



DEUTSCHE BÖRSE  
GROUP



New perspectives  
Annual report 2010

## Deutsche Börse Group: financial highlights

		2010	2009	Change in %
<b>Consolidated income statement</b>				
Sales revenue	€m	2,106.3	2,061.7	2
Net interest income from banking business	€m	59.4	97.4	-39
Total expenses	€m	-1,711.1	-1,647.1	4
Earnings before interest and tax (EBIT)	€m	527.8	637.8	-17
Net income	€m	417.8	496.1	-16
<b>Consolidated cash flow statement</b>				
Cash flows from operating activities	€m	943.9	801.5	18
<b>Consolidated balance sheet</b>				
Noncurrent assets	€m	5,069.5	5,251.0	-3
Current assets excluding technical closing date positions <sup>1)</sup>	€m	389.1	433.4	-10
Equity	€m	3,410.3	3,338.8	2
Noncurrent liabilities	€m	1,870.4	2,093.5	-11
Current liabilities excluding technical closing date positions <sup>2)</sup>	€m	859.9	787.3	9
Total assets	€m	148,850.5	161,360.5	-8
<b>Performance indicators</b>				
Earnings per share (basic)	€	2.25	2.67	-16
Earnings per share (diluted)	€	2.24	2.67	-16
Dividend per share	€	2.10 <sup>3)</sup>	2.10	0
Dividends proposed	€m	390.7 <sup>3)</sup>	390.5	0
Operating cash flow per share (basic and diluted)	€	5.07	4.31	18
Employees (average annual FTEs)		3,300	3,333	-1
Sales revenue per employee <sup>4)</sup>	€ thous.	638	619	3
EBIT margin	%	25	31	-19
Return on shareholders' equity (annual average)	%	14	18	-22
<b>Market indicators</b>				
<b>Xetra</b>				
Number of transactions	m	189.4	167.3	13
Trading volume (single-counted)	€bn	1,236.9	1,060.6	17
<b>Floor trading</b>				
Trading volume (single-counted)	€bn	61.4	60.0	2
<b>Eurex</b>				
Number of contracts	m	2,642.1	2,647.4	0
<b>Clearstream</b>				
Value of securities deposited (annual average)	international	€bn	5,819	5,409
	domestic	€bn	5,078	4,937
Number of transactions	international	m	37.1	30.6
	domestic	m	79.3	71.4
<b>Deutsche Börse share price</b>				
Opening price <sup>5)</sup>	€	58.00	50.80	14
High <sup>6)</sup>	€	59.00	65.27	-10
Low <sup>6)</sup>	€	45.45	29.50	54
Closing price	€	51.80	58.00	-11

1) Technical closing date positions include financial instruments of Eurex Clearing AG, current receivables and securities from banking business.

2) Technical closing date positions include financial instruments of Eurex Clearing AG, liabilities from banking business as well as cash deposits by market participants.

3) Proposal to the Annual General Meeting 2011

4) Based on average full-time equivalents (FTEs)

5) Closing price on preceding trading day

6) Intraday price

# 2010: the year that was

## Quarter 1

**Deutsche Börse operates Tradegate Exchange**  
Deutsche Börse AG acquires a majority interest in Berlin-based Tradegate Exchange GmbH, which operates the off-exchange platform Tradegate. The platform offers new trading functions, extended trading times and more innovative order types to online brokers in particular. The move enables Deutsche Börse to strengthen its position in the European retail market for trading equities, bonds, funds and ETFs.

### 2010 Annual Reception

More than 900 guests gather at Deutsche Börse Group's Annual Reception in Frankfurt/Main. The guest speaker, Hesse's Minister President Roland Koch, talks about the financial crisis and redesigning the financial system. Two days later, a further 180 guests attend the Group's Reception in London.

### Trading in dividend futures starts

Trading of single-stock dividend futures is now possible for the first time in Europe. The move by Eurex supplements its successful introduction of dividend index futures.

### Clearstream at GSF Summit

More than 600 representatives of central banks and financial institutions from around the world meet in Luxembourg on 20 and 21 January at one of the world's largest gatherings of money market experts. The Global Securities Financing (GSF) conference is organised by Clearstream for the 14th time.

### Faster trading links between Frankfurt and international markets

In 2009, Deutsche Börse achieved a latency of less than five milliseconds in electronic securities trading between London and Frankfurt. Now trading partners in Paris, Amsterdam, New York and Chicago can also benefit from Deutsche Börse's ultra low latency infrastructure, enabling high-speed links to the Eurex® and Xetra® systems.

### First Eurex participants from Japan and China

In January, the first Japanese broker starts trading on the Eurex derivatives exchange via a subsidiary in Singapore. The link to the Eurex® network gives the broker access to the entire

Eurex product range and in particular the European markets. March sees the admission of the first broker from China via his Hong Kong branch.

### Programme to boost operating efficiency

To prepare Deutsche Börse Group for structural change in the financial markets and for new customer requirements, the Executive Board adopts measures to optimise processes and cost structures. These include reassigning operating functions within the Group's locations, further harmonising the IT infrastructure, trimming down its management structure and strengthening the focus on the Company's core activities. The measures will lead to savings totalling around €150 million a year from 2013 onwards.

### Trading in USD GC Pooling segment starts

Transactions on the GC Pooling® market can now be executed in US dollars as well as euros. The introduction of a second global currency significantly extends the secured financing options available to participants.

### Clearstream opens office in Singapore

Clearstream celebrates the opening of its operating branch in Singapore – another clear signal for Deutsche Börse Group's commitment to the Asia-Pacific region.

### Real-time risk management

Eurex Clearing successfully launches the new Enhanced Risk Solution, making it the first clearing house worldwide to provide risk management and margin data in real time.

## Quarter 2

### Deutsche Börse extends AlphaFlash offering

Deutsche Börse follows the launch of its AlphaFlash® machine-readable algorithmic news feed in April with the release of AlphaFlash® Monitor. This web-based real-time application delivers trading-related macroeconomic indicators to traders' screens immediately upon release.

### Clearstream and CETIP cooperate on collateral management

Clearstream and CETIP, Brazil's leading central depository, sign an agreement to jointly develop, promote and distribute triparty collateral management services. The new service will allow CETIP's clients to access Clearstream's collateral management services in their own time zone.

### Xetra now even more efficient

Release 11.0 of Deutsche Börse's Xetra® trading system offers improved functions and speed. One of the key innovations is the expansion of the Enhanced Transaction Solution interface, which is used to send order information to participants in real time.

### Xetra-Gold sets new record

Deutsche Börse Commodities, a joint venture between Deutsche Börse and a number of banks, among others, posts a new turnover record for Xetra-Gold® in the second quarter. Gold reserves exceed 50 tonnes for the first time. Xetra-Gold, a bearer debt instrument backed by physical gold, is the exchange-traded commodity product with the highest turnover by far in Germany.

### Exchange-traded funds celebrate anniversary and win award

The XTF® segment for exchange-traded funds (ETFs) celebrates its tenth anniversary. ETFs combine the flexibility of individual equities with the risk diversification of a fund. Deutsche Börse is the European market leader in the ETF segment, with a market share of 38 percent. The Group also receives recognition from a neutral source: for the sixth time running, it is a winner at the 6th Annual Global ETF Awards hosted by the New York information service provider exchangetradedfunds.com. This time round, it wins prizes for the largest number of ETF listings and for being the most proactive and largest ETF exchange by turnover, among others.

### Equinix signs strategic partnership with Deutsche Börse AG

As from 2011, the infrastructure for Deutsche Börse's trading systems will be located at Equinix's data centre, according to a strategic agreement signed by Deutsche Börse Systems and Equinix. Eurex and Xetra clients will benefit from capacity increases at the data centre as well as from even lower latencies.

## Quarter 3

### Third China-Europe Equity Forum

Deutsche Börse organises the China-Europe Equity Forum in Shanghai for the third time. The forum, which attracts around 400 participants, is becoming established as Deutsche Börse's most important capital market event in China.

### Clearstream turns 40

Clearstream celebrates its birthday: the company was formed on 28 September 1970 to reduce the costs and risks associated with securities settlement on the Eurobond market. As of the year-end, Clearstream's global network spans 49 countries. The international central depository is one of the largest providers of settlement and custodian services for domestic and foreign securities and one of only four providers of collateral management services in the world.

### REGIS-TR supports reform of OTC derivatives markets

Clearstream Banking and the Spanish Bolsa y Mercados Españoles launch an initiative to set up a European transaction register that will provide reporting services for a broad range of over-the-counter (OTC) financial instruments. REGIS-TR complies with all the regulatory requirements laid down by the European Commission. Deutsche Börse will continue to work with market participants, the supervisory authorities and the European Commission to achieve the common goal of reducing the systemic risks associated with the OTC derivatives markets.

### KRX and Eurex work together

Korea Exchange (KRX) and Eurex cooperate in trading and clearing options on the Korean KOSPI 200 blue-chip index via the Eurex/KRX link during European and North American trading hours. This expands the range of tradable products for Eurex customers, giving them access for the first time to this liquid Asian index product.

### Frankfurt Stock Exchange celebrates 425th anniversary

In 1585, merchants set binding exchange rates for the first time at the autumn fair held at the Römerberg in Frankfurt. 425 years later, now an international enterprise, Deutsche Börse celebrates its origins. The Frankfurt Stock Exchange and Frankfurt City Council invite guests from the worlds of finance and politics to celebrate its anniversary.



## Quarter 4

### Clearstream expands links with Eastern Europe

Clearstream expands its range of products to include new direct links to Eastern Europe. Following Bulgaria and Romania in Q1/2010, new links to Latvia and Lithuania are added in Q4/2010, enabling foreign investors to access these markets.

### Eurex futures in Bombay

Eurex and the Indian exchange operator Bombay Stock Exchange (BSE) launch Eurex futures and options on the SENSEX blue-chip index on the Indian stock exchange. The move by Eurex creates new investment opportunities and expands its growth in the Asia-Pacific area.

### Five years of the Entry Standard

The Entry Standard celebrates its fifth birthday. Of the 165 companies that have accessed the capital markets via the Entry Standard, 16 have already switched to the General Standard or the Prime Standard.

### Move to new Group headquarters (see picture)

Deutsche Börse Group moves its Group headquarters from Frankfurt to Eschborn. "The Cube" was built in line with the strictest ecological standards. It is roughly 90 metres tall and consists of two L-shaped towers connected by paths and bridges. Employees and guests celebrate the official opening on 4 November.

### Advanced Risk Protection for greater trading security

Eurex Clearing launches Advanced Risk Protection, a tool that enables limits to be set before trading. It is based on aggregated risk indicators such as the total mandatory collateral. Using the new tool, both clearing and non-clearing participants can control operating and trading risk by defining the extent of protection for themselves.

## New perspectives

Unrestricted views, short distances and fast connections – that's characteristic of our new headquarters. It also reflects how we think and act. We make sure that we ourselves and our partners have a clear view of the facts and we communicate directly with our customers, shareholders and employees, but also with representatives from politics and society. In our interaction and in the new building, we value an open atmosphere that opens up new perspectives from different points of view.

This annual report also presents different angles and insights. We hope that it opens up new perspectives for you.



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1) Part of the Group management report

2) Including the remuneration report, which is part of the Group management report



Frankfurt/Main, March 2011

## Letter to shareholders

Dear shareholders,

2010 was a good year for the German economy as well as for your Company, Deutsche Börse AG, which returned to its growth path of previous years. The German economy proved to be Europe's growth driver and the economy took off at a rate normally only seen in emerging economies. However, participants in the capital markets still sensed uncertainty. These opposing trends characterised Deutsche Börse's environment in the past year: on the one hand, optimism and recovery, and on the other, persistent uncertainty. What is clear, however, is that we improved our key performance indicators and that our strategic development, accompanied by cost efficiency, proved effective.

Our share price, together with the value of your Company, declined by 11 percent last year and therefore did not perform as we had hoped, due to the continuing uncertainty. This is partly a result of developments in the US equity options market, which again made a write-down necessary at our New York subsidiary International Securities Exchange (ISE). The impairment loss on ISE's intangible assets is due to stagnation in this market for the last two years, the continued stiff competition and regulatory approval for new functionalities, which is still pending.

Conversely, our increasingly global position opened up new markets for us, in particular in Asia, but also in Central and Eastern Europe and South America. Two examples I would like to mention are the cooperation between Eurex and the Korea Exchange for trading a product on the KOSPI Future and our cooperation with the Brazilian central custodian CETIP in collateral management. We used the year to

establish the basis for future growth, and we are optimistic that this will pay off this year and in the coming years – also and in particular for you, our owners. Deutsche Börse's strategy is not focused on short-term profits, but on long-term success.

In terms of strategy, in addition to our international presence, we are also continuously expanding our product portfolio and we reduced costs in good time. We are creating new growth opportunities for ourselves primarily in the area of risk management and with new products in off-exchange trading. That is why we are optimistic about 2011. Deutsche Börse has successfully coped with the difficult phase in the wake of the 2008 crisis. Not only our customers, but also – and above all – you, the shareholders of Deutsche Börse, are benefiting from this.

We now coordinate this strategy from our new Group headquarters in Eschborn, "The Cube", which was officially opened on 4 November 2010. However, the globalisation of the stock exchange business also means that we have increased, and will continue to increase, our presence in other established and emerging markets around the world. After all, only global players will in future be able to maintain the competitiveness of the region from which they manage their activities.

On 15 February 2011, Deutsche Börse AG and NYSE Euronext signed an agreement on a business combination following approval by their relevant supervisory bodies. This business combination will create the world's leading exchange organisation. The new company will be the global market leader in derivatives trading and risk management, as well as the best-known and largest exchange venue for share placements and share trading. The new exchange organisation will offer its customers global reach, innovative products, operational and capital efficiency, as well as an expanded range of technology and market information solutions.

This means that you, our shareholders, will benefit from significantly improved growth prospects. The new company will be able to shape the whole industry and to play a key role in framing the future development of the capital markets. It can also continue to grow strongly, invest in the development of new products and play an important role in the development of new markets in Asia and Eastern Europe. In addition, our shareholders can benefit from the opportunities created by significant cost synergies, unmatched cash flow generation and a very good credit rating.

And now to developments in the past financial year: business picked up in most of Deutsche Börse Group's business areas in 2010, albeit only moderately at first. Overall, our sales revenue increased by 2 percent to approximately €2,106 million. The fact that the recovery in 2010 was relatively restrained overall is due, among other things, to the continued low level of net interest income from banking business, which nearly halved to approximately €59 million. This reflects the European Central Bank's monetary policy, which aims to stimulate investment activity in the economy as a whole by keeping interest rates at historically low levels.

Despite this difficult environment, we improved our earnings, adjusted for the ISE impairment charges and costs of efficiency programmes. Among other things, this is due to the fact that our costs performed better than planned in 2010: we fell short of our original cost target of €1,210 million, excluding special effects, by 5 percent. This results in adjusted earnings before interest and tax (EBIT) of €1,091 million, up 5 percent on 2009. Operating cash flow actually achieved a double-digit increase, growing by 18 percent to €944 million. As you can see in this report, the business areas also performed positively overall, with double-digit increases in some cases.

This growth means that the liquidity pools that we offer have become larger and therefore also more profitable for our customers. A rising number of participants, increasing volumes and higher transaction figures reduce the costs for all participants. Large exchange organisations today have for a long time competed not on a national scale, but increasingly on a global one. As a growing company, we are better equipped to face this global competition and this, too, is good news for you, our shareholders.

A new capital market environment has emerged in the wake of the financial crisis. This landscape is primarily characterised by a higher density of regulation, leading to extensive changes in the business models of our most important customers, the banks. This is accompanied by new guiding values for the financial market: security and integrity are now just as important as efficiency. Our strategic response to this new situation has three components: growth, efficiency and capital management. Although we do not believe that a fundamental rethink of our strategy is necessary, we have enhanced its growth components in particular.

Our growth strategy has four dimensions: first, expanding our existing business; second, developing new product segments; third, tapping into new growth regions; and fourth, expanding the value chain (see introductory chapter starting on page 14). To take advantage of our growth potential in these four dimensions to the full, we will increase our spending on growth initiatives and infrastructure in 2011 by one-third to approximately €120 million, despite cost reductions. According to our current plans, around 60 percent of this is earmarked for the Eurex derivatives market segment and 30 percent for the Clearstream post-trading area. The remaining 10 percent will be allocated to the Xetra cash market segment and the Market Data & Analytics segment.

Eurex primarily invests in the areas of clearing and risk management. We want to use this to show our customers how they can net their risk positions even more efficiently. At Clearstream, the planned investments are focused firstly on further expanding global securities financing. Secondly, we want to leverage Clearstream to position ourselves at an early stage as the leading provider of services as part of the European Central Bank's TARGET2-Securities initiative.

These growth initiatives are accompanied by a new corporate mission and new corporate values. As a globally active company with locations in 15 countries, we have decided to communicate our mission and values exclusively in our corporate language – English. “We make markets work” is our stated aim. Our actions are centred on the values of client focus, dedication, innovation and integrity. This emphasises aspects that have always characterised our business, but that have now taken on strategic importance (see opposite page for details).

Together with my colleagues on the Executive Board, I would like to thank our employees for helping to steer this Company through difficult times with their expertise, ideas and commitment. I would also like to thank you, our shareholders, for the trust you have showed and continue to show in us.

Yours truly,

Reto Francioni  
Chief Executive Officer

# Mission and corporate values

We make markets work

We operate venues for capital market communities – intermediaries, investors and issuers worldwide – our clients. They appreciate our neutrality and the high quality of market services we provide: information, execution, post-trade, risk management, infrastructure.

We manage an integrated group of businesses. They are leaders in their fields. Each of them – in an entrepreneurial spirit – is set for growth. In combination and through valuable partnerships they bring unique innovation to our industry.

We stand for integrity, transparency and the safety of capital markets. We support regulation that advances these qualities.

We are professionals working with dedication. We trust and respect each other in our diversity.

We create the leading global network in capital markets

Client focus is core for our actions. We deliver excellent services and products. We develop strong and sustainable relationships.

Dedication drives our business. We are committed to our company and goals. We work across boundaries to make it happen.

Innovation shapes our industry. We challenge the industry. We search for opportunities by leveraging our businesses.

Integrity is the basis for our relationships. We act honestly and take personal responsibility. We promote the efficiency, transparency and safety of the market.



Since the outbreak of the financial crisis in 2008, the financial markets worldwide have been marching to the beat of a different drum. Whether the crisis is now over or is just entering a new phase, one thing is clear: banks and exchanges are confronted with a changed capital market environment. What strategy is best suited to take advantage of it? Jes Staley, Chief Executive Officer of J.P. Morgan Investment Bank, and Reto Francioni, Chief Executive Officer of Deutsche Börse, give insight into this topic.

## “We need a new set of guiding values: security, integrity, transparency”

Jes Staley and Reto Francioni on strategies for a financial sector in transition

### 2010 – year of transition

**Reto Francioni:** The financial markets have been in a state of flux since the onset of the crisis more than three years ago. The crisis has taken many guises and has gone through several phases. But its previous incarnation has already evolved into a configuration that first started to take shape in 2010. This new capital market environment offers the opportunity to bolster financial market stability, to enhance market integrity and to improve risk management. These three factors are inextricably linked; better risk management increases the stability and integrity of the markets and thus strengthens the economy. Alongside its business aspects, risk management also has a much more significant economic component. At corporate level, too, the earlier a company reacts and

adapts to a new situation, the better positioned it is to take advantage of it. And that is exactly what we are doing at Deutsche Börse Group: we are investing in existing and new risk management offerings for our customers, for example in the field of derivative clearing or interbank trading; we are investing in making our company more international, especially in growth regions such as Asia and Eastern Europe; and we are investing in our technologies in order to bring the security and performance of our trading and settlement systems to a globally leading standard. The success of these endeavours is reflected in our key financial figures – we achieved a satisfactory level of profitability even during the financially difficult times after the crisis. In 2010 our figures resumed their upward trajectory



and we saw a large inflow of liquid assets. This positive trend is a testament to the earnings power of our Group.

**Jes Staley:** Our risk management discipline and “fortress balance sheet” served clients and shareholders well during the recent crisis.

At critical times, we had the financial flexibility to support private and public sector customers with ample liquidity and capital. This strength allowed us to maintain leadership and build momentum through various initiatives that improved our business model. In 2008, at the request of the US government, we acted to stabilise markets and purchased Bear Stearns which added a leading prime brokerage.

We're about halfway through a five year multibillion dollar technology programme that's already producing sizeable efficiency gains and transforming our product offering. Early last year, we acquired Sempra, a leading commodities business with capacity and skills in important physical and financial markets. Post-crisis, the greatest opportunity, and challenge, is to deliver the firm to customers with

increasingly complex global needs. We're reinforcing our already impressive international platform in growth markets to better serve existing and new multinational clients and we've added resources and local markets capabilities in important European, Asian and Latin American countries.

### **Re-regulation – opportunities and challenges**

**Reto Francioni:** As we see it, the most important feature of the new capital market environment is the massively changing regulatory framework. We are undergoing a phase of re-regulation on the financial markets, and it is in the mutual interest of exchanges, banks and the real economy to ensure that this re-regulation does not deteriorate into over-regulation. In order to do this, we need a new set of guiding values. These values are security, integrity, transparency and pricing quality, not instead of – but in addition to – our previous guiding values such as competition, efficiency and innovation, and not only in Europe but worldwide. The financial sector has a global reach, and therefore any effective regulation must also be global in its scope. Something that is also particularly important to us from a regulated market perspective is the review of the EU Markets in Financial Instruments Directive (MiFID). My sincere hope is that this reform brings with it increased transparency standards for the financial markets and creates a level playing field for all market players. The principle of reciprocity must play a key role here. My greatest fear is that the requirements placed on transparency will not be tightened to the extent necessary based on the lessons we have learnt from the financial crisis. Stock exchanges can make a decisive contribution to the required reforms since they stand for integrity, security and transparency on regulated markets.



Jes Staley has been Chief Executive Officer of J.P. Morgan Investment Bank, New York, since 2009.

**Jes Staley:** We also endorse changes that help markets function more safely. Based on what we've seen so far, regulatory reform is clearly a net positive for the economy, the financial system and clients. J.P. Morgan believes higher, but sensible, capital levels are essential. We anticipated greater capital needs a number of years ago and took appropriate measures to strengthen our balance sheet. Our estimated capital ratio already meets the 2019 Basel III minimum target recommendations. We share your concerns about the potential impact of inaccurate or inappropriate rule interpretation. There are literally hundreds of important new regulations that still must be codified through rule-making processes in various jurisdictions. We are working closely with officials worldwide to limit the risks of unintended consequences. Many parts of the firm are involved, with substantial resources dedicated to helping authorities understand financial markets, their nuances, and client behaviour so that we achieve the best outcome for clients and markets.

#### **Important topics in 2011 – electronic trading and transparency**

**Reto Francioni:** A topic that will undoubtedly preoccupy us in 2011 is the ongoing development in the area of electronic trading. There are two key aspects here: on the one hand, the increased speed made possible by computer-generated, so-called algorithmic trading; and on the other, the transparency of electronic trading. Ultimately, algorithmic trading is simply a progression of electronic trading, since it automates the trading rooms of old. In a world fragmented by competition among trading systems, this type of computer-based trading ensures better pricing quality and improves liquidity. There can be no debate that algorithmic and high-frequency trading must be controlled



by security mechanisms, and indeed this is already the case in the EU. That is why we at Deutsche Börse are investing in fast yet secure systems that enable algorithmic trading yet at the same time make it something that can be easily managed and monitored. What concerns me more than the increase in algorithmic trading is the widely observable decrease in market transparency.

**Jes Staley:** There is a relentless pace to global markets. Electronic trading is a good thing and it can be harnessed constructively to add liquidity and to facilitate execution across various dimensions, including price and transparency. High-speed electronic trading is a relatively new frontier, so there is a learning curve we must travel to understand its long-term impact on the market ecosystem. Market makers and ex-

Reto Francioni has been Chief Executive Officer of Deutsche Börse AG, Frankfurt/Main, since 2006.

changes should display leadership and take the initiative to modernise controls in step with market evolution. It's in our interest to be vigilant so that potential problems are elevated quickly and dealt with in cooperation with the appropriate controlling authorities. With the

right partners and tools, electronic markets can be used to provide near limitless flexibility to tailor best execution to suit customers in a fluid 24/7 environment. We're committed to working cooperatively with the world's leading exchanges, other constituents and officials to preserve orderly, healthy markets in a technology-driven world.

#### **Long-term outlook for banks and stock exchanges**

**Reto Francioni:** I am basically optimistic about what the future holds for exchanges: exchanges are part of the solution and not part of the problem. Our neutrality is an extremely important advantage. We do not manage conflicts of interest; we avoid conflicts of interest. This stands us in good stead, for example, when clearing our clients' transactions via the central counterparty Eurex Clearing. We act as buyer on behalf of the seller and as seller on behalf of every buyer, we simultaneously create anonymity and transparency, and we minimise trading risks by measuring them and demanding appropriate security measures from the members of our clearing house. If we ourselves were implicated in these risks, we would possibly not do this to the necessary extent.



**Jes Staley:** Emerging growth economies are capturing a greater share of global gross domestic product. A rebalancing of economic activity should favour global firms and complementary regional participants. This is a secular trend which promises explosive new business formation, greater demand and competition for capital, larger flows, more issuers and investors from varied domiciles, and terrific opportunities for banks and exchanges to serve needs locally, regionally and globally. We'll have plenty to do as volumes increase and markets become more interconnected in a virtuous cycle. Customers expect leadership from participants like Deutsche Börse and J.P. Morgan. I think the future is promising indeed.

**Reto Francioni:** Strong leadership is a good keyword. Strong leadership is also necessary to reinforce the significance of the primary economic role that stock exchanges play. Stock exchanges ensure the security and integrity of the markets, and their pricing function heightens the economic allocation efficiency. In addition to this is their primary market function: stock exchanges pave the way for companies from the real economy to more equity. The market for new listings is and will remain important – and it's the stock exchanges that organise this market.



# New perspectives – for security and integrity on the capital markets

**The capital markets worldwide are undergoing profound change. Like every change, this one also offers new opportunities to those who are prepared to alter the way they think and adapt their strategy sufficiently early. So it is time for new perspectives: for Deutsche Börse Group as well as for the markets in general and their political environment.**

The financial crisis has radically changed the capital market environment. The political climate has shifted and the public is more critical of the financial sector than it was in the past. Changes in the regulatory framework are part of this shift: bans on short selling and the tougher capital requirements of the Basel III recommendations are two examples that will ultimately limit market participants' options. Furthermore, competition between stock exchanges and off-exchange trading platforms has become fiercer. However, the increased appreciation of risk management, security and integrity by investors and regulators also offers new opportunities for stock exchange organisations, because these are just the areas where they can play to the strengths of their business model.

Just like its customers, Deutsche Börse Group must find its way in this changed environment. There is no way round it. To master the challenges and seize the opportunities that this new environment offers, Deutsche Börse is defining new focus areas and strengthening its international presence.

## Effects of the financial crisis

How does the financial crisis impact Deutsche Börse Group's business? It has had three main consequences: changes to the market structure, changes in regulation and a greater significance of cost discipline.

### Market structure with a stronger role for central counterparties in the future

Since the financial crisis, the risk that a major market participant could default is no longer a purely hypothetical scenario: the collapse of Lehman Brothers in 2008 was a serious test of the stability and functioning of the financial markets. The regulated markets passed this test thanks to their risk management by their associated central counterparties. This applies in particular to Eurex Clearing, Deutsche Börse Group's central counterparty. The significance of central counterparties for the markets worldwide will therefore increase.

### Regulation imposes stricter requirements on market participants and operators

The turmoil on the bond markets has also had repercussions for the stock markets. Calls for regulatory restrictions for markets were discussed at a national, European and global level, and in some cases were also implemented at a purely national level, as with the above-mentioned bans on short selling. What has also become clear is that Deutsche Börse Group's trading, clearing and settlement systems held up very well against the extreme demands in the peak volatility periods, and thus at least minimised operational risks for the trading participants.

Banks have to expect higher capital requirements and restrictions on off-exchange trading in certain asset classes, which legislators worldwide want to use to minimise systemic risks in the financial sector. Deutsche Börse supports its customers through specific solutions, including and specifically focusing on off-exchange trading and will continuously extend these services.

The EU “Markets in Financial Instruments Directive” (MiFID), which has been in force on the member state level since November 2007, has set in motion another development: the fragmentation of trading into regulated markets and less regulated trading platforms, in particular multilateral trading facilities (MTFs). The market share of off-exchange trading platforms in Europe has consequently increased continuously. Interestingly enough, however, this has not led to economic success for the owners; some of them have already withdrawn from the market again. It is also questionable whether they have always contributed to the security and integrity of the markets – at least in the case of those off-exchange platforms that are largely unregulated. In consequence, the fragmentation of markets in Europe has increased and with it, to a certain extent, also the complexity and the lack of transparency for investors.

#### **Cost discipline creates new opportunities**

In 2009, the trading volume on Deutsche Börse Group’s cash and derivatives markets saw a massive decline as customers had cut back their activities in the wake of the financial crisis. The Group laid the foundations for changing the structure of its cost base at an early stage. In addition to the increased efficiency of core processes, the main focus is on redirecting resource streams to growth areas.

This will allow Deutsche Börse Group to increase its investments in the development of new products and services in all business segments to take advantage of the structural growth drivers. Structural growth drivers include the increased importance of central counterparties on the derivatives markets, the rising demand for European products among Asian investors, or the greater use of collateralised solutions in securities lending. A significant revenue contribution is expected in the coming years from the new initiatives, for example in the areas of clearing and risk management.

## Deutsche Börse’s strengths

Deutsche Börse Group is well equipped not merely to survive in the new capital market environment, but to prosper in it. Its most important strengths are: neutrality, risk protection, technology leadership and liquidity.

### **Neutrality**

Deutsche Börse is neutral and free from conflicts of interest with its customers: it acts as a guardian of the interests of both issuers and investors in equal measure. Exchanges offer their participants regulated and supervised platforms and networks, where they get equal and fair access to information, liquidity and assets – both in trading and in settlement.

### **Risk protection**

As a counterparty with a low risk profile, Deutsche Börse protects its customers’ assets. The Group therefore also supports and benefits from regulatory reforms and efforts to shift off-exchange business to a greater extent to transparent and regulated markets in order to prevent future financial crises.

### **Technology leadership**

With its trading, clearing and settlement systems, Deutsche Börse Group continues to be one of the industry’s technology leaders worldwide and is continuing to invest in expanding this leading role. One particular advantage this has for the customers is the coordinated enhancement of these systems, which is only possible in an integrated business model.

### **Liquidity**

On its trading platforms, Deutsche Börse has optimum liquidity coupled with transparency and market integrity. Deutsche Börse is also building on this position of strength by adding new market participants. The integrated business model and its end-to-end coverage of the value chain enable Deutsche Börse to leverage synergies.

## Strategic focus areas

There are four dimensions to Deutsche Börse's growth strategy:

- expanding the current business: strengthening the business model and the market position, as well as achieving economies of scale and synergies across all business segments
- opening up new product segments: commodity products such as energy and emission rights, clearing of off-exchange traded derivatives
- developing new growth areas such as Asia, Eastern Europe and South America
- expanding the value chain, for example through risk management services

Within these growth dimensions, Deutsche Börse Group is defining three focus areas for the next three years: first of all, opening up the Asia-Pacific growth region, secondly developing new products and services at all levels of the value chain – on-exchange and off-exchange – especially in the area of risk management, and thirdly, upgrading its trading infrastructure.

### Opening up the Asia-Pacific area

Asia has become the growth driver of the global economy. Mainland China in particular, but also financial centres such as Hong Kong and Singapore, offer huge potential for exchange organisations. Deutsche Börse Group is already well represented in the region, above all by Clearstream, its settlement and custodian services provider. However, it is planning to expand its presence in the post-trading area in Asia by means of its new business establishment in Singapore in particular. In Asia, the Eurex derivatives exchange is focusing on product distribution and long-term business development. For this purpose, Eurex has representative offices in Hong Kong, Singapore and Tokyo (a list of all locations of Deutsche Börse Group offices can be found on pages 258 to 259).

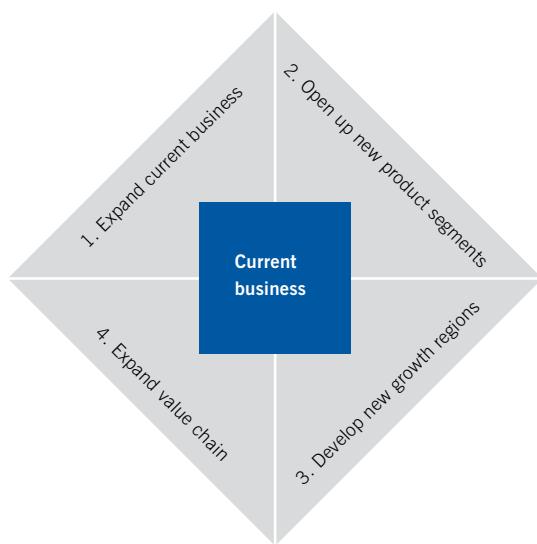
### Development of new products and services

Deutsche Börse Group is developing new products and services in all business segments so as to benefit from the structural growth drivers. Some of these products, such as the joint funds trading launched by Xetra and Clearstream, were jointly developed by several business segments. This is a further indication of the advantages of Deutsche Börse's integrated business model.

More and more new products and services are also being developed for the off-exchange area. Risk management is another aspect. Deutsche Börse can offer its customers significant added value in this area as well: financial instruments and information products to minimise market risk, offerings for over-the-counter (OTC) and interbank trading to manage counterparty risk, reliable settlement and secure systems to minimise operational risk – risk management has always been an important aspect of Deutsche Börse's activities. Its significance will increase in the future as both investors and regulators require solutions for enhanced market security and integrity.

One example of this is the GC Pooling® growth area: Deutsche Börse Group offers its customers a collateralised solution for the interbank market via Eurex Repo® and Clearstream. GC Pooling's trading volume recorded a double-digit increase in recent years. Similar to the central counterparty for OTC trading (OTC CCP), a new offering that Clearstream has developed together with Iberclear, its counterpart in Spain, is aimed at the off-exchange area: REGIS-TR, a European database for OTC transaction data. It is designed to increase transparency in the market, thus reducing systemic risk.

Four dimensions define Deutsche Börse's growth strategy



#### Dimensions with examples

- 1. Expanding the current business**
  - Investments in new trading technology
  - Functional service enhancements
  - Cooperation with partners
- 2. Opening up new product segments**
  - Gold, energy and emission rights
  - Clearing for off-exchange derivatives
- 3. Developing new growth areas**
  - Asia
  - Eastern Europe
  - South America
- 4. Expanding the value chain**
  - Risk management services
  - Investment decision services

There are also similar extensions to Deutsche Börse's classic business fields in the market data business. For example, AlphaFlash®, a data stream for distributing price-sensitive news in real time, is aimed at new end customers (see page 25 for details).

#### Upgrading technology

The development of a new trading infrastructure for Deutsche Börse Group's trading systems lies at the heart of the current strategy in the information technology area. In 2011, the US options exchange International Securities Exchange (ISE) will migrate its market to the new trading system, with additional Group markets being able to follow (see page 27 for more details).

Deutsche Börse is no longer simply a stock exchange that makes markets ever more efficient. Deutsche Börse is not even just a stock exchange that organises markets. Deutsche Börse also organises clearing, settlement and custody, and it distributes valuable market information in real time. The financial crisis has demonstrated that there is a trade-off between efficiency, important as it still is, and security and integrity. Security and integrity – and therefore also risk management – in turn will be the governing principles of the new paradigm that is now emerging after the financial crisis. Deutsche Börse Group's offering is leading-edge. It is not part of the problem, but part of the solution.

## Xetra

Deutsche Börse provides listing, trading and clearing services for issuers, intermediaries and investors in the cash market via its Xetra business. Xetra provides efficient access to capital markets, supports cutting-edge trading techniques and offers an ever-growing range of tradable securities. Investors from Europe and around the world can buy and sell financial instruments here in all major asset classes: over 11,000 equities from German and international issuers, more than 26,000 fixed-income securities, 700 index funds, around 2,800 actively managed mutual funds and more than 550,000 certificates and warrants. Xetra executes orders at the best possible price and offers transparency and speed at low trading costs. With Eurex Clearing AG, Deutsche Börse has an integrated clearing house which ensures that trades are fulfilled: the risk of counterparty default is mitigated through the use of a central counterparty, which also guarantees the reliable clearing of executed transactions.

In addition to trading on Xetra, Deutsche Börse's cash market segment organises trading on the floor of the Frankfurter Wertpapierbörsen (FWB®, Frankfurt Stock Exchange) and, since the beginning of 2010, holds a majority in Tradegate Exchange, a trading platform that is specially geared towards meeting the needs of private investors. Investors can trade certificates and warrants via Scoach, the European exchange for structured products.

**€262.3 million**  
sales revenue

**€105.1 million**  
EBIT

**249**  
trading institutions with more than 4,500 connected terminals and traders in 18 countries

**€1,316 billion**  
trading volume (Xetra®, floor trading, Tradegate)

**189.4 million**  
transactions executed on Xetra

**Over 590,000**  
tradable financial instruments

## Xetra trading even more powerful

Speed, security and resilience are essential parameters in competition between exchange organisations. The trading system's speed and data throughput were increased significantly in 2010 thanks to interface extensions. At the same time, clearing on Xetra was further expanded via the central counterparty operated by Eurex Clearing. To diversify risks, trading participants who have transferred their back office activities to a clearing bank may commission a second clearing bank to clear their transactions.

Deutsche Börse plans to further enhance its Xetra trading system in 2011: in addition to measures to increase system capacity and trading speed, a new FIX protocol-based interface will be introduced. This will give participants an additional simple and standardised means of accessing Xetra. Integrating the trading system in participants' infrastructure will be made significantly easier and more flexible thanks to the availability of this open industry standard. Xetra will also expand the data centre's capacity so as to offer customers an even wider range of services.

## Trading opportunities for investors all over Europe

Deutsche Börse AG aims to provide investors all over Europe and beyond direct access to a unique range of products comprising more than 590,000 instruments. All floor trading in Frankfurt will be executed by Xetra specialists as of May 2011. Investors will then benefit not only from this market model's high liquidity, but particularly from the elimination of brokerage fees. By switching to the Xetra specialist model, Deutsche Börse is strengthening its position amid increasing competition on the European market, as all trading institutions connected to Xetra from all over Europe will now have access to all securities, many of which had until now only been

accessible via floor trading. The European offering will be complemented by Tradegate Exchange GmbH, an exchange geared towards meeting the needs of active private investors. Tradegate Exchange offers its European customers binding quotes that are executed immediately and in full, extended trading times, free real time price data and a wide variety of intelligent order types.

## Tailored ways to raise capital

Through its differing transparency standards, Deutsche Börse offers tailored frameworks for accessing the capital markets above and beyond the statutory market segments. In 2010, the Entry Standard celebrated its fifth anniversary as the gateway to the capital markets, particularly for middle-market companies. A listing in this market segment enables companies from Germany and abroad to raise equity easily, quickly and cost-effectively. As of the beginning of 2011, companies seeking capital will also be able to place bonds on Deutsche Börse's Entry Standard and thus obtain outside capital. Obtaining debt capital has become more difficult for middle-market companies since the financial crisis; the "Entry Standard for corporate bonds" offers them new financing opportunities – with proven transparency requirements and within a reliable regulatory framework.

In 2010, another form of financing was in particular demand from companies already established on the capital markets: raising equity by increasing their existing share capital. Xetra proved its worth as a trading platform here, as demonstrated – for instance – by the trading volumes in subscription rights in connection with the successful capital increase by Deutsche Bank (€2.0 billion).

# Eurex

Eurex consists of five companies: Eurex Exchange, International Securities Exchange (ISE), Eurex Clearing, Eurex Bonds and Eurex Repo. Efficiency and security along the entire value chain, liquidity as well as a wide range of products and services have made Eurex into a leading global provider of trading and clearing services in the derivatives market.

Eurex Exchange, the German/Swiss derivatives exchange, provides global electronic access to some 1,500 exchange-traded derivatives in a growing number of asset classes. Added to this are more than 2,200 products offered by the US-based International Securities Exchange, one of the world's largest equity options exchanges.

Eurex Clearing is Europe's leading central counterparty and offers clearing services for derivatives, repos, equities and fixed-income securities for both exchange-traded and off-exchange (over-the-counter, OTC) transactions. The clearing house sets standards in risk management quality and effectiveness through real-time clearing.

Eurex Repo, as a marketplace for collateralised financing, and Eurex Bonds, as an OTC bond trading platform, complete Eurex's wide range of services.

**€858.7 million**

sales revenue

**€448.7 million**

EBIT (adjusted for impairment charge)

**572**

participants, including 412 at Eurex Exchange with more than 8,500 traders in 28 countries, and 160 participants at ISE

**2,642.1 million**

contracts traded at Eurex and ISE

**Over 3,700**

tradable products, including around 1,500 futures and options on Eurex Exchange and more than 2,200 options on ISE

**1,994.7 million**

transactions processed by Eurex Clearing

**€8,320 billion**

of market risk cleared via Eurex Clearing  
(monthly gross)

## Stronger presence in Asia

The distribution network of Eurex Exchange gives market participants global access to liquidity, regardless of their location. Expansion in 2010 focused on the growth regions in Asia. March saw the first Chinese broker start trading via Hong Kong. The first Japanese broker had already started trading from Singapore in January. In September, five new participants from Taiwan were connected for the first time. The trading volume attributable to participants from the Asia-Pacific region in 2010 increased by 30 percent compared to the previous year.

The Trader Development Program allows traders to use the order routing systems of existing participants to trade on Eurex as an alternative to direct membership. Hence, more than 260 new traders were acquired worldwide last year. At the end of the year, over 600 of more than 8,500 licensed traders were thus connected to Eurex® via order routing systems as part of the programme.

## Diversified trading opportunities with new products

Eurex Exchange launched around 200 further equity index, ETF, dividend, volatility and commodity derivatives and a futures contract on short-term Italian government bonds in 2010. Exchange-traded derivatives on equity dividends, a relatively new asset class, are particularly popular on the market: a total of 4.5 million contracts were traded in 2010.

When launching new products, Eurex Exchange stepped up its cooperation with partner exchanges such as the Korea Exchange, the Bombay Stock Exchange and the Singapore Exchange. This means, for example, that Eurex participants now have access to derivatives on the

blue-chip KOSPI 200 and SENSEX indices. Futures and options on the EURO STOXX 50® index are tradable in US dollars in Singapore, this extends the user base for Europe's most liquid index derivative in Asia. Participants also benefit from improved trading opportunities thanks to optimised wholesale functions that allow OTC-traded contracts to be entered for clearing.

On the collateralised money market, Eurex Repo, together with Clearstream, successfully expanded its offering in January 2010 with a facility for accessing collateralised US dollar liquidity. Since November, customers who participate in GC Pooling® trading at Eurex Repo can also use GC Pooling collateral to meet other Eurex Clearing collateral obligations.

## Increased risk protection

Security and integrity of the financial markets are closely linked to effective risk management. Eurex's innovative technology makes a significant contribution to this. Eurex Clearing has been clearing outstanding derivative trading positions in real time since June 2009. Since March 2010, the clearing house has been making the risk data determined in this way available to its clearing participants also in real time via the "Enhanced Risk Solution" interface. This offering was expanded by "Advanced Risk Protection" in November: clearing participants can use this function to define individual risk limits that are then checked automatically. Thanks to these innovative solutions, Eurex participants enjoy transparency and precise control over all open positions and related trading risks at all times.

# Clearstream

Clearstream celebrated its 40th anniversary in 2010. Formed in 1970 to provide book entry settlement to the Eurobond market, Clearstream rapidly expanded to meet the market's needs for a full post-trade service for international securities. In the 1990s, Clearstream became a full bank and began to provide global custody services to financial institutions across the globe, covering not only international securities, but also domestic securities markets. By the end of 2010 its network extended to 49 markets worldwide. In 2000, Clearstream merged its international central securities depository (ICSD) business with Germany's CSD to form the world's first full service post-trade infrastructure provider.

The market space in which Clearstream operates the settlement and custody of securities of all asset classes, is one which is undergoing enormous structural change, especially in Europe. With a customer base of over 2,500 financial institutions worldwide and a great reputation for excellent service, Clearstream is well positioned to strengthen its market position and its performance in the emerging post-trade landscape.

Clearstream plays an important role in mitigating risk and is awarded AA credit ratings by the major international rating agencies. In 2010, it was top-rated in the "Global Custodian" magazine's "Agent Banks in Major Markets Survey" for the seventh year running.

**€760.7 million**  
sales revenue

**€299.3 million**  
EBIT

**More than 2,500**  
customers in over 110 countries

**€10.9 trillion**  
assets under custody (bonds, equities, funds and gold), yearly average

**116.4 million**  
settlement transactions processed

**€521.6 billion**  
monthly average outstandings for Global Securities Financing (GSF) services

**80,000**  
investment fund share classes (individual ISINs) available for order routing through Vestima<sup>+</sup>

## Adding value

In Europe, the long promised goal of a single settlement infrastructure is now in sight. Complementing the harmonisation objectives of the European Commission, the European Central Bank plans to offer a single settlement infrastructure, TARGET2-Securities (T2S), to Europe's CSDs in 2014. Competition which will benefit Clearstream: Clearstream is well positioned to offer its customers unparalleled access to Europe's domestic markets both by virtue of its counterparty reach and its commitment to delivering market-relevant products which add real value to its customers. Clearstream offers particular expertise in collateral management services through its global risk management and liquidity hub which will help to differentiate its offering.

Clearstream's Cross Border Services has significantly expanded market penetration in 2010, offering customers the opportunity to settle pan-European securities trades in central bank money even before TARGET2-Securities becomes a reality.

## Creating partnerships

Clearstream believes that in a heavily networked industry, partnerships are an important means of building both scale and scope. Cross Border Services was built on the back of Clearstream's investment in Link Up Markets, a joint venture of currently ten CSDs launched in 2008 by seven CSDs. In July 2010, LuxCSD S.A. was incorporated by Clearstream and the Banque Centrale du Luxembourg. It will provide Luxembourg's financial community with issuing and central settlement as well as custody services for a wide range of securities including investment funds. The new CSD will allow seamless interoperability between Clearstream's international and domestic markets and provide a gateway to T2S.

In June 2010, Clearstream and CETIP, the Brazilian CSD, agreed to jointly develop and distribute triparty collateral management services, thus increasing the safety and integrity of interbank markets. The partnership paves the way for a real-time and multi-timezone collateral management insourcing offering in response to the growing trend for global consolidation of these activities.

REGIS-TR is a new trade repository created jointly by Clearstream and Bolsas y Mercados Españoles (BME). It will register and administer customers' over-the-counter (OTC) contracts giving market participants and regulators a consolidated view of positions, thereby supporting EU policy makers in their endeavour to improve the transparency of OTC markets.

## Moving into new asset classes

Not only has Clearstream expanded into other asset classes, building a commanding lead in the processing and servicing of international investment funds, for example, but it has also combined the newer asset classes with its collateral management edge to address key risk management needs of the market. In November 2010, Clearstream added equities and investment funds to its triparty repo service, enabling customers to reuse those asset classes as collateral and thereby secure financial transactions involving counterparty risk.

In October 2010, Clearstream launched Global Emission Markets Access – GEMA®, which makes carbon rights available to customers as a new asset class with no requirement for system or connectivity developments.

# Market Data & Analytics

Extensive information and analysis instruments are essential for successful participation in the international capital markets. Market Data & Analytics provides indices as underlyings for financial products or as benchmarks used by funds, for example, as well as trading signals, master data and statistics. The information comes mainly from Deutsche Börse's trading systems or its own research. It is offered both as raw output and in edited form following analyses.

The three key customer groups are: firstly issuers, who mainly use indices as underlyings for derivative financial products; secondly capital market participants and investment advisors, who use real-time price information and financial news to make their buy and sell decisions and recommendations; and thirdly securities trading houses, who require precise reference and company-specific master data for risk management and to ensure error-free settlement. The segment's innovative strength is reflected in the fact that some 15 percent of its sales revenue is generated with products that have been on the market for less than three years.

**€224.6 million**  
sales revenue

**€128.0 million**  
EBIT

**Around 3,200**  
customers in 162 countries

**6,100**  
indices calculated, 897 of which for the first time  
in 2010

**183,000**  
financial instruments worldwide use an index  
disseminated by Deutsche Börse

**670 million**  
trading data items are distributed daily to the market  
participants (average)

## Successful integration of STOXX

Following the acquisition of the shares held by Dow Jones in STOXX Ltd. by Deutsche Börse AG and SIX Group AG in December 2009, the past year was shaped by the reorganisation and integration of the index provider. STOXX calculates, develops and distributes some 2,700 indices worldwide; Deutsche Börse manages approximately 3,400 indices. The customers are primarily managers of passive funds and issuers of structured products such as warrants. Investors also use the indices as a benchmark for investment performance. The index business market environment performed well in 2010: noncurrent assets in exchange-traded funds on Deutsche Börse and STOXX indices increased by 17 percent to €60.9 billion. Worldwide, approximately 183,000 structured products were issued on indices of Deutsche Börse and STOXX. DAX® and EURO STOXX 50® were among the top 5 most popular underlyings on the derivatives markets worldwide. The key to success is the indices' clear focus on tradability and their strict rule-based approach. As part of the intended further international expansion, STOXX expanded its range of global indices.

## Expansion of the algo trading offering

In 2010, Market Data & Analytics focused on expanding its algorithmic trading offerings. AlphaFlash®, the fastest data stream for machine-readable publications relevant for trading, was launched in April 2010. It provides data such as unemployment figures, key interest rate changes

and consumer price indices, based on news items published by the news agencies Market News International and Need to Know News, which belong to Deutsche Börse Group. This market-moving information is fed directly into algorithmic trading applications via Deutsche Börse's high-speed network. To render this service possible, Market Data & Analytics significantly expanded connection facilities in Europe and Asia. AlphaFlash® Monitor, a new, web-based application to transmit macroeconomic indicators to trading screens within milliseconds of their release, was launched in June 2010.

## Expansion of proprietary reference data

The expansion of reference data that are sourced directly from Deutsche Börse Group's systems, launched in 2009, continued in 2010 and led to a significant improvement in earnings. Additional revenues from this content accounted for 11 percent of the increase in sales revenue of the Back Office Data & Analytics business. In addition, the year-on-year increase in trading activity boosted demand for the TRICE® service, which Deutsche Börse uses to support securities firms in meeting their statutory reporting requirements.

# Information Technology

Deutsche Börse is a leading international full-service provider for the development and operation of trading and settlement systems. Deutsche Börse's IT division operates 27 trading venues and exchanges worldwide as well as a global network to settle orders linked to 49 markets from its locations in Frankfurt, Eschborn, Luxembourg, Prague, Chicago and New York.

Deutsche Börse Group's systems again exceeded the defined requirements in 2010. Availability of the systems for the derivatives and cash market, the central clearing counterparty and the settlement, custody and information distribution systems was again more than 99.99 percent. In order to ensure that data traffic speed and reliability continue to be at this high level in the future, Deutsche Börse IT, together with its strategic partner Equinix, is expanding its data centre capacity. This will allow Deutsche Börse Group to do justice to the increasing number of its co-location customers, who locate their computers in close proximity to Deutsche Börse's system servers, and to meet their growing needs. The past year was also characterised by the development of the new common platform for the Group's trading systems.

**Over 99.99 percent**  
availability of the Xetra® and Eurex® trading systems

**1,080,621,220**  
Eurex quotes as peak load on one day

**Less than 0.7 ms**  
latency for the fastest Eurex installations  
(average in December 2010)

**37.1 million**  
international transactions settled without default  
in 2010

**99.85 percent**  
of these instructions settled in less than 5 minutes

## Joint platform for the Group's trading systems

In 2010, Deutsche Börse Group drove forward the development of its uniform technical platform for its trading systems and brought the platform to production readiness. Deutsche Börse is introducing a new, state-of-the-art architecture using this common Linux-based platform. The platform offers a high level of flexibility and can be tailored to meet the requirements of different markets. It sets new standards for latency and performance. Like the existing trading and settlement systems, the new platform is a product "made by Deutsche Börse Group", in this case by a team from the International Securities Exchange (ISE) and Deutsche Börse IT.

Starting in the second quarter of 2011, ISE will be the first stock exchange to move its US equity options trading to the new platform. A system's capacity and latency, as well as its agility, i.e. the ability to react quickly to requests for functional enhancements, play a central role, particularly in the competitive US equity options market. In this context, the platform's modular design and the reusability of central system components also pay off and result in an efficient migration process. Standardised interfaces to the trading systems will significantly reduce customer costs in future from the introduction of new software and the migration of existing backend systems to the new platform. The ramp-up time needed to launch new releases will also be noticeably shorter.

## More flexibility at lower costs

During the course of the year, the existing Unix-based IT systems were migrated to Linux at the same time as the new trading platform was being developed. This migration will increase system performance and enhance flexibility, while at the same time reducing operating and maintenance costs. The initiative is a further step towards a common standardised IT platform for Deutsche Börse Group.

## Strategic project partner

Deutsche Börse Group's central strategic projects are always based on an IT infrastructure that reflects and drives forward the strategy. For example, this is how the number of securities that can be used in the liquidity hub as collateral was increased and the range of securities lending services was expanded. The cross-border interoperability of the Frankfurt-based central securities depository with other partners was improved to expand Clearstream's cross-border services. Additional functionalities strengthen the Central Facility for Funds (CFF®), Clearstream's solutions concept for the standardised and hence efficient settlement of investment funds. Customers praised Deutsche Börse's information technology and, for example, voted Clearstream as the best provider in a survey carried out by the "Global Custodian" magazine.

# Group staff

**Deutsche Börse Group has also become more international in the past financial year. The diversity of its 3,490 members of staff reflects the diversity of its customers: 66 nations worldwide are represented by the workforce. Deutsche Börse also has staff with a wide variety of educational backgrounds. Although the main focus is on IT specialists and business administration graduates, there are also lawyers, mathematicians, historians, media studies graduates and philosophers working at Deutsche Börse. The Group offers all of them development opportunities worldwide. Thus, the employees can broaden and round off their qualifications, while earning an attractive salary.**

## Shaping the future

Well educated, flexible and highly motivated staff are key factors for the Group in developing new growth areas in the future. However, as a result of changes in the competitive environment, systematic cost management is also of central importance for Deutsche Börse. This mainly relates to the reduction of non-personnel costs, but staff costs must also contribute to the cost budget as part of the "Optimisation of Management Structure" programme. Approximately 20 percent of the management positions in Frankfurt/Eschborn, Luxembourg and other locations were cut during the year under review. Additionally, as part of the "Excellence" efficiency programme, the Group intends to cut or relocate more than 240 job positions which are primarily based in the Frankfurt/Eschborn and Luxembourg locations by the end of 2013, besides reducing non-personnel costs.

In this context, the Company worked together with the employee representative bodies to set up "Voluntary Leaver" programmes in Frankfurt/Eschborn and Luxembourg to help Group staff seek new challenges outside Deutsche Börse Group with the help of generous start-up support. In addition, Group staff are being offered new opportunities to structure both their weekly and their lifetime working

hours more flexibly: one example is an opportunity for sabbaticals of up to two years, during which they will receive financial support; another is the increased promotion of part-time work and early retirement.

Management and employee representatives at both the Frankfurt/Eschborn and Luxembourg locations signed all the agreements in 2010 needed to implement the measures planned as part of the Excellence programme. Socially responsible implementation and respect for the needs of the staff members affected are important for both sides – natural fluctuations, voluntary leaver programmes and internal job exchanges are designed to help to find appropriate solutions. The prospects of a success of Excellence are good: mutual solutions which come into effect at the end of Q1/2011 were found for three-quarters of the employees.

## Expanding management development instruments

In the past year, Deutsche Börse took further steps to develop the skills of its management staff: among other things, a potential analysis and a succession planning concept ("name to box") were added to the existing annual performance review system at senior executive level. The systematic selection process for management positions was enhanced and, with that, made more objective. All of these measures are also designed to increase the number of qualified women in management positions at Deutsche Börse in the medium term. In addition, Deutsche Börse will improve current workplace conditions to make it easier for women in particular to reconcile their work life with their family life. This will be achieved, for example, by an extended emergency childcare service, but above all by more flexible working hours and improved telecommuting.

The systematic development of female employees underlines the high importance that Deutsche Börse places on the diversity of Group staff. In addition to gender, cultural background, national origin and educational background are key criteria here. Deutsche Börse sees diversity as an advantage and recognises that it offers an opportunity to meet the demands of the diversity of its globally active customers more effectively, to more easily develop forward-looking products and to intensify dialogue with the various stakeholder groups in its social and political environment. This is particularly important as Deutsche Börse is now present in 19 locations in Europe, America and Asia.

The steady internationalisation of the Company is a core element of Deutsche Börse Group's strategy. It wants to develop new markets and become closer to its new customers abroad, in particular in Asia, where it already has branches in Hong Kong and Singapore. Nevertheless, Deutsche Börse also sees itself as a company that is firmly rooted in Europe, with its Group headquarters in Frankfurt/Rhine-Main.

## Learning in and outside the Company

Training and continuing professional development are still Deutsche Börse's top priority. Group staff are encouraged to continuously expand on and update their knowledge of the way in which financial markets work and to improve their project management, negotiating and team-leading skills. In addition to a possible career as a manager, there are also opportunities for promotion in the expert or project manager career paths. Deutsche Börse specifically supports lateral transfers to other departments or business areas at the same hierarchy level.

For ten years now, there has been a "high-potential circle" in the Group that aims to recruit new management talent internally: as part of this programme, development centres, personal mentors, project work and specific seminars prepare younger, particularly motivated and capable Group staff for higher-level positions.

Selected Group employees also have an opportunity to improve their career prospects by attending part-time masters programmes offering practice-driven degrees, while at the same time bringing new knowledge to the Company.

## YouNovate generates new ideas

Deutsche Börse has established a central point of contact as a catalyst for generating new ideas such as product innovation or efficiency measures. This enables Group employees from all locations to submit their suggestions and ideas and to discuss them. The aim is to make better use of the workforce's creative potential and to quickly implement valuable suggestions. The YouNovate electronic programme lies at the heart of this innovation management system, allowing Group employees to submit and discuss their ideas on the Intranet, as well as to have them evaluated. Last year, 483 ideas were submitted using this channel, 39 of which have been implemented so far.

## New headquarters in the heart of the Rhine-Main region

Group headquarters moved into "The Cube", its new building in Eschborn near Frankfurt, at the end of 2010. Deutsche Börse benefits not only from the significantly lower trade tax rates there, but also from an excellent infrastructure. Group staff at headquarters have the advantage that they are united under one roof again – the single location makes communication easier again.



R. Francioni

J. Tessler

F. Gerstenschläger

G. Pottmeyer

M. Kuhn

A. Preuss

# Executive Board members and their appointments to supervisory bodies of other companies

## Reto Francioni, born 1955

Prof, Dr jur  
Frankfurt/Main  
Chief Executive Officer, Deutsche Börse AG

- Clearstream Holding AG  
(Chairman)
- Deutsche Börse Systems AG  
(Chairman)
- Eurex Clearing AG  
(Deputy Chairman)
- Eurex Frankfurt AG  
(Deputy Chairman)
- Clearstream International S.A.  
(Chairman of the Board of Directors)
- Eurex Zürich AG  
(Deputy Chairman of the Board of Directors)

## Andreas Preuss, born 1956

University degree in Economics  
(Diplom-Kaufmann)  
Frankfurt/Main  
Member of the Executive Board and  
Deputy Chief Executive Officer,  
Deutsche Börse AG  
responsible for the Derivatives & Market  
Data division

Member of the Executive Board,  
Clearstream Holding AG  
(until 17 June 2010)

Chief Executive Officer,  
Eurex Clearing AG  
Chief Executive Officer,  
Eurex Frankfurt AG  
Chief Executive Officer,  
Eurex Zürich AG  
Member of the Management Board,  
Eurex Deutschland  
Member of the Management Board,  
Eurex Services GmbH

- Clearstream Holding AG  
(Vice Chairman, since 17 Aug. 2010)
- Phineo gAG, Berlin  
(Deputy Chairman, until 10 Aug. 2010)
- Bombay Stock Exchange Limited  
(Member of the Board of Directors,  
Shareholder Director, since 30 March 2010)
- International Securities Exchange, LLC  
(Member of the Board of Directors,  
until 15 June 2010,  
Vice Chairman of the Board of Directors,  
since 16 June 2010)

- International Securities Exchange Holdings, Inc.  
(Member of the Board of Directors,  
until 15 June 2010,  
Vice Chairman of the Board of Directors,  
since 16 June 2010)
- U.S. Futures Exchange LLC  
(Member of the Board of Directors,  
until 31 Dec. 2010)

## Frank Gerstenschläger, born 1960

University degree in Economics,  
Business Administration and Engineering  
(Diplom-Wirtschaftsingenieur)  
Darmstadt  
Member of the Executive Board,  
Deutsche Börse AG  
responsible for the Xetra division

Chairman of the Management Board,  
Frankfurter Wertpapierbörsen

- Clearstream Banking AG
- Clearstream Holding AG  
(until 17 Aug. 2010)
- Deutsche Börse Systems AG
- Clearstream International S.A.  
(Member of the Board of Directors,  
since 15 Nov. 2010)
- Scoach Holding S.A.  
(Member of the Board of Directors)

## Michael Kuhn, born 1954

Dr-Ing  
Frankfurt/Main  
Member of the Executive Board,  
Deutsche Börse AG  
Chief Information Officer  
responsible for the Information Technology  
division

Chief Executive Officer,  
Deutsche Börse Systems AG  
Member of the Executive Board,  
Clearstream Holding AG  
(until 16 Aug. 2010)

- Eurex Clearing AG
- Eurex Frankfurt AG
- Clearstream Services S.A.  
(Member of the Board of Directors)
- Deutsche Boerse Systems Inc.  
(Member of the Board of Directors)
- Eurex Zürich AG  
(Member of the Board of Directors)
- International Securities Exchange, LLC  
(Member of the Board of Directors)

## Gregor Pottmeyer, born 1962

University degree in Economics  
(Diplom-Kaufmann)  
Frankfurt/Main  
Member of the Executive Board,  
Deutsche Börse AG  
Chief Financial Officer

- Clearstream Holding AG  
(since 17 Aug. 2010)
- Eurex Clearing AG
- Eurex Frankfurt AG
- Clearstream International S.A.  
(Member of the Board of Directors)
- Eurex Zürich AG  
(Member of the Board of Directors)

## Jeffrey Tessler, born 1954

MBA  
Luxembourg  
Member of the Executive Board,  
Deutsche Börse AG  
responsible for the Clearstream division

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

- Clearstream Banking AG  
(Chairman)
- Deutsche Börse Systems AG  
(Deputy Chairman)
- Clearstream Banking S.A.  
(Chairman of the Board of Directors)
- Clearstream International S.A.  
(Deputy Chairman of the Board of Directors)
- Clearstream Services S.A.  
(Chairman of the Board of Directors)

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

As at 31 December 2010 (unless otherwise stated)

# Supervisory Board members and their appointments to supervisory bodies of other companies

## Dr Manfred Gentz

### Chairman

Chairman of the Board of Directors  
Zurich Financial Services, Zurich  
President of the International Chamber of Commerce (ICC) Germany, Berlin  
Member of the Executive Board  
ICC, Paris

- Zurich Financial Services, Zurich  
(Chairman of the Board of Directors)

## Gerhard Roggemann

### Deputy Chairman

Vice Chairman  
Hawkpoint Partners Europe, London

- Deutsche Beteiligungs AG, Frankfurt  
(since 24 March 2010)
- GP Günter Papenburg AG, Schwarmstedt  
(Chairman)
- F&C Asset Management plc., Edinburgh  
(Member of the Board of Directors)
- Friends Provident Group plc., Dorking  
(Member of the Board of Directors)
- Friends Provident Holdings (UK) Limited,  
London  
(Member of the Board of Directors)
- Resolution Limited, Guernsey  
(Member of the Board of Directors)

## Herbert Bayer

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

- dwpbank – Deutsche WertpapierService  
Bank AG, Frankfurt/Main

## Richard Berland

Managing Director  
J.P. Morgan Securities Ltd., London

- JP Morgan Cazenove Ltd., London  
(Non-Executive Director, until 31 July 2010)
- J.P. Morgan Clearing Corp., New York  
(Member of the Board of Directors,  
until 31 July 2010)
- London Wine Agencies, London  
(Director)

## Birgit Bokel

Staff member in the Facility Management section  
Deutsche Börse AG, Frankfurt/Main  
(retired since 1 Sep. 2010)

## Dr Joachim Faber

Member of the Executive Board  
Allianz SE, Munich  
CEO  
Allianz Global Investors AG, Munich

- Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt/Main  
(Chairman)
- Cominvest Asset Management GmbH,  
Frankfurt/Main  
(Chairman, until 14 June 2010)
- Allianz Global Investors Deutschland GmbH,  
Munich  
(Chairman)
- Allianz Global Investors Italia SGR S.p.A.,  
Milan  
(Chairman of the Board of Directors,  
until 30 April 2010)
- Allianz S.p.A., Trieste  
(Member of the Board of Directors)
- Allianz France, Paris  
(Member of the Board of Directors)

## Hans-Peter Gabe

Staff member in the HR Policies & Corporate Training section  
Deutsche Börse AG, Frankfurt/Main

## Richard M. Hayden

Non Executive Chairman  
Haymarket Financial LLP, London  
Senior Advisor  
TowerBrook Capital Partners L.P., London

- GSC Investment Corp., New York  
(Chairman of the Board of Directors,  
until 31 July 2010)

## Craig Heimark

Managing Partner  
Hawthorne Group LLC, Palo Alto

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

## Dr Konrad Hummler

Managing Partner  
Wegelin & Co. Private Bankers, St. Gallen

- AG für die Neue Zürcher Zeitung, Zurich  
(Member of the Board of Directors)
- BrainsToVentures AG, St. Gallen  
(Chairman of the Board of Directors)
- Bühler AG, Uzwil  
(Member of the Board of Directors,  
since 21 July 2010)
- Christian Fischbacher Co. AG, St. Gallen  
(Member of the Board of Directors)
- Christian Fischbacher Holding AG, St. Gallen  
(Member of the Board of Directors)
- Credit Europe Bank S.A., Geneva  
(Vice Chairman of the Board of Directors)
- Gerlan Finanz AG, Zollikon  
(Member of the Board of Directors)
- Habib Bank AG Zurich, Zurich  
(Member of the Board of Directors)
- Private Client Bank AG, Zurich  
(Member of the Board of Directors)
- SNB Schweizerische Nationalbank,  
Zurich and Bern  
(Member of the Bank Council)
- Telsonic AG, Bronschhofen  
(Chairman of the Board of Directors)

**David Krell**

Chairman of the Board of Directors  
International Securities Exchange, LLC,  
New York

- International Securities Exchange, LLC,  
New York  
(Chairman of the Board of Directors)

**Hermann-Josef Lamberti**

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

- BVV Pensionsfonds des Bankgewerbes AG,  
Berlin
- BVV Versicherungsverein des Bank-  
gewerbes a.G., Berlin
- Carl Zeiss AG, Oberkochen
- Deutsche Bank Privat- und Geschäfts-  
kunden AG, Frankfurt/Main  
(Chairman)
- BVV Versorgungskasse des Bank-  
gewerbes e.V., Berlin  
(Member of the Supervisory Board)
- European Aeronautic Defence and Space  
Company EADS N.V., Schiphol-Rijk  
(Member of the Board of Directors)

**Friedrich Merz**

Lawyer  
Mayer Brown LLP, Berlin

- AXA Konzern AG, Cologne
- BVB Borussia Dortmund AGaA, Dortmund  
(since 30 Nov. 2010)
- DBV-Winterthur Holding AG, Wiesbaden  
(until 9 Sep. 2010)
- HSBC Trinkaus & Burkhardt AG, Dusseldorf  
(since 8 June 2010)
- IVG Immobilien AG, Bonn  
(until 20 May 2010)
- WEPA Industrieholding SE, Arnsberg  
(Chairman)
- BASF Antwerpen N.V., Antwerp  
(Member of the Administrative Board)
- Stadler Rail AG, Bussnang  
(Member of the Board of Directors)

**Thomas Neiße**

Chief Executive Officer  
Deka Investment GmbH, Frankfurt/Main

**Roland Prantl**

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

**Dr Erhard Schipporeit**

Management Consultant  
Hanover

- Fuchs Petrolub AG, Mannheim
- Hannover Rückversicherung AG, Hanover
- SAP AG, Walldorf
- Talanx AG, Hanover
- Fidelity Advisor World Funds Limited,  
Bermuda  
(Member of the Board of Directors,  
until 30 Sep. 2010)
- Fidelity Funds (société d'investissement  
à capital variable), Luxembourg  
(Member of the Board of Directors)
- TUI Travel plc., London  
(Member of the Board of Directors)

**Norfried Stumpf**

Staff member in the New Issues & Securities  
Deposit Fra. section  
Clearstream Banking AG, Frankfurt/Main

- Clearstream Banking AG, Frankfurt/Main

**Johannes Witt**

Staff member in the Consolidation & Accounting  
Frankfurt section  
Deutsche Börse AG, Frankfurt/Main

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



## Report of the Supervisory Board

In the year under review, the Supervisory Board held in-depth discussions on the position and prospects of the Company and performed its duties in accordance with the law and the Articles of Association. It regularly advised the Executive Board on the management of the Company and monitored its work, and was involved in all key decisions. Where required by law, the Articles of Association or the bylaws, the Supervisory Board adopted resolutions following thorough examination.

