
<b>Total Assets</b>	<b>211,216,701.98</b>	<b>168,743</b>

Shareholders' Equity and Liabilities	31 Dec 2007	31 Dec 2006
	€	T€
<b>SHAREHOLDERS' EQUITY</b>		
<b>Subscribed Capital</b>	<b>2,000,000.00</b>	<b>2,000</b>
<b>Capital Reserve</b>	<b>415,110.03</b>	<b>415</b>
<b>Unappropriated Surplus</b>	<b>0.00</b>	<b>0</b>
<b>Total Shareholders' Equity</b>	<b>2,415,110.03</b>	<b>2,415</b>
<b>PROVISIONS</b>		
Provisions for pensions and similar obligations	24,570,736.00	24,422
Other provisions	69,981,167.58	48,642
<b>Total Provisions</b>	<b>94,551,903.58</b>	<b>73,064</b>
<b>LIABILITIES</b>		
Trade accounts payables	5,837,990.47	5,680
Amounts owed to group undertakings	99,003,503.71	80,930
Other liabilities	9,232,193.46	6,622
<i>thereof tax € 3,365,122.24 (previous year T€ 3,363)</i>		
<i>thereof social security € 0 (previous year T€ 1)</i>		
<b>Total Liabilities</b>	<b>114,073,687.64</b>	<b>93,233</b>
<b>DEFERRED INCOME AND ACCRUED EXPENSES</b>	<b>176,000.73</b>	<b>31</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>211,216,701.98</b>	<b>168,743</b>



**Deutsche Börse Systems AG, Frankfurt/Main**  
**Income Statement**  
**for the period 1 January to 31 December 2007**

	2007		2006	
	€	€	T€	T€
Sales Revenue		324,584,796.79		283,284
Other Operating Income		17,825,095.65		16,686
Personnel Expenses				
Wages and salaries	-90,105,944.26		-70,745	
Social securities, pensions and other benefits	-7,524,500.96	-97,630,445.22	-16,668	-87,413
<i>thereof pensions € 1,850,670.07 (previous year T€ 10,651)</i>				
Depreciation				
of intangible and tangible assets	-21,165,030.96	-21,165,030.96	-14,071	-14,071
Other Operating Expenses		-133,475,224.80		-121,001
Income from Participating Interests		1,016.35		1
<i>thereof from affiliated companies € 1,016.35 (previous year T€ 1)</i>				
Income from Financial Assets: Other Securities and Loans		76,043.70		0
Interest and similar Income		1,803,301.45		1,319
<i>thereof from affiliated companies € 1,780,020.10 (previous year T€ 1.288)</i>				
Interest and similar Charges		-80,629.21		-22
<i>thereof to affiliated companies € 76,619.12 (previous year T€ 15)</i>				
<b>Profit before tax from ordinary activities</b>		<b>91,938,923.75</b>		<b>78,783</b>
Tax on Profit		-123.00		0
Other Taxes		0.00		1
Expenses for Profit and Loss Transfer Agreement		91,938,800.75		-78,784
<b>Net Profit for the Financial Year</b>		<b>0.00</b>		<b>0</b>
<b>Unappropriated Surplus</b>		<b>0.00</b>		<b>0</b>





# Notes to the Annual Financial Statements for the 2007 financial year

## Accounting and valuation methods

The Annual Financial Statements of Deutsche Börse Systems AG for the 2007 financial year were prepared in accordance with the regulations of the Handelsgesetzbuch (German Commercial Trading Code) and the Aktiengesetz (German Stock Corporation Act -AktG).

The total cost (type of expenditure) method was selected for the income statement.

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.

Non-current asset items in foreign currency are converted into Euro 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 the balance sheet date respectively. Expenses and income were converted at the ECB reference rate on initial posting.

Intangible assets acquired for a monetary consideration are stated at acquisition cost less depreciation.

