



Audit opinion

Annual Financial Statements
for the period ended 31 December 2005
and Management Report

Deutsche Börse Aktiengesellschaft
Frankfurt am Main

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

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Deutsche Börse AG, Frankfurt/Main
Balance Sheet as at 31 December 2005

	31.12.2005 €	31.12.2004 T€
Assets		
NON-CURRENT ASSETS		
Intangible Assets	7,027,554.00	19,513
Software	0.00	193
Prepayments	7,027,554.00	19,706
Tangible Assets		
Fixtures in third party land	5,982,173.00	7,702
Other assets, furniture and office equipment	14,503,529.00	14,296
Prepayments	0.00	35
	20,485,702.00	22,033
Financial Assets		
Shares in affiliated companies	1,811,093,051.43	1,782,225
Loans to affiliated companies	360,636,856.37	360,637
Investments	18,112,895.55	18,714
Long-term securities	8,002,221.08	9,567
Other loans	45,883.72	692
	2,197,891,008.15	2,171,835
Total Noncurrent Assets	2,225,404,264.15	2,213,574
CURRENT ASSETS		
Accounts Receivable and Other Assets		
Trade accounts receivable	82,734,132.72	73,448
Accounts receivable Group	163,066,527.11	156,869
Receivables from companies in which the company has a participating interest	412,949.70	0
Other current assets	18,208,898.17	24,162
thereof/receivables with a residual term over 1 year, 3,939,502.92 € (previous year 4,221 T€)		
	264,422,507.70	254,479
Cash and Bank Balances	248,003,159.31	496,131
Total Current Assets	512,425,667.01	750,610
DEFERRED EXPENSES AND ACCRUED INCOME	1,607,691.32	1,612
Total Assets	2,739,437,622.48	2,965,796
Shareholders' Equity and Liabilities		
Per value of shares acquired for retirement	-4,640,136.00	111,803
Subscribed Capital	105,918,789.00	1,367,526
Capital reserve	1,373,410,166.19	448,324
Retained Earnings	5,802,324.90	226,825
Other profit reserves	340,000,000.00	2,154,478
Unappropriated surplus	1,821,491,144.09	2,154,478
Total shareholders' equity	3,542,806,178.09	4,100,956
Provisions		
Provisions for pensions and similar obligations	31,955,265.00	20,529
Provisions for deferred taxes	60,783,266.23	24,114
Other provisions	101,625,731.69	69,296
Total provisions	194,364,262.92	113,939
LIABILITIES		
Liabilities from bank loans and overdrafts	2,416.72	0
Trade accounts payables	7,799,693.31	9,688
Amounts owed to group undertakings	674,439,511.16	648,414
Amounts owed to undertakings in which the company has a participating interest	1,820,726.52	1,333
Other liabilities	39,442,371.92	37,944
thereof tax € 9,076,500.05 (previous year T€ 5,864)		
thereof social security € 35,796.82 (previous year T€ 44)		
Total Liabilities	723,504,719.63	697,379
DEFERRED INCOME AND ACCRUED EXPENSES	77,495.84	0
Total Shareholders' Equity and Liabilities	2,739,437,622.48	2,965,796

Deutsche Börse AG, Frankfurt/Main
Profit and Loss Account
for the period 1 January to 31 December 2005

	2005		2004	
	€	€	T€	T€
Sales Revenue		861,119,622.15		733,264
Other Operating income		153,536,458.84		130,252
Personnel Expenses				
Wages and salaries	-101,446,620.38		-54,582	
Social security, pensions and other benefits	-20,794,577.25	-122,241,197.63	-14,545	-69,127
<i>thereof pensions € 15,144,739.12 (previous year T€ 8.996)</i>				
Depreciation				
of intangible and tangible assets	-19,348,410.97	-19,348,410.97	-25,792	-25,792
Other Operating Expenses		-500,802,540.42		-445,134
Income from Participating Interests		194,116,223.49		4,175
<i>thereof from affiliated companies € 190,110,624.08 (previous year T€ 278)</i>				
Income from Profit and Loss Transfer Agreements		84,820,668.10		84,677
Income from Financial Assets: Other Securities and Loans		430,741.46		276
Interest and similar Income		97,801,696.38		109,721
<i>thereof from affiliated companies € 15,994,930.22 (previous year T€ 15,595)</i>				
Expenses for Transfer of Losses		0.00		-26,759
Depreciation of Current Assets: Financial Assets and Securities		-6,390,999.00		-3,495
Interest and similar Charges		-101,888,629.24		-108,050
<i>thereof to affiliated companies € 22,147,971.21 (previous year T€ 18,734)</i>				
Profit before tax from ordinary activities		641,153,633.16		384,008
Tax on Profit		-180,453,899.01		-154,910
Other Taxes		426,265.85		-2,328
Net Profit for the Financial Year		461,126,000.00		226,770
Profit brought forward from the Previous Year		0.00		55
Expenses for the retirement of treasury shares		-715,329,639.78		0
Allocations to the capital reserve		-5,884,091.00		0
Withdrawal from other profit reserves		715,329,639.78		0
Income from capital decrease		5,884,091.00		0
Allocations to profit reserves		-121,126,000.00		0
Unappropriated Surplus		340,000,000.00		226,825

Notes to the Annual Financial Statements for 2005

Accounting Policies

The annual financial statements for 2005 of Deutsche Börse AG were prepared on the basis of the accounting provisions of the *Handelsgesetzbuch* (German Commercial Trading Code – HGB) relating to large corporations and the provisions governing accounting for stock corporations (“Aktiengesellschaften”).

The total cost (type of expenditure) format was chosen for the income statement.

The company is a large corporation as defined by § 267 (3) of the HGB.

The accounting policies correspond to those used in the previous year.

Non-current assets in foreign currency are converted into euro by using the historical rate of exchange at the time of acquisition; in the case of a permanent decline in value, a conversion at exchange rate as of the end of the period will be made. Foreign currency receivables and liabilities are measured either at the ECB reference rate at the day of booking, or at a lower (receivables) or at a higher (liabilities) ECB reference rate at the date of the balance sheet. Expenses and income are measured at the ECB reference date at the day of booking.

The intangible assets are stated at cost and reduced by the linear depreciation value.

Property plant and equipment are carried at cost and reduced by depreciation for wear and tear. In the case of movable assets depreciation starts at the first day of the month of purchase. Low-value assets are written off in the year of the acquisition.

The equity investments as well as loans to the equity investments disclosed under non-current financial assets are generally carried at cost; other noncurrent loans are reported at their principle amounts. Securities are measured at cost or at the lower quoted market price at the date of the balance sheet.

Receivables and other assets are generally stated at their principal amount. Specific valuation allowances take account of all identifiable risks. General adjustments are made to reflect potential risks.

Provisions for pensions and other commitments are measured at the present value under the German normal entry age method on the basis of actuarial principles in accordance with section 6a of the *EStG* (German Income Tax Act). The calculations are based on Prof. Dr. Klaus Heubeck's 1998 mortality tables using a discount rate of 6 percent. In the reporting year the new “Richttafeln 2005 G” (generation tables) are applied for the first time. The fiscal difference resulting from the application of the new tables is spread to the following three financial years in accordance with section 6a (4) of the *EStG*. For accounting purposes the generation tables are applied directly.

Due to tax regulations, the provisions for the deferred compensation programme were partly measured on the basis of actuarial reports.

Other provisions take into account all identifiable risks and open liabilities as of 31 December 2005, and were set up to the amount expected to be required for settlement. Provisions for the phantom stock option programme are based on the intrinsic value. The provisions for jubilees and pensions are measured at the present value (for pensions at the cash value) with a discount rate of 5.5 or 6 percent. The calculations are based on Prof. Dr. Klaus Heubeck's 2005 generation tables (2004: mortality tables of 1998).

Liabilities are stated at their redemption amount.

Balance Sheet Disclosures

Non-current Assets

The details and changes in noncurrent assets are shown in the statement of changes in noncurrent assets.