The Supervisory Board held a total of eight meetings, three of which were extraordinary. In addition, two strategy workshops were held. At the Supervisory Board meetings, the Executive Board provided detailed and timely information, both verbally and in writing, in line with the legal requirements on the course of business, the position of the Company and the Group (including the risk situation and risk management), as well as on the Company's strategy and planning.

The Supervisory Board discussed in detail all transactions significant for the Company in the plenary meetings and in the Supervisory Board committees, based on the reports of the Executive Board. The high frequency of both plenary and committee meetings facilitated intensive dialogue between the Executive Board and the Supervisory Board. Individual issues were also addressed between meetings, both in written reports by the Executive Board and verbally. In addition, the Chairman of the Executive Board continually informed the Chairman of the Supervisory Board of current developments in the Company's business, significant transactions, upcoming decisions as well as long-term perspectives and considerations on potential developments, and discussed these matters with him. All members of the Supervisory Board attended at least half of the meetings of the Supervisory Board in 2010. The average participation rate was 90 percent.

The Executive Board properly submitted all measures requiring the Supervisory Board's approval to the Supervisory Board, and the Supervisory Board approved these measures. The Supervisory Board also verified that the Executive Board's actions were lawful.

## Focus of the work of the Supervisory Board

At the Supervisory Board meetings, the Supervisory Board was continually informed of current developments and initiatives by the CEO's reports as well as by the Executive Board members responsible for the different business areas. Projects relevant to the Company as well as market developments and regulatory changes were discussed. Efficiency and cost reduction initiatives ("Excellence" programme) were a particular focal point in the year under review.

The Supervisory Board was regularly informed about Deutsche Börse AG's share price performance, including the performance relative to its competitors. Moreover, the Executive Board reported on the business performance, financial position and results of operations of Deutsche Börse Group and its subsidiaries, especially the International Securities Exchange (ISE). The Supervisory Board also discussed Deutsche Börse Group's growth strategy and strategic developments. The shared objective of both Executive Board and Supervisory Board is still to utilise all opportunities to achieve profitable organic growth without excluding acquisitions and other consolidation options.

In addition, the Supervisory Board addressed in detail the legal framework for improving the stability and security of the financial markets in the European Union. This includes

in particular the European Market Infrastructure Regulation (EMIR), which will regulate off-exchange (over-the-counter, OTC) derivatives markets, the review of the Markets in Financial Instruments Directive (MiFID) and the reform of European financial supervision. In addition, the Supervisory Board discussed the ban on short selling at national level, taxes on financial transactions and the stricter capital requirements (Basel III).

The Supervisory Board also focused in particular on the following issues at its meetings and strategy workshops during the reporting period:

At its first regular meeting of the reporting period, which took place on 16 February 2010, the Supervisory Board held in-depth discussions on the programmes initiated by the Executive Board to reduce costs and increase efficiency (Excellence project and optimisation of management structure) and backed the immediate implementation of these programmes. Furthermore, the Supervisory Board resolved the declaration on corporate governance including the corporate governance report. It also discussed in detail the remuneration report and the presentation of the new remuneration system for the Executive Board of Deutsche Börse AG and resolved the amount of the variable remuneration of the Executive Board for financial year 2009.

At the Supervisory Board meeting convened on 23 March 2010 to adopt the financial statements, which was attended by the auditors, the Supervisory Board discussed in detail the Company's 2009 annual financial statements and the consolidated financial statements, as well as the respective management reports. The 2009 annual financial statements and consolidated financial statements were approved, thus following the recommendation of the Audit and Finance Committee, which had conducted an in-depth examination of the documents. In addition, after in-depth

discussions, the Supervisory Board resolved the revised and enhanced remuneration system for the Executive Board of Deutsche Börse AG retrospectively as at 1 January 2010, as well as the target remuneration of the Executive Board for 2010. The expansion of the central counterparty for the OTC credit derivatives market (OTC CCP project), the adoption of the agenda for the 2010 Annual General Meeting and the Report of the Supervisory Board 2009 were also key topics of discussion. Furthermore, changes to the composition of the Clearing and Settlement Committee and the Technology Committee were resolved.

In its first strategy workshop on 11 May 2010, the Supervisory Board was informed about organic growth options and other development opportunities. The intense competitive situation and, in this context, the growth options for the cash market at both European and international level, in particular the current product offering on Deutsche Börse's trading platforms (trading of DAX® and mid-cap shares, structured products and exchange-traded funds) and OTC trading, were the main topics of discussion.

Directly before the Annual General Meeting, in an extraordinary meeting on 27 May 2010, the Supervisory Board reappointed Jeffrey Tessler as a member of the Executive Board for a period of five years with effect from 1 January 2011. In addition, the Supervisory Board was informed on the impending Annual General Meeting and resolved an amendment to the proposed resolution on item 2 of the agenda (appropriation of the unappropriated surplus). The slight adjustment to the proposal on the appropriation of the unappropriated surplus was necessary due to a marginal change in the number of the Company's own shares after publication of the notice convening the Annual General Meeting.

The meeting on 14 June 2010 focused on the increase in the 2010 budget as a result of the restructuring costs incurred for implementing the "Excellence" programme, optimising the management structure and acquiring further shares in STOXX Ltd. Following in-depth discussions, the Supervisory Board adopted the required resolutions. Moreover, the Supervisory Board dealt with the capital reserves with regard to the capital optimisation of Deutsche Börse Group. At its extraordinary meeting on the same day, the Supervisory Board received a detailed status report on the International Securities Exchange (ISE).

At the regular meeting on 21 September 2010, the Supervisory Board dealt with strategic initiatives in the Clearstream business area and the Xetra segment, and discussed in detail Deutsche Börse Group's "New Landscape" strategy until 2013, which was presented by the Executive Board. "New Landscape" describes the changed capital market environment as a result of the financial crisis and the opportunities this brings for Deutsche Börse Group. In addition, the Supervisory Board addressed the Executive Board's merger and acquisition (M&A) activities. The Supervisory Board was also informed by the Executive Board about the risk management system and discussed it. Other agenda items included preparation for the Supervisory Board's annual efficiency audit.

In its second strategy workshop on 5 October 2010, the Supervisory Board dealt in detail with the global market environment and Eurex's future business fields. The Supervisory Board was informed about the successful enhancement of the business model, in particular in the core business areas of sales, clearing and technology, and about new products and services.

At the regular meeting on 10 December 2010, the Supervisory Board adopted the budget for financial year 2011. In addition, it was informed about the current status of the "Excellence" programme. Following detailed discussions, the Supervisory Board approved the proposal for Deutsche Börse AG to transfer its shares in Clearstream International S.A. to Clearstream Holding AG at the carrying amount for tax purposes in exchange for shares granted in Clearstream Holding AG. It discussed the dividend considerations for 2010. Furthermore, the Supervisory Board decided to settle in cash entitlements under the Stock Bonus Plan (SBP) from the SBP tranche 2008 for all members of Deutsche Börse AG's Executive Board. Other agenda items included measures for implementing the latest changes to the German Corporate Governance Code, in particular establishing concrete aims for the composition of the Supervisory Board, the adoption of the declaration of conformity for 2010, the presentation of the results of the annual efficiency audit and the decision on measures to further improve the work of the Supervisory Board based on results of the efficiency audit. At the extraordinary meeting that took place on the same day, the Supervisory Board discussed the non-cash impairment charge on intangible assets relating to ISE and the extent to which ISE's new trading platform has been implemented. This trading platform is designed to serve as a basis for developing a standard platform for Deutsche Börse Group's trading systems.

## Work of the committees

The Supervisory Board has a total of six committees, which are responsible for preparing the decisions and topics to be discussed in the plenary meetings. Additionally, the Supervisory Board has delegated individual decision-making powers to the committees, to the extent that this is legally permissible. Each of the committee chairs provided detailed

reports of committee work at the meetings of the Supervisory Board. The composition and exact working methods of the individual committees can be found in the declaration on corporate governance in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) on pages 48 to 49 of this Annual Report. The Chairman of the Supervisory Board chairs the Personnel Committee, the Nomination Committee and the Strategy Committee.

The **Personnel Committee** met seven times during the year under review. Following in-depth discussions, the concept of the new remuneration system for the Executive Board was revised during several meetings, and the Supervisory Board was advised to approve it along with the recommended structure and amount of the 2010 target remuneration at the meeting in March 2010. At the beginning of the year, the amount of the Executive Board's variable remuneration for 2009 as well as the recommended structure and amount of the 2010 target remuneration was discussed in detail in the context of the new remuneration system for the Executive Board. In addition, the Personnel Committee approved the reappointment of Jeffrey Tessler as a member of the Executive Board of Deutsche Börse AG. Moreover, the Committee discussed and resolved rules governing the extent to which expenses of Deutsche Börse AG's Executive Board can be reimbursed. The Committee also dealt in detail with changes to the German Corporate Governance Code in 2010, in particular with the support provided by the Company in the form of training and continuing education measures for members of the Supervisory Board, and the requirements profile for the composition of the Supervisory Board. Diversity was a key topic of discussion, in particular the appropriate consideration of women, the international composition of the

Supervisory Board and the reflection of diversity in the composition of Deutsche Börse AG's Executive Board and other management positions in Deutsche Börse Group. The Personnel Committee agreed with the Nomination Committee's recommendation to advise the Supervisory Board to adopt a requirements profile for its composition. In its last meetings of 2010, the Committee elaborated on suggestions for establishing targets for the members of the Executive Board for 2011 to be submitted to the Supervisory Board for resolution, reviewed the amount of the Executive Board remuneration and its components as well as the pensionable income, and as a result recommended to leave these figures unchanged for 2011. In addition, it stipulated that target net income is one of the important criteria for calculating the variable cash component of the Executive Board to be submitted to the Supervisory Board for resolution and approved the individual targets for the Executive Board.

The **Strategy Committee** held four meetings during the period under review. The Committee considered in detail the status of strategic projects and discussed possible growth initiatives in this context. The consultations focused on the discussion of strategic Clearstream and ISE initiatives, and the medium-term and long-term planning of strategic ventures, with emphasis on the planned regulatory changes due to the financial market crisis and opportunities arising from it.

The **Audit and Finance Committee** met eight times in the period under review. It discussed the annual and consolidated financial statements, including the respective management reports, and the audit report for financial year 2009 in a meeting at which the auditors were present. It also addressed the interim reports for the first and third quarters and the half-yearly financial report for the first half of 2010. It obtained the necessary statement of independence from

the auditors, prepared the Supervisory Board's proposal to the Annual General Meeting in May 2010 for the election of the auditors and agreed on the audit fee. The auditors supported the Audit and Finance Committee in all material questions relating to accounting and regular monitoring activities. Other important topics included Deutsche Börse Group's risk management, the further development of the compliance system and the compliance reports, reports on the internal control system and the internal audit report. The members of the Committee were informed about these topics throughout the entire reporting period and discussed them in detail, including methods and systems applied as well as their efficiency and adequacy. Further topics of discussion for the Committee were reports on the financial status of ISE and the progress of Deutsche Börse Group's efficiency and cost reduction programmes. Furthermore, the areas of emphasis of the audit were established for 2010 and changes in the German Corporate Governance Code and the declaration of conformity were discussed in detail. At its last meeting of the reporting period, the Committee dealt with the budget for 2011, the contribution of shares in Clearstream International S.A. by Deutsche Börse AG to Clearstream Holding AG at the carrying amount for tax purposes and the dividend considerations for financial year 2010.

The **Technology Committee** held four meetings in the period under review, at which it dealt with the further development of the Xetra® and Eurex® trading systems in relation to the roll-out of new releases in 2010. In addition, the Technology Committee was informed in detail on the IT strategies and releases in the Clearstream segment and at Eurex Clearing AG. The Committee tracked the OptimISE project for developing a new trading platform

for ISE. The Committee also assessed the relevant developments in the IT market and addressed the Group's IT architecture. At the last meeting of the year under review, it discussed in detail the 2011 IT project budget for Deutsche Börse Group.

The **Clearing and Settlement Committee** discussed Deutsche Börse Group's clearing and post-trading strategy in two meetings in the year under review. The Committee was informed in detail on the "Clearstream 2013" global strategy and the individual projects associated with it. Furthermore, the Committee addressed the assessment of regulatory developments and how they impact Clearstream and the clearing business in great detail. The meeting also focused on project reports from the clearing area, in particular OTC CCP, XIM (Xetra International Market), client asset protection (measures to protect pass-through client collateral) and multiple clearing connections.

The **Nomination Committee** discussed important changes to the German Corporate Governance Code in two meetings during the year under review. The focus of the advisory activities was the preparation of a requirements profile for the composition of the Supervisory Board. The current composition of the Supervisory Board and the succession planning for the Supervisory Board's shareholder representatives were also discussed.

## Corporate governance and declaration of conformity

The new recommendations of the German Corporate Governance Code as well as their possible implementation were discussed in meetings by the Supervisory Board, the Personnel Committee, the Nomination Committee and the Finance and Audit Committee. In-depth discussions were held on the recommendations that deal with concrete aims for the composition of the Supervisory Board, in

particular in relation to the appropriate consideration of women. Furthermore, the amended recommendation in the Code on the maximum number of mandates that may be exercised at the same time was implemented by a change to the bylaws.

The annual declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) is publicly available on the Company's website at [> Investor Relations > Corporate Governance > Declaration of Conformity](http://www.deutsche-boerse.com). In the declaration of conformity, the Company comments not only on the recommendations, but also on the suggestions of the German Corporate Governance Code. The declaration on the suggestions of the Code is made on a voluntary basis. More information on corporate governance at Deutsche Börse Group can be found in the corporate governance report adopted jointly by the Executive Board and Supervisory Board on pages 50 to 69 and the declaration on corporate governance in accordance with section 289a of the HGB on pages 42 to 49.

## Audit of the annual and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, registered in Berlin, (KPMG) audited the annual financial statements of Deutsche Börse AG and the consolidated financial statements, as well as the accompanying management reports for the financial year ended 31 December 2010, together with the bookkeeping system, and issued an unqualified audit opinion. The condensed financial statements and interim management report as part of the half-yearly financial report for the first six months of 2010 were also reviewed by KPMG.

The documents relating to the financial statements and the reports by KPMG were presented to the members of the Supervisory Board for examination in a timely manner. The auditors attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board convened to adopt the financial statements. The auditors reported on the key results of the audit, elaborated in particular on the net assets, financial position and results of operations of the Company and Group, and were available to provide supplementary information. The auditors also reported that no significant weaknesses in the control and risk management systems relevant for the financial reporting process were found. This also applied to the suitability of the risk early warning system and to Compliance and Internal Auditing. There were no objections in particular to the areas of emphasis of the audit such as provisions for restructuring measures and the relocation project to and within Eschborn. KPMG informed the Supervisory Board on other services that were provided in addition to audit services. There were no grounds for impairment of the auditors' independence.

The Audit and Finance Committee discussed the financial statement documents and the reports by KPMG in detail with the auditors and examined them carefully. It is satisfied that the reports meet the statutory requirements under sections 317 and 321 of the HGB in particular. The Committee reported to the Supervisory Board on its examination and recommended that it approve the annual financial statements and consolidated financial statements.

Based on its own examination of the annual financial statements, the consolidated financial statements, the management report and the Group management report, the Supervisory Board concurred with the results of the audit performed by the auditors. The final results of the auditors' examination did not lead to any objections. The Supervisory Board approved the annual financial statements prepared by the Executive Board and the consolidated financial statements at its meeting on 17 March 2011 in line with the Audit and Finance Committee's recommendation. The annual financial statements of Deutsche Börse AG are thereby adopted. The Audit and Finance Committee discussed the Executive Board's proposal for the appropriation of the unappropriated surplus in detail with the Executive Board, in particular in view of the Company's liquidity and financial planning as well as taking into account shareholders' interests. Following this discussion and its own examination, the Audit and Finance Committee approved the Executive Board's proposal for the appropriation of the unappropriated surplus. After its own examination, the Supervisory Board also approved the Executive Board's proposal for the appropriation of the unappropriated surplus.

## Personnel

The following changes took place in the composition of two committees of the Supervisory Board in the period under review:

- Due to the risk of conflicts of interest, Richard Berland and Hermann-Josef Lamberti resigned their positions as members of the Clearing and Settlement Committee effective 25 and 30 March 2010, respectively. At the same time, Hermann-Josef Lamberti resigned his position as Committee Chairman.
- Dr Konrad Hummler took over the position of Chairman of the Clearing and Settlement Committee effective 31 March 2010.

- Dr Joachim Faber and Thomas Neiße were appointed as new members of the Clearing and Settlement Committee effective 23 March 2010.
- Dr Joachim Faber resigned his position in the Technology Committee effective 31 March 2010.
- Richard Berliand was appointed as a new member of the Technology Committee effective 23 March 2010.

The resolutions required for each of the changes in the composition of the committees were adopted by the Supervisory Board during its meeting on 23 March 2010.

The following reappointment to the Executive Board was made in the period under review: Jeffrey Tessler was reappointed for a period of five years by way of a Supervisory Board resolution dated 27 May 2010 with effect from 1 January 2011. His term of office will end on 31 December 2015.

### Management of individual conflicts of interest

In addition to their positions in the Clearing and Settlement Committee, Hermann-Josef Lamberti was simultaneously a member of the Management Board of Deutsche Bank AG and Richard Berliand was simultaneously Managing Director at J.P. Morgan Securities Ltd. and J.P. Morgan Futures Inc. in the reporting period. Both Deutsche Bank

and J.P. Morgan represent their own positions with respect to the clearing of credit derivatives via a central counterparty. This resulted in the risk of inherent conflicts of interest. Therefore, both of these members resigned from their positions on the Clearing and Settlement Committee in March 2010 by mutual consent. There was no need for additional measures.

The Supervisory Board would like to thank the members mentioned for their strong commitment and the further development of Deutsche Börse AG as well as Deutsche Börse Group as a whole. They contributed much to committee work and took on new responsibilities. The Supervisory Board would like to thank the Executive Board, as well as all employees and the employee representatives, for their commitment and excellent work in an increasingly globalised market environment.

Frankfurt/Main, 17 March 2011  
On behalf of the Supervisory Board:



Dr Manfred Gentz  
Chairman of the Supervisory Board

# Declaration on corporate governance

**In accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code), the Executive Board and the Supervisory Board of Deutsche Börse AG report on the following aspects in the declaration on corporate governance: according to the legal requirements, the first item to be included in this declaration is the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act). This is followed by relevant information on corporate governance practices applied over and above the legal requirements. Finally a detailed account is provided of Executive and Supervisory Board working practices as well as of the composition and working practices of their committees. Both Boards regard responsible and forward-looking corporate governance as the basis for the sustainable success of Deutsche Börse AG. The report thus reflects the requirements of the HGB. The inclusion of the declaration on corporate governance in the Group management report goes beyond the legal requirements.**

## Declaration of conformity in accordance with section 161 of the AktG

The Executive Board and the Supervisory Board of Deutsche Börse AG jointly submitted their updated declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) on 10 December 2010. In this document, the Executive and Supervisory Boards declare that the Company will to the largest extent comply with the recommendations and suggestions of the German Corporate Governance Code in its version dated 26 May 2010, published in the electronic Federal Gazette on 2 July 2010 and effective since then. The declaration has been made permanently available to the public on the Company's website. The full wording of the declaration is as follows:

### **Declaration of Conformity regarding the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act**

Section 161 of the German Stock Corporation Act (AktG) requires the Executive Board and the Supervisory Board of a listed stock corporation to declare each year that the

recommendations of the "Government Commission German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been and are being met or, if not, which recommendations have not been or are not being applied and why not.

The Executive Board and the Supervisory Board of Deutsche Börse AG have decided to disclose not only deviations from the Code's recommendations, but also – without being legally obliged to do so – deviations from its suggestions.

For the period since the last declaration of conformity dated December 17, 2009, until July 1, 2010, the following declaration refers to the Code in the version as of June 18, 2009. Since July 2, 2010, the declaration refers to the requirements of the Code in its new version as of May 26, 2010, published in the electronic Federal Gazette on July 2, 2010.

The new version of the Code as of May 26, 2010, includes some new recommendations, which, in particular, deal with diversity when appointing Supervisory Board or Executive Board members and other managerial staff. In this context no. 5.4.1 (2) of the Code recommends that the Supervisory Board of a company shall specify concrete objectives regarding its composition. Directly after the Code came into effect measures have been initiated for the implementation of the new recommendation in no. 5.4.1 (2) of the Code. Hence, the forthcoming Corporate Governance Report will include the concrete objectives following a resolution of the Supervisory Board as recommended by the Code.

The Executive Board and the Supervisory Board of Deutsche Börse AG declare that otherwise the recommendations of the "Government Commission German Corporate Governance Code" have been and will be met with few deviations (see I.). Same applies to the suggestions of the Code (see II).

## **I. Deviations from Recommendations of the German Corporate Governance Code**

### **1. Deductible in the D&O policy (no. 3.8 (3) of the Code)**

The Company has not followed the recommendation of agreeing a deductible in the D&O policy for the Supervisory Board.

The D&O policy taken out by Deutsche Börse AG excludes coverage for wilful misconduct anyway. As a matter of fact, a deductible for cases of negligence has remained fairly unusual in other countries until today. Hence, there was some concern that agreeing a deductible could impede the Company's ability to staff its boards with prominent members of the community abroad who have extensive business experience.

At present as in the past, this concern still persists. Thus, the recommendation to agree upon a deductible in the D&O policy for the Supervisory Board will not be complied with in the near future.

However, the D&O policy, which the Company has taken out for members of the Executive Board, includes a deductible in accordance with section 93 (2) sentence 3 AktG in its new version.

### **2. Agreement of severance payment caps when concluding Executive Board contracts and of change of control clauses (no. 4.2.3 (4) and (5) of the Code)**

The recommendation to agree severance payment caps in accordance with no. 4.2.3 (4) of the Code and to limit severance payments in the event of a change of control in accordance with no. 4.2.3 (5) of the Code has not been continuously complied with so far. The Supervisory Board considered it more reasonable to analyse the question of complying with the recommendation on a case to case basis and to implement the recommendation only if appropriate in order to maintain flexibility in contract negotiations.

Against the background of the amendments of the German Stock Corporation Act due to the Law on Adequacy of Executive Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG) and the adjustments of the German Corporate Governance Code in 2009 the Supervisory Board of Deutsche Börse AG reviewed the complete remuneration system for the Executive Board and implemented a new remuneration system for the Executive Board with effect as of January 1, 2010. Regarding the recommendation to agree upon severance payment caps and change of control clauses the following will apply in the future:

**Premature termination:** If members leave the Executive Board before their regular term of appointment has expired, any severance and other payments that might be granted may not exceed the value of two annual remuneration payments or the value of the remainder of the current contract of service. In these cases, payments to a member of the Executive Board who is leaving the Company prematurely are only granted in principle if the member is not leaving the Company of his own accord and if the Supervisory Board has made a corresponding decision. Thus, the recommendation in no. 4.2.3 (4) of the Code shall be complied with regularly, when payments are granted to an Executive Board member in the event of a premature termination. However, the Supervisory Board reserves the right to deviate from the recommendation in no. 4.2.3 (4) of the Code, if it seems justifiable to the Supervisory Board to exceed the upper limit in exceptional cases.

**Termination in the case of a change of control:** If members leave the Executive Board before their regular term of appointment has expired due to a change of control event, severance payments may be increased to 150% of the severance payment cap as recommended in no. 4.2.3 (5) of the Code. This rule applies to all members who have joined the Executive Board since July 2009 as well as to all Executive Board members who have been re-appointed since January 1, 2010. For all other service agreements of Executive Board members the individual change of control clauses remain unchanged until the end of the term of appointment.

## **II. Deviations from Suggestions of the German Corporate Governance Code**

### **1. Transmittal of the Annual General Meeting by using modern communication media (no. 2.3.4 of the Code)**

Shareholders of Deutsche Börse AG could follow the complete Annual General Meeting 2010 of the Company in the internet as contemplated by suggestion no. 2.3.4 of the Code. As far as the Annual General Meeting 2011 is concerned the opening speeches of the Boards can be followed in the internet again. The decision on a complete transmittal of the Annual General Meeting 2011 has not yet been taken.

### **2. Separate preparation meetings by representatives of the shareholders and employees (no. 3.6 (1) of the Code)**

The suggestion to hold separate meetings of the representatives of the shareholders and employees has not been and will not be met. In deviation to no. 3.6 (1) of the Code the Supervisory Board of Deutsche Börse AG has decided to hold separate sessions to prepare Supervisory Board Meetings not regularly, but only if need may be.

## Information on corporate governance practices

Deutsche Börse Group's global orientation requires that binding guidelines and a code of conduct respected by all are applied at each of its 19 locations around the world. Its guidance for the way employees deal with each other and with external service providers is aimed in particular at ensuring respect and mutual esteem.

This guidance is also of importance in the implementation of the business model. As a fully integrated exchange company, Deutsche Börse Group organises financial markets and provides the infrastructure for all areas of equities and derivatives transactions – from trading to settlement and clearing, the provision of market data through to

custody and management of securities. Its communication with customers, investors and the public is based on timely information and transparency. In addition to commercial activity, recognised social responsibility standards form the basis for managing Deutsche Börse as a business.

### **Code of conduct applicable throughout the Group**

Irreproachable actions and behaviour are based on values shared by all employees. On the initiative of the Executive Board, Deutsche Börse Group therefore established a standard code of conduct in 2009. These ethical and legal standards apply throughout the Group: the code is binding on members of the Executive Board and the different management levels as well as on all other employees of the Group. In addition to specific rules, it provides general guidance as to how employees can contribute to breathing life into the defined values. The aim of the code of conduct is to provide guidance for working together in the Company's day-to-day activities and to serve as a guideline in cases of conflict. The code is designed to help meet ethical and legal challenges encountered in the course of the workday and can be viewed at [> About us > Corporate Responsibility.](http://www.deutsche-boerse.com)

### **Supplier guidelines**

Deutsche Börse Group demands adherence to high standards and benchmarks not only from itself and its employees, but also from its suppliers. It has adopted guidelines that require suppliers and other service providers to respect human and labour rights and comply with other minimum requirements. Most suppliers have signed up to these conditions; other business partners have voluntary commitments in place that reflect the above points or even go beyond their remit. Also, when new contracts are signed, adherence to the supplier guidelines becomes a key component of the contract.

The guidelines are regularly reviewed in the light of the latest developments and amended as necessary. The supplier guidelines can be viewed at [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > About us > Corporate Responsibility.

### **Values**

The way Deutsche Börse Group acts is based on the legal frameworks of the different countries in which the Company operates. These legal and ethical requirements result in a variety of obligations for the Group and its employees, which are in turn laid down in various internal regulations. The Company's understanding of values management is moreover reflected in its cooperation with international institutions: especially by joining initiatives and organisations that stand for generally accepted ethical standards, the Group makes clear the values to which it attaches importance. The relevant memberships are as follows:

- United Nations Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)): The United Nations Global Compact is an international agreement between companies and the UN. By joining, the Company has agreed to meet minimum social and ecological standards.
- Diversity Charter ([www.diversity-charter.org](http://www.diversity-charter.org)): As a signatory to the Diversity Charter, Deutsche Börse AG is committed to recognising, valuing and promoting the diversity in its workforce, customer base and business associates – irrespective of age, gender, handicap, race, religion, nationality, ethnic background, sexual orientation or identity.
- International Labour Organisation ([www.ilo.org](http://www.ilo.org)): The UN agency is the international organisation responsible for drawing up and overseeing international labour standards; it brings together representatives of governments, employers and workers to jointly shape policies and programmes.

### **Sector-specific guidelines**

Deutsche Börse Group's pivotal role in the financial sector requires that it deals responsibly with its market position and the resulting knowledge. For this reason, a number of regulations are in force in the Group to ensure that employees deal with sensitive information, data and facts consciously and responsibly. These regulations comply with both legal requirements and special guidelines applicable to the respective industry segment. The aim is to ensure that the Group's market systems comply with all legal requirements and work transparently at all times. All internal company guidance applicable in this regard is regularly reviewed and amended if general or sector-specific developments necessitate this.

### **Whistleblowing system**

In August 2010, Deutsche Börse Group established a whistleblowing system that gives employees and external service providers an opportunity to report non-compliant behaviour. Its aim is to prevent any form of financial crime at an early stage. Deutsche Börse Group has engaged Deloitte & Touche to act as an external ombudsman and receive any information employees submit by phone or e-mail. The whistleblowers' identity will remain anonymous at all times and will not be revealed to the employer.

### **Guidelines for risk and control management**

Functioning control systems are an important part of stable business processes. Deutsche Börse Group has introduced control systems that are embedded in an overall system. Among other things, this system takes into account legal rules, the recommendations of the German Corporate Governance Code, European regulations and recommendations as well as further company-specific guidelines. Those responsible for the different elements of the control system are in close contact with each other and with the

Executive Board and regularly report to the Supervisory Board or its committees. The Group has therefore established a Group-wide risk management system comprising roles, processes and responsibilities applicable to all staff and organisational entities of Deutsche Börse Group.

## Executive and Supervisory Board working practices

The dual board principle, which grants independent responsibilities to the Executive Board and the Supervisory Board, is a fundamental principle of the German Stock Corporation Act. The actions of the governing bodies and committees of Deutsche Börse AG are based on the principle of responsible corporate governance. Corporate governance aims to promote long-term value creation and, through transparency and value-focused actions, make a sustainable contribution to guaranteeing the Company's long-term success: good corporate governance boosts the confidence of investors, customers, business partners, employees and the financial markets.

In accordance with the recommendations of the German Corporate Governance Code in regard to diversity of the Executive and the Supervisory Boards and other management positions, both governing bodies, Executive and Supervisory Board, intend to consider women more appropriately in the nomination for election as shareholder representatives on the Supervisory Board in future.

### **Executive Board of Deutsche Börse AG**

The Executive Board is independently responsible for leading the Company and managing its business, taking the interests of investors and employees into account and promoting long-term value creation.

The Executive Board currently has six members. The members of the Executive Board are appointed by the Supervisory Board for a period of three to five years; the Supervisory Board appoints one member as Chairman of the Executive Board. An Executive Board member's term of office ends when he or she reaches the age of 60. Care is taken to limit initial appointments to three years. The members of the Executive Board are obliged to act exclusively

in the Company's interests. For the duration of their term of office, all members are subject to a comprehensive non-competition obligation and must ensure that they comply without delay with any legally required disclosure requirements relating to conflicts of interest and transactions in shares of the Company, as well as all other rules and recommendations.

The working practices of the Executive Board are based on the following legal requirements:

- The laws applicable to an Aktiengesellschaft (German stock corporation)
- The Articles of Association resolved by the Annual General Meeting
- The Executive and Supervisory Boards' bylaws
- The schedule of responsibilities
- The respective service contracts

Resolutions are adopted on this basis by the full Executive Board – in accordance with the bylaws it has received from the Supervisory Board. Each Executive Board member is assigned a specific Company division for which he or she holds principal executive powers. The responsibilities of the individual members are set out in the schedule of responsibilities. The schedule is proposed by the Chairman of the Executive Board, taking the respective service contracts into account, unanimously approved by the full Executive Board and submitted to the Supervisory Board for its information.

The Executive Board can establish fixed-term Executive Board committees and appoint advisory boards to implement audits or reviews or prepare Executive Board resolutions, but did not make use of this possibility in financial year 2010.

The composition of the Executive Board as well as any other appointments of its members in financial year 2010 can be found on pages 30 to 31 of this annual report. More information on the Executive Board can be viewed at [> Investor Relations > Corporate Governance > Executive Board.](http://www.deutsche-boerse.com)

### **Close cooperation between Executive Board and Supervisory Board**

The Executive and Supervisory Boards work closely together on a basis of mutual trust. They perform their duties in the interests of the Company to achieve a sustainable increase in value. The Executive Board must provide the Supervisory Board with regular, timely and comprehensive information on the course of business. In addition, the Executive Board informs the Supervisory Board regularly on all issues concerning business planning, business development, the risk situation and risk management as well as control systems in the Company. The Chairman of the Executive Board must report to the Supervisory Board without delay, verbally and in writing, on any matters that are of special importance to the Company. The Company's strategic orientation and the implementation thereof are discussed regularly and in detail with the Supervisory Board. In particular, the Chairmen of the two Boards keep in regular contact and discuss the strategy, business performance and risk management of the Company. Moreover, the Supervisory Board can request a report from the Executive Board at any time, if this is deemed necessary by an issue concerning the Company that could have a significant impact on its position.

### **Supervisory Board of Deutsche Börse AG**

The Supervisory Board supervises and advises the Executive Board in the management of the Company. It supports it in significant business decisions and provides assistance in matters of strategic importance.

Two-thirds of the Supervisory Board's members are shareholder representatives and one-third are employee representatives. It currently has 18 members. The current Supervisory Board was elected by the Annual General Meeting 2009. Any persons proposed for election should not yet have reached the age of 70. The Supervisory Board elects a Chairman and at least one Deputy Chairman from among its members. Its current period of office is three years; it runs until the end of the Annual General Meeting 2012, whereby the period of office for the shareholder representatives and that of the employee representatives

are identical. Up to a maximum of two former members of the Executive Board of Deutsche Börse AG may become members of the Supervisory Board; currently no former members of the Executive Board are members of the Supervisory Board. There is a sufficient number of independent members of the Supervisory Board who have no business or personal relationship with Deutsche Börse Group or with members of the Executive Board. The Supervisory Board's members include finance and audit experts. Generally, all the members of the Supervisory Board have the knowledge, skills and specialist experience they need to fulfil their duties properly. This ensures that the Supervisory Board as a whole always has enough expertise to fully discharge its duties.

The Supervisory Board's working practices are generally based on the legal requirements. The Supervisory Board has adopted bylaws to this end. For important business decisions, the Executive Board must obtain approval from the Supervisory Board in advance in accordance with its bylaws: the Executive Board must agree the strategic planning and development with the Supervisory Board and, if necessary, obtain approval for significant measures. The Supervisory Board is also responsible for the contracts of service and remuneration of Executive Board members: the plenary meeting of the Supervisory Board, at the suggestion of its Personnel Committee, resolves the key contract elements, the remuneration system and the individual remuneration for each member of the Executive Board when agreeing contracts of service. The Supervisory Board regularly reviews the structure and the height of the remuneration system and in particular aligns it with changes in legislation.

The composition of the Supervisory Board and details of any other appointments of its members in financial year 2010 can be found on pages 32 to 33 of this annual report. Information on the treatment of potential conflicts of interest is given on page 41. As the declaration on corporate governance will also be part of the management report of Deutsche Börse AG's annual financial statements, the reference to the portrayal of the Supervisory Board members and their further appointments is to be adjusted accordingly in the annual financial statements.

More information on the Supervisory Board and its committees can be viewed at [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Investor Relations > Corporate Governance > Supervisory Board.

## The committees of the Supervisory Board and their working practices

As the declaration on corporate governance will also be a part of the management report of Deutsche Börse AG's single-entity financial statement, the reference to the Supervisory Board members' further appointments needs to be adjusted accordingly. The Supervisory Board has established committees with the aim of improving the efficiency of its work by dealing with complex matters in smaller groups and preparing them for the Supervisory Board. They are convened by the Chairman of the Committee. In accordance with the legal requirements and the Company's business interests, the Supervisory Board has established six committees. The individual responsibilities and the rules of procedure for adopting resolutions are laid down in the bylaws for the Supervisory Board; the committees do not have their own separate bylaws. The rules of procedure correspond to those of the plenary meeting of the Supervisory Board. The tasks and composition of the individual committees are described in the following.

### Audit and Finance Committee

The Audit and Finance Committee deals with matters relating to the preparation of the annual budget, risk management, control systems, accounting, reporting and other related issues. The Committee discusses and audits the financial statements and the auditor's report in detail, reports to the Supervisory Board on the audit and recommends that the Board approves the financial statements and the consolidated financial statements. The Committee normally consists of four members who are elected by the Supervisory Board. The Chairman of the Committee has specialist knowledge and experience in the application of international financial reporting

principles. The Chairman of the Supervisory Board is not a member of the Audit and Finance Committee. In the year under review, the Committee members were:

- Dr Erhard Schipporeit (Chairman)
- Friedrich Merz
- Thomas Neiße
- Johannes Witt

### Personnel Committee

The Personnel Committee deals with matters relating to the service contracts of Executive Board members, the structure and height of their variable remuneration, personnel development, succession planning, the acceptance of executive board, supervisory board, advisory board and similar appointments, honorary offices and secondary activities, as well as other related issues. The Personnel Committee normally consists of four members who are elected by the Supervisory Board. They must include one employee representative and the Chairman of the Supervisory Board, who chairs the Personnel Committee. In the year under review, the Committee members were:

- Dr Manfred Gentz (Chairman)
- Hans-Peter Gabe
- Richard M. Hayden
- Gerhard Roggemann

### Nomination Committee

The core responsibility of the Nomination Committee is to propose to the Supervisory Board suitable candidates for its list of candidates for election to be proposed to the Annual General Meeting. The Nomination Committee normally has three members – exclusively shareholder representatives – who are also shareholder representative members of the Personnel Committee. The Chairman of the Personnel Committee also chairs the Nomination Committee. In the year under review, the Committee members were:

- Dr Manfred Gentz (Chairman)
- Richard M. Hayden
- Gerhard Roggemann

### **Strategy Committee**

This Committee advises the Executive Board on matters of strategic importance to the Company. The Committee normally consists of the Chairman of the Supervisory Board and at least five other members who are elected by the Supervisory Board. In the year under review, the Committee members were:

- Dr Manfred Gentz (Chairman)
- Herbert Bayer
- Birgit Bokel
- Dr Joachim Faber
- Richard M. Hayden
- Friedrich Merz
- Gerhard Roggemann

### **Technology Committee**

The Technology Committee advises the Supervisory Board of Deutsche Börse AG on all issues relating to Deutsche Börse AG's IT development and the IT organisation and its affiliated companies. The Committee normally has four members who are elected by the Supervisory Board. In the year under review, the Committee members were:

- Craig Heimark (Chairman)
- Richard Berliand (since 23 March 2010)
- Dr Joachim Faber (until 31 March 2010)
- David Krell
- Roland Prantl

### **Clearing and Settlement Committee**

The Clearing and Settlement Committee advises the Supervisory Board on the assessment of relevant regulatory trends at national and European level and on estimating the impact of these trends on Deutsche Börse Group.

The Committee normally has four members who are elected by the Supervisory Board. In the year under review, the Committee members were:

- Dr Konrad Hummler (member since 23 March 2010, Chairman since 31 March 2010)
- Richard Berliand (member until 25 March 2010)
- Dr Joachim Faber (member since 23 March 2010)
- Hermann-Josef Lamberti (member and Chairman until 30 March 2010)
- Thomas Neiße (since 23 March 2010)
- Norfried Stumpf

Further information on the Supervisory Board committees can be obtained from Deutsche Börse's website at [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Investor Relations > Corporate Governance > Supervisory Board > Committees. Information on the activities and meetings for the reporting period can be found in the Report of the Supervisory Board on pages 34 to 41 of this annual report.

### **Efficiency audit of the work of the Supervisory Board**

Thanks to regular reviews of the Supervisory Board's work, it is in a position to improve processes continuously and provide fresh impetus for the further development of its efficiency. In accordance with the recommendation of the German Corporate Governance Code and in compliance with the voluntary commitment undertaken in the Supervisory Board's bylaws, its work is assessed annually. For 2010, the efficiency audit found that its work was balanced overall. Positive factors highlighted by the audit were communication within the Supervisory Board, the role of the Chairman and the general organisation of Supervisory Board work. The results of the audit were discussed at the last Supervisory Board meeting of the year under review: taking into account the results of previous years, suggestions for improvement were discussed and further impulses for their implementation given.

# Corporate governance report

**Corporate governance stands for the responsible management and supervision of a company and promotes long-term value creation. Good corporate governance boosts the confidence of investors, business partners, employees and the financial markets and is therefore indispensable for sustaining the company's success. Deutsche Börse Group attaches great importance to the principles of responsible corporate governance.**

## Corporate governance

The Executive Board and the Supervisory Board of Deutsche Börse AG submitted their declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) on 10 December 2010 and decided in this process again to disclose not only deviations from the recommendations contained in the German Corporate Governance Code, but also – without being legally obliged to do so – deviations from its suggestions. The recommendations and suggestions in the version of the Code issued on 18 June 2009 and in the latest version issued on 26 May 2010 have been and are largely complied with.

The Company has not followed the recommendation in no. 3.8 (3) of the Code of agreeing a deductible in the D&O policy for the Supervisory Board. The D&O policy taken out by Deutsche Börse AG excludes coverage for wilful misconduct anyway. As a matter of fact, a deductible for cases of negligence has remained fairly unusual in other countries until today. Hence, there was some concern that agreeing to a deductible could impede the Company's ability to staff its boards with prominent members of the community abroad who have extensive business experience.

At present as in the past, this concern still persists. Thus, the recommendation to agree upon a deductible in the D&O policy for the Supervisory Board will not be complied with in the near future.

However, the D&O policy, which the Company has taken out for members of the Executive Board, includes a deductible in accordance with section 93 (2) sentence 3 of the AktG in its new version.

The recommendation to agree severance payment caps in accordance with no. 4.2.3 (4) of the Code and to limit severance payments in the event of a change of control in accordance with no. 4.2.3 (5) of the Code has not been continuously complied with so far. The Supervisory Board considered it more reasonable to analyse the question of complying with the recommendation on a case-to-case basis and then to implement the recommendation if appropriate in order to maintain flexibility in contract negotiations.

Against the background of the amendments of the AktG due to the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG, Law on Adequacy of Executive Board Remuneration) and the adjustments of the German Corporate Governance Code in 2009 the Supervisory Board of Deutsche Börse AG reviewed the complete remuneration system for the Executive Board and introduced a new remuneration system for the Executive Board with effect from 1 January 2010. Regarding the recommendation to agree upon severance payment caps and change of control clauses the following will now apply:

**Premature termination:** If members leave the Executive Board before their regular term of appointment has expired, any severance and other payments that might be granted may not exceed the value of two annual remuneration payments or the value of the remainder of the current contract of service. In these cases, payments to a member of the Executive Board who is leaving the Company prematurely are only granted in principle if the member is not leaving the Company of his own accord and if the Supervisory Board has made a corresponding decision.

Thus, the recommendation in no. 4.2.3 (4) of the Code shall be complied with regularly, when payments are granted to an Executive Board member in the event of a premature termination. However, the Supervisory Board reserves the right to deviate from the recommendation in no. 4.2.3 (4) of the Code, if it seems justifiable to the Supervisory Board to exceed the upper limit in exceptional cases.

**Termination in the case of a change of control:** If members leave the Executive Board before their regular term of appointment has expired due to a change of control event, severance payments may be increased to 150 percent of the severance payment cap as recommended in no. 4.2.3 (5) of the Code. This rule applies to all members who have joined the Executive Board since September 2009 as well as to all Executive Board members who have been re-appointed since 1 January 2010. For all other service agreements of Executive Board members the individual change of control clauses remain unchanged until the end of the term of appointment.

In the year under review, Deutsche Börse AG complied with the suggestion in no. 2.3.4 of the Code that the Annual General Meeting should be broadcast using modern communication media. Shareholders had the opportunity to follow the complete Annual General Meeting 2010 on the Internet. As far as the Annual General Meeting 2011 is concerned, the speeches of the boards can again be followed in the Internet. The decision on a complete transmittal of the Annual General Meeting 2011 has not yet been taken.

The suggestion to hold separate meetings of the representatives of the shareholders and employees to prepare the Supervisory Board meetings has not been and will not be met. In deviation to no. 3.6 (1) of the Code, the Supervisory Board of Deutsche Börse AG has decided not to hold separate sessions to prepare Supervisory Board Meetings on a general and regular basis, but only if need may be.

The exact wording of the annual declaration of conformity in accordance with section 161 of the AktG is publicly available on the Company's website at [www.deutsche-boerse.com](http://www.deutsche-boerse.com) > Investor Relations > Corporate Governance > Declaration of Conformity.

### **Supervisory Board of Deutsche Börse AG**

The Supervisory Board supervises and advises the Executive Board in the management of the Company. The Supervisory Board of Deutsche Börse AG currently has 18 members. Important business decisions are subject to its approval. Based on the suggestions of its Personnel Committee, the plenary meeting of the Supervisory Board resolves the remuneration of the Executive Board and reviews the remuneration regularly. A detailed account of the work of the Supervisory Board can be found in the report of the Supervisory Board on pages 34 to 41.

### **Work in the Supervisory Board committees**

The Supervisory Board of Deutsche Börse AG uses its six committees in particular for advice on specialist issues. Currently it has a Strategy Committee, an Audit and Finance Committee, a Personnel Committee, a Nomination Committee, a Technology Committee and a Clearing and Settlement Committee.

The Supervisory Board regularly receives comprehensive information about all meetings of the Supervisory Board committees. The composition of the Supervisory Board is described on pages 32 to 33 of the annual report; the composition of its committees is detailed in the corporate governance declaration on pages 48 to 49.

### **Efficiency audit to optimise the work of the Supervisory Board**

Deutsche Börse AG regards regular examinations of the efficiency of the Supervisory Board as a key component of good corporate governance. In compliance with the recommendation of the German Corporate Governance Code, the Supervisory Board of Deutsche Börse AG again dealt with the examination of the work of the Supervisory Board in financial year 2010. In particular, the examination

confirmed again that the core issues material to the Company receive detailed and thorough treatment from all six committees of the Supervisory Board. The results of the efficiency audit were discussed at the last Supervisory Board meeting of the year under review. In addition, it was resolved to implement recommended actions to further optimise the work of the Supervisory Board.

### **Close cooperation between Executive Board and Supervisory Board**

The Executive and Supervisory Boards work closely together in the interests of Deutsche Börse AG and based on mutual trust. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all issues concerning planning, business development, the risk situation and risk management in the Company. It agrees the Company's strategic orientation with the Supervisory Board and regularly discusses with it the status of strategy implementation. More information can be found in the report of the Supervisory Board on pages 34 to 41.

### **Significant changes to the German Corporate Governance Code**

The Government Commission on the German Corporate Governance Code resolved various changes to the German Corporate Governance Code on 26 May 2010, focusing on the following issues:

- Greater diversity in supervisory boards especially with regard to women and international experts
- Fair consideration of women also in executive boards and other management positions
- Adequate support of education and training of supervisory board members by the company

The Supervisory Board of Deutsche Börse AG and its relevant committees dealt in detail with the recommendations and their implementation.

### **Diversity and qualification profile of the Supervisory Board**

With regard to its composition, in particular the future nomination of Supervisory Board members, the Supervisory Board resolved a requirements catalogue in accordance with no. 5.4.1 of the German Corporate Governance Code at its meeting on 10 December 2010. This catalogue specifies certain targets, which are set out below.

On the basis of their knowledge, skills and specialist expertise, members of the Supervisory Board should be able to carry out the duties of a supervisory board member in an international company. To this end, the Supervisory Board has defined general (basic) and company-specific qualification requirements. The basic qualification attributes comprise in particular the following aspects:

- Understanding of business topics
- Basic knowledge and understanding of the German corporate governance system
- Analytical and strategic abilities
- Integrity and suitability of character for the position

In addition, the Supervisory Board has defined company-specific qualification requirements derived from the business model, concrete objectives and specific regulations applicable to Deutsche Börse Group. The key company-specific qualification requirements include well-founded expertise in the following areas:

- Business models of stock exchanges
- Clearing and settlement business
- International asset management
- Financial, audit and risk management as well as compliance
- Accounting and auditing
- Information technology
- Experience with regulatory requirements

Although each Supervisory Board member should ideally have the basic qualification attributes, the company-specific qualification attributes relate to the Supervisory Board as a whole.

The international nature of the Company should also be reflected in the international composition of its members in the future.

The Supervisory Board aims to recruit at least one female Supervisory Board member representing the shareholders by no later than 2012 and to increase the number of female shareholder representatives in the Supervisory Board to at least three by 2015. The Supervisory Board also suggests that qualification requirements as defined for Deutsche Börse and women should be adequately taken into account when electing employee representatives.

Regarding the composition of the Supervisory Board, continued efforts should be made to ensure it has a sufficient number of independent members to guarantee independence of judgement. Material, permanent conflicts of interest should be avoided. In addition, members should have enough time to carry out their mandates.

The rules relating to an upper age limit (70 years) set out in the bylaws are taken into account when candidates are proposed to the Annual General Meeting.

The current composition of the Supervisory Board of Deutsche Börse AG is such that, on the whole, its members have the knowledge, skills and specialist expertise to duly carry out their tasks and the Supervisory Board corresponds to the specified requirements profile. At its

December meeting, the Supervisory Board established for the record that the requirements of independence and internationality are sufficiently met, but the proportion of women in the Supervisory Board is still too small. The Supervisory Board of Deutsche Börse AG currently only has one female member, who is an employee representative.

Candidates for election proposed to the Annual General Meeting will in future be selected on the basis of the objectives defined by the Supervisory Board. This will apply to both their individual suitability and their contribution to the Supervisory Board as a whole.

#### **Diversity in the Executive Board and other management positions**

The German Corporate Governance Code recommends that women should be adequately represented in the composition of the executive board and when filling other management positions in the company. When the Supervisory Board selects Executive Board members, it assesses their functional suitability, international experience and leadership qualities. In long-term succession planning, the Board's diversity and especially adequate representation of women are taken into account. The Executive Board had no female members as at 31 December 2010.

In the year under review, women represented an average of 15 percent of employees in management positions in Deutsche Börse Group across all management levels below the Executive Board. The Group has established various programmes that specifically promote talent and thus also qualify women for management positions. The programmes combine internal talent promotion and external recruitment. Deutsche Börse Group aims to significantly improve diversity on management levels in the medium term.

## **Education and training measures for the Supervisory Board**

Although in principle members of the Supervisory Board are responsible for ensuring their own training and further education, Deutsche Börse AG complies with the recommendation in no. 5.4.1 (4) of the German Corporate Governance Code to support the training and continuing education of Supervisory Board members. It helps Supervisory Board members to expand their knowledge and keep up to date, e.g. in connection with changes in the law and changed requirements in the work of the Supervisory Board. In addition, the Company offers continuing education events, such as twice-yearly strategy workshops or comprehensive induction seminars for new Supervisory Board members. It also organises other events to deal with special issues when necessary.

## **Directors' dealings**

In accordance with section 15a of the Wertpapierhandelsgesetz (WpHG, the German Securities Trading Act), the members of the Executive and Supervisory Boards of Deutsche Börse AG are obliged to disclose the purchase and sale of Deutsche Börse shares and derivatives.

A detailed account of directors' dealings can be found at [> Investor Relations > News > Directors' Dealings](http://www.deutsche-boerse.com).

At no time did the ownership of shares of Deutsche Börse AG or financial instruments on these shares by individual members of the Company's Executive and Supervisory Boards directly or indirectly exceed 1 percent of the shares issued by the Company. At no time did the total shareholdings of all Executive and Supervisory Board members of Deutsche Börse AG exceed 1 percent of the shares issued by the Company. For this reason, there were no shareholdings requiring disclosure in accordance with section 6.6 of the German Corporate Governance Code.

## **Transparent reporting**

To ensure maximum transparency and equal opportunities, corporate communications at Deutsche Börse adopts the rule that all target groups must receive all information at the same time. In its financial calendar, Deutsche Börse AG therefore informs shareholders, analysts, shareholders' associations, the media and the interested public about the most important dates such as the date of the Annual General Meeting or publication dates for financial indicators. In addition to ad hoc disclosures, information on directors' dealings and voting rights notifications, the Company's website ([www.deutsche-boerse.com](http://www.deutsche-boerse.com)) also provides annual reports, interim reports and company news items.

Deutsche Börse AG supplies information about the annual financial statements at an analyst and investor conference. Following the publication of the interim reports, it offers conference calls for analysts and investors. In addition, it explains its strategy and informs all interested parties in accordance with the principle of providing the same information worldwide.

## **Accounting and auditing**

In its annual report, Deutsche Börse AG informs shareholders and the interested public in detail about Deutsche Börse Group's business performance in the year under review. The Company publishes further extensive information in the half-yearly financial report and two further quarterly reports.

The financial statement documents and the annual report are available within 90 days of the end of the financial year (31 December); interim reports (half-yearly and quarterly financial reports) are available within 45 days of the end

of the quarter concerned. Following preparatory discussions by the Audit and Finance Committee, the consolidated and the annual financial statements are discussed and examined by the plenary meeting of the Supervisory Board and with the auditors before being approved. The Executive Board discusses the half-yearly report and the quarterly financial reports for the first and third quarters with the Audit and Finance Committee before publication. The half-yearly financial report is reviewed by the auditors.

Following the proposal of the Supervisory Board, the Annual General Meeting 2010 elected KPMG AG Wirtschaftsprüfungsgesellschaft, registered in Berlin, (KPMG) to audit its 2010 annual and consolidated financial statements and to review the half-yearly financial report in financial year 2010. The Supervisory Board's proposal was based on the recommendation by the Audit and Finance Committee. Before the election of KPMG, the Audit and Finance Committee had obtained the necessary statement of independence according to which there were no personal, business, financial, or other relationships between the auditors and its governing bodies and audit managers on the one hand, and the Company and the members of its Executive and Supervisory Boards on the other, that could give cause to doubt the auditors' independence. The Audit and Finance Committee monitored the continued applicability of this independence during financial year 2010.

The Audit and Finance Committee also supervised the financial reporting process in financial year 2010. The Supervisory and Executive Boards were informed promptly of its work and findings. There were no material findings in the past financial year.

Deutsche Börse AG has implemented comprehensive risk management systems which are continuously being developed and monitored in their effectiveness. They

are presented in detail in the risk report, which is part of the Group management report. The same applies to the internal control system, compliance and internal auditing. Information on audit services and audit fees is provided in note 8 of the notes to the consolidated financial statements.

### **Incentive programmes for senior executives and employees**

Following a recommendation of the German Corporate Governance Code, this section explains stock option plans and similar share-based incentive systems for senior executives and employees.

Deutsche Börse AG has launched incentive programmes that enable eligible employees of Deutsche Börse Group to share in the Company's performance. Whether and to what extent these programmes apply is determined by the general business performance.

#### **Group Share Plan (GSP)**

The Executive Board of Deutsche Börse AG decided not to launch a Group Share Plan for employees of Deutsche Börse Group in financial year 2010. Information on GSPs in previous financial years may be found in note 45 of the notes to the consolidated financial statements of this annual report and in the corporate governance reports of the financial years concerned.

#### **Stock Bonus Plan (SBP)**

Senior executives of Deutsche Börse AG as well as members of the Executive Management of the subsidiaries and their senior executives receive variable remuneration as part of their total remuneration. To determine the variable remuneration component company performance and individual performance are taken into account. Senior executives receive a part of their variable remuneration

under the Stock Bonus Plan. A more detailed description of the SBP can be found in note 45 of the notes to the consolidated financial statements. The beneficiaries participate in the Company's success and increase their identification with the Company through the SBP. The number of SBP shares granted to the beneficiary is generally calculated by dividing the individual SBP bonus determined for the beneficiary each year for the SBP by the average quoted price of Deutsche Börse shares in the fourth quarter of the respective financial year to which the bonus relates, rounded in accordance with standard practice to the nearest whole number. The average quoted price is calculated based on the average (arithmetic mean) of the closing auction prices for Deutsche Börse shares in electronic trading on the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) in the fourth quarter of the financial year for which the bonus component is set. After a two-year waiting period, the Company chooses whether the beneficiary then receives the shares or a cash settlement.

#### **Deutsche Börse Group's control systems**

Functioning control systems are an important part of stable business processes. To implement and comply with the principles of proper corporate governance, Deutsche Börse has established control systems that are embedded in an overall system. Those responsible for the different elements of the control system are in close contact with each other and with the Executive Board. They regularly report to the Audit and Finance Committee of Deutsche Börse AG's Supervisory Board. Further reports to the Supervisory Board are prepared in response to requests and in agreement with the Chairman of the Supervisory Board.

#### **Risk management**

Risk management is regarded as a fundamental element of the management and supervision of Deutsche Börse Group. The Group has therefore established a Group-wide risk management system comprising roles, processes and responsibilities applicable to all staff and organisational entities of Deutsche Börse Group. This system is designed to ensure that emerging risks can be identified and dealt with appropriately at an early stage. A detailed report on the risks faced by Deutsche Börse Group and how they are dealt with can be found in the risk report in the Group management report.

#### **Internal control system**

Deutsche Börse Group's internal control system aims to ensure the operability, reliability and profitability of the Group's business processes, avert or uncover financial loss, and thus protect all its business assets. Deutsche Börse Group's internal control system comprises both integrated and independent controls and serves to guarantee the reliability of the data for the preparation of the consolidated financial statements (including the Group management report) as well as for internal reporting. The managers of the individual business areas are accountable for the effectiveness of the integrated controls and ensure that errors and irregularities in the business processes are identified at an early stage. Executive Board and Supervisory Board are informed of the effectiveness of the integrated controls at regular intervals.

#### **Compliance**

Compliance represents an important part of corporate culture at Deutsche Börse Group. For this reason, Deutsche Börse Group has established the Group Compliance function. Its task is to protect the Group from potential damage

arising from failure to comply with applicable laws, regulations and standards of good governance and generally to protect the Company's reputation. It is intended to ensure compliant and ethical behaviour. The particular focus here is on the following topics specific to financial companies:

- Prevention of money laundering and terrorist financing
- Compliance with professional and banking secrecy
- Prevention of insider dealing
- Prevention of market manipulation
- Prevention of fraud
- Prevention of corruption
- Prevention of conflicts of interest
- Data protection

Deutsche Börse Group has adopted binding compliance guidelines that are valid for all employees, including senior management and external service providers. The content of the compliance guidelines can be viewed at [> Investor Relations > Corporate Governance > Compliance.](http://www.deutsche-boerse.com)

### **Internal Auditing**

Internal Auditing at Deutsche Börse Group provides independent, objective auditing and advisory services aimed at improving business processes and internal procedures. In this context, Internal Auditing assesses the effectiveness of corporate processes, risk management, controls and management and supervisory processes, as well as compliance with regulations. It reports on the associated risks and highlights areas for improvement. In this way,

Internal Auditing creates added value for the Company and its supervisory bodies and supports them in achieving their objectives.

Deutsche Börse Group has implemented the control systems described (risk management, internal control system, compliance and internal auditing) as part of an integrated overall concept. The coordination of the control systems is ensured by a central coordination function and by agreements between each of the areas responsible. The Executive and Supervisory Boards examine the effectiveness of the control systems on a regular basis and did not detect any shortcomings in the year under review.

### **Other references to corporate governance in the annual report**

Deutsche Börse AG's comprehensive corporate governance activities are also reflected in other sections of this annual report.

- In the "Letter to shareholders" on pages 4 to 6, the Chief Executive Officer informs the shareholders about financial year 2010 and the future orientation of the Company.
- The advisory and working committees are listed in the "Customer governance" section on pages 72 to 76.
- Deutsche Börse Group's social and cultural involvement and the Group's activities for its employees are summarised in the "Corporate responsibility" chapter on pages 70 to 71. A more detailed account can be found in the Corporate Responsibility Report, which is published separately each year.
- The change in the number of employees in the year under review is presented in the "Employees" section in the Group management report on pages 93 to 94.

## Remuneration report

The following remuneration report is a component of the Group management report. The report reflects the requirements of the German Corporate Governance Code and German Accounting Standard (GAS) 17 "Reporting on the Remuneration of Members of Governing Bodies". This report also includes the information required by the Handelsgesetzbuch (HGB, the German Commercial Code) and the International Financial Reporting Standards (IFRSs).

### **Review and adjustment of the Executive Board remuneration system**

The structure and amount of the Executive Board remuneration is determined by the Supervisory Board on the basis of recommendations made by the Personnel Committee. The structure of and system governing the Executive Board remuneration was comprehensively reviewed last year by the Supervisory Board together with an independent external advisor. The structure and amount of the Executive Board remuneration were assessed on the basis of vertical and horizontal comparisons, i.e. within Deutsche Börse AG and in relation to comparable undertakings, and are adjusted where necessary. Following intensive Personnel Committee consultations and detailed talks with the Executive Board, the Supervisory Board agreed on a new remuneration system that complies with the new requirements of the Gesetz zur Angemessenheit der Vorstandsvergütung (VorstAG, German Act on the Appropriateness of Management Board Remuneration) and the German Corporate Governance Code. The contracts of all Executive Board members, irrespective of their duration, were amended by mutual agreement to reflect the new remuneration system with effect from 1 January 2010. Based on the comparisons mentioned above, the remuneration can be considered appropriate.

### **Structure of the Executive Board remuneration system**

The remuneration system applicable to members of Deutsche Börse AG's Executive Board since 1 January 2010 is described below. The aim of this system is to remunerate the Executive Board members appropriately for their tasks and responsibilities, as well as in accordance with legal requirements, and to provide incentives based on assessment periods over several years without incurring unjustifiable risks. The remuneration consists of non-performance-related and performance-related components. Significant structural changes in the remuneration system are the redistribution to the various remuneration components as well as the restructuring of assessment periods and incentives for variable cash and share components. The total target remuneration in the new remuneration system remains essentially unchanged from the old system.

#### **Non-performance-related remuneration components**

Non-performance-related remuneration comprises the monthly basic remuneration and ancillary contractual benefits granted.

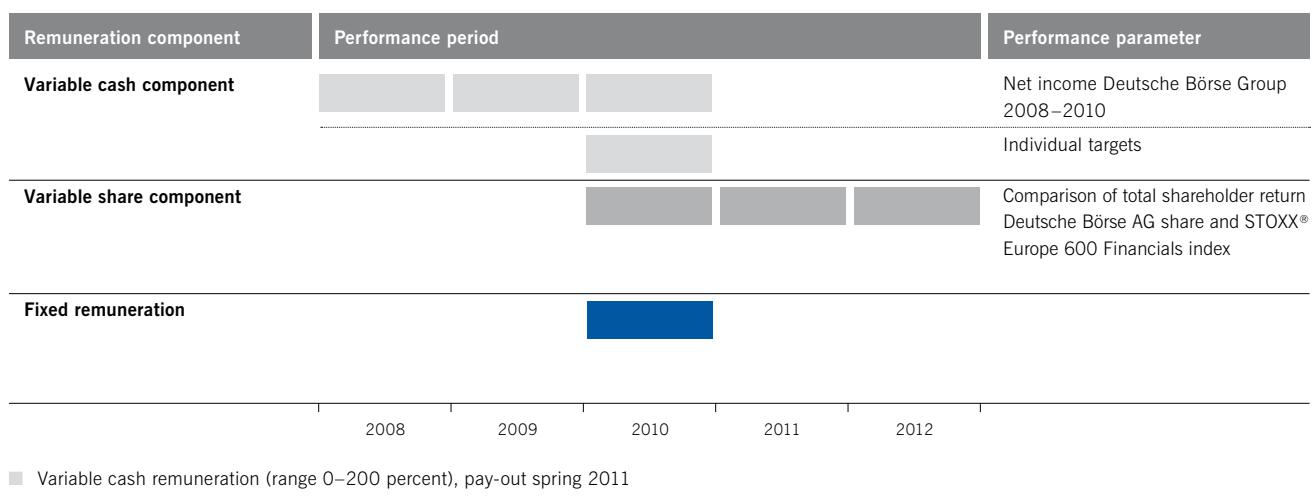
#### **Basic remuneration**

The members of the Executive Board receive a fixed basic salary in twelve equal monthly instalments. The basic salary represents approximately 30 percent of the total target remuneration for one year. It is reviewed by the Supervisory Board on a regular basis, at least every two years.

#### **Ancillary contractual benefits**

In addition to the basic remuneration, the members of the Executive Board receive certain ancillary contractual benefits. The most significant benefit is an occupational pension commitment in the form of a defined contribution plan for members of the Executive Board employed since January 2009 and a defined benefit plan for those who joined earlier (see the "Retirement benefits" section for details of the terms and conditions). A further benefit is the provision of an appropriate company car for business and personal use. Tax is payable by the Executive Board members for the pecuniary benefit arising from private use.

## System of the Executive Board remuneration from 2010



In addition, members of the Executive Board receive taxable contributions towards private pensions. The Company also takes out accident insurance and directors' and officers' liability insurance (D&O insurance) for them. This policy includes a deductible of 10 percent of the damages arising from the insured event, with the maximum deductible per year set by the Supervisory Board at 1.5 times the fixed annual remuneration of the relevant Executive Board member.

### Performance-related remuneration components

The performance-related remuneration consists of cash and share components. The cash component represents around 45 percent and the share component about 25 percent of the total annual target remuneration. Under the new remuneration system effective since 2010, the reference periods for performance measurement are 2008 to 2010 for the variable cash component and 2010 to 2012 for the variable share component. The old system only had a one-year reference period for performance measurement with partial deferral.

### Variable cash component

The Supervisory Board establishes the 100 percent target value of the variable cash component in euros for every Executive Board member. At the end of the financial year, the Supervisory Board determines the actual degree to which the targets have been met and decides on the amount of the variable cash component. Two parameters are used to measure target achievement:

**Achievement of the Group's net income target:** Two-thirds of the variable cash component are based on the achievement of a specified net income target for the Group and a corresponding return on equity, taking into account not only the net income for the current financial year, but also for the two preceding years. The degree to which the targets have been achieved is determined for each of the three financial years, achievement of 0 percent to a maximum of 200 percent is possible. The average level of target achievement is then used to calculate two-thirds of the variable cash component for the current financial year.

Based on the Executive Board's performance, the Supervisory Board calculated a target achievement for 2008 and 2009 respectively, for those members of the Executive Board who were in office throughout the two financial years. For new Executive Board members, 100 percent target achievement was assumed for past years in which they were not yet in office.

When determining the target achievement level for the relevant subscription years, the Supervisory Board checks whether and to what extent exceptional, one-off effects influenced the Group's net income. If these one-off effects were caused by developments or factors not attributable to the Executive Board, the Supervisory Board takes this into account when determining the level of target achievement.

**Achievement of individual targets:** One-third of the variable cash component is determined based on the degree to which each member of the Executive Board has achieved individual targets in the financial year for which the cash bonus is awarded. Individual targets are agreed with each Executive Board member at the beginning of the year. Target achievement is assessed after the end of the year; once again, achievement of 0 percent to a maximum of 200 percent is possible.