Property, plant and equipment are valued at acquisition or production cost. Property, plant and equipment subject to attrition were depreciated by the straight-line method at the highest rates permissible for tax purposes. In the case of movable non-current 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-cost assets are fully written off in the year of acquisition.

Shares in affiliated companies shown under financial assets are recognized at cost, and other loans are shown with their nominal value. Securities are recognised at the lower of acquisition cost or market values as of the balance sheet date.

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

Provisions for pensions and similar obligations were recognized at their partial value pursuant to section 6a of the German Income Tax Act (EStG) based on actuarial principles using the 2005 G mortality tables of Prof. Dr. Klaus Heubeck. Unlike the previous year's assumed discount rate of 4.5%, a discount rate of 5.25% 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 and uncertain liabilities as at 31 December 2007 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 program and the stock bonus plan program. The provisions for anniversaries and early retirement were measured 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 rate of 4.5%, a uniform discount rate of 5.25% was used in the year under review. Prof. Dr. Klaus Heubeck's "2005 G mortality tables" were used as the basis of calculation.

Liabilities are recognized in the amount due for repayment.

## **Notes and explanations on the balance sheet**

### **Non-current assets**

The details and changes in non-current assets can be derived from the attached statement of changes in non-current assets.

### **Shares in affiliated companies**

Deutsche Börse Systems AG holds a 100% stake in Deutsche Börse Systems Inc., Delaware/USA. As at 31 December 2007, equity amounted to USD 2,583 thousand. The net profit for the year amounts to USD 510 thousand.

### **Deferred expenses and accrued income**

Deferred expenses and accrued income totalling EUR 5,298 thousand mainly relate to prepayments of rent and lease instalments amounting to EUR 3,567 thousand, maintenance and licence fees amounting to EUR 1,473 thousand and also proportionate extra rent payments for a building in Frankfurt/Main amounting to EUR 196 thousand were accrued.

### **Shareholders' equity**

The fully paid-up share capital (subscribed capital) amounts to EUR 2,000,000.00, comprising 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 EUR 69,981 thousand are composed as follows:

	EUR thousand
Phantom stock option program and stock bonus plan program	45,144
Vacation provision and provision for flexible working hours	7,769
Group Share Plan	5,214
Provisions for staff bonuses and director's fees	3,513
Provisions for outstanding invoices	2,553
Provision for anniversaries	2,128
Provision for early retirement benefits	1,904
Provision in connection with the restructuring program	1,110
Other provisions	646
	69,981

Deutsche Börse AG has set up a phantom stock option program for members of the Executive Board and senior executives of Deutsche Börse AG and its subsidiaries. Deutsche Börse Systems AG participates in this program. Starting in 2007, this program will be replaced by the newly introduced stock bonus plan program (Aktientantiemeprogramm - ATP). Provisions of EUR 42,862 thousand and EUR 2,282 thousand respectively have been accrued to cover the intrinsic value of the phantom stock options which have been awarded and the number of stock bonus plan program shares which had been earned but not yet granted as of the reference date of the financial statements.

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, until financial year 2006, a stock option component. This stock option component will be replaced by a bonus share component in financial year 2007. Deutsche Börse Systems AG also participates in this program. A provision of EUR 5,214 thousand was accrued to cover the intrinsic value of the issued and outstanding stock options at the date of the financial statements.

## Liabilities

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

In EUR thousand	Total	Thereof up to one year
Trade accounts payable (previous year)	5,838 (5,681)	5,838 (5,681)
Amounts owed to group undertakings (previous year)	99,004 (80,930)	99,004 (80,930)
Other liabilities (previous year)	9,232 (6,622)	9,232 (6,622)
Thereof tax (previous year)	3,365 (3,363)	3,365 (3,363)
Thereof social security (previous year)	0 (1)	0 (1)
<b>Total liabilities (previous year)</b>	<b>114,074 (93,233)</b>	<b>114,074 (93,233)</b>

## Disclosures and comments relating to the income statement

### Sales revenue

Sales revenue of EUR 324,585 thousand relate to data centre services of EUR 240,026 thousand and IT services of EUR 84,559 thousand. Classified by geographical markets, EUR 296,487 thousand relates to Germany, EUR 8,009 thousand to Switzerland, EUR 6,847 thousand to Great Britain, EUR 7,044 thousand to the USA and EUR 6,198 thousand to all other geographical markets.