Equity Investments

Deutsche Börse AG holds the following investments in affiliated companies as of 31 December 2005:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€</u>	<u>Net profit/loss 2005 in T€</u>	<u>Share of capital direct (indirect)</u>
Azdex Ltd.	United Kingdom	GBP 1,022 ²⁾	GBP (269) ²⁾	50.33%
Clearstream International S.A.	Luxembourg	860,896	190,395	100%
Clearstream Banking S.A.	Luxembourg	160,287	97,316	(100%)
Clearstream Banking AG	Germany	85,490	36,758	(100%)
Clearstream Services S.A.	Luxembourg	52,644	14,353	(99.96%)
Clearstream Services (UK) Ltd. ¹⁾	United Kingdom	GBP 221 ²⁾	GBP 228 ²⁾	(99.96%)
Clearstream Properties S.A.	Luxembourg	8,567	(1,546)	(100%)
Immobilière Espace Kirchberg A S.A.	Luxembourg	3,077	1,122	(100%)

Immobilière Espace Kirchberg C S.A.	Luxembourg	2,933	1,213	(100%)
Immobilière Espace Kirchberg D S.A.	Luxembourg	1,171	788	(100%)
Deutsche Börse Finance S.A.	Luxembourg	6,019	3,943	100%
Risk Transfer Re S.A.	Luxembourg	1,225	-	100%
Deutsche Börse Systems AG	Germany	2,415	72,781 ³⁾	100%
Deutsche Börse Systems Inc.	USA	USD 1,950 ²⁾	USD 349 ²⁾	(100%)
Deutsche Börse IT Holding GmbH	Germany	56,076	11,847 ³⁾	100%
Xlaunch AG	Germany	4,000	193 ³⁾	100%
Eurex Zürich AG	Switzerland	CHF 115,383 ²⁾	CHF 205 ²⁾	49.97% ⁴⁾
Eurex Frankfurt AG	Germany	49,762	(18,029)	(49.97%) ⁴⁾
Eurex Clearing AG	Germany	20,887	780 ³⁾	(49.97%) ⁴⁾
Eurex Repo GmbH	Germany	550	(2,079) ³⁾	(49.97%) ⁴⁾
Eurex Bonds GmbH	Germany	2,716	12	(38.45%) ⁵⁾
U.S. Exchange Holdings Inc.	USA	USD 76,189 ²⁾	USD (2,422) ²⁾	(49.97%) ⁶⁾
U.S. Futures Exchange L.L.C.	USA	USD 1,762 ²⁾	USD (22,754) ²⁾	(39.98%) ⁷⁾
Deutsche Gesellschaft für Wertpapier- abwicklung AG	Germany	2,800	58	100%
Infobolsa S.A.	Spain	10,761	731	50%
Difubolsa, Serviços de Difusão e In- formação de Bolsa, S.A.	Portugal	(64)	(169)	(50%)
Infobolsa Deutschland GmbH	Germany	1,573	(629)	(50%)

¹⁾ The financial information was determined according to IFRS.

²⁾ In thousand.

³⁾ Before profit transfer or loss absorption.

⁴⁾ Beneficial interest in profit or loss: 84.99%.

⁵⁾ Beneficial interest in profit or loss: 65.40%.

⁶⁾ Beneficial interest in profit or loss: 84.99%.

⁷⁾ Beneficial interest in profit or loss: 77.91%. The loss absorption by a minority shareholder is limited by the amount of their interest.

On the basis of profit and loss transfer agreements Deutsche Börse Systems AG (€72,781 thousand), XLaunch AG (€193 thousand) and Deutsche Börse IT Holding GmbH (€11,847 thousand) transferred their profits to Deutsche Börse AG.

During the reporting year, Infobolsa Internet S.A.U was merged into the Infobolsa S.A. Furthermore, the liquidations of the companies Filinks S.A.S. und Deutsche Gesellschaft für Wertpapierentwicklung mbH i.L. were completed. By the end of the year the DeuBö Vermögensverwaltungs AG changed its name in Deutsche Gesellschaft für Wertpapierentwicklung.

On 18 March 2005, entory AG established the subsidiary entory S.A., Luxembourg.

Based on the stock purchase agreement of 5 July 2005, the company sold its subsidiary entory AG, including Silverstroke AG, projects IT-Projektbörsen GmbH i.L., entory Ltd. and entory S.A. to Softlab GmbH, Munich with economic effect as of 1 October 2005.

During the reporting year the Deutsche Börse AG acquired a 50.33 percent interest in Azdex Ltd., Wrexham.

The Deutsche Börse AG's direct equity interest in Eurex Zürich AG, including the 0.02 percent interest held by members of its Executive Board, amounts to 49.97 percent. On the basis of the profit participation rights granted to Deutsche Börse AG – comprising not only a threefold dividend right, but also a corresponding share in any liquidation proceeds – its actual beneficial interest in Eurex Zürich AG's profit or loss is 84.99 percent. Capital consolidation is based on this figure. After allowance for voting trust and pooling arrangements, the share of voting rights equals 50 percent.

Other Equity Investments

Deutsche Börse AG held the following direct or indirect investments of more than 20 percent as of 31 December 2005:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€¹⁾</u>	<u>Net profit/loss 2005 in T€¹⁾</u>	<u>Share of capital direct (indirect)</u>
FDS Finanz-Daten-Systeme GmbH & Co. KG ²⁾	Germany	3,749	649	50%
FDS Finanz-Daten-Systeme Verwaltungsgesellschaft mbH	Germany	32	0	(50%)
NEWEX Kapitalmarktberatungsgesellschaft m.b.H.	Austria	5,203	3,025	50%

STOXX Ltd.	Switzerland	CHF 31,299 ³⁾	CHF 24,999 ³⁾	33.33%
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¹⁾ Preliminary figures.

²⁾ General partner: FDS Finanz-Daten-Systeme Verwaltungs GmbH.

³⁾ In thousand.

Deutsche Börse AG sold its interests in Deutsche Gesellschaft für Ad hoc-Publizität mbH (33.33 percent) during the reporting year.

As of 31 December 2005, Deutsche Börse AG held more than 5 percent of the voting rights in the following companies:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€¹⁾</u>	<u>Net profit/loss 2005 in T€¹⁾</u>	<u>Share of capital direct (indirect)</u>
European Energy Exchange AG	Germany	28,847	3,374	(11.60%)
International Index Company Ltd.	United Kingdom	7,374	2,447	16.28%
The Clearing Corporation Inc.	USA	USD 60,030 ²⁾	USD (18,862) ²⁾	(7.14%) ³⁾

¹⁾ Preliminary figures.

²⁾ In thousand.

³⁾ Indirect interest of net profit/loss: 12.15%.

Other Information

Deutsche Börse AG completed two offsetting interest rate swaps, included in the other current assets to the same amount as the acquisition costs (€2,510 thousand) respectively in the long-term provisions, with a market value of €3,885 thousand.

Deferred Expenses and Accrued Income

The deferred expenses and accrued income amounts to €1,608 thousand and consists mainly of advance payments for maintenance and licence fees (€564 thousand) and rent (€361 thousand). Furthermore advance payments for assurances (€159 thousand) were deferred.

Shareholders' Equity

Within the scope of the capital management program launched in mid-April 2005, Deutsche Börse AG repurchased 10,524,227 shares in the reporting year, whereof 5,884,091 shares were retired. Consequently the subscribed capital was reduced to €105,918,789 (2004: €111,803 thousand). It is divided into 105,918,789 no-par value shares. At the end of the year Deutsche Börse AG holds 4,640,136 shares (2004: 0) that are also foreseen for retirement. In the reporting year, €5,884 thousand were added to the capital reserve. Consequently the amount at the end of the

year increases to €1,373,410 thousand (2004: €1,367,526 thousand). Any transfer of shares must be approved by the company.

Subject to the consent of the Supervisory Board, the Executive Board is authorised to increase the subscribed capital by the following amounts:

	<u>Amount in €</u>	<u>Date of authorisation by the shareholders</u>	<u>Expiry date</u>	<u>Existing shareholders' subscription rights may be suspended for fractional amounts and/or may be suspended if the share issue is:</u>
Authorised capital II ¹⁾	14,797,440	14 May 2003	13 May 2008	<ul style="list-style-type: none"> - for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 percent of the nominal capital. - to issue new shares to employees or subsidiaries' employees under a group share plan up to a maximum of 3,000,000 shares. - against non-cash contributions for the purpose of acquiring companies, parts of companies or stakes in companies. - to grant subscriptions rights on new shares to owners of warrants and convertible bonds issued by Deutsche Börse AG and their subsidiaries.

1) The authorised capital I expired at 31 December 2005

In addition to the authorised capital II, the Executive Board is allowed, subject to the agreement of the Supervisory Board, to issue new shares (conditional capital), namely up to 30,000,000 shares solely in connection with the issue and satisfaction of convertible bonds and up to 3,000,000

shares in connection with the fulfilment of subscription rights to employees under the Group Share Plan.