#### Variable share component

The Supervisory Board also establishes the 100 percent target value for the variable share component for each Executive Board member in euros. The number of phantom Deutsche Börse shares for each member of the Executive Board is calculated based on this target value. To do this, the euro amount is divided by the average share price (Xetra® closing price) in the two calendar months preceding the determination of the target value. The phantom Deutsche Börse shares are subject to a performance period of three years (vesting period: grant year and two subsequent years). The entitlement to a variable share

bonus is settled in cash and only arises at the end of the vesting period. The share bonus is variable in two ways: the number of phantom shares varies, dependent on the performance of Deutsche Börse's total shareholder return (TSR) compared to the TSR of the STOXX® Europe 600 Financials index. If the average performance of Deutsche Börse AG's TSR in this period moves parallel to the average TSR of the benchmark index, the number of phantom shares remains unchanged. If the TSR of Deutsche Börse AG is 50 percent or less than the index's TSR, the number of phantom shares falls to nil. If the TSR of Deutsche Börse AG's shares is at least twice that of the index, the number of shares doubles. The following table shows the relationship between TSR performance and the number of shares:

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#### Relationship between TSR performance and the number of shares

Average TSR of Deutsche Börse AG compared to the TSR of the STOXX® Europe 600 Financials index	Number of phantom shares at the end of the vesting period (compared to the number of shares originally allocated)
%	%
-50	0
-40	50
0	100
40	140
50	150
100	200

The second variable is the share price. The number of shares calculated at the end of the vesting period is multiplied by the share price applicable to that time (average price/Xetra closing price of the Deutsche Börse share in the preceding two full calendar months). This gives the value of the variable share component. The Supervisory Board has set the maximum variable share component at 250 percent of the original target value.

### 2010 expense for the new share-based payments

	Expense recognised (2010 allocation) € thousands	Carrying amount as at the balance sheet date 2010 tranche € thousands
Reto Francioni	225.9	225.9
Andreas Preuss	187.4	187.4
Frank Gerstenschläger	115.5	115.5
Michael Kuhn	147.0	147.0
Gregor Pottmeyer <sup>1)</sup>	124.9	124.9
Jeffrey Tessler	148.1	148.1
<b>Total</b>	<b>948.8</b>	<b>948.8</b>

Grant date in 2010, vesting period of three years and payment in 2013

1) Appointed to the Executive Board on 1 October 2009

Since the variable share component described above has been applied for the first time in 2010, the Executive Board members will receive a possible share bonus for the first time in 2013. For the 2008 and 2009 tranches under the former Stock Bonus Plan (SBP), they will receive a variable share component if they were in office throughout these two years. Under the SBP, one-third of the variable remuneration was granted in the form of phantom shares for both 2008 and 2009. These shares are subject to a vesting period and will be paid out to the Executive Board members in spring 2011 and spring 2012, respectively. The Supervisory Board may choose whether to settle the award in cash or shares.

The expense from the variable share component incurred in the year under review is presented together with the carrying amount as at the balance sheet date in the following tables. See also note 45 in the notes to the consolidated financial statements.

### 2010 expense for the still outstanding tranches of the old stock bonus plan

	Recognised expense 2007–2009 tranches € thousands	Carrying amount as at the balance sheet date 2007–2009 tranches € thousands
Reto Francioni	510.3	1,398.8
Andreas Preuss	359.5	1,016.8
Frank Gerstenschläger	235.1	642.7
Michael Kuhn	313.5	892.8
Gregor Pottmeyer <sup>1)</sup>	0	0
Jeffrey Tessler	335.8	930.5
<b>Total</b>	<b>1,754.2</b>	<b>4,881.6</b>

Allocation 2007 to 2009, payment 2010 to 2012

1) Appointed to the Executive Board on 1 October 2009

### 2010 expense for the new share-based payments and the still outstanding tranches of the old stock bonus plan – overview

	Expense recognised (Total) € thousands	Carrying amount at the balance sheet date (Total) € thousands
Reto Francioni	736.2 (542.9)	1,624.7 (1,354.7)
Andreas Preuss	546.9 (347.4)	1,204.2 (1,101.5)
Thomas Eichelmann <sup>1)</sup>	0 (-227.4)	0 (-)
Frank Gerstenschläger	350.6 (246.6)	758.2 (558.3)
Michael Kuhn	460.5 (335.2)	1,039.8 (921.0)
Gregor Pottmeyer <sup>2)</sup>	124.9 (0)	124.9 (0)
Jeffrey Tessler	483.9 (354.9)	1,078.6 (938.3)
<b>Total</b>	<b>2,703.0 (1,599.6)</b>	<b>5,830.4 (4,873.8)</b>

1) Left the Executive Board on 30 April 2009

2) Appointed to the Executive Board on 1 October 2009

### Number of 2010 phantom shares (new)

	Number of 2010 phantom shares on the grant date <sup>1)</sup>	Adjustments of number of 2010 phantom shares <sup>2)</sup>	Number of 2010 phantom shares as at 31 Dec. 2010 <sup>2)</sup>
Reto Francioni	16,448	-672	15,776
Andreas Preuss	13,645	-558	13,087
Thomas Eichelmann <sup>3)</sup>	0	0	0
Frank Gerstenschläger	8,411	-344	8,067
Michael Kuhn	10,704	-437	10,267
Gregor Pottmeyer <sup>4)</sup>	9,097	-372	8,725
Jeffrey Tessler	10,783	-441	10,342
<b>Total</b>	<b>69,088</b>	<b>-2,824</b>	<b>66,264</b>

1) From 2010, the variable share component is based on the new remuneration system and has a term of three years until 2012.

2) The adjustment and number of phantom shares on the grant date are based on the result of the 2010 performance comparison (total shareholder return comparison with peer group) and are indicative for 2010. The number may change as a result of the performance comparison based on total shareholder return in 2011 and 2012.

3) Left the Executive Board on 30 April 2009

4) Appointed to the Executive Board on 1 October 2009

A modified Black-Scholes option pricing model (Merton model) was used to measure the number of stock options arising from the 2010 variable share component (previous year: 2009 tranche). The model does not take exercise hurdles into account. The number of stock options was calculated as at the balance sheet date taking into account the performance of the total shareholder return relative to the performance of the share price of Deutsche Börse AG. It is based on the following valuation parameters:

### Valuation parameters

	Share component 2010	Tranche 2009 <sup>1)</sup>	Tranche 2008 <sup>1)</sup>
Term <sup>2)</sup>	3 years	2 years	2 years
Risk-free interest rate	%	0.87	1.19
Volatility	%	37.36	55.48– 56.95
Deutsche Börse AG share price	€	51.80	47.35– 54.88
Dividend yield	%	4.92	4.21– 4.88
Fair value	€	46.86	43.21– 50.70
Relative total shareholder return	%	-3.27	–

1) The valuation parameters are calculated on the date the bonus is determined.

2) Term begins on the grant date.

### Number of stock options of the SBP tranches 2007, 2008 and 2009 (old)<sup>1)</sup>

	Balance as at 31 Dec. 2009	Adjustments of number of 2009 stock options in 2010 <sup>2)</sup>	Settled in stock bonus plan shares <sup>3)</sup>	Total
Reto Francioni	40,092	0	8,298	31,794
Andreas Preuss	32,372	-1,178	7,907	23,287
Thomas Eichelmann <sup>4)</sup>	0	0	0	0
Frank Gerstenschläger	17,398	0	2,683	14,715
Michael Kuhn	27,129	-813	6,082	20,234
Gregor Pottmeyer <sup>5)</sup>	0	0	0	0
Jeffrey Tessler	27,841	-595	6,117	21,129
<b>Total</b>	<b>144,832</b>	<b>-2,586</b>	<b>31,087</b>	<b>111,159</b>

1) From 2010, the variable share component is based on the new remuneration system.

2) Due to different grant dates of the responsible supervisory bodies

3) Settlement of the 2007 tranche, pay out in February 2010

4) Left the Executive Board on 30 April 2009

5) Appointed to the Executive Board on 1 October 2009

### Termination benefits

There are two different retirement benefit systems for Deutsche Börse AG Executive Board members.

Members of the Executive Board who were first employed before 1 January 2009 receive a defined benefit pension. Executive Board members who were first employed after that date receive a defined contribution pension. The pensionable income and the present value of the existing pension commitments as at 31 December 2010 are presented in the table on page 66.

### Contractual changes and amendments to retirement benefit agreements

The former connection between basic remuneration and the replacement rate used to calculate the pensionable income has been eliminated. As of 2010, the amount of the pensionable income is regularly reviewed by the Supervisory Board. The retirement benefit agreements with the Executive Board members were amended in some areas as part of the revised remuneration system for the Executive Board. In this context, Mr Pottmeyer received a pension agreement under the defined contribution pension system described below. This also includes the provisions relating to "Death and permanent occupational incapacity benefits" and "Transition payments".

Changes to existing retirement benefit agreements consisted of the inclusion of an agreement on transition payments in line with the details provided in the "Transition payments" section in the pension agreements for Dr Francioni and Mr Tessler.

### Total Executive Board renumeration for 2010 (new)

Non-performance-related remuneration	Other remuneration from ancillary contractual benefits <sup>1)</sup>	Variable cash payment	Variable share component <sup>2)</sup>		Total
			Number of phantom shares	Amount at the grant date <sup>3)</sup>	
€ thousands	€ thousands	€ thousands	Number	€ thousands	€ thousands
Reto Francioni	1,100.0	22.8	1,695.7	16,448	839.0
Andreas Preuss	800.0	26.7	1,407.3	13,645	696.0
Frank Gerstenschläger	580.0	26.8	826.7	8,411	429.0
Michael Kuhn	650.0	20.5	1,055.1	10,704	546.0
Gregor Pottmeyer <sup>4)</sup>	600.0	46.7	877.8	9,097	464.0
Jeffrey Tessler	698.6	31.6	1,177.0	10,783	550.0
<b>Total</b>	<b>4,428.6</b>	<b>175.1</b>	<b>7,039.6</b>	<b>69,088</b>	<b>3,524.0</b>
					<b>15,167.3</b>

1) Other remuneration comprises salary components such as taxable contributions towards private pensions, taxable lump-sum telephone allowances/living expenses, and company car arrangements.

2) The number of stock options at the 2010 grant date is calculated by dividing the target for the stock bonus by the average share price (Xetra closing price) of Deutsche Börse shares in the calendar months January and February 2010 (€51.01). The number of phantom shares for 2010 is indicative and may change as a result of the performance comparison based on total shareholder return in 2011 and 2012. They will be paid out in 2013.

3) Corresponds to the 100 percent target value for the 2010 phantom stock bonus. The variable stock component under the 2010–2012 performance assessment will be paid out in 2013.

4) Appointed to the Executive Board on 1 October 2009

### Amount of the Executive Board remuneration

The following overviews show the remuneration actually granted to each member of the Executive Board for the 2010 and 2009 financial years.

#### Retirement benefits

The members of the Executive Board are entitled to pension benefits after reaching the age of 60 or 63, if they are no longer in the employment of Deutsche Börse AG at that time. In accordance with the Articles of Association of Deutsche Börse AG, membership of the Executive Board generally terminates when the members attain the age of 60. This age limit may be exceeded in individual cases if it is in the Company's interest.

#### Defined benefit retirement benefit system

After reaching the contractually agreed retirement age of 60 or 63, members of the Executive Board to whom the defined benefit retirement benefit system is applicable receive a specified percentage (replacement rate) of their individual pensionable income as a pension. This is subject to the Executive Board member in question having served on the Executive Board for at least three years and having been reappointed at least once. Pensionable income is determined and regularly reviewed by the Supervisory Board. When the term of office begins, the replacement rate is 30 percent. It rises by five percentage points with each reappointment, up to a maximum of 50 percent.

### Total Executive Board renumeration for 2009 (old)

Non-performance-related remuneration	Other remuneration from ancillary contractual benefits <sup>1)</sup>	Variable cash payment	Variable share component <sup>2)</sup>		Total
			Number of stock options	Amount at the grant date	
€ thousands	€ thousands	€ thousands	Number	€ thousands	€ thousands
Reto Francioni	1,000.0	14.8	1,000.0	10,560	456.3
Andreas Preuss	600.0	26.9	883.3	8,150	408.9
Thomas Eichelmann <sup>3)</sup>	183.3	17.0	—	—	200.3
Frank Gerstenschläger	500.0	26.2	486.7	5,139	222.0
Michael Kuhn	500.0	20.5	700.0	6,579	322.6
Gregor Pottmeyer <sup>4)</sup>	125.0	18.0	250.0	—	393.0
Jeffrey Tessler	575.5	38.6	716.7	6,973	329.3
<b>Total</b>	<b>3,483.8</b>	<b>162.0</b>	<b>4,036.7</b>	<b>37,401.0</b>	<b>1,739.1</b>
					<b>9,421.6</b>

1) Other remuneration comprises salary components such as taxable contributions towards private pensions, taxable lump-sum telephone allowances/living expenses, and company car arrangements.

2) The calculation of the number of stock options and the value at the grant date for 2009 is based on the closing auction price of Deutsche Börse shares in electronic trading on the Frankfurt Stock Exchange on the date the bonus is calculated.

3) Left the Executive Board on 30 April 2009

4) Appointed to the Executive Board on 1 October 2009

As a rule, the benefit is granted in the form of a monthly pension. The benefit may also be paid out in the form of a one-off capital payment or in five instalments, provided that the Supervisory Board has adopted a corresponding resolution at the Executive Board member's request.

#### Defined contribution retirement benefit system

For Executive Board members to whom the defined contribution benefit system applies, the Company makes a contribution in the form of a capital component in each calendar year they serve on the Executive Board. This contribution is determined by applying an individual replacement rate to the pensionable income. As in the defined benefit retirement benefit system, the pensionable income is determined and regularly reviewed by the

Supervisory Board. The annual capital components calculated in this way bear interest corresponding to the discount rate used to measure pension liabilities in the Company's German financial statements in accordance with section 253 (2) of the Handelsgesetzbuch (HGB, the German Commercial Code), but at least 3 percent annually. As a rule, the benefit is also granted in the form of a monthly pension in the defined contribution system. The benefit may also be paid out in the form of a one-off capital payment or in five instalments, provided that the Supervisory Board has adopted a corresponding resolution at the Executive Board member's request.

## Retirement benefits

	Replacement rate		Present value/defined benefit obligation		Pension expense		Pensionable income <sup>1)</sup>
	as at 31 Dec. 2010 %	as at 31 Dec. 2009 %	as at 31 Dec. 2010 € thousands	as at 31 Dec. 2009 € thousands	2010 € thousands	2009 € thousands	2010 € thousands
<b>Defined benefit system</b>							
Reto Francioni	35.0	35.0	8,188.9	7,233.6	204.9	0	1,000.0
Andreas Preuss	40.0	40.0	3,296.0	1,772.0	752.7	455.0	600.0
Frank Gerstenschläger	40.0	35.0	4,650.1	3,170.8	652.5	661.1	500.0
Michael Kuhn	50.0	45.0	5,243.3	3,554.6	574.1	167.4	500.0
Jeffrey Tessler	35.0	35.0	4,415.5	3,591.0	14.2	146.9	577.8
<b>Total</b>			<b>25,793.8</b>	<b>19,322.0</b>	<b>2,198.4</b>	<b>1,430.4</b>	<b>3,177.8</b>
<b>Defined contribution system</b>							
Gregor Pottmeyer <sup>2)</sup>	48.0 <sup>3)</sup>	—	385.5	—	346.8	—	500.0

1) Since 2010, pensionable income is no longer based on fixed remuneration, but is reviewed and determined by the Supervisory Board.

2) The pension agreement with Mr Pottmeyer was entered into as part of the restructuring of the Executive Board remuneration in 2010.

3) The annual pension contribution amounts to 48 percent of the basis for assessment in the defined contribution system.

## Early retirement pension

Members of the Executive Board who have a defined benefit pension are entitled to an early retirement pension if the Company does not extend their contract, unless the reason for this is attributable to the Executive Board member and would justify termination without notice of the Executive Board member's contract. The amount of the early retirement pension is calculated in the same way as the retirement benefits by applying the relevant replacement rate to the pensionable income. Again, this is subject to the Executive Board member having served on the Executive Board for at least three years and having been

reappointed at least once. In addition, an Executive Board member must have reached the age of 55 to qualify for the early retirement pension. Members of the Executive Board who have a defined contribution pension are not eligible for early retirement benefits.

## Death and permanent occupational incapacity benefits

In the event of the permanent occupational incapacity of a member of Deutsche Börse AG's Executive Board, the Company is entitled to retire the Executive Board member in question. Permanent occupational incapacity exists if an Executive Board member is unable to perform his or her professional activities for more than six months and it is not expected that his or her occupational capacity will

be regained within a further six months. In such cases, Executive Board members who have a defined benefit pension plan receive the amount calculated by applying the relevant replacement rate to the pensionable income. Executive Board members with a defined contribution pension plan receive the benefit assets acquired when the benefits fall due, plus an allocated amount. The allocated amount corresponds to the full annual pension contribution that would have been due in the year of leaving service multiplied by the number of years between the benefits falling due and the Executive Board member reaching the age of 59.

In the event of the death of an Executive Board member, his or her spouse receives 60 percent of the above amount and each dependent child receives 10 percent (25 percent for full orphans).

#### **Transitional payments**

In the event of permanent occupational incapacity, the agreements under the defined benefit retirement benefit system of Deutsche Börse AG's Executive Board provide for a transitional payment in addition to the benefits described above. The amount of this payment corresponds to the amount of the target variable remuneration (cash and share bonuses) in the year in which the benefits fall due, and is paid out in two tranches in the two subsequent years. In the case of the death of an Executive Board member, his or her spouse receives 60 percent of the transitional payment. A transitional payment is only made in the case of defined benefit pension agreements.

#### **Severance payments**

In the event of early termination of an Executive Board member's contract of service without good reason, any payments made to the Executive Board member may not exceed the remuneration for the residual term of the contract of service and, additionally, the value of two total annual remuneration payments (severance cap). The payment is calculated based on the total remuneration in the past financial year and, where appropriate, the expected total remuneration for the current financial year. The Supervisory Board may exceed the upper limit in exceptional justified cases.

#### **Change of control**

If an Executive Board member is asked to stand down within six months of a change of control, he or she is entitled to a severance payment equal to two total annual remuneration payments or the value of the residual term of his or her contract of service, where this is less than two years. 150 percent of this severance payment may be awarded. If an Executive Board member resigns within six months of the change of control because his or her position as a member of the Executive Board is significantly negatively impacted as a result of the change of control, the Supervisory Board may decide at its discretion whether to grant a severance payment of the above-mentioned amount. This provision applies to all new contracts and reappointments of members of Deutsche Börse AG's Executive Board since 1 July 2009.

For Executive Board members whose contracts were entered into before 1 July 2009 the former regulation continues to apply – but in any event for no longer than the date of their next reappointment – according to which they are entitled to a severance payment both in the case of being asked to step down and of resigning within six months of

a change of control. This consists of compensation for the residual term of the contract as well as an additional severance payment of up to twice the annual benefits, whereby the sum of the compensation and severance payment may not exceed five times the annual benefits.

### **Other provisions**

#### **Secondary employment**

Additional appointments or secondary employment by an individual member of the Executive Board require the approval of the entire Executive Board and the Chairman of the Supervisory Board or, in certain cases, the entire Supervisory Board, which has delegated the granting of approval to the Personnel Committee. If a member of the Executive Board is remunerated for an appointment in an affiliate of Deutsche Börse AG, this is offset against the Executive Board member's entitlement to remuneration from Deutsche Börse AG.

#### **Loans to Executive Board members**

The Company granted no advances or loans to members of the Executive Board in financial year 2010.

#### **Payments to former members of the Executive Board**

Former members of the Executive Board or their surviving dependents received remuneration of €1.3 million in the year under review. The actuarial present value of the pension obligations as at the balance sheet date was €32.6 million in the year under review.

### **Remuneration of the Supervisory Board**

Supervisory Board members receive a rateable fixed remuneration for their services in financial year 2010, depending on their length of service in the year under review. The annual fixed remuneration for membership was €96 thousand for the Chairman, €72 thousand for the Deputy Chairman and €48 thousand for each other member. In addition, membership of the Supervisory Board's Committees (Strategy, Technology, Personnel, Nomination, Clearing and Settlement, and Audit and Finance) is remunerated: the additional remuneration is unchanged at €30 thousand per annum for the Chairman of each Committee (€40 thousand per annum for the Chairman of the Audit and Finance Committee) and €20 thousand per annum for each other member of each Committee.

Members of the Supervisory Board also receive annual variable remuneration on the basis of two different targets relating to the Company's performance. Target 1: In the year in which remuneration is paid, the consolidated return on equity after taxes of Deutsche Börse Group must exceed by at least five percentage points the average of the monthly average current yields to maturity of domestic bearer bonds and public-sector bonds with a remaining maturity of more than nine to ten years as calculated by the Deutsche Bundesbank (Germany's central bank). Target 2: Consolidated earnings per share for the previous two full financial years must exceed consolidated earnings per share for the previous year in each case by 8 percent or more. For each target met, the members of the Supervisory Board each receive annual variable remuneration in the amount of €16 thousand.

### Supervisory Board remuneration<sup>1)2)</sup>

	Membership		Non-performance-related remuneration		Performance-related remuneration	
	2010	2009	2010 € thousands	2009 € thousands	2010	2009
					€ thousands	€ thousands
Dr Manfred Gentz (Chairman)	full year	full year	186.0	189.3	16.0	16.0
Gerhard Roggemann (Deputy Chairman)	full year	full year	132.0	127.0	16.0	16.0
Herbert Bayer	full year	full year	68.0	68.0	16.0	16.0
Udo Behrenwaldt <sup>3)</sup>	–	1 Jan.–20 May	0	28.3	0	6.7
Richard Berland	full year	full year	69.7	68.0	16.0	16.0
Birgit Bokel	full year	full year	68.0	68.0	16.0	16.0
Dr Joachim Faber <sup>4)</sup>	full year	20 May–31 Dec.	89.7	58.7	16.0	10.7
Hans-Peter Gabe	full year	full year	68.0	69.7	16.0	16.0
Richard M. Hayden	full year	full year	108.0	108.0	16.0	16.0
Craig Heimark	full year	full year	78.0	78.0	16.0	16.0
Dr Konrad Hummler	full year	full year	76.3	68.0	16.0	16.0
David Krell	full year	full year	68.0	61.3	16.0	16.0
Hermann-Josef Lamberti	full year	full year	55.5	78.0	16.0	16.0
Friedrich Merz	full year	full year	88.0	81.3	16.0	16.0
Friedrich von Metzler <sup>3)</sup>	–	1 Jan.–20 May	0	36.7	0	6.7
Thomas Neiße <sup>5)</sup>	full year	21 Jan.–31 Dec.	84.7	66.3	16.0	16.0
Roland Prantl	full year	full year	68.0	61.3	16.0	16.0
Sadegh Rismanchi <sup>3)</sup>	–	1 Jan.–20 May	0	28.3	0	6.7
Dr Erhard Schipporeit	full year	full year	88.0	88.0	16.0	16.0
Norfried Stumpf <sup>4)</sup>	full year	20 May–31 Dec.	68.0	45.3	16.0	10.7
Dr Herbert Walter <sup>3)</sup>	–	1 Jan.–20 May	0	28.3	0	6.7
Otto Wierczimok <sup>3)</sup>	–	1 Jan.–20 May	0	28.3	0	6.7
Johannes Witt	full year	full year	68.0	68.0	16.0	16.0
<b>Total</b>			<b>1,531.8</b>	<b>1,602.1</b>	<b>288.0</b>	<b>310.9</b>

1) See note 45 in the notes to the consolidated financial statements for details of the long-term incentive components.

2) The recipient of the remuneration will be determined individually by the members of the Supervisory Board.

3) Left the Supervisory Board on 20 May 2009

4) Appointed to the Supervisory Board on 20 May 2009

5) Appointed to the Supervisory Board on 21 January 2009

# Corporate responsibility

**Creating value through profitable growth. Taking responsibility for the world around us. These are not contradictory goals in Deutsche Börse Group's philosophy – quite the opposite: the Company aims to achieve sustainable development that meets the requirements of the economy, the environment and society in equal measure.**

Deutsche Börse Group defines corporate responsibility as the careful use of the resources it has been entrusted with – along the entire value chain, in all business areas and at all levels of the Company. The Group's aim is to strengthen and guarantee not only its own competitiveness, but also the benefits that exchange trading offers society in both the long term and the short term.

Therefore, the motto of Deutsche Börse's corporate responsibility strategy is "Growing Responsibly":

- The strategy is closely linked to its enterprise strategy and is in line with the aim of profitable growth.
- It focuses on long-term, economically and socially profitable development and therefore reflects the Group's overall responsibility.
- It concentrates on the value contributed by its business activities for all stakeholders – from employees through business partners to shareholders and customers – and therefore also helps to distinguish it from competitors.

- It ensures that the Company's social commitment is related to its core business or is based on existing know-how.
- It strengthens central Company values such as integrity and innovation.
- It relates to the entire Group and represents a binding framework for all locations.
- Corporate responsibility comprises the four areas economy, employees, environment and society.

## Economy

Deutsche Börse Group organises regulated and supervised markets and makes the entire securities business process chain available to its customers – from trading through clearing and settlement of transactions down to securities custody and the provision of market information. In addition, it offers risk management services to its customers. By doing so, Deutsche Börse Group's core business contributes to the systemic stability of the financial markets and creates added value – for its customers and for society.

Our goal: Deutsche Börse aims to grow in a responsible and sustainable manner, providing the best possible service for its customers and ensuring exemplary corporate governance. Sustainable business activities form the basis for this.

## Employees

Committed and competent staff are vital to the Company's success. In addition to attractive remuneration and above-average social benefits, Deutsche Börse focuses on measures to promote personal development, to improve employees' work-life balance and to increase their satisfaction.

Our goal: to ensure its competitiveness and innovative strength in the long term, Deutsche Börse aims to be an attractive employer and hence to attract and develop the best talents and offer them interesting prospects.

## Environment

As a financial services provider, too, the Company is responsible for ensuring an intact environment. In line with this, the Group aims to systematically monitor the effects its operating activities have on the environment and to minimise or completely avoid negative effects. In addition to Group employees, Deutsche Börse Group also includes service providers and suppliers when pursuing these goals.

Our goal: the Company aims to calculate its "ecological footprint" at Group level as precisely as possible, to present it to the public in a transparent manner and to reduce it significantly in cooperation with all Group staff and partners.

## Society

As a responsible corporate citizen, Deutsche Börse Group has been actively engaged in improving society for many years now. It takes a strategic approach to its commitment and makes targeted investments in the future of its locations. It focuses on education and research, culture and social projects, and adapts its activities to the on-site requirements.

Our goal: Deutsche Börse Group wants to help shape its immediate surroundings in a dialogue with its stakeholders and through its authentic commitment, to strengthen its credibility as a responsible company.

Deutsche Börse Group publishes a separate corporate responsibility report providing detailed information on its corporate responsibility activities in this area (to order, see page 264).

# Customer governance

**For Deutsche Börse Group, having a trust-based working relationship with its customers in development and decision-making processes is extremely important. In a variety of advisory bodies and working committees, Deutsche Börse Group representatives and capital market representatives cooperate in initiatives to work towards strong, transparent and sound financial markets.**

Customer governance bodies include, on the one hand, the mandatory supervisory boards and the exchange councils established under public law and, on the other, a variety of advisory bodies and working committees set up by Deutsche Börse itself. The international composition of these bodies reflects the Group's global customer base. Deutsche Börse develops new products and services together with market participants and customers and holds in-depth discussions with them about key decisions in the Company. This reflects Deutsche Börse Group's conviction that customers are its number one priority.

In 2010, the bodies and working committees suggested, among other things, enhancements to Deutsche Börse's electronic trading systems and addressed topics including the expansion of international listing initiatives, the introduction of new products and related product design enhancements, as well as new connection options to increase flexibility and speed. In addition, the regulatory framework and current market developments were discussed.

The bodies and initiatives are listed on the following pages. Deutsche Börse would like to thank all the members of these bodies for their hard work and commitment.

## Control bodies of Deutsche Börse Group as at 31 December 2010

### Supervisory Board of Deutsche Börse AG

For details on the Supervisory Board see pages 32 to 33.

### Clearstream International Board of Directors

The Clearstream International Board of Directors is a one-tier board, that is, all directors (both executive directors and non-executive directors) form one board. It is currently composed of five representatives of Deutsche Börse Group along with one external director and three employee representatives.

Prof, Dr Reto Francioni (Chairman),  
Deutsche Börse  
Jeffrey Tessler (Vice Chairman),  
Clearstream International  
Yves Baguet, Clearstream Services  
Ernst-Wilhelm Contzen, Deutsche Bank  
Luxembourg  
Gregor Pottmeyer, Deutsche Börse  
Frank Gerstenschläger, Deutsche Börse  
Judith Selow (employee representative)  
Roberto Mendolia (employee representative)  
Cornelis Kruijssen (employee representative)

### Board of Directors of Eurex Zürich AG

### Supervisory Board of Eurex Frankfurt AG

### Supervisory Board of Eurex Clearing AG

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

Prof Dr Peter Gomez (Chairman),  
Universität St. Gallen/SIX Group  
Prof, Dr Reto Francioni (Deputy Chairman),  
Deutsche Börse  
Dr Hugo Bänziger, Deutsche Bank  
Walter J. Baumann, Credit Suisse  
Matthias Frisch, UBS Investment Bank  
Dr Michael Kuhn, Deutsche Börse  
Erik Tim Müller, Deutsche Börse  
Dr Roger Müller, Deutsche Börse  
Gregor Pottmeyer, Deutsche Börse  
Dr Martin Reck, Deutsche Börse  
Dr Urs Rüeggger, SIX Group  
Jacques de Saussure, Pictet & Cie.

## Bodies established under public law as at 31 January 2011

### Exchange Council of the Frankfurt Stock Exchange

The Exchange Council of the Frankfurter Wertpapierbörs (FWB®, the Frankfurt Stock Exchange) is the supreme control and supervisory body of the stock exchange under public law. The FWB management board needs the approval of the Exchange Council for issues of fundamental importance. The FWB Exchange Council normally has 18 members, including two investor representatives, who are elected for a term of three years. The acting Exchange Council was elected on 21 November 2007 and met for its constituent session on 18 January 2008. The FWB Exchange Council elections took place on 25 November 2010; the new Exchange Council was constituted on 27 January 2011.

Dr Lutz Roger Raettig (Chairman),  
Morgan Stanley Bank International  
Dr Werner Brandt (Deputy Chairman since 27 Jan. 2011), SAP  
Wolfgang Beck, Scheich & Partner  
Börsenmakler (until 27 Jan. 2011)  
Hans-Dieter Brenner, Landesbank Hessen-Thüringen Girozentrale (until 27 Jan. 2011)  
Prof Dr Wolfgang Gerke (Investor representative), Bayerisches Finanz Zentrum (until 27 Jan. 2011)  
Prof Dr Peter Gomber (Investor representative), Goethe-Universität Frankfurt/Main (since 27 Jan. 2011)  
Thomas Grünewald, BNY Mellon Service Kapitalanlage-Gesellschaft  
Lars Hille, DZ Bank  
Kai Jordan, Steubing (since 27 Jan. 2011)  
Rainer Krick, Landesbank Hessen-Thüringen Girozentrale (since 27 Jan. 2011)  
Torsten Kuck, N.M. Fleischhacker  
Hermann-Josef Lamberti, Deutsche Bank  
René Parmantier, Close Brothers Seydler Bank (since 27 Jan. 2011)  
Hartmut Retzlaff, STADA Arzneimittel (since 27 Jan. 2011)  
Michael Reuther, Commerzbank (since 27 Jan. 2011)

Rainer Roubal, Peter Koch Wertpapierhandelsbank (until 27 Jan. 2011)  
 Heinz-Jürgen Schäfer (investor representative)  
 Friedrich von Metzler, Bankhaus B. Metzler  
 seel. Sohn & Co.  
 Carola Gräfin von Schmettow, HSBC  
 Trinkaus & Burkhardt  
 Dr Markus Walch, DAB bank  
 (until 27 Jan 2011)  
 Michael Wilhelm, N.M.F.  
 Stefan Winter, UBS Deutschland

#### **Exchange Council of Eurex Deutschland**

The Exchange Council of Eurex Deutschland is the supreme control and supervisory body of the exchange under public law. The management board of Eurex Deutschland needs the approval of the Exchange Council for issues of fundamental importance. The Eurex Deutschland Exchange Council normally has 18 members, including two investor representatives, who are elected for a term of three years. The acting Exchange Council was elected on 21 November 2007 and met for its constituent session on 18 January 2008. The Eurex Deutschland Exchange Council elections took place on 25 November 2010; the new Exchange Council was constituted on 27 January 2011.

Gustav Gaß (Chairman), Gass Capital Markets  
 Lars Hille (Deputy Chairman), DZ Bank  
 Frank Annuscheit, Commerzbank  
 (until 27 Jan. 2011)  
 Nico Baader, Baader Bank (since 27 Jan 2011)  
 Uto Baader, Baader Bank (until 27 Jan 2011)  
 Hans-Dieter Brenner, Landesbank Hessen-Thüringen Girozentrale (until 27 Jan. 2011)  
 Jelle Rienk Elzinga, Optiver (until 27 Jan. 2011)  
 Dr Carsten Esbach, BNP Paribas Equities France (since 27 Jan. 2011)  
 Richard Falk, Kerdos Investment (since 27 Jan. 2011)  
 Harald Gegenwart, Morgan Stanley Wertpapiere Prof Dr Lutz Johanning (investor representative), WHU – Otto Beisheim School of Management  
 Rainer Krick, Landesbank Hessen-Thüringen Girozentrale (since 27 Jan. 2011)  
 Hermann-Josef Lamberti, Deutsche Bank  
 Frank Langer, Macquarie Capital (Europe) (since 27 Jan. 2011)

David Alan Martin (investor representative), J.P. Morgan Securities (since 27 Jan. 2011)  
 Euan G. Munro (investor representative), Standard Life Investments (until 27 Jan. 2011)  
 Hans Pieterse, Optiver (since 27 Jan. 2011)  
 Michael Reuther, Commerzbank (since 27 Jan. 2011)  
 Christian Schaffer, First Futures  
 Wilfried Schmidt, Daiwa Securities SMBC Europe (until 27 Jan. 2011)  
 Charles Tall, Archelon Deutschland  
 Christian Trenkle, Panthera Investment (until 27 Jan. 2011)  
 Friedrich von Metzler, Bankhaus B. Metzler  
 seel. Sohn & Co.  
 Carola Gräfin von Schmettow, HSBC  
 Trinkaus & Burkhardt  
 Bernd Weidner, CMT Capital Markets Trading (since 27 Jan. 2011)

#### **Working committees and advisory boards as at 31 December 2010**

##### **Issuer Markets Advisory Committee (IMAC)**

The IMAC advises Deutsche Börse on the development of the primary market and the design of the listing segments. The committee consists of issuer representatives, institutional investors, issuing houses and their advisors. Discussions in 2010 centred on middle market activities, the expansion of international listing initiatives and the extension of the Entry Standard to bonds.

##### **London Equity Market Advisory Committee (LEMAC)**

LEMAC was initiated in 2004. Participants are the leading trading institutions from the financial centre of London. The committee meets every quarter in order to discuss general development opportunities and functionalities for Xetra®.

##### **Amsterdam Equity Market Advisory Committee (AEMAC)**

This committee was established in 2009 to offer Dutch trading participants a forum for feedback, suggestions and discussions. It is designed in particular for users of algorithmic trading and addresses such issues as new and existing Xetra functions and the latest market developments.

##### **Secondary Markets Advisory Committee (SMAC): Retail**

The SMAC Retail Committee focuses on the functionality of the intermediary-based trading system at the Frankfurt Stock Exchange and the trading volumes in the Xetra electronic trading system initiated by the banks' private customer business. Market models and measures planned for individual products are developed together, presented and discussed. The committee was actively involved in the following initiatives in 2010: the future of floor trading in Frankfurt, Xetra interface strategy and release planning, and marketing approaches for Xetra/Börse Frankfurt. The committee was also informed of current developments at Tradegate Exchange.

##### **Secondary Markets Advisory Committee (SMAC): Wholesale**

The SMAC Wholesale Committee focuses on trading on the Xetra platform, the general conditions for this and planned developments. In 2010, SMAC Wholesale was involved in issues such as the regulatory framework in connection with the revision of the Markets in Financial Instruments Directive (MiFID) and the ban on short selling, measures to further increase speed and functional enhancements resulting from the launch of Release 11.0, current developments associated with the Xetra International Market (XIM), and migration planning for the transition from lead broker-based floor trading to the Xetra specialist model.

### **Designated Sponsor Workshop**

The workshop focuses on enhancements to the designated sponsor model, discusses new models and clarifies relevant questions at the operational level. The Designated Sponsor Workshop addressed the following topics in 2010: the conditions necessary for continuous trading, trading parameters depending on liquidity class, designated sponsor rating, the sanction model applicable in the event that minimum requirements are not fulfilled, and the specialist model versus the designated sponsor model.

### **Working Committee for Equity Products (Eurex)**

The working committee is composed of the most important Eurex market participants in the field of equity derivatives. It conveys its recommendations regarding operational and strategic issues to Eurex's management. Significant agenda items for the 2010 meeting included product design enhancements, such as longer maturities for options on German mid-cap securities, weekly options, and the offering of European-style equity options on selected underlyings. Harmonisation measures, including the adjustment of contract sizes for certain equity products, and capitalisation measures were also key topics. The working committee also analysed and discussed volume trends for the equity product segments concerned.

### **Working Committee for Index Products (Eurex)**

This working committee is composed of the most important Eurex market participants in the field of index derivatives. It conveys its recommendations regarding operational and strategic issues to Eurex's management. The topics discussed in 2010 included the introduction of options on ETFs and Asian equity indices (KOSPI, SENSEX) and the expansion of the STOXX Size index range.

### **Working Committee for Interest Rate Products (Eurex)**

The working committee is composed of Eurex market participants and advises the derivatives exchange on the launch of new interest rate products and trading functionalities as well as on necessary changes to existing products. In 2010, the working committee's discussions focused on the expansion of the futures segment to include Italian government bonds, as well as possible liquidity incentives for less liquid products and new functionalities to support trading in existing interest rate products.

### **Working Committee for Derivatives Clearing (Eurex Clearing)**

The objective of the Working Committee for Derivatives Clearing is the further development and optimisation of Eurex Clearing's infrastructure in the interest of all market participants involved in the clearing process. The working committee provides a platform for discussing any changes relating to clearing proposed by the clearing house and clearing members. In 2010, the working committee was involved in Eurex® Release 13.0 (e.g. enhanced protection of customer collateral, improved risk management). It also prepared the requirements for outsourcing clearing functions.

### **Working Committee for Equity Clearing Frankfurt and Cash Equity Working Group London (Eurex Clearing)**

The working committee helps design the clearing of equity products at a functional level and provides a discussion platform for the Eurex clearing house and the highest-revenue clearing members. To integrate UK clearing participants more directly into the development of the clearing offering, the Cash Equity Working Group was founded in London. Both working committees also serve as a forum for discussing cash market developments. In 2010, the working committees provided feedback during the development of central counterparty (CCP) releases 5.1 and 6.0 (e.g. expansion of Xetra International Market).

In addition, multiple relationships between clearing participants, securities lending services and delayed deliveries after the dividend date were discussed.

### **Working Committee for Fixed Income Clearing (Eurex Clearing)**

This working committee is composed of Eurex Bonds® and Eurex Repo® clearing members. It is asked to advise Eurex Clearing on the development of clearing and CCP services for fixed-income products. In 2010, the working committee was involved in the launch of the US dollar GC Pooling® ECB Basket, US dollar bonds and futures on short-term Italian bonds. It also discussed future product initiatives relating to the clearing of fixed-income products.

### **Working Committee for End Investors (Eurex)**

The working committee is composed of end investors in the field of equity and index derivatives. They include investment firms and pension funds that use the products and services of Eurex without being direct stock exchange members. The working committee aims to involve end investors more closely in operational and strategic issues and develop recommendations for Eurex's management. In 2010, the working committee discussed the introduction of further equity derivatives (e.g. equity and dividend futures) and equity index derivatives (e.g. options on volatility indices, options on ETFs). In addition, the committee discussed functions such as flexible options and futures as well as product design modifications (e.g. contract values for options and futures, renewal of OTC wholesale functions).

#### **Advisory Committee of the Board of Directors of Clearstream International**

Formed in 2009, this committee advises the Board of Directors of Clearstream International. It currently has seven representatives of Deutsche Börse Group and 17 external directors.

#### **Advisory Board – Clearstream Banking Frankfurt**

This Advisory Board, which is composed of representatives from all key customer groups, advises the Executive Board of Clearstream Banking AG, Frankfurt, in all questions relating to the German settlement business. In 2010, its discussions centred on the impact of regulatory initiatives on the German securities administration infrastructure, strategic issues such as TARGET2-Securities, the development of the Cross-border Services initiative and the Link Up Markets project, as well as additional operational projects to enhance efficiency.

#### **Customer Consultation Committee – Clearstream Banking Luxembourg**

The Customer Consultation Committee (CCC) is a forum for discussion of topics with strategic importance for Clearstream and its customers. Subject matters discussed at the CCC are usually related with Clearstream's and marketwide initiatives, their development and potential impact on the market landscape and its different players. Some of Clearstream's customers are permanently represented at the CCC, which meets twice a year.

#### **Working Committee for Equity Indices**

This working committee issues recommendations for the composition of Deutsche Börse AG's selection indices based on fixed index rules. In addition, the committee advises the Company on issues related to index structuring and updates to the rules.

#### **Deutsche Börse IT Open Day**

The third Deutsche Börse IT Open Day, which is intended to enhance dialogue between Deutsche Börse Group and market participants, was held in 2010. The event is designed for a variety of participants in addition to the IT managers from Deutsche Börse Group's various customer groups: 235 participants took part in ten workshops on topics including technical trading system developments, Xetra and Eurex's future interface strategies, further latency optimisation in the Deutsche Börse trading network, microsecond monitoring, proximity services, Xetra Enhanced Broadcast Solution and Enhanced Transaction Solution, and Eurex Release 13.0. In addition to technical issues, functional themes were also addressed, for example Tradegate Exchange and Eurex risk management solutions. There was also a panel discussion on the challenges raised by increasing market fragmentation.

2010 was a year characterised by discussions about regulatory measures to improve the integrity of financial markets, and particular attention was focused on over-the-counter (OTC) derivatives. After the financial crisis of 2008, the aftermath of which is still being felt, risk management has taken on a new significance. Andreas Preuss talks to Dr Hugo Bänziger, Chief Risk Officer of Deutsche Bank and member of its Management Board, about the repercussions of the financial crisis.

## “Changes are needed, but not at the cost of the real economy”

Dr Hugo Bänziger and Andreas Preuss on the new relevance of security and risk management

**Andreas Preuss:** In the past three years the importance of risk management has moved from the back office to the public conscience – and rightly so. For us as a futures exchange, effective risk management has always been an integral part of our business model: by means of transparent and secure marketplaces, sound infrastructure, and central clearing to safeguard against counterparty risks. Since 2008 we have especially stepped up our efforts to expand risk management capabilities. Today, Eurex Clearing is at the leading edge among clearing houses worldwide with its real-time risk man-

agement. In trading services, we will have implemented one of the most advanced global trading system architectures by 2013, starting with our New York subsidiary International Securities Exchange this year.

**Dr Hugo Bänziger:** Risk management has taken on a far more central role in the banking industry, too. Deutsche Bank's risk management has outperformed our peers during this period. Our lower loan loss provisions and markdowns, combined with strong liquidity and capital management, resulted in the creation of a stable platform

that enabled us to emerge as a relative winner. But this success required significant hard work and focus. It also needed an enormous investment in our IT infrastructure and data management to support our risk decision-making process.

### Regulatory framework in transition – new regulations in the EU and the USA

**Andreas Preuss:** Politicians and regulators on both sides of the Atlantic have drawn their own conclusions from the crisis. In the EU a draft bill has been introduced to

regulate OTC derivatives clearing. It is called EMIR, short for European Market Infrastructure Regulation. The revised Markets in Financial Instruments Directive (MiFID) aims at regulation of the trading side. In addition, new European supervisory authorities were set up at the beginning of 2011, especially the new European Systemic Risk Board as well as the new EU-wide supervisory authorities for banks, insurance companies and securities markets. And in the United States of America a far-reaching set of new regulations in the form of the Dodd-Frank Act came into force last July. Among other things, it encourages a larger share of derivative transactions to be

entered into central transaction registers, to be cleared via central counterparties (CCPs) and to be traded on organised and regulated market-places right from the start. The regulatory framework is in transition on both sides of the Atlantic.

**Dr Hugo Bänziger:** We have clearly entered a world of increasing regulation. The European regulatory structure is being overhauled with a significant transfer of powers from national to EU level bodies over time. The consistent application of laws across Europe will strengthen market stability and increase the efficiency of the market to the benefit of investors. The Dodd-Frank pro-

posals in the US herald significant changes, including the creation of new regulatory bodies and further regulation of derivatives. The Basel Committee on Banking Supervision has announced increased minimum capital ratios; changes to the definition of capital; and ratios for leverage, funding and liquidity. Deutsche Bank supports strong regulators and believes these reforms will be beneficial to the financial system as a whole in the long run. We believe our industry's role in this process is to support policy makers and regulators by analysing what the potential costs and benefits of these regulations could be. Changes are needed,





Dr Hugo Bänziger has been a member of the Management Board and the Group Executive Committee of Deutsche Bank since 2006. As Chief Risk Officer, he is responsible for Risk Management, Legal, Compliance, Corporate Governance, Corporate Security as well as Treasury.

but not at the cost of the real economy. Hence before we embark on far-reaching regulatory changes, we need to continue the dialogue between all parties involved. This includes the financial industry, policy makers, regulators and society as whole.

**Andreas Preuss:** I entirely agree. One of the regulatory changes you mentioned focuses on capital requirements. For the financial industry, capital requirements, e.g. to collateralise open risk positions, will increase in the future, albeit in a differentiated manner. The

legislature already recognises the added-value of central clearing in risk management by placing less stringent equity requirements on transactions cleared via central counterparties than on bilateral transactions. The future Basel III regulations also adhere to this principle, though the details remain under discussion. We believe that the future regulations must not be too complex, though should aim at improving the effectiveness in risk management. Consequently, an important element of future value creation will certainly be to facilitate the efficient, low-risk use of capital and collateral for the benefit of market safety and integrity – and thus ultimately of investors and intermediaries.

**Dr Hugo Bänziger:** Increased central clearing of OTC derivatives has correctly been identified as a key policy tool to reduce systemic risk in OTC derivatives markets. Central clearing replaces the many bilateral contractual relationships between participants with a single central counterparty acting as an intermediary ‘hub’ to mutualise the risk and act as a shock-absorber in the case of a participant default. Central clearing does not necessarily mean we need standardisation and exchange trading for all contracts and products, as it is important to recognise the existence of different asset classes and market segments.

**Andreas Preuss:** Of course. The discussion is ultimately not about trading, but about effective risk management, e.g. by offering adequate collateralisation for both on- and off-exchange trading. Eurex Clearing therefore made preparations very early to further expand its service offering to the OTC derivatives market, starting with credit default swaps. We now intend to expand this programme step by step together with our customers.

**Dr Hugo Bänziger:** I agree on the fundamental point that increasing the number of transactions cleared through central clearing counterparties will improve the overall stability of the system. EU proposals on trade execution are less detailed than those on clearing, given the later delivery timelines, but there is a clear push towards trading standardised and clearable OTC derivatives on 'organised trading platforms', and increased reporting of transactions across the market. There is much debate, in both the EU and US, about what form such 'organised trading platforms' should take, and what requirements and functions they should have. The effective management of the counterparty risk by CCPs and their guarantee that transactions are fulfilled should in turn be reflected through reduced capital requirements. There remains a place, however, for a vibrant OTC market in which parties remain free to face each other and contract bilaterally to reduce risk.



### **Innovation, efficiency and risk management – key elements of well functioning markets**

**Andreas Preuss:** I believe it is becoming increasingly clear that we live in a world in which innovation, efficiency, and risk management are being redefined as key elements of well functioning markets. Ultimately, market players, exchange operators, and regulators must jointly come to reasonable, balanced solutions. Against this backdrop the common goal must be to achieve better regulation – which does not necessarily mean more regulation.

**Dr Hugo Bänziger:** I completely agree with your last point that more regulation does not imply better regulation. More than three years since the financial crisis be-

gan there seems to be no let up in the number of regulatory reform proposals being put forward. The debates rage on and newspapers, internet sites and policy journals are spilling over with regulatory topics. It is certainly important that we debate these issues, but for each of the proposals put forward I find myself asking whether it was a lack of rules that caused this crisis, and would a raft of new edicts automatically lead to a more stable system. It is important that we continue the effective dialogue between policy makers and the markets. We need policies that take into account the views of all stakeholders, with a detailed cost/benefit analysis. Ultimately, there is the need to balance effective risk management with the product innovation required to drive growth.

Andreas Preuss has been Chief Executive Officer of Eurex Frankfurt AG and Deputy Chief Executive Officer of Deutsche Börse AG since 2006. He is responsible for the Derivatives & Market Data division.



## Challenges for 2011

**Andreas Preuss:** Re-establishing the preconditions for sustainable long-term growth is indeed the key challenge for the financial sector in 2011. Our role is here to contribute with a stable, high-integrity market structure that simultaneously encourages efficiency and innovation. To this end we support improved safety and increased transparency in trading and in risk management. While central clearing would be beneficial for most derivatives transactions, every one of them ought to be registered. After all, transparency is a prerequisite for recognising systemic risks in good time before things go wrong. I believe that we as an exchange and clearing house can offer genuine added value to both our customers and the regulatory environment, as for years we have been providing effective risk management that has proven its value especially during times of exceptional market turbulence.

**Dr Hugo Bänziger:** Banks also face a number of challenges for 2011, ranging from increased regulation to sovereign debt issues in the euro zone. But the key to our success as risk managers is to focus on the root causes for failures during the crisis. These can be divided into four main points:

1. People: One of the reasons that Deutsche Bank did well during the crisis was the significant investment in our people. The bulk of our senior management cadre has developed as leaders over many years within

the Bank, and we have invested heavily in the learning and development programmes for all our staff. As risk managers, this will continue to be the key area of focus in 2011.

2. Processes: Another key area of focus will be on the creation of centres of competence to drive quality and efficiency. Creation of centres of competence enables economies of scale, aligns activities with expertise, and allows risk managers to focus on the tasks that add the most value.

3. Systems: One of the failings seen during the crisis was that firms were constrained in their ability to effectively aggregate and monitor risk exposures across counterparties and businesses, due to ineffective IT and supporting infrastructure. Deutsche Bank will continue to integrate its IT infrastructure and further eliminate complexity in this area.

4. Portfolio: The last of our focus areas should be to strengthen the overall risk culture of our firms. Deutsche Bank has launched an enterprise-wide risk management initiative to more actively monitor risks at a business unit level with the overall goal of ensuring the entire organisation takes ownership of the risks we face.

First and foremost, risk management contributes to the long-term profitability of our firms. By focusing on the above goals we will be well placed to meet the challenges ahead.



# Group management report

## Business and operating environment

### Overview of Deutsche Börse Group

#### Business operations and Group structure

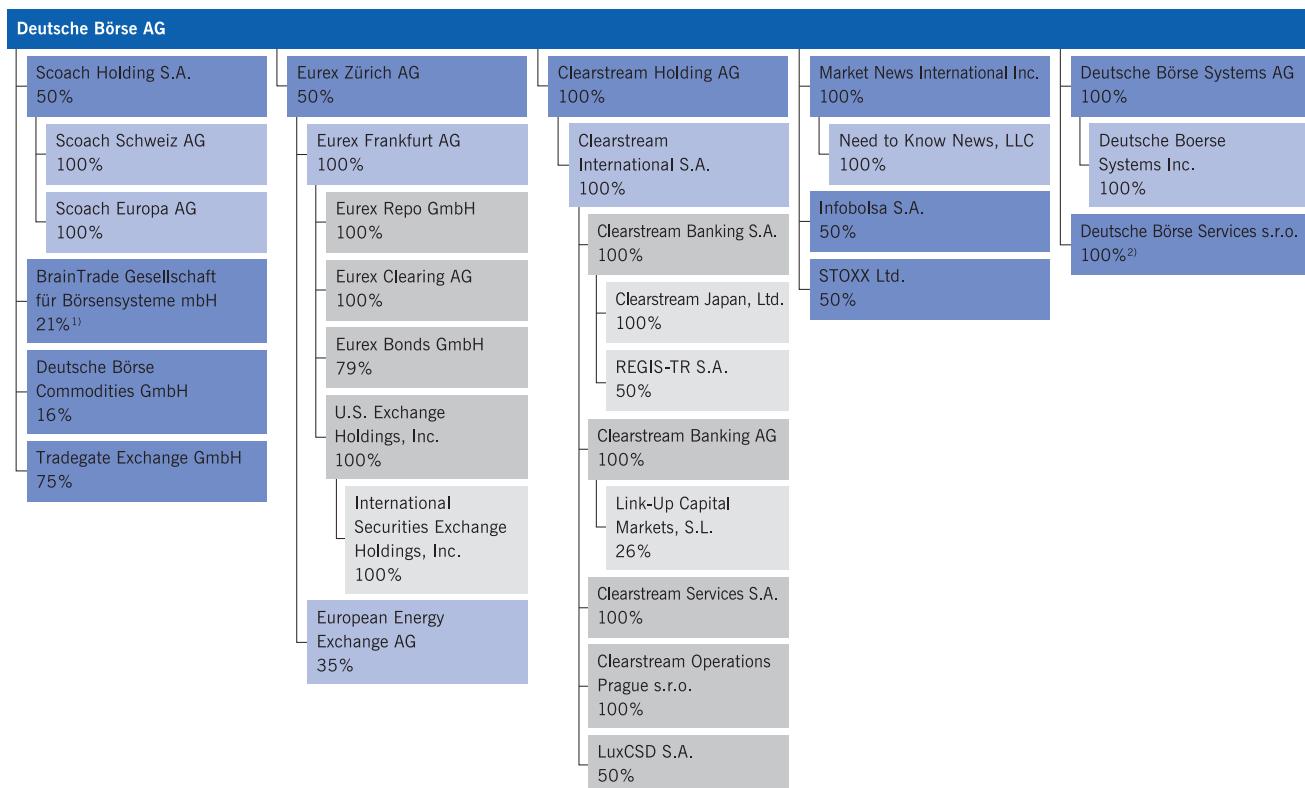
Deutsche Börse AG, headquartered in Frankfurt/Main, Germany, is the parent company of Deutsche Börse Group. As at 31 December 2010, the Group employed 3,490 people in 19 locations in 15 countries. As one of the largest exchange organisations worldwide, Deutsche Börse Group offers its customers a broad portfolio of products and services. These cover the entire process chain of securities trading, from trading and clearing of equities and derivatives, through transaction settlement, custody and management of securities and the provision of market information, down to the development and operation of electronic systems. The Group's process-oriented business

model improves capital market efficiency. Issuers benefit from low cost of capital, while investors enjoy high liquidity and low transaction costs. At the same time, Deutsche Börse stands for integrity, transparency and security on the capital markets, where organised trading with a free pricing process takes place and customers manage risks under their own responsibility.

Deutsche Börse Group is composed of Deutsche Börse AG and its subsidiaries, associates and joint ventures.

Deutsche Börse AG itself operates the cash market of Frankfurter Wertpapierbörsen (FWB®, the Frankfurt Stock Exchange) via the fully electronic Xetra® trading platform. Through its equity investment in Scoach Holding S.A., Deutsche Börse AG also offers trading in structured products (certificates and warrants).

### Simplified shareholding structure of Deutsche Börse Group as at 1 January 2011



1) Direct equity interest Deutsche Börse AG: 14 percent

2) Indirect equity interest

Through Eurex Zürich AG and its subsidiaries, Deutsche Börse AG also operates derivatives markets in Europe (Eurex) and the United States (International Securities Exchange, ISE) and offers clearing services (Eurex Clearing AG).

In addition, Deutsche Börse sells price and reference data as well as other information relevant for trading and develops indices through its subsidiary STOXX Ltd.

All post-trade services are handled by Clearstream Holding AG and its subsidiaries. These services include transaction settlement, administration and custody of securities as well as global securities financing.

Deutsche Börse Systems AG and Clearstream Services S.A. develop and operate Deutsche Börse Group's technological infrastructure. In February 2011, Deutsche Börse Systems AG announced its merger into Deutsche Börse AG to streamline the organisational structure of Deutsche Börse Group as part of the efficiency programme (for details see section "Internal management control").

The chart on the previous page gives an overview of Deutsche Börse Group's principal shareholdings; its basis of consolidation is presented in full in note 2 of the notes to the consolidated financial statements.

### **Company management**

The governing bodies of Deutsche Börse AG, as a German stock corporation, are the Annual General Meeting, the Supervisory Board and the Executive Board, each of which has its own areas of responsibility.

The Annual General Meeting resolves the appropriation of the unappropriated surplus, appoints the shareholder representatives in the Supervisory Board and resolves on the retrospective approval of the acts of the Executive Board and the Supervisory Board. In addition, it resolves capitalisation measures and other matters governed by the Aktiengesetz (AktG, German Stock Corporation Act). The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the Company. Additionally, it adopts the consolidated financial statements prepared by the Executive Board. Members of the Supervisory Board are appointed for a period of three years; however, when electing members to the Supervisory Board, the Annual General Meeting may determine a shorter term of office. The Supervisory Board of Deutsche Börse AG has 18 members: 12 shareholder representatives and 6 employee representatives.

The Executive Board is solely responsible for managing the Company and the Chief Executive Officer coordinates the activities of the Executive Board members. As at 31 December 2010, the Executive Board of Deutsche Börse AG had 6 members.

The remuneration system and the remuneration paid to the individual members of the Executive Board of Deutsche Börse AG are presented in the remuneration report (see page 62 et seqq.), which is part of this Group management report.

### **Reporting segments**

Deutsche Börse Group realigned its segment structure effective 1 January 2010. The Group's business activities are now divided into four segments: Xetra, Eurex, Clearstream and Market Data & Analytics. The external sales revenue of the former Information Technology segment (IT) and the costs of IT and Corporate Services (central functions) are distributed to these four segments. The new structure improves the allocation of sales revenue and costs to the segments and makes it easier to compare Deutsche Börse Group with its competitors. Since financial year 2010, the structure has served as a basis for the internal management of the Group and for financial reporting. The figures for the previous year have been adjusted to the new segment structure to ensure comparability.

Reporting segment	Business areas
Xetra	<ul style="list-style-type: none"> <li>■ Cash market using the Xetra® electronic trading system and floor trading</li> <li>■ Central counterparty for equities</li> <li>■ Admission of securities to listing</li> </ul>
Eurex	<ul style="list-style-type: none"> <li>■ Electronic derivatives market trading platform Eurex®</li> <li>■ Electronic equity options trading platform ISE</li> <li>■ Over-the-counter (OTC) trading platforms Eurex Bonds® and Eurex Repo®</li> <li>■ Central counterparty for bonds, derivatives and repo transactions (Eurex Clearing)</li> </ul>
Clearstream	<ul style="list-style-type: none"> <li>■ Custody, administration and settlement services for domestic and foreign securities</li> <li>■ Global securities financing services</li> <li>■ Investment funds services</li> </ul>
Market Data & Analytics	<ul style="list-style-type: none"> <li>■ Sales of price information and information distribution</li> <li>■ Index development and sales</li> </ul>

## Organisational structure

The organisational structure of Deutsche Börse Group (see chart on the next page) mirrors the three market areas: cash market (Xetra), derivatives market and market data (Derivatives & Market Data), as well as securities settlement and custody (Clearstream). Each area is headed by a member of the Executive Board of Deutsche Börse AG. In addition, there are central horizontal functions in the CEO and CFO divisions and in the IT area (Information Technology).

## Disclosures in accordance with section 315 (4) HGB

In accordance with section 315 (4) of the Handelsgesetzbuch (HGB, German Commercial Code), Deutsche Börse AG makes the following disclosures as at 31 December 2010:

The share capital of Deutsche Börse AG amounts to €195.0 million and is composed of 195,000,000 no-par value registered ordinary shares. There are no other classes of shares besides these ordinary shares. The Executive Board is only aware of limitations to voting rights that result from the Aktiengesetz (AktG, German Stock Corporation Act). These include voting right limitations pursuant to section 136 of the AktG and limitations under the AktG for treasury shares. Section 136 of the AktG stipulates that shareholders may not exercise voting rights for themselves or on behalf of another shareholder if a resolution is to be

adopted formally approving their actions, releasing them from an obligation, or deciding whether the Company should assert a claim against them. The voting rights of the relevant shares are thus excluded by law in cases where section 136 of the AktG applies. Under section 71b of the AktG, Deutsche Börse AG is also not permitted to exercise any rights of treasury shares held in its portfolio.

Under the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act), any investor whose shareholding reaches, exceeds, or falls below specified voting right thresholds as a result of purchase, sale, or any other transaction is required to notify the Company and the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority). The lowest threshold for this disclosure requirement is 3 percent. In accordance with this, Deutsche Börse AG is not aware of any direct or indirect investments in the capital of the Company representing 10 percent or more of the voting rights.

None of Deutsche Börse AG's shareholders hold shares that confer special control rights.

Employees holding shares in Deutsche Börse AG exercise their rights in the same way as other shareholders in accordance with statutory regulations and the Articles of Association.

## Leadership structure of Deutsche Börse Group as at 1 January 2011

Group Executive Board	CFO G. Pottmeyer	Xetra F. Gerstenschläger	Derivatives & Market Data A. Preuss	Clearstream J. Tessler	Information Technology M. Kuhn
CEO R. Francioni	Internal Auditing	Program Management Excellence	Market Development	Executive Office	Client Relations Europe & Americas
	Group Strategy	Financial Accounting & Controlling	Markets Services	IT	Client Relations Asia/Pacific/ME/Africa
	Corporate Communications	Strategic Finance	Market & Business Analysis	Business Development	Client Relations GSF & Broker/Dealers
	Corporate Office	Investor Relations & Treasury	Trading Surveillance	Sales & Marketing	Product Development & Business Strategy
	Legal Affairs	Group Compliance, Information Security & Risk Management		Operations	Business Management
		Human Resources		Clearing	Operations Clearstream
		Organization & Administration		Market Data & Analytics	Investment Funds Services
		SAP & Office Automation			

Members of the Executive Board are appointed and dismissed in accordance with sections 84 and 85 of the AktG. In accordance with Article 6 (3) of the Articles of Association of Deutsche Börse AG, membership of the Executive Board generally terminates when the members attain the age of 60. Amendments to the Articles of Association are adopted by resolution of the Annual General Meeting in accordance with section 119 (1) no. 5 of the AktG. Under Article 12 (4) of the Articles of Association of Deutsche Börse AG, the Supervisory Board has the power to make changes to the Articles of Association that relate only to the wording. In accordance with Article 18 (1) of the Articles of Association of Deutsche Börse AG, resolutions of the Annual General Meeting are passed – unless otherwise stipulated by mandatory requirements of the AktG – by a simple majority of the votes cast. Insofar as the AktG prescribes a majority of share capital to be represented at the Annual General Meeting for resolutions, a simple majority of the represented share capital is sufficient where this is legally permissible.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to increase the share capital until 23 May 2011 by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €5.2 million (authorised share capital I). Full authorisation, particularly the conditions for disapplying shareholders' pre-emptive rights, derives from Article 4 (3) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital until 26 May 2015, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €27.8 million (authorised share capital II). The shareholders must be granted pre-emptive rights, which the Executive Board can disapply in certain cases, subject to the approval of the Supervisory Board in each case. The Executive Board is authorised to disapply shareholders' pre-emptive rights for cash capital increases if the issue price of the new shares is not significantly lower than the stock exchange price and the total number of shares issued while disapplying pre-emptive rights does not exceed 10 percent of the share capital. Furthermore, the Executive Board is authorised to disapply pre-emptive rights for new shares with a proportionate interest in the share capital totalling up to €3 million in order to issue these new shares to employees of the Company or of

companies affiliated with it, excluding the members of the Executive Board and the management of affiliated companies. In addition, the Executive Board is authorised to disapply pre-emptive rights if capital is increased in exchange for non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets. Finally, the Executive Board is authorised to disapply fractional amounts from shareholders' pre-emptive rights. Full authorisation, particularly the conditions for disapplying the shareholders' pre-emptive rights, derives from Article 4 (4) of the Articles of Association of Deutsche Börse AG.

The Executive Board is also authorised to increase the share capital until 26 May 2015, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash contributions on one or more occasions by up to a total of €19.5 million (authorised share capital III). The shareholders must be granted pre-emptive rights, which the Executive Board, with the approval of the Supervisory Board, can disapply only for fractional amounts. The exact content of this authorisation derives from Article 4 (5) of the Articles of Association of Deutsche Börse AG.

The Executive Board is further authorised to increase the share capital until 10 May 2012, subject to the approval of the Supervisory Board, by issuing new no-par value registered shares in exchange for cash and/or non-cash contributions on one or more occasions by up to a total of €6.0 million (authorised share capital IV). Shareholders must be granted pre-emptive rights unless the Executive Board makes use of the authorisation granted to it to disapply the shareholders' pre-emptive rights with the approval of the Supervisory Board. The Executive Board is authorised, with the approval of the Supervisory Board, to disapply fractional amounts from the shareholders' pre-emptive rights. The Executive Board is also authorised, subject to the approval of the Supervisory Board, to disapply shareholders' pre-emptive rights in order to issue up to 900,000 new shares per financial year from the authorised share capital IV to members of the Executive Board and employees of the Company as well as to members of the Executive Boards or management and employees of its affiliated companies in accordance with sections 15 et seqq. of the AktG. Full authorisation derives from Article 4 (6) of the Articles of Association of Deutsche Börse AG.

The Company's share capital has been contingently increased in accordance with Article 4 (7) of the Articles of Association of Deutsche Börse AG by up to €6.0 million

by issuing up to 6,000,000 no-par value registered shares (contingent share capital I). The contingent capital increase is used exclusively to settle stock options granted up to 13 May 2008 as a result of the authorisation under item 7 of the agenda of the Annual General Meeting of 14 May 2003. The contingent capital increase will only be implemented insofar as the holders of issued stock options exercise their pre-emptive rights and the Company does not settle these stock options by transferring treasury shares or by way of a cash payment. The new shares carry dividend rights from the beginning of the financial year in which they are issued as the result of exercising stock options.

The Executive Board is authorised to acquire treasury shares amounting to up to 10 percent of the share capital. However, the acquired shares, together with any shares acquired for other reasons that are held by or allocated to the Company in accordance with sections 71a et seqq. of the AktG, may at no time exceed 10 percent of the Company's share capital. The authorisation to acquire treasury shares is valid until 31 October 2011 and may be exercised by the Company in full or in part on one or more occasions. However, it may also be exercised by dependent companies, by companies in which the Company holds a majority interest, or by third parties on its or their behalf. The Executive Board may elect to acquire the shares (1) on the stock exchange, (2) via a public tender offer addressed to all shareholders or via a public request for offers of sale addressed to the Company's shareholders, (3) by issuing tender rights to shareholders, or (4) through the use of derivatives (put or call options or a combination of both). The full and exact wording of the authorisation to acquire treasury shares, and particularly the permissible uses to which the shares may be put, can be found in item 8 of the agenda of the Annual General Meeting of 27 May 2010.