### Other operating income

The other operating income amounts to EUR 17,825 thousand and consists mainly of income for the provision of services to other group companies (EUR 14,873 thousand) and also income relating to the reversal of provisions (EUR 1,722 thousand). Of this figure, EUR 1,062 thousand is attributable to the reversal of the provision for interest claims of the Finanzamt (fiscal authorities).

## Other operating expenses

Other operating expenses amount to EUR 133,475 thousand and mainly consist of the costs of service level agreements by Deutsche Börse AG (EUR 40,672 thousand), the costs of consulting and support (EUR 31,250 thousand), IT-operating costs (EUR 27,667 thousand), costs of the communication network (EUR 16,576 thousand), costs charged on by DBS Inc. (EUR 7,355 thousand) and non-recoverable input VAT (EUR 3,281 thousand).

## Transfer of profit

On the basis of the profit and loss transfer agreement, an amount of EUR 91,939 thousand has been transferred to Deutsche Börse AG.

## Other financial obligations

The other financial obligations relate to leasing, maintenance and other contracts. An amount of EUR 97,544 thousand is expected to be recognised for these in the 2008 financial year. Of these, obligations exist under the service level agreement concluded with Deutsche Börse AG (EUR 36,174 thousand) and for fees for the joint use of trading systems amounting to EUR 3,122 thousand. Deutsche Börse Systems AG is expected to owe DBS Inc. EUR 9,022 thousand pursuant to the service agreement. Furthermore Deutsche Börse Services s.r.o. is expected to provide services in the area of applications development amounting to EUR 5,060 thousand. 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 EUR 19,194 thousand will be incurred for the operation of networks and EUR 14,479 thousand for obligations under maintenance contracts as well as EUR 9,892 thousand for software rent and leasing contracts.

The obligations to Deutsche Börse AG, DBS Inc. and Deutsche Börse Services s.r.o. are obligations to affiliated companies.

## Other disclosures

### Supervisory Board

The members of the Supervisory Board are:

Dr. Reto Francioni Chairman	Chairman of the Executive Board of Deutsche Börse AG, Chief Executive Officer
Jeffrey Tessler Deputy Chairman	Member of the Executive Board of, Deutsche Börse AG, responsible for Clearstream Division

Frank Gerstenschläger since 28 March 2007	Member of the Executive Board of Deutsche Börse AG, responsible for Cash Division
Ulrich Kastner until 28 March 2007	Management consultant
Hermann Lange until 28 March 2007	Employee representative of Deutsche Börse Systems AG, Configuration Management & Quality Assurance Section
Andreas Preuß since 28 March 2007	Member of the Executive Board of Deutsche Börse AG, responsible for Derivatives & Market Data Division
Sadegh Rismanchi	Employee representative of Deutsche Börse Systems AG, Configuration Management & Quality Assurance Section
Jörg Schätzlein since 28 March 2007	Employee representative of Deutsche Börse Systems AG, IT-Consulting Cash/Derivatives Section
Dr. Holger Wohlenberg until 28 March 2007	Managing Director, Deutsche Börse AG, responsible for Market Data & Analytics

The members of the Supervisory Board received no remuneration for 2007.

## Executive Board

The members of the Executive Board are:

Dr.-Ing. Michael Kuhn Chairman	Chief Executive Manager, Central IT & Coordination
Yves Baguet Deputy Chairman	responsible for Clearstream IT
Thomas Eichelmann since 20 August 2007	Chief Financial Officer
Matthias Hlubek until 9 March 2007	Chief Financial Officer
Gerhard Leßmann	responsible for Cash/Derivatives IT

The total remuneration of the members of the Executive Board in 2007 amounted to EUR 3,696 thousand. The total remuneration includes an amount of EUR 940 thousand for share based payment. Because the reference date for granting shares is in 2008, the shares in the year under review were measured using their fair value on the balance sheet date. The estimated number of shares (6,927) is based on the share price of Deutsche Börse AG as of 31 December 2007.