The Annual General Meeting on 25 May 2005 resolved to transfer €152,682 thousand from the unappropriated surplus to other retained earnings. €74,143 thousand was distributed to shareholders. The unappropriated surplus of the year under review totals €340,000 thousand.

Other Provisions

Other provisions to the amount of €101,626 thousand mainly comprise the following items:

	T€
Phantom stock option programmes	23,930
Other personnel provisions	18,675
Anticipated losses from rental expenses	18,671
Outstanding invoices	10,603
Obligation to refund current and future pension payments to the IHK on the basis of the transition agreement	7,772
Other tax provisions	7,136
Anticipated losses for rent and additional property expenses	4,474
Anticipated losses from interest rate swaps	3,885
Provisions Group Share Plan	881
Other provisions	<u>5,599</u>
	101,626

Deutsche Börse AG has established a phantom stock option programme for Executive Board and senior executives of Deutsche Börse and its subsidiaries. On the basis of the intrinsic value of the allocated phantom stock options, a provision of €23,930 thousand in personnel expenses was made.

In addition, Deutsche Börse AG set up a Group Share Plan (GSP) for non-executive employees of Deutsche Börse AG and its subsidiaries that comprises a component for the acquisition of employee shares, plus a stock option component. The intrinsic value of the issued and outstanding stock options is €881 thousand at the closing date, and a provision was established account of personnel expenses.

Current Liabilities

The current liabilities are divided as follows. Liens or similar rights have not been acquired.

Amount in T€	Total amount	Payable within 1 year	Payable within 1 to 5 years
Liabilities from bank loans and overdrafts (prev. year)	2 (0)	2 (0)	0 (0)
Trade accounts payable (prev. year)	7,800 (9,688)	7,800 (9,688)	0 (0)
Amounts owed to group undertakings (prev. year)	674,440 (648,414)	176,955 (150,929)	497,485 (497,485)
Amounts owed to undertakings in which the company has a participating interest (prev. year)	1,821 (1,333)	1,821 (1,333)	0 (0)
Other liabilities (prev. year)	39,442 (37,944)	38,080 (36,075)	1,362 (1,869)
thereof tax (prev. year)	9,077 (5,864)	9,077 (5,864)	0 (0)
thereof social security (prev. year)	36 (44)	36 (44)	0 (0)
Total Current Liabilities (prev. year)	723,505 (697,379)	224,658 (198,025)	498,847 (499,354)

Income Statement Disclosures

Sales Revenue

Sales revenue of €861,120 thousand relates to the segments Eurex (€485,557 thousand), Xetra (€247,710 thousand) and Market Data & Analytics (€127,853 thousand).

Other Operating Income

Other operating income amounting to €153,536 thousand principally includes income from group agency agreements (€142,443 thousand), income from the disposal of investments (€1,757 thousand) and rentals (€760 thousand) as well as prior-period income from transfers of consulting costs (€2,912 thousand) and from the reversal of provisions (€2,363 thousand).

Other Operating Expenses

Other operating expenses (€500,803 thousand) are composed in particular of the cost of agency agreements with affiliated companies (€214,523 thousand), IT costs (€112,596 thousand), legal and consulting costs (€40,773 thousand), premises expenses (€24,859 thousand), non-

recoverable input tax (€15,037 thousand), advertising and marketing costs (€11,052 thousand), costs for the purchase of price information from regional exchanges (€10,485 thousand), settlement costs Xetra (€6,247 thousand), insurance premiums (€3,640 thousand) and contributions to institutions, e.g. Deutsches Aktieninstitut and Staatskommissariat, for the promotion of Germany as a financial centre (€1,936 thousand). This item also includes prior-period expenses of €190 thousand resulting from losses from the disposal of non-current assets.

Auditor's fee

In the reporting year the auditor's fee amounted to €2,029 thousand including costs for the audit of financial statements (€957 thousand), further validation and valuation services (€15 thousand), tax consultancy (€473 thousand) and other services (€584 thousand).

Other Financial Obligations

Other financial obligations are composed of obligations from rental agreements, leases and maintenance costs, obligations from insurance policies and obligations from other agreements. The total anticipated payments for 2006 amount to €320,874 thousand. In the obligations for rental agreements, leases and maintenance costs (€38,835 thousand), the main position is obligations relating to long-term contracts for the rental of office space (€25,483 thousand). Other obligations to the amount of €5,000 thousand relate to maintenance contracts for the User Helpdesk (€3,800 thousand) as well as other leasing contracts.

The obligations from insurance policies (€3,696 thousand) relate to the annual payment commitment of €1,612 thousand resulting from the consequential loss/personal liability insurance policy. The obligations from other agreements (€278,343 thousand) result from agency agreements with Deutsche Börse Systems AG (€116,343 thousand) and Eurex (€162,000 thousand). In relation to Deutsche Börse Systems AG, €61,201 thousand is attributable to application development, €40,145 thousand to data centre services and €14,997 thousand to other agency services. The obligations towards Deutsche Börse Systems AG and Eurex are obligations towards affiliated companies.

At 1 January 2005, the letter of comfort between Deutsche Börse AG and Eurex Clearing AG was amended. Under this agreement, the Deutsche Börse AG agrees to provide Eurex Clearing AG with 85 percent of the funds it needs to meet its obligations as the central counterparty to settle derivatives traded on Eurex (FWB, Eurex Deutschland, U.S. Futures Exchange) as well as the transactions made on the Eurex Bonds platform and the pensions transactions made on the Eurex Repo platform. The obligation of Deutsche Börse AG according to this letter of comfort is limited to €595,000 thousand.

Furthermore, an unlimited letter of comfort has also been issued in favour of Clearstream Banking AG in accordance with § 5 (10) of the statutes of the *Einlagensicherungsfonds* (deposit insurance fund), under which Deutsche Börse AG has agreed to indemnify Bundesverband Deutscher Banken e.V. (German Banking Association) against all losses. A guarantee and negative covenant has also been signed by Deutsche Börse AG and Deutsche Börse Finance S.A. in which Deutsche Börse AG guarantees to pay capital and interest as well as any other amounts to be paid by Deutsche Börse Finance S.A. for the bonds issued as part of the debt issuance programme.

The provisions set up for the deferred compensation plan were recognised on an employee basis at the individual subsidiaries. However, since Deutsche Börse AG is the debtor to the employees participating in the programme, a contingency obligation exists in the provisions of €5,018 thousand established at the individual subsidiaries.

Other Information

Supervisory Board

Members of the Supervisory Board as of 31 December 2005:

Dr. Kurt F. Viermetz Chairman of the Supervisory Board Hypo Real Estate Holding AG
(since 12/07/2005) Munich
Chairman
(since 10/10/2005)

Appointments to
supervisory boards: E.ON Ruhrgas AG (until 31/12/2005)
ERGO-Versicherungs-AG
Hypo Real Estate Holding AG (Chairman)

Other appointment: Hypo Real Estate Bank International (until 30/09/2005)
(Chairman of the Board of Directors)

David Andrews Chief Executive Officer Xchanging Ltd.
London

Appointment to
supervisory boards: european transaction bank GmbH (Chairman)

Herbert Bayer Trade union secretary ver.di
Frankfurt/Main

Appointments to
supervisory boards: dwpbank / Deutsche WertpapierService Bank AG
Eurohypo AG

Udo Behrenwaldt Business consultant
Frankfurt/Main

Appointments to supervisory boards:	Deutsche Asset Management Investmentgesellschaft mbH (Deputy Chairman) Deutsche Bank Privat- und Geschäftskunden AG Deutsche Vermögensbildungsgesellschaft mbH (Chairman) DB Trust AG (until 31/10/2005) (Chairman) Feri Finance AG (since 01/09/2005)
Other appointments:	DWS Investment S.A. (Member of the Board of Directors) DWS Polska TFI S.A. (Member of the Board of Directors) Deutsche Asset Management S.A. (Member of the Board of Directors) DWS (Austria) Investmentgesellschaft mbH (until 31/12/2005) (Member of the Board of Directors) Deutsche Asset Management France S.A. (until 30/10/2005) (Member of the Board of Directors)
Richard Berliand (since 07/10/2005)	Managing Director JP Morgan Securities Ltd. London JP Morgan Futures Inc. London
Other appointment:	Futures Industry Association (Chairman of the Board of Directors) (since 18/10/2005)
Birgit Bokel	Staff member Facility Management Section Deutsche Börse AG Frankfurt/Main
Dr. Rolf-E. Breuer (until 10/10/2005) Chairman	Chairman of the Supervisory Board Deutsche Bank AG Frankfurt/Main President Bundesverband deutscher Banken e.V. (until 10/03/2005) Berlin
Appointments to supervisory boards:	Bertelsmann AG (until 18/05/2005)