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

- On 31 August 1998, Deutsche Börse AG and SIX Swiss Exchange AG (formerly SWX Swiss Exchange AG) agreed, under the terms of a shareholders' agreement relating to their cooperation with regard to Eurex Zürich AG and its subsidiary companies, an extraordinary right of termination for a period of 60 days following registered notification. This applies in the event that a third exchange organisation obtains a controlling influence over the other party whether by means of a takeover or a merger. Termination would have the effect of liquidating Eurex in its current structure with the stake held by SIX Swiss Exchange AG.
- On 25 October 2006, Deutsche Börse AG and SIX Group AG (formerly SWX Group) agreed in a cooperation agreement to combine their business operations in the area of structured products in a European exchange organisation under a joint name and trademark (Scoach). This cooperation agreement was adopted by SIX Swiss Exchange AG in place of SIX Group AG on 24 March 2009. The cooperation agreement gives both parties a right of termination with a notice period of six months to the end of the month, which has the effect of ending the cooperation if a change of control occurs at Deutsche Börse AG or SIX Swiss Exchange AG. The right of termination expires if it is not exercised within three months of the date of the change of control. According to the cooperation agreement, a change of control has taken place if a person, corporation, or partnership directly or indirectly acquires control over a company, either alone or together with Group companies or in concert with other persons or companies. A company has control if it directly or indirectly holds more than 50 percent of the voting rights or the capital of another corporation or partnership, if it must fully consolidate another corporation or partnership under the International Financial Reporting Standards (IFRSs), or if it is able to control a company through voting trusts or by appointing executive bodies.
- On 6 May 2008, supplemented on 9 April 2009, Deutsche Börse AG and its subsidiary Clearstream Banking S.A. concluded a multicurrency revolving facility agreement with a consortium of banks for a working capital credit totalling up to US\$1.0 billion. In the event of a change of control, the lead manager of the consortium must terminate the agreement within a period of 30 days and declare all amounts due to the lenders immediately repayable, if required to do so by a majority of the consortium banks, who together have provided two-thirds of the amount of the facility granted at the time of the change of control. In the terms of this agreement, a person or group of persons have control if they act in concert and/or if they have the opportunity to govern the business of the Company or to determine the composition of the majority of the Executive Board.
- As part of the acquisition of International Securities Exchange (ISE), it was agreed that no person or group may directly or indirectly acquire more than 40 percent

- of the shares in ISE or acquire control over the voting rights attached to more than 20 percent of the shares in ISE without the prior approval of the US Securities and Exchange Commission (SEC). Otherwise, the number of ISE shares required to comply with the limits will be transferred to a trust.
- Under the terms of the 2008/2013 fixed-rate bonds amounting to €650.0 million issued by Deutsche Börse AG and the terms of the subordinated fixed-rate and floating-rate bonds amounting to €550.0 million issued by the Company in 2008, call rights apply in the event of a change of control. If they are called, the bonds are repayable at par plus any accrued interest. A change of control is deemed to have taken place if a person or a group of persons acting in concert, or third parties acting on their behalf has or have acquired more than 50 percent of the shares of Deutsche Börse AG or the number of shares required to exercise more than 50 percent of the voting rights at Annual General Meetings of Deutsche Börse AG. In addition, the relevant loan terms require that the change of control must adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's Investors Services, Inc., Standard & Poor's, or Fitch Ratings Limited. Further details can be found in the applicable loan terms.
  - If a change of control occurs, there is also a right to require repayment of various bonds issued by Deutsche Börse AG in 2008 under a US private placement. The change of control must also adversely affect the rating given to one of the preferential unsecured debt instruments of Deutsche Börse AG by Moody's Investors Services, Inc., Standard & Poor's, or Fitch Ratings Limited. The provisions contained in the applicable terms correspond to the conditions specified for the 2008/2013 fixed-rate bonds. The bonds issued under the private placement are as follows: US\$170.0 million due on 12 June 2015, US\$220.0 million due on 12 June 2018, and US\$70.0 million due on 12 June 2020.
  - Members of Deutsche Börse AG's Executive Board have a special right of termination in the event of a change of control. According to the agreements made with all Executive Board members, a change of control has occurred if (1) a shareholder or third party discloses its ownership of more than 50 percent of the voting rights

in Deutsche Börse AG in accordance with sections 21 and 22 of the WpHG, (2) an intercompany agreement in accordance with section 291 of the AktG is entered into with Deutsche Börse AG as a dependent company, or (3) Deutsche Börse AG is absorbed in accordance with section 319 of the AktG or merged in accordance with section 2 of the Umwandlungsgesetz (UmwG, German Reorganisation and Transformation Act).

Further agreements apply in addition to the above agreements subject to a change of control in the event of a takeover offer. In the opinion of Deutsche Börse AG, however, these are not material as defined by section 315 (4) of the HGB.

The compensation agreements entered into with the members of the Executive Board in the event of a takeover offer can be found in the remuneration report.

## Strategy and internal management control

### Strategy

In the past years, Deutsche Börse Group has developed into one of the largest exchange organisations in the world and increased its value considerably since going public. This growth is founded on the Group's integrated business model, which aims to offer customers services efficiently and cost-effectively. It is based on the following key principles:

- Integrating different financial market services such as trading, clearing, settlement, administration and custody of securities, as well as index and market data services
- Providing these services for different asset classes such as equities, bonds, funds and derivatives
- Developing and operating of the Group's own electronic systems for all processes along the securities trading value chain

The efficiency of the business model is reflected in the fact that Deutsche Börse Group is one of the providers of trading, clearing and settlement services with the most attractive prices. The Group has had strong cash flow from operating activities for many years.

Deutsche Börse Group will continue to pursue this strategy, which has enabled it to achieve its leading position. The Group will focus primarily on organic growth by introducing new products in existing and new asset classes, expanding its business to new customer groups and moving into markets in new regions. If external development opportunities appear to be economically attractive, the Group will also take these into consideration.

The organic growth targeted by Deutsche Börse Group is influenced by the following factors:

- The performance of the financial markets in line with general economic conditions (e.g. volatility in the cash market)
- Structural changes in the financial markets (e.g. increasing use of derivatives by investment funds)
- The Group's ability to innovate (e.g. continuous introduction of new products and services)

While Deutsche Börse Group cannot impact the performance of the financial markets, it is able to exert an influence on the latter two factors in part or in full and thus further reduce its dependence on factors outside its control.

### **Opportunity management**

Deutsche Börse Group evaluates organic growth opportunities as part of its annual budget planning process, using an investment appraisal to assess internally the growth initiatives developed by the respective business areas. The risk rate required for the evaluation is also determined by means of an internal analysis. Each initiative is then appraised based on the Group's strategic orientation. If the initiative fits in with the Group's strategic concept, the analysed initiatives are ranked using the calculated net present value and taking the opportunities and risks into account. Finally, the growth initiatives for the subsequent year are defined on the basis of this ranking and the budget provided by the Executive Board.

To take advantage of external growth opportunities, Deutsche Börse Group constantly monitors and assesses any possibilities that arise.

### **Internal management control**

Deutsche Börse Group's internal management control system is primarily based on the performance indicators EBIT, costs, net profit for the year, return on equity and interest cover ratio (the ratio of EBITDA to interest expenses from financing activities).

Deutsche Börse Group manages its EBIT via revenue and costs. Revenue is composed of sales revenue from external customers, net interest income from banking business and other operating income. Sales revenue from external customers is generally dependent on the three growth factors described above (performance of the financial markets, structural changes and the Group's ability to innovate). Net interest income from banking business is dependent on the development of Clearstream's international settlement business on the one hand and the development of short-term interest rates, particularly in the euro zone and the US, on the other. Other operating income results from operating the Eurex Zürich derivatives market for SIX Swiss Exchange AG and from exchange rate differences, among other things. In the reporting period, this item was also positively influenced by the one-time income from restructuring the investment portfolio for Clearstream's own funds and from the sale of the 77 percent interest in Avox Ltd.

At Group and segment level, Deutsche Börse Group's net profit for the year also serves as a performance indicator for internal management control.

To enhance reporting transparency, the Group has distinguished between volume-related and operating costs since 1 January 2010. Volume-related costs comprise expenses that are correlated with the level of sales revenue, such as fees and commissions from banking business or costs for purchasing price information. In addition, various license fees contribute to volume-related costs. Operating costs include staff costs, depreciation, amortisation and impairment losses as well as other operating expenses. Fee and commission expenses from banking business are a volume-driven cost component that reflects the development of the international settlement and custody business at Clearstream. Staff costs consist of wages and salaries as well as social security contributions and the cost of retirement benefits. They are subject to inflation and depend partially on the development of Deutsche Börse AG's share price, as they also include changes in the provisions and payments for the Stock Option Plan that was closed in 2006 and for the

Stock Bonus Plan for members of the Executive Board and senior executives that was introduced in 2007. The depreciation, amortisation and impairment charges include depreciation and amortisation, as well as impairment losses relating to intangible assets, property, plant and equipment. Other operating expenses mainly comprise the costs of developing and operating the Group's technological infrastructure, office infrastructure costs and marketing costs.

Around 82 percent of Deutsche Börse Group's total costs are fixed costs (excluding special effects). The Group can therefore handle higher volumes of business without a significant increase in costs. Conversely, as the figures in the 2009 financial year show, a decline in business volumes has a direct impact on the profitability of the Group. Approximately 18 percent of the Group's total costs result from volume-related costs.

To ensure the Company's continued success in spite of structural changes in the financial markets and new customer requirements in a market environment which remains difficult, the Executive Board of Deutsche Börse AG adopted comprehensive measures in the first quarter of 2010 designed to optimise its operating processes and cost structures.

This programme will enable Deutsche Börse Group to improve its cost efficiency significantly: the measures resolved will lead to savings totalling around €150 million a year from 2013 onwards. After €25 million of the €85 million planned for 2011 have already been saved in 2010, the Company expects costs savings of around €60 million for 2011. This figure will increase to a total of around €115 million in 2012. The measures supplement the programmes set up in 2007 to improve Group efficiency.

The costs of the efficiency measures initiated in 2010, which amount to less than €180 million, were predominantly recognised in the consolidated income statement for 2010. Accordingly, expenses for efficiency programmes of €110.7 million were recognised in income in the 2010 financial year, primarily under staff costs in all of the Group's segments.

The return on equity after taxes is another key performance indicator underlying Deutsche Börse Group's strategy. It represents the ratio of after-tax earnings to the average equity available to the Group. Adjusted for the costs of efficiency programmes and the impact of impairment charges relating to ISE described in the results of operations section, it decreased to 24.4 percent in 2010 (2009: 24.9 percent).

Under its capital management programme, the Group plans to reach an interest cover ratio of at least 16 for Deutsche Börse Group. This target – adjusted for restructuring costs – was exceeded in the year under review with a ratio of 16.8. Reasons were a slight improvement in business activities and consistent cost management. The Clearstream subgroup aims to maintain an interest cover ratio of 25 and comply with other capital adequacy measures to protect its current "AA" ratings. Because Clearstream had no financial liabilities from non-banking business in the year under review as in the previous year, a calculation of the interest cover ratio for the subgroup was not necessary.

Further information on the Group's financial position is presented in the "Financial position" section of this Group management report.

### **Internal control system**

The Group's internal control system (ICS) is another control tool. Its primary purpose is to ensure that Deutsche Börse Group's accounting process complies with sound bookkeeping and accounting practices. This guarantees that the presentation of the net assets, financial position and results of operations in the single-entity and consolidated financial statements of Deutsche Börse Group and its subsidiaries is correct and complete.

The Financial Accounting and Controlling area (FA&C) and the corresponding units in foreign subsidiaries are mainly responsible for preparing the accounts of Deutsche Börse AG and its consolidated subsidiaries. The head of FA&C at Deutsche Börse AG is responsible for the accounting processes throughout Deutsche Börse Group as well as for the effectiveness of the safety and control measures, which also form part of the accounting process. This officer ensures that risks in the accounting system are identified early on and that adequate safety and control measures are taken in good time. An internal monitoring system

has been implemented to this end, which comprises both integrated and independent controls. The consistent quality of financial reporting is guaranteed by using the following tools:

- Work instructions and process descriptions for each individual accounting process, including the preparation of consolidated financial statements, are stored in an FA&C database created especially for this purpose.
- IFRS and HGB accounting manuals and account allocation guidelines ensure a Group-wide standard financial reporting process.

The work instructions and process descriptions are regularly reviewed to ensure that they are up to date. High-risk processes are subject to special control. The financial reporting manuals and account allocation guideline are also updated on an ongoing basis. All employees within the department have access to the FA&C database, reporting manuals and account allocation guidelines and can thus obtain current information on the regulations to be followed.

Another important feature of the internal control system within the FA&C department is the principle of function separation: tasks and responsibilities are clearly defined and allocated within the organisation. Incompatible tasks, such as changing master data and issuing payment instructions, are kept strictly apart. This function separation is ensured, among other things, by installing an independent control unit with the authority to grant accounting system access rights to employees and continuously monitor them by means of a so-called incompatibility matrix. Transactions are initially recorded in the general ledger or corresponding subledgers based on the table of accounts and the account allocation guideline. The preparation of the closing entries and consolidated financial statements always follows the principle of dual control, which is an additional control measure.

All major subsidiaries of Deutsche Börse Group keep their ledgers in the same SAP system using the consolidation software SAP EC-CS for consolidation. The accounting financial statements of subsidiaries not included in the Group's SAP system are included in the consolidated financial statements via upload files. For the consolidation

of liabilities, expenses and income, transactions are recorded in separate accounts under the name of the respective partner company. Differences arising from the consolidation of liabilities, expenses and income are appraised centrally and sent on to the accounting departments of the companies for clarification. Internal Auditing carries out risk-oriented and process-independent controls to assess the effectiveness and appropriateness of the internal control system for accounting.

The Executive Board and the Audit and Finance Committee set up by the Supervisory Board receive regular reports on the effectiveness of the internal control system for the accounting process. However, even an appropriate and functioning internal control system can only offer adequate, but never total protection against failure to achieve the goals described at the beginning of this section.

## **Economic environment**

2010 saw a large number of developments that had and continue to have a significant impact on the macroeconomic environment and market activity. In particular, these were the following:

- There was a significant upturn in the global economy, especially in the first half of 2010.
- High government debt levels were seen in several European countries, along with concerted countermeasures by the EU and the decline of the euro against the US dollar, especially in the second quarter of 2010.
- The major central banks continued to inject large amounts of liquidity.
- Banks and corporations affected by the financial crisis started to repay the financial rescue packages provided by governments.

Following a decline in real GDP of 3.4 percent in 2009, current estimates reveal a rise of 2.8 percent for the OECD countries in 2010. Estimates published by the World Bank in January 2011 suggest that the global economy grew by 3.9 percent in 2010. According to the International Monetary Fund, growth was 5.0 percent (2009: decrease in real terms 1.9 percent).

In this macroeconomic environment, Deutsche Börse Group's business is mainly influenced by cyclical trends in Germany, other European countries and the United States.

Based on initial estimates, Germany's GDP growth in 2010 hit levels last seen in the year after reunification, 1991, boosted by the recovery of the global economy and the upturn in world trade. The International Monetary Fund's January 2011 estimates put growth in German economic output at 3.6 percent in 2010 (2009: contraction in real terms of 4.7 percent). GDP increased significantly year-on-year by approximately 3.1 percent in the first half of 2010. In the second half of the year, it showed even stronger growth of approximately 3.9 percent compared to the prior-year period.

Economic performance in the year under review was mixed across Europe: not only Germany, but also Finland and France were the main beneficiaries of the economic recovery, while Greece, Ireland and Spain remained in recession according to estimates. A similar divergence between individual European states is also expected for 2011: experts forecast significant growth for Germany, while some southern European countries will probably see only a low level of growth or continued recession. The euro zone as a whole is expected to grow by between 1.3 and 1.7 percent in 2011. The key interest rate in Europe remained unchanged at the historically low level of 1.0 percent in 2010. Due to the more stable economic situation and the expected slight increase in inflation, the key interest rates are expected to rise slowly in 2011 and 2012.

The OECD anticipates a 2.7 percent increase in US economic output in 2010 as a result of the general upturn in the global economy. Market uncertainty persists, despite economic recovery, due among other things to the ongoing high unemployment rate and the resulting low level of consumer spending. The forecasts for growth in 2011 vary between 2.2 and 3.0 percent. The Federal Reserve maintained the target range it had set for the federal funds rate in December 2008 at between zero and 0.25 percent.

#### Development of trading activity on selected European cash markets

		2010 bn	Change 2010 vs. 2009 %
Deutsche Börse Group – Xetra <sup>1)</sup>	€	1,236.9	+17
Bolsas y Mercados Españoles <sup>1)</sup>	€	1,040.0	+16
Borsa Italiana <sup>2)</sup>	€	839.4	+14
Nasdaq OMX Nordic <sup>3)</sup>	€	638.1	+13
Euronext <sup>1) 4)</sup>	€	1,685.7	+12
London Stock Exchange <sup>1) 2)</sup>	£	1,491.3	+7

1) Trading volume in electronic trading (single-counted)

2) Part of London Stock Exchange Group

3) Part of Nasdaq OMX

4) Part of NYSE Euronext  
Source: Exchanges listed

Despite significant improvements in the economic situation, the high levels of government debt in individual European states and the decline of the euro against the US dollar continue to fuel uncertainty on the financial markets. These cyclical factors led to a significantly higher level of trading in the cash and derivatives markets in the second quarter in particular. However, the effect diminished again in the course of the year. Overall, business activities showed only a slight year-on-year increase in 2010.

#### Development of contracts traded on selected derivatives markets

		2010 m	Change 2010 vs. 2009 %
NYSE Euronext		2,146.9	+25
Korea Exchange		3,751.9	+21
CME Group		3,078.3	+19
Deutsche Börse Group – Eurex		2,642.1	0
CBOE Holdings		1,115.5	-2

Source: Exchanges listed

A number of governments continued to make increased amounts of liquidity available in 2010 in order to stabilise their national financial markets. This led to a corresponding need for refinancing on the bond markets. According to the Bank for International Settlements, the global volume of domestic bonds issued, i.e. bonds issued in their respective home countries, went down by 13 percent year-on-year in the first half of 2010. This decrease is the result

of the exceptionally high issue volumes in 2009. Nonetheless, the aggregate principal amount of average domestic bonds outstanding on the bond markets continued to increase. Their principal amount was up 15 percent to a new record of approximately €40.0 trillion. The global volume of newly issued international bonds also declined between June 2009 and June 2010. Nevertheless, their aggregate principal amount grew by 11 percent in the same period to a record high of €19.6 trillion. This underlines the continued attractiveness of the international bond markets for issuers.

As a result, the average volume of bonds held in custody by Clearstream increased slightly by 3 percent in the year under review. Continued high demand for liquidity fuelled by the financial crisis also led to an increase in the volume of collateralised securities lending transactions offered by Clearstream (collateral management).

### Overview of business development

Sales revenue increased by 2 percent to €2,106.3 million (2009: €2,061.7 million) in 2010. The largest contributions to sales revenue were made by the Eurex and Clearstream segments, whose sales revenue in the year under review amounted to €858.7 million and €760.7 million, respectively.

The Company's total costs grew year-on-year to €1,711.1 million (2009: €1,647.1 million). The reasons for this are costs in connection with efficiency programmes, as well as an impairment charge on International Securities Exchange's (ISE) intangible assets that was identified

when testing assets for impairment during the preparation of the consolidated financial statements. The costs of efficiency programmes amounted to €110.7 million; the impairment charge on ISE's intangible assets amounted to €453.3 million (2009: €415.6 million). The renewed amortisation of intangible assets of the ISE is due to stagnation in the US market for stock options for the last two years, the ongoing high level of competition, and approval for new functionalities which is still pending. Adjusted for these extraordinary effects, total costs in the year under review of €1,147.1 million were 8 percent lower than total costs in 2009.

The result from equity investments for Deutsche Börse Group amounted to €12.2 million (2009: €–4.8 million). It was generated primarily by Scoach Holding S.A., Direct Edge Holdings, LLC and European Energy Exchange AG. The positive contribution made by these companies was slightly offset by impairment losses on minor equity investments; these include, among other things, the share that the ISE holds in Ballista Securities, LLC. In 2009, an impairment charge on the investment in Direct Edge Holdings, LLC in the amount of €27.0 million had led to a negative result from equity investments.

Consolidated earnings in the past year fell compared to 2009: EBIT declined by 17 percent to €527.8 million (2009: €637.8 million). Adjusted for the costs of the efficiency programmes and the ISE impairment charge, EBIT was €1,091.0 million (plus 5 percent year-on-year).

### Key figures by quarter<sup>1)</sup>

	Q1		Q2		Q3		Q4	
	2010 (adjusted) €m	2009 (adjusted) €m	2010 (adjusted) €m	2009 (adjusted) €m	2010 (adjusted) €m	2009 (adjusted) €m	2010 (adjusted) €m	2009 (adjusted) €m
Sales revenue	519.2	539.8	564.4	515.6	504.3	500.9	518.4	505.4
Total costs	271.0	289.9	274.0	320.9	274.1	303.6	328.0	330.8
EBIT	273.4	310.2	338.4	239.6	257.4	241.6	221.8	248.3
Net income for the period	177.2	204.5	219.9	158.2	171.0	156.7	153.4	170.4
Earnings per share (basic) (€)	0.95	1.10	1.19	0.85	0.92	0.84	0.82	0.92
Earnings per share (diluted) (€)	0.95	1.10	1.18	0.85	0.92	0.84	0.82	0.92

1) Adjusted for the ISE impairment charge and costs of efficiency programmes

As a result, Deutsche Börse Group also recorded a decrease in net income compared to 2009. It amounted to €417.8 million, a 16 percent drop year-on-year (2009: €496.1 million). Excluding the costs of the efficiency programmes and the ISE impairment charge, net income of €721.5 million was 5 percent higher than net income in 2009.

The effective Group tax rate in 2010 was 26.9 percent (2009: 26.9 percent), adjusted for the tax relief relating to the ISE impairment charges and the tax relief resulting from the revision of tax provisions in the amount of €20.2 million in connection with the recognition of interest provisions for external tax audits.

Non-controlling interests amounted to €–22.7 million (2009: €–24.9 million) as a result of SIX Swiss Exchange AG's share in the ISE impairment charge.

Basic earnings per share, based on a weighted average of 185.9 million shares, amounted to €2.25 (2009: €2.67 for an average of 185.9 million shares outstanding). Diluted earnings per share amounted to €2.24 (2009: €2.67). Adjusted for the costs of the efficiency programmes and the ISE impairment charge, basic earnings per share improved to €3.88 and diluted earnings per share to €3.87, representing an increase of 5 percent over the previous year in each case.

In 2010, Deutsche Börse Group's result in the second quarter was the best during the reporting period in terms of sales revenue and earnings (see table on the previous page).

## Employees

As at 31 December 2010, Deutsche Börse Group had 3,490 employees (31 December 2009: 3,600). This decrease compared with the previous year is primarily a result of the Group's operating efficiency programme ("Excellence"). In the first quarter of 2010, the Executive Board of Deutsche Börse AG adopted measures to optimise processes and cost structures. These included streamlining the Group's management structure and reallocating operating functions at the Group's various locations. To avoid compulsory redundancies resulting from the relocation of functions as far as possible, the management of Deutsche

Börse Group and the German works council of Deutsche Börse Group agreed on a controlled Voluntary Leaver Programme. Employees may, on their own initiative, reduce their working hours, retire early or voluntarily terminate their contract in return for a severance payment. The controlled Voluntary Leaver Programme features additional cash incentives for all contracts signed before 31 December 2010. It will initially remain in force until the end of May 2011. Additionally, the management and the German works council of Deutsche Börse Group agreed on a reconciliation of interests agreement. This includes a job exchange to simplify internal transfers and steps towards adopting a social plan should this become necessary.

### Employees by segment

	31 Dec. 2010	31 Dec. 2009
Xetra	504	503
Eurex	911	927
Clearstream	1,701	1,757
Market Data & Analytics	374	413
<b>Total Deutsche Börse Group</b>	<b>3,490</b>	<b>3,600</b>

Deutsche Börse Group had an average of 3,539 permanent salaried employees in the year under review (2009: 3,549) and an average of 3,300 full-time equivalent (FTE) employees (2009: 3,333). As at the balance sheet date, the percentage of women among permanent salaried employees was 37 percent; 15 percent of senior executives were women.

297 employees left Deutsche Börse Group in the course of the year. The staff turnover rate was 8.4 percent, taking into account the operating efficiency programme, and therefore higher than in the previous year (2009: 6.4 percent).

Based on the average number of full-time equivalent employees in 2010, sales revenue per employee increased by 3 percent to €638 thousand (2009: €619 thousand). Staff costs per employee fell, adjusted for costs of efficiency programmes, to €121 thousand (2009: €123 thousand).

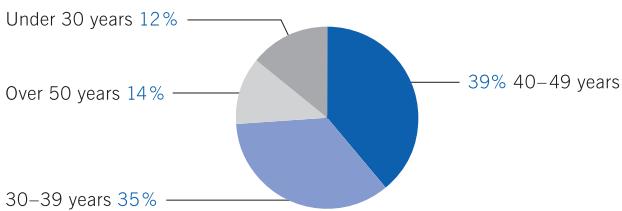
As at 31 December 2010, Deutsche Börse Group employed people at 19 locations worldwide. The following table shows a breakdown into countries and regions:

### Employees per country/region

	31 Dec. 2010	%
Germany	1,577	45.2
Luxembourg	1,015	29.1
North America	326	9.3
Czech Republic	294	8.4
United Kingdom	91	2.6
Rest of Europe	107	3.1
Asia	77	2.2
Middle East	3	0.1
<b>Total Deutsche Börse Group</b>	<b>3,490</b>	

The average age of Deutsche Börse Group's employees at the end of the year under review was 40.2 years. The employee age structure as at 31 December 2010 was as follows:

### Deutsche Börse Group employees' age structure



The average length of service at the end of the year under review was 10.2 years. The following table illustrates the length of service of the Group's employees as at 31 December 2010:

### Employees' length of service

	31 Dec. 2010	%
Less than 5 years	1,114	31.9
5 to 15 years	1,724	49.4
Over 15 years	652	18.7
<b>Total Deutsche Börse Group</b>	<b>3,490</b>	

As at 31 December 2010, 59.9 percent of Deutsche Börse Group employees were graduates (2009: 58.6 percent). This figure is calculated on the basis of the number of employees holding a degree from a university, university of applied sciences or professional academy; employees who have completed comparable studies abroad are also taken into account. In total, the Group invested an average of 1.8 days per employee in staff training.

### Corporate responsibility

In its CR strategy "Growing responsibly", Deutsche Börse defines what it means by corporate responsibility and lays down the scope of activity for the entire Group. The team in charge is part of the Corporate Office and reports directly to the CEO. It implements the measures resolved as part of the CR strategy and informs about the topic both within the Group and externally.

Deutsche Börse focuses its corporate responsibility projects on four areas: the economy, employees, the environment and corporate citizenship. This allows it to take due account of social, ethical and ecological aspects when implementing its economic objectives.

#### Economy

Deutsche Börse Group is committed to promoting sustainable investments and develops products and services for this purpose. The number of sustainability indices calculated by Deutsche Börse increased to ten as at 31 December 2010, partly due to its equity interest in STOXX Ltd. The indices are used by investors as a basis for sustainable investments. In addition, Deutsche Börse has published a CO<sub>2</sub> report (Monthly Carbon Report) each month since October 2010. This fills an information gap on the CO<sub>2</sub> market and makes the actual consumption of CO<sub>2</sub> emissions in the energy sector and industry more transparent for analysts and traders.

A sustainability agreement introduced at the end of 2009 and in force since requires all of Deutsche Börse Group's suppliers and service providers that Corporate Purchasing is responsible for to comply with values such as respect for human and employee rights. In addition, it defines ecological targets to be met. Suppliers accounting for around 86 percent of the Group's purchasing volume either signed this agreement by the end of 2010 or have committed to voluntary undertakings that cover or even exceed the items listed.

## **Employees**

Deutsche Börse Group's team of competent and committed employees from around the world is the basis for the Group's economic success. To recruit and retain the best talent in the long term, the Group offers flexible working hours and a broad portfolio of professional development opportunities. This is reflected, for example, in the average of 1.8 days of training taken per employee in 2010. In addition, the Company helps employees to achieve a better work-life balance, for example, by subsidising childcare. Deutsche Börse also offers an emergency childcare service and a holiday club for schoolchildren. Presentations by specialists, workshops and coaching are provided to give employees information on a variety of issues relating to the topic of work-life balance, as well as advice (e.g. on stress management, nutrition, or care for the sick and elderly).

## **Environment**

For Deutsche Börse Group, environmental protection is an unconditional commitment to preserving the natural environment and resources. Its aim is therefore to record its own ecological footprint as accurately as possible and to steadily reduce it. Relocating nearly all staff from the Frankfurt site to the new, environmentally friendly Group headquarters in Eschborn near Frankfurt is an important step in this direction: "The Cube" is one of the few office buildings in Germany that is LEED platinum certified (LEED stands for Leadership in Energy and Environmental Design, a classification system awarded by the US Green Building Council).

In 2010, Deutsche Börse Group also continued its Green Day concept, which it stages once a quarter: information workshops and campaigns were held on the topics of energy, mobility, waste and paper to intensify the dialogue with staff on ecological alternatives. Simply changing the settings on the copiers at the Eschborn location to double-sided printing alone saved 11.6 tons of paper.

## **Corporate citizenship**

The Group's activities in the area of corporate citizenship cover the areas of education and research, culture and social involvement. In 2010, staff at the Chicago, Frank-

furt/Eschborn, Luxembourg, New York and London locations took part in a variety of initiatives by non-profit organisations – Deutsche Börse Group places two work days at the disposal of each employee for corporate responsibility projects.

Deutsche Börse supports innovative vocational training concepts and research projects, promotes contemporary photography and provides hands-on help to social organisations. Since November 2009, it has also been working to achieve greater efficiency and transparency in the non-profit sector. For this purpose the Company founded Phineo gAG together with the Bertelsmann Foundation and other partners. A new information and transaction platform is used here to provide potential sponsors and non-profit organisations with advice and contact details.

## **Sustainability indices**

In recognition of Deutsche Börse Group's transparent reporting on its CR activities, the Company was listed in key sustainability indices in 2010: It again qualified for the FTSE4Good Index and for the two Dow Jones Sustainability indices (Europe and World), which list the top 10 percent of companies in each sector in line with the "best in class" principle. Additionally, Deutsche Börse was included in the Carbon Disclosure Leadership Index (CDLI) for the first time. This index lists the 30 German companies with the most transparent reporting of their greenhouse gas emissions and climate strategies.

The 2010 corporate responsibility report contains further information on the CR strategy and the most important CR topics. It is scheduled to be available on the Internet from 1 May 2011.

## **Research and development activities**

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

## Deutsche Börse shares

### Stock market performance

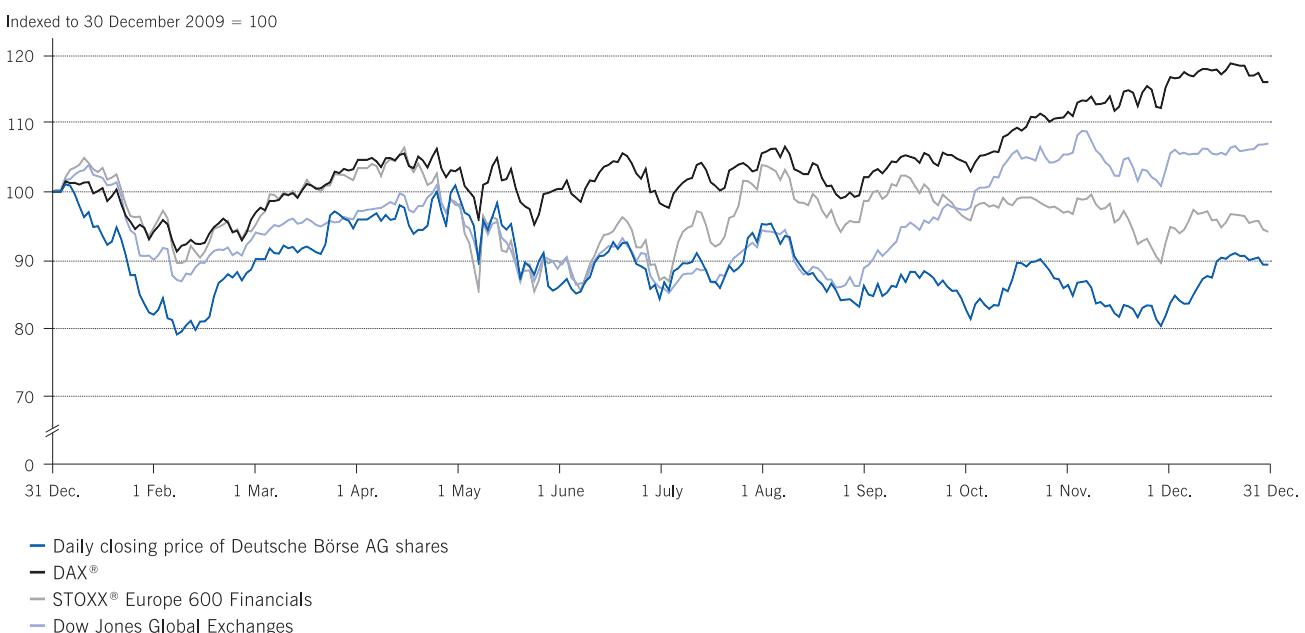
The global economy recovered more quickly than expected following the global recession in 2009 and grew significantly in 2010. This growth was based, among other things, on the highly expansionary monetary and fiscal policies adopted by some states and the fact that global trade increased considerably compared with 2009. Countries with strong export activities such as Germany benefited in particular from this. As a result, DAX®, Germany's blue-chip index, performed well during the year, closing 2010 at 6,914 points, up 16 percent on the previous year. Despite the economic upturn, capital market players remained uncertain and cautious due to the comparatively high levels of government debt in some European states, the bailout package that the affected countries received from the EU and the decline in the euro/US dollar exchange rate. Against this backdrop, Deutsche Börse Group's business activities only improved slightly overall year-on-year. Deutsche Börse AG's share price performance also bucked the general trend on the German equities market. After a twelve-month intraday low of €45.45 on 8 February 2010 and a twelve-month intraday high of €59.00 on 30 April 2010, the share price closed the last trading day of the year under review at €51.80 (2009: €58.00), a decline of 11 percent.

### Exchange data of Deutsche Börse shares

Stock exchange	
Germany	Frankfurt (Prime Standard)
Securities identification numbers	
ISIN	DE0005810055
WKN	581005
Symbol	
Frankfurt Stock Exchange	DB1
Reuters – Xetra® trading	DB1Gn.DE
Bloomberg	DB1:GY

The other benchmark indices that are relevant to Deutsche Börse Group also outperformed Deutsche Börse AG's shares, although they trailed the DAX in percentage terms. The Dow Jones Global Exchanges Index (the benchmark index for all listed exchange organisations around the world) increased by 7 percent in the course of the year. However, it only started to outpace Deutsche Börse shares in September 2010, primarily due to the performance of exchange operators in the emerging economies of South America and Asia, which was driven by high growth expectations. By contrast, average share prices for exchange organisations in Europe and North America were on a par with Deutsche Börse AG's share price: they declined slightly during the course of the year. The STOXX® Europe 600 Financials Index, which serves as the benchmark

### Share price development of Deutsche Börse AG and benchmark indices in 2010



index for the Executive Board's share-based remuneration and which reflects the performance of European financial stocks, recorded a decline of 6 percent in 2010.

### An attractive long-term investment

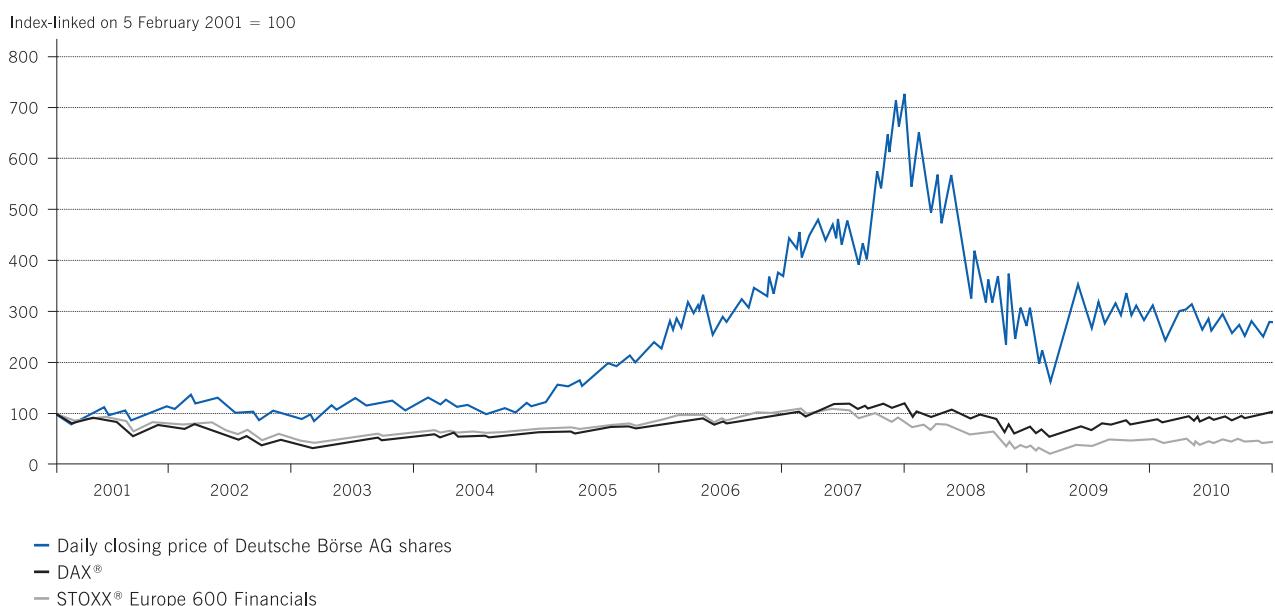
Deutsche Börse shares continue to offer excellent opportunities to participate in the long-term growth potential of the international capital markets. This is based on the Group's integrated business model, its strict Group-wide risk management policy and its continuous improvements in operational performance. Since Deutsche Börse AG went public in 2001, shareholders have benefited from an average annual return of around 13 percent up to the end of 2010, which is well above the DAX average. In the same period, a direct investment in the DAX index would have yielded an annual return of around 1 percent. This means that investors who purchased €10,000 worth of shares at the time of Deutsche Börse AG's IPO, and reinvested the dividends, held shares worth €35,463 at the end of 2010. Had they invested in the DAX index during the same period, their holdings would have been worth just €10,416.

### Investor relations

In the past financial year, the Company again informed existing and potential investors about its long-term strategy and the cyclical factors and structural growth drivers in the business. Specific topics addressed included the impact of the financial crisis and the recession, efficient risk management at Clearstream and Eurex Clearing, the opportunities arising from changes to the regulatory framework, and the integral elements of Deutsche Börse's business model as compared with banks and competitors.

In June 2010, Deutsche Börse hosted its annual investor day on its Frankfurt premises, informing analysts and institutional investors from Germany and abroad about its business development, current projects, and strategies aimed at enhancing the Company's competitive position. In addition, Deutsche Börse held well over 400 one-on-one discussions with current and potential investors at international roadshows, investor conferences and individual meetings.

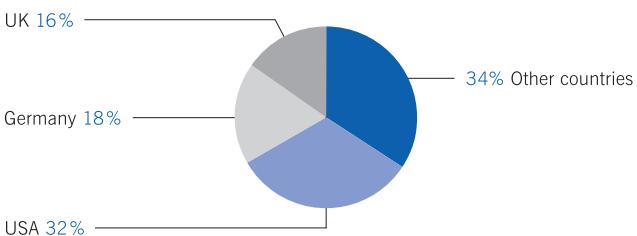
### Share price development of Deutsche Börse AG and benchmark indices since listing



## International investor interest

Deutsche Börse is attractive to global investment funds with large investment volumes because its shares are highly liquid and are included in the German blue-chip index DAX and Europe's leading blue-chip index, the EURO STOXX 50®. Trading volumes have increased significantly since Deutsche Börse's IPO in 2001: whereas in 2001 an average of 0.4 million of the Company's shares were traded per day on the Xetra system, this figure was 1.3 million in 2010, slightly less than in the previous year (2009: 1.6 million shares). The proportion of non-German shareholders remained stable compared with the previous year at around 82 percent in the year under review (2009: 83 percent), with a shift from the USA and the United Kingdom to other countries (see chart below) such as France. The proportion of institutional investors fell by one percentage point in 2010 to 95 percent.

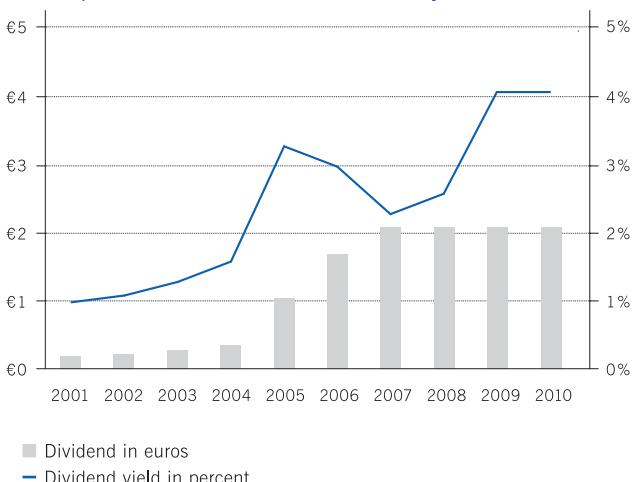
### Deutsche Börse AG: share of international shareholders remains on a high level in 2010



## Stable dividend

In the past year, Deutsche Börse AG again ensured that its shareholders participated in its performance, in spite of the uncertain macroeconomic situation. In May 2010, the Company paid its shareholders a dividend of €2.10 per share – on a level with the previous year. Adjusted for the ISE impairment charge recognised in the fourth quarter of 2009, the distribution ratio amounted to 56 percent of net income. For financial year 2010, the Company will again propose a dividend of €2.10 per share to the Annual General Meeting, corresponding to a distribution ratio of 54 percent of net income (adjusted for the costs of efficiency programmes and the ISE impairment charge in the fourth quarter of 2010).

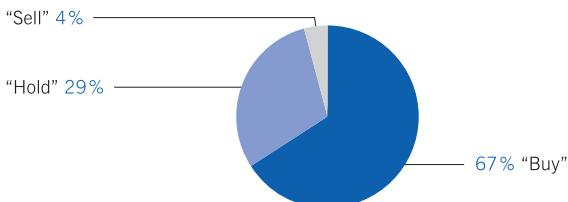
## Development of dividend and dividend yield



## Analysts

As at 31 December 2010, around two-thirds of analysts (67 percent) recommended buying Deutsche Börse shares. This compares with 29 percent who issued hold recommendations and 4 percent who recommended selling the shares. The average target price set by analysts was €62.

### Deutsche Börse AG: analysts predominantly issue buy recommendations



As at December 2010

### Deutsche Börse AG share: key figures

	2010	2009
Earnings per share (basic)	€ 2.25	2.67
Earnings per share (basic, adjusted) <sup>1)</sup>	€ 3.88	3.71
Earnings per share (diluted)	€ 2.24	2.67
Earnings per share (diluted, adjusted) <sup>1)</sup>	€ 3.87	3.71
Dividend per share	€ 2.10 <sup>2)</sup>	2.10
Operating cash flow per share (basic and diluted)	€ 5.07	4.31
Opening price (as at 1 Jan.) <sup>3)</sup>	€ 58.00	50.80
High <sup>4)</sup>	€ 59.00	65.27
Low <sup>4)</sup>	€ 45.45	29.50
Closing price (as at 31 Dec.)	€ 51.80	58.00
Ordinary share capital	€m 195.0	195.0
Number of shares (as at 31 Dec.)	m 195.0	195.0
thereof outstanding (as at 31 Dec.)	m 185.9	185.9
Free float (as at 31 Dec.)	% 100	100
Market capitalisation (as at 31 Dec.)	€bn 9.6	10.8

1) Adjusted for costs of efficiency programmes and the ISE impairment charge

2) For financial year 2010, proposal to the Annual General Meeting 2011

3) Closing price on preceding trading day

4) Intraday price

## Results of operations, financial position and net assets

### Results of operations

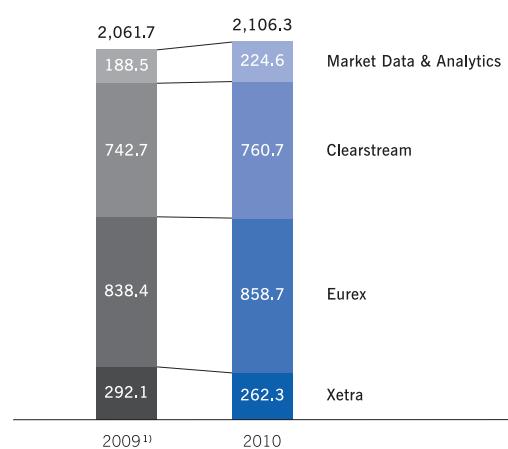
Deutsche Börse Group's revenue increased slightly by 2 percent to €2,106.3 million in the year under review (2009: €2,061.7 million). As the economic environment improved significantly in 2010 compared with the previous year, demand for Deutsche Börse Group's products and services also increased. Particularly high volatility in the second quarter of 2010 led to a significant rise in volumes in the cash and derivatives markets in the first half of the year. In the second half of the year, however, volatility abated again, and with it trading activity. In total, the cash market trading volume on Xetra grew by 17 percent, while the derivatives market recorded a 12 percent increase in contract volumes for European products. As expected, the trading volume in US options on the International Securities Exchange (ISE) continued to be under great pressure in a highly competitive environment. This led to a 22 percent decline in contract volumes. Since the

trends for the European and US business in the Eurex segment offset each other, the segment's contract volumes remained virtually unchanged year-on-year. By contrast, post-trade services continued to develop positively; in the Clearstream segment, a rise in demand led to a slight year-on-year increase of 2 percent in sales revenue. The sales revenue in the Market Data & Analytics segment increased by a significant 19 percent due to the inclusion of sales revenue of STOXX Ltd. and Need to Know News, LLC, among other factors. Without these changes in the basis of consolidation, this segment's sales revenue was up by 2 percent.

In addition to sales revenue, Deutsche Börse Group's total revenue includes net interest income from banking business and other operating income. Net interest income once again fell considerably compared with previous years, dropping to €59.4 million in the year under review (2009: €97.4 million). This is due to persistently low short-term interest rates, the expiry of interest rate hedges in 2009 and longer-term investments reaching maturity. However, net interest income rose continuously in the course of the year, from €11.0 million in the first quarter of 2010 to €16.9 million in the fourth quarter, driven firstly by a slight increase in interest rates during the year under review and secondly by growing overnight customer cash deposits.

### Sales revenue by segment

€ millions



1) Prior period figures restated to reflect changes in reporting structure

As from 1 January 2010, own expenses capitalised are no longer reported separately as income in the consolidated income statement. Since then, expenses incurred in connection with internal development activities comprise only non-capitalised amounts. This change is reflected in a decrease in both total revenue and cost by around €40 million in 2010 and thus does not impact earnings.

Other operating income dropped from €130.6 million in 2009 to €61.0 million in the year under review. This decline is primarily due to a special effect of €66.7 million accrued when a financial loss liability insurance policy with capital accumulation was cancelled in the fourth quarter of 2009.

The Company's total costs, including depreciation, amortisation and impairment charges, contain extraordinary expenses incurred as a result of testing assets for impairment during the annual impairment tests; the most significant item was the impairment charge totalling €453.3 million for intangible assets in connection with ISE.

The Company's strict cost management had a positive impact on the total costs of Deutsche Börse Group. These increased by 4 percent year-on-year (2009: €1,647.1 million); however, adjusted for the ISE impairment charge and the costs of efficiency programmes, total costs amounted to €1,147.1 million, 8 percent less than in 2009.

One of the main factors affecting costs is the cost of staff. The increase in this figure in 2010 to €502.0 million is due to the costs of efficiency programmes amounting to €101.5 million. Adjusted for this special effect, staff costs

declined by 2 percent year-on-year to €400.5 million. This moderate decrease was, among other factors, the result of higher severance payments in the previous year and the lower average number of employees in the year under review. Most of the employees who left the Group went in the fourth quarter, so the full extent of the cost reductions will only be felt in subsequent years. The initial inclusion of wages and salaries for employees of STOXX Ltd. had an offsetting effect in financial year 2010.

Share-based payments are another factor significantly affecting costs. The price of Deutsche Börse shares fell by 11 percent in the year under review. The share price thus declined faster than the benchmark index relevant to the stock option programme, the STOXX® Europe 600 Technology. The total cost of the stock option programme and Stock Bonus Plan for the Executive Board and senior executives of Deutsche Börse AG and its subsidiaries therefore dropped to €10.1 million in the reporting period (2009: €13.5 million). This is mainly due to the the lower share price of Deutsche Börse AG's shares as at 31 December 2010 compared to the share price at the end of 2009.

The costs of the employee participation schemes of Deutsche Börse Group decreased to €2.9 million in the year under review (2009: €5.6 million). Costs for the Group Share Plan (GSP) for all employees of Deutsche Börse Group (not including the ISE) decreased significantly year-on-year to €1.0 million (2009: €2.3 million), mainly due to the suspension of the Group Share Plan in 2010. In addition, only options from the 2005 and 2006 tranches are still outstanding.

## Deutsche Börse Group key performance figures

	2010 €m	2009 €m	Change %	2010 (adjusted) <sup>1)</sup> €m	2009 (adjusted) <sup>1)</sup> €m	Change (adjusted) %
Sales revenue	2,106.3	2,061.7	2	2,106.3	2,061.7	2
Total costs	1,711.1	1,647.1	4	1,147.1	1,245.2	-8
EBIT	527.8	637.8	-17	1,091.0	1,039.7	5
Net income	417.8	496.1	-16	721.5	690.2	5
Earnings per share (basic) (€)	2.25	2.67	-16	3.88	3.71	5
Earnings per share (diluted) (€)	2.24	2.67	-16	3.87	3.70	5

<sup>1)</sup> Adjusted for the ISE impairment charge (2010: €453.3 million; 2009: €415.6 million) and the costs of efficiency programmes (2010: €110.7 million; 2009: €-13.7 million)

The total cost of the ISE Group Share Plan in the year under review was €1.9 million (2009: €3.5 million), attributable exclusively to the 2007 to 2009 tranches, because the 2010 tranche had been suspended. The reasons for the decline are positive exchange rate effects and a lower number of options.

Further details of the share-based payment arrangements are provided in note 45 to the consolidated financial statements.

#### Overview of total costs

	2010 €m	2009 €m	Change %
Volume-related costs	210.9	250.3	-16
Staff costs	502.0	394.3	27
Depreciation, amortisation and impairment charges	583.5	569.1	3
Other operating expenses	414.7	433.4	-4
<b>Total</b>	<b>1,711.1</b>	<b>1,647.1</b>	<b>4</b>
<b>Total (excluding ISE impairment and costs of efficiency programmes)</b>	<b>1,147.1</b>	<b>1,245.2</b>	<b>-8</b>

The result from equity investments for Deutsche Börse Group amounted to €12.2 million (2009: €-4.8 million). It is generated primarily by Scoach Holding S.A., Direct Edge Holdings, LLC and European Energy Exchange AG. The positive contribution of these companies was offset to a small extent by impairment losses on minor equity investments, such as the interest ISE holds in Ballista Securities, LLC.

In spite of the slight increase in sales revenue and strict cost management, Deutsche Börse Group could not fully compensate for the special effects of the ISE impairment charge and the efficiency programmes. As a result, earnings before interest and tax (EBIT) amounted to €527.8 million in the year under review, down 17 percent year-on-year (2009: €637.8 million). Adjusted for the ISE impairment charge and the costs of the efficiency programmes, the Group generated an EBIT of €1,091.0 million, up 5 percent over the previous year.

#### Xetra segment

The Xetra segment generates most of its sales revenue from trading and clearing cash market securities, e.g. German and international issuers' shares, fixed-income securities, index funds, or shares in actively managed retail funds. The key players on Deutsche Börse's platforms are institutional investors and professional market participants. The primary source of revenue in 2010 was trading income generated by Deutsche Börse Group's platforms (Xetra, floor trading), which accounted for 48 percent. Another source of revenue, contributing 17 percent, was the central counterparty (CCP) for equities operated by Eurex Clearing AG, whose sales revenue is determined to a significant extent by trading activities on Xetra. The "other" item covers IT sales revenue, which has been allocated to the Xetra segment since 1 January 2010, as well as income from cooperation agreements and listing fees; together they accounted for 27 percent of sales revenue. Income from cooperation agreements mainly derives from systems operation for the Irish Stock Exchange, the Vienna Stock Exchange and the Bulgarian Stock Exchange. Listing

#### EBIT and profitability by segment

	2010		2009		2010		2009	
	EBIT €m	EBIT margin %	EBIT €m	EBIT margin %	EBIT (adjusted) <sup>1)</sup> €m	EBIT (adjusted) <sup>1)</sup> %	EBIT (adjusted) <sup>1)</sup> €m	EBIT (adjusted) <sup>1)</sup> %
Xetra	105.1	40	140.3	48	128.0	49	139.8	48
Eurex	-4.6	-1	9.1	1	480.8	56	424.1	51
Clearstream	299.3	39	367.9	50	344.8	45	355.4	48
Market Data & Analytics	128.0	57	120.5	64	137.4	61	120.4	64
<b>Total</b>	<b>527.8</b>	<b>25</b>	<b>637.8</b>	<b>31</b>	<b>1,091.0</b>	<b>52</b>	<b>1,039.7</b>	<b>50</b>

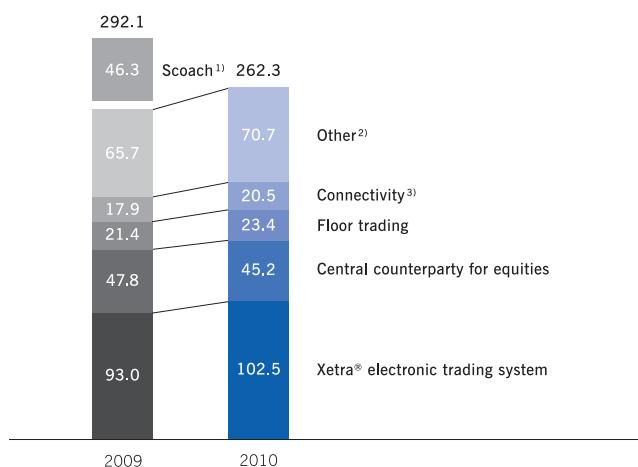
1) Adjusted for the ISE impairment charge (2010: €453.3 million; 2009: €415.6 million) and costs of efficiency programmes (2010: €110.7 million; 2009: €-13.7 million)

fees predominantly came from existing company listings and admissions to trading. Connectivity income, which accounted for 8 percent of sales revenue, was disclosed separately for the first time in 2010.

Scoach Holding S.A., which had previously been fully consolidated, was deconsolidated with effect from 31 December 2009. It has since then been classified as a joint venture of Deutsche Börse AG and SIX Swiss Exchange AG. The profit or loss from certificates and warrants trading is now included in the two partners' result from equity investments. Tradegate Exchange GmbH, on the other hand, was fully consolidated in the year under review, after Deutsche Börse acquired a majority interest in this company with effect from 8 January 2010.

#### Breakdown of sales revenue in the Xetra segment

€ millions



1) Following the deconsolidation of Scoach no sales revenue is shown for 2010

2) Including income from listing and cooperation agreements and IT sales revenue allocated to the segment following the changes in reporting structure (2009: €41.1 million, 2010: €40.0 million)

3) Sales revenue stated separately for the first time, prior-year figures for Xetra and floor trading restated accordingly

The overall economic environment in the year under review was friendlier than in 2009. The upturn stimulated demand from institutional and private investors for trading services provided by the Xetra segment. In particular the second quarter stood out from the rest of the year, as large government deficits in some of the eurozone countries and the resulting decline of the euro versus the US dollar led to severe market volatility on the capital markets, which resulted in significantly higher trading volumes than in the prior-year period. As a result of the deconsolidation of

Scoach Holding S.A., sales revenue in the Xetra segment fell to €262.3 million (2009: €292.1 million). Adjusted for the deconsolidation, however, sales revenue rose by 7 percent year-on-year, thus reflecting the positive development of sales volumes.

The number of transactions in Xetra electronic trading increased by 13 percent on the previous year to 189.4 million (2009: 167.3 million). The trading volume on Xetra (measured in terms of order book turnover, single-counted) rose by 17 percent in the year under review to €1,236.9 billion (2009: €1,060.6 billion). The average value of a Xetra transaction was €13.1 thousand, a slight improvement on the previous year (2009: €12.7 thousand). Deutsche Börse's market share of DAX securities traded by institutional investors stabilised at around 70 percent. The 10 largest market participants in terms of order book volume accounted for 47 percent of the trading volume on Xetra, while the 20 largest accounted for 66 percent. The largest market participant in this respect held a market share of 7 percent.

Besides institutional investors, who primarily use Xetra, trading activity was again somewhat higher among retail investors than in the previous year. Floor trading volumes on the Frankfurt Stock Exchange (single-counted) increased by 2 percent year-on-year to €61.4 billion (2009: €60.0 billion). The acquisition of a majority interest in Tradegate Exchange GmbH at the beginning of January 2010 is consistent with Deutsche Börse's strategy to expand its offering for retail investors. Formerly a platform for over-the-counter (OTC) trading, Tradegate was awarded the status of a "regulated market" as defined in the Markets in Financial Instruments Directive (MiFID) on 4 January 2010. Tradegate features extended trading hours and special order types and is thus particularly geared towards meeting the needs of retail investors. It recorded a trading volume of €17.8 billion in 2010. Tradegate continuously increased its proportion of the volume of traded index shares in the course of the year and, with a market share of around 33 percent, is now the second-largest German exchange for retail investors – after the trading floor of the Frankfurt Stock Exchange. dwpbank has also been connected to Tradegate since the end of September 2010. As a result, around 1,600 institutions in Germany (including Postbank, the Sparkassen, i.e. savings banks, and Volks- und Raiffeisenbanken, i.e. cooperative banks) have access to this trading venue.

### Cash market: trading volume (single-counted)

	2010 €bn	2009 €bn	Change %
Xetra	1,236.9	1,060.6	17
Floor trading <sup>1)</sup>	61.4	60.0	2
Tradegate	17.8	–	–

1) Excluding certificates and warrants

In November 2009, Deutsche Börse Group had launched Xetra International Market (XIM), a new segment for trading European blue chips on Xetra. Xetra trading participants can trade European blue chips via XIM, have them cleared via Eurex Clearing AG and settle the transactions in their home market. In the year under review, Xetra expanded the XIM product range by adding blue chips from other European countries.

Pricing models in the cash market take into account both trading volumes and the number of orders: fees are calculated per executed order, depending on the order value. The order value is therefore more important for the segment's total revenue due to the price structure. As from 1 December 2010, Xetra halved the fixed clearing fee for Xetra transactions. In addition, customers now benefit from an extended rebate model, in which the fixed transaction fee for participants with high trading volumes is reduced and the variable transaction fee is slashed by up to 50 percent. The delivery management fee has been raised by 50 percent to reflect the associated processing cost. Since the new pricing model will have the effect of stimulating trading and clearing activities, Deutsche Börse expects its impact on the Xetra segment's total revenue to be virtually neutral.

The costs in connection with efficiency programmes of €22.9 million pushed segment operating costs up to €162.7 million, slightly higher than in the prior-year period (2009: €161.8 million). EBIT declined to €105.1 million as a result of the fall in sales revenue following the changes in the scope of consolidation (2009: €140.3 million).

### Xetra segment: key figures

	2010 €m	2009 €m	2010 (adjusted) <sup>1)</sup> €m	2009 (adjusted) <sup>1)</sup> €m
Sales revenue	262.3	292.1	262.3	292.1
Total costs	173.2	187.6	150.3	188.1
Operating costs	162.7	161.8	139.8	162.3
EBIT	105.1	140.3	128.0	139.8

1) Adjusted for effects of efficiency programmes implemented since 2007 amounting to €-22.9 million (2009: €0.5 million)

Deutsche Börse believes that trading will accelerate further and the number of automated trading systems in use will continue to grow (algorithmic trading). By implementing technical innovations and improvements, Deutsche Börse strives to create the best possible conditions for international algo traders. Xetra Release 11.0, which was rolled out in June 2010, features an expanded Enhanced Transaction Solution interface. This interface is now used to send order information to participants in real time. In addition, the processing time of non-persistent orders has been reduced. These orders are optimised for speed: they are not permanently stored in the exchange systems. Non-persistent orders from trading participants with the most efficient connections can now be processed in less than 1 millisecond on average – 50 percent faster than before.

Over ten years ago, Deutsche Börse started trading exchange-traded funds (ETFs) on Xetra in a separate segment (XTF®). ETFs combine the flexibility of an equity with the risk diversification of a portfolio. They represent entire markets or sectors in a single product, are traded via stock exchanges as efficiently and with the same liquidity as equities, and can be bought at low transaction costs without load fees. Since being introduced to Europe, their number and assets under management have grown steadily. As at 31 December 2010, 759 ETFs were listed on Deutsche Börse (2009: 547 ETFs), the number of issuers grew to 18 in the course of 2010 (2009: 12), and the assets under management held by ETF issuers amounted to €159.0 billion (2009: €120.5 billion). Deutsche Börse's XTF segment increased its trading volume by 17 percent

in the year under review to €153.9 billion (2009: €131.3 billion), making it again the European market leader. The most heavily traded ETFs are based on the European STOXX equity indices and on the German DAX blue-chip index. Since May 2010, investors have additionally been able to include options on ETFs in their trading strategies or use them to hedge their investments.

Deutsche Börse also expanded its range of exchange-traded commodities (ETCs) and exchange-traded notes (ETNs). ETCs reflect the performance of single commodities or commodity sectors, such as energy, agricultural commodities or precious metals. ETNs are exchange-traded debt securities that reflect the performance of an underlying benchmark index outside of the commodities sector.

Xetra-Gold®, a bearer bond issued by Deutsche Börse Commodities GmbH, is the most successful ETC product. Inflation concerns and the search for a safe haven for investments boosted demand for gold, especially in the first half of the year, and swelled the gold holdings in the vaults of Deutsche Börse Group. As at 31 December, Deutsche Börse held 49.8 tonnes of gold in custody (2009: 36.1 tonnes). Given a gold price of €34.39 per gram (closing price on 31 December 2010), the value of the gold was equivalent to more than €1.7 billion (2009: €885.5 million). In 2010, the order book turnover of Xetra-Gold on the Xetra trading platform amounted to €2.3 billion (2009: €1.5 billion); its order book turnover market share of the ETC segment was 33 percent. In summer 2010, Xetra-Gold was approved for sale to the public in the United Kingdom and the Netherlands, after having previously been admitted in Germany, Luxembourg, Switzerland and Austria.

In the listing business, Deutsche Börse recorded 172 new admissions in the year under review. The proportion of foreign listings was around 78 percent, underlining the internationalisation of Deutsche Börse's listing platform. In November, IBS Group Holding Ltd. was the first Russian company to be listed in Deutsche Börse's General Standard. The placement volume in 2010 totalled approximately €2.7 billion; the largest IPO with a volume of €760 million was Kabel Deutschland.

The network of trading houses connected to Xetra is also becoming increasingly international. At the beginning of December, the electronic securities trading system of the Ljubljana Stock Exchange was switched to Deutsche Börse's pan-European Xetra trading platform. About 30 new market participants based in Slovenia now have access to the approximately 590,000 instruments tradable on Xetra. The Slovenian Stock Exchange has been connected to the Xetra network through the Vienna Stock Exchange, which has itself been operating its cash market using Xetra since 1999. This has also applied to the Irish Stock Exchange since 2000 and the Bulgarian Stock Exchange since 2008. Likewise, Eurex subsidiary Eurex Bonds and the European Energy Exchange use the Xetra trading system. The Shanghai Stock Exchange uses Xetra as the basis for its New Generation Trading System, which went live at the beginning of 2010.

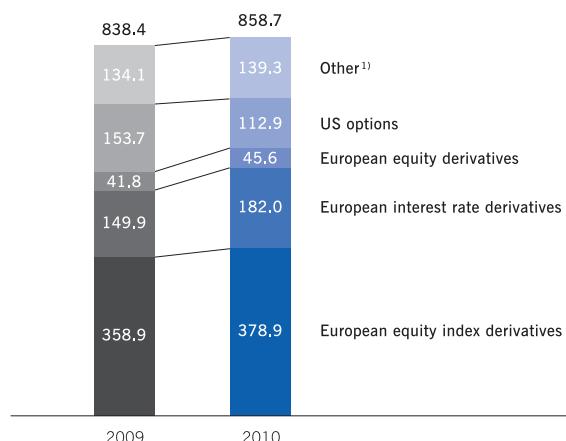
Following a resolution by the Exchange Council of the Frankfurter Wertpapierbörse (FWB, the Frankfurt Stock Exchange), lead broker-based floor trading will be discontinued in May 2011, and thus sooner than expected. From then on, all trading on the FWB will be conducted via the Xetra system. This will simplify the infrastructure for all market participants and increase Frankfurt's competitiveness as a trading venue. International market participants connected to Xetra will in future have direct access to all securities traded on the Frankfurt Stock Exchange. Specialists will be deployed on Xetra to ensure sufficient trading liquidity. Even though lead broker-based floor trading with the Xontro system will be discontinued on the FWB, the trading floor of the Frankfurt Stock Exchange will be kept operational, as Xetra specialists will be present there.

### **Eurex segment**

As in the cash market, the performance of the Eurex derivatives segment largely depends on the trading activities of institutional investors and proprietary trading by professional market participants. Segment revenue is therefore generated primarily from transaction fees, which in the case of Eurex are comprised of a combined fee for trading and clearing contracts. As in previous years, the main revenue drivers in 2010 were equity index derivatives with a 44 percent share of total sales revenue. These were followed by interest rate derivatives (21 percent), US options offered by the ISE (13 percent) and equity derivatives (6 percent). The "other" item (16 percent) includes connection fees, IT services and sales revenue from subsidiaries (Eurex Bonds and Eurex Repo), among others.

## Breakdown of sales revenue in the Eurex segment

€ millions



1) Including IT sales revenue allocated to the segment following the changes in reporting structure (2009: €34.4 million, 2010: €29.1 million)

The economic environment improved significantly in 2010 compared with the previous year. Against the background of the more positive macroeconomic climate, the Eurex segment increased the contract volume for its European products year-on-year. Triggered by the high government debt in Greece and several other European countries, the EU's concerted bailout package and the decline of the euro against the US dollar, market volatility rose significantly, especially in the second quarter, leading to a jump in the trading volumes of securities and derivatives. The upward trend observed in the first half of the year compared to the prior-year period continued in the second half, but at a lower level. This was primarily due to lower volatility on the equity and interest rate markets once the situations described above returned to normal.

Overall, Eurex generated a trading volume of 1,896.9 million contracts for its European products, an increase of 12 percent over the previous year (2009: 1,687.2 million). Segment sales revenue increased by 2 percent to €858.7 million (2009: €838.4 million).

European equity index derivatives remained the product group generating the most sales revenue. These products recorded a modest increase to 808.9 million contracts

(2009: 800.1 million). By far the most contracts were traded on the EURO STOXX 50 index (372.2 million futures and 284.7 million options). Due to the growing business with higher-priced dividend derivatives, sales revenue rose slightly faster than contract volumes.

Eurex also recorded strong growth in the product group of European equity derivatives, the trading volume of which increased by 21 percent to 511.8 million contracts (2009: 421.3 million). The positive development in this product group is mainly due to the significant increase in the trading volume of single-stock futures, which rose by 73 percent year-on-year, fuelled by positive corporate data. As a result of the high proportion of Eurex®-cleared block trades with a fee cap, sales revenue did not increase as significantly as the number of traded contracts.

For some time, interest rate market participants have expected central banks to adjust their monetary policies and therefore interest rate levels. As a result, Eurex-traded contract volumes in the interest rate derivatives product group experienced a sustained recovery, following a sharp fall in volumes as a result of the financial crisis. Moreover, the development of interest margins between government bonds of various European countries led to a greater need for market participants to hedge their positions and caused them to make greater use of Eurex interest rate products than in the previous year. In the year under review, Eurex recorded an increase of 23 percent to 574.8 million contracts (2009: 465.7 million). Sales revenue increased approximately in line with trading volumes.