The remuneration of the former members of the Executive Board or their surviving dependants amounted to EUR 351 thousand in this period. A total provision of EUR 4,909 thousand has been accrued for pension obligations to former members of the Executive Board and their surviving dependants.

## Employees

The average number of employees during the 2007 financial year was 517. As at 31 December 2007, 513 persons (excluding the Executive Board) were employed by Deutsche Börse Systems AG.

Of the 513 employees, 11 persons have limited duration employment contracts and 39 persons have part-time employment contracts.

12 employees were on maternity or child-rearing leave or were exempted from their duties as beneficiaries of parental benefits. The annual average staffing level was 492, taking account of part-time workers.

## 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 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/Main, 5 March 2008

Deutsche Börse Systems AG

The Executive Board

Dr.-Ing. Michael Kuhn

Yves Baguet

Thomas Eichelmann

Gerhard Leßmann

Deutsche Börse Systems AG, Frankfurt/Main

Statement of Changes in Noncurrent Assets as at 31 December 2007

	Acquisition and Production Costs					Depreciation and Amortization					Book Value	
	Balance as at 1 Jan 2007	Additions 2007	Disposals 2007	Reclassification 2007	Balance as at 31 Dec 2007	Balance as at 1 Jan 2007	Additions 2007	Write-Ups 2007	Disposals 2007	Balance as at 31 Dec 2007	as at 31 Dec 2007	as at 31 Dec 2006
	€	€	€	€	€	€	€	€	€	€	€	€
<b>Intangible Assets</b>												
Software	32,749,373.90	3,897,000.38 <sup>1</sup>	0.00	205,900.00	36,852,274.28	28,510,437.90	2,918,851.38 <sup>1</sup>	0.00	0.00	31,429,289.28	5,422,985.00	4,238,936.00
Prepayments	205,900.00	75,000.00	0.00	-205,900.00	75,000.00	0.00	0.00	0.00	0.00	0.00	75,000.00	205,900.00
	<b>32,955,273.90</b>	<b>3,972,000.38</b>	<b>0.00</b>	<b>0.00</b>	<b>36,927,274.28</b>	<b>28,510,437.90</b>	<b>2,918,851.38</b>	<b>0.00</b>	<b>0.00</b>	<b>31,429,289.28</b>	<b>5,497,985.00</b>	<b>4,444,836.00</b>
<b>Tangible Assets</b>												
Fixtures on third party land	5,440,185.37	0.00	0.00	0.00	5,440,185.37	3,767,339.37	456,906.00	0.00	0.00	4,224,245.37	1,215,940.00	1,672,846.00
Other assets, furniture and office equipment	127,894,059.61	25,084,993.78	4,473,757.30	0.00	148,505,296.09	101,018,598.61	17,971,461.78	0.00	4,334,591.30	114,655,469.09	33,849,827.00	26,875,461.00
	<b>133,334,244.98</b>	<b>25,084,993.78</b>	<b>4,473,757.30</b>	<b>0.00</b>	<b>153,945,481.46</b>	<b>104,785,937.98</b>	<b>18,428,367.78</b>	<b>0.00</b>	<b>4,334,591.30</b>	<b>118,879,714.46</b>	<b>35,065,767.00</b>	<b>28,548,307.00</b>
<b>Financial Assets</b>												
Shares in affiliated companies	470,154.68	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	20,028,827.96	1,276,043.70	0.00	0.00	21,304,871.66	0.00	0.00	0.00	0.00	0.00	21,304,871.66	20,028,827.96
Other loans	51,205.09	91,700.00	97,115.42	0.00	45,789.67	0.00	0.00	0.00	0.00	0.00	45,789.67	51,205.09
	<b>20,550,187.73</b>	<b>1,367,743.70</b>	<b>97,115.42</b>	<b>0.00</b>	<b>21,820,816.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21,820,816.01</b>	<b>20,550,187.73</b>
	<b>186,839,706.61</b>	<b>30,424,737.86</b>	<b>4,570,872.72</b>	<b>0.00</b>	<b>212,693,571.75</b>	<b>133,296,375.88</b>	<b>21,347,219.16</b>	<b>0.00</b>	<b>4,334,591.30</b>	<b>150,309,003.74</b>	<b>62,384,568.01</b>	<b>53,543,330.73</b>