Deutsche Bank AG (Chairman)
E.ON AG

Other appointments: Compagnie de Saint-Gobain S.A. (until 09/06/2005)
(Member of the Board of Directors)
KfW Bankengruppe (until 09/04/2005)
(Member of the Administrative Board)
Landwirtschaftliche Rentenbank
(Member of the Administrative Board)

Mehmet Dalman
(until 02/10/2005)) Chief Executive Officer WMG Limited
London

Other appointment: TOSCA Ltd. (until 07/03/2005) (Non Executive Director)

Uwe E. Flach
(until 26/06/2005) Former Deputy Chairman Executive Committee DZ BANK AG
Frankfurt/Main

Appointments to
supervisory boards: Andrae-Noris-Zahn AG (Deputy Chairman)
ORGA Kartensysteme GmbH
Stada Arzneimittel AG

Other appointment: GHP Holding GmbH (Member of Advisory Board)

Hans-Peter Gabe Staff member Personnel Services Section Deutsche Börse AG
Frankfurt/Main

Dr. Manfred Gentz Chairman of the Board of Directors (since 19/04/2005)
Zurich Financial Services
Zurich

President International Chamber of Commerce (ICC) Germany
Cologne

Appointments to supervisory boards:	adidas-Salomon AG DWS Investment GmbH Eurohypo AG (since 25/05/2005) (Chairman) Hannoversche Leben Versicherung AG (until 31/03/2005) Zürich Beteiligungs AG-Deutschland (until 11/04/2005)
Other appointment:	Zurich Financial Services AG (Chairman of the Board of Directors) (since 19/04/2005)
Richard M. Hayden (since 12/07/2005)	Chairman GSC Partners Europe Ltd. London
Other appointments:	Cofra Holding AG (Non-Executive Director) Perry Capital Hedge Funds Group (Advisory Director) (Dormant)
Craig Heimark (since 07/10/2005)	Managing Partner Hawthorne Group Palo Alto
Other appointment:	Avistar Communications Corporation (Member of the Board of Directors)
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt (until 26/06/2005)	Director of the Max Planck Institute for Foreign and Private International Law Hamburg
Dr. Stefan Jentzsch (until 06/10/2005)	Member of the Executive Board (since 24/11/2005) Dresdner Bank AG Frankfurt/Main

	Member of the Executive Board (until 18/11/2005) Bayerische Hypo- und Vereinsbank AG Munich
Appointments to supervisory boards:	DAB bank AG (until 08/03/2005) (Chairman) HVB Informations-Verarbeitungs-GmbH (until 31/05/2005) (Deputy Chairman) HVB Systems AG (until 21/04/2005) Infineon Technologies AG Premiere AG (since 09/03/2005) Vereins- und Westbank AG (until 14/01/2005) (Deputy Chairman)
Other appointments:	Bank Austria Creditanstalt AG (Member of the Supervisory Board) HVB Alternative Financial Products AG (until 18/03/2005) (Chairman of the Administrative Board) HVB Alternative Investment AG (until 20/03/2005) (Chairman of the Supervisory Board) HVB Wealth Management Holding GmbH (Member of the Administrative Board)
Hermann-Josef Lamberti (since 11/10/2005)	Member of the Executive Board Deutsche Bank AG Frankfurt/Main
Appointments to supervisory boards:	Carl Zeiss AG Deutsche Bank Privat- und Geschäftskunden AG (Chairman) Schering AG
Other appointment:	Fiat S.p.A. (Member of the Board of Directors)
Lord Peter Levene of Portsooken KBE (until 26/05/2005)	Chairman Lloyd's London

Other appointments:	General Dynamics UK Limited (Chairman of the Board of Directors) Haymarket Group Ltd. (Member of the Board of Directors) Total S.A. (since 17/05/2005) (Member of the Board of Directors)
Hessel Lindenbergh (until 06/10/2005)	Former member of the Executive Board ING Group Amsterdam
Other appointments:	DHV Holding (Member of the Supervisory Board) Gamma Holding NV (Member of the Supervisory Board) Koninklijke Numico NV (Member of the Supervisory Board) NIB Capital N.V. (Member of the Supervisory Board) Ortec International NV (Member of the Supervisory Board) Petroplus International NV (Member of the Supervisory Board) Spyker Cars N.V. (Chairman of the Supervisory Board)
Silke Martinez Maldonado	Staff member Front Office Data & Analytics Section Deutsche Börse AG Frankfurt/Main
Friedrich Merz (since 12/07/2005)	Member of the Federal Diet Lawyer at Mayer, Brown, Rowe & Maw LLP Berlin
Appointments to supervisory boards:	AXA Versicherungs AG Deutsche Rockwool GmbH Interseroh AG
Other appointment:	BASF Antwerpen NV (Member of the Administrative Board)
Friedrich von Metzler	Personally liable partner B. Metzler seel. Sohn & Co. KGaA Frankfurt/Main
Appointment to supervisory boards:	DWS Investment GmbH

Alessandro Profumo	Chief Executive Officer Unicredito Milan
Appointment to supervisory boards:	Bayerische Hypo- und Vereinsbank AG (since 29/11/2005) (Chairman) (since 02/12/2005)
Other appointments:	Bank Pekao S.A. (until 29/11/2005) (Chairman of the Supervisory Board) Mediobanca S.p.A. (Member of the Board of Directors) Unicredit Banca Mobiliare (UBM) S.p.A. (Chairman of the Board of Directors) Unicredit Xelion Banca S.p.A. (Deputy Chairman of the Board of Directors) Olimpia S.p.A. (Member of the Board of Directors) Koç Holding A.S. (until 27/04/2005) (Member of the Board of Directors)
Sadegh Rismanchi	Staff member Configuration Management and Quality Assurance Section Deutsche Börse Systems AG Frankfurt/Main
Appointment to supervisory boards:	Deutsche Börse Systems AG
Gerhard Roggemann (since 12/07/2005)	Vice Chairman Hawkpoint Partners Ltd. London
Appointment to supervisory boards:	Euro-Product-Services AG (since 12/08/2005)
Other appointments:	Rose & Sky Delta Fund Ltd. (since 23/09/2005) (Non-Executive Director) Rose & Sky Delta Master fund Ltd. (since 23/09/2005) (Non-Executive Director) Rose & Sky Investment (Cayman) Ltd. (since 23/09/2005)

(Non-Executive Director)
VHV Holding AG (Member of the Administrative Board)

Dr. Erhard Schipporeit Member of the Executive Board E.ON AG
(since 07/10/2005) Düsseldorf

Appointments to
supervisory boards:

Commerzbank AG
Degussa AG
E.ON IS GmbH (since 11/01/2005)
E.ON Ruhrgas AG
SAP AG (since 12/05/2005)
Talanx AG

Other appointments:

E.ON Audit Services GmbH (Chairman of the Supervisory Board)
E.ON Risk Consulting GmbH (Chairman of the Supervisory Board)
E.ON UK plc. (Member of the Board of Directors)
HDI Haftpflichtverband der Deutschen Industrie V.a.G.
(Member of the Supervisory Board)

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

Appointment to
supervisory boards:

TSV München von 1860 GmbH & Co. KGaA

Other appointments:

Dresdner Bank Luxemburg S.A. (Chairman of the Administrative Board)
Banco Popular Español S.A. (Miembro, Consejo de administración)
Banco Português de Investimento S.A. (Member of the Supervisory Board)

Otto Wierczimok Staff member Vaults Section Clearstream Banking AG
Frankfurt/Main

Appointment to
supervisory boards: Clearstream Banking AG

Johannes Witt Staff member Central Billing Section Deutsche Börse AG
Frankfurt/Main

Manfred Zaß Former Chief Executive Officer DekaBank
(until 25/06/2005) Deutsche Girozentrale
Deputy Chairman Frankfurt/Main

Appointment to
supervisory boards: Deutsche EuroShop AG (Chairman)

The remuneration of the members of the Supervisory Board totalled €2,273 thousand.