As expected, the trading volume in US options on the International Securities Exchange (ISE) was subject to fluctuations in a highly competitive environment. Market participants traded 745.2 million contracts in the year under review, 22 percent fewer than in the prior year (2009: 960.2 million). The ISE's market share of US equity options (adjusted for dividend business) fell to 22 percent in 2010 (2009: 28 percent). Due to this development, a non-cash impairment charge of €453.3 million was recognised in the 2010 consolidated financial statements following the impairment testing of intangible assets acquired as part of the ISE acquisition.

There are several reasons for the development of volumes and market share:

- In the second half of 2009, the US Securities and Exchange Commission instructed the ISE to discontinue a certain order type for transacting crossing orders of institutional investors. The current regulatory structure favours floor-based exchanges as they better accommodate the industry's institutional crossing business. As a result, the ISE's crossing business migrated to the floor-based exchanges. The ISE has been working closely with the SEC to achieve consistent regulation in this regard and gained approval for its order type on 24 February 2011.
- Dividend trade transactions, which are promoted through fee caps on some floor-based US equity options exchanges, give a distorted impression of trading volumes and market share on the US equity options market. The ISE does not offer these incentives but has rather geared its focus towards profitable business.
- Changes in the ownership structure of the ISE's competitors led to fluctuations in market share. In October 2009, NYSE Euronext announced that it would sell part of its Amex options market to leading market participants (remutualisation). Since then, the participants in the transaction have directed their order flow to Amex. In order to make up for this, the ISE will focus even more on acquiring new customers and on introducing additional products and functionalities.
- The second quarter of 2010 saw further fee changes in the industry. To compete with these modifications, the ISE also introduced a modified maker-taker fee schedule that gives market participants incentive to provide liquidity.

Overall, 2,642.1 million contracts were traded on Deutsche Börse Group's derivatives exchanges (2009: 2,647.4 million).

The 10 largest participants with the highest trading volume in European derivatives accounted for 30 percent of contracts traded during the reporting year, while the 20 largest made up for 49 percent; the largest market participant in this respect held a market share of 4 percent.

As from 1 February 2011, Eurex has introduced a new pricing model for European derivatives, which offers price incentives on the basis of the market quality provided, grants volume rebates and gives significant additional fee reductions for selected products. Order book trading is strengthened further to improve market transparency and pricing. To this end, the highest percentage rebates are granted to those market makers who contribute the most to order book quality. For both futures and options, the new pricing model provides special incentives for participants with high trading volumes. Eurex expects that the introduction of the new pricing model will lead to a rise in trading volumes and thus have an overall neutral impact on revenue.

#### Contract volumes in the derivatives market

	2010 m contracts	2009 m contracts	Change %
Equity index derivatives <sup>1)</sup>	808.9	800.1	1
Equity derivatives <sup>1)</sup>	511.8	421.3	21
Interest rate derivatives	574.8	465.7	23
<b>Total European derivatives (Eurex)<sup>2)</sup></b>	<b>1,896.9</b>	<b>1,687.2</b>	<b>12</b>
US options (ISE)	745.2	960.2	-22
<b>Total Eurex and ISE<sup>2)</sup></b>	<b>2,642.1</b>	<b>2,647.4</b>	<b>0</b>

1) Dividend derivatives were attributed to equity index and equity derivatives.

2) The total shown does not equal the sum of the individual figures as it includes other traded derivatives such as ETF, volatility, agricultural, precious metals and emission derivatives.

Eurex Repo® expanded its volume in both the euro market and the GC Pooling® market. The average outstanding volume rose 16 percent in the year under review to €114.5 billion (2009: €98.6 billion, single-counted for both periods). In the process, GC Pooling, the collateralised money market which Eurex Repo operates jointly with Eurex Clearing and Clearstream, proved to be a reliable liquidity pool for market participants. The average outstanding volume increased by 25 percent to €91.6 billion (2009: €73.0 billion, single-counted for both years). GC Pooling enables balance-sheet friendly and anonymous money market trading in which standardised collateral baskets (a group of securities with similar quality features, such as issuer credit rating) are traded and cleared via a central counterparty (Eurex Clearing). Eurex Repo generates sales revenue from the fees charged for trading and clearing repo transactions. Moreover, a new segment, USD GC Pooling, has provided access to US dollar liquidity since the end of January 2010. Towards the end of the year, Eurex further improved collateral management efficiency: since November, customers who participate in

GC Pooling trading at Eurex Repo can also use GC Pooling collateral to fulfil other Eurex Clearing collateralisation obligations.

Trading volumes on Eurex Bonds®, the international bond trading platform, grew to €101.6 billion (single-counted) in 2010 (2009: €87.3 billion). This positive development is due to a sharp rise in issue volumes in Germany and other countries and to increased demand for collateralised liquidity in interbank trading.

The Eurex segment's operating costs were at €886.8 million (2009: €833.4 million) in 2010 as a result of a €37.7 million year-on-year rise in impairment charges recognised in connection with the ISE and the costs of efficiency programmes amounting to €32.9 million. The impairment charge resulted in an EBIT of €–4.6 million (2009: €9.1 million).

#### Eurex segment: key figures

	2010 €m	2009 €m	2010 (adjusted) <sup>1)</sup> €m	2009 (adjusted) <sup>1)</sup> €m
Sales revenue	858.7	838.4	858.7	838.4
Total costs	901.1	869.5	414.9	454.5
Operating costs	886.8	833.4	400.6	418.4
EBIT	–4.6	9.1	480.8	424.1

1) Adjusted for effects of efficiency programmes which have been implemented since 2007 amounting to €–32.9 million (2009: €0.6 million) and ISE impairment charge amounting to €–453.3 million (2009: –415.6 million)

Eurex operates an international market for CO<sub>2</sub> emission rights together with European Energy Exchange (EEX). Under this cooperation, which was launched in December 2007, Eurex participants can trade the CO<sub>2</sub> derivatives products listed on EEX via their existing infrastructure and using a simplified admission process. Since November 2009, Eurex customers have also been able to trade EEX power derivatives using their existing Eurex access. EEX's trading volume and market share in emission rights trading increased significantly in the year under review. This was mainly attributable to the launch of a new EUA future for the third European emissions trading period and the extension of exchange trading hours for CO<sub>2</sub> futures. The Group's share of the result of the associated EEX company amounted to €4.0 million and is reported under the result from equity investments. To intensify cooperation with EEX, Eurex Zürich AG intends to acquire the shares held in EEX by Landesbank Baden-Württemberg (LBBW). It has en-

tered into an agreement to this effect with LBBW. The transaction requires the approval of Bundeskartellamt (the German competition authority), the Board of Directors of Eurex Zürich AG and other internal committees, as well as the EEX Supervisory Board. At 31 December 2010, Eurex held a 35.2 percent interest in EEX; if the 23.0 percent interest held by LBBW is transferred, Eurex will have majority control over EEX. Please refer to the report on post-balance sheet date events for details on current developments.

New products give market participants new impetus to develop their investment, hedging and arbitrage strategies, thus generating additional trading volumes. The products launched by Eurex in the year under review included various equity index, ETF, dividend, volatility and commodity derivatives and a futures contract on short-term Italian government bonds. Eurex's dividend derivatives, for example, show that new products not only expand the portfolio, but also make a substantial value contribution. Since they were launched as a new asset class in summer 2008, Eurex has continuously expanded this product group. Dividend derivatives overall enjoyed sustained strong growth in 2010 recording a contract volume of 4.5 million (2009: 2.5 million). Index dividend derivatives accounted for around 3 percent of sales revenue in the equity index derivatives product group.

When launching new products, Eurex uses not only in-house development, but also forms alliances with partner exchanges such as the Korea Exchange (KRX), the Bombay Stock Exchange (BSE) and the Singapore Exchange (SGX). Since last year, for example, Eurex participants have had access to derivatives on the blue-chip indices of the KRX and the BSE – KOSPI 200 and SENSEX. Derivatives on the EURO STOXX 50 index were listed on the SGX for the first time.

The number of market participants linked directly to the Eurex network remained constant in the year under review. Eurex expanded its distribution network in the Asia-Pacific region, where the Eurex business has steadily been gaining importance. For example, Eurex was able to link participants from China and Japan indirectly via Hong Kong and Singapore, respectively, and directly from Taiwan to its network. At the end of the year, 18 members from the Asia-Pacific region were trading on Eurex. The trading volume attributable to these participants increased by 30 percent in the year under review.

In addition, the derivatives exchange continued its “Trader Development Program”. This initiative allows traders to use the order routing systems of existing participants – rather than becoming direct Eurex members. As a result, Eurex gained more than 260 new traders worldwide last year. In the context of this programme, over 600 of more than 8,500 licensed traders were connected to Eurex via order routing systems at the end of the year under review.

Using innovative technology, Eurex makes a significant contribution to effectively managing its customers' risk through its clearing house. Eurex Clearing has been clearing outstanding derivatives trading positions in real time since June 2009. Since March 2010, the clearing house has also been making the risk data obtained in this way available to clearing participants in real time via the “Enhanced Risk Solution” interface. This optional interface is available for all asset classes and products on all connected exchanges and trading platforms. Participants can optimise their intraday risk monitoring, risk management and treasury management for positions held with Eurex Clearing. This offering was extended with the “Advanced Risk Protection” in November: clearing participants can use this function to define individual risk limits that are then automatically checked. Thanks to these innovative solutions, Eurex participants have a clear view of and precise control over all outstanding positions and related trading risks.

Since 26 April 2010, Wiener Börse AG has operated its derivatives market on the Eurex system, replacing the previously used Nasdaq OMX system. The Vienna Stock Exchange expects the switch to Eurex to lead to an increase in liquidity in its derivatives market. It has been cooperating with Deutsche Börse since 1999 and uses the Xetra trading system for its own cash market. The changeover to the Eurex system in the derivatives market and the resulting expansion of the cooperation underlines the success of this partnership.

### **Clearstream segment**

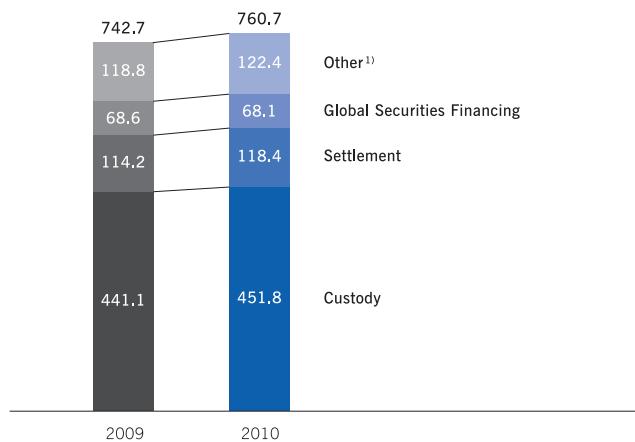
Clearstream provides the post-trade infrastructure for the international Eurobond market and the German securities industry. In addition, Clearstream provides services for the management of securities from 49 markets worldwide. The key contributor to Clearstream's result in 2010 was

the custody business generating 59 percent of the segment's sales revenue. Custody sales revenue is mainly driven by the value of international and domestic securities deposited, since this is the parameter deposit fees are based on. The settlement business accounted for 16 percent of Clearstream's sales revenue. It depends heavily on the number of international and domestic settlement transactions processed by Clearstream, both via stock exchanges and over-the-counter (OTC). The Global Securities Financing (GSF) business, which includes triparty repo, GC Pooling, securities lending and collateral management, contributed 9 percent to the segment's sales revenue while other business activities such as connectivity, reporting and IT services accounted for 16 percent. In addition to sales revenue, Clearstream generates net interest income from its banking business for cash deposits held mostly overnight on behalf of customers.

In the year under review, Clearstream's sales revenue rose in almost all business areas, partly due to the more favourable market conditions and partly due to the market success of new services. Sales revenue grew by 2 percent year-on-year to €760.7 million (2009: €742.7 million).

### **Breakdown of sales revenue in the Clearstream segment**

€ millions



1) Including Connectivity and Reporting and IT sales revenue allocated to the segment following the changes in reporting structure (2009: €21.9 million, 2010: €20.2 million)

In the custody business, the average value of assets under custody in 2010 increased by 5 percent year-on-year to €10.9 trillion (2009: €10.3 trillion). In December 2010, the value of assets under custody held on behalf of customers reached a new all-time high of €11.3 trillion. Both the value of international securities and domestic securities under custody rose. Due to continuing organic growth in its international bond business and gains in market share, Clearstream increased the average value of assets under custody by 7 percent to €5.8 trillion (2009: €5.4 trillion). The average value of domestic securities deposited rose by 4 percent to €5.1 trillion (2009: €4.9 trillion). This custody volume is mainly determined by the market value of shares, funds and structured products traded on the German cash market, which recovered in the year under review. As a result of these positive developments, sales revenue in the custody business in 2010 was up 2 percent to €451.8 million (2009: €441.1 million).

The number of settlement transactions processed by Clearstream saw a double-digit increase by 14 percent in financial year 2010 to 116.4 million (2009: 102.0 million). This growth in the volume of settlement transactions is due to trading activity of market participants, which has picked up again. International transactions grew by 21 percent to 37.1 million (2009: 30.6 million). Of these transactions, 74 percent were OTC transactions and 26 percent were stock exchange transactions. The number of settled transactions in the stock-exchange business, however, grew faster (plus 31 percent year-on-year) than in the OTC business (plus 18 percent year-on-year). In the domestic German market, settlement transactions increased by 11 percent to 79.3 million (2009: 71.4 million). Here, the distribution of stock-exchange and OTC business is the other way around: 67 percent were stock-exchange transactions and 33 percent OTC transactions. But as in the international business, stock-exchange transactions grew stronger (plus 14 percent) than OTC transactions (plus 6 percent) in the year under review, primarily as a result of the once again higher trading activity of German retail investors. Despite significantly higher settlement activity, sales revenue in this business area in 2010 only increased by 4 percent to €118.4 million (2009: €114.2 million), basically due to the lower share of transactions settled on higher-priced external links and the fee reduction for the settlement of German securities which took effect on 1 July 2009.

The success of Investment Funds Services also contributed to the growth in the custody and settlement business. In the year under review, Clearstream processed 5.1 million transactions, a 31 percent increase over the previous year (2009: 3.9 million). The assets held under custody in Investment Funds Services reached an all-time high of €212.4 billion in December 2010, a 34 percent increase year-on-year (December 2009: €158.1 billion).

In the Global Securities Financing (GSF) business, the average outstandings showed strong growth. In the past year, monthly average outstandings amounted to €521.6 billion (2009: €483.6 billion), an increase of 8 percent compared with the average outstandings of the previous year. In this business area Clearstream also reported a new record with average outstandings reaching €572.4 billion in December 2010. This rise reflects the growing importance of secured financing and the continued migration of collateral towards central international liquidity pools. Collateral management services significantly contributed to sales revenue and the increase in outstandings. The GC Pooling service, for example, offered in cooperation with Eurex, continued to grow outstandings by 25 percent, reaching a daily average of €91.6 billion for 2010 (2009: €73.0 billion). Despite the general rise in securities lending volumes, sales revenue in the GSF business decreased by 1 percent to €68.1 million in the year under review (2009: €68.6 million), mainly because of a drop in the market prices for securities deposited as collateral, which was observed in the first half of the year. It is the market prices that Clearstream's sales revenue in this business area is based on. However, looking at the second half of the year separately, the trend is reversed. Also due to significantly higher volumes in the securities lending business (Automated Securities Lending, ASLplus and Lending Management System) as well as collateral management services, sales revenue grew by 7 percent year-on-year in the second half of the year.

Average customer cash deposits rose year-on-year by 9 percent to €6,933 million (2009: €6,369 million). Despite higher average daily cash balances, net interest income from Clearstream's banking business decreased by 39 percent to €59.4 million (2009: €97.4 million).

This is due to the extremely low levels in short-term interest rates, the expiry of interest rate hedges in 2009 and longer-term investments reaching maturity in the year under review.

#### Clearstream segment: key indicators

	2010 €bn	2009 €bn	Change %
<b>Custody</b>			
Value of securities deposited (average value during the year)	10,897	10,346	5
international	5,819	5,409	8
domestic	5,078	4,937	3
<b>Settlement</b>	m	m	%
Securities transactions	116.4	102.0	14
international	37.1	30.6	21
domestic	79.3	71.4	11
<b>Global Securities Financing</b>	€bn	€bn	%
Monthly average	521.6	483.6	8
<b>Average cash reserves</b>	m	m	%
Total	6,933	6,369	9
euro	2,264	2,186	4
US dollars	3,288	2,833	16
other currencies	1,381	1,350	2

The segment's operating costs in the year under review went up to €375.0 million (2009: €343.2 million) due to the costs of efficiency programmes of €45.5 million. In addition, Clearstream had lower staff costs in 2009 due to the reversal of a previous provision of some €14.3 million originally made for the relocation of business areas to Prague. The costs of efficiency programmes together with the decrease in net interest income from banking business caused Clearstream's EBIT to fall in the year under review to €299.3 million (2009: €367.9 million).

#### Clearstream segment: key figures

	2010 €m	2009 €m	2010 (adjusted) <sup>1)</sup> €m	2009 (adjusted) <sup>1)</sup> €m
Sales revenue	760.7	742.7	760.7	742.7
Total costs	540.1	511.1	494.6	523.6
Operating costs	375.0	343.2	329.5	355.7
EBIT	299.3	367.9	344.8	355.4

1) Adjusted for effects of efficiency programmes which have been implemented since 2007 amounting to €-45.5 million (2009: €12.5 million)

The settlement and custody of Eurobonds is Clearstream's core business. Even though the trading as well as the post-trading landscape has substantially changed in the past years, it is still Clearstream's goal to streamline the post-trade services industry by offering the complete range of services from a single source. Clearstream will take advantage of the emerging European market infrastructure, e.g. in the context of TARGET2-Securities (T2S), and continue to improve its competitiveness in the cross-border securities business by increasing interoperability and entering into further partnerships.

One project in this context is REGIS-TR, a joint initiative of Bolsas y Mercados Españoles (BME), the Spanish stock exchange operator, and Clearstream Banking S.A. REGIS-TR is a European central register where all contracts agreed over a wide variety of derivative financial instruments traded OTC can be recorded. REGIS-TR facilitates administrative tasks and helps improve the operational management of these transactions. The trade repository fully complies with all new proposals for regulatory requirements that have been made public in the context of the European Commission's proposed European Market Infrastructure Regulation and that aim at increasing transparency in the OTC derivatives market. REGIS-TR was launched in December 2010 and allows customers to comply with the upcoming regulation early.

To help customers fulfill collateral management requirements, Clearstream and CETIP, the Brazilian central securities depository (CSD) which operates the leading marketplace for fixed-income securities and OTC derivatives in Latin America, signed an agreement to jointly develop, promote

and distribute triparty collateral management services. This agreement paves the way for a multi-time-zone collateral management insourcing offering in real-time and is in line with the observed trend towards a global consolidation of collateral management activities. The new service offers CETIP's clients access to the collateral management services of Clearstream's Liquidity Hub in their time zone.

Expanding its market and product reach is a core element of Clearstream's strategy to strengthen its market position. In the year under review, Clearstream enlarged its network to include 49 domestic markets around the globe: 32 in Europe, 5 in the Americas, 10 in the Asia-Pacific region and 2 in the Middle-East and Africa. New markets were Bulgaria, Romania, Latvia and Lithuania. Clearstream's network is now the widest of any international CSD and enables counterparties in local markets to efficiently settle eligible securities through Clearstream's operational hubs in Luxembourg, Prague and Singapore.

In addition, Clearstream expanded its existing connection to Hong Kong. As of 27 September 2010, the Chinese renminbi held outside of mainland China became a full settlement currency in Clearstream's system. With Clearstream's adoption of the renminbi as an international investment currency, customers are now able to buy and hold renminbi-denominated investment products in Hong Kong. These developments mark a new milestone for the ongoing development of the Asian markets in the international financial environment.

With the advent of TARGET2-Securities, the settlement system that the European Central Bank wants to introduce in 2014, Luxembourg will introduce a new CSD service. Clearstream International S.A. and the Banque centrale du Luxembourg (BCL), the Grand Duchy's Central Bank, therefore jointly founded LuxCSD, a securities depository headquartered in Luxembourg. The purpose of LuxCSD is to allow for the settlement of securities transactions in central bank money, thus reducing risk for financial market participants. In addition, LuxCSD will also provide issuing and central settlement and custody services for securities

of all types, including shares in investment funds. The new securities depository will be owned by Clearstream and the BCL. Its market launch is planned for 2011.

### **Market Data & Analytics segment**

The Market Data & Analytics segment collects and prepares capital market data and macroeconomic information, and distributes it to customers in 162 countries. Capital market participants and other interested parties subscribe to receive this information, which they then use themselves, process or pass on. The segment generates much of its sales revenue through long-term arrangements with customers and is largely independent of trading volumes and volatility on the capital markets. Market Data & Analytics was able to continue the positive trend of previous years with a 19 percent increase in sales revenue to €224.6 million in the year under review (2009: €188.5 million). Of this figure, €30.9 million was attributable to STOXX Ltd, the income of which was taken into account for the first time in the year under review. In addition, Need to Know News was wholly acquired as a strategic investment by Market News International (MNI) in November 2009; the company has since been consolidated. The aggregated sales revenue of MNI and Need to Know News amounted to €13.0 million in the year under review.

Market Data & Analytics generated 59 percent (2009: 70 percent) and therefore the majority of its sales revenue from the distribution of real-time data licences. Despite ongoing cost pressure in the financial services sector, the segment achieved a small increase in sales revenue with real-time price information and financial news, in part because it won new licensees for the purely machine-readable (non-display) use of this data in automatic trading applications. For example, the segment acquired a large number of customers for the AlphaFlash® data feed launched in March 2010. AlphaFlash, which is currently the fastest machine-readable data stream for macroeconomic indicators from the US, Canada and Europe, is the first joint product of Market Data & Analytics and the US news agencies MNI and Need to Know News. The two US news agencies have direct access to the lock-up rooms of all relevant authorities and supranational institutions, such as the World Bank and the International Monetary Fund, and thus also to their embargoed publications.

Data such as central bank decisions, employment data, consumer price indices and gross domestic product are processed in such a way that they are available for use in speed-sensitive algorithmic trading via Deutsche Börse's high-speed network with minimum latency. The data can therefore be processed by the trading applications as soon as they have been released. Market Data & Analytics introduced AlphaFlash to the Asia-Pacific market in the fourth quarter and enriched it with key indicators from China, Japan and Australia. After a test phase, the product was officially launched in these markets at the beginning of 2011. In June 2010, the segment also introduced AlphaFlash® Monitor, which makes the data feed visible to users in real time via a web-based display medium.

The indices of Deutsche Börse are used by banks and fund companies as underlyings for the financial instruments they offer on the capital market. Issuers can use the indices to develop structured products for any market situation and trading strategy. Following the financial crisis, the number of structured product issues has again increased slightly. In the index business, Market Data & Analytics also profited from the growing number of exchange-traded funds (ETFs) and the slight increase in assets under management, which make up a significant portion of licence revenue. Ten years after ETFs were first introduced, initially on the EURO STOXX 50 index, the ETF segment is still expanding. As from 1 January 2010, Market Data & Analytics changed its fee model and, in line with the general practice in the international index business, has since then made the latest detailed parameters relating to the composition of an index available only to registered customers.

The back office data business of Market Data & Analytics is most strongly dependent on trading levels. Since trading levels on Deutsche Börse Group's platforms were up again year-on-year, the segment increased its sales revenue in the back office business. In particular, demand for the TRICE® service rose in the year under review. Deutsche Börse uses this service to support securities firms in meeting their reporting requirements. The segment also expanded the distribution of reference data originating directly from the systems of Deutsche Börse Group.

#### Market Data & Analytics segment: key figures

	2010 €m	2009 €m	2010 (adjusted) <sup>1)</sup> €m	2009 (adjusted) <sup>1)</sup> €m
Sales revenue	224.6	188.5	224.6	188.5
Total costs	142.7	105.1	133.3	105.2
Operating costs	121.7	84.6	112.3	84.7
EBIT	128.0	120.5	137.4	120.4

1) Adjusted for effects of efficiency programmes which have been implemented since 2007 amounting to €-9.4 million (2009: €0.1 million)

As part of its goal to focus the Market Data & Analytics segment's activities on tradable information, such as indices, benchmarks and trading signals, Deutsche Börse sold its 77 percent interest in Avox Ltd. to the US company Depository Trust & Clearing Corporation. The transaction resulted in a €10.7 million deconsolidation gain that was recognised in the consolidated income statement.

Driven by the efficiency programmes and consolidation effects, the segment's operating costs rose to €121.7 million (2009: €84.6 million). The segment's EBIT increased overall in spite of these effects to €128.0 million (2009: €120.5 million). Higher sales revenue from consolidating STOXX Ltd. and Need to Know News for the first time and from the sale of the interest in Avox Ltd. had a positive impact on the result. Goodwill impairment losses on Infobolsa S.A., on the other hand, had a negative impact on EBIT.

#### Development of profitability

The Group's return on shareholders' equity decreased to 14.1 percent in the year under review (2009: 17.9 percent), primarily due to lower earnings and the ISE impairment charge as well as to the costs of efficiency programmes. Adjusted for these exceptional items, the return on equity amounted to 24.4 percent. Return on shareholders' equity represents the ratio of after-tax earnings to the average equity available to the Group in 2010.

The weighted average cost of capital (WACC) after taxes amounted to 6.9 percent in the year under review (2009: 7.0 percent). Deutsche Börse's cost of equity reflects the return on a risk-free alternative investment plus a premium

for general market risk, and takes account of the specific risk of Deutsche Börse shares compared with the market as a whole, known as the beta. The cost of debt represents the terms on which Deutsche Börse AG was able to raise short- and long-term debt finance.

#### Deutsche Börse's cost of capital

	2010 %	2009 %
Risk-free interest rate <sup>1)</sup>	2.8	3.3
Market risk premium	5.5	5.5
Beta <sup>2)</sup>	1.1	1.2
Cost of equity <sup>3)</sup> (after tax)	8.9	9.8
Cost of debt <sup>4)</sup> (before tax)	5.9	5.6
Tax shield <sup>5)</sup>	1.6	1.5
Cost of debt (after tax)	4.3	4.1
Equity ratio <sup>6)</sup> (annual average)	55.9	51.1
Debt ratio <sup>7)</sup> (annual average)	44.1	48.9
WACC (before tax)	7.6	7.7
WACC (after tax)	6.9	7.0

1) Average return on ten-year German federal government bonds

2) Statistical measure of the sensitivity of the price of an individual share to changes in the entire market. A beta of 1.0 means that the performance of the share moves strictly parallel to the reference market as a whole. A beta above 1.0 denotes greater volatility than the overall market and a beta below 1.0 less volatility.

3) Risk-free interest rate + (market risk premium x beta)

4) Interest rate on short- and long-term corporate bonds issued by Deutsche Börse AG

5) Denotes and quantifies the reduction in tax paid that arises from the deductibility of interest payments on debt and is factored into the calculation of the cost of capital

6) 1 – debt ratio

7) (Total noncurrent liabilities + tax provisions + other current provisions + other bank loans and overdrafts + other current liabilities + trade payables + payables to associates + payables to other investors) / (total assets – financial instruments of Eurex Clearing AG – liabilities from banking business – cash deposits by market participants); basis: average balance sheet items in the financial year

- A cash inflow of €50.4 million as at the balance sheet date (2009: cash outflow of €42.6 million) on account of the decrease in receivables and other assets. This is primarily due to a decline in current assets by €37.6 million and in tax receivables by €27.0 million. The increase in receivables and other assets in the previous year was above all the result of a significant rise in receivables following the termination of the financial loss liability insurance policy.
- A cash inflow of €152.7 million (2009: cash outflow of €2.3 million) primarily due to an increase in current liabilities of €63.0 million, in current provisions of €66.3 million and in tax provisions of €27.8 million. The rise in current liabilities is mainly the result of an increase in liabilities from the CCP business as at the balance sheet date.
- A cash outflow of €2.9 million (2009: cash inflow of €19.3 million) due to the decline in noncurrent provisions. At €–8.8 million, a significant proportion of these is attributable to pension provisions and other employee benefits. This decline was offset by an increase in other noncurrent provisions of €6.1 million. The cash inflow in the prior year was attributable in particular to the €14.8 million rise in pension provisions.

The items “depreciation, amortisation and impairment losses” and “deferred tax income” were significantly impacted by the impairment charge recognised for other intangible assets relating to ISE and the resulting tax credit.

Net cash outflows from investing activities amounted to €520.1 million (2009: €1,082.7 million). The difference compared with the previous year resulted mainly from changes in the following items:

- A cash outflow of €771.0 million (2009: €1,113.9 million) from the banking business of Clearstream Banking S.A. to acquire noncurrent financial instruments
- A cash outflow of €133.9 million (2009: €172.3 million) to acquire intangible assets and property, plant and equipment (capital expenditure, CAPEX). The year-on-year decline is mainly attributable to investments in intangible assets of STOXX Ltd. in connection with the acquisition by Deutsche Börse AG of additional shares in the Swiss index provider amounting to around €74.0 million on 29 December 2009.

#### Financial position

##### Cash flow

Deutsche Börse Group generated cash flow from operating activities of €943.9 million in 2010 (2009: €801.5 million). Both the basic and diluted operating cash flow per share amounted to €5.07 (2009: €4.31 per share, basic and diluted). The increase in the operating cash flow is attributable primarily to the following items:

- A decrease in net profit for the year to €395.1 million (2009: €471.2 million)

- A cash outflow of €12.4 million (2009: cash inflow of €165.6 million) from an increase in current receivables, securities and liabilities with an original term of more than three months within the banking business of Clearstream Banking S.A.
- A cash inflow of €393.5 million due mainly to the sale of noncurrent financial instruments related to the banking business of Clearstream Banking S.A. (2009: €88.7 million)

Net cash outflows from financing activities amounted to €587.9 million (2009: cash outflow of €454.9 million). The negative cash flow from financing activities relates mainly to changes in the following items:

- A cash outflow of €390.5 million (2009: €390.2 million) due to dividend payments for financial year 2009
- A cash outflow of €103.7 million (2009: €811.2 million), primarily from the repayment of short-term bonds under Deutsche Börse AG's commercial paper programme
- A cash outflow of €97.2 million (2009: €3.9 million), mainly from the repurchase of a total of €89.0 million (nominal amount) of the hybrid bond issued in 2008

Cash and cash equivalents as at the end of the financial year therefore amounted to €–445.5 million (2009: €–285.4 million). At €810.0 million, free cash flow, i.e. cash flows from operating activities less payments to acquire intangible assets and property, plant and equipment, was above the previous year's level (2009: €629.2 million), mainly due to the increase in operating cash flow. Due to its positive cash flow, adequate credit lines and flexible management and planning systems, as in previous years, the Group does not expect any liquidity squeeze to occur in financial year 2011.

#### Consolidated cash flow statement (condensed)

	2010 €m	2009 €m
Cash flows from operating activities	943.9	801.5
Cash flows from investing activities	–520.1	–1,082.7
Cash flows from financing activities	–587.9	–454.9
Cash and cash equivalents as at 31 December	–445.5	–285.4

#### Operating leases

Deutsche Börse Group uses operating leases, primarily for the new office building in Eschborn, which the Group moved into in the second half of 2010, and for the buildings used by Clearstream International S.A. in Luxembourg (see note 44 of the notes to the consolidated financial statements for details).

#### Capital structure

Deutsche Börse Group's capital management principles remained unchanged in the 2010 financial year: in general, the Group aims to distribute dividends amounting to 40 to 60 percent of its adjusted consolidated net income for the year and uses share buy-backs to distribute funds not required for the Group's operating business and further development to its shareholders. These principles take into account the capital requirements deriving from the Group's legal and regulatory framework as well as from its credit rating, economic capital and liquidity needs. To ensure the continued success of the Clearstream segment, which is active in securities custody and settlement, the Company aims to retain Clearstream Banking S.A.'s strong "AA" credit rating. Deutsche Börse AG also needs to maintain a strong credit profile for the benefit of activities at its subsidiary Eurex Clearing AG.

Customers expect their service providers to have conservative interest coverage and debt/equity ratios and thus maintain strong credit ratings. Deutsche Börse Group therefore continues to pursue its objective of achieving an interest coverage ratio (ratio of EBITDA to interest expenses from financing activities) of at least 16 at Group level. Adjusted for costs incurred as part of the operating efficiency programme, Deutsche Börse Group achieved this target in the year under review with an interest coverage ratio of 16.8. This figure is based on a relevant interest expense of €72.8 million and EBITDA adjusted for the

costs of efficiency programmes of €1,221.2 million. To strengthen the interest coverage ratio, the Group repurchased a total of €93.0 million (nominal amount) of the hybrid bond issued in 2008 on the market in the period up to 31 December 2010, mostly in the second quarter. This measure reduces the interest expense and improves the interest coverage ratio.

The interest coverage ratio is calculated using the consolidated interest costs of financing, among other factors, excluding interest costs relating to the Group's financial institution companies. These include Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG. Interest charges that are not related to financing are excluded from the interest coverage ratio. 50 percent of the interest expense on the hybrid bond issued in 2008 is excluded from the interest coverage calculation, reflecting the assumed equity component of the hybrid bond.

#### Interest coverage ratio of Deutsche Börse Group

Interest expense from financing activities	Issue volume	2010 €m	2009 €m
Fixed-rate bearer bond	€650 m	33.0	33.0
Hybrid bond	€550 m	18.3 <sup>1)</sup>	20.4 <sup>1)</sup>
Private placement in US\$	US\$460 m	21.3	19.6
Commercial paper	€35 m (2010)/ €172 m (2009) <sup>2)</sup>	0.2	3.3
<b>Total interest expense (including 50% of the hybrid coupon)</b>		<b>72.8</b>	<b>76.3</b>
EBITDA		1,221.2	1,206.9
<b>Interest coverage<sup>3)</sup></b>		<b>16.8</b>	<b>15.8</b>

1) Only 50 percent of the interest expense on the hybrid bond is accounted for in the interest coverage calculation, reflecting the assumed equity component of the hybrid bond. The total interest expense for the hybrid bond amounted to €36.6 million in 2010 and €40.9 million in 2009.

2) Annual average

3) EBITDA / interest expense from financing activities (includes only 50 percent of the interest on the hybrid bond)

Deutsche Börse AG has also publicly declared its intention to comply with certain additional key performance indicators that the Company believes correspond to an AA rating. For example, tangible equity (equity less intangible assets) should not fall below €700 million at Clearstream International S.A., and €250 million at Clearstream Banking S.A.

An additional goal is to maintain the profit participation rights of €150 million issued by Clearstream Banking S.A. to Deutsche Börse AG. For the Clearstream subgroup, the objective is to maintain an interest coverage ratio of at least 25, insofar as the financial liabilities result from non-banking business.

#### Relevant key performance indicators

	2010	2009
Tangible equity Clearstream International S.A. (as at balance sheet date)	€m	798.5
Tangible equity Clearstream Banking S.A. <sup>1)</sup> (as at balance sheet date)	€m	676.2

1) Including €150.0 million from profit participation rights issued by Clearstream Banking S.A. to Deutsche Börse AG

#### Dividends and share buy-backs

After returning a total of around €3.3 billion to its shareholders in the form of share buy-backs and dividends between the programme launch in 2005 and the end of 2009, Deutsche Börse Group paid a dividend for financial year 2009 of €390.5 million in 2010.

Of the some 38.7 million shares repurchased between 2005 and 2008, the Company cancelled a total of around 28.6 million shares. A further 1.0 million shares were acquired by employees under the terms of the Group Share Plan (see note 45 to the consolidated financial statements). As at 31 December 2010, the remaining approximately 9.1 million shares were held by the Company as treasury shares.

Deutsche Börse AG will propose to the Annual General Meeting that a dividend of €2.10 per share be paid for the 2010 financial year (2009: €2.10). Based on this proposal, the distribution ratio, adjusted for the costs of efficiency programmes and the ISE impairment charge, is 54 percent of consolidated net income (2009: 56 percent, adjusted for the ISE impairment charge). Given 185.9 million shares outstanding entitled to a dividend at the end of financial year 2010 carrying dividend rights, this would result in a total distribution of €390.5 million (2009: €390.7 million).

## Financing of the acquisition of ISE

In April 2008, Deutsche Börse Group issued a senior benchmark bond in the amount of €500 million as long-term financing for the ISE acquisition. This bond was increased by €150 million in June 2008. A further bond in the amount of US\$460 million was issued in June 2008 as part of a private placement in the United States. Also in June 2008, Deutsche Börse AG issued hybrid capital amounting to €550 million, €89 million of which was repurchased in the year under review.

## Credit ratings

Deutsche Börse AG regularly has its credit quality reviewed by the rating agency Standard & Poor's, while Clearstream Banking S.A. is rated by Fitch and Standard & Poor's. Both rating agencies confirmed the existing credit ratings of the Group companies in the course of the financial year.

As at 31 December 2010, Deutsche Börse AG was one of only two DAX-listed companies that had been given an AA rating by Standard & Poor's.

### Ratings of Deutsche Börse AG

	Long-term	Short-term
Standard & Poor's	AA	A-1+

### Ratings of Clearstream Banking S.A.

	Long-term	Short-term
Fitch	AA	F1+
Standard & Poor's	AA	A-1+

## Net assets

Deutsche Börse Group's noncurrent assets amounted to €5,069.5 million as at 31 December 2010 (2009: €5,251.0 million). Goodwill of €2,059.6 million (2009: €1,987.3 million) represented the largest item under noncurrent assets. The change in noncurrent assets as compared with 31 December 2009 is primarily due to the decline in other intangible assets to €914.9 million (2009: €1,333.7 million) because of the ISE impairment charge. The increase in noncurrent receivables and securities from banking business held by Deutsche Börse Group as financial assets as well as the increase in goodwill due to foreign exchange effects had a positive effect on noncurrent assets.

Current assets amounted to €143,781.0 million as at 31 December 2010 (2009: €156,109.5 million). Changes in current assets resulted primarily from the following factors:

- An increase in restricted bank balances to €6,185.8 million (2009: €4,745.6 million) as a result of higher collateral that clearing members had to provide to Eurex Clearing AG following a rise in business activities
- An increase in receivables and securities from Clearstream's banking business to €7,585.3 million (2009: €7,192.4 million)
- An increase in other cash and bank balances to €797.1 million (2009: €559.7 million)

## Debt instruments of Deutsche Börse AG

Type	Issue volume	ISIN	Term	Maturity	Coupon p.a.	Listing
Fixed-rate bearer bond	€650 m	XSO353963225	5 years	April 2013	5.00%	Luxembourg/Frankfurt
Series A bond	US\$170 m	Private placement	7 years	June 2015	5.52%	Unlisted
Series B bond	US\$220 m	Private placement	10 years	June 2018	5.86%	Unlisted
Series C bond	US\$70 m	Private placement	12 years	June 2020	5.96%	Unlisted
Hybrid bond	€550 m	XSO369549570	30 years <sup>1)</sup>	June 2038	7.50% <sup>2)</sup>	Luxembourg/Frankfurt

1) Early termination right after 5 and 10 years and in each year thereafter

2) Until June 2013: fixed-rate 7.50 percent p.a.; from June 2013 to June 2018: fixed-rate mid swap + 285 basis points; from June 2018: variable interest rate (Euro interbank offered rate for 12-month Euro deposits (EURIBOR), plus an annual margin of 3.85 percent)

- A decrease in the financial instruments of Eurex Clearing AG to €128,823.7 million (2009: €143,178.4 million) in connection with its function as central counterparty (CCP) for cash and derivatives markets
- A decrease in other current assets to €141.4 million (2009: €167.1 million), chiefly due to the termination of a Group-wide financial loss liability insurance policy in the previous year. This decrease was partially offset by an increase in receivables from the CCP business as at the balance sheet date and higher tax receivables.

Assets were offset by equity in the amount of €3,410.3 million (2009: €3,338.8 million) and liabilities in the amount of €145,440.2 million (2009: €158,021.7 million).

The following factors had a major impact on the change in equity compared with 31 December 2009:

- An increase in accumulated profit to €1,971.0 million (2009: €1,886.8 million)
- A decrease in non-controlling interests to €458.9 million (2009: €472.6 million), primarily due to the share attributable to non-controlling shareholders in the ISE impairment charge.

Noncurrent liabilities declined to €1,870.4 million (2009: €2,093.5 million), primarily as a result of the decrease in deferred tax liabilities to €297.7 million (2009: €442.0 million) as part of the recognition of an impairment charge for ISE.

Current liabilities amounted to €143,569.8 million (2009: €155,928.2 million). The main changes in current liabilities occurred in the following items:

- An increase in cash deposits by market participants to €6,064.2 million (2009: €4,741.5 million) as a result of higher collateral provided to Eurex Clearing AG by clearing members following a rise in business activities
- An increase in liabilities from banking business of Clearstream to €7,822.0 million (2009: €7,221.0 million)
- An increase in tax provisions to €345.0 million (2009: €316.8 million) based on anticipated tax payments for income earned in prior years
- A decrease in the financial instruments of Eurex Clearing AG to €128,823.7 million (2009: €143,178.4 million) in connection with its function as central counterparty (CCP) for cash and derivatives markets
- A decrease in other current liabilities to €245.9 million (2009: €284.9 million) because no short-term bonds (commercial paper) were outstanding at the balance sheet date

Overall, Deutsche Börse Group invested €133.9 million in intangible assets and property, plant and equipment (capital expenditure, CAPEX) in the year under review, 22 percent less than in the previous year (2009: €172.3 million). The year-on-year decline is mainly attributable to investments in intangible assets of STOXX Ltd. in connection with the acquisition of additional shares in the Swiss index provider amounting to €74.0 million. The investments were spread throughout all segments of Deutsche Börse Group. The Group's biggest investments in the year under review were made in the Eurex segment, e.g. in ISE's new trading structure.

### **Working capital**

Working capital is current assets less current liabilities, excluding technical closing date balance sheet items and commercial paper. Current assets, excluding technical closing date items, amounted to €389.1 million (2009: €433.4 million). As Deutsche Börse Group collects fees for most of its services immediately after the end of the month, the trade receivables of €212.1 million included in the current assets as at 31 December 2010 (31 December 2009: €207.4 million) were relatively low when compared with the sales revenue. The current liabilities of the Group, excluding technical closing date items, amounted to €839.8 million (2009: €687.4 million). The Group therefore had negative working capital of €–450.7 million at the end of the year (2009: €–254.0 million). The increase in the negative working capital was mainly due to the increase in current provisions and the decrease in other current assets.

### **Technical closing date balance sheet items**

The balance sheet items "current receivables and securities from banking business" and "liabilities from banking business" are technical closing date items that were strongly correlated in the year under review, and fluctuated between approximately €7 billion and €11 billion (2009: between €7 billion and €10 billion). These amounts mainly represent customer balances within Clearstream's international settlement business.

The balance sheet item “financial instruments of Eurex Clearing AG” relates to the function of Eurex Clearing AG: since the latter acts as the central counterparty for Deutsche Börse Group’s various markets, its financial instruments are carried in the balance sheet at their fair value. The financial instruments of Eurex Clearing AG are described in detail in the risk report below and in notes 3, 18 and 42 to the consolidated financial statements. At the balance sheet dates relevant for the year under review, the total value of these financial instruments varied between €128 billion and €165 billion (2009: between €122 billion and €162 billion).

Market participants linked to Eurex Clearing provide collateral partly in the form of cash deposits, which are subject to daily adjustments. The cash deposits are generally invested on a secured basis overnight by Eurex Clearing AG and reported in the balance sheet under “restricted bank balances”. The total value of cash deposits at the balance sheet dates relevant for the year under review varied between €4 billion and €6.5 billion in the year under review and was thus below the figures for the previous year (2009: between €5 billion and €10 billion). The collateral provided decreased in the course of the year in line with lower volatility.

## Risk report

Risk management is an integral component of management and control within Deutsche Börse Group. Effective and efficient risk management safeguards the Group’s continued existence and enables it to achieve its corporate goals. To this end, the Group has established a Group-wide risk management system, which defines the roles, processes and responsibilities and is applicable to all staff and organisational entities within Deutsche Börse Group.

The Group’s risk management system ensures that all management committees within Deutsche Börse Group are able to control the risk profile of the entire Group or of single legal entities, as well as significant individual risks, in a timely manner. The aim is to identify developments that could threaten the Group’s interests and to take appropriate countermeasures promptly.

This risk report on expected developments was prepared for Deutsche Börse Group and does not take into account the proposed business combination of Deutsche Börse AG and NYSE Euronext announced on 15 February 2011.

### Risk strategy

Deutsche Börse Group’s risk strategy is based on its business strategy and sets limits specifying the maximum risk permitted for operational risks, financial risks, business risks and overall risk of the Group. This is done by laying down respective requirements for risk management, risk control and risk limitation. The Group ensures that appropriate measures are taken to avoid, reduce and transfer, or intentionally accept, risk.

The risk strategy enables risks to be controlled in a timely and adequate manner. Information needed for risk management is captured and assessed on the basis of structured, consistent procedures. The results of the assessment are collated in a reporting system, which is used to systematically analyse and control the risks. Risk reports are prepared on both a regular and an ad-hoc basis, and cover existing as well as potential risks.

Deutsche Börse Group uses a standardised approach – value at risk (VaR) – for measuring and reporting all risks across the Group, including those entities that are not subject to regulation by supervisory authorities (for details of how this is calculated see the section on “Risk control instruments” of this Group management report). VaR is a comprehensive way of presenting and controlling the general risk profile; it also makes it easier to prioritise risk management measures. It quantifies existing and potential risks and lays down, for the confidence level specified, the maximum cumulative loss Deutsche Börse Group could face if certain loss events materialised over a specific period. In addition to calculating VaR, the Group performs regular stress test calculations for all material risks.

As of this year, Deutsche Börse Group has calculated economic capital as its main risk management tool. This is used in addition to other performance indicators to determine the capital needed for business operations so that even extreme and unexpected losses can be covered.

Economic capital is calculated using a VaR method for a period of one year and a confidence level of 99.98 percent. Deutsche Börse Group uses the shareholders' equity recognised under IFRSs as the risk bearing capacity for its economic capital, adjusted by an amount to reflect the risk that intangible assets cannot be liquidated at their carrying amounts in a stress situation. Clearstream Holding Group uses its regulatory capital as the risk bearing capacity for its economic capital (for details see note 23 to the consolidated financial statements).

Deutsche Börse Group also calculates economic capital at the level of individual risks, compares it against a limit that represents a percentage of the risk bearing capacity defined for each individual risk and reports the result to the Executive Board each month. This procedure guarantees that the risk limits laid down by the Executive Board in its risk strategy are monitored and complied with on a sustainable basis.

### Risk management: organisation and methodology

The Executive Board of Deutsche Börse AG is responsible for Group-wide risk management. The business areas identify risks and report these promptly to Group Risk Management (GRM), a central function with Group-wide responsibilities. The business areas also perform risk control, inform their respective management about developments in risk indicators and continuously improve the quality of the risk management processes.

GRM ensures that the comprehensive risk management system described above is applied and that it complies with the same standards in all companies belonging to Deutsche Börse Group. GRM assesses all new and existing risks and reports on a monthly and, if necessary, on

an ad hoc basis to the Executive Board. In addition, GRM regularly reports to the Finance and Audit Committee of Deutsche Börse AG's Supervisory Board. The full Supervisory Board is informed in writing of the content of these reports.

Independent audits by the Internal Auditing function ensure that the risk control and risk management functions are adequately organised and that they perform their duties.

The organisational structure described above and the procedures and responsibilities associated with it enable Deutsche Börse Group to ensure that there is a strong awareness of risk throughout the entire Group.

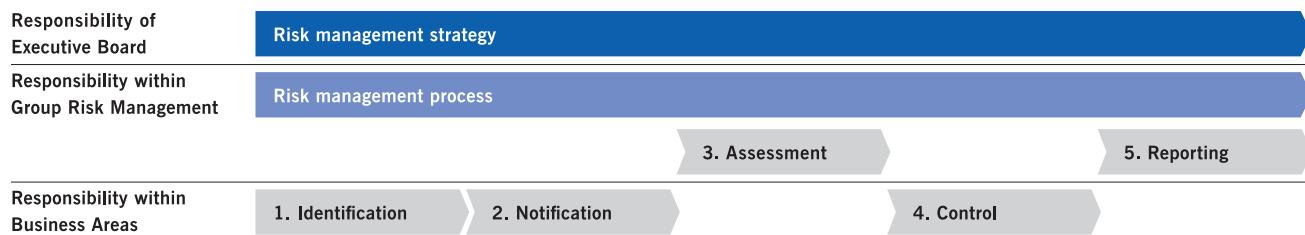
### Risk management system

Deutsche Börse Group's risk management system is used to implement the risk strategy for which the Executive Board is responsible. To this end, all potential losses must be identified in good time, captured centrally, assessed (i.e. quantified in financial terms as far as possible), reported to the Executive Board, together with recommendations, and monitored. Deutsche Börse Group's risk management process therefore comprises five stages (see also the diagram below):

#### 1. Risk identification

In this initial step, all threats and causes of losses or malfunctions are detected. Risks can arise as a result of internal activities or because of external factors. All incidents that could have a material impact on Deutsche Börse Group's business or that might change the risk profile have to be found as early as possible. It is the responsibility of all business areas and their employees to identify these potential risks.

### Five-level risk management system with central and decentralised responsibilities



## 2. Risk notification

All business areas must inform GRM of the risks they have identified and quantified on a regular basis and in acute cases, on an ad-hoc basis. This procedure guarantees that all potential risks and threats are captured centrally.

## 3. Risk assessment

GRM then performs a qualitative and quantitative assessment of the potential threat based on available information. The value at risk (VaR) method is used for quantitative assessment of potential risks (see the section on "Risk control instruments" of this Group management report).

## 4. Risk control

All business areas and their employees are responsible for risk control and for implementing measures to limit loss. The alternatives for action are: risk mitigation, deliberate risk acceptance, external risk transfer, or risk avoidance. The business areas decide on and implement the most appropriate alternative in each case.

## 5. Risk reporting

The responsible Executive Board members and committees are informed of any material risks, their assessment and possible immediate countermeasures; if appropriate, they receive further recommendations so that they can set suitable steps in motion.

## Risk structure

Deutsche Börse Group distinguishes between operational, financial, business and project risk.

In the operational risk category, a distinction is made between availability risk, service deficiencies, damage to physical assets, legal offences and business practices.

Deutsche Börse Group breaks financial risk down into credit, market price and liquidity risk as well as the risk of not meeting regulatory parameters.

Business and project risk is not broken down any further.

## Risk control instruments

The Group determines the VaR in three stages:

### 1. Determining the loss distribution for every individual risk identified

This is performed for each individual risk on the basis of historical data (such as market data, default, claim, or outage history) or risk scenarios. This distribution may be, for example, a lognormal distribution (often used for risks arising from service deficiencies) or a Bernoulli distribution (used to simulate counterparty default in credit risk).

### 2. Simulating losses using the Monte Carlo method

A Monte Carlo simulation is used to achieve a stable VaR calculation by simulating as many loss events as possible in line with the distribution assumptions made. This produces a spread of possible total losses.

## Risk structure of Deutsche Börse Group



### **3. Calculating VaR on the basis of the Monte Carlo simulation**

To do this, the losses calculated by the Monte Carlo simulation are arranged in descending order by size and the corresponding losses are determined for the specified confidence levels.

In addition to its main tool, economic capital, Deutsche Börse Group calculates the VaR at other confidence levels.

The Group supplements the VaR calculations by performing stress test calculations for operational, liquidity and credit risk.

To determine credit risk concentrations, the Group performs VaR analyses for the organisational entities concerned. This is done to detect any credit risk clusters relating to individual counterparties.

### **Regulatory requirements**

Having received regulatory approval from the Luxembourg supervisory authority CSSF (Commission de Surveillance du Secteur Financier), Clearstream Banking S.A. and Clearstream Banking AG have been applying the Advanced Measurement Approach (AMA) to calculate their capital requirements for operational risk under the Solvabilitätsverordnung (SolvV, German Solvency Regulation) based on the Basel II directives since 1 January 2008, while Clearstream Holding AG has been using this approach on Group level since it received BaFin approval on 7 October 2010. Eurex Clearing AG uses the Basic Indicator Approach to calculate its capital requirements in relation to operational risk. For credit and market risks, the standardised approach is used throughout the Group.

Clearstream Holding Group, Clearstream Banking AG and Eurex Clearing AG meet the minimum requirements for risk management (MaRisk). Key conditions of the revised MaRisk, which have to be fully implemented by 31 December 2011, are already being met. These relate in particular to the requirements for the risk inventory, the risk-bearing capacity concept, the business and risk strategies and risk concentration.

Deutsche Börse Group closely monitors developments in the regulatory environment with regard to risk management, in particular the revisions of the EU's Capital Requirements Directive (CRD) and the regulatory framework developed by the Basel Committee on Banking Supervision (Basel III regulation), and continues to strive towards implementing regulatory requirements in this regard at an early stage. Detailed information on relevant regulatory developments and – as far as can be estimated from today's perspective – their potential impact on the Group or specific subsidiaries is provided in the "Regulatory environment" section of this Group management report.

### **Risk description and assessment**

#### **Operational risk**

The most substantial operational risks Deutsche Börse Group faces relate to the non-availability of its trading, clearing and settlement systems (availability risk) and to the incorrect processing of customer instructions in the custody business (service deficiencies).

#### **Availability risk**

Availability risk results from the fact that operating resources essential to Deutsche Börse Group's services offering could fail, thereby making it impossible to deliver services on time or at all. This risk constitutes the greatest operational risk for Deutsche Börse Group. It can arise, for example, from hardware and software failures, operator and security errors, or physical damage to the data centres.

#### **Service deficiencies**

This category includes risks that could materialise if a service for customers of Deutsche Börse Group is performed inadequately, for example, due to product and process deficits, processes being performed incorrectly, or errors in manual processing. Manual work continues to be necessary, despite all the automated systems and efforts aimed at delivering straight-through processing. As a result, in certain business segments, e.g. in the custody business, Deutsche Börse Group remains exposed to the risk of customer instructions being processed incorrectly. In addition, manual intervention in market and system management is necessary in special cases.

### **Damage to physical assets**

This category includes risks due to accidents and natural disasters, as well as terrorism and sabotage.

### **Legal offences and business practices**

Risk associated with legal offences includes losses that could arise as a result of non- or inappropriate compliance with new or existing laws, losses from insufficient contract terms or from court decisions not adequately taken into account during normal business operations, as well as risk from fraud. Business practice risk includes losses resulting from money laundering, violations of competition regulations, or breaches of banking secrecy.

Following a class action against the Islamic Republic of Iran (“Iran”), plaintiffs obtained a default judgement against Iran in September 2007 in the US courts. In June 2008, plaintiffs commenced enforcement proceedings to satisfy that judgement by restraining certain client positions held in Clearstream Banking S.A.’s (“Clearstream”) securities omnibus account with its US depository bank. Clearstream defended against the restraints and filed a motion to vacate the restraints on various grounds. That motion remains pending before the Court. In October 2010, plaintiffs commenced a lawsuit which seeks to have the restrained positions turned over to plaintiffs. A plaintiff’s amended complaint was received by Clearstream in Luxembourg on 7 January 2011. The amended complaint includes a cause of action directly against Clearstream alleging US\$250 million in connection with purportedly fraudulent conveyances related to the restrained positions. Should the case proceed to turnover, Clearstream intends to defend itself vigorously to the fullest extent.

No material losses from operational risk were incurred in the year under review.

### **Measures to reduce operational risk**

Deutsche Börse Group devotes considerable attention to mitigating the different types of operational risk mentioned above with the aim to reduce the frequency and amount of potential financial losses arising from the corresponding

risk events. To this end, various quality and control measures are taken to protect the Group’s business from all kinds of fraud and operational business losses. In addition to compliance with international quality standards, these measures include careful analysis of operational risk events that have occurred so that steps can be defined to reduce the probability of them recurring. In addition, Deutsche Börse Group has defined a large number of business continuity measures to be taken when or after an emergency occurs. Furthermore, Deutsche Börse Group has entered into insurance contracts to reduce the financial consequences of the occurrence of loss.

Another risk prevention tool is the internal control system (ICS) that the Executive Board has set up for Deutsche Börse Group (for details see the section on “Strategy and internal management control” of this Group management report). The ICS is designed to ensure the effectiveness and efficiency of the Group’s business operations, avert or uncover financial loss and thus protect all Deutsche Börse’s business assets. It comprises both integrated and independent control and safety measures. The ICS is an integral part of the risk management system and is continuously being enhanced and adjusted to reflect changing conditions.

Moreover, the Group complies with international quality standards (such as certification according to ISO 9001/TickIT and ISO/IEC 20000) to reduce operational risk – in particular the Group’s availability risk.

Deutsche Börse Group endeavours to deliver its products and services as reliably as possible. For this reason, it attaches the greatest importance to maintaining its business operations and protecting them from emergencies and disasters. Since the non-availability of its core processes and resources poses a substantial risk to Deutsche Börse Group and is a potential systematic risk for the financial markets in general, Deutsche Börse Group has established a Group-wide business continuity management (BCM) system.

The BCM system encompasses all the precautionary processes that ensure business continues as normal if a crisis occurs and therefore substantially reduces availability risk. It covers arrangements for all key resources (systems, rooms, staff, suppliers/service providers), including the redundant design of all critical IT systems and the technical infrastructure, as well as backup workspaces in each of the main operational centres for employees in critical functions. Examples of these provisions can be found in the "Business continuity measures" diagram.

An emergency and crisis management process has been implemented within the Group to ensure a prompt response and a coordinated approach to any emergencies. The process is designed to minimise the impact on business processes and the market and to facilitate a swift return to business as usual. Emergency managers have been appointed as central points of contact in all business areas to assume responsibility in cases of emergency or crisis. The emergency managers inform and/or alert the Executive Board (depending on the severity of the incident). In cases of crisis, the Executive Board member responsible for the area concerned acts as the crisis manager.

The business continuity measures are tested regularly by simulating emergency situations realistically. These tests are normally carried out unannounced. GRM reports all problems encountered as well as its test results and recommendations to the Executive Board. The test results are assessed according to the following criteria:

- Functional effectiveness – the measures must work from a technical point of view.
- Executability – employees must be familiar with the emergency procedures and be able to execute them.
- Recovery time – the emergency measures must ensure that operations are restored within the scheduled time.

Moreover, Deutsche Börse Group has established a Group Compliance function to protect the Group against any loss or damage resulting from failure to comply with applicable laws, regulations and good corporate governance standards, with a particular focus on the following topics:

- Prevention of money laundering and terrorist financing
- Compliance with professional and banking secrecy
- Prevention of insider dealing
- Prevention of market manipulation
- Prevention of fraud
- Prevention of conflicts of interest and corruption
- Data protection

Any residual operational risk that Deutsche Börse Group does not wish to retain and that can be insured at a reasonable price is transferred by taking out insurance policies. All insurance policies are coordinated centrally, thereby ensuring that uniform insurance cover is available at all times for the entire Group at an attractive cost-benefit ratio. The insurance portfolio policies that are relevant from a risk perspective are individually reviewed and approved by the Chief Financial Officer of Deutsche Börse AG.

## Business continuity measures

Incident and crisis management process			
Systems	Workspace	Staff	Suppliers
<ul style="list-style-type: none"> <li>■ All trading, clearing and settlement systems as well as related networks are designed for continuous high-availability operations without loss of electronic data.</li> <li>■ The data centres are duplicated locally to protect against a failure of the whole location.</li> </ul>	<ul style="list-style-type: none"> <li>■ Backup workplaces are configured for mission critical functions.</li> <li>■ The backup locations are fully equipped and always ready for immediate use.</li> <li>■ Remote access facilities to the Group's systems enable teleworking.</li> </ul>	<ul style="list-style-type: none"> <li>■ In case of significant staff unavailability in a specific location, critical operations can be shifted to other locations.</li> <li>■ Additional pandemic mitigation measures are in place to maintain operations in case of a pandemic outbreak.</li> </ul>	<ul style="list-style-type: none"> <li>■ Service Level Agreements describe contingency procedures with critical suppliers.</li> <li>■ Contingency procedures of suppliers are regularly reviewed through a due diligence process.</li> <li>■ If the suppliers cannot meet the requirements, alternative suppliers are used where possible.</li> </ul>

In addition, Deutsche Börse Group performs stress test calculations for operational risk in the Clearstream Holding Group and at Eurex Clearing AG. These stress tests simulate the occurrence of extreme operational losses or an accumulation of major operational losses in one year. Since the Group has not incurred any major operational losses to date, potential risk scenarios are defined for this purpose. These risk scenarios describe possible operational loss events and their probability as well as the potential amount of loss, which is estimated by internal experts from the respective business areas. The following extreme loss situations are simulated for the stress test on the basis of these risk scenarios and compared with the risk bearing capacity for operational risk:

- the risk scenario with the largest estimated maximum loss, irrespective of its expected probability
- the combination of the two largest maximum losses, each with a probability estimated at one event per hundred years or less
- the combination of the three largest maximum losses, each with a probability estimated at one event per twenty years or less

The stress tests for operational risk conducted in the financial year did not identify any need to increase the risk bearing capacity for the Clearstream Holding Group or Eurex Clearing AG.

### **Financial risk**

The various categories of financial risk are mitigated using effective control measures.

### **Credit risk**

Credit risk describes the risk that a counterparty will default and cannot meet its liabilities towards Deutsche Börse Group in full or at all.

Credit risk at Deutsche Börse Group mainly relates to the companies in the Clearstream Holding Group and to Eurex Clearing AG. In addition, Deutsche Börse Group's cash investments and receivables are subject to credit risk.

**Clearstream Holding Group:** Clearstream Banking S.A. and Clearstream Banking AG extend credit to their customers or arrange securities lending transactions. This type of credit business is, however, fundamentally different from the classic credit business. Firstly, credit is extended solely on a very short-term basis. Secondly, it is extended only for the purpose of increasing the efficiency of securities transaction settlement and is largely collateralised and granted to customers with good credit ratings. Furthermore, credit lines granted can be revoked at any time.

Clearstream Banking S.A. is also exposed to credit risk arising from its strategic securities lending transactions (ASLplus). Only selected banks operate as borrowers. All lending transactions are fully collateralised and only selected bonds are permitted as collateral. The minimum rating for these issues is an A+ from Standard & Poor's or a comparable rating from other agencies. A minimum rating of A-1 applies for issuers of short-term bonds without an issue rating.

The creditworthiness of potential customers is assessed before entering into a business relationship with them. Clearstream Banking S.A. and Clearstream Banking AG establish customer-specific credit lines on the basis of both regular reviews of the customer's credit and ad hoc analyses as required. Clearstream Banking S.A. and Clearstream Banking AG define safety margins for securities collateral to ensure that this is sufficient to cover risk exposure and test their adequacy on an ongoing basis. An additional haircut is applied to issuers from the PIIGS countries (Portugal, Italy, Ireland, Greece and Spain) that have been classified as too high-risk; alternatively, they are excluded from the permissible collateral.

**Eurex Clearing AG:** In accordance with its clearing conditions, Eurex Clearing AG conducts transactions with its clearing members only. Clearing relates to securities, rights, derivatives and emission allowances that are traded on Eurex Deutschland and Eurex Zürich ("Eurex exchanges"), Eurex Bonds, Eurex Repo, Frankfurter Wertpapierbörsen (FWB, the Frankfurt Stock Exchange), the Irish Stock Exchange as well as the European Energy Exchange and for which Eurex Clearing AG as a central counterparty enters into initiated or executed transactions. In addition, Eurex Clearing AG may act as the central counterparty for OTC

derivatives transactions if these transactions correspond in substance to the derivatives transactions in the aforementioned markets and if the clearing members decide to use the clearing system for their OTC transactions. In this context, Eurex Clearing AG also provides clearing services for its clearing members for transactions executed on the individual markets or OTC transactions. In some cases, this is done in cooperation with another clearing house (link clearing house) and on the basis of a special agreement (clearing link agreement).

Each clearing member must prove that it has liable capital equal to at least the amount stipulated by Eurex Clearing AG for its clearing activities in the various markets. The amount of capital depends on the risk involved.

In order to protect Eurex Clearing AG against the risk of default by a clearing member before it has settled its outstanding transactions, clearing members are required, under the terms of the applicable version of the clearing conditions, to provide daily collateral in the form of cash or securities (margins) – plus additional intra-day security margins if required – in an amount stipulated by Eurex Clearing AG. Margin calculations are performed separately for clearing members' own accounts and the accounts of their customers.

The intra-day profit or loss arising from the price movement of the financial instruments is either settled between the counterparties in cash (variation margin) or deposited by the seller with Eurex Clearing AG as collateral due to the change in value of the position (premium margin). In the case of bonds, repo, and equities transactions, the margin is collected either at the buyer or the seller (current liquidating margin), depending on the relationship between the purchase price and the current value of the financial instruments. In addition to offsetting profits and losses, these measures are intended to protect against the risk of the cost of closing out an account over the expected liquidation period, assuming the most unfavourable price movement possible for the positions held in the account (additional margin). The method of calculating the additional margin is known as risk-based margining and is essentially a VaR approach. First of all, the maximum cost of closure is calculated for each product individually. Opposite positions with the same risk profile are then offset against each other provided that they have been highly

correlated over a significant period of time. The target confidence level for the additional margin is at least 99.0 percent. Regular checks ensure that the margins correspond to the required confidence level.

The approach taken by Eurex Clearing AG to hedge against risks also guarantees that bilaterally negotiated transactions between two parties are fulfilled, particularly OTC derivatives transactions such as credit default swaps. For this so-called credit clearing, the collateral mechanisms take into consideration the specific risks of credit default swaps with specific margin components for buyers and sellers of collateral. A separate clearing license is required for participation in credit clearing.

Eurex Clearing AG only admits selected collateral with a high credit rating to cover margin requirements. Eurex Clearing AG continually monitors the permitted collateral and sets safety margins to cover the market risks of the collateral at a confidence level of at least 99.9 percent. Here, too, an additional haircut is applied to issuers from the PIIGS countries that have been classified as too high-risk; alternatively, they are excluded from the permissible collateral. The risk parameters used to set the safety margins are regularly reviewed and the safety margins recalculated on a daily basis for each security.

In addition to providing margins for current transactions, each clearing member must contribute to a clearing fund depending on its individual risk. The fund provides collective protection against the financial consequences of any default or loss of a clearing member that is not covered by the individual margins of the clearing member concerned. Eurex Clearing AG has established a separate clearing fund for credit clearing. Eurex Clearing AG performs stress tests to establish whether the clearing fund is sufficient to cover the risk exposure. This involves subjecting all current transactions by the clearing members and their collateral to market price fluctuations at a confidence level of at least 99.9 percent. To facilitate the calculation of potential losses that exceed the individual margins of a clearing member, the impact of a potential default on the clearing fund is simulated. If the limits defined by Eurex Clearing AG are exceeded, it can take immediate action to adjust the volume of the clearing fund.

If a clearing member does not meet its obligations to Eurex Clearing AG, the latter has the following lines of defence:

1. First, the outstanding positions and transactions of the clearing member concerned can be netted and/or closed from a risk perspective by entering into appropriate back-to-back transactions, or they can be settled in cash.
2. Any potential shortfall that might be incurred in connection with such a closing or cash settlement, as well as associated costs, would be covered in the first instance by the collateral provided by the clearing member concerned. As at 31 December 2010, collateral amounting to €32.1 billion had been provided for the benefit of Eurex Clearing AG.
3. Subsequently, the relevant clearing member's contribution to the clearing fund would be used to cover the shortfall.
4. Any remaining shortfall would initially be covered by the retained earnings of Eurex Clearing AG. These retained earnings amounted to €6.4 million prior to allocation as at 31 December 2010.
5. After this, a proportionate claim would be made on the contributions paid into the clearing fund by all other clearing members (including possible future contributions). As at 31 December 2010, the volume of Eurex Clearing AG's clearing fund stood at €1,480.7 million. Upon full utilisation, Eurex Clearing AG may call in additional collateral from clearing participants.

**Cash investments:** Further credit risks can arise in relation to cash investments made by Deutsche Börse AG and its subsidiaries. Deutsche Börse Group reduces this risk by spreading such investments across a number of counterparties with exclusively good credit ratings, defining investment limits for each counterparty, and making mostly short-term investments which are collateralised if possible. The Group establishes maximum investment limits on the basis of regular assessments of creditworthiness and ad hoc analyses as required.