<sup>1</sup> Thereof transfers from affiliated companies T€ 182.



# Management Report for the financial year 2007

## 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, settlement and custody services for securities. For many years, the company has successfully built up and operated, among other things, the exchange systems Xetra®, Eurex®, 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.

513 employees translate the corporate strategy into technology applications and guarantee 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 year 2007 was once more marked by significantly increased transaction volumes 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 centres 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, permanent performance monitoring as well as regular tests of the complete technical infrastructure are essential in conjunction with close alignment with the world-wide system users. Deutsche Börse Systems AG develops emergency scenarios together with its customers, and carries out regular tests on the individual architecture components.

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

The demands on processing capacity rose strongly once again in 2007, due to continuously rising trading volumes. Deutsche Börse Systems AG has again increased the capacity of the Eurex and Xetra Systems, both in terms of hardware and software and also in the field of data communications network, in order to process the significantly increased volumes with a high degree of reliability and high speed. In addition to the bandwidth of 1 mbps for all Eurex participants, Deutsche Börse Systems AG increased the connection portfolio to the Eurex system with the Eurex Release 10.0 in November 2007 in order to permit optimum connections of up to 70 mbps. The 512 kbps connection of the Xetra participations was also extended with the Xetra release 8.0 in April 2007 to 2 mbps or even 1 gbps by way of optimum connections. In previous months, the necessary infrastructure was extended and tested in co-operation with Eurex and Xetra market participants.

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 2007 consisted of Eurex release 10.0, which was commissioned in November 2007. Apart from measures for improving throughput and processing speed, a series of functional measures such as the improved un-netted broadcast stream "Enhanced Broadcast Solution" (EBS), "Non-persistent Orders" for improving throughput times for customer orders, as well as a so-called "stop button" for reducing the risk of clearing participants were introduced.

Release 8.0 was developed for Xetra, and was commissioned on schedule 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 Deutsche Börse Group's systems, Deutsche Börse Systems AG succeeded once more in 2007 in providing system operation with a high level of availability. Examples the reliability of the market-critical network which market participants throughout the world use for accessing the systems operated by Deutsche Börse Systems AG was again at a maximum level in 2007. The average availability world-wide for completely redundantly connected participants was more than 99.999%. The average availability of the overall service from the point of view of market participants – i.e. the availability of all components of the system architecture, ranging from the data centre with hardware and software right through to the end user via the customer network – was more than 99.97% for the spot market system Xetra in the financial year 2007; a figure of more

than 99.99% was achieved for the futures market system Eurex. Similarly high figures were achieved for all systems with comparable requirements.

The total sales revenue of Deutsche Börse Systems AG – with customers inside and outside the Deutsche Börse Group – increased by around 15% compared with the previous year. This is mainly due to the stronger demand for IT services from the market segments of Deutsche Börse Group. The sales revenue generated with companies in the financial industry outside the group also improved by around 5%.

The overall costs for 2007 have increased by approx. 13%, and the rate of growth is accordingly slightly lower than growth in sales.