The Supervisory Board has established the following committees:

Audit Committee

Dr. Manfred Gentz (since 10/10/2005) (Chairman)

Dr. Stefan Jentzsch (until 06/10/2005) (Chairman)

Udo Behrenwaldt

Dr. Erhard Schipporeit (since 10/10/2005)

Johannes Witt

Committee for Personnel Issues

Kurt F. Viermetz (since 10/10/2005) (Chairman)

Dr. Rolf-E. Breuer (until 10/10/2005) (Chairman)

Udo Behrenwaldt (until 10/10/2005)

Hans-Peter Gabe

Richard M. Hayden (since 10/10/2005)

Friedrich von Metzler

Supervisory Committee for Strategic Issues

Kurt F. Viermetz (since 10/10/2005) (Chairman)

Dr. Rolf-E. Breuer (until 10/10/2005) (Chairman)

Herbert Bayer

Mehmet Dalman (until 02/10/2005)

Richard M. Hayden (since 10/10/2005)

Hessel Lindenbergh (until 06/10/2005)

Silke Martinez Maldonado

Friedrich Merz (since 10/10/2005)

Gerhard Roggemann (since 10/10/2005)

Manfred Zaß (until 25/06/2005)

Supervisory Committee for Technological Issues

David Andrews (Chairman)

Craig Heimark (since 10/10/2005)

Dr. Stefan Jentzsch (until 06/10/2005)

Sadegh Rismanchi

Dr. Herbert Walter

Supervisory Committee for Clearing and Settlement Issues

Hermann-Josef Lamberti (until 11/10/2005) (Chairman)

Hessel Lindenbergh (until 06/10/2005) (Chairman)

David Andrews (since 27/06/2005)

Richard Berliand (since 10/10/2005)

Uwe E. Flach (until 26/06/2005)

Prof. Dr. Dr. Dr. h.c. mult. Klaus Hopt (until 26/06/2005)

Otto Wierczimok

Executive Board

Members of the Executive Board:

Dr. Reto Francioni responsible for Group Coordination/Corporate Center,
(Chairman) Customers/Markets (since 01/11/2005) and
(since 01/11/2005) Trading and Clearing Services (since 01/01/2006)
Frankfurt/Main

Appointments within the Group

Supervisory Boards: Deutsche Börse Systems AG (since 16/11/2005)
(Chairman) (since 24/11/2005)
Eurex Clearing AG
Eurex Frankfurt AG

Other appointments: Clearstream International S.A.
(Vice Chairman of the Board of Directors)
(since 16/12/2005)
Eurex Zürich AG (Member of the Administrative Board)

Dr. Matthias Ganz responsible for Operations

Chairman of the Executive Board Clearstream Banking AG
Member of the Group Executive Management
Clearstream Banking S.A.
Member of the Group Executive Management
Clearstream International S.A.
Member of the Executive Management FWB Frankfurter Wertpapier-
börse
Frankfurt/Main

Appointments within the Group

Supervisory Boards: entory AG (until 30/09/2005)

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

Mathias Hlubek responsible for Group Coordination/Corporate Center,
Customers/Markets

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

Appointments within the Group

Supervisory Boards: entory AG (until 30/09/2005)
Eurex Clearing AG
Eurex Frankfurt AG

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

Dr.-Ing. Michael Kuhn responsible for Technology/Systems

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

Appointments within the Group

Supervisory Boards: entory AG (until 30/09/2005)
Eurex Clearing AG
Eurex Frankfurt AG

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

Jeffrey Tessler responsible for Customers/Markets

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

Appointment within the Group

Supervisory Boards: Clearstream Banking AG (since 18/04/2005) (Chairman)

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

Rudolf Ferscha responsible for Customers/Markets
(until 31/12/2005)

Chief Executive Officer Eurex Clearing AG (until 31/12/2005)
Chief Executive Officer Eurex Frankfurt AG (until 31/12/2005)
Chief Executive Officer Eurex Zürich AG (until 31/12/2005)
Chairman of the Executive Management Eurex Deutschland
(until 23.01.2006)
General Manager Eurex Bonds GmbH (until 31/12/2005)
Chairman of the Executive Management FWB Frankfurter Wertpapier-
börse (until 23.01.2006)
Frankfurt/Main

Appointments within the Group

Supervisory Boards: Clearstream Banking AG (until 31/12/2005)
Deutsche Börse Systems AG (until 31/12/2005)

Other appointments: U.S. Futures Exchange L.L.C. (until 31/12/2005)
(Chairman of the Board of Directors)
U.S. Exchange Holdings L.L.C. (until 31/12/2005)
(Chairman of the Board of Directors)
The Clearing Corporation Inc. (until 31/12/2005)
(Member of the Board of Directors)

Dr. Werner G. Seifert responsible for Group Coordination/Corporate Center
(until 09/05/2005) Customers/Markets
Chairman Frankfurt/Main

Appointments within the Group

Supervisory Boards: Deutsche Börse Systems AG (until 14/05/2005) (Chairman)
Deutsche Börse Clearing AG (until 14/05/2005) (Chairman)
Eurex Clearing AG (until 14/05/2005) (Vice Chairman)
Eurex Frankfurt AG (until 14/05/2005) (Vice Chairman)

Other appointments: Clearstream International S.A. (until 09/05/2005) (Vice Chairman of
the Board of Directors)
Eurex Zürich AG (until 14/05/2005)
(Vice President of the Administrative Board)

The fixed and performance-related remuneration of the active members of the Executive Board totalled €5,517 thousand in 2005. In addition €1,561 thousand were paid for long-term incentive components. Furthermore, €666 thousand (2004: 0) were stated as expenses for other ancillary services. Pension benefits for the former Executive Board members and their survivors amounted to €15,804 thousand in the reporting year. Provisions of €17,669 thousand were set up for the pension entitlements of former Executive Board members and their survivors.

Employees

An average of 520 employees (2004: 520) was employed by Deutsche Börse AG in 2005. As of the 31 December 2005, the company had 521 employees (2004: 521) (board members excluded). 15 employees included in this number hold temporary contracts, 61 employees hold part-time positions and 30 employees were on maternity leave. The average number of full-time equivalents in 2005 was 466 (2004: 469).

Group Affiliation

Deutsche Börse AG prepares consolidated financial statements. These consolidated financial statements are published in the *Bundesanzeiger* (Federal Gazette) and filed within the Frankfurt/Main commercial register.

The Children's Investment Fund Management (UK) LLP, London, United Kingdom, has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) (1) no. 6 WpHG that as of 14 January 2005, they are in possession of more than 5 percent of the voting rights.

The Children's Investment Master Fund, George Town, Cayman Islands, which is managed by The Children's Investment Fund Management (UK) LLP, has informed Deutsche Börse AG according to §§ 21 (1) 22 (1) (1) no. 6 WpHG that as of 26 January 2005, they are in possession of more than 5 percent of the voting rights.

Atticus Capital L.L.C., New York, USA, has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) (1) no. 5 and 6 WpHG that as of 18 February 2005, they are in possession of more than 5 percent of the voting rights.

The Lone Pine Capital LLC, Greenwich, USA has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) (1) no. 6 WpHG that as of 12 January 2006, they are in possession of more than 5 percent of the voting rights.

Corporate Governance Code

On 22 December 2005, the Executive Board and the Supervisory Board renewed their declaration of conformity under section 161 AktG (German Companies Act) and made it available to shareholders on a permanent basis.