**Stress test calculation:** The Group has implemented three different scenarios in its credit risk stress test calculation. These simulate a mild recession, a global economic depression and the default of the largest counterparty. They are quantified for each business day. The values determined in the stress tests are compared with the limits defined as part of the risk bearing capacity. Credit risk stress tests are calculated for Deutsche Börse Group, Clearstream Holding Group and Eurex Clearing AG. The credit risk stress test calculations did not identify any material risks in the year under review.

In addition, the Group determines credit risk concentrations by performing VaR analyses at the level of Deutsche Börse Group, the Clearstream Holding Group and Eurex Clearing AG, so as to detect any risk clusters relating to individual counterparties. To this end, credit risk VaRs are calculated at individual counterparty level and compared with the overall credit risk VaRs. Because of the Group's business model, the companies in the Group are almost exclusively focused on financial sector customers. However, no material credit risk concentrations were found for individual counterparties.

#### Market price risk

Market price risk can arise in the form of interest rate or currency risk in the operating business as a result of collecting net revenues denominated in foreign currency, in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates.

The Group avoids outstanding currency positions wherever possible. Customer deposits in foreign currencies are covered by nostro items in the same currency. Revenue in foreign currencies is partly matched by costs in foreign currencies. Any residual currency risks in Deutsche Börse Group were largely hedged in 2010 using forward foreign exchange transactions. This entailed selling planned currency positions at a price fixed in advance for delivery on the date of the expected cash inflows. Regular reviews ensure the effectiveness of these hedges.

Deutsche Börse AG, the Clearstream Holding Group and Eurex Clearing AG are exposed to interest rate risk in connection with cash investments.

Interest rate risk is mitigated using a limit system that only permits maturity transformation to a small extent. In addition, Deutsche Börse AG may be exposed to interest rate risk from refinancing outstanding debt. In 2010, Deutsche Börse AG used swap and option transactions to secure a fixed interest rate or the right to a fixed interest rate for some of the amounts that may need to be refinanced.

Further market price risks may arise in connection with contractual trust arrangements (insolvency-proof fund assets related to Deutsche Börse Group's existing pension plans).

### **Liquidity risk**

Liquidity risk arises if there is insufficient liquidity to meet daily payment obligations or when increased refinancing costs are incurred in the event of liquidity bottlenecks.

Group Treasury monitors the daily and intra-day liquidity for the Group and its subsidiaries (with the exception of the Clearstream Holding Group, for which Clearstream Treasury is responsible) and manages it with the help of a limit system. Extensive credit lines are available to provide cover in extreme situations; details can be found in note 42 to the consolidated financial statements. The Group also performs operational and strategic liquidity management. Operational liquidity management ensures that payments to be made in the subsequent three months are covered while strategic liquidity management is geared towards longer-term planning and securing of liquidity as well as the financing of projects and investments.

Strict internal liquidity requirements apply to Eurex Clearing AG due to its role as central counterparty. Its investment policy is therefore conservative. Regular analyses ensure the appropriateness of these liquidity requirements.

Clearstream Treasury guarantees the liquidity of the companies in the Clearstream Holding Group. Its investment strategy is designed to ensure that customer deposits can be repaid at any time. The limits used to manage liquidity go beyond the regulatory requirements. Further extensive forms of finance are available to provide additional security.

Deutsche Börse Group, the Clearstream Holding Group and all subsidiaries had sufficient liquidity at all times in the year under review.

**Stress test calculation:** Stress test calculations are performed on liquidity risk in the Clearstream Holding Group and at Eurex Clearing AG. To this end, the Clearstream Holding Group and Eurex Clearing AG have each implemented three scenarios that are calculated quarterly. In these scenarios, both the sources and the uses of liquidity are subjected to a stress test, using historical as well as hypothetical scenarios. All in all, both the Clearstream Holding Group and Eurex Clearing AG have a comfortable liquidity situation.

### **Risk associated with regulatory parameters**

Risk associated with regulatory parameters comprises losses that could arise if specified ratios are not met.

Clearstream Holding Group, Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG meet the Basel II regulatory capital requirements. Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG meet the regulatory liquidity requirements specified by the national supervisory authorities.

### **Business risk**

Business risk reflects the sensitivity of the Group to macroeconomic developments and its vulnerability to event risk, such as regulatory adjustments or changes in the competitive environment. This risk is expressed in relation to EBIT. Business risk can impact sales revenue and cost trends, for example causing a decline in actual sales revenue compared to target figures, or a rise in costs. In addition, external factors such as the performance and volatility of the stock markets or a lack of investor confidence in the financial markets may impact financial performance.

Regulatory measures represent a material business risk. They can adversely affect Deutsche Börse Group's competitive position on the one hand; or impact the business models of Deutsche Börse Group's customers and reduce demand for the Group's products and services on the other.

With respect to the risk of a changed competitive environment, the possibility that Deutsche Börse Group's financial performance might deteriorate due to fierce competition for market share in individual business areas cannot be ruled out. This could lead to intangible assets being partially or fully written down following an impairment test.

Scenarios are established and quantitatively assessed for each of the Group's business areas based on the most significant risk events. Deutsche Börse Group closely monitors these developments in order to take mitigating actions at an early stage.

### **Project risk**

Project risk can arise as a result of implementing projects (launching new products, processes, or systems), which may have a significant impact on one of the three other risk categories (operational, financial and business risk). Project risk is assessed by Group Risk Management and addressed in the early stages of major projects. None of the projects planned and implemented in 2010 caused a significant change in the overall risk profile of Deutsche Börse Group. Risks connected with project implementation, such as budget risk, quality/scope risk or deadline risk, are monitored locally and reported to the corresponding supervisory committee.

### **Summary**

In the past financial year, Deutsche Börse Group identified all new risks that arose at an early stage and took appropriate measures to counter them. As a result of these measures, the risk profile of Deutsche Börse Group did not change significantly. In the year under review, the risks of Deutsche Börse Group were at all times matched by adequate risk bearing capacities. As at 31 December 2010, Deutsche Börse Group's economic capital amounted to €486 million and its risk bearing capacity to €2,540 million. The Executive Board of Deutsche Börse AG firmly believes in the effectiveness of its risk management system.

### **Outlook**

The Group evaluates its risk situation on an ongoing basis. From today's perspective, the Executive Board sees no significant change in the risk situation and hence no threat to the continued existence of the Group.

This risk report on expected developments was prepared for Deutsche Börse Group and does not take into account the proposed business combination of Deutsche Börse AG and NYSE Euronext announced on 15 February 2011.

Further enhancements to the risk management systems are scheduled for 2011. These include the extension of Group-wide stress tests and further improvements in the IT infrastructure for risk management.

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

On 15 February 2011, Deutsche Börse AG and NYSE Euronext announced that they have entered into a business combination agreement following approval from both companies' Boards. Under the agreement, the companies will combine to create the world's premier global exchange group, creating the world leader in derivatives trading and risk management as well as the largest, most well-known venue for capital raising and equities trading. The combined group will offer clients global scale, product innovation, operational and capital efficiencies, and an enhanced range of technology and market information solutions.

Based on 2010 results, the combined group will have combined net revenues of €4.1 billion and EBITDA of €2.1 billion, thus becoming the world's largest exchange group by revenues and EBITDA. Based on 2010 net revenues, the combined group will earn approximately 37 percent of total revenues in derivatives trading and clearing, 29 percent in cash listings, trading and clearing, 20 percent in settlement and custody, and 14 percent in market data, index and technology services.

The group will have dual headquarters, in Deutsche Börse AG's newly built green tower near Frankfurt and in New York, at 11 Wall Street. The company will be led by a one-tier board with 17 members – 15 directors plus the Chairman and the Chief Executive Officer (CEO). Of the 15 directors, nine shall be designated by Deutsche Börse AG and six by NYSE Euronext. Reto Francioni will be Chairman, and will also be responsible for group strategy and global relationship management. Duncan Niederauer will be CEO and will lead an Executive Committee with an equal number of current Deutsche Börse AG and NYSE Euronext executives.

The four NYSE Euronext executives are Duncan Niederauer as CEO, based in New York, Dominique Cerutti as Head of Technology Services & IT, based in Paris, Lawrence Leibowitz as Head of Cash Trading and Listings and John K. Halvey as General Counsel, both based in New York. The four executives coming from Deutsche Börse AG are Andreas Preuss as Head of Derivatives, based in Frankfurt, Jeffrey Tessler as Head of Settlement & Custody, based in Luxembourg, Frank Gerstenschläger as Head of Market Data & Analytics and Gregor Pottmeyer as Chief Financial Officer of the combined group, both based in Frankfurt. Andreas Preuss will assume the role of Deputy CEO and President. Lawrence Leibowitz will assume the role of Chief Operating Officer.

The combination is expected to generate annual cost savings of some €300 million, principally from information technology, clearing, and market operations, as well as from corporate administration and support functions. With regard to trading infrastructure, the contracting partners have agreed to harmonise the trading systems following successful completion of the merger. Depending on the time the decision is made, Deutsche Börse Group may face the necessity of impairments on the existing trading infrastructure. In addition, it is expected that the combination will lead to at least €100 million of annual revenue synergies through cross selling and distribution opportunities, increased turnover from liquidity pool consolidation and new products, a progressive introduction of Deutsche Börse Group's clearing capabilities and expanded scope for technology services and market data offerings.

The cost synergies are expected to be realised at an annual run rate of 25 percent by the end of the first year, 50 percent by the end of the second year, and 100 percent by the end of the third year following consummation of the transaction. Implementation and restructuring costs are estimated to be approximately 1.5–2.0 times the expected full run-rate cost synergies. The transaction is immediately accretive to adjusted earnings for both NYSE Euronext and Deutsche Börse AG shareholders.

The transaction is structured as a combination of Deutsche Börse AG and NYSE Euronext under a newly created Dutch holding company, which is expected to be listed in Frankfurt, New York and Paris. On the NYSE Euronext side, this will be effected through a merger of NYSE Euronext and a US subsidiary of the new holding company in which each NYSE Euronext share will be converted into 0.47 of a share of the new holding company. On the Deutsche Börse AG side, the new holding company will launch a public exchange offer, in which shareholders of Deutsche Börse AG may tender their shares of Deutsche Börse AG for an equal number of shares of the new holding company.

Following full completion of the contemplated transactions, the former Deutsche Börse AG shareholders would own 60 percent of the combined group and the former NYSE Euronext shareholders would own 40 percent of the combined group on a fully diluted basis and assuming that all Deutsche Börse AG shares are tendered in the exchange offer.

The transaction is subject to approval by holders of a majority of the outstanding NYSE Euronext shares and to a 75 percent acceptance level of the exchange offer to Deutsche Börse AG shareholders as well as approval by the relevant competition and financial, securities and other regulatory authorities in the US and Europe, and other customary closing conditions. The transaction is expected to close at the end of 2011.

A break up fee of €250 million was agreed upon by Deutsche Börse AG and NYSE Euronext, under specific contractually defined conditions, in case a competing takeover offer is submitted for one of the two companies.

From the perspective of the Management Board and the Supervisory Board of Deutsche Börse AG, a strategic business combination between Deutsche Börse AG and NYSE Euronext is in the best interest of Deutsche Börse AG and its shareholders. Therefore each of Deutsche Börse AG's Boards has determined, that – subject to fulfilling all of its legal duties in connection with the review of the offer document after such offer document has been published – it will recommend in its statement on the offer under section 27 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG, German Securities Acquisition and Takeover Act), that Deutsche Börse AG's shareholders accept the offer and tender their Deutsche Börse AG shares in the offer.

On 23 February 2011, Deutsche Börse Group announced that Eurex Zürich AG, Zurich, Switzerland, will become the new majority shareholder in European Energy Exchange AG (EEX), Leipzig, Germany. After the closing of an agreement in December 2010 between Eurex Zürich AG and Landesbank Baden-Württemberg (LBBW) about the acquisition of the full LBBW share amounting to 22.96 percent, LBBW offered its share on a pro-rata basis first to the other EEX shareholders, subject to the pre-emption rights laid out in the consortium agreement. After conclusion of the first round of the tender process, 31 of the 40 eligible shareholders declared to forgo a proportional increase in their stake. The current shareholding of Eurex Zürich AG in EEX of 35.2 percent will increase to over 50 percent. The exact shareholding can only be determined after the closing of the second round of the tender process.

By achieving a majority stake by Eurex Zürich AG, the final price for the shares to be acquired was determined: the price of €7.75 per share consists of the strike price of €7.15 per share and a premium of €0.60 per share for becoming the majority shareholder.

The transaction is still subject to the outstanding approval of the supervisory board of EEX as well as the approval of further regulatory bodies. The approval of the boards of LBBW, the approval of the Exchange Authority in Saxony and the approval of the German Federal Cartel Office have already been granted.

## Report on expected developments

The report on expected developments describes the expected development of Deutsche Börse Group in financial years 2011 and 2012. It contains statements and information on events in the future. These forward-looking statements and information are based on the Company's expectations and assumptions at the time of publication of this report on expected developments. These are in turn subject to known and unknown risks and uncertainties. Numerous factors influence the Group's success, its business strategy and financial results. Many of these factors are outside the Company's control. Should one of the risks or uncertainties materialise or one of the assumptions made turn out to be incorrect, the actual development of the Group could deviate in either a positive or a negative way from the expectations and assumptions contained in the forward-looking statements and information in this report on expected developments.

This report on expected developments has been prepared for Deutsche Börse Group and does not take into account the proposed business combination of Deutsche Börse AG and NYSE Euronext announced on 15 February 2011.

## Development of the operating environment

Following the slump in the global economy as a result of the financial crisis in 2009, its recovery in 2010 was much stronger than expected, particularly in Germany. Extensive measures on the part of central banks and governments to stabilise banks and companies during 2008 and 2009 also helped to restore confidence in the financial markets. Nevertheless, the financial markets continued to experience phases of substantial volatility and uncertainty in the year under review. Against this backdrop, the Group's business activities improved slightly in 2010 compared with 2009.

Deutsche Börse Group expects the economic environment to improve further in the forecast period. In their initial forecasts for 2011, leading economic research institutes

predict economic growth of between 1.3 percent and 1.5 percent in the euro zone and between 2.2 percent and 2.5 percent in Germany. The difference between the euro zone and Germany is a result of the slower growth or even renewed contraction anticipated in some southern European countries. If the forecasts prove correct, German GDP in mid-2011 would return to the level seen before the recession in 2009. According to current estimates, GDP in the euro zone and Germany in 2012 will develop on a similar scale to 2011.

Expectations for the United Kingdom and the US are somewhat higher than for the euro zone. The economy in the United Kingdom is forecast to grow by 2.0 percent in 2011 and by 2.3 percent in the following year. In the US it is predicted to increase by 2.2 percent to 3.0 percent in 2011 and by 2.7 percent to 3.1 percent in the year after. The highest growth by far is expected in Asian countries, especially China and India, where growth of 8 percent to 10 percent is forecast in anticipation of high domestic demand. Given the extremely varied estimates for the different economic regions, global economic growth is projected to be between 3.3 percent and 4.4 percent in 2011. For 2012, the economic institutes predict that the upswing will continue, and even accelerate slightly, to between 3.6 percent and 4.6 percent.

Governments and central banks are currently working on strengthening regulation of the financial markets to further stabilise the financial sector and prevent future crises of this degree of severity. The measures envisioned, and in some cases already initiated, range from the revising of the legal framework for banking business and capital requirements to improving financial market supervision (for more information, please see section "Regulatory environment" of this Group management report).

Deutsche Börse Group does not plan in the forecast period to make any material changes to its integrated business model, which focuses on trading, clearing, settlement and custody of securities and derivatives. Based on this successful business model, which covers the entire process chain for financial market transactions and the most prominent asset classes, Deutsche Börse will continue to observe the trends on the financial markets worldwide and

to leverage them to enhance its products and services. The Company's key strategic goal is to provide all customers with outstanding services.

With its scalable electronic platforms, Deutsche Börse believes it remains in an excellent position to compete with other providers of trading and settlement services.

## **Development of results of operations**

Based on the assumption that general conditions in the forecast period will develop positively and, in particular, that confidence in global financial markets will improve further, Deutsche Börse Group considers itself well positioned to boost its sales revenue in the forecast period compared with the year under review. Depending on how general conditions develop, on the form taken by both cyclical and structural growth drivers, and on the success of new products and functionalities, Deutsche Börse Group expects sales revenue of approximately €2.1 billion to 2.3 billion in 2011. This would correspond to an increase of up to 10 percent compared with the year under review. If, contrary to expectations, general conditions do not improve as described or do not have a corresponding effect on the Group's customers, the Company considers that a decline in sales revenue in 2011 to around €2.0 billion or even less in an extremely negative scenario is also possible. In any case, the Company believes it is in a good position to continue to do business in a profitable manner due to its integrated business model and the implemented cost reduction measures described in the following section. The Company expects sales revenue in 2012 to grow at a similar rate to 2011.

Deutsche Börse AG's Executive Board adopted additional measures in the first quarter of 2010 to optimise operational processes and cost structures with the aim of adapting to the structural changes in the financial markets and changing customer requirements early on, also in the light of the difficult market environment. As part of these measures, Deutsche Börse has resolved to reassign operating functions within the Group's locations, to drive forward

the ongoing harmonisation of the IT infrastructure, to slim down its management structure, and to focus even more on its core activities ("Excellence" programme).

This programme will lead to significant improvements in Deutsche Börse Group's cost efficiency: all in all, the measures resolved will lead to annual savings totalling around €150 million per year from 2013. Having achieved €25 million of the savings of €85 million planned for 2011 already in 2010, the Company expects a savings volume of approximately €60 million in 2011. This figure will rise to approximately €115 million overall in 2012. The measures complement the programmes to enhance Group efficiency that have been implemented since 2007.

The expenses for these efficiency measures will amount to less than €180 million. In 2010, costs of €110.7 million were recognised in connection with efficiency programmes, primarily under staff costs in all Group segments. Most of the remaining costs will be incurred in 2011 and 2012.

The Company expects operating costs of €925 million in 2011 (2010: €936.2 million). This forecast takes into account savings of around €60 million generated from further improving operational efficiency. These are partially offset by an expected cost increase due to inflation of approximately €20 million and a further rise in expenses for organic growth initiatives and infrastructure of around €30 million to approximately €120 million. The Company expects volume-related costs, which are heavily influenced by the international settlement and custody business activities at Clearstream, to increase to around €235 million to €255 million (2010: €210.9 million), mainly due to the growth expected in this segment. This results in a total cost forecast of around €1,160 million to €1,180 million for 2011 before costs of efficiency programmes amounting to approximately €30 million and other possible special effects.

Depending on sales revenue performance, the Company expects EBIT to be in the range of around €1.05 billion to €1.25 billion. In addition to sales revenue and costs, EBIT also depends on the development of net interest income from banking business. Deutsche Börse expects net interest income from banking business to be approximately at the same level in the current financial year as in the year under review. If interest rates increase earlier and stronger than expected, net interest income could make a higher

contribution to EBIT than expected. If sales revenue or net interest income from banking business fail to meet expectations, EBIT could drop to around €1.0 billion, or even significantly below this level in the case of an extremely poor development.

#### Forecasts for financial performance

	2010 (adjusted) <sup>1)</sup> €m	2011 (forecast) €m
Sales revenue	2,106.3	~2,100 to ~2,300
Total costs	1,147.1	~1,160 to ~1,180
of which volume-related costs	210.9	~235 to ~255
of which operating costs	936.2	~925
EBIT	1,091.0	~1,050 to ~1,250

1) Adjusted for the ISE impairment charge and costs of efficiency programmes

In June 2008, around half of the employees located in Frankfurt-Hausen moved to neighbouring Eschborn. This enabled a reduction in the 2009 tax rate to 26.9 percent, adjusted for the deferred tax credit resulting from the ISE impairment charge. In the second half of 2010, the majority of the remaining staff relocated from Frankfurt-Hausen to a new office building in Eschborn. For the forecast period, the Group therefore anticipates an improvement in the tax rate to approximately 26 percent.

#### Xetra segment

Sales revenue in the Xetra cash market segment will continue to depend on equity market trends, equity market volatility, and structural and cyclical changes relating to trading activity.

Structural changes in the equity market stem primarily from the increasing use of fully computerised trading strategies, known as algorithmic trading. The Company continues to expect a high proportion of algorithmic trading in Xetra trading volumes.

Since it peaked in the second half of 2008, volatility on the equity markets has been steadily decreasing with the exception of the second quarter of 2010. Average annual volatility in 2010 was at a slightly lower level than in 2009. Generally speaking, high volatility can provide the

Xetra segment with additional short-term growth momentum, as trading is particularly brisk during such market phases. However, a moderate level of volatility is more beneficial to sustainable growth as this generally leads to increased investor confidence.

In addition to continuing to develop its own cash market, the Company maintains a close watch on changes in the competitive environment for the European cash markets. It considers itself well positioned to retain its status as the market leader for trading German blue chips and to offer its customers across the globe an attractive range of products and services for cash trading in German and European equities, as well as equities clearing. However, due to the stronger competition in the cash market, a further shift in the market shares of all competitors cannot be ruled out.

The Executive Board expects business activities on the cash market to recover during the forecast period as a result of anticipated improvements in the economic environment and of a corresponding increase in confidence among investors. Despite intense competition, the Company therefore expects trading activity to grow compared to 2010. At the same time, a slight decline in the average sales revenue per transaction is predicted. Overall, therefore, the Company anticipates stable sales revenue in 2011. As costs are expected to drop in the Xetra segment, the Group forecasts an increase in EBIT in financial year 2011.

### **Eurex segment**

In 2009 and parts of 2010, trading activity trends on the Eurex derivatives markets were dominated by cyclical factors such as the decline in the equities trading volume, historically low interest rates and the low level of investor confidence. Nevertheless, Deutsche Börse Group assumes that structural growth factors will continue to have an impact, and that they will positively influence trading volumes in all product segments. The structural growth drivers are as follows:

- Traditional investment funds are increasingly including derivatives in their portfolio strategies as a result of the European legal and administrative framework relating to certain undertakings for collective investment in securities (UCITS III).

- Due to the high significance of risk management, more and more OTC transactions are shifting to Eurex Clearing for settlement so that the counterparty risk can be eliminated through centralised clearing.
- Demand for Eurex products from investors and trading houses from non-European areas such as Asia is growing.
- Banks and investors are increasingly applying fully automated trading strategies (comparable to algorithmic trading on Xetra).

The competitive situation at the US equity options exchange ISE, which belongs to Eurex, stabilised somewhat in the course of 2010. Nevertheless, in the second half of 2010, its market share continued to be affected by the way in which dividend transactions are promoted on some US equity options exchanges. Some exchange operators provide substantial financial incentives to encourage traders to use their platforms when executing this type of transaction. However, ISE's strategy is geared towards the key performance indicators of sales revenue and profitability rather than winning market share at any price.

For the forecast period, Deutsche Börse Group expects contract volumes to increase and market share to stabilise further despite the sustained high level of competition. In addition to the performance of the US equity options market, which is expected to be positive, this assessment is based on various initiatives that aim to enhance the product range and the trading infrastructure. For example, Deutsche Börse and ISE have developed a new electronic trading system that will go into operation in 2011. In addition, ISE received approval from the US Securities and Exchange Commission (SEC) on 24 February 2011 for trading in certain types of orders, which will neutralise the competitive disadvantage for fully electronic equity options trading compared with floor trading existing since the second quarter of 2009.

Eurex will also step up investments to enhance its technology and its European product offering in the forecast period. The new trading infrastructure developed together with ISE will replace Eurex's existing trading system. Another investment focus is on expanding risk management. For example, the Eurex segment is planning to introduce a

portfolio-based risk management, which will offer customers the ability to net out on-exchange and off-exchange (OTC) transactions against each other. Among other things, this new feature is part of the functional preparations to enable Eurex to offer an expanded range of clearing services for OTC derivatives trading in future.

On the whole, Eurex considers itself to be well positioned in its competitive environment and predicts an increase in business during the forecast period for both European products and US equity options. In addition to the expected positive cyclical factors, this assessment reflects in particular the structural drivers underlying the business. On this basis, the Company expects sales revenue to increase in 2011, coupled with falling costs. Overall, the Group anticipates an increase in EBIT in the Eurex segment in the current financial year.

### **Clearstream segment**

The Clearstream segment generated the bulk of its sales revenue in the past year with the settlement and custody of international bonds. This will remain the case in the future. Deutsche Börse continues to predict a sharper rise in the volume of bonds issued internationally compared with fixed-income securities issued domestically.

With regard to its customer structure, the Company expects that consolidation in the financial sector will persist and that customers in Clearstream's domestic and international business will merge. These larger customers would benefit from greater discounts, which would lead to a decline in average fees. Although Deutsche Börse faces especially intense competition in the areas of the settlement and custody of international bonds, the Group does not expect this to have a major impact on its sales revenue or to result in a loss of market share during the forecast period.

In the course of efforts to enhance the Clearstream segment's product and service offering, the Company plans to further expand its central liquidity and risk management functionalities and products during the forecast period as part of its global securities financing services. This includes, for example, expanding the eligible collateral securities to include the equities asset class and extending the GC Pooling product range. In addition, Clearstream will position itself

even more strongly in future as a provider of value adding services for customers. The aim is to offer these services in the future to customers of other post-trade services providers as well via generally available channels such as the central settlement system planned by the European Central Bank (TARGET2-Securities).

Deutsche Börse continues to expect net interest income from the banking business in the current financial year to be more or less on a par with that of the year under review. The Company anticipates that a sustained increase in income will occur only when short-term interest rates rise in Europe and the US. This expectation is based on the assumption that, contrary to the original plans, the relevant short-term interest rates for the main currencies, the euro and US dollar, will largely remain at a very low level in 2011. The Company does not expect short-term interest rates to rise significantly until 2012.

Overall, Clearstream has a strong competitive position as a result of its diversified product and services portfolio and expects business activity to increase in all business areas in the forecast period. As a result, the Group expects to see further growth in sales revenue and a corresponding improvement in EBIT in 2011.

### **Market Data & Analytics segment**

Sales revenue in the Market Data & Analytics segment is largely dependent on the demand for market data in the financial sector. After a slight decline in demand in the segment's core business, the sale of data packages for the cash and derivatives markets, as a result of the financial crisis, the Company expects performance in this business area to remain stable in 2011. Despite this, the Group anticipates a slight increase in sales revenue and EBIT in Market Data & Analytics, as this segment intends to steadily expand its product range with new data offerings in all areas.

### **Development of pricing models**

Deutsche Börse continues to anticipate sustained price pressure in some of its business areas during the forecast period. The Company's objective is to mitigate this price pressure by continually improving its products and services and offering selective incentives for price-elastic business.

During the year under review, the Company cut its prices for equities clearing in the Xetra cash market segment. The Company's objective in doing this was to further reinforce its position on the cash market as the largest central liquidity pool for trading German blue chips. For this reason, the Company does not rule out additional strategic price adjustments in the Xetra segment.

In the Eurex segment, changes to the fee model were approved in the year under review, which take effect from 1 February 2011. The main objective is to increase the attractiveness of Eurex as a trading venue. In order to achieve this, the Company will offer price incentives on the basis of the market quality provided, grant volume discounts and reduce fees for specific products. The introduction of the new pricing model is expected to lead to a rise in trading activity and thus to have a neutral impact on sales revenue.

Over the long term, the average sales revenue per chargeable unit is expected to decline in all areas of the Company. This is a result of the laddered pricing models that lead to a decline in income per unit as customers' business activities increase.

## **Regulatory environment**

One consequence of the global financial market crisis is that work is now underway at an international level on regulatory initiatives in a wide variety of areas, with the aim of creating a more transparent and more stable financial system. In particular, the focus is on regulations designed to improve supervisory structures and regulations relating to the financial market infrastructure, the settlement of securities, derivatives and other financial instruments, as well as to banks.

### **Improvements to supervisory structures**

New European supervisory authorities have been set up to improve supervisory structures. In future, the European Securities and Markets Authority (ESMA) will play a significant role for Group companies in directly supervising service providers in the securities industry and developing guidelines for their supervision. This applies not only to

cash market trading (Xetra segment) but also to derivatives trading and central counterparty functions (Eurex segment) as well as the securities settlement business (Clearstream segment). In addition, the European Banking Authority (EBA) will play an important role in the Group's regulatory environment as, on the one hand, some Group companies are subject to banking supervision and, on the other hand, banks are among the Group's most important customer groups.

### **Market infrastructure regulation**

With respect to the changes to the regulatory framework, three main initiatives at European level are of relevance to the Group: the planned revision of the Markets in Financial Instruments Directive (MiFID), the regulation planned by the European Parliament and the Council on OTC derivatives, central counterparties and trade repositories (European Market Infrastructure Regulation, EMIR) and the planned regulation of central securities depositories (CSD regulation).

The European Commission initiated a revision of MiFID in 2011. The aim is to continue to increase the transparency and integrity of the markets and to further strengthen investor protection, also in the light of the financial market crisis. Implementation at a national level is scheduled for 2013.

The planned regulation by the European Parliament and the Council on OTC derivatives, central counterparties and trade repositories aims to achieve a coordinated set of rules for the operation and supervision of central counterparties (CCPs), which should enter into force as early as 2011. A draft of the regulation was presented by the European Commission in September 2010 and is currently undergoing political discussion. Among other things, the regulation aims to make the use of central counterparties obligatory for settling a greater number of derivatives transactions. In addition, it introduces a reporting requirement for OTC derivatives using trade repositories. The supervision of these trade repositories (by ESMA) is also a component of the planned regulation.

With the CSD regulation, the European Commission aims to reform the European settlement environment and create a uniform European regulatory framework for central securities depositories for the first time. The measures are expected to be passed in the course of 2011.

These draft regulations are complemented by the European Securities Law Directive (SLD) and the planned regulation of short selling at EU level. In addition, measures to regulate high frequency trading and the possible introduction of a financial transaction tax are being discussed in political circles.

Further regulatory changes designed to ensure financial market stability are being examined at a national and international level by the Basel Committee on Banking Supervision, the European Commission, the European Central Bank and the new European supervisory authorities (ESMA, EBA and the European Systemic Risk Council), among others. At a national level, the planned changes to the Insolvenzordnung (German Insolvency Regulation) as well as the Restrukturierungsgesetz (German Restructuring Act), and the bank levy that it entails have implications in some cases for Deutsche Börse Group.

### **Banking regulations**

With respect to banking regulation, which affects the Group both directly and indirectly, a series of changes to both the international regulatory framework (the rules issued by the Basel Committee on Banking Supervision) as well as to the European regulations that build on these (Capital Requirements Directive, CRD) and national regulations are pending. Some of these were already implemented or adopted in 2010.

First and foremost here are the changes to the Basel II rules and the revisions to the CRD that build on them. In a number of steps (including CRD II and CRD III), changes were primarily made to the regulations governing market price risk, large exposures and capitalisation requirements for securitisation. The introduction of comprehensive regulations governing remuneration systems was also resolved. After being implemented in national law, the changes resulting from the CRD II entered into force on 31 December 2010 and were implemented in the Group in a timely manner. The large exposure provisions were the only part of the CRD II to impact the regulated companies in the

Group. However, the arrangements made for this particular business meant that they had no serious impact on the Group companies affected. The provisions of CRD III mean that the remuneration systems need to be adjusted. The key rules had already been partially implemented into national law in Germany in the form of a regulation governing supervisory requirements for remuneration systems of institutions (InstitutsVergV) as well as in Luxembourg, in anticipation of the CRD III regulations and corresponding interpretation guidelines from the Committee of European Banking Supervisors (the predecessor institution of the EBA). The requirements of the InstitutsVergV are currently being implemented at the affected Deutsche Börse Group companies.

In 2009, the Basel Committee initiated a comprehensive modification of its previous Basel II rules and launched a revised and expanded version known as "Basel III". Basel III focuses in particular on the definition of capital, additional risk buffers for expected losses, the introduction of anticyclical capital buffers, the introduction of a leverage ratio (a minimum ratio of capital to unweighted total assets plus off-balance sheet risk positions) and liquidity management (in particular the introduction of two quantitative minimum ratios for short-term and medium-term liquidity). The proposals made by the Basel Committee are also being discussed as a package of amendments to the CRD with the aim of introducing them in the EU, to be implemented as CRD IV. The Basel Committee adopted and published the core Basel III rules in December 2010. A phased introduction in the period up to 2018 is planned, whereby certain sub-areas will be reviewed and, if necessary, modified. The Basel III package also comprises a general revision of the capitalisation requirements for exposures to central counterparties. This results, on the one hand, in interdependencies with the future rules for central counterparties themselves (CPSS-IOSCO rules/EMIR); on the other hand, according to the resolutions by the

heads of state and government of the G20 member states, preference should be given to transactions executed via central counterparties as opposed to bilateral (OTC) transactions in order to reduce risk and stabilise the financial markets in general. Due to the complexity of the issue, the Basel Committee omitted this topic from the published part of the Basel III framework and issued an initial consultation draft of its proposed rules in December. The results of the consultative process are expected to lead to a new regulation in the first half of 2011, which will then be added to the Basel III rules.

The EU will include the Basel III process, including the capitalisation requirements for exposures to central counterparties, in its ongoing discussions on the CRD IV rules in the course of 2011 and thus incorporate it into EU law. Whereas the Basel III rules only apply directly to global commercial banks with an international remit, the EU rules apply to all banks that operate in the EU. CRD IV will therefore address both regional and size-related issues, as well as provide specific or modified regulations for certain types of business. In this context, the future interaction between EMIR, the CSD regulation, MiFID and the CRD, and in particular the effects this will have on Deutsche Börse Group's regulated companies, cannot be gauged in full yet.

Deutsche Börse Group closely monitored the entire Basel III and CRD IV process, as well as the development of the other legislative processes (in particular EMIR/CSD regulation) in detail. The Group will continue to be actively involved in this process, including its implementation in national law, in the coming years in order to ensure that its business activities are taken into account as appropriately as possible.

Given the current status of the discussions on the provisions of CRD IV, the Group does not expect any material effect on the equity base of its regulated companies. Since specific issues – including the concrete application of the

rules concerning the leverage ratio and liquidity ratios – have not yet been resolved and it is also unclear how the various regulations will interact in future, the ultimate impact on business activities cannot be assessed as yet.

Deutsche Börse Group is closely monitoring all the political and regulatory processes and initiatives mentioned above. The Group participates actively in the consultations, making sure that political decision makers are aware of potential negative consequences for the market as a whole and the company affected in particular. Deutsche Börse Group also takes a firm stand regarding the above-mentioned political initiatives. In this way, it counteracts undue ramifications for the Group or any of its subsidiaries.

### **Development of the Group's financial position**

The Company expects operating cash flow to remain positive. With respect to its cash flow from investing activities, Deutsche Börse plans to invest around €120 million per year in intangible assets and property, plant and equipment during the forecast period. These investments will serve primarily to develop new products and services in the Eurex and Clearstream segments and enhance existing ones. The higher sum compared with previous years is primarily the result of increased investments in the trading infrastructure and risk management functionalities.

Under its capital management programme, Deutsche Börse will react flexibly to a changing market environment in the forecast period. Deutsche Börse Group continues to pursue the objective of achieving an interest cover ratio (ratio of EBITDA to interest expenses from financing activities) of at least 16 at Group level. Both the general target dividend distribution ratio of 40 to 60 percent of consolidated net income for the year and any share buy-backs are subject to capital requirements, investment needs and general liquidity considerations.



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The Asia-Pacific region has been the economic growth engine of the world for many years already. It accounts for more than a third of world gross domestic product at purchasing power parity and comprises some of the most dynamic economies – economies that are very robust. The impact of the recent financial crisis on the region was limited. Gary He, Vice Chairman and Chief Executive of Bank of China Hong Kong, and Jeffrey Tessler, Chief Executive Officer of Clearstream, give insight into these topics.

## “Many companies decide to ‘go global’ but only few succeed”

Gary He and Jeffrey Tessler on growth opportunities in Asia



**Jeffrey Tessler:** Expanding the business on a global scale – that's nowadays on top of the agenda of many companies and certainly reality for Deutsche Börse Group. The company has 19 office locations around the world, we have customers in more than 160 countries and our 3,490 employees come from 66 different countries. And for the post-trade segment run by Clearstream, global expansion is a pillar of our strategy. As of March 2011, the Clearstream settlement network covers 50 markets – and we will continue to expand it to include all BRIC markets of which only India is pending.

**Gary He:** Bank of China Hong Kong (Holdings) Limited is a leading commercial banking group in Hong Kong. We are one of the three appointed note issuing banks in Hong Kong and the only renminbi-clearing

bank on site. Our extensive branch network in Hong Kong and Mainland China allows us to meet the cross-border financial service needs of Hong Kong and Mainland customers. Bank of China Hong Kong is a subsidiary of Bank of China Limited, one of the four largest state-owned commercial banks in Mainland China. Through our close collaboration with Bank of China, we are extending our presence outside Hong Kong in the Asia-Pacific region. In addition, with the increasing significance of renminbi in the global economy, we are also very well positioned to capture these opportunities globally.

**Jeffrey Tessler:** Many companies decide to “go global”, but only few actually succeed. It's certainly tempting to tap into markets like Brazil, Russia, India or China given the tremendous growth potential



there, but international expansion must always be assessed carefully. Clearstream generates roughly 20 percent of its revenues in Asia and this share is set to grow – it's obvious that we need to be in the Asian markets and to strengthen our presence on site as we are doing it. China is the most important economy in the region. The growth of the Chinese market has been phenomenal over the last decade.

**Gary He:** Economic growth is important, especially in China where high growth rates go hand in hand with very low unemployment rates and, ultimately, social stability. Economic growth is not an end in itself, it's also about creating new jobs and sources of income. To this end, any economy must maintain good balance, especially in times of crisis. For an economy of such a large size, you cannot rely on the service sector only, manufacturing is equally important – an area that many western countries have moved to China.



Jeffrey Tessler is Chief Executive Officer of Clearstream. As member of the Executive Board of Deutsche Börse, he is responsible for the Group's post-trade activities.

#### A long-standing presence as competitive advantage in Asia

**Jeffrey Tessler:** Deutsche Börse has a representative office in Beijing and Eurex has offices in Hong Kong, Singapore and Tokyo. Clearstream has a very strong presence in Asia with regional offices in Hong Kong, Tokyo and Dubai and a branch in Singapore – close to 100 employees in total. We have been in the region for more than 20 years now as we opened our first office in Asia in 1989. Today, our long-standing presence is certainly a competitive advantage: Asian customers value a long-term commitment and a stable relationship built on confidence and trust. We have had, for example, the same team covering China for the last ten years. Our customers know us very well and they know they can rely on us.

Gary He is Vice Chairman and Chief Executive of Bank of China Hong Kong with overall responsibility for the business and operations of the bank.



**Gary He:** I still remember when Clearstream became one of the first providers to offer custodian services in the region. Bank of China used Clearstream's services. For us, reliability, mutual respect and long-term orientation are of key importance in any business relationship – and in particular in a business relationship that is as fundamental as settlement and custody. Bank of China Hong Kong has also established a custody platform since 2006. We are making remarkable progress in building our reputation as a global custodian. Being located in Hong Kong, we are well positioned to capture the opportunities arising from the cross-border and intraregional investment fund flows inside and out of China.

**Jeffrey Tessler:** Our activities in Asia have mirrored the constant growth of the local financial markets and have become more important and more sophisticated over

time. We also know that our clients in Asia have high standards and expect top quality. One of the reasons why we have set up an operational branch in Singapore is to adequately serve our Asian clients in their time zone and language. We have also extended our day-time settlement processing window by around seven hours to enable around-the-clock high-quality, real-time settlement and asset servicing capabilities. All our products and services, including Global Securities Financing, Investment Funds Services and Issuance and Distribution, are now available to our Asian customers in real-time during the normal trading day in the Asia-Pacific region. Additionally, major Asia-Pacific currencies such as the Singapore dollar, the Australian dollar, the Hong Kong dollar and the Japanese yen now have same-day payment deadlines. Today, our entire range of product and service offering is available in Asia, includ-

ing those fundamental services that facilitated the flow of liquidity and helped financial institutions to overcome the crisis.

#### **Lessons learnt after the financial crisis**

**Gary He:** The US and Europe suffered a lot in the recent financial downturn while the Asian regions were less affected. Asia already experienced a financial crisis in 1998 and the region has drawn a lot of lessons and conclusions from this: the Asian countries built up their foreign reserves substantially and they improved their management of external debt. And when I look at the future capital requirements with Basel III in Europe, then it is fair to say that today they are already higher in Hong Kong.

**Jeffrey Tessler:** What has become quite apparent to me is that in a



financial crisis, like the one we have just gone through, there are really only three solutions: the first is that the government injects capital or liquidity into a troubled financial institution to calm the markets; the second is a central counterparty (CCP) like Eurex Clearing that reduces risk; the third is efficient collateralisation to mitigate the counterparty exposure. At Clearstream, we are the leading provider of collateral management services on a global scale. It's a differentiating factor if you can efficiently manage an institution's collateral or – as we do for the Brazilian central securities depository CETIP – give it the tools to efficiently manage it. After all, it's about managing risk – and Deutsche Börse Group is leading in this domain.

#### **Individual markets require country-by-country solutions**

**Gary He:** After the Asian financial crisis, there was a general push in Asia to a higher control of domestic institutions. But otherwise Asia is less unified than Europe – regulatory details in Asia are generally defined individually, i.e. country by country. In China, for example, all interbank transactions need to be registered on stock exchanges – so there is no reason to worry about an opaque off-exchange (OTC) market. But the situation in Hong Kong, under the principle of “one country, two systems”, is different and Hong Kong is actually considering setting up a trade repository to increase transparency in the OTC derivatives space. There is no centralised clearing in Asia, no such post-trade facility in the region like Clearstream.

**Jeffrey Tessler:** We decided to set up a branch in Asia because a large number of our customers use Singapore as their Asian hub. The infrastructure and business-friendly



environment have also made it a perfect location for us. Another reason was that Mandarin Chinese is an official language in Singapore which helps us to further promote our services to our Asian customers. But the question remains: which place will be the dominant financial centre in the region? Shanghai? Tokyo? Hong Kong? Singapore? I believe that due to the size and the importance of the Asian market, there could certainly be several financial centres in Asia.

**Gary He:** With the increasing size of the Mainland economy and its growing influence in the global economy, Hong Kong can leverage its unique advantages and enhance its competitiveness as the leading international financial centre in the region. Hong Kong has developed into an offshore renminbi centre in line with the internationalisation of the renminbi.

# Consolidated income statement

for the period 1 January to 31 December 2010

	Note	2010 €m	2009 €m
Sales revenue	4	2,106.3	2,061.7
Net interest income from banking business	5	59.4	97.4
Other operating income	6	61.0	130.6
<b>Total revenue</b>		<b>2,226.7</b>	<b>2,289.7</b>
Volume-related costs		-210.9	-250.3
<b>Total revenue less volume-related costs</b>		<b>2,015.8</b>	<b>2,039.4</b>
Staff costs	7	-502.0	-394.3
Depreciation, amortisation and impairment losses	13, 14	-583.5	-569.1
Other operating expenses	8	-414.7	-433.4
<b>Operating costs</b>		<b>-1,500.2</b>	<b>-1,396.8</b>
Result from equity investments	10	12.2	-4.8
<b>Earnings before interest and tax (EBIT)</b>		<b>527.8</b>	<b>637.8</b>
Financial income	11	24.0	51.0
Financial expense	11	-132.2	-130.7
<b>Earnings before tax (EBT)</b>		<b>419.6</b>	<b>558.1</b>
Income tax expense	12	-24.5	-86.9
<b>Net profit for the year</b>		<b>395.1</b>	<b>471.2</b>
thereof shareholders of parent company (net income)		417.8	496.1
thereof non-controlling interests		-22.7	-24.9
<b>Earnings per share (basic) (€)</b>	40	<b>2.25</b>	<b>2.67</b>
<b>Earnings per share (diluted) (€)</b>	40	<b>2.24</b>	<b>2.67</b>

# Consolidated statement of comprehensive income

for the period 1 January to 31 December 2010

	Note	2010 €m	2009 €m
<b>Net profit for the year reported in consolidated income statement</b>		<b>395.1</b>	<b>471.2</b>
Exchange rate differences <sup>1)</sup>	23	102.9	-38.5
Remeasurement of cash flow hedges		8.1	-9.4
Recognition of hidden reserves from fair value measurement		0	103.7
Remeasurement of other financial instruments		-9.3	11.8
Deferred taxes	23	-29.9	11.0
<b>Other comprehensive income</b>		<b>71.8</b>	<b>78.6</b>
<b>Total comprehensive income</b>		<b>466.9</b>	<b>549.8</b>
thereof shareholders of parent company		470.4	581.6
thereof non-controlling interests		-3.5	-31.8

1) Exchange rate differences include €6.1 million (2009: €-2.9 million) taken directly to accumulated profit as part of the result from equity investments.

# Consolidated balance sheet

as at 31 December 2010

## Assets

	Note	2010 €m	2009 €m
<b>NONCURRENT ASSETS</b>			
<b>Intangible assets</b>	13		
Software		50.2	84.5
Goodwill		2,059.6	1,987.3
Payments on account and construction in progress		65.2	26.0
Other intangible assets		914.9	1,333.7
		<b>3,089.9</b>	<b>3,431.5</b>
<b>Property, plant and equipment</b>	14		
Fixtures and fittings		39.0	23.1
Computer hardware, operating and office equipment		70.2	61.5
Payments on account and construction in progress		29.0	14.8
		<b>138.2</b>	<b>99.4</b>
<b>Financial assets</b>	15		
Investments in associates		172.6	152.5
Other equity investments		64.7	60.0
Receivables and securities from banking business		1,555.6	1,468.2
Other financial instruments		12.1	29.0
Other loans <sup>1)</sup>		1.0	0
		<b>1,806.0</b>	<b>1,709.7</b>
Other noncurrent assets	16	27.7	5.6
Deferred tax receivables	12	7.7	4.8
<b>Total noncurrent assets</b>		<b>5,069.5</b>	<b>5,251.0</b>
<b>CURRENT ASSETS</b>			
<b>Receivables and other current assets</b>			
Financial instruments of Eurex Clearing AG	18	128,823.7	143,178.4
Receivables and securities from banking business	19	7,585.3	7,192.4
Trade receivables	20	212.1	207.4
Associate receivables		5.6	8.6
Receivables from other investors		4.4	1.5
Income tax receivables <sup>2)</sup>		25.6	48.8
Other current assets	21	141.4	167.1
		<b>136,798.1</b>	<b>150,804.2</b>
Restricted bank balances	22	6,185.8	4,745.6
Other cash and bank balances		797.1	559.7
<b>Total current assets</b>		<b>143,781.0</b>	<b>156,109.5</b>
<b>Total assets</b>		<b>148,850.5</b>	<b>161,360.5</b>

1) Thereof €1.0 million (2009: nil) in associate receivables

2) Thereof €14.1 million (2009: €14.8 million) with a remaining maturity of more than one year from corporation tax credits in accordance with section 37 (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act)

## Equity and liabilities

	Note	2010 €m	2009 €m
<b>EQUITY</b>	23		
Subscribed capital		195.0	195.0
Share premium		1,247.0	1,247.0
Treasury shares		-586.5	-587.8
Revaluation surplus		124.9	125.2
Accumulated profit		1,971.0	1,886.8
<b>Shareholders' equity</b>		<b>2,951.4</b>	<b>2,866.2</b>
Non-controlling interests		458.9	472.6
<b>Total equity</b>		<b>3,410.3</b>	<b>3,338.8</b>
<b>NONCURRENT LIABILITIES</b>			
Provisions for pensions and other employee benefits	25	21.3	30.1
Other noncurrent provisions	26, 27	86.6	80.5
Deferred tax liabilities	12	297.7	442.0
Interest-bearing liabilities <sup>1)</sup>	28	1,455.2	1,514.9
Other noncurrent liabilities		9.6	26.0
<b>Total noncurrent liabilities</b>		<b>1,870.4</b>	<b>2,093.5</b>
<b>CURRENT LIABILITIES</b>			
Tax provisions			
(thereof income tax due: €302.1 million; 2009: €307.3 million)	26, 29	345.0	316.8
Other current provisions	26, 30	134.8	67.4
Financial instruments of Eurex Clearing AG	18	128,823.7	143,178.4
Liabilities from banking business <sup>2)</sup>	31	7,822.0	7,221.0
Other bank loans and overdrafts		20.1	0
Trade payables		96.5	95.1
Payables to associates		4.0	9.2
Payables to other investors		13.6	13.9
Cash deposits by market participants	32	6,064.2	4,741.5
Other current liabilities	33	245.9	284.9
<b>Total current liabilities</b>		<b>143,569.8</b>	<b>155,928.2</b>
<b>Total liabilities</b>		<b>145,440.2</b>	<b>158,021.7</b>
<b>Total equity and liabilities</b>		<b>148,850.5</b>	<b>161,360.5</b>

1) Thereof €11.2 million (2009: €11.2 million) payables to other investors

2) Thereof €0.1 million (2009: €198.0 million) liabilities to associates

# Consolidated cash flow statement

for the period 1 January to 31 December 2010

	Note	2010 €m	2009 €m
Net profit for the year		395.1	471.2
Depreciation, amortisation and impairment losses	13, 14	583.5	569.1
(Decrease)/increase in noncurrent provisions	36	-2.9	19.3
Deferred tax income	12	-205.8	-219.9
Other non-cash (income)/expense	36	-1.0	5.9
Changes in working capital, net of non-cash items:			
Decrease/(increase) in receivables and other assets	36	50.4	-42.6
Increase/(decrease) in current liabilities	36	152.7	-2.3
(Decrease)/increase in noncurrent liabilities		-12.6	0.3
(Net gain)/net loss on disposal of noncurrent assets		-15.5	0.5
<b>Cash flows from operating activities</b>	36	<b>943.9</b>	<b>801.5</b>
Payments to acquire intangible assets and property, plant and equipment		-133.9	-172.3
Payments to acquire noncurrent financial instruments		-771.0	-1,113.9
Payments to acquire investments in associates		-6.8	-1.4
Payments to acquire subsidiaries, net of cash acquired		0.1 <sup>1)</sup>	-51.0
Effects of the disposal of (shares in) subsidiaries, net of cash disposed		10.4	-5.9
Proceeds from the disposal of shares in associates		0	7.5
(Net increase)/net decrease in current receivables, securities and liabilities from banking business with an original term greater than three months		-12.4	165.6
Proceeds from disposals of available-for-sale noncurrent financial instruments		393.5	88.7
<b>Cash flows from investing activities</b>	37	<b>-520.1</b>	<b>-1,082.7</b>
Proceeds from sale of treasury shares		0	4.2
Net cash received from non-controlling interests		4.0	20.4
Repayment of long-term financing		-97.2	-3.9
Proceeds from long-term financing		0	11.1 <sup>2)</sup>
Repayment of short-term financing		-103.7 <sup>3)</sup>	-811.2
Proceeds from short-term financing		0	715.1 <sup>4)</sup>
Finance lease payments		-0.5	-0.4
Dividends paid		-390.5	-390.2
<b>Cash flows from financing activities</b>	38	<b>-587.9</b>	<b>-454.9</b>
<b>Net change in cash and cash equivalents</b>		<b>-164.1</b>	<b>-736.1</b>

	Note	2010 €m	2009 €m
<b>Net change in cash and cash equivalents (brought forward)</b>		<b>-164.1</b>	<b>-736.1</b>
Effect of exchange rate differences <sup>5)</sup>		4.0	2.5
Cash and cash equivalents as at beginning of period <sup>6)</sup>		-285.4	448.2
<b>Cash and cash equivalents as at end of period<sup>6)</sup></b>	<b>39</b>	<b>-445.5</b>	<b>-285.4</b>
Operating cash flow per share (basic and diluted) (€)		5.07	4.31
Interest income and other similar income <sup>7)</sup>		21.4	50.8
Dividends received <sup>7)</sup>		7.4	11.4
Interest paid <sup>7)</sup>		-105.9	-144.7
Income tax paid		-178.6	-181.7

1) Cash totalling €0.5 million was acquired in the course of the purchase of Tradegate Exchange GmbH for a purchase price of €0.4 million.

2) Proceeds from loans from a non-controlling shareholder

3) Thereof €3.7 million from loan repayments to a non-controlling shareholder

4) Thereof €3.7 million from loans from a non-controlling shareholder

5) Primarily includes the exchange rate differences arising on translation of the ISE subgroup

6) Excluding cash deposits by market participants

7) Interest and dividend payments are allocated to cashflows from operating activities.

# Consolidated statement of changes in equity

for the period 1 January to 31 December 2010

	Note	2010 €m	2009 €m	thereof included in total comprehensive income	
				2010 €m	2009 €m
<b>Subscribed capital</b>					
Balance as at 1 January		195.0	195.0		
<b>Balance as at 31 December</b>		<b>195.0</b>	<b>195.0</b>		
<b>Share premium</b>					
Balance as at 1 January		1,247.0	1,247.0		
<b>Balance as at 31 December</b>		<b>1,247.0</b>	<b>1,247.0</b>		
<b>Treasury shares</b>					
Balance as at 1 January		-587.8	-596.4		
Sales within the Group Share Plan		1.3	8.6		
<b>Balance as at 31 December</b>		<b>-586.5</b>	<b>-587.8</b>		
<b>Revaluation surplus</b>	23				
Balance as at 1 January		125.2	29.3		
Remeasurement of cash flow hedges		8.1	-9.4	8.1	-9.4
Recognition of hidden reserves from fair value measurement		0	103.7	0	103.7
Remeasurement of other financial instruments		-9.3	11.8	-9.3	11.8
Increase in share-based payments		-1.4	-10.8	0	0
Deferred taxes on remeasurement of financial instruments	12	2.3	0.6	2.3	0.6
<b>Balance as at 31 December</b>		<b>124.9</b>	<b>125.2</b>		
<b>Accumulated profit</b>	23				
Balance as at 1 January		1,886.8	1,779.4		
Dividends paid	24	-390.5	-390.2	0	0
Net income		417.8	496.1	417.8	496.1
Exchange rate differences and other adjustments		89.1	-8.9	83.7	-31.6
Deferred taxes	12	-32.2	10.4	-32.2	10.4
<b>Balance as at 31 December</b>		<b>1,971.0</b>	<b>1,886.8</b>		
<b>Shareholders' equity as at 31 December</b>		<b>2,951.4</b>	<b>2,866.2</b>	<b>470.4</b>	<b>581.6</b>

	Note	2010 €m	2009 €m	thereof included in total comprehensive income	
				2010 €m	2009 €m
<b>Shareholders' equity (brought forward)</b>		<b>2,951.4</b>	<b>2,866.2</b>	<b>470.4</b>	<b>581.6</b>
<b>Non-controlling interests</b>					
Balance as at 1 January		472.6	324.0		
Changes due to capital increases/(decreases)		-10.5	180.6	0	0
Changes due to share in net income of subsidiaries for the period		-22.7	-24.9	-22.7	-24.9
Exchange rate differences and other adjustments		19.5	-7.1	19.2	-6.9
<b>Balance as at 31 December</b>		<b>458.9</b>	<b>472.6</b>	<b>-3.5</b>	<b>-31.8</b>
<b>Total equity as at 31 December</b>		<b>3,410.3</b>	<b>3,338.8</b>	<b>466.9</b>	<b>549.8</b>

# Notes to the consolidated financial statements

## Basis of preparation

### 1. General principles

Deutsche Börse AG (“the Company”) is incorporated as a German public limited company (“Aktiengesellschaft”) and is domiciled in Germany. The Company’s registered office is in Frankfurt/Main.

In accordance with section 315a of the Handelsgesetzbuch (HGB, the German Commercial Code) (“Consolidated Financial Statements in Accordance with International Accounting Standards”), the consolidated financial statements for the year ended 31 December 2010 have been prepared in compliance with the International Financial Reporting Standards (IFRSs) and the related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union in accordance with Regulation No. 1606/2002 of the European Parliament and of the Council on the application of International Accounting Standards.

The disclosures required in accordance with HGB section 315a (1) have been made in the notes to the consolidated financial statements and the remuneration report, which forms part of the Group management report. The consolidated financial statements are also based on the interpretations issued by the Rechnungslegungs Interpretations Committee (Accounting Interpretations Committee) of the Deutsches Rechnungslegungs Standards Committee e.V. (Accounting Standards Committee of Germany), to the extent that these do not contradict the standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the IASB.

#### **Effects of new accounting standards – implemented in the year under review**

The following standards and interpretations issued by the IASB and adopted by the European Commission became effective as at 1 January 2010 and were applied for the first time in the 2010 reporting period.

#### **Changes resulting from the “Annual Improvement Project” (April 2009)**

This collection of amendments to various IFRSs gives rise to accounting changes for presentation, recognition, or measurement as well as terminology or editorial changes with a minimal effect on accounting. Most of the amendments are effective for financial years beginning on or after 1 January 2010.

#### **Amendments to IFRS 2 “Group Cash-settled Share-based Payment Transactions” (June 2009)**

The amendments serve to clarify the scope of IFRS 2 and its interaction with other standards. The amendments are effective retrospectively for financial years beginning on or after 1 January 2010.

**Revised IFRS 3 “Business Combinations” and amendments to IAS 27 “Consolidated and Separate Financial Statements” (January 2008)**

The amendments relate primarily to the measurement of shares held by non-controlling shareholders in connection with a business acquisition. In the case of future acquisitions of less than 100 percent, goodwill can be reported in full, including the share attributable to non-controlling interests (full goodwill method). Other significant changes relate to step acquisitions. If an entity’s ownership interest in a subsidiary changes without the entity losing control of the subsidiary, the entity must recognise such changes in comprehensive income. In the future, acquisition-related costs must be fully expensed. The new standard and the amendments are to be applied to financial years beginning on or after 1 July 2009.

**IFRIC 17 “Distributions of Non-cash Assets to Owners” (November 2008)**

This interpretation governs the accounting treatment of non-cash assets distributed to owners of an entity; the amendments are effective at the latest for financial years beginning after 31 October 2009.

**IFRIC 18 “Transfers of Assets from Customers” (January 2009)**

This interpretation governs how to account for items of property, plant and equipment or cash transferred by a customer for the construction or acquisition of an item of property, plant and equipment. The amendments are effective at the latest for financial years beginning after 31 October 2009.

**New accounting standards – not yet implemented**

The following standards and interpretations, which Deutsche Börse Group did not adopt in 2009 prior to the effective date, have been published by the IASB prior to the publication of this Annual Report and partially adopted by the European Commission. The disclosures in parentheses relate to the date of issue by the IASB.

**IFRS 9 “Financial Instruments” (November 2009)**

IFRS 9 introduces new requirements for the classification and measurement of financial assets. These stipulate that all financial assets that have to date fallen within the scope of IAS 39 are recognised either at amortised cost or at fair value. The standard is effective for financial years beginning on or after 1 January 2013; earlier application is permitted. IFRS 9 has not yet been adopted by the EU.

**Revised IAS 24 “Related Party Disclosures” (November 2009)**

The revised version of the standard partially exempts state-controlled entities from disclosure requirements and defines “related parties” more precisely. The standard must be applied for periods beginning on or after 1 January 2011.

**Amendments to IAS 32 “Classification of Rights Issues” (October 2009)**

The changes relate to the accounting treatment of rights issues (rights, options or warrants), denominated in a currency other than the functional currency of the issuer. In future, these rights must be classified as equity provided that certain criteria are met. The amendments are effective for periods beginning on or after 1 February 2010.

**Changes resulting from the “Annual Improvements Project” (May 2010)**

The amendments relate to six standards and one interpretation. Most of the amendments are effective for financial years beginning on or after 1 January 2011. The improvements have not yet been adopted by the EU.

**Amendments to IFRS 7 “Financial Instruments: Disclosures – Transfers of Financial Assets” (October 2010)**

The amendments require enhanced disclosures on transactions that lead to the transfer of financial assets. They aim to create greater transparency with regard to risks that are retained by the transferor. The amendments are effective for financial years beginning on or after 1 July 2011; earlier application is permitted.

**Amendments to IFRS 9 “Financial Instruments” (October 2010)**

The amendments extend IFRS 9 “Financial Instruments” to include rules on accounting for financial liabilities. If the fair value option is applied to financial liabilities, revisions to the recognition of changes in an entity’s own credit risk must be taken into account: a change in credit risk must now be recognised in other comprehensive income rather than in profit or loss. The amendments are effective for financial years beginning on or after 1 January 2013. Earlier application is permitted if the rules on accounting for financial assets are also applied.

**Amendments to IAS 12 “Deferred Tax: Recovery of Underlying Assets” (December 2010)**

The general principle for assets measured using the fair value model of IAS 40 is that the measurement of deferred taxes should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. These amendments provide an exception to this general principle and are applicable for financial years beginning on or after 1 January 2012.

**IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (November 2009)**

IFRIC 19 provides guidelines on accounting for equity instruments issued by a debtor to fully or partially extinguish a financial liability after renegotiating the terms of the financial liability. The interpretation is effective at the latest for financial years beginning after 30 June 2010.

**Amendments to IFRIC 14 “Prepayments of a Minimum Funding Requirement” (November 2009)**

The amendments are designed to remove unintended consequences of IFRIC 14. If there is a minimum funding requirement for a defined benefit plan, this prepayment must be recognised as an asset in accordance with the amendments. The interpretation is effective at the latest for financial years beginning after 31 December 2010.

Deutsche Börse Group does not expect the application of the new IFRSs, the revised IASs/IFRSs and the new interpretations (with the exception of IFRS 9) to have any material impact on its consolidated financial statements.

## 2. Basis of consolidation

Deutsche Börse AG's equity interests in subsidiaries, associates and joint ventures as at 31 December 2010 included in the consolidated financial statements are presented in the following tables. Unless otherwise stated, the financial information is presented in accordance with the generally accepted accounting principles in the companies' countries of domicile.

### Fully consolidated subsidiaries

Company	Domicile	Equity interest as at 31 Dec. 2010 direct (indirect) %
Clearstream Holding AG	Germany	100.00
Clearstream International S.A.	Luxembourg	(100.00)
Clearstream Banking S.A.	Luxembourg	(100.00)
Clearstream Banking Japan, Ltd.	Japan	(100.00)
REGIS-TR S.A.	Luxembourg	(50.00)
Clearstream Banking AG	Germany	(100.00)
Clearstream Services S.A.	Luxembourg	(100.00)
Clearstream Operations Prague s.r.o.	Czech Republic	(100.00)
LuxCSD S.A.	Luxembourg	(50.00)
Deutsche Börse Systems AG	Germany	100.00
Deutsche Boerse Systems Inc.	USA	(100.00)
Deutsche Gesellschaft für Wertpapierabwicklung mbH	Germany	100.00
Eurex Zürich AG	Switzerland	50.00 <sup>3)</sup>
Eurex Frankfurt AG	Germany	(50.00) <sup>3)</sup>
Eurex Bonds GmbH	Germany	(39.72) <sup>4)</sup>
Eurex Clearing AG	Germany	(50.00) <sup>3)</sup>
Eurex Repo GmbH	Germany	(50.00) <sup>3)</sup>
Eurex Services GmbH	Germany	(50.00) <sup>3)</sup>
U.S. Exchange Holdings, Inc.	USA	(50.00) <sup>3)</sup>
International Securities Exchange Holdings, Inc.	USA	(50.00) <sup>3)</sup>
ETC Acquisition Corp.	USA	(50.00) <sup>3)</sup>
International Securities Exchange, LLC	USA	(50.00) <sup>3)</sup>
Longitude LLC	USA	(50.00) <sup>3)</sup>
Finnovation S.A.	Luxembourg	100.00
Infobolsa S.A. <sup>5)</sup>	Spain	50.00
Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.	Portugal	(50.00)
Infobolsa Deutschland GmbH	Germany	(50.00)
Market News International Inc.	USA	100.00
Need to Know News, LLC	USA	(100.00)
Risk Transfer Re S.A.	Luxembourg	100.00
STOXX Ltd.	Switzerland	50.10
Tradegate Exchange GmbH	Germany	75.00
Xlaunch GmbH	Germany	100.00
Deutsche Börse Services s.r.o.	Czech Republic	(100.00)

1) Includes capital reserves and retained earnings, accumulated gains or losses and net profit or loss for the year and, if necessary, further components according to the respective local GAAP

2) Before profit transfer or loss absorption

3) Beneficial interest in profit or loss: 85 percent

4) Beneficial interest in profit or loss: 67.52 percent

5) Control according to IAS 27.13 (d) (power to govern the majority of votes in the governing body)

Currency	Ordinary share capital thousands	Equity <sup>1)</sup> thousands	Total assets thousands	Sales revenue 2010 thousands	Net profit/loss 2010 thousands	Initially consolidated
€	101,000	2,115,314	2,232,996	0	115,003 <sup>2)</sup>	2007
€	25,000	798,633	821,268	74,692	180,503	2002
€	57,808	526,636	9,015,727	494,026	126,002	2002
JPY	6,500	18,431	67,155	54,096	6,447	26 Mar. 2009
€	3,600	3,587	3,602	0	-13	9 Dec. 2010
€	25,000	233,879	1,073,882	344,559	77,790	2002
€	30,000	43,743	110,012	206,570	8,613	2002
CZK	35,200	78,069	167,303	229,465	35,481	2008
€	6,000	5,995	6,003	0	-5	21 July 2010
€	2,000	62,261	138,196	318,171	59,846	1993
US\$	400	3,747	4,129	9,866	440	2000
€	25	22	34	0	-10	2006
CHF	10,000	213,097	228,824	303	3,381	1998
€	6,000	864,411	1,480,609	0	-148,399 <sup>2)</sup>	1998
€	3,600	4,593	5,888	3,689	507	2001
€	25,000	112,976	6,318,521	0	722 <sup>2)</sup>	1998
€	100	550	7,486	8,456	5,638 <sup>2)</sup>	2001
€	25	1,182,469	1,216,469	0	-479,937 <sup>2)</sup>	2007
US\$	1,000	88,252	1,820,555	0	-918,689	2003
US\$	0	1,771,888	2,533,752	0	-411,042	2007
US\$	0	2,931	2,931	990	990	2007
US\$	0	214,831	303,135	227,561	59,870	2007
US\$	0	78	174	0	-258	2007
€	62,400	49,539	55,016	0	-2,545	2008
€	331	11,592	13,027	8,091	301	2002
€	50	105	156	250	66	2002
€	100	1,171	1,202	85	46	2003
US\$	9,911	15,015	20,448	14,687	-479	26 Jan. 2009
US\$	0	4,484	5,453	2,494	337	20 Nov. 2009
€	1,225	1,225	8,751	1,393	0	2004
CHF	1,000	87,678	134,192	79,754	13,564	29 Dec. 2009
€	500	573	809	964	72	8 Jan. 2010
€	25	713	725	0	-12	2006
CZK	200	15,692	77,259	251,651	17,352	2006

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#### Changes to consolidated subsidiaries

	Germany	Foreign	Total
As at 1 January 2010	12	21	33
Additions	1	2	3
Disposals	-1	-1	-2
As at 31 December 2010	12	22	34

With effect from 8 January 2010, Deutsche Börse AG acquired a share of 75.0 percent in Tradegate Exchange GmbH, Berlin, Germany, for a purchase price of €0.4 million. Purchase price allocation, which had been completed as of the reporting date, did not result in any goodwill. The company was fully included in the consolidated financial statements for the first time in the first quarter of 2010.

The previously fully consolidated subsidiary Avox Ltd., Wrexham, United Kingdom, in which Deutsche Börse AG held a 76.82 percent interest, was sold with effect from 1 July 2010. The sale price amounted to €11.3 million.

On 21 July 2010, Clearstream International S.A., Luxembourg, and Banque centrale du Luxembourg formed LuxCSD S.A., Luxembourg, in which Clearstream International S.A. holds a 50.0 percent stake. Since Clearstream International S.A. has the right to appoint the Chairman of the Supervisory Board, who also has a casting vote, there is a presumption of control. Since the fourth quarter the subsidiary has been included in full in the consolidated financial statements.