For further optimising operating costs, the Deutsche Börse Group announced in September 2007 a restructuring and efficiency programme in which Deutsche Börse Systems AG is also included. Assuming that the volume of investment in future growth remains constant, savings of EUR 100,000 thousand are expected to be gradually achieved in the planning period 2008 – 2010. Deutsche Börse Systems AG created provisions of EUR 1,110 thousand in the year under review for the restructuring costs associated with the saving.

## Business development

Internal sales revenue: The vast majority of the internal sales revenue of Deutsche Börse Systems AG are derived from the Derivatives Markets, Cash Markets and Market Data & Analytics areas, and account for more than 80% of internal sales revenue. Overall, internal revenues increased by approx. 19% compared with the previous year. This was due to the stronger demand at the three largest internal revenue drivers: Total sales revenue with Market Data & Analytics again increased by 17% in 2007, and Eurex and Xetra revenues also increased strongly in the period under review, by 15% and 42% respectively.

In accordance with the resolution of the Supervisory Board of Deutsche Börse Systems AG of 9 May 2003, the services in the fields of application development and data centre operation are charged to Deutsche Börse AG and its wholly owned subsidiaries in an amount equivalent to the costs which are incurred plus a fixed profit mark-up (performance centre concept). For Xetra and Market Data & Analytics, this mark-up is 7%, and 5% is applied for the subsidiary Clearstream Banking Frankfurt AG.

Billing for internal and external customers is based on contractually negotiated prices (profit-centre concept).

External sales revenue: The three largest external customers of Deutsche Börse Systems AG are BrainTrade, dwpbank and EEX. Overall, external sales revenue increased by around 5% in 2007 compared with the previous year. Additional sales revenue with BrainTrade and US Futures Exchange more than compensated for a slight downturn in sales generated with dwpbank and EEX.

## Research and development activities

The expenses and activities in the research and development area amounting to EUR 1,678 thousand (previous year: EUR 2,572 thousand) are mainly concentrated on the evaluation of new methods, procedures and products in the areas of software development and system architecture.

## Employees

In the financial year 2007, the number of Deutsche Börse Systems AG employees fell slightly, and comprised 513 staff as of 31 December 2007. Deutsche Börse Systems AG employed an average of 517 persons in the 2007 financial year. During the course of the financial year 2007, 10 employees left Deutsche Börse Systems AG, the rate of fluctuation thus amounted to 1.9%.

Sales per employee amounted to EUR 628.1 thousand in the course of the financial year (previous year: EUR 534.7 thousand), and personnel expenses amounted to EUR 188.9 thousand (previous year: EUR 165.0 thousand) per person.

Deutsche Börse Systems AG employs staff at two locations:

Location	Number of staff	%
Frankfurt	510	99.4%
Chicago	3	0.6%
<b>Total</b>	<b>513</b>	<b>100%</b>

Deutsche Börse Systems AG's age structure as of 31 December 2007 was as follows:

Age group	Number of staff	%
< 30 years	12	2.3%
30 – 39 years	153	29.8%
40-49 years	257	50.2%
50 >years	91	17.7%
<b>Total</b>	<b>513</b>	<b>100%</b>

The length of company service of the employees as of 31 December 2007 was as follows:

Service with Deutsche Börse	Number of staff	%
< 5 years	63	12.3%
5 - 15 years	310	60.4%
15 >years	140	27.3%
<b>Total</b>	<b>513</b>	<b>100%</b>

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 63% as of 31 December 2007. This percentage comprises employees with a degree from a university, university of applied sciences or a professional academy as well as employees who have completed studies abroad.

The average number of training days at Deutsche Börse Systems AG amounted to a total of 4.06 days per employee (previous year: 2.8 days).

## Results of operations, financial position and net assets

Deutsche Börse Systems AG generated net profit of EUR 91,939 thousand in 2007, which was transferred to the parent company, Deutsche Börse AG, in accordance with the profit and loss transfer agreement.