Frankfurt/Main, 23 February 2006

Deutsche Börse AG

Executive Board

Dr. Reto Francioni

Dr. Matthias Ganz

Mathias Hlubek

Dr.-Ing Michael Kuhn

Jeffrey Tessler

Deutsche Börse AG, Frankfurt am Main

Statement of Changes in Noncurrent Assets

	Acquisition and Production Costs				Depreciation and Amortization				Book Value	
	Balance as at 1/Jan 05	Additions 2005	Disposals 2005	Reclassifications 2005	Balance as at 1/Jan 05	Additions 2005	Disposals 2005	Balance as at 31/Dec 05	as at 31/Dec 05	as at 31/Dec 04
	€	€	€	€	€	€	€	€	€	€
Intangible Assets										
Software	190,574,820.47	1,006,233.33	0.00	193,200.00	191,774,253.80	13,685,003.33	0.00	184,746,699.80	7,027,554.00	19,513,124.00
Prepayments	193,200.00	0.00	0.00	-193,200.00	0.00	0.00	0.00	0.00	0.00	193,200.00
	190,768,020.47	1,006,233.33	0.00	0.00	191,774,253.80	13,685,003.33	0.00	84,746,699.80	7,027,554.00	19,706,324.00
Tangible Assets										
Fittures in third party land	14,725,213.24	5,293.39	571.29	0.00	14,728,935.34	1,724,917.39	117.29	8,747,762.34	5,982,173.00	7,702,251.00
Other assets, furniture and office equipment	38,473,543.52	4,794,657.82	1,142,994.57	34,586.83	42,159,793.60	3,938,490.25	459,256.90	27,656,264.60	14,503,529.00	14,296,512.27
Prepayments	34,586.83	0.00	0.00	-34,586.83	0.00	0.00	0.00	0.00	0.00	34,586.83
	53,233,343.59	4,799,951.21	1,143,565.86	0.00	56,889,728.94	5,663,407.64	459,374.19	36,404,026.94	20,485,702.00	22,033,350.10
Financial Assets										
Shares in affiliated companies	1,837,540,043.74	35,308,212.33	7,836,570.66	0.00	1,865,011,685.41	5,900,000.00	7,296,570.66	53,918,633.98	1,811,093,051.43	1,782,224,839.10
Loans to affiliated companies	360,636,856.37	0.00	0.00	0.00	360,636,856.37	0.00	0.00	0.00	360,636,856.37	360,636,856.37
Investments	30,998,158.13	0.00	110,000.00	0.00	30,888,158.13	490,998.00	0.00	12,775,162.58	18,112,995.55	18,713,994.55
Long-term securities	11,081,334.54	2,222.00	3,081,335.46	0.00	8,002,221.08	0.00	1,514,660.57	0.00	8,002,221.08	9,586,673.97
Other loans	692,196.14	84,989.65	731,302.07	0.00	45,883.72	0.00	0.00	0.00	45,883.72	692,196.14
	2,240,948,588.92	35,395,423.98	11,759,208.19	0.00	2,264,584,804.71	6,390,998.00	8,811,231.23	66,693,796.56	2,197,891,008.15	1,771,834,560.13
	2,484,949,952.98	41,201,608.52	12,902,774.05	0.00	2,711,375,718.75	25,739,409.97	9,270,605.42	87,844,523.30	2,225,404,264.15	1,213,574,234.23

Management Report for the financial year 2005

The Management Report of Deutsche Börse Aktiengesellschaft has been restructured this year to take sufficient account of the new statutory requirements.

Business and operating environment

General Situation of the Company

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

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

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

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

Source: Federation of European Securities Exchanges (FESE), own calculations

¹ The figures for 2004 were adjusted to reflect the integration of the Copenhagen Stock Exchange into OMX.

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

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

Source: The exchanges listed

1) Euronext.Liffe has adjusted its 2004 figures to reflect changes in contract specifications

Overview of business development in the year under review

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

Sales revenue rose by 17 percent to €861.1 million (2004: €731.0 million). Furthermore, income from participating interests increased to €194.1 million (2004: €4.2 million). Both effects resulted in a net income for the year of €461.1 million (2004: €226.8 million) and a significant improvement of earnings in comparison to previous year (103 percent).

Deutsche Börse AG's key performance figures	2005	2004	Change
Sales revenue (€m)	861.1	733.3	+17
Profit before tax (€m)	641.2	384.0	+67
Net income (€m)	461.1	226.8	+103
Earnings per share (€)	4.31 ²	2.03	+112

2) Calculation is based on weighted average of shares in circulation

Description of the Company's internal management control system

Deutsche Börse Group's internal management control system is primarily based on the management control indicators EBITA, costs, return on equity and net tangible equity. This internal management control system is not applicable for Deutsche Börse AG, so the Company refers to the performance indicators of Deutsche Börse Group.

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

With regard to the Company's costs, a distinction is made between other operating expenses, staff costs, depreciation and amortization expense (excluding goodwill amortization and impairment). With the exception of consulting costs, other operating expenses are largely fixed costs. Consulting costs primarily arise in conjunction with software development, and can therefore be controlled by the Company. Staff costs are primarily fixed costs. However, they generally increase in line with inflation even when the number of employees remains unchanged, as well as potentially being subject to one-time factors. The amount of depreciation and amortization expense depends on the level of past investment.

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

As part of the program to optimize its capital structure, Deutsche Börse Group uses shareholders' equity less goodwill (net tangible equity) as an additional key performance indicator. The aim of this program is to make funds that are surplus to business requirements available to shareholders. The program is described in detail in the "Financial position" section (see page 9).

Business development of segments

Deutsche Börse AG's organizational structure is function-based. The business activities are composed of the Xetra (cash market: electronic trading platform, floor trading and equity clearing services), Eurex (derivatives market: electronic trading platform and derivatives clearing services, over-the-counter trading platforms) and Market Data & Analytics (sale of price information and information distribution).

Xetra segment

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

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

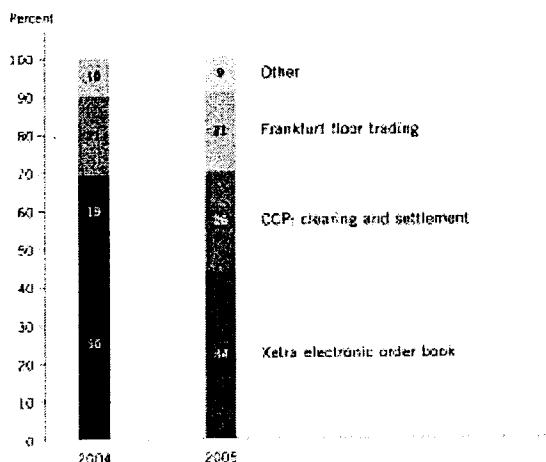
Transactions on Xetra and the Frankfurt Stock Exchange floor (in thousands)				
	Xetra		Floor trading	
	2005	2004	2005	2004
Q1	19,570	20,152	19,789	23,163
Q2	19,270	16,364	17,592	15,129
Q3	21,832	15,748	21,423	13,057
Q4	20,630	17,108	21,013	15,361
Total	81,302	69,372	79,817	66,710

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

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

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

Breakdown of sales revenue in the Xetra segment



Eurex segment

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

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

Contract volumes in Eurex's product groups	2005	2004	Change %
	Millions of contracts	Millions of contracts	
Equity index products	334	279	+19
Equity products	256	212	+21
Capital market products	659	575	+15
Euro-Bund-Future	299	240	+25
Euro-Bobl-Future	158	159	-1
Euro-Schatz-Future	141	123	+15
Other products	61	53	+15
Total	1,249	1,066	+17

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

Sales revenue rose by 22 percent year-on-year to €485.5 million (2004: €397.5 million). This was a result of increased trading activity and the revised split of Eurex's revenue and earnings between Deutsche Börse AG and SWX Swiss Exchange AG. Since the start of 2005, Deutsche Börse AG has received 85 percent of Eurex's revenue and earnings and SWX Swiss Exchange AG receives 15 percent. In previous years, the split was 80 percent for Deutsche Börse AG and 20 percent for SWX Swiss Exchange AG.

Market Data & Analytics segment

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

The sales revenue generated by the segment rose by 7 percent year-on-year to reach €127.9 million (2004: €119.5 million). The distribution of real-time data from the cash and derivatives markets operated by Deutsche Börse AG accounted for around 82 percent of this figure (2004: 81 percent).

Research and development activities

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

The systems in the Xetra and Eurex segments were enhanced again in 2005. Key events included the expansion of the central counterparty (CCP) for the cash market and the further development of Eurex software (Eurex Release 8.0).

Employees

In the year under review, the number of employees at Deutsche Börse AG was stable. At the balance sheet date, Deutsche Börse AG had 521 employees.

In the course of financial year 2005, 33 employees left Deutsche Börse AG, resulting in a staff turnover rate of 6.3 percent.

As at 31 December 2005, Deutsche Börse AG had employees at 7 locations. The key locations and regions are:

Employees per region	
31 December 2005	
Germany	500
United Kingdom	12
Rest of Europe	4
North America	4
Luxembourg	1
Total	521

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

Employees' age structure	Number of employees	%
Less than 30 years	39	7.5 %
30-39 years	287	55.1 %
40-49 years	153	29.4 %
More than 50 years	42	8.0 %
Total	521	

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

Length of services of the employees	31 December 2005	%
Less than 5 years	200	38.4 %
5-15 years	261	50.1 %
More than 15 years	60	11.5 %
Total	521	

As at 31 December 2005, the percentage of graduates among Deutsche Börse AG's employees was 66 percent. This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied technology, or a professional academy, as well as employees who have completed studies abroad.