Effective 9 December 2010, Clearstream Banking S.A., Luxembourg, and Sociedad de Géstión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.U., Madrid, Spain, formed REGIS-TR S.A., Luxembourg, in which Clearstream Banking S.A. holds a 50.0 percent interest. Since Clearstream Banking S.A. has the right to appoint the Chairman of the Supervisory Board, who also has a casting vote, there is a presumption of control. The subsidiary has been included in full in the consolidated financial statements since the fourth quarter of 2010.

On 31 January 2011, Infobolsa S.A., Madrid, Spain, acquired a share of 62 percent in Open Finance S.L., Valencia, Spain, for a purchase price of €3.5 million. The company is fully included in the consolidated financial statements as at 31 January 2011. The purchase price allocation had not been concluded when these consolidated financial statements were approved for publication.

There were no changes in the course of the year under review in the purchase price allocation of STOXX Ltd., Zurich, Switzerland, which had included preliminary information as at the previous year's balance sheet date.

Associates and joint ventures accounted for using the equity method as at 31 December 2010 in accordance with IAS 28 or IAS 31 are indicated in the following table:

#### Associates and joint ventures

Company	Segment <sup>1)</sup>	Equity interest as at 31 Dec. 2010 direct (indirect) %	Ordinary share capital € thous.	Assets <sup>2)</sup> € thous.	Liabilities <sup>2)</sup> € thous.	Sales revenue 2010 <sup>2)</sup> € thous.	Net profit/loss 2010 <sup>2)</sup> € thous.	Associate since
Deutsche Börse Commodities GmbH, Germany	Xetra	16.20	1,000	1,707,613	1,705,868	3,458	816	2007
Direct Edge Holdings, LLC, USA	Eurex	(15.77)	233,183 <sup>3)4)</sup>	283,835 <sup>3)</sup>	50,651 <sup>3)</sup>	566,458 <sup>3)</sup>	24,630 <sup>3)</sup>	2008
European Energy Exchange AG, Germany <sup>5)</sup>	Eurex	(17.62)	40,050	64,140	6,513	43,212	16,408	1999
ID's SAS, France	Eurex	9.50	8	2,218	726	547	-23	4 Nov. 2010
Link-Up Capital Markets, S.L., Spain	Clearstream	(26.27)	5	10,807	4,004	998	-2,739	2008
Scoach Holding S.A., Luxembourg <sup>5)6)</sup>	Xetra	50.01	100	30,046	8,183	50,609	7,456	31 Dec. 2009
Indexium AG, Switzerland	Market Data & Analytics	49.90	100 <sup>7)</sup>	5,748 <sup>7)</sup>	4,808 <sup>7)</sup>	1,249 <sup>7)</sup>	660 <sup>7)</sup>	29 Dec. 2009
Phineo gAG, Germany	Xetra	25.00	50	1,545	108	63	730	12 Mar. 2010
The Options Clearing Corporation, USA	Eurex	(10.00)	600 <sup>3)</sup>	3,194,488 <sup>3)</sup>	3,178,258 <sup>3)</sup>	134,543 <sup>3)</sup>	-1,061 <sup>3)</sup>	2007
Tradegate AG Wertpapierhandelsbank, Germany <sup>8)</sup>	Xetra	5.00	24,282	37,318	3,659	65,706	4,368	8 Jan. 2010

1) For associates and joint ventures allocated to the Eurex segment, the figures reported reflect 50 percent of the Eurex subgroup's equity interest. The beneficial interest in profit or loss amounts to 85 percent of the Eurex subgroup's equity interest.

2) Preliminary figures

3) US\$ thousands

4) Equity figures

5) Subgroup figures

6) There is no control.

7) CHF thousands

8) At the balance sheet date the fair value of the listed company amounted to €6.7 million.

Effective 8 January 2010, Deutsche Börse AG acquired a 5.0 percent interest in Tradegate AG Wertpapierhandelsbank, Berlin, Germany – which holds 25.0 percent of the fully consolidated company Tradegate Exchange GmbH, Berlin, Germany – for a purchase price of €2.5 million. As Deutsche Börse AG exercises significant influence within the meaning of IAS 28, Tradegate AG Wertpapierhandelsbank is classified as an associate and accounted for using the equity method.

Eurex Frankfurt AG, Frankfurt/Main, Germany, sold its 66.0 percent interest in BSP Regional Energy Exchange LLC, Ljubljana, Slovenia, on 19 August 2010.

Deutsche Börse AG acquired a 9.5 percent interest in ID's SAS, Paris, France, for a purchase price of €1.9 million on 4 November 2010. As Deutsche Börse AG exercises significant influence as according to IAS 28, the company has been classified as an associate and accounted for using the equity method since that date.

U.S. Futures Exchange LLC, Chicago, USA, which was previously included in the consolidated financial statements using the equity method and in which U.S. Exchange Holdings, Inc., Chicago, USA, held an interest of 27.71 percent, was liquidated effective 31 December 2010.

### 3. Accounting policies

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

#### **Recognition of revenue and expenses**

Trading, clearing and settlement fees are recognised on the trade day and billed on a monthly basis. Custody revenue and revenue for systems development and systems operation are generally recognised ratably and billed on a monthly basis. Sales of price information are billed on a monthly basis. Fees charged to trading participants in connection with International Securities Exchange, LLC's expenses for supervision by the U.S. Securities and Exchange Commission (SEC) are recognised at the settlement date.

International Securities Exchange, LLC earns market data revenue from the sale of trade and quote information on options through the Options Price Reporting Authority, LLC (OPRA, the regulatory authority responsible for distributing market data revenues among the US options exchanges). Pursuant to SEC regulations, US exchanges are required to report trade and quote information to OPRA. International Securities Exchange, LLC earns a portion of the income of the US option exchange association based on its share of eligible trades for option securities. Revenue is recorded as transactions occur on a trade date basis and is collected quarterly.

As a rule, rebates are deducted from sales revenue. They are recognised as an expense under volume-related costs to the extent that they exceed the associated sales revenue. The item also comprises expenses that depend on the number of certain trade or settlement transactions, the custody volume, or the Global Securities Financing volume or that result from revenue sharing agreements.

Risk Transfer Re S.A.'s premium income and acquisition costs from reinsurance contracts are recognised over the life of the contracts. The activities of this company are immaterial in the context of the consolidated financial statements of Deutsche Börse AG.

Interest income and expenses are recognised using the effective interest method over the respective financial instrument's term to maturity. Interest income is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the income can be measured reliably. Interest expenses are recognised as an expense in the period in which they are incurred. Interest income and expenses from banking business are netted in the consolidated income statement and disclosed separately in note 5. Dividends are recognised in the result from equity investments if the right to receive payment is based on legally assertable claims.

#### **Government grants**

A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Government grants related to assets are presented as deferred income in the consolidated balance sheet and are recognised as income over the life of the depreciable asset. Grants related to income are deducted in reporting the expense which they are intended to compensate over the periods in which the latter occur. If the payment date for government

grants falls after the expenses to be compensated have been incurred and it is probable that the conditions for receiving the grants will be met, they are recognised in profit or loss when the corresponding expenses are incurred.

### **Research and development costs**

Research costs are expensed in the period in which they are incurred. Development costs are capitalised, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour costs, costs of purchased services and workplace costs, including proportionate overheads that can be directly attributed to the preparation of the respective asset for use, such as costs for the software development environment. Own expenses capitalised have no longer been reported separately as income in the consolidated income statement since 1 January 2010. Expenses incurred in connection with internal development activities comprise only the non-capitalised amounts since then. Prior-year figures have been adjusted accordingly. Development costs that do not meet the requirements for capitalisation in accordance with IAS 38 are recognised in the consolidated income statement. Interest expense that cannot be allocated directly to one of the developments is recognised in profit or loss in the year under review and not included in capitalised development cost. If research and development costs cannot be separated, the expenditures are recognised as expenses in the period in which they are incurred.

### **Intangible assets**

Capitalised development costs are amortised from the date of first use of a software over its expected useful life. The useful life of internally developed software is generally assumed to be five years.

Purchased software is carried at cost and reduced by systematic amortisation and, where necessary, impairment losses. Amortisation is charged using the straight-line method over the expected useful life or at most until the right of use has expired.

#### **Useful life of software**

Asset	Amortisation method	Amortisation period
Standard software	straight-line	3 to 10 years
Purchased custom software	straight-line	3 to 6 years
Internally developed custom software	straight-line	3 to 5 years

Intangible assets are derecognised on disposal or when no further economic benefits are expected to flow from them.

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

Goodwill is recognised at cost and tested at least once a year for impairment.

The cost of the other intangible assets acquired in the course of business combinations corresponds to the fair value as at the acquisition date. Assets with a finite useful life are amortised using the straight-line method over the expected useful life.

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#### Useful life of other intangible assets arising out of business combinations

Asset	Amortisation method	Amortisation period
ISE's exchange licence	n.a.	n.a.
Member relationships	straight-line	30 years
Customer relationships	straight-line	12, 30 years
ISE trade name	straight-line	10 years
STOXX trade name	n.a.	n.a.
Historical data	straight-line	5 years
Restrictions on competition	straight-line	1 to 3 years

As the exchange licence of ISE does not have a finite term and ISE expects to retain the licence as part of its overall business strategy, the useful life of this asset is estimated as indefinite. A review is performed in each reporting period to determine whether the events and circumstances still justify estimating the useful life of the licence as indefinite.

The STOXX trade name includes the trade name itself, the index methodologies and the Internet domains because these can generally not be transferred separately. There are no indications that time limitations exist with regard to the useful life of the STOXX trade name.

#### Property, plant and equipment

Property, plant and equipment is carried at cost and reduced by depreciation for wear and tear. The cost of an item of property, plant and equipment comprises all costs directly attributable to the production process, as well as an appropriate proportion of production overheads. Financing costs were not recognised in the year under review, as they could not be directly allocated to any particular development.

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#### Useful life of property, plant and equipment

Asset	Depreciation method	Depreciation period
Computer hardware	straight-line	3 to 5 years
Office equipment	straight-line	5 to 25 years
Leasehold improvements	straight-line	based on lease term

Repair and maintenance costs are expensed as incurred.

If it is probable that the future economic benefits associated with an item of property, plant and equipment will flow to the Group and the cost of the respective asset can be reliably determined, expenditure subsequent to acquisition is added to the carrying amount of the asset as incurred. The carrying amounts of the parts of the asset that have been replaced are derecognised.

#### Financial assets

Financial assets comprise investments in associates and financial assets as described in the "Financial instruments" section.

Investments in associates consist of investments in joint ventures and other associates. They are generally measured at cost on initial recognition and accounted for using the equity method upon subsequent

measurement. Joint ventures or other associates that are insignificant for the presentation of a true and fair view in the consolidated financial statements are not accounted for using the equity method, but are carried at cost.

### **Impairment testing**

In accordance with IAS 36, noncurrent non-financial assets are tested for impairment. At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. In this case, the carrying amount is compared with the recoverable amount (the higher of value in use and fair value less costs to sell) to determine the amount of any potential impairment. The value in use is estimated on the basis of the discounted estimated future cash flows from continuing use of the asset and from its ultimate disposal, before taxes. For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital. If no recoverable amount can be determined for an asset, it is allocated to a cash-generating unit, for which the recoverable amount is calculated.

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

Goodwill is allocated to identifiable groups of assets (cash-generating units) or groups of cash-generating units that create synergies from the respective acquisition. This corresponds to the lowest level at which Deutsche Börse Group monitors goodwill. An impairment loss is recognised if the carrying amount of the cash-generating unit to which goodwill is allocated (including the carrying amount of this goodwill) is higher than the recoverable amount of this group of assets. The impairment loss is first allocated to the goodwill, then to the other assets in proportion to their carrying amounts.

A review is conducted at every balance sheet date to see whether there is any indication that an impairment loss recognised on noncurrent assets (excluding goodwill) in the previous period no longer applies. If this is the case, the carrying amount of the asset is increased and the difference is recognised in profit or loss. The maximum amount of this reversal is limited to the carrying amount that would have resulted if no impairment loss had been recognised in previous periods. In accordance with IAS 36, impairment losses on goodwill are not reversed.

### **Financial instruments**

Financial instruments comprise financial assets and liabilities. For Deutsche Börse, financial assets are, in particular, other equity investments, receivables and securities from banking business, other financial instruments and other loans, receivables and other assets as well as bank balances. Financial liabilities relate primarily to interest-bearing liabilities, other noncurrent liabilities, liabilities from banking business, financial instruments of Eurex Clearing AG, cash deposits by market participants as well as trade payables.

### **Recognition of financial assets and liabilities**

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

Financial assets and liabilities are generally recognised at the trade date. Loans and receivables from banking business, available-for-sale financial assets from banking business as well as purchases and sales of equities via the central counterparty (i.e. Eurex Clearing AG) are recognised at the settlement date.

Financial assets are initially measured at fair value; in the case of a financial asset that is not measured at fair value through profit or loss in subsequent periods, this includes transaction costs.

#### **Subsequent measurement of financial assets and liabilities**

Subsequent measurement of financial instruments follows the categories to which they are allocated in accordance with IAS 39 and which are described below. As in previous years, Deutsche Börse Group did not take advantage of the option to allocate financial assets to the “held-to-maturity investments” category in the year under review. In addition, the Group waived the possibility to designate financial assets or liabilities at fair value through profit and loss (fair value option).

#### **Assets held for trading**

Derivatives that are not designated as hedging instruments as well as financial instruments of Eurex Clearing AG (see details below) are measured at fair value through profit or loss. Apart from financial instruments of Eurex Clearing AG this category includes in particular interest rate swaps, currency swaps and forward foreign exchange transactions.

Fair value of these derivatives is calculated based on observable current market rates. If resulting from banking business, realised and unrealised gains and losses are immediately recognised in the consolidated income statement as “other operating income” and “other operating expenses” or, if incurred outside the banking business, as “financial income” and “financial expenses”.

#### **Available-for-sale financial assets**

Non-derivative financial assets are classified as “available-for-sale financial assets”, if they cannot be allocated to the “loans and receivables” and “assets held for trading” categories. These assets comprise debt and equity investments recognised in the “other equity investments” and “other financial instruments” items as well as debt instruments recognised in the current and noncurrent receivables and securities from banking business items.

Available-for-sale financial assets are generally measured at the fair value observable in an active market. Unrealised gains and losses are recognised directly in equity in the revaluation surplus. Impairment and effects of exchange rates on monetary items are excluded from this general rule; they are recognised in profit or loss.

Equity instruments for which no active market exists are measured on the basis of current comparable market transactions, if these are available. If an equity instrument is not traded in an active market and alternative valuation methods cannot be applied to that equity instrument, it is measured at cost, subject to an impairment test.

Realised gains and losses are generally recognised under financial income or financial expense. Interest income is recognised in the consolidated income statement in net interest income from banking business based on the effective interest rate method. Other realised gains and losses are recognised in the consolidated income statement in “other operating income” and “other operating expenses”.

If debt instruments of banking business are hedged instruments under fair value hedges, hedge accounting is applied for fair value adjustments corresponding to the hedged item (see “Fair value hedges” below).

### **Loans and receivables**

Loans and receivables comprise in particular current and noncurrent receivables from banking business, trade receivables as well as other current receivables. They are recognised at amortised cost, taking into account any potential impairment losses, if applicable. Premiums and discounts are included in the amortised cost of the instrument concerned and are amortised using the effective interest method; they are contained in “net interest income from banking business” if they relate to banking business, or in “financial income” and “financial expense”.

### **Derecognition of financial assets and liabilities**

Financial assets are derecognised when the contractual rights to the cash flows expire or when substantially all the risks and rewards of ownership of the financial assets are transferred. Financial liabilities are derecognised when the obligations specified in the contracts are discharged or cancelled.

Clearstream Banking S.A. acts as principal in securities borrowing and lending transactions in the context of the ASLplus securities lending system. Legally, it operates between the lender and the borrower without being an economic contracting partner (transitory items). In these transactions, the securities borrowed and lent match each other. Consequently, these transactions are not recognised in the consolidated balance sheet.

### **Netting of financial assets and liabilities**

Financial assets and liabilities are offset and only the net amount is presented in the consolidated balance sheet when a Group company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Impairment of financial assets**

Financial assets that are not measured at fair value through profit or loss are reviewed at each balance sheet date to establish whether there is any indication of impairment.

The amount of an impairment loss for a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. A subsequent reversal is recognised at a maximum at the carrying amount that would have resulted if no impairment loss had been recognised.

The amount of an impairment loss for a financial asset (non-listed equity instrument) measured at cost is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at a current market interest rate. Subsequent reversal is not permitted.

In the case of available-for-sale financial assets, the impairment loss is calculated as the difference between cost and fair value. Any reduction in fair value already recognised in equity is reclassified to profit or loss upon determination of the impairment loss. A subsequent reversal may only be recognised for debt instruments if the reason for the original impairment loss no longer applies.

### **Financial liabilities not measured at fair value through profit and loss**

Financial liabilities not held for trading are carried at amortised cost. These liabilities comprise issued bonds and private placements. The borrowing costs associated with the placement of financial liabilities are included in the carrying amount if they are directly attributable. Discounts reduce the carrying amount of liabilities and are amortised over the term of the liabilities.

### **Financial liabilities measured at fair value through profit and loss**

According to IAS 32.18 (b), financial instruments that give the holder the right to put them back to the issuer for cash or other financial assets ("puttable instruments") are financial liabilities and measured at fair value. Deutsche Börse Group does not report any puttable instruments at the reporting date; in the previous year, the non-controlling interests in Avox Ltd. were classified as puttable instruments.

### **Derivatives and hedges**

Derivatives are used to hedge interest rate risk or foreign exchange risk associated with the activities of Deutsche Börse Group. All derivatives are carried at their fair values. The fair value of interest rate swaps is determined on the basis of current observable market interest rates. The fair value of forward foreign exchange transactions is determined on the basis of forward foreign exchange rates at the balance sheet date for the remaining period to maturity.

Hedge accounting is applied for derivatives that are part of a hedging relationship determined to be highly effective under IAS 39 and for which the conditions of IAS 39.88 are met, as follows.

#### **Cash flow hedges**

The portion of the gain or loss on the hedging instrument determined to be highly effective is recognised directly in equity. This gain or loss ultimately adjusts the value of the hedged cash flow, i.e. the gain or loss from the hedging instrument is recognised in profit or loss when the hedged item is recognised in the balance sheet or in profit or loss. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

#### **Fair value hedges**

The gain or loss on the hedging instrument, together with the gain or loss on the hedged item (underlying) attributable to the hedged risk, is recognised immediately in the consolidated income statement. Any gain or loss on the hedged item adjusts its carrying amount.

#### **Hedges of a net investment in a foreign operation**

The effective portion of the gain or loss from a hedging transaction that is designated as a highly effective hedge is recognised directly in equity. It is recognised in profit or loss when the foreign operation is sold. The ineffective portion of the gain or loss is recognised immediately in the consolidated income statement.

#### **Derivatives that are not part of a hedging relationship**

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

### **Financial instruments of Eurex Clearing AG (central counterparty)**

Eurex Clearing AG acts as the central counterparty and guarantees the settlement of all transactions involving futures and options on the Eurex exchanges (Eurex Deutschland and Eurex Zürich AG). As the central counterparty, it also guarantees the settlement of all transactions for Eurex Bonds (bond trading platform) and Eurex Repo (repo trading platform), certain exchange transactions in equities on Frankfurter Wertpapierbörsse (FWB, the Frankfurt Stock Exchange) and certain cash market transactions on the Irish Stock Exchange. In addition, Eurex Clearing AG guarantees the settlement of all OTC (over-the-counter, i.e. off-exchange) transactions entered in the trading system of the Eurex exchanges, Eurex Bonds, Eurex Repo, the Frankfurt Stock Exchange and the Irish Stock Exchange. These transactions are only executed between Eurex Clearing AG and a clearing member.

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

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

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

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

### **Cash or securities collateral of Eurex Clearing AG**

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

In addition to these daily collateral payments, each clearing member must make contributions to the clearing fund (for further details, see the risk report in the Group management report). Cash collateral is reported in the consolidated balance sheet under “cash deposits by market participants” and the corresponding amounts under “restricted bank balances”. In accordance with IAS 39.20 (b) in conjunction with IAS 39.37, securities collateral is not derecognised by the clearing member providing the collateral, as the transfer of securities does not meet the conditions for derecognition.

### **Treasury shares**

The treasury shares held by Deutsche Börse AG at the reporting date are deducted directly from shareholders' equity. In accordance with IAS 32.33, gains or losses on treasury shares are taken directly to equity. The transaction costs directly attributable to the acquisition of treasury shares are accounted for as a deduction from shareholders' equity (net of any related income tax benefit).

### **Other current assets**

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

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

### **Provisions for pensions and other employee benefits**

Provisions for pension obligations are measured using the projected unit credit method on the basis of actuarial reports in accordance with IAS 19. The obligations are measured at the balance sheet date each year using actuarial methods that conservatively estimate the relevant parameters. The pension benefits expected on the basis of projected salary growth are spread over the remaining length of service of the employees. The calculations are based on generally accepted industry mortality tables. In Germany, the "2005 G" mortality tables (generation tables) developed by Prof Dr Klaus Heubeck are used, modified by statistical information gathered by the German Federal Statistical Office and Deutsche Rentenversicherung (the German statutory pension insurance scheme) in the years 2006 to 2008.

In accordance with IAS 19.92, Deutsche Börse Group recognises a portion of its actuarial gains and losses as income or expense if the net cumulative unrecognised actuarial gains or losses of each company and plan at the end of the previous reporting period have exceeded the greater of 10 percent of the present value of the defined benefit obligation before deduction of plan assets and 10 percent of the fair value of plan assets. The portion of actuarial gains and losses recognised is the excess determined above, divided by the expected average remaining working lives of the employees participating in the retirement benefit plans.

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

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

In the period from 1 January 2004 to 30 June 2006, senior executives in Germany were offered the opportunity to participate in the following pension system based on “capital components”: the benefit is based on annual income received, composed of fixed annual salary and the variable remuneration paid. Every year, participating Group companies provide for an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalisation factor depending on age, resulting in the “annual capital component”. The benefit assets equal the total of the acquired capital components of the individual years and are converted into a lifelong pension once the benefits fall due.

The employees of the Clearstream subgroup in Luxembourg participate in separate defined benefit pension plans. The defined benefit pension plan in favour of Luxembourg employees of the Clearstream subgroup is funded by means of cash contributions to an “association d’épargne pension” (ASSEP) organised in accordance with Luxembourg law. Contributions may or may not cover the entire provisions calculated as per IAS 19, but they must cover pension provisions as determined under Luxembourg law.

Deutsche Börse Group uses external funds to cover some of its pension obligations. The amount of the annual net pension expense is reduced by the expected return on the plan assets of the funds. The defined benefit obligations are offset against the fair value of the plan assets taking into account unrecognised actuarial gains and losses as well as past service cost as yet unrecognised. In addition, the pension obligations of Deutsche Börse Group are secured in part by reinsurance policies. The capitalised surrender value of these reinsurance policies is carried under “other noncurrent assets”.

Employees of STOXX Ltd. and Eurex Zürich AG participate in separate defined benefit pension plans. The employees are insured by a pension fund from SIX Swiss Exchange AG at PREVAS Sammelstiftung, Zurich. Assets from this pension fund attributable to the employees of STOXX Ltd. and Eurex Zürich AG are recognised as plan assets in accordance with IAS 19.

There are defined contribution pension plans for employees working in Germany, Luxembourg, Switzerland, the Czech Republic, the UK or the USA. The employer pays contributions to these employees’ private pension funds.

Other long-term benefits for employees and members of executive boards (total disability pension, transitional payments and surviving dependents’ pensions) are also measured using the projected unit credit method. In accordance with IAS 19.127, actuarial gains and losses and past service cost are recognised immediately and in full.

### **Other provisions**

Provisions are recognised if the Group has a present obligation from an event in the past, an outflow of resources with economic benefit to settle the obligation is probable and it is possible to reliably estimate the amount of this obligation. The amount of the obligation corresponds to the best possible estimate of the expense which is necessary to settle the obligation at the balance sheet date. A provision for restructuring is only recognised when an entity has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that the restructuring measures will be implemented, for example by starting to implement that plan or announcing its main features to those affected by it. Contingent liabilities are not recognised, but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

### **Group Share Plan, phantom stock option plan and Stock Bonus Plan (SBP)**

Accounting for the Group Share Plan, the phantom stock option plan and the Stock Bonus Plan follows IFRS 2 "Share-based payment".

#### **Group Share Plan**

Under the Group Share Plan, shares are granted at a discount to the market price. The expense of this discount is recognised in the income statement at the grant date. Options granted follow the accounting principles for share-based payments with a choice of settlement in cash or equity instruments. In 2010, the Company resolved to settle the 2004 to 2006 GSP tranches in cash. Accordingly, Deutsche Börse Group has measured the GSP shares as cash-settled share-based payment transactions since the above decision. The expenses for the options are determined using an option pricing model (fair value measurement) and recognised in staff costs.

The cost of the GSP shares offered to the employees of the US subsidiary International Securities Exchange Holdings, Inc. at a discount is recognised in the income statement at the grant date. GSP share grants are accounted for as equity-settled share-based payments. The GSP shares are measured at their fair value at the grant date and recognised in the income statement over a three-year vesting period, with a corresponding increase in shareholders' equity.

#### **Phantom stock option plan**

Options granted follow the accounting principles for cash-settled share-based payments. The cost of the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the income statement.

#### **Stock Bonus Plan (SBP)**

The SBP shares are generally accounted for as share-based payments for which Deutsche Börse AG has a choice of settlement in cash or equity instruments. In 2009, the Company resolved to settle the SBP tranche due in 2010 in cash for the first time. In 2010, the Company also resolved to settle the tranche due in 2011 in cash. Under these circumstances, there is at present a presumption in accordance with IFRS 2 that all SBP shares will be settled in cash. Accordingly, Deutsche Börse Group has measured the SBP shares as cash-settled share-based payment transactions. The cost of the options is estimated using an option pricing model (fair value measurement) and recognised in staff costs in the income statement.

A separate variable share-based payment has been agreed for Deutsche Börse AG's Executive Board since financial year 2010. Starting with the 100 percent stock bonus target defined at the beginning of the financial year, the corresponding number of virtual shares is calculated for each Executive Board member on the basis of Deutsche Börse AG's average share price in the preceding two months. The calculation of the subsequent payout amount of the stock bonus depends on the change in relative shareholder return and Deutsche Börse AG's share price performance. Claims under this stock bonus programme are settled in cash after the expiration of the three-year performance period.

### **Deferred tax assets and liabilities**

Deferred tax assets and liabilities are computed using the balance sheet approach in accordance with IAS 12. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled. Deferred taxes are only recognised on differences resulting from the recognition of goodwill, if the goodwill in question was acquired externally.

The deferred tax assets or liabilities are measured using the tax rates that are currently expected to apply when the temporary differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for the carryforward of unused tax losses only to the extent that it is probable that future taxable profit will be available. Deferred tax assets and deferred tax liabilities are offset where a legally enforceable right to set off current tax assets against current tax liabilities exists and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

### **Leases**

Leases are classified as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Leased assets and the associated liabilities are recognised at the lower of fair value and the present value of the minimum lease payments if the criteria for classification as a finance lease are met. The leased asset is depreciated or amortised using the straight-line method over its useful life or the lease term, if shorter. In subsequent periods, the liability is measured using the effective interest method.

Expenses incurred in connection with operating leases are recognised as an expense on a straight-line basis over the lease term.

### **Currency translation**

In accordance with IAS 21, foreign currency transactions are translated at the exchange rate prevailing at the transaction date.

At the balance sheet date, monetary balance sheet items in foreign currency are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items recognised at historical cost are measured at the exchange rate on the transaction day. Non-monetary balance sheet items measured at fair value are translated at the closing rate on the valuation date. Exchange rate differences are recorded as other operating income or expense in the period in which they arise unless the underlying transactions are hedged. Gains and losses from a monetary item that forms part of a net investment in a foreign operation are recognised directly in "accumulated profit".

## Consolidation

All subsidiaries directly or indirectly controlled by Deutsche Börse AG are included in Deutsche Börse AG's consolidated financial statements. This condition is generally met if Deutsche Börse AG directly or indirectly holds more than half of the voting rights or is otherwise able to govern the financial and operating policies of the other entity.

Initial consolidation of subsidiaries in the course of business combinations uses the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Any excess of cost over the acquirer's interest in the net fair value of the subsidiary's net identifiable assets is recognised as goodwill. Goodwill is measured in subsequent periods at cost less accumulated impairment losses.

Intragroup assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intragroup goods and services, as well as dividends distributed within the Group, are eliminated. Deferred tax assets or liabilities are recognised for consolidation adjustments where these are expected to reverse in subsequent years.

Interests in equity attributable to non-controlling interest shareholders are carried under "non-controlling interests" within equity. Where these are classified as "puttable instruments", they are reported under "liabilities".

Deutsche Börse AG's functional currency is the euro. Investments in subsidiaries outside the euro area, as well as investee equity items, are translated at historical exchange rates. Assets and liabilities of companies whose functional currency is not the euro are translated into euros at the closing rate. In accordance with IAS 21, income statement items are translated using average exchange rates. Resulting exchange differences are recognised directly in accumulated profit. When a subsidiary is disposed of, the cumulative exchange rate differences that relate to this subsidiary and that were recognised in accumulated profit are recognised in consolidated profit in the period in which the deconsolidation gain or loss is recognised.

The following euro exchange rates of consequence to Deutsche Börse Group were applied:

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### Exchange rates

		Average rate 2010	Average rate 2009	Closing price as at 31 Dec. 2010	Closing price as at 31 Dec. 2009
Swiss francs	CHF	1.3338	1.5094	1.2499	1.4858
US dollars	USD (US\$)	1.3153	1.4092	1.3342	1.4413
Czech koruny	CZK	25.2213	26.2347	25.0554	26.4224

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from initial consolidation are presented in the functional currency of the foreign operation and translated at the closing rate.

#### **Key sources of estimation uncertainty and management judgements**

The application of accounting policies, presentation of assets and liabilities and recognition of income and expenses requires the Executive Board to make certain judgements and estimates. Adjustments in this context are taken into account in the period the change was made as well as in subsequent periods, where necessary.

Note 13 contains information on the assumptions applied in performing annual impairment tests on goodwill and intangible assets with an indefinite useful life. In each case, the respective business plans serve as the basis for determining any impairment. These plans contain projections of the future financial performance of the cash-generating units. If their actual financial performance fails to meet these expectations, corresponding adjustments may be necessary.

Accounting for provisions for pensions and similar obligations requires the application of certain actuarial assumptions (e.g. discount rate, staff turnover rate) so as to estimate their carrying amounts (see above). Note 25 shows the present value of the obligations at each balance sheet date. These assumptions may fluctuate considerably, for example because of changes in the macroeconomic environment, and may thus materially affect provisions already recognised. However, this effect is mitigated by application of the corridor method.

Deutsche Börse AG or its group companies are subject to litigation. Such litigation may lead to orders to pay against the entities of the group. If it is more likely than not that an outflow of resources will occur, a provision will be recognised based on an estimate of the most probable amount necessary to settle the obligation. Management judgement includes the determination whether there is a possible obligation from past events, the evaluation of the probability that an outflow will occur and the estimation of the potential amount. As the outcome of litigation is usually uncertain, the judgement is reviewed continuously.

Note 45 contains disclosures on the valuation model used for the stock options. Where the estimates of the valuation parameters originally applied differ from the actual values available when the options are exercised, adjustments are necessary; such adjustments are recognised in the consolidated income statement for the period if they relate to cash-settled share-based payment transactions.

In addition, the probable utilisation applied when establishing provisions for expected losses from rental agreements is estimated (see note 27). In the creation of personnel-related restructuring provisions, certain assumptions were made with regard to, for example, fluctuation rate, discount rate and salary trends. Should the actual values deviate from these assumptions, adjustments may be necessary.

# Consolidated income statement disclosures

## 4. Sales revenue

### Composition of external sales revenue by segment

	2010 €m	2009 €m
<b>Xetra</b>		
Xetra trading fees	102.5	93.0
Clearing and settlement fees	45.2	47.8
Floor trading fees	23.4	21.4
Connectivity	20.5	17.9
Scoach trading fees	0	46.3
Other sales revenue	30.7	24.6
Allocated IT revenues	40.0	41.1
	<b>262.3</b>	<b>292.1</b>
<b>Eurex</b>		
Equity index derivatives	378.9	358.9
Interest rate derivatives	182.0	149.9
US options (ISE)	112.9	153.7
Equity derivatives	45.6	41.8
Other sales revenue	110.2	99.7
Allocated IT revenues	29.1	34.4
	<b>858.7</b>	<b>838.4</b>
<b>Clearstream</b>		
Custody fees	451.8	441.1
Transaction fees	118.4	114.2
Global Securities Financing	68.1	68.6
Other sales revenue	102.2	96.9
Allocated IT revenues	20.2	21.9
	<b>760.7</b>	<b>742.7</b>
<b>Market Data &amp; Analytics</b>		
Sales of price information	142.9	141.1
STOXX	30.9	0
Other sales revenue	50.8	47.4
	<b>224.6</b>	<b>188.5</b>
<b>Total</b>	<b>2,106.3</b>	<b>2,061.7</b>

Xetra and Eurex sales revenue is composed principally of trading and clearing revenue. Xetra charges a fee per executed order and depending on order value, Eurex charges a fee per contract. The Eurex trading and clearing fees represent the contractual 85 percent of transaction fees invoiced by Eurex Clearing AG. The remaining 15 percent are transferred to SIX Swiss Exchange AG and are not included in Deutsche Börse Group's consolidated financial statements.

Sales revenue in the Xetra segment amounted to €262.3 million (2009: €292.1 million); this corresponds to an increase of 7 percent, adjusted for the effect of the deconsolidation of Scoach Holding S.A. This positive development was caused by a 17 percent rise in trading volumes on Xetra and on the floor of the Frankfurt Stock Exchange, the impact of which on revenue was partially offset by price reductions implemented in 2009 and 2010.

The 2 percent rise in sales revenue to €858.7 million (2009: €838.4 million) in the Eurex segment is due to a 21 percent increase in revenue from interest rate products to €182.0 million (2009: €149.9 million) and a 6 percent increase in revenue from index products to €378.9 million (2009: €358.9 million). Together, these offset the negative development of revenue from ISE's options trading business (-27 percent to €112.9 million; 2009: €153.7 million). The increase in interest rate products is attributable to a 23 percent rise in the number of traded contracts to 574.8 million (2009: 465.7 million traded contracts). The increase in index products is the result of a shift from equity index options (lower average price) to equity index futures (higher average price) as well as a strong rise in index dividend products (by 77 percent compared to 2009).

At €760.7 million, sales revenue in the Clearstream segment was up 2 percent on the previous year's level (2009: €742.7 million). Custody revenue rose by 2 percent to €451.8 million (2009: €441.1 million), driven by a 5 percent increase in average custody volumes to €10,897.4 billion (2009: €10,345.7 billion). Transaction revenue rose by only 4 percent to €118.4 million (2009: €114.2 million) whereas the number of transactions increased by 14 percent to 116.4 million (2009: 102.0 million). This was attributable on the one hand to price reductions for the settlement of German securities as from 1 July 2009 and on the other hand to the lower percentage of transactions on higher priced external connections.

Sales revenue in the Market Data & Analytics segment rose by 19 percent to €224.6 million (2009: €188.5 million). The rise is mainly due to STOXX Ltd. (€30.9 million), which has been fully consolidated since 1 January 2010.

## 5. Net interest income from banking business

### Composition of net interest income from banking business

	2010 €m	2009 €m
Loans and receivables	101.8	133.9
Financial liabilities measured at amortised cost	-66.0	-86.4
Available-for-sale financial assets	27.4	44.7
Financial assets or liabilities measured at fair value through profit or loss:		
Interest income	7.1	8.4
Interest expense	-7.1	-13.1
Interest income – interest rate swaps – cash flow hedges	0	16.9
Interest income – interest rate swaps – fair value hedges	0.9	2.3
Interest expense – interest rate swaps – cash flow hedges	0	-3.8
Interest expense – interest rate swaps – fair value hedges	-4.7	-5.5
<b>Total</b>	<b>59.4</b>	<b>97.4</b>

Net interest income from banking business decreased by 39 percent to €59.4 million.

Net interest income on financial assets or liabilities measured at fair value through profit or loss results from derivatives held for trading.

## 6. Other operating income

### Composition of other operating income

	2010 €m	2009 €m
Income from agency agreements	23.7	27.7
Gains on the disposal of equity investments and subsidiaries	10.7	7.0
Income from exchange rate differences	6.6	10.1
Gains on the disposal of bonds	6.0	0
Rental income from sublease contracts	4.1	5.3
Termination of financial loss liability insurance	0	66.7
Miscellaneous	9.9	13.8
<b>Total</b>	<b>61.0</b>	<b>130.6</b>

Income from agency agreements results largely from the operational management of the Eurex Zürich derivatives market for SIX Swiss Exchange AG.

Gains on the disposal of equity investments and subsidiaries amounting to €10.7 million (2009: €7.0 million) result from the disposal of the 77 percent interest in Avox Ltd. at the beginning of July 2010 (2009: merger of The Clearing Corporation Inc. with ICE U.S. Trust Holding Company LP).

For details of rental income from sublease contracts see note 44.

Miscellaneous other operating income includes income from cooperation agreements and from training, employee contributions to company cars and valuation adjustments.

## 7. Staff costs

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### Composition of staff costs

	2010 €m	2009 €m
Wages and salaries	403.6	328.0
Social security contributions, retirement and other benefits	98.4	66.3
<b>Total</b>	<b>502.0</b>	<b>394.3</b>

In 2010, wages and salaries expense rose by 23 percent to €403.6 million (2009: €328.0 million). This item includes the costs of efficiency programmes amounting to €77.6 million (2009: €–16.2 million). Adjusted for these costs, wages and salaries expense fell by 5 percent. The decline is primarily the result of the severance payment of €5.8 million to the former Chief Financial Officer in 2009, which includes compensation for performance-related remuneration no longer granted for financial year 2008 as well as for the period to 30 April 2009. Further reasons for the lower wages and salaries expense are a decline of €6.2 million in share-based payments, increased capitalisation and savings because of the efficiency programmes. This is partially offset by the initial inclusion of wages and salaries for employees of STOXX Ltd. amounting to €5.6 million in financial year 2010.

Social security contributions, retirement and other benefit costs increased by 48 percent to €98.4 million (2009: €66.3 million). This item includes costs of efficiency programmes amounting to €23.9 million (2009: nil). Adjusted for these costs, social security contributions, retirement and other benefit costs increased by 12 percent, of which €24.2 million (2009: €24.1 million) related to contributions to defined contribution pension plans. Pension expenses for defined benefit plans rose to €23.9 million (2009: €17.8 million). For details on defined benefit pension plans, see note 25.

## 8. Other operating expenses

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### Composition of other operating expenses

	2010 €m	2009 €m
Costs for IT services providers and other consulting services	124.6	114.2
IT costs	81.4	91.9
Premises expenses	72.6	93.8
Non-recoverable input tax	34.3	33.6
Advertising and marketing costs	16.6	19.2
Travel, entertainment and corporate hospitality expenses	15.5	15.6
Cost of agency agreements	14.9	22.2
Insurance premiums, contributions and fees	11.6	12.1
Cost of exchange rate differences	8.8	5.8
Non-wage labour costs and voluntary social benefits	8.6	10.0
Supervisory Board remuneration	4.5	5.1
Miscellaneous	21.3	9.9
<b>Total</b>	<b>414.7</b>	<b>433.4</b>

Costs for IT services providers and other consulting services relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 9. These costs also contain costs of strategic and legal consulting services as well as of audit activities.

The total fees for the auditor consist of the following items:

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**Composition of fees for the auditor**

	2010 €m	2009 €m
Statutory audit	1.8	2.2
Tax advisory services	1.2	0.5
Other assurance or valuation services	0.2	0.2
Other services	0.8	1.2
<b>Total</b>	<b>4.0</b>	<b>4.1</b>

Premises expenses relate primarily to the cost of providing office space. They include rent, maintenance, security, energy, cleaning and miscellaneous premises expenses. The decline is primarily the result of provisions for expected losses and the restoration of the Neue Börse building complex at the Frankfurt/Main location (2010: €-5.1 million; 2009: €18.9 million).

IT operating costs contain the costs for rental, leasing and maintenance of hardware and software as well as communication costs (network costs). The 11 percent decline in the year under review is based on additional expenses for system changeovers in office communications, the operation of the ISE system and a provision for expected losses for the Eurex Credit Clear system in the previous year.

Non-recoverable input tax results mainly from the VAT-free trading and clearing fees charged in the Eurex segment, and from tax-free service fees from payment services.

The cost of agency agreements relates to the costs of SIX Swiss Exchange AG, which renders services for the Eurex subgroup and Scoach Schweiz AG. The year-on-year decline results from the deconsolidation of Scoach Schweiz AG.

Miscellaneous other operating expenses include licence fees, donations, cash transaction and processing error costs, maintenance fees, external labour and losses from the disposal of noncurrent assets.

## 9. Research and development costs

Own expenses capitalised relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

### Research and development costs

	Total expense for software development		of which capitalised	
	2010 €m	2009 <sup>1)</sup> €m	2010 €m	2009 <sup>1)</sup> €m
<b>Xetra</b>				
Xetra software	2.9	3.9	1.2	1.7
New trading platform Xetra/Eurex	1.1	0	0	0
CCP releases	4.3	4.9	1.0	3.1
	<b>8.3</b>	<b>8.8</b>	<b>2.2</b>	<b>4.8</b>
<b>Eurex</b>				
Eurex software	10.0	13.8	0	5.9
New trading platform Xetra/Eurex	5.0	0	1.9	0
New trading platform ISE	26.1	15.7	20.7	12.3
	<b>41.1</b>	<b>29.5</b>	<b>22.6</b>	<b>18.2</b>
<b>Clearstream</b>				
Collateral Management and Settlement	28.7	25.1	14.5	8.1
Custody	9.9	14.0	3.4	1.3
Connectivity	4.1	2.4	0	0.2
Investment funds	4.3	4.1	1.5	0
	<b>47.0</b>	<b>45.6</b>	<b>19.4</b>	<b>9.6</b>
<b>Market Data &amp; Analytics</b>				
CEF data feeds	1.6	4.0	0.1	0
Other	0.5	0.3	0.4	0.3
	<b>2.1</b>	<b>4.3</b>	<b>0.5</b>	<b>0.3</b>
Research expense	0.4	1.0	0	0
	<b>0.4</b>	<b>1.0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>98.9</b>	<b>89.2</b>	<b>44.7</b>	<b>32.9</b>

1) With the change in segment reporting (see note 41), mark-ups for application development are no longer included. For reasons of comparability, prior-year figures have been adjusted accordingly.

## 10. Result from equity investments

### Composition of result from equity investments

	2010 €m	2009 €m
<b>Equity method-accounted result of associates</b>		
Scoach Holding S.A.	7.2	0
Direct Edge Holdings, LLC	4.1	-19.4
European Energy Exchange AG	4.0	9.3
Tradegate AG Wertpapierhandelsbank	0.2	0
Deutsche Börse Commodities GmbH	0.1	0.1
STOXX Ltd.	0	10.2
<b>Total income from equity method measurement</b>	<b>15.6</b>	<b>0.2</b>
Link-Up Capital Markets, S.L.	-1.0	-0.4
Other	-0.3	-1.7
<b>Total losses<sup>1)</sup> from equity method measurement from associates</b>	<b>-1.3</b>	<b>-2.1</b>
<b>Result from associates</b>	<b>14.3</b>	<b>-1.9</b>
<b>Result from other equity investments</b>	<b>-2.1</b>	<b>-2.9</b>
<b>Result from equity investments</b>	<b>12.2</b>	<b>-4.8</b>

1) Including impairments (see note 15)

The result from associates in financial year 2010 does not include any impairment losses (2009: €27.4 million). Dividends of €6.2 million (2009: €11.1 million) were received in the year under review on account of investments in associates.

The result from other equity investments includes dividends amounting to €1.1 million (2009: €0.4 million) as well as impairment losses amounting to €3.2 million (2009: €3.3 million) for available-for-sale investments.

## 11. Financial result

### Composition of financial income

	2010 €m	2009 €m
Interest on reverse repurchase agreements categorised as "loans and receivables"	16.6	40.2
Interest-like income from derivatives held as hedging instruments	2.1	0.7
Interest on bank balances categorised as "loans and receivables"	1.0	6.6
Interest-like income from revaluation of derivatives held for trading	0.5	0.3
Income from available-for-sale securities	0.3	0.3
Other interest and similar income	3.5	2.9
<b>Total</b>	<b>24.0</b>	<b>51.0</b>

Due to persistently low interest rates and declining average volumes of deposited funds, interest income from reverse repurchase agreements fell by 59 percent year-on-year (2009: decline of 76 percent). In addition to Deutsche Börse Group's continuing conservative investment strategy, these factors also led to a decline in interest on bank balances classified as "loans and receivables".

#### Composition of financial expense

	2010 €m	2009 €m
Interest on noncurrent loans <sup>1)</sup>	95.8	93.4
Interest on taxes	22.5	0
Interest paid on Eurex participants' cash deposits	3.9	26.6
Interest on current liabilities <sup>1)</sup>	2.6	4.0
Subsequent valuation of derivatives held for trading	2.2	2.6
Transaction costs of noncurrent liabilities <sup>1)</sup>	1.9	1.6
Interest-like expenses for exchange rate differences on liabilities <sup>1)</sup>	0.8	0
Interest-like expenses for derivatives held as hedging instruments	0	0.6
Other costs	2.5	1.9
<b>Total</b>	<b>132.2</b>	<b>130.7</b>

1) Measured at amortised cost

For the aforementioned reasons, the interest paid on Eurex participants' cash deposits also fell significantly year-on-year. The interest on taxes relates to expected interest expense in connection with back payments of taxes and external tax audits. Other costs relate to commitment fees for credit facilities.

## 12. Income tax expense

#### Composition of income tax expense (main components)

	2010 €m	2009 €m
Current income taxes:		
of the year under review	249.3	288.2
from previous years	-18.9	18.6
Deferred tax income on temporary differences	-205.9	-219.9
<b>Total</b>	<b>24.5</b>	<b>86.9</b>

Tax rates of 26 to 31 percent were used in the year under review to calculate deferred taxes for the German companies (2009: 26 to 32 percent). These reflect trade income tax at multipliers of 280 and 460 percent (2009: 280 and 460 percent) on the tax base value of 3.5 percent (2009: 3.5 percent), corporation tax of 15 percent (2009: 15 percent) and the 5.5 percent solidarity surcharge (2009: 5.5 percent) on the corporation tax.

A tax rate of 28.59 percent (2009: 28.59 percent) was used for the Luxembourg companies, reflecting trade income tax at a rate of 6.75 percent (2009: 6.75 percent) and corporation tax at 22 percent (2009: 22 percent).

Tax rates of 17 to 45 percent were applied to the companies in the UK, Portugal, Singapore, Switzerland, Spain, the Czech Republic and the USA (2009: 20 to 45 percent).

The following table shows the carrying amounts of deferred tax assets and liabilities as well as the related tax expenses recognised in income or directly in equity.

#### Composition of deferred taxes

	Deferred tax assets		Deferred tax liabilities		Exchange rate differences	Deferred tax expense/(income)		Tax expense/(income) recognised directly in equity	
	2010 €m	2009 €m	2010 €m	2009 €m		2010 €m	2009 €m	2010 €m	2009 €m
Pension provisions and other employee benefits	15.4	12.3	0	0	-0.2	-2.9	-3.3	0	0
Other provisions	15.1	20.5	0	0	-1.0	6.4	-9.8	0	0
Interest-bearing liabilities	0	0	-1.1	-1.6	0	-0.5	-0.4	0	0
Intangible assets	0	0	-7.0	-11.5	0	-4.5	0.1	0	0
Intangible assets from purchase price allocation	0	0	-275.8	-450.1	30.0	-204.3 <sup>1)</sup>	-206.1 <sup>1)</sup>	0	0
Noncurrent assets	0	0	-2.4	-3.3	0	-0.9	0.7	0	0
Securities	0	0	-2.4	-5.9	0	0.5	-0.6	-4.0 <sup>2)</sup>	-0.6 <sup>2)</sup>
Other noncurrent assets	0	0	-2.6	-0.6	0	0.3	-0.6	1.7 <sup>2)</sup>	0
Other assets	0	0	0	0	0	0	0.1	0	0
Exchange rate differences	0	3.0	-29.2	0	0	0	0	32.2 <sup>3)</sup>	-10.4 <sup>3)</sup>
<b>Gross amounts</b>	<b>30.5</b>	<b>35.8</b>	<b>-320.5</b>	<b>-473.0</b>	<b>28.8</b>	<b>-205.9</b>	<b>-219.9</b>	<b>29.9</b>	<b>-11.0</b>
Netting of deferred taxes	-22.8	-31.0	22.8	31.0	-	-	-	-	-
<b>Total</b>	<b>7.7</b>	<b>4.8</b>	<b>-297.7</b>	<b>-442.0</b>	<b>28.8</b>	<b>-205.9</b>	<b>-219.9</b>	<b>29.9</b>	<b>-11.0</b>

1) Thereof €-190.4 million (2009: €-175.5 million) from impairments of other intangible assets of ISE

2) Separate disclosure in the consolidated statement of changes in equity under "revaluation surplus"

3) Separate disclosure in the consolidated statement of changes in equity under "accumulated profit"

Changes taken directly to equity relate to deferred taxes on changes in the measurement of noncurrent financial assets carried at fair value (see also note 23).

€15.4 million (2009: €12.3 million) of deferred tax assets and €278.4 million (2009: €450.7 million) of deferred tax liabilities have an expected remaining maturity of more than one year.

Deferred tax liabilities have not been recognised in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) of the Körperschaftsteuergesetz (KStG, the German Corporation Tax Act), 5 percent of dividends and similar income received by German companies is treated as non-deductible expenses for tax purposes.

#### Reconciliation between the expected and the reported tax expense

	2010 €m	2009 €m
Expected income taxes derived from earnings before tax	117.4	161.8
Change of not recognised losses carried forward	14.7	-14.2
Tax increases due to other non-tax-deductible expenses	5.3	3.9
Effects resulting from different tax rates	-22.7	-23.3
Tax decreases due to dividends and income from the disposal of equity investments	-42.1	-49.8
Exchange rate differences	-28.8	-9.6
Other	-0.4	-0.5
<b>Income tax expense arising from current year</b>	<b>43.4</b>	<b>68.3</b>
Prior-period income taxes	-18.9	18.6
<b>Income tax expense</b>	<b>24.5</b>	<b>86.9</b>

To determine the expected tax expense, earnings before tax have been multiplied by the composite tax rate of 28 percent assumed for 2010 (2009: 29 percent).

At the end of the financial year, accumulated unused tax losses amounted to €54.7 million (2009: €16.6 million), for which no deferred tax assets were recognised. Tax losses of €0.7 million were utilised in 2010 (2009: €37.4 million).

The losses can be carried forward in Germany subject to the minimum taxation rules, and in Luxembourg indefinitely as the law now stands. Losses in other countries can be carried forward for periods of up to 20 years.

# Consolidated balance sheet disclosures

## 13. Intangible assets

### Intangible assets

	Purchased software €m	Internally developed software €m	Goodwill €m	Payments on account and construction in progress <sup>1)</sup> €m	Other intangible assets €m	Total €m
<b>Historical cost as at 1 Jan. 2009</b>	<b>283.3</b>	<b>731.8</b>	<b>1,984.5</b>	<b>17.5</b>	<b>1,388.2</b>	<b>4,405.3</b>
Changes in the basis of consolidation <sup>2)</sup>	0.7	0	32.7	0	468.0	501.4
Additions	28.0	8.8	0	24.1	0.4	61.3
Disposals	-13.6	0	0	0	0	-13.6
Reclassifications	0.5	14.8	0	-15.3	0	0
Exchange rate differences	-0.2	-0.6	-22.4	-0.3	-33.8	-57.3
<b>Historical cost as at 31 Dec. 2009</b>	<b>298.7</b>	<b>754.8</b>	<b>1,994.8</b>	<b>26.0</b>	<b>1,822.8</b>	<b>4,897.1</b>
Changes in the basis of consolidation <sup>3)</sup>	-2.3	0	0	0	0	-2.3
Additions	12.0	1.6	4.3	43.1	0	61.0
Disposals	-2.3	-0.8	0	-0.1	0	-3.2
Reclassifications	-0.7	5.1	0	-4.4	0	0
Exchange rate differences	0.8	1.8	71.2	0.6	108.7	183.1
<b>Historical cost as at 31 Dec. 2010</b>	<b>306.2</b>	<b>762.5</b>	<b>2,070.3</b>	<b>65.2</b>	<b>1,931.5</b>	<b>5,135.7</b>
<hr/>						
<b>Depreciation and impairment losses as at 1 Jan. 2009</b>	<b>254.7</b>	<b>659.3</b>	<b>7.5</b>	<b>0</b>	<b>37.3</b>	<b>958.8</b>
Amortisation	17.5	31.6	0	0	38.0	87.1
Impairment losses	15.0	5.0	0	0	415.6	435.6
Disposals	-13.6	0	0	0	0	-13.6
Exchange rate differences	-0.1	-0.4	0	0	-1.8	-2.3
<b>Depreciation and impairment losses as at 31 Dec. 2009</b>	<b>273.5</b>	<b>695.5</b>	<b>7.5</b>	<b>0</b>	<b>489.1</b>	<b>1,465.6</b>
Changes in the basis of consolidation <sup>3)</sup>	-2.3	0	0	0	0	-2.3
Amortisation	18.8	24.7	0	0	35.6	79.1
Impairment losses	1.1	7.5	3.2	0	453.1	464.9
Disposals	-2.4	0	0	0	0	-2.4
Exchange rate differences	0.7	1.4	0	0	38.8	40.9
<b>Depreciation and impairment losses as at 31 Dec. 2010</b>	<b>289.4</b>	<b>729.1</b>	<b>10.7</b>	<b>0</b>	<b>1,016.6</b>	<b>2,045.8</b>
<hr/>						
Carrying amount as at 1 Jan. 2009	28.6	72.5	1,977.0	17.5	1,350.9	3,446.5
Carrying amount as at 31 Dec. 2009	25.2	59.3	1,987.3	26.0	1,333.7	3,431.5
<b>Carrying amount as at 31 Dec. 2010</b>	<b>16.8</b>	<b>33.4</b>	<b>2,059.6</b>	<b>65.2</b>	<b>914.9</b>	<b>3,089.9</b>

1) Additions in payments on account and construction in progress in the year under review relate exclusively to internally developed software.

2) This relates exclusively to additions as part of the acquisition of Market News International Inc., STOXX Ltd. and Need to Know News, LLC as well as to the disposal of the deconsolidation of Scoach Holding S.A.

3) This relates exclusively to disposals as part of the sale of Avox Ltd.

**Software, payments on account and construction in progress**

Additions to and reclassifications of software relate primarily to the development of software products for the Clearstream segment and to the expansion of the Xetra and Eurex electronic trading systems. The changes in the basis of consolidation (see note 2) result from the disposal of Avox Ltd.

Purchased software includes leased assets of which, in accordance with IAS 17, the Group is the beneficial owner. The net carrying amount of the leased assets amounted to €0.2 million as at 31 December 2010 (2009: €0.8 million).

€6.6 million of the impairment losses on internally developed software relates to releases 9.0 to 12.0 of the Eurex trading system and €0.2 million relates to the Longitude system in the Eurex segment, while €0.7 million relates to the Reference Data Factory and X-List systems in the Clearstream segment (2009: Converter system in the Clearstream segment and Longitude system in the Eurex segment).

Derivatives trading is due to be transferred in 2013 from the Eurex trading system to a newly developed trading platform, which will lead to a decline in the expected future cash flows for the Eurex releases; as a result, an impairment loss was charged in financial year 2010 on Eurex releases 9.0 to 12.0 (€6.6 million). The remaining useful life of Eurex releases 11.0 and 12.0, which was previously estimated to 2013 and 2014 respectively, was reduced so that it now ends with the expected migration to the new system.

The impairment loss charged in 2010 in the Clearstream segment is largely due to an adjustment of expected cash inflows. An impairment loss was also charged for the Reference Data Factory system in financial year 2010, because it was no longer possible to achieve the originally planned network cost savings.

The impairment losses in the Eurex and Clearstream segments were determined on the basis of the value in use of the assets concerned, using discount rates ranging from 6.0 to 12.9 percent in the Eurex segment and from 10.5 to 14.3 percent in the Clearstream segment. Amortisation of and impairment losses on software and other intangible assets are reported in the income statement under “depreciation, amortisation and impairment losses”.

Payments on account and construction in progress relate to software.

### Carrying amounts and remaining amortisation periods of software

	Carrying amount as at		Remaining amortisation period as at	
	31 Dec. 2010 €m	31 Dec. 2009 €m	31 Dec. 2010 years	31 Dec. 2009 years
<b>Xetra</b>				
<b>Software</b>				
Xetra Release 9.0	3.0	4.3	2.3	3.3
Xetra Release 10.0	2.4	3.1	3.5	4.5
CCP 5.0	1.9	2.8	3.8	4.8
CCP 4.0	1.0	1.4	2.6	3.6
	<b>8.3</b>	<b>11.6</b>		
<b>Construction in progress</b>				
Xetra International Market (XIM)	1.0	0		
	<b>1.0</b>	<b>0</b>		
<b>Eurex</b>				
<b>Software</b>				
Eurex Release 10.0	2.4	4.3	1.9	2.9
Eurex Release 12.0	2.2	4.7	1.9	4.9
	<b>4.6</b>	<b>9.0</b>		
<b>Construction in progress</b>				
New trading platform ISE	41.3	23.6		
OCC link	1.6	1.6		
	<b>42.9</b>	<b>25.2</b>		
<b>Clearstream</b>				
<b>Software</b>				
Collateral Management	3.3	5.6	2.0	2.8
Equities on CmaX	3.3	0	4.0	n.a.
Central Facility for Funds (CFF)	2.1	3.2	2.0	3.2
X-List	1.4	2.1	3.9	4.9
	<b>10.1</b>	<b>10.9</b>		
<b>Construction in progress</b>				
Services for Custody/settlement/liquidity	20.0	0		
	<b>20.0</b>	<b>0</b>		
<b>Other software assets<sup>1)</sup></b>	<b>10.5</b>	<b>27.8</b>		
<b>Other construction in progress</b>	<b>1.2</b>	<b>0.8</b>		
<b>Total</b>	<b>98.6</b>	<b>85.3</b>		

1) Each with a carrying amount of less than €1.0 million as at 31 December 2010

## Goodwill

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### Changes in goodwill

	Eurex €m	Clearstream €m	Market Data & Analytics (STOXX Ltd.) €m	Market Data & Analytics (Others) €m	Total goodwill €m
<b>Balance as at 1 Jan. 2010</b>	<b>880.1</b>	<b>1,063.8</b>	<b>28.5</b>	<b>14.9</b>	<b>1,987.3</b>
Exchange rate differences	70.7	0	0	0.5	71.2
Additions	0	0	3.0	1.3	4.3
Impairment losses	0	0	0	-3.2	-3.2
<b>Balance as at 31 Dec. 2010</b>	<b>950.8</b>	<b>1,063.8</b>	<b>31.5</b>	<b>13.5</b>	<b>2,059.6</b>

Goodwill, the stock exchange licence acquired as part of the acquisition of ISE as well as the acquired trade name of STOXX Ltd. are intangible assets with an indefinite useful life. The recoverable amounts of the cash-generating units to which goodwill is allocated are generally based on their values in use. Realisable value less costs to sell is only used as the basis for the recoverable amount in cases in which value in use does not exceed the carrying amount. Since there is no active market for goodwill, a discounted cash flow method was used to calculate both value in use and realisable value.

The key assumptions made to determine the recoverable amounts vary depending on the cash-generating unit concerned. Pricing or market share assumptions are based on past experience or market research. Other key assumptions are mainly based on external factors. Significant macroeconomic indicators include, for instance, equity index levels, volatility of equity indices, as well as interest rates, exchange rates, GDP growth, unemployment levels and government debt. The discount rate is based on a risk-free rate of 3.0 percent and a market risk premium of 5.0 percent. It is used to calculate individual discount rates for each cash-generating unit that reflect the beta factors, tax rate and capital structure of the peer groups concerned.

### Eurex

The goodwill resulting from the acquisition of ISE is allocated to a group of cash-generating units in the Eurex segment.

Since the ISE goodwill had been calculated in US dollars, an exchange rate difference of €70.7 million occurred in 2010 (2009: €-22.0 million).

Assumptions on volumes of index and interest rate derivatives and volumes in the US equity options market, which were derived from external sources, were the key criteria applied to determine the value in use with the discounted cash flow method.

Cash flows were projected over a five-year period (2011 to 2015) for European as well as US activities. Cash flow projections beyond this period were extrapolated assuming a 1.0 percent growth rate (2009: 4.0 percent for the European activities, 5.0 percent for the US activities). The pre-tax discount rate used was 13.1 percent (2009: 12.0 percent).

#### **Clearstream**

The "Clearstream" goodwill is allocated to the Clearstream cash-generating unit. The recoverable amount is determined on the basis of the value in use using the discounted cash flow method. Assumptions on assets held in custody, transaction volumes and market interest rates were the key criteria used to determine value in use.

Cash flows were projected over a three-year period (2011 to 2013). Cash flow projections beyond 2013 were extrapolated assuming a 2.5 percent (2009: 4.0 percent) perpetual annuity. The pre-tax discount rate used was calculated on the basis of the cost of equity and amounted to 14.9 percent (2009: weighted average cost of capital of 11.6 percent).

#### **Market Data & Analytics**

The goodwill arising from the acquisition of STOXX Ltd. in 2009 was allocated to a group of cash-generating units in the Market Data & Analytics segment. It results primarily from the strong position of STOXX Ltd. in European indices as well as from growth prospects in the production and sale of tick data for indices, the development, maintenance and enhancements of index formulas and from the customising of indices.

The goodwill of US\$7.9 million that arose in the course of the acquisition of Market News International Inc. (MNI), New York, USA, by Deutsche Börse AG in 2009 was allocated to the Market Data & Analytics segment and relates to access to global, trade-related information such as news from public authorities and supranational organisations.

The goodwill of US\$3.9 million that arose in the course of the acquisition by MNI of 100 percent of the shares in Need to Know News, LLC, Chicago, USA, was also allocated to the Market Data & Analytics segment.

The fair value less costs to sell of the Market Data & Analytics segment was determined as at the balance sheet date. The key assumptions made related to the expected development of future data and licence income as well as of the customer base; these are based both on external sources of information and on internal expectations, that correspond to the budget values for financial year 2011. Cash flows were planned over a five-year period, with projections for periods beyond this assuming a perpetual annuity of 2.5 percent (2009: 4.0 percent). The pre-tax discount rate used was 10.8 percent (2009: 12.7 percent).

## Other intangible assets

### Changes in other intangible assets

	ISE's exchange licence €m	Member relation- ships of ISE €m	Market data customer relation- ships of ISE €m	ISE trade name €m	STOXX trade name €m	Customer relationships of STOXX Ltd. €m	Miscel- neous intangible assets €m	Total €m
<b>Balance</b>								
as at 1 Jan. 2010	206.2	612.3	35.0	11.3	420.0	37.0	11.9	1,333.7
Amortisation	0	-24.0	-1.4	-1.6	0	-3.1	-5.5	-35.6
Impairment losses	-111.2	-318.4	-18.2	-5.3	0	0	0	-453.1
Exchange rate differences	16.5	49.5	2.9	0.9	0	0	0.1	69.9
<b>Balance as at 31 Dec. 2010</b>	<b>111.5</b>	<b>319.4</b>	<b>18.3</b>	<b>5.3</b>	<b>420.0</b>	<b>33.9</b>	<b>6.5</b>	<b>914.9</b>
Remaining amortisation period (years)	-	27	27	7	-	11		

### Other intangible assets: ISE

ISE's other intangible assets were tested for impairment at the end of the year. The recoverable amount of these assets was calculated on the basis of the value in use of the ISE cash-generating unit, which is attributable to the Eurex segment. The cash-generating unit of the ISE subgroup is the US options exchange International Securities Exchange, LLC.

The key assumptions made, which are based on analysts' estimates, relate to expected volumes and transaction prices on the US options market. Cash flows were projected over a five-year period (2011 to 2015). A 2.5 percent growth rate was assumed beyond 2015 (2009: 5.0 percent). The pre-tax discount rate used is 15.7 percent (2009: 10.4 percent).

The entry of new competitors onto the US options market in 2010 and the ongoing uncertainty on the financial markets caused by the global economic crisis have led to a considerable decline in liquidity and trading volumes at the ISE. Linked to this is a decline in expected future trading volumes compared with the previous year. In addition, the Dodd-Frank Act, which was passed by the US House of Representatives and the Senate in July 2010, restricts the ability of banks and financial services providers to trade options on the financial markets by allowing them merely to make limited investments in hedge funds and private equity. The restrictions introduced by this new Act will also negatively impact the number of transactions on the US options exchange.

Since the effects described above result in a more negative assessment of the fair value of the cash-generating unit for the ISE subgroup in the 2011 to 2015 planning period, an impairment loss was charged on the ISE's other intangible assets in financial year 2010.

### Exchange license of ISE

In the course of the purchase price allocation carried out in December 2007, the fair value of the exchange licence was determined. The exchange licence, granted in 2000 by the U.S. Securities and Exchange Commission, permits the ISE subgroup to operate as a regulated securities exchange in the United States.

The exchange licence held by the ISE subgroup is estimated to have an indefinite useful life, because the licence itself does not have a finite term and Eurex management expects to maintain the licence as part of its overall business strategy.

The exchange licence does not generate cash flows largely independent from those generated by the ISE subgroup as a whole. Consequently, the exchange licence is allocated to the ISE subgroup as the cash-generating unit.

An impairment loss amounting to €111.2 million (2009: €99.1 million) was recognised on the exchange licence of ISE as at the balance sheet date.

#### **Member relationships and market data customer relationships of ISE**

In the context of the purchase price allocation, the fair values of member and customer relationships were calculated. Both assets will be amortised over a period of 30 years using the straight-line method. Cash flows do not result from either the member or the customer relationships which would be independent of the entire ISE subgroup. Consequently, both items are allocated to the ISE subgroup as the cash-generating unit. Impairment losses of €318.4 million and €18.2 million respectively were recognised on ISE member and customer relationships as at the balance sheet date (2009: €294.3 million and €16.8 million respectively).

#### **ISE trade name**

The ISE trade name is registered as a trade name and therefore meets the IFRS criterion for recognition separately from goodwill. In accordance with the purchase price allocation of December 2007, the asset is amortised over a period of ten years using the straight-line method. As there are no cash inflows that are generated independently from the ISE subgroup, the trade name is also allocated to the ISE subgroup as the cash-generating unit. An impairment loss amounting to €5.3 million (2009: €5.4 million) was recognised on the ISE trade name as at the balance sheet date.

#### **Other intangible assets: STOXX**

The STOXX trade name, the company's customer relationships, non-compete agreements and other intangible assets were identified as part of the acquisition of STOXX Ltd. and allocated to the STOXX Ltd. cash-generating unit, as they do not generate cash independently. The STOXX Ltd. cash-generating unit was allocated to the Market Data & Analytics segment.

The impairment test was based on realisable value less costs to sell, taking into account expected developments in the licence and sales fees for indices and data.

#### **STOXX trade name**

The STOXX trade name includes the trade name itself, the index methodologies and the Internet domains because these can generally not be transferred separately. As the trade name is registered, it meets the IFRS criterion for recognition separately from goodwill. An unlimited useful life was assumed for the STOXX brand name given its history and the fact that it is well known on the market.

#### **Customer relationships of STOXX**

STOXX Ltd. has relationships with customers, which are based on signed contracts and thus meet the identifiability criterion for recognition separately from goodwill.