The sales revenue of Deutsche Börse Systems AG in 2007 total EUR 324,585 thousand (previous year: EUR 283,284 thousand) and include the revenue of the data centre amounting to EUR 240,026 thousand (previous year: EUR 208,029 thousand) and the sales revenue for software services amounting to EUR 84,559 thousand (previous year: EUR 75,255 thousand).

Deutsche Börse Systems AG's return on sales (the ratio between the result from ordinary operations and sales) rose compared with the previous year, and amounted in 2007 to 28.3% (previous year: 27.8%). The primary causes for this are sales, which increased by approximately 15%, and also strict cost management.

Personnel expenses amounted to EUR 97,630 thousand (previous year: EUR 87,413 thousand), of which EUR 90,106 thousand (previous year: EUR 70,745 thousand), relate to wages and salaries. Wages and salaries increased by 27.4% compared with the previous year. 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 the Group Share Plan and phantom stock option plan to rise to EUR 37,817 thousand (previous year: EUR 18,058 thousand) and also provisions for restructuring costs of EUR 1,110 thousand (previous year: EUR 0).

Depreciation amounted to EUR 21,165 thousand (previous year: EUR 14,071 thousand). Other operating expenses came in at EUR 133,475 thousand (previous year: EUR 121,001 thousand).

As of 31 December 2007, non-current assets of Deutsche Börse Systems AG amounted to EUR 62,385 thousand (previous year: EUR 53,543 thousand); on the other hand, equity amounted to EUR 2,415 thousand (previous year: EUR 2,415 thousand). There are also liabilities due to affiliated companies of EUR 99,004 thousand (previous year: EUR 80,930 thousand).

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 to EUR 37,169 thousand as of 31 December 2007 (previous year: EUR 11,228 thousand).

The return on equity before profit transfer (net profit for the year/annual average equity with constant distribution of net profit) amounts to 156% (previous year: 153%).

In 2007, Deutsche Börse Systems AG generated an operating cash flow from current business activities amounting to EUR 128,517 thousand (previous year: EUR 100,918 thousand). The increase is essentially attributable to the higher net

income before profit transfer, higher depreciation, the decrease in trade accounts receivable as well as other assets, the increase in liabilities due to affiliated companies as well as the increase in trade accounts payable and other liabilities.

In the financial year 2007, EUR 3,790 thousand were invested in purchased software and EUR 25,085 thousand were invested in hardware. The investment in hardware was for the replacement of existing hardware systems in the spot market field and also for the extension of existing trading systems, for example Eurex as a result of the growth in volumes at peak times as well as in further expansion of the networks. A further emphasis again was investment in new technologies.

## Risk report

Deutsche Börse Systems AG is integrated in Deutsche Börse AG's group-wide risk management on the basis of a service level agreement. Deutsche Börse AG uses risk management for the management and control of risks, enabling it to recognise developments which could endanger the continued existence of the entity in good time, and to take suitable measures. Cash investments are placed only internally within the framework of cash pooling. 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 co-ordination 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:

#### Availability risk

Availability risk 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 centres.

In 2007, service availability of the main systems of Deutsche Börse Systems AG was again more than 99.9% 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 work stations are also provided for employees in critical functions.

### **Incorrect processing**

By way of contrast with 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.

No losses from incorrect processing worth mentioning arose in 2007, and there are no indications of events in 2007 which could lead to significant losses in the future.

### **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 2007, nor are any acute risks recognisable.

### **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 which are inadequately recognised as part of normal business practice, as well as losses attributable to fraud. Risks arising from business practice comprise for instance losses as a result of money laundering as well as violations of Competition Law regulations or violations of bank secrecy. No legal losses worth mentioning due to legal risk or risks attributable to business practice arose in 2007, nor are any acute risks recognisable.

## **Branches**

The company does not maintain any branches.