In total, the Company invested an average of 2.3 days per employee in staff training.

Environment protection

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

The Frankfurt headquarters to which Deutsche Börse AG moved in 2000 were all designed to take advantage of state-of-the-art energy-saving concepts. Environmental protection also plays a role in day-to-day operations, in particular through consistent waste separation and the specific selection and monitoring of utilities and disposal companies. In the year under review, for example, a second cold water circuit was installed at the Company's primary data centre in Frankfurt to reduce energy consumption and noise pollution. In the case of waste, entertainment and cleaning management, Deutsche Börse Group chooses materials on the basis of their suitability for recycling, and re-use in appropriate recirculation systems is ensured.

Deutsche Börse shares

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

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

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

Results of operations, financial position and net assets

Results of operations

In 2005, Deutsche Börse AG's sales revenue increased by 17 percent to € 861.1 million (2004: € 733.3 million), due to the positive development of the financial markets. In absolute terms, this increase was driven in particular by the Eurex segment.

Sales revenues per segment	2005	2004
	€m	€m
Xetra	247.7	216.3
Eurex	485.5	397.5
Market Data & Analytics	127.9	119.5
Total	861.1	733.3

Deutsche Börse AG's profit before tax increased by 67 percent year-on-year to € 641.2 million (2004: €384.0 million). The profit before tax margin increased to 74 percent (2004: 52 percent).

The costs were higher year-on-year and increased by 19 percent to €642.4 million in the year under review (2004: €540.0):

Cost overview	2005	2004	Change
	€m	€m€	%
Staff costs	122.2	69.1	+77
Depreciation and amortization expense (excluding goodwill amortization)	19.4	25.8	-25
Other operating expenses	500.8	445.1	+13
Total	642.4	540.0	+19

The sharp rise in staff costs is due partly to one-time factors, such as a special bonus payment to employees and severance payments, as well as to higher costs in connection with the stock option plan for Executive Board members and senior executives. Higher provisions had to be recognized after the Company's share price significantly outperformed the benchmark index Dow Jones STOXX 600 Technology (Return). The stock option plan is presented in detail in the notes to the financial statements (appendix 3).

Development of profitability

Deutsche Börse AG's return on equity, the ratio of after-tax earnings to the average equity available to the Company in 2005, rose to 22.2 percent (2004: 10.9 percent). This was largely due to the growth in earnings, but also affected by the fall in equity relating to the capital management program.

Financial Position

Cash and cash equivalents amounted to €248.0 million at the end of 2005 (2004: €496.1 million) and contained cash on hand, cash at bank and time deposits.

Due to existing profit and loss transfer agreements, Deutsche Börse AG received the profits of Deutsche Börse Systems AG (€72.8 million), XLaunch AG (€0.2 million) and Deutsche Börse IT

Holding GmbH (€11.8 million). Additionally, the Company received dividends to the amount of €190.0 million from Clearstream.

The credit lines amounted to €435 million as in the previous year.

In 2005, Deutsche Börse AG's excess liquidity was high, as a result of which no liquidity bottlenecks occurred.

Program to optimize the capital structure

Under this program, the Company is distributing funds not required for the Company's operating business to the shareholders. These measures are subject to special investment needs and capitalization requirements. The program is the result of an intensive review of capital requirements, which considered the Company's capital needs from legal, regulatory, credit rating and economic capital perspectives. In particular, to ensure the continued success of its Eurex central counterparty, Deutsche Börse AG believes it is necessary that the Company maintains strong "AA" credit ratings. Customers in these business areas require a service provider with a strong credit rating.

Net tangible equity was defined as the management performance indicator for capital requirements in 2005. An amount of around €1 billion was calculated as the minimum required to ensure the Group's strong credit rating. Deutsche Börse Group's net tangible equity amounted to €1,115.2 million as at 31 December 2005 (2004: €1,440.7 million).

In May 2005, the Company had announced its intention to distribute a total of around €1.5 billion to its shareholders in the period up to the end of May 2007. In 2005, the Company repurchased around 10.6 million shares worth €726.3 million, and paid a dividend of €74.1 million in May 2005. This means that some €800.4 million was distributed to shareholders in the year under review. The Company retired 5.9 million of the 10.6 million repurchased shares on 24 May 2005, and 0.1 million shares were acquired by employees on 30 June 2005 as part of the Group Share Plan. As at 31 December 2005, the remaining 4.6 million shares were held by the Company as treasury shares.

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

Dividend

Deutsche Börse AG aims to substantially increase its distribution ratio as part of its capital management program. In this context, a dividend of €2.10 per no-par value share will be proposed to the the Annual General Meeting for fiscal year 2005 – a three-fold increase year-on-year (2004: €0.70). For 100,278,653 shares in issue carrying dividend rights for 2005, this produces a total distribution of €210.6 million (2004: €74.1 million).

Credit Ratings

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

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

Other

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

Net assets

Deutsche Börse AG's noncurrent assets amounted to €2,225.4 million as of 31 December 2005 (2004: €2,213.6 million). Shares in affiliated companies of €1,811.1 million (2004: €1,782.2 million), mainly from the investment of 100 percent in Clearstream International S.A., represented the largest part of these noncurrent assets.

As in the previous year, loans to affiliated companies amounted to €360.3 million. The amount comprises long-term intra-group loans to Clearstream Banking S.A., Deutsche Börse Finance S.A. and U.S. Futures Exchange L.L.C.

Noncurrent assets were offset by equity amounting to €1,821.5 million (2004: €2,154.5 million).

Depreciation amounted to €25.8 million (2004: €29.3 million), while investments were higher. Overall, Deutsche Börse AG invested €41.2 million in the year under review, 82 percent less than in the previous year (2004: €229.6 million). The main focus of these investments were shares in affiliated companies.

Group accounts receivables and amounts owed to group undertakings, comprise the billing for intra-group services and the amounts which Deutsche Börse AG invests on the basis of Cash-Pooling-rules. Additionally, Deutsche Börse Finance S.A. raised a credit of €500 million at the market, which was passed on to Deutsche Börse AG as an intra-group loan.

As Deutsche Börse AG collects the fees for a large part of its services immediately after the month-end, the trade accounts receivables amounting to €82.7 million as of 31 December 2005 (2004: €73.5 million) are relatively low compared to the sales revenue.

Risk Report

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

Risik management: Organization and methodology

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

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

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

Deutsche Börse AG has developed its own Corporate Risk structure and distinguishes between operational, financial, project and business risks (see chart on p. 14).