## **Report on post-balance sheet date events**

On 11 January 2008, Deutsche Börse AG announced that there are plans for relocating the employees currently working in Frankfurt-Hausen to the neighbouring Eschborn. A new modern building is to be constructed by the summer of 2010, which Deutsche Börse AG will then rent. Employees are expected to relocate temporarily to an existing building in Eschborn in the course of the second quarter of 2008. With this relocation, Deutsche Börse AG intends to significantly reduce its trade tax burden and also reduce building costs. Frankfurt will continue to be the registered offices of the

company. Most employees of Deutsche Börse Systems AG will remain at their place of employment in Frankfurt-Hausen until the new building is completed.

## Report on expected developments

The report on expected developments describes the expected development of Deutsche Börse Systems AG in financial years 2008 and 2009. It contains forward-looking statements and information, i.e. statement and information on events in the future, not in the past. These predictions are based on the company's expectations and assumptions at the time of publication of the report on expected developments. These expectations and assumptions are in turn subject to known and unknown risks and uncertainties. Numerous factors influence the success, the business strategy and the financial result of the company. Some of these factors are outside the company's control. Should one of the risks or uncertainties materialise or should one of the assumptions prove 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 2008 and 2009, Deutsche Börse Group expects that economic growth in the regions relevant for the group's business will slow down slightly. Economic growth in the USA is expected to slow to considerably below 2% in view of falling real estate prices, a less positive labour market situation and declining investments.

If economic growth in the USA slows down, this will probably also have a negative impact on growth in the Euro zone. In addition, the strong Euro might result in a decline in exports, and consumer spending might stagnate. The combination of these factors means that companies are expecting growth in Europe to decline to approximately 2%.

Within the context of the deterioration in fundamental data, the Deutsche Börse Group anticipates high volatility on the financial markets, in other words significant fluctuations in the price of a security or an index around a mean value. This aspect is opposed by continuously high company profits, which means that a significant downward trend on markets is not likely to take place. In combination with temporary uncertainties on the financial markets, there are overall indications of a positive climate for the Deutsche Börse Group.

A lengthy phase of recession and a collapse in company profits are some of the factors which might pose a risk to the development of financial markets detailed above. The probability that these risks might occur individually or in combination and have a significantly negative impact on the development of the financial markets in the forecast period is at present considered to be low by the Deutsche Börse Group.

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 again call for investments in hardware and software in 2008 of a similar order of magnitude as seen in 2007. Accordingly Deutsche Börse Systems AG will also introduce and operate a new market for certificates and warrants for the joint venture of Deutsche Börse AG and SWX – "Scoach" – within the framework of the Xetra release 9.0. In addition, it will probably operate the Sofia stock exchange on Xetra in addition to external exchanges such as Vienna and Dublin probably from mid-2008 onwards. Within the framework of the Eurex release 11.0, the functional and technical aspects of the software will be improved with the aim of also achieving further consistent improvement of the system in the futures market. Following the acquisition of ISE by the Deutsche Börse Group in December 2007, the first joint initiative of the partners will be the development of a new electronic trading system for option trading on the ISE, which is expected to be commissioned at the beginning of 2011. 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.

Within the framework of restructuring and extending the personnel resources of Deutsche Börse Services s.r.o. in Prague, the aim is to substitute external service providers by way of less expensive internal employees.

On the basis of these assumptions, Deutsche Börse Systems AG expects to generate sales of roughly the same order of magnitude seen in the previous year. In conjunction with continued active cost management, the planned total costs are expected to decline moderately in the forecast period; within the framework of the performance centre concept, this will have a corresponding impact on internal sales. The profit to be transferred is expected to increase by 6%.

The company's aim for the 2009 financial year is to handle existing and new business activity in a cost-efficient manner with the accustomed high service quality.

Frankfurt am Main, 5 March 2008

Deutsche Börse Systems AG

The Executive Board

Dr.-Ing. Michael Kuhn

Yves Baguet

Thomas Eichelmann

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.



**DBS**  
Audit Opinion  
Annual Financial Statements as at 31 December 2007  
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/Main, 7 March 2007

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Bors	Kampmann
Wirtschaftsprüfer	Wirtschaftsprüferin