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

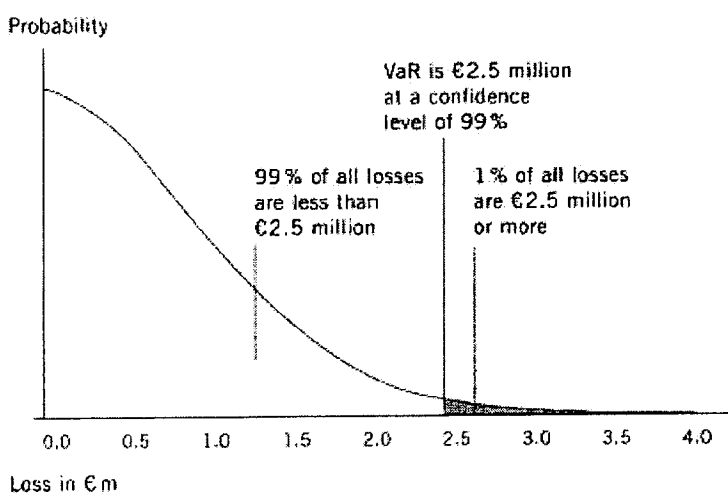
Group-wide risk management instruments

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

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

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

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



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

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

1. Determination of the loss distributions for every single risk

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

2. Simulation of losses using the Monte Carlo method

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

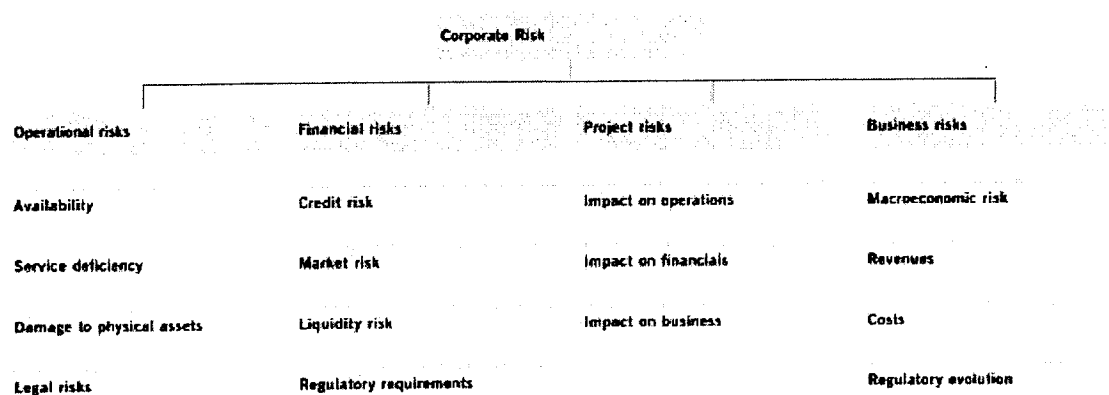
3. Calculation of VaR on the basis of the Monte Carlo simulations

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

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

Risk structuring and assessment

Risk system of Deutsche Börse Group



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

Operational risk

Operational risk encompasses all existing and newly arising risks in the context of the ongoing and continuous provision of services by Deutsche Börse AG. In terms of content, operational risk is defined as the risk of loss resulting from inadequate or defective systems and internal processes, from human or technical failure, from inadequate or defective external processes, from damage to physical assets and from legal risks. For Deutsche Börse AG, the main risks in this risk category lie in the uninterrupted and smooth delivery of its core products. In particular, they include the Xetra and Eurex cash and derivatives market trading systems, as well as the CCP, clearing system.

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

(a) Availability risk

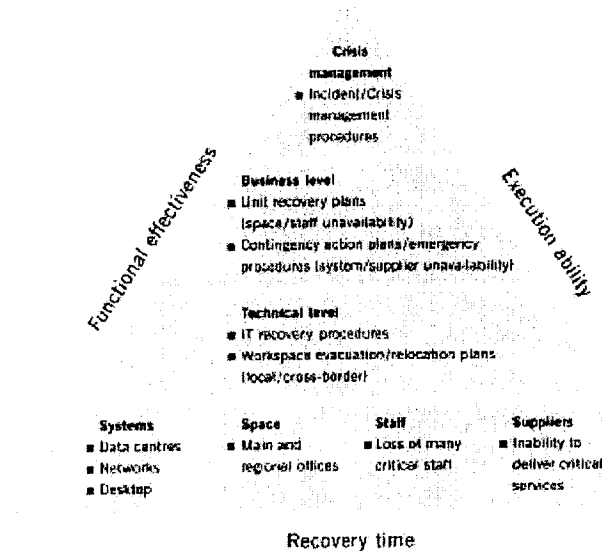
Availability risk results from the fact that resources essential to Deutsche Börse AG's service offering could fail, thereby making it impossible to deliver services on time or at all. This risk is therefore one of the most critical for the Deutsche Börse AG. Possible triggers include hardware and software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

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

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

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

This is illustrated in the diagram below.

Three dimensions of business continuity management


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

(b) Risk of service deficiency

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

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

Nevertheless, it should be noted that risk management processes do not guarantee that incidents, claims and resulting loss will not occur, nor can it predict the specific occurrence of particular risk events.

(c) Damage to physical assets

This category includes the risks due to accidents and natural hazards, as well as terror and sabotage.

No losses occurred as a result of damage to physical assets in 2005. Neither are there any indications of acute risks.

(d) Legal risks

Legal risks include losses that could arise as a result of non- or inappropriate compliance with new or existing laws, inadequate contractual frameworks, or court decisions in the context of corporate governance. Deutsche Börse Group has aligned its Group Compliance function that seeks to protect the Group from any prejudice that may result from the failure to comply with applicable laws, regulations and standards of good practice, with a particular focus on the following topics:

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

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

Financial risk

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

(a) Credit risk

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

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

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

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

(b) Market risk

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

(c) Liquidity risk

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

(d) Regulatory requirements

Eurex Clearing AG must meet the equity and liquidity requirements specified by the national supervisory authorities. They consistently achieved these ratios throughout 2005.

Project risk

Project risks can arise as a result of project implementation (launch of a new product, process or system), which may have a significant impact on one of the three other risk categories of operational, financial or business risks. These risks are assessed as described

in the above sections and are addressed in the early stages of major projects. All projects that were planned and implemented in 2005 carried no or only limited risk. They did not trigger a change in the overall risk profile of Deutsche Börse AG. Issues connected with the delivery of projects, such as budget risk, quality/scope risk and deadline risk are separately monitored by the Corporate Project Coordination unit and are reported on a monthly basis to the Executive Board.

Business risk

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

(a) Macroeconomic risk

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

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

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

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

A commonality in the industry is the dependence on key accounts. In the Xetra and Eurex segments, a substantial proportion of trading volumes is accounted for by a few key accounts. However as the key accounts for the trading systems differ, this leads to

diversification and thus partly offsets the dependencies on specific key accounts at Company level.

Regulatory environment

Deutsche Börse AG has been closely monitoring the evolution of the EU Capital Requirements Directives (Basel II) from the early stage until its finalization in October 2005. The Company is currently also actively following the development of the transposition of the international framework to the national regulatory level in order to fulfil the new local requirements in good time.

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

Eurex Clearing AG is required to comply with MaRisk. Most of the MaRisk requirements were already implemented as standard at both subsidiaries. Additional requirements will be implemented by the responsible line departments. As of today, this will be completed in compliance within the deadline stipulated by the BaFin.

Summary

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

Branch Offices

The Company has branches in London and Paris since 2004.

Report on post-balance sheet date events

Under its share buy-back program, Deutsche Börse AG repurchased 1.0 million shares with a value of €94.5 million in the period from 1 January to 20 February 2006. The average

repurchase price was €94.54. The share buy-back is part of the ongoing capital management program to optimize the Deutsche Börse AG's capital structure.

Report on expected developments

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

Development of operating environment

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

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

Development of results of operations

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

The expected increase in sales revenue depends heavily on an assumed improvement in the financial markets. Deutsche Börse AG furthermore believes that it can develop additional sources of revenue triggered by structural changes and by launching new products and services. All in all the Company is expecting its sales revenue to grow faster than GDP. The development of sales revenue in the Xetra segment will continue to depend primarily on the equity markets. On the basis of economic growth forecasts, Deutsche Börse AG is predicting an annual single-digit value increase in these markets in the long term. The volatility of the equity markets, i.e. fluctuations in securities prices or indices above or below an average value, has been historically low for several years. If volatility increases, this could provide an additional boost to the Xetra segment's growth in the short term. In the Eurex derivatives market segment, growth in contract volumes of equity- and index-based products will also depend mainly on the development of the equity markets. In addition, the fact that derivatives market products are being increasingly used for a variety of investment strategies is a key structural growth factor here. In the case of interest rate products, Deutsche Börse AG predicts that changes in long-term interest rates in the euro zone will contribute to growth, in particular if they differ from market expectations. Stable long-term interest rates over a longer period of time could have a negative impact on growth in interest rate products. Such a development is, however, not envisaged for the forecast period. With regard to the Market Data & Analytics segment, the Company is forecasting a slight increase in sales revenue in line with macroeconomic development.

The Company does not expect any significant increase in total costs for financial years 2006 and 2007 thanks to its continuing active cost management, although a slight increase in staff costs, partly due to inflation, is expected

On the basis of this cost discipline and the scalability of its business model, the Company expects its profit before tax to grow faster than sales revenue in the forecast period. In the long term the Company considers that an annual increase in sales revenue some percentage points above GDP to be possible.

Development of financial position

The Company expects its ongoing business activities to continue to generate positive operating cash flow.

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

Deutsche Börse AG aims to distribute 50 to 60 percent of its net income to shareholders for financial year 2006.

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

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 AG, Frankfurt/Main, for the business year from 1 January to 31 December 2005. 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.



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, 23 February 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Wohlmannstetter	Bors
Wirtschaftsprüfer	Wirtschaftsprüfer