### Non-compete agreements of STOXX

Non-compete agreements were entered into with the seller for a certain period of time as part of the acquisition of STOXX Ltd. These agreements give STOXX a competitive advantage as they allow the acquirer to operate for a certain period of time without competition resulting from the prohibition of the duplication of indices by the seller. The intangible assets generated in this way, which are reported under "other intangible assets", are amortised depending on the agreed period of time.

## 14. Property, plant and equipment

### Property, plant and equipment

	Fixtures and fittings €m	Computer hardware, operating and office equipment €m	Payments on account and construction in progress €m	Total €m
<b>Historical cost as at 1 Jan. 2009</b>	<b>64.4</b>	<b>317.8</b>	<b>4.0</b>	<b>386.2</b>
Changes in the basis of consolidation <sup>1)</sup>	0	0.4	0	0.4
Additions	3.1	21.7	12.2	37.0
Disposals	-3.2	-68.4	0	-71.6
Reclassifications	0.8	0.6	-1.4	0
Exchange rate differences	-0.2	-0.1	0	-0.3
<b>Historical cost as at 31 Dec. 2009</b>	<b>64.9</b>	<b>272.0</b>	<b>14.8</b>	<b>351.7</b>
Changes in the basis of consolidation <sup>2)</sup>	0	-0.3	0	-0.3
Additions	12.9	38.4	26.4	77.7
Disposals	-2.5	-10.3	0	-12.8
Reclassifications	11.6	0.5	-12.1	0
Exchange rate differences	0.8	0.4	-0.1	1.1
<b>Historical cost as at 31 Dec. 2010</b>	<b>87.7</b>	<b>300.7</b>	<b>29.0</b>	<b>417.4</b>
 <b>Depreciation and impairment losses as at 1 Jan. 2009</b>	 <b>34.5</b>	 <b>242.8</b>	 <b>0</b>	 <b>277.3</b>
Depreciation	10.4	36.0	0	46.4
Disposals	-3.0	-68.1	0	-71.1
Exchange rate differences	-0.1	-0.2	0	-0.3
<b>Depreciation and impairment losses as at 31 Dec. 2009</b>	<b>41.8</b>	<b>210.5</b>	<b>0</b>	<b>252.3</b>
Changes in the basis of consolidation <sup>2)</sup>	0	-0.3	0	-0.3
Depreciation	9.2	30.3	0	39.5
Disposals	-2.5	-10.0	0	-12.5
Exchange rate differences	0.2	0	0	0.2
<b>Depreciation and impairment losses as at 31 Dec. 2010</b>	<b>48.7</b>	<b>230.5</b>	<b>0</b>	<b>279.2</b>
 Carrying amount as at 1 Jan. 2009	 29.9	 75.0	 4.0	 108.9
Carrying amount as at 31 Dec. 2009	23.1	61.5	14.8	99.4
<b>Carrying amount as at 31 Dec. 2010</b>	<b>39.0</b>	<b>70.2</b>	<b>29.0</b>	<b>138.2</b>

1) This relates primarily to Market News International Inc.

2) This relates primarily to the deconsolidation of Avox Ltd.

## 15. Financial assets

### Financial assets

	Investments in associates €m	Other equity investments €m	Receivables and securities from banking business €m	Other financial instruments and loans €m
<b>Historical cost as at 1 Jan. 2009</b>	<b>168.7</b>	<b>64.4</b>	<b>748.6</b>	<b>8.0</b>
Changes in the basis of consolidation	-0.4	0	0	0
Additions	24.6	16.1	1,078.6	21.2
Disposals	-26.1	-12.3	0	0
Addition/(reversal) premium/discount	0	0	-1.0	0
Reclassifications	0.7	0	-369.3 <sup>1)</sup>	-0.7
Exchange rate differences	-1.4	-1.7	-8.0	0
<b>Historical cost as at 31 Dec. 2009</b>	<b>166.1</b>	<b>66.5</b>	<b>1,448.9</b>	<b>28.5</b>
Additions	6.8	0.9	769.1	1.0
Disposals	-9.8	0	-336.8	-5.7
Addition/(reversal) premium/discount	0	0	0.1	-0.3
Reclassifications	-0.2	0.2	-338.0 <sup>1)</sup>	-12.3
Exchange rate differences	7.6	1.1	7.4	1.8
<b>Historical cost as at 31 Dec. 2010</b>	<b>170.5</b>	<b>68.7</b>	<b>1,550.7</b>	<b>13.0</b>
 <b>Revaluation as at 1 Jan. 2009</b>	 <b>-12.1</b>	 <b>-11.6</b>	 <b>7.7</b>	 <b>-1.2</b>
Disposals of impairment losses	9.2	5.2	0	0
Net income from equity method measurement <sup>2)</sup>	14.5	0	0	0
Currency translation differences recognised in profit or loss	-0.6	0	0	0
Currency translation differences recognised directly in equity	-0.7	0	0	0
Other fair value changes recognised in profit or loss <sup>3)</sup>	-27.4	-3.5	0	-0.1
Other fair value changes recognised directly in equity	3.6 <sup>4)</sup>	0	0	0
Market price changes recognised directly in equity	0	3.4	10.6	1.7
Market price changes recognised in profit or loss <sup>5)</sup>	0	0	2.1	0
Reclassifications	-0.1	0	-1.1 <sup>1)</sup>	0.1
<b>Revaluation as at 31 Dec. 2009</b>	<b>-13.6</b>	<b>-6.5</b>	<b>19.3</b>	<b>0.5</b>
Disposals of impairment losses	9.8	0	0	-0.1
Net income from equity method measurement <sup>2)</sup>	8.1	0	0	0
Currency translation differences recognised directly in equity	-1.5	0	0	0
Other fair value changes recognised directly in equity	-0.5	0	0	0
Other fair value changes recognised in profit or loss	0	0	-0.1	0
Market price changes recognised directly in equity	0	4.6	-13.4	-0.3
Market price changes recognised in profit or loss	0	-2.3	-0.5	0
Reclassifications	-0.2	0.2	-0.4 <sup>1)</sup>	0
<b>Revaluation as at 31 Dec. 2010</b>	<b>2.1</b>	<b>-4.0</b>	<b>4.9</b>	<b>0.1</b>
 Carrying amount as at 1 Jan. 2009	 156.6	 52.8	 756.3	 6.8
Carrying amount as at 31 Dec. 2009	152.5	60.0	1,468.2	29.0
<b>Carrying amount as at 31 Dec. 2010</b>	<b>172.6</b>	<b>64.7</b>	<b>1,555.6</b>	<b>13.1<sup>6)</sup></b>

1) Reclassified as current receivables and securities from banking business

2) Included in the result from equity investments

3) Thereof €30.7 million disclosed in the result from equity investments and €0.3 million recognised in other operating expenses

4) Recognised in accumulated profit

5) Included in net interest income from banking business

6) Thereof part of a release of pledge and pledge agreement with the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt/Main: €4.0 million

For details on revaluations and market price changes recognised directly in equity, see also note 23. Other equity investments include available-for-sale shares.

In the year under review, impairment losses amounting to €3.0 million (2009: €30.8 million) were recognised in the income statement, of which €0.9 million (2009: €3.3 million) relate to listed equity instruments and €2.1 million (2009: nil) to unlisted equity instruments.

As in the previous year, no impairment losses on securities from banking business and other securities were recognised in the year under review.

#### Composition of receivables and securities from banking business

	31 Dec. 2010 €m	31 Dec. 2009 €m
Fixed-income securities		
from sovereign issuers	112.4	243.3
from multilateral banks	521.0	354.7
from other credit institutions	586.5	338.2
from regional or local public bodies	160.7	332.0
Other receivables <sup>1)</sup>	175.0	200.0
<b>Total</b>	<b>1,555.6</b>	<b>1,468.2</b>

1) Secured through total return swaps

Securities from banking business include financial instruments listed on a stock exchange amounting to €1,380.6 million (2009: €1,268.23 million).

## 16. Other noncurrent assets

#### Composition of other noncurrent assets

	31 Dec. 2010 €m	31 Dec. 2009 €m
Cash flow hedges	10.6	0
Surplus from defined benefit pension plans	10.2	1.6
Cash deposit	3.6	0
Insurance recoverables	3.2	3.4
Miscellaneous	0.1	0.6
<b>Total</b>	<b>27.7</b>	<b>5.6</b>

Derivatives are presented in detail in note 17; defined benefit pension plans are explained in detail in note 25.

€0.4 million (2009: €0.6 million) of insurance recoverables was pledged to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) Frankfurt/Main.

## 17. Derivatives and hedges

Deutsche Börse Group generally uses derivative financial instruments to hedge existing or highly probable forecast transactions. The derivatives are included in the positions “other noncurrent assets” and “other current assets”, “other noncurrent liabilities” and “other current liabilities” as well as “receivables and securities from banking business” and “liabilities from banking business”.

### Derivatives (fair value)

	Note	Assets		Liabilities	
		31 Dec. 2010 €m	31 Dec. 2009 €m	31 Dec. 2010 €m	31 Dec. 2009 €m
Fair value hedges					
long-term	16	0	0	-5.0	-5.9
short-term		0	0	31	0
Cash flow hedges					
long-term	16	10.6	0	0	-0.4
short-term	19, 21	0	0	31, 33	-0.7
Derivatives held for trading					
long-term	16	0	0	0	0
short-term	19, 21	2.7	18.8	31, 33	-16.0
Total		13.3	18.8	-21.7	-8.0

Private placements denominated in US dollars that were designated as currency risk hedges of the net investment in ISE are presented under interest-bearing liabilities. Please refer to “Hedges of a net investment” further below for details.

### Fair value hedges

Interest rate swaps, under which a fixed interest rate is paid and a variable rate is received, have been used to hedge the value of certain fixed-rate available-for-sale financial instruments (fair value hedges).

The following table gives an overview of the notional amount of the positions covered by fair value hedges at 31 December 2010 and the corresponding weighted average interest rates:

### Outstanding positions fair value hedges

		31 Dec. 2010	31 Dec. 2009
Notional amount of pay-fixed interest rate swaps	€m	112.3	112.3
Fair value of pay-fixed interest rate swaps	€m	-5.0	-5.9
Average pay rate in the reporting period	%	4.12	4.09
Average receive rate in the reporting period	%	0.77	1.78

The gains and losses resulting from the hedged risk on the positions covered by fair value hedges and the hedging instruments are indicated in the following table:

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#### Gains/losses by fair value hedges

	2010 €m	2009 €m
Losses/gains on hedged items	−0.5	2.1
Gains/losses on hedging instruments	0.5	−2.1
Net hedging ineffectiveness	0	0

#### Cash flow hedges

Deutsche Börse AG hedged a portion of the US dollar cash flows expected in 2010 by using forward foreign exchange transactions against a devaluation of the US dollar. Two forward foreign exchange transactions in the amount of US\$20.0 million each, previously classified as held for trading, were designated against receipt of euros.

Until the deconsolidation of Avox Ltd. took place in July 2010, foreign exchange transactions (2009: notional amount US\$7.8 million) were concluded to hedge its pound sterling functional currency against a devaluation compared to the US dollar. As the underlying hedged item no longer exists, the foreign exchange transactions didn't qualify for hedge accounting since that date, but are classified as held for trading.

In 2013 some of the bonds issued by Deutsche Börse AG will mature. To partially hedge potential refinancing transactions in the future, a forward interest rate payer swap and a payer swaption were used to (conditionally) lock in prevailing (forward) interest rate levels which are judged to be attractive.

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#### Outstanding positions interest rate swaps

	31 Dec. 2010 €m	31 Dec. 2009 €m
Notional amount of pay-fixed interest rate swaps	150.0	0
Fair value of pay-fixed interest rate swaps	5.2	0

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#### Outstanding positions swaptions

	31 Dec. 2010 €m	31 Dec. 2009 €m
Notional amount of pay-fixed interest rate swaps	150.0	0
Fair value of pay-fixed interest rate swaps	5.4	0

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#### Composition of outstanding positions

Currency	Notional amount €m	Term		Pay rate %
		from	until	
Interest rate swaps	150	1 Apr. 2013	1 Apr. 2018	2.804
Swaption <sup>1)</sup>	150	1 Apr. 2013	1 Apr. 2018	3.000

1) Contract data of the underlying interest rate swap; the swaption will expire on 27 March 2013.

In October 2010, the Clearstream subgroup entered into twelve forward foreign exchange transactions amounting to US\$2.6 million (September 2009: US\$2.2 million) each, maturing at the end of each month in the period from January 2011 to December 2011 (2009: January 2010 to December 2010) to hedge part of the expected US dollar sales revenues by converting them into euro mitigating the risk of a devaluation of the US dollar. The contracts had a negative fair value of €0.7 million as at 31 December 2010 (2009: negative fair value of €0.4 million) and as in the previous year were included in the “liabilities from banking business” item, see note 31.

#### Development of cash flow hedges

	2010 €m	2009 €m
Cash flow hedges as at 1 January	–1.2	7.3
Amount recognised in equity during the year	10.0	–8.8
Amount recognised in profit or loss during the year	–1.0	10.1
Ineffective hedge portion recognised in profit or loss <sup>1)</sup>	0	3.6
Premium paid	2.9	0
Realised losses	–0.8	–13.4
<b>Cash flow hedges as at 31 December</b>	<b>9.9</b>	<b>–1.2</b>

1) Disclosed under net interest income from banking business (€0.0 million; 2009: €3.6 million)

Interest rate swaps, under which a variable rate of interest is paid and a fixed rate is received, were used to hedge part of the expected cash flows from the investment of cash balances from the settlement business (cash flow hedges). On 30 September 2009, the Clearstream subgroup had revoked the designation of the hedging relationship. These interest rate swaps had therefore been reclassified from hedging to trading. In the respective hedging period until September 2009 the average pay rate was 0.86 percent versus an average receive rate of 3.24 percent.

#### Hedges of a net investment

In connection with the private placements in the USA, the bonds of the series A to C were designated as hedges against currency risk arising from the translation of the foreign functional currency US dollar into euro in order to hedge the net investment in the ISE subgroup.

#### Composition of private placements<sup>1)</sup>

Type	Issue volume	Equivalent			Term		
		as at		as at emission date	from	until	
		31 Dec. 2010 US\$m	31 Dec. 2009 €m				
Series A	170.0	127.4	117.9	110.2	12 June 2008	10 June 2015	
Series B	220.0	164.9	152.6	142.7	12 June 2008	10 June 2018	
Series C	70.0	52.5	48.6	45.4	12 June 2008	10 June 2020	
<b>Total</b>	<b>460.0</b>	<b>344.8</b>	<b>319.1</b>	<b>298.3</b>			

1) Presented under “interest-bearing liabilities”. See section “Financing of the acquisition of ISE” of the Group management report.

Effective exchange rate differences from the private placements are reported in the balance sheet item "accumulated profit", as are exchange rate differences from the translation of foreign subsidiaries. €46.2 million (2009: €20.6 million) was recognised in this item directly in equity. There was no ineffective portion of the net investment hedges in 2010 and 2009.

### **Derivatives held for trading**

Foreign exchange swaps as at 31 December 2010 expiring in less than three months with a notional value of €3,131.7 million (2009: €2,241.1 million) had a positive fair value of €2.2 million and a negative fair value of €15.1 million (2009: positive fair value of €18.5 million). These swaps were entered into to convert foreign currencies received through the issue of commercial paper from the banking business into euros, and to hedge short-term foreign currency receivables and liabilities in euros economically. These are reported under "current receivables and securities from banking business" and "liabilities from banking business" in the balance sheet (2009: under "current receivables and securities from banking business"), see also notes 19 and 31.

Interest rate swaps had been classified as cash flow hedges until 30 September 2009, at which date this designation was revoked. The transactions ceased to qualify as highly effective hedges under IAS 39 and therefore were reclassified under held for trading. Average pay rates and average receive rates correspond to the period during which they were classified as trading instruments in 2009. For the interest rate swaps the average pay rate was 0.50 percent versus an average receive rate of 3.31 percent.

As at 31 December 2010, there were two forward foreign exchange transactions in US dollars that were classified as held for trading, since they did not meet the requirements for hedge accounting at the balance sheet date. These transactions are intended to economically hedge a future foreign currency receivable within the Group that have not yet arisen at the balance sheet date. The transactions outstanding as at 31 December 2009 were designated as cash flow hedges since 1 January 2010 and settled during 2010.

### **Outstanding positions of forward foreign exchange transactions in US\$ against €**

		31 Dec. 2010	31 Dec. 2009
Notional amount of forward foreign exchange transactions	US\$m	20.0	40.0
Fair value of forward foreign exchange transactions	€m	-0.4	-0.6

### **Composition of outstanding positions**

Currency	Notional amount m	Equivalent		Term		Agreed exchange rate
		31 Dec. 2010 €m	31 Dec. 2009 €m	from	until	
US\$	10.0	7.3	-	4 Oct. 2010	1 Aug. 2011	1.3672
US\$	10.0	7.3	-	4 Oct. 2010	30 Dec. 2011	1.3658
US\$	20.0	-	13.6	17 Sep. 2009	3 Aug. 2010	1.4720
US\$	20.0	-	13.6	17 Sep. 2009	30 Dec. 2010	1.4723

In July 2010 Deutsche Börse AG sold its subsidiary Avox Ltd. The outstanding foreign exchange transactions to hedge the former subsidiary's pound sterling functional currency remain in place as two derivative transactions, now classified as held for trading since no hedging relationship exists. The contracts with reverse effects had a notional amount of US\$3.9 million each and a positive fair value of €0.5 million and a negative fair value of €-0.5 million as at 31 December 2010 (2009: total fair value of €-0.8 million). The amounts are included in "other current assets" and "other current liabilities".

## 18. Financial instruments of Eurex Clearing AG

Composition of financial instruments of Eurex Clearing AG

	31 Dec. 2010 €m	31 Dec. 2009 €m
Options	19,099.8	23,816.7
Forward transactions in bonds and repo transactions	109,597.1	119,279.1
Other	126.8	82.6
<b>Total</b>	<b>128,823.7</b>	<b>143,178.4</b>

Receivables and liabilities that may be offset against a clearing member are reported net.

See note 42 for details on the deposited collateral held by Eurex Clearing AG relating to its financial instruments.

## 19. Current receivables and securities from banking business

In addition to noncurrent receivables and securities from banking business that are classified as non-current financial assets (see note 15), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2010.

Composition of current receivables and securities from banking business

	31 Dec. 2010 €m	31 Dec. 2009 €m
Loans to banks and customers		
Reverse repurchase agreements	4,491.1	2,955.8
Money market lendings	971.0	1,598.7
Balances on nostro accounts	1,287.6	1,475.9
Overdrafts from settlement business	248.6	405.7
	<b>6,998.3</b>	<b>6,436.1</b>
Available-for-sale fixed-income securities – money market instruments	0	272.0
Available-for-sale debt instruments	570.3	448.1
Interest receivables	14.5	17.7
Forward foreign exchange transactions <sup>1)</sup>	2.2	18.5
<b>Total</b>	<b>7,585.3</b>	<b>7,192.4</b>

1) See note 17.

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. Potential concentrations of credit risk are monitored against counterparty credit limits (see note 42).

#### Remaining maturity of loans to banks and customers

	31 Dec. 2010 €m	31 Dec. 2009 €m
Not more than 3 months	6,998.3	6,436.1
<b>Total</b>	<b>6,998.3</b>	<b>6,436.1</b>

All of the securities held as at 31 December 2010 and 2009 were listed and issued by sovereign or sovereign-guaranteed issuers. As at 31 December 2009, the remaining maturity of the money market instruments was not more than three months.

#### Remaining maturity of available-for-sale debt instruments

	31 Dec. 2010 €m	31 Dec. 2009 €m
Not more than 3 months	242.3	213.1
3 months to 1 year	328.0	235.0
<b>Total</b>	<b>570.3</b>	<b>448.1</b>

## 20. Development of allowance against trade receivables

As in the previous year, there were no trade receivables due after more than one year as at 31 December 2010.

#### Allowance account

	€m
<b>Balance as at 1 Jan. 2009</b>	<b>10.8</b>
Additions	1.5
Changes in the basis of consolidation	-0.1
Utilisation	-0.4
Reversal	-0.6
<b>Balance as at 31 Dec. 2009</b>	<b>11.2</b>
Additions	2.5
Utilisation	-5.2
Reversal	-1.4
<b>Balance as at 31 Dec. 2010</b>	<b>7.1</b>

Uncollectible receivables of €0.2 million for which no allowance had previously been recognised were derecognised in 2010 (2009: €0.1 million).

## 21. Other current assets

### Composition of other current assets

	31 Dec. 2010 €m	31 Dec. 2009 €m
Other receivables from CCP transactions	72.2	56.2
Prepaid expenses	19.3	11.0
Tax receivables (excluding income taxes)	18.5	9.6
Government bonds	17.2	5.2
Collection business of Deutsche Börse Systems AG	6.5	5.6
Interest receivables	0.5	0.4
Interest rate swaps	0.5	0.3
Termination of financial loss liability insurance	0	66.7
Miscellaneous	6.7	12.1
<b>Total</b>	<b>141.4</b>	<b>167.1</b>

For details on derivatives reported under other current assets, see note 17.

Miscellaneous other current assets include a certificate of deposit of €1.9 million used as collateral for two letters of credit.

## 22. Restricted bank balances

Amounts reported separately under liabilities as cash deposits by market participants are restricted. Such amounts totalling €6,064.2 million (2009: €4,741.5 million) are mainly invested via bilateral or triparty reverse repurchase agreements and in the form of overnight deposits at banks (restricted bank balances). Government or government-guaranteed bonds, mortgage bonds and bank bonds with an external rating of at least AA– are accepted as collateral for the reverse repurchase agreements.

Cash funds amounting to €121.6 million (2009: €4.1 million) attributable to the Clearstream subgroup are restricted due to minimum reserve requirements.

## 23. Equity

Changes in equity are presented in the consolidated statement of changes in equity. As at 31 December 2010, the number of no-par value registered shares of Deutsche Börse AG issued was 195,000,000 (31 December 2009: 195,000,000).

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

### Composition of authorised share capital

	Amount in €	Date of authorisation by the shareholders	Expiry date	Existing shareholders' pre-emptive rights may be disapplied for fractioning and/or may be disapplied if the share issue is:
Authorised share capital I	5,200,000	24 May 2006	23 May 2011	<ul style="list-style-type: none"> <li>■ against non-cash contributions for the purpose of acquiring companies, parts of companies, or interests in companies, or other assets</li> </ul>
Authorised share capital II	27,800,000	27 May 2010	26 May 2015	<ul style="list-style-type: none"> <li>■ 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</li> <li>■ to employees of the Company or affiliated companies with the meaning of sections 15ff of the Aktiengesetz (AktG, German Stock Corporation Act), with the pro rata amount of the share capital not allowed to exceed €3 million</li> <li>■ against non-cash contributions for the purpose of acquiring companies, parts of companies, interests in companies, or other assets</li> </ul>
Authorised share capital III	19,500,000	27 May 2010	26 May 2015	n.a.
Authorised share capital IV	6,000,000	11 May 2007	10 May 2012	<ul style="list-style-type: none"> <li>■ for the issuance of up to 900,000 new shares per year Executive Board members and employees of the Company as well as to the management and employees of affiliated companies within the meaning of sections 15 ff. of the AktG</li> </ul>

In addition to authorised share capital I, II, III and IV, the Company has contingent capital I that was created to issue up to 6,000,000 shares to settle stock options under the Group Share Plan (see note 45).

There were no further subscription rights for shares as at 31 December 2010 or 31 December 2009.

## Revaluation surplus

The revaluation surplus results from the revaluation of securities and other current and noncurrent financial instruments at their fair value less deferred taxes, as well as the value of the stock options under the Group Share Plan for which no cash settlement was provided at the balance sheet date (see note 45). This item also contains reserves from an existing investment in an associate, which were recognised in connection with the acquisition of further shares, as the company was fully consolidated as of this date

### Revaluation surplus

	Recognition of hidden reserves from fair value mea- surement €m	Other equity investments (financial assets) €m	Securities from banking business (financial assets) €m	Other financial instruments (financial assets) €m	Current securities from banking business €m	Cash flow hedges €m	GSP and SBP options €m	Total €m
<b>Balance as at 1 Jan. 2009</b>	0	0.2	3.2	-1.2	1.8	8.5	16.8	29.3
Fair value measurement	103.7	3.4	10.6	1.7	-3.5	2.4	0	118.3
Increase in share- based payments	0	0	0	0	0	0	-10.8	-10.8
Reversal to profit or loss	0	-0.7	-1.1	0	1.4	-11.8	0	-12.2
Deferred taxes	0	0	-3.1	0	1.0	2.7	0	0.6
<b>Balance as at 31 Dec. 2009</b>	<b>103.7</b>	<b>2.9</b>	<b>9.6</b>	<b>0.5</b>	<b>0.7</b>	<b>1.8</b>	<b>6.0</b>	<b>125.2</b>
Fair value measurement	0	4.6	-13.4	-0.3	-1.3	11.4	0	1.0
Increase in share- based payments	0	0	0	0	0	0	-1.4	-1.4
Reversal to profit or loss	0	0.9	0.2	0	0	-3.3	0	-2.2
Reclassification	0	0	-0.4	0	0.4	0	0	0
Deferred taxes	0	-0.1	3.9	0	0.2	-1.7	0	2.3
<b>Balance as at 31 Dec. 2010</b>	<b>103.7</b>	<b>8.3</b>	<b>-0.1</b>	<b>0.2</b>	<b>0</b>	<b>8.2</b>	<b>4.6</b>	<b>124.9</b>

Overall, deferred taxes amounting to €-2.7 million (2009: €-5.0 million) are recognised in the revaluation surplus.

## Accumulated profit

The “accumulated profit” item includes exchange rate differences amounting to €57.6 million (2009: €-26.1 million), €109.3 million was added due to currency translation for foreign subsidiaries in the year under review (2009: €-39.6 million) and €25.6 million was withdrawn relating to a net investment hedge that was used to hedge the net investment in ISE against currency risk (2009: €-8.0 million).

## Regulatory capital requirements and regulatory capital ratios

Clearstream Banking S.A., Clearstream Banking AG and Eurex Clearing AG as well as the regulatory Clearstream group are subject to solvency supervision by the German or Luxembourg banking supervisory authorities (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin, and Commission de Surveillance du Secteur Financier, CSSF, respectively). All companies that are subject to this supervision are

non-trading-book institutions. Market risk positions consist only of a relatively small open foreign currency position. As a result of these companies' specific businesses, their risk-weighted assets are subject to sharp fluctuations and their solvency ratios are correspondingly volatile.

The minimum capital requirements are subject to the individual companies' national regulations. These are based on EU Banking and Capital Requirements Directives and "Basel II". The companies concerned homogeneously apply the standardised approach for credit risk. Eurex Clearing AG uses the basic indicator approach for operational risk, while the Clearstream companies apply the AMA (advanced measurement approach).

The companies subject to solvency supervision have only a very limited amount of Tier 2 regulatory capital. A minimum of 8 percent applies to the solvency ratio. The individual companies' capital resources sufficiently reflect the fluctuation in risk-weighted assets. Stress testing is used to determine the capital required for expected peaks and additional reserves for unexpected events are added. The capital requirements determined in this way are met through the capital resources. As the actual capital requirements are below the expected peaks – significantly so under normal circumstances – this may lead to a very high solvency ratio, especially at the reporting date.

Due to intragroup restructuring, Deutsche Börse AG contributed 51 percent of shares in Clearstream International S.A. to Clearstream Holding AG on 9 July 2009 by means of a capital increase against non-cash contributions. As a result, Clearstream Holding AG has since been classified as a financial holding company as defined in the Kreditwesengesetz (KWG, German Banking Act) and together with the other Clearstream companies forms a financial holding group under German law. This Clearstream Holding group has since then been subject to solvency supervision by the BaFin on a consolidated basis. In turn, the CSSF is no longer responsible for solvency supervision of the former Clearstream group. Since Clearstream Holding AG acts as a pure holding company for the shareholding in Clearstream International S.A. and therefore does not have material additional risk positions, the two supervisory authorities involved approved maintaining the existing reporting channels for 2009 and implementing the new reporting requirements during 2010. Calculation of the solvency ratios was therefore changed as at 31 December 2010. The table showing the regulatory capital ratios therefore compares the figures for the Clearstream Holding group under German law as at 31 December 2010 with the figures of the Clearstream International group under Luxembourg law as at 31 December 2009. The German rules are generally based on the accounting regulations of the Handelsgesetzbuch (HGB, German Commercial Code), while the Luxembourgian rules are based on carrying amounts under IFRSs. Other differences relate to details: for example, disclosures under Luxembourg law are based on figures consolidated in accordance with IFRSs; by contrast, the figures for the Clearstream Holding group follow the consolidation provisions set out in section 10a (6) KWG. This consolidation also results in minor differences regarding the companies included. REGIS-TR S.A., for example, is not included in the consolidation under the KWG. Additionally, the German rules do not permit the inclusion of accumulated profits brought forward in the definition of equity, while this is not at all unusual outside Germany. As a result, the figures of the Clearstream Holding group are only comparable with the previous year to a limited extent.

On 20 December 2010, Deutsche Börse AG contributed the remaining 49 percent of shares in Clearstream International S.A. to Clearstream Holding AG by means of a capital increase against non-cash contributions. This makes Clearstream Holding AG the sole shareholder of Clearstream International S.A.

Additionally, modified provisions under the Capital Requirements Directive (CRD) II – primarily from EU Directive 2009/111/EU – were transposed into national law effective 31 December 2010. However, CRD II does not have any material impact on the solvency ratios of the companies. Nevertheless, the large exposure rules modified by these provisions have extensive material consequences, although these did not fundamentally lead to any violation of the permitted maximum limit or will do so in the foreseeable future because of exemptions for monetary receivables in the core business of Clearstream and Eurex Clearing AG.

The capital requirements of the Clearstream companies have declined sharply, on the one hand because of significantly lower capital requirements for operational risk and on the other hand due to changed collateral requirements for securities lending as principal at Clearstream Banking S.A., Luxembourg, as well as due to the optimisation of eligible regulatory collateral. The changes in equity at Clearstream Banking AG are attributable to minor amounts of profit retention in the context of the Gesetz zur Modernisierung des Bilanzrechts (BilMoG, German Accounting Law Modernisation Act) transition. The increase in equity at Clearstream Banking S.A. was primarily driven by the effects of intercompany profits and interim dividends as well as the retention of profits amounting to around €25 million from the 2009 financial year.

Owing to the increased volatility and the situation on the money markets as a result of the global financial crisis, the clearing members of Eurex Clearing AG had deposited considerably more collateral in the fourth quarter of 2008 than had previously been the rule. As a result, Eurex Clearing AG increased equity by a total of €60 million. The deposited cash collateral fell significantly back again in 2009 (see also note 42). In addition, Eurex Clearing AG successfully implemented several measures to optimise the cash deposit strategy, which led to a reduction not only in credit and counterparty risks, but also in capital requirements. As a result, Eurex Clearing AG's solvency ratio is currently well above the required minimum.

#### Regulatory capital ratios

	Own funds requirements		Regulatory equity		Solvency ratio	
	31 Dec. 2010 €m	31 Dec. 2009 €m	31 Dec. 2010 €m	31 Dec. 2009 €m	31 Dec. 2010 %	31 Dec. 2009 %
Clearstream Group						
Clearstream Holding Group	211.0	n.a.	763.0	n.a.	28.9	n.a.
Clearstream International Group	n.a.	354.3	n.a.	799.4	n.a.	18.1
Clearstream Banking S.A.	173.3	278.0	450.9	402.8	20.8	11.6
Clearstream Banking AG	77.3	86.7	157.1	149.8	16.3	13.8
Eurex Clearing AG	13.7	15.3	110.1	97.1	64.2	50.6

Eurex Clearing AG has been accredited by the Financial Services Authority (FSA) in the UK as a Recognised Overseas Clearing House (ROCH). The FSA expects regulatory capital equivalent to at least half the operating expenses of the previous year to be maintained; the resulting regulatory minimum capital required by the FSA amounted to €18.5 million as at 31 December 2010 (2009: €22.5 million).

The regulatory minimum requirements were complied with at all times by all companies during the year under review and in the period up to the preparation of the financial statements. This statement takes into consideration the transitional arrangements agreed with the supervisory authorities for the Clearstream group.

## 24. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2010 in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code), report net profit for the year of €278.8 million (2009: €453.1 million) and shareholders' equity of €2,073.0 million (2009: €2,185.8 million). €2.4 million was charged to retained earnings in the past year because of the application of the Gesetz zur Modernisierung des Bilanzrechts (BilMoG, German Accounting Law Modernisation Act).

The year-on-year decline in net profit is primarily due to the fact that another write-down had to be recognised on the profit participation certificates of Eurex Frankfurt AG assumed in connection with the financing of the US subsidiary International Securities Exchange Holdings, Inc. (ISE). This was caused by impairment tests carried out by ISE on its intangible assets, as a result of which impairment losses were detected and recognised. This was partially offset by the transfer of the remaining shares in Clearstream International S.A. from Deutsche Börse AG to Clearstream Holding AG; this transaction led to other operating income amounting to €444.2 million.

### Proposal on the appropriation of the unappropriated surplus

	31 Dec. 2010 €m	31 Dec. 2009 €m
Net profit for the year	278.8	453.1
Transfer from retained earnings	121.2	0
Appropriation to other retained earnings in the annual financial statements	0	–53.1
<b>Unappropriated surplus</b>	<b>400.0</b>	<b>400.0</b>
Proposal by the Executive Board:		
Distribution of a dividend to the shareholders of €2.10 per share for 186,043,003 no-par value shares carrying dividend rights (in 2010 from net profit for 2009: €2.10)	390.7	390.5
Appropriation to retained earnings	9.3	9.5

The proposed dividend for 2010 corresponds to a distribution ratio of 93.5 percent of the consolidated net income (2009: 78.7 percent).

### No-par value shares carrying dividend rights

	Number
Number of shares issued as at 31 December 2010	195,000,000
Shares acquired under the share buy-back programme and scheduled to be retired	–9,057,199
<b>Number of shares outstanding as at 31 December 2010</b>	<b>185,942,801</b>
Shares issued under the Group Share Plan prior to the preparation date of the financial statements	100,202
<b>Total</b>	<b>186,043,003</b>

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the Company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can change until the Annual General Meeting through the repurchase or sale of further treasury shares. In this case, without changing the dividend of €2.10 per eligible share, an amended resolution for the appropriation of the unappropriated surplus will be proposed to the Annual General Meeting.

## 25. Provisions for pensions and other employee benefits

Provisions for pension plans and other employee benefits are measured annually at the balance sheet date using actuarial methods. The following assumptions were applied to the calculation of the actuarial obligations for the pension plans:

### Actuarial assumptions

	31 Dec. 2010			31 Dec. 2009		
	Germany %	Luxembourg %	Switzerland %	Germany %	Luxembourg %	Switzerland %
Discount rate	4.90	4.90	2.50	5.30	5.30	3.25
Expected return on plan assets <sup>1)</sup>	3.89	4.42	4.00	4.60	4.30	4.00
Salary growth	3.50	3.50	2.00	3.50	3.50	2.00
Pension growth	1.75	1.75	0.25	1.75	1.75	0.25
Staff turnover rate	2.00	2.00	2.00	2.00	2.00	2.00

1) The return rate was measured taking the equity component of plan assets for market-oriented parameters into consideration.

The present value of defined benefit obligations (DBOs) can be reconciled with the provisions shown in the balance sheet as follows:

### Net liability of defined benefit obligations

	31 Dec. 2010 €m	31 Dec. 2009 €m
Unfunded defined benefit obligations	0.6	0.6
Partly or wholly funded defined benefit obligations	227.6	183.7
<b>Defined benefit obligations</b>	<b>228.2</b>	<b>184.3</b>
Fair value of plan assets	-172.7	-123.2
Net unrecognised actuarial losses	-44.4	-32.6
Net unrecognised past service cost	0	0
<b>Net liability</b>	<b>11.1</b>	<b>28.5</b>
<b>Amount recognised in the balance sheet</b>		
Other noncurrent assets	-10.2	-1.6
Provisions for pensions and other employee benefits	21.3	30.1
<b>Net liability</b>	<b>11.1</b>	<b>28.5</b>

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#### Changes in defined benefit obligations

	2010 €m	2009 €m
As at 1 January	184.3	147.6
Current service cost	14.0	11.5
Past service cost	2.4	1.9
Interest cost	9.7	9.2
Changes in actuarial losses	16.6	18.0
Benefits paid	-5.0	-5.3
Contributions	6.4	0
Changes in the basis of consolidation	-0.2	1.4
<b>As at 31 December</b>	<b>228.2</b>	<b>184.3</b>

The pension-related expenses contained in staff costs in the consolidated income statement are composed of the following items:

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#### Composition of expenses recognised

	2010 €m	2009 €m
Current service cost	14.0	11.5
Past service cost	2.4	2.7
Interest cost	9.7	9.2
Expected return on plan assets	-5.7	-6.0
Net actuarial loss recognised	3.5	0.4
<b>Total</b>	<b>23.9</b>	<b>17.8</b>

The expected costs of defined benefit plans amount to approximately €24.1 million for the 2011 financial year (for 2010: €19.4 million).

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#### Changes in fair value of plan assets

	2010 €m	2009 €m
As at 1 January	123.2	104.5
Expected return on plan assets	5.7	6.0
Actuarial return on plan assets	1.3	13.6
Employer contributions	47.5	3.0
Benefits paid	-5.0	-5.3
Changes in the basis of consolidation	0	1.4
<b>As at 31 December</b>	<b>172.7</b>	<b>123.2</b>

The actual gains on plan assets amounted to €7.0 million in the year under review (2009: gains of €19.6 million). The calculation of the expected return on plan assets had been based on return rates of 4.0 to 4.6 percent (2009: 5.25 to 5.85 percent).

#### Composition of plan assets

	31 Dec. 2010 %	31 Dec. 2009 %
Bonds	45.0	48.0
Investment funds	44.0	44.0
Other assets	11.0 <sup>1)</sup>	8.0 <sup>2)</sup>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

1) 5.3 percent cash

2) 7.9 percent cash

Plan assets do not include any of the Group's own financial instruments. Neither do they include any property occupied or other assets used by the Group.

The following table shows the experience adjustments to pension obligations and plan assets:

#### Adjustments to pension obligations and plan assets

	2010 €m	2009 €m	2008 €m	2007 €m	2006 €m
Actuarial present value of pension obligations	228.2	184.3	147.6	154.5	149.0
Fair value of plan assets	-172.7	-123.2	-104.5	-132.1	-115.2
<b>Underfunding</b>	<b>55.5</b>	<b>61.1</b>	<b>43.1</b>	<b>22.4</b>	<b>33.8</b>
Experience adjustments	1.0	-16.0	47.7	-0.8	-2.4
thereof attributable to plan liabilities	2.3	-2.4	-3.4	-2.3	-1.9
thereof attributable to plan assets	-1.3	-13.6	51.1	1.5	-0.5

## 26. Changes in other provisions

#### Changes in other provisions

	Other noncurrent provisions €m	Tax provisions €m	Other current provisions €m	Total €m
<b>Balance as at 1 Jan. 2010</b>	<b>80.5</b>	<b>316.8</b>	<b>67.4</b>	<b>464.7</b>
Changes in the basis of consolidation	0	0	0.1	0.1
Reclassification	-28.3 <sup>1)</sup>	-6.9	35.2	0
Utilisation	-6.4	-31.3	-51.4	-89.1
Reversal	-5.2	-20.2	-16.9	-42.3
Additions	46.0	86.6	100.4	233.0
<b>Balance as at 31 Dec. 2010</b>	<b>86.6</b>	<b>345.0</b>	<b>134.8</b>	<b>566.4</b>

1) Primarily reclassification of provisions for anticipated losses and provisions for the Stock Bonus Plan from noncurrent to current provisions

## 27. Other noncurrent provisions

Other noncurrent provisions have more than one year to maturity.

### Composition of other noncurrent provisions

	31 Dec. 2010 €m	31 Dec. 2009 €m
Provision for restructuring and efficiency measures	55.1	17.6
Pension obligations to IHK <sup>1)</sup>	9.4	9.1
Stock Bonus Plan	8.4	17.6
Early retirement benefits	3.2	4.5
Provisions for anticipated losses	4.7	23.5
Miscellaneous	5.8	8.2
<b>Total</b>	<b>86.6</b>	<b>80.5</b>
thereof with remaining maturity between 1 and 5 years	73.5	68.4
thereof with remaining maturity of more than 5 years	13.1	12.1

1) Industrie- und Handelskammer (Chamber of Commerce)

Provisions for restructuring include provisions amounting to €11.2 million (2009: €16.4 million) for the restructuring and efficiency programme resolved in September 2007 as well as €40.8 million for the programme resolved in 2010 to increase operational performance. For details see “Internal management control” section in the Group management report.

Provisions for pension obligations to the Industrie- und Handelskammer (IHK, the Chamber of Commerce) are recognised on the basis of the number of eligible employees. Provisions for early retirement benefits are calculated on the basis of the active and former employees involved.

For details on the Stock Bonus Plan, see note 45.

As at 31 December 2010, the provisions for anticipated losses contained provisions for anticipated losses from rental expenses amounting to €14.8 million (2009: €29.8 million), of which €10.1 million (2009: €4.4 million) were allocated to current provisions. The provisions classified as noncurrent are not expected to be utilised before 2012. They were calculated on the basis of existing rental agreements for each building. Depending on the remaining maturity of the provisions, a discount rate of 1.01 percent or 1.85 percent was applied (2009: 2.40 percent). Additions include interest rate effects amounting to €0.1 million (2009: €0.3 million) mainly from the discount rate change (2009: €0.2 million).

## 28. Liabilities

The euro and US dollar bonds reported under “interest-bearing liabilities” and a hybrid bond denominated in euros have a carrying amount of €1,444.0 million (2009: €1,503.7 million) and a fair value of €1,537.3 million (2009: €1,596.5 million). For further details, see the “Financing of the acquisition of ISE” section in the Group management report.

Interest-bearing liabilities include a loan of €11.2 million (2009: €11.2 million) granted to STOXX Ltd. by SIX Group AG.

The liabilities recognised in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2010 nor as at 31 December 2009.

## 29. Tax provisions

### Composition of tax provisions

	31 Dec. 2010 €m	31 Dec. 2009 €m
Income tax expense: current year	45.6	42.2
Income tax expense: previous years	256.5	265.1
Capital tax and value added tax	42.9	9.5
<b>Total</b>	<b>345.0</b>	<b>316.8</b>

The estimated remaining maturity of the tax provisions is less than one year.

## 30. Other current provisions

### Composition of other current provisions

	31 Dec. 2010 €m	31 Dec. 2009 €m
Provision for restructuring and efficiency measures <sup>1)</sup>	43.4	23.2
Interest on taxes	26.9	0
Recourse, litigation and interest rate risks	22.1	15.2
Stock Bonus Plan	20.6	7.3
Provisions for anticipated losses	10.1	6.3
Rent and incidental rental costs	4.2	1.1
Miscellaneous	7.5	14.3
<b>Total</b>	<b>134.8</b>	<b>67.4</b>

1) Thereof provisions amounting to €3.4 million (2009: €4.5 million) for the restructuring and efficiency programme resolved in 2007 and provisions amounting to €34.1 million for the programme to increase operational performance adopted in 2010 (for details see section "Internal management control" of the Group management report, page 102)

For details on share-based payments, see note 45. For details on noncurrent anticipated losses, see note 27.

## 31. Liabilities from banking business

The liabilities from banking business are attributable solely to the Clearstream subgroup.

### Composition of liabilities from banking business

	31 Dec. 2010 €m	31 Dec. 2009 €m
Customer deposits from securities settlement business	7,390.6	6,096.9
Issued commercial paper	202.3	180.0
Money market borrowings	185.3	910.6
Overdrafts on nostro accounts	25.0	30.3
Forward foreign exchange transactions – "held for trading" category	15.1	0
Interest liabilities	3.0	2.8
Forward foreign exchange transactions – cash flow hedges	0.7	0.4
<b>Total<sup>1)</sup></b>	<b>7,822.0</b>	<b>7,221.0</b>

1) Payables to associates amounted to €0.1 million (2009: €197.9 million), see note 48.

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Remaining maturity of liabilities from banking business

	31 Dec. 2010 €m	31 Dec. 2009 €m
Not more than 3 months	7,820.1	7,220.7
More than 3 months but not more than 1 year	1.9	0.3
<b>Total</b>	<b>7,822.0</b>	<b>7,221.0</b>

## 32. Cash deposits by market participants

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Composition of cash deposits by market participants

	31 Dec. 2010 €m	31 Dec. 2009 €m
Liabilities from margin payments to Eurex Clearing AG by members	6,060.1	4,737.0
Liabilities from cash deposits by participants in equity trading	4.1	4.5
<b>Total</b>	<b>6,064.2</b>	<b>4,741.5</b>

## 33. Other current liabilities

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Composition of other current liabilities

	31 Dec. 2010 €m	31 Dec. 2009 €m
Payables to Eurex participants	68.3	37.0
Special payments and bonuses	46.1	36.2
Interest payable	42.0	45.7
Tax liabilities (excluding income taxes)	30.0	21.8
Earn-out component	14.2	0
Vacation entitlements, flexitime and overtime credits	12.6	12.1
Derivatives	0.9	1.3
Issued commercial paper	0	99.9
Puttable instruments	0	2.2 <sup>1)</sup>
Miscellaneous	31.8	28.7
<b>Total</b>	<b>245.9</b>	<b>284.9</b>

1) See note 35.

## 34. Maturity analysis of financial assets and liabilities

Underlying contractual maturities of the financial assets and liabilities at the balance sheet date

	Contractual maturity	
	2010 €m	Sight 2009 €m
<b>Non-derivative financial liabilities</b>		
Interest-bearing liabilities <sup>1)</sup>	0	0
Other noncurrent financial liabilities	0	0
Liabilities from finance lease transactions (gross)	0	0
Non-derivative liabilities from banking business	7,600.1	7,036.9
Trade payables, payables to associates, payables to other investors and other current liabilities	15.1	0
Cash deposits by market participants	6,064.2	4,741.5
Other bank loans and overdrafts	20.1	0
<b>Total non-derivative financial liabilities (gross)</b>	<b>13,699.5</b>	<b>11,778.4</b>
less non-derivative financial assets:		
Noncurrent receivables and securities from banking business	0	0
Other noncurrent financial instruments and other loans	0	0
Other non-derivative noncurrent financial assets	0	0
Current receivables and securities from banking business	-4,048.8	-3,498.9
Trade receivables, associate receivables, receivables from other investors and other current assets	-72.1	0
Restricted bank balances	-5,237.1	-2,751.2
Other cash and bank balances	-325.4	-366.4
<b>Total non-derivative financial assets</b>	<b>-9,683.4</b>	<b>-6,616.5</b>
<b>Total non-derivative financial liabilities (net)</b>	<b>4,016.1</b>	<b>5,161.9</b>
<b>Derivatives and financial instruments of Eurex Clearing AG</b>		
Financial liabilities and derivatives of Eurex Clearing AG	14,823.5	32,382.4
less financial assets and derivatives of Eurex Clearing AG	-14,823.5	-32,382.4
<b>Cash inflow – derivatives and hedges</b>		
Cash flow hedges	0	0
Fair value hedges	0	0.1
Derivatives held for trading	2,003.3	1,110.8
<b>Cash outflow – derivatives and hedges</b>		
Cash flow hedges	0	0
Fair value hedges	0	0
Derivatives held for trading	-1,999.6	-1,098.9
<b>Total derivatives and hedges</b>	<b>3.6</b>	<b>12.0</b>

1) Included in noncurrent interest-bearing liabilities and other current liabilities

2) Includes the traditional options in the amount of €19,099.8 million (2009: €23,816.7 million). The various series have different maximum durations: 36 months for single-stock futures, 60 months for equity options, 9 months for index futures and 119 months for index options. As the respective asset and liability sides of the options are always of the same duration, no analysis of the individual durations is presented for reasons of immateriality, and the total outstanding is presented as having a contractual maturity of not more than 3 months.

Contractual maturity							Reconciliation to carrying amount		Carrying amount		
Not more than 3 months		More than 3 months but not more than 1 year		More than 1 year but not more than 5 years		Over 5 years					
2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m
0	0	91.3	91.7	1,476.5	1,499.7	253.2	348.0	-365.8	-424.5	1,455.2	1,514.9
0	0	0	0	0	0	0	0	4.6	0	4.6	0
0	0.2	0	0.4	0	0	0	0	0	-0.1	0	0.5
207.6	180.7	1.3	0	0	0	0	0	-2.8	3.0	7,806.2	7,220.6
202.9	353.9	0.3	45.7	0	0	0	0	140.4	0	358.7	399.6
0	0	0	0	0	0	0	0	0	0	6,064.2	4,741.5
0	0	0	0	0	0	0	0	0	0	20.1	0
<b>410.5</b>	<b>534.8</b>	<b>92.9</b>	<b>137.8</b>	<b>1,476.5</b>	<b>1,499.7</b>	<b>253.2</b>	<b>348.0</b>	<b>-223.6</b>	<b>-421.6</b>	<b>15,709.0</b>	<b>13,877.1</b>
-16.2	-4.3	-44.6	-18.4	-1,021.7	-896.3	-729.2	-660.0	256.1	110.8	-1,555.6	-1,468.2
0	0	0	-0.1	-5.2	-4.1	0	-16.5	-72.6	-68.3	-77.8	-89.0
-3.6	0	0	0	0	0	0	0	-13.5	-5.6	-17.1	-5.6
-3,224.0	-3,438.3	-334.2	-247.1	0	0	0	0	6.7	10.4	-7,600.3	-7,173.9
-233.8	-384.6	0	0	0	0	0	0	-39.5	0	-345.4	-384.6
-948.1	-1,994.4	0	0	0	0	0	0	-0.6	0	-6,185.8	-4,745.6
-472.0	-193.3	0	0	0	0	0	0	0.3	0	-797.1	-559.7
<b>-4,897.7</b>	<b>-6,014.9</b>	<b>-378.8</b>	<b>-265.6</b>	<b>-1,026.9</b>	<b>-900.4</b>	<b>-729.2</b>	<b>-676.5</b>	<b>136.9</b>	<b>47.3</b>	<b>-16,579.1</b>	<b>-14,426.6</b>
<b>-4,487.2</b>	<b>-5,480.1</b>	<b>-285.9</b>	<b>-127.8</b>	<b>449.6</b>	<b>599.3</b>	<b>-476.0</b>	<b>-328.5</b>	<b>-86.7</b>	<b>-374.3</b>	<b>-870.1</b>	<b>-549.5</b>
98,448.3 <sup>2)</sup>	98,676.6 <sup>2)</sup>	15,551.9	12,119.4	0	0	0	0	0	0	128,823.7	143,178.4
-98,448.3 <sup>2)</sup>	-98,676.6 <sup>2)</sup>	-15,551.9	-12,119.4	0	0	0	0	0	0	-128,823.7	-143,178.4
5.8	4.5	17.5	13.5	18.0	0	27.0					
1.3	0.1	3.4	0.7	6.0	2.1	0					
1,331.8	1,148.6	20.4	0	0	0	0					
-5.7	-4.6	-17.1	-14.2	-25.8	-0.4	-31.6					
-0.3	-1.3	-0.8	-3.4	-1.2	-10.5	0					
-1,320.8	-1,142.1	-20.0	-0.6	0	0	0					
12.2	5.2	3.4	-4.0	-3.0	-8.8	-4.6					

## 35. Classification of financial instruments under IAS 39

The following table shows an analysis of the financial instruments in the balance sheet in accordance with their classification under IAS 39 as well as the corresponding carrying amounts:

### Classification of financial instruments

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount	
				31 Dec. 2010 €m	31 Dec. 2009 €m
Other equity investments	15	AFS <sup>1)</sup>	Historical cost	47.0	46.9
		AFS <sup>1)</sup>	Fair value	17.7	13.1
Noncurrent receivables and securities from banking business	15	AFS <sup>1)</sup>	Fair value	1,380.6	1,268.2
		Loans and receivables	Amortised cost	175.0	200.0
Other financial instruments	15	AFS <sup>1)</sup>	Fair value	12.1	29.0
Other loans	15	Loans and receivables	Amortised cost	1.0	0
Other noncurrent assets	16, 17	Cash flow hedges	Fair value	10.6	0
		Loans and receivables	Amortised cost	3.7	0
Financial instruments of Eurex Clearing AG	18	Held for trading	Fair value	128,823.7	143,178.4
Current receivables and securities from banking business	19	AFS <sup>1)</sup>	Fair value	570.3	720.1
		Loans and receivables	Amortised cost	7,012.8	6,453.8
		Derivatives held for trading	Fair value	2.2	18.5
Trade receivables	20	Loans and receivables	Amortised cost	212.1	207.4
Associate receivables		Loans and receivables	Amortised cost	5.6	8.6
Receivables from other investors		Loans and receivables	Amortised cost	4.4	1.5
Other current assets	17, 21	Held for trading	Fair value	0.5	0.3
		Loans and receivables	Amortised cost	83.2	131.3
		AFS <sup>1)</sup>	Fair value	17.2	5.2
Restricted bank balances	22	Loans and receivables	Amortised cost	6,185.8	4,745.6
Other cash and bank balances		Loans and receivables	Amortised cost	797.1	559.7

Consolidated balance sheet item (classification)	Note	Category	Measured at	Carrying amount	
				31 Dec. 2010 €m	31 Dec. 2009 €m
Interest-bearing liabilities (excluding finance leases)	28	Liabilities at amortised cost	Amortised cost	1,110.4	1,195.8
		Net investment hedge <sup>2)</sup>	Amortised cost	344.8	319.1
Other noncurrent liabilities	17	Cash flow hedges	Fair value	0	0.4
		Fair value hedges	Fair value	5.0	5.9
Financial instruments of Eurex Clearing AG		Held for trading	Fair value	128,823.7	143,178.4
Liabilities from banking business	31	Liabilities at amortised cost	Amortised cost	7,806.2	7,220.6
		Derivatives held for trading	Fair value	15.1	0
		Cash flow hedges	Fair value	0.7	0.4
Other bank loans and overdrafts	40	Liabilities at amortised cost	Amortised cost	20.1	0
Trade payables		Liabilities at amortised cost	Amortised cost	96.5	95.1
Payables to associates		Liabilities at amortised cost	Amortised cost	4.0	9.2
Payables to other investors		Liabilities at amortised cost	Amortised cost	13.6	13.9
Cash deposits by market participants		Liabilities at amortised cost	Amortised cost	6,064.2	4,741.5
Other current liabilities	17	Cash flow hedges	Fair value	0	0.4
		Liabilities at amortised cost	Amortised cost	129.2	195.9
	33	Puttable instruments <sup>3)</sup>	Fair value	0	2.2
		Derivatives held for trading	Fair value	0.9	0.9

1) Available-for-sale (AFS) financial assets

2) This relates to the private placements designated as hedging instruments of a net investment hedge (see note 17).

3) These were puttable equity instruments in accordance with IAS 32.18b that were attributable to the non-controlling shareholder and were required to be measured at fair value at the respective balance sheet date.

The carrying amount of other loans, current receivables and other assets as well as current and non-current receivables from banking business measured at amortised cost, restricted bank balances, and other cash and bank balances corresponds to their fair value.

The “other equity investments” item, which is carried at historical cost less any impairment losses, comprises non-listed equity instruments whose fair value generally cannot be reliably determined on a continuous basis. For the year under review, their fair value is estimated to be close to their carrying amount.

The bonds reported under interest-bearing liabilities have a fair value of €1,174.2 million (2009: €1,258.0 million). The fair values are the quoted prices of the bonds as at 31 December 2010. The fair value of the private placements is €363.1 million (2009: €327.3 million). This figure was calculated as the present value of the cash flows relating to the private placements on the basis of market parameters.

The carrying amount of current liabilities and cash deposits by market participants represents a reasonable approximation of fair value.

The financial assets and liabilities that are measured at fair value are to be allocated to the following three hierarchy levels: financial assets and liabilities are to be allocated to level 1 if there is a quoted price for identical assets and liabilities in an active market. They are allocated to level 2 if the inputs on which the fair value measurement is based are observable either directly (as prices) or indirectly (derived from prices). Financial assets and liabilities are allocated to level 3 if the fair value is determined on the basis of unobservable inputs.

As at 31 December 2010, the financial assets and liabilities that are measured at fair value were allocated to the following hierarchy levels:

#### Fair value hierarchy

	Fair value as at 31 Dec. 2010	thereof attributable to:		
	€m	Level 1 €m	Level 2 €m	Level 3 €m
<b>ASSETS</b>				
<b>Financial assets held for trading</b>				
Derivatives				
Financial instruments of Eurex Clearing AG	128,823.7	128,823.7	0	0
Other noncurrent assets	10.6	0	10.6	0
Other current assets	2.7	0	2.7	0
<b>Total</b>	<b>128,837.0</b>	<b>128,823.7</b>	<b>13.3</b>	<b>0</b>
<b>Available-for-sale financial assets</b>				
Equity instruments				
Other equity investments	17.7	13.3	4.4	0
<b>Total</b>	<b>17.7</b>	<b>13.3</b>	<b>4.4</b>	<b>0</b>
Debt instruments				
Other financial instruments	12.1	12.1	0	0
Current receivables and securities from banking business	570.3	570.3	0	0
Other current assets	17.2	17.2	0	0
Noncurrent receivables and securities from banking business	1,380.6	1,380.6	0	0
<b>Total</b>	<b>1,980.2</b>	<b>1,980.2</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>130,834.9</b>	<b>130,817.2</b>	<b>17.7</b>	<b>0</b>
<b>LIABILITIES</b>				
<b>Financial liabilities held for trading</b>				
Derivatives				
Financial instruments of Eurex Clearing AG	128,823.7	128,823.7	0	0
Other noncurrent liabilities	5.0	0	5.0	0
Other current liabilities	0.9	0	0.9	0
Liabilities from banking business	15.8	0	15.8	0
<b>Total liabilities</b>	<b>128,845.4</b>	<b>128,823.7</b>	<b>21.7</b>	<b>0</b>

By comparison, the financial assets and liabilities measured at fair value as at 31 December 2009 were allocated to the hierarchy levels as follows:

#### Fair value hierarchy

	Fair value as at 31 Dec. 2009	thereof attributable to:		
	€m	Level 1 €m	Level 2 €m	Level 3 €m
<b>ASSETS</b>				
<b>Financial assets held for trading</b>				
Derivatives				
Financial instruments of Eurex Clearing AG	143,178.4	143,178.4	0	0
Current receivables and securities from banking business	18.5	0	18.5	0
Other current assets	0.3	0	0.3	0
<b>Total</b>	<b>143,197.2</b>	<b>143,178.4</b>	<b>18.8</b>	<b>0</b>
<b>Available-for-sale financial assets</b>				
Equity instruments				
Other equity investments	13.1	9.3	3.8	0
<b>Total</b>	<b>13.1</b>	<b>9.3</b>	<b>3.8</b>	<b>0</b>
Debt instruments				
Other financial instruments	29.0	29.0	0	0
Current receivables and securities from banking business	720.1	720.1	0	0
Other current assets	5.2	5.2	0	0
Noncurrent receivables and securities from banking business	1,268.2	1,268.2	0	0
<b>Total</b>	<b>2,022.5</b>	<b>2,022.5</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>145,232.8</b>	<b>145,210.2</b>	<b>22.6</b>	<b>0</b>
<b>LIABILITIES</b>				
<b>Financial liabilities held for trading</b>				
Derivatives				
Financial instruments of Eurex Clearing AG	143,178.4	143,178.4	0	0
Other current liabilities	0.9	0	0.9	0
Puttable instruments				
Other current liabilities	2.2	0	0	2.2
<b>Total liabilities</b>	<b>143,181.5</b>	<b>143,178.4</b>	<b>0.9</b>	<b>2.2</b>

Only puttable equity instruments were allocated to hierarchy level 3 in the previous year. As a result of measuring these instruments at fair value, an amount of €0.8 million was recognised in other operating expenses in the previous year.

# Consolidated cashflow statement disclosures

## 36. Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities amounted to €943.9 million (2009: €801.5 million). Basic operating cash flow per share was €5.07, diluted operating cash flow per share was €5.07 (2009: basic and diluted operating cash flow per share €4.31, respectively). Cash flows from the net financial result (net interest income and result from equity investments) have been allocated to operating activities.

Noncurrent provisions decreased by €2.9 million in the year under review (2009: increase by €19.3 million). This is primarily due to the decrease of €8.8 million in provisions for pensions and other employee benefits (see note 25). This was partially offset by an increase in other noncurrent provisions by €5.9 million.

The increase in depreciation, amortisation and impairment losses of €14.4 million (2009: increase of €432.0 million) is primarily due to significant impairment losses recognised on intangible assets of ISE amounting to €453.3 million (2009: €415.6 million). This increase is offset by a decline in other impairment losses of €8.4 million and in planned depreciation and amortisation of €14.9 million.

The reduction in deferred tax income of €14.1 million (2009: increase of €190.4 million) is primarily due to a year-on-year rise in deferred tax expense at ISE.

The other non-cash (income)/expense consists of the following items:

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### Composition of other non-cash (income)/expense

	2010 €m	2009 €m
Fair value measurement of forward foreign exchange transactions Clearstream	18.5	–18.2
Equity method measurement	–6.3	10.9
Gains on the disposal of subsidiaries and equity investments	0	–16.5
Miscellaneous	–13.2	29.7
<b>Total</b>	<b>–1.0</b>	<b>5.9</b>

The decrease of €50.4 million in current receivables and other assets is primarily the result of a decline of €37.6 million in current assets and a decline of €27.0 million in tax receivables due to tax refunds. This was offset by an increase in other noncurrent assets by €11.5 million. In the previous year, current assets had been impacted mainly by the receivable from the termination of the financial loss liability insurance policy; the receivable was settled in 2010.

The increase of €152.7 million in current liabilities is primarily due to a rise of €63.0 million in other current liabilities, of €66.3 million in current provisions and of €27.8 million in tax provisions. The increase in current liabilities was caused in particular by higher CCP positions at the reporting date, while provisions rose mainly as a result of the restructuring and efficiency programme implemented in 2010 and additions to provisions for interest and taxes.

### 37. Cash flows from investing activities

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#### Composition of payments to acquire noncurrent assets (excluding other noncurrent assets)

	2010 €m	2009 €m
Investment in intangible assets and property, plant and equipment		
Payments to acquire intangible assets	56.2	135.3
Payments to acquire property, plant and equipment	77.7	37.0
<b>Total payments to acquire intangible assets, property, plant and equipment</b>	<b>133.9</b>	<b>172.3</b>
Payments to acquire noncurrent financial instruments	771.0	1,113.9
Payments to acquire investments in associates	6.8	1.4
<b>Total</b>	<b>911.7</b>	<b>1,287.6</b>

The acquisition of shares in subsidiaries had led to a cash outflow of €51.0 million in 2009. It related to the acquisition of shares in STOXX Ltd., Market News International Inc. and Need to Know News, LLC. In 2010, no shares were acquired in subsidiaries.

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#### Payment to acquire subsidiaries

	2009 €m
Purchase price	97.9
thereof earnout components outstanding	-18.0
less cash received	-28.9
<b>Historical cost</b>	<b>51.0</b>
Intangible assets	-394.7
Other noncurrent assets	-1.0
Receivables and other current assets	-16.7
Current and noncurrent liabilities	92.6
Non-controlling interests, revaluation surplus	288.5
<b>Total assets and liabilities acquired</b>	<b>-31.3</b>
Adjustment to earnout components recognised as liabilities	18.0
<b>Remaining difference</b>	<b>37.7</b>

In 2010 Avox Ltd. was sold. In the previous financial year, Scoach Holding S.A. was deconsolidated and accounted for as an associate.

#### Effects of the disposal of subsidiaries, net of cash disposed

	2010 €m	2009 €m
Disposal proceeds	11.3	0
less cash disposed	−0.9	−5.9
<b>Proceeds from the disposal of (shares in) subsidiaries and other equity investments, net of cash disposed</b>	<b>10.4</b>	<b>−5.9</b>
less assets and liabilities disposed		
Other noncurrent assets	−0.4	−1.8
Receivables and other current assets	−2.6	−14.1
Non-controlling interests	0	14.3
Current liabilities	3.0	7.5
<b>Gains on the disposal of equity investments</b>	<b>10.4</b>	<b>0</b>

The net cash proceeds from the sale of available-for-sale noncurrent financial instruments amounted to €393.5 million (2009: €88.7 million). The cash inflows for 2010 were mainly the result of maturing securities, the sale of securities and the settlement of interest-bearing collateralised receivables.

### 38. Cash flows from financing activities

Repayment of long-term financing of €94.3 million (2009: €3.9 million) relates to the repurchase of the hybrid bond issued in 2008.

In addition, Deutsche Börse AG utilises a commercial paper programme to ensure appropriate liquidity. No commercial paper was outstanding as at 31 December 2010 (31 December 2009: €100.0 million).

Net cash received from non-controlling shareholders relates to the establishment of the companies REGIS-TR S.A. and LuxCSD S.A. Net cash received from non-controlling shareholders in the previous year related to the acquisition of STOXX Ltd.; €20.4 million was paid into the company's reserves in connection with this transaction. As part of the transaction, STOXX Ltd. took out long-term loans amounting to €11.1 million and short-term funds amounting to €3.7 million from non-controlling shareholders. The short-term funds were repaid in 2010.

In 2010, a dividend of €390.5 million was distributed for 2009 (in 2009 for 2008: €390.2 million).

## 39. Reconciliation to cash and cash equivalents

### Reconciliation to cash and cash equivalents

	31 Dec. 2010 €m	31 Dec. 2009 €m
Cash and bank balances	6,982.9	5,305.3
less bank loans and overdrafts	-20.1	0
	<b>6,962.8</b>	<b>5,305.3</b>
<b>Reconciliation to cash and cash equivalents</b>		
Current receivables from banking business	7,585.3	7,192.4
less loans to banks and customers with an original maturity of more than 3 months	-537.1	-272.4
less available-for-sale debt instruments	-570.3	-448.1
less available-for-sale fixed-income securities – money market instruments with an original maturity of more than 3 months	0	-82.0
less derivative assets	0	-18.5
Current liabilities from banking business	-7,822.0	-7,221.0
less derivative assets	0	0.4
Current liabilities from cash deposits by market participants	-6,064.2	-4,741.5
	<b>-7,408.3</b>	<b>-5,590.7</b>
<b>Cash and cash equivalents</b>	<b>-445.5</b>	<b>-285.4</b>

Cash and cash equivalents include in particular cash and bank balances, except for amounts related to the investment of restricted funds deposited by market participants. Receivables and liabilities from banking business with an original maturity of more than three months are included in cash flows from investing activities, while items with an original maturity of three months or less are contained in cash and cash equivalents.

In accordance with IAS 7 “Cash Flow Statements”, cash flows arising from transactions in a foreign currency are recorded in the entity’s functional currency. To this end, the foreign currency amount is translated into the functional currency at the exchange rate between the entity’s functional currency and the foreign currency at the date of the cash flow.

Cash flows of a subsidiary in a different functional currency than that of the parent are adjusted by non-cash exchange rate differences arising from the translation into the functional currency, the euro.

The effect of exchange rate differences on cash and cash equivalents held in a foreign currency is reported separately in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and the end of the period. The effect of exchange rate differences on cash and cash equivalents in financial year 2010 amounted to €4.0 million (2009: €2.5 million).

Cash and bank balances as at 31 December 2010 included restricted bank balances amounting to €6,185.8 million (2009: €4,745.6 million); for details see note 22.

# Other disclosures

## 40. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the year attributable to shareholders of the parent company (net income) by the weighted average number of shares outstanding.

In order to determine the average number of shares, the shares repurchased and reissued under the Group Share Plan (GSP) were included ratably in the calculation. In order to determine diluted earnings per share, the number of potentially dilutive ordinary shares that may be acquired under the Stock Bonus Plan (SBP) or the ISE Group Share Plan, respectively (see also note 45), was added to the average number of shares. In order to calculate the number of potentially dilutive ordinary shares, the exercise prices were adjusted by the fair value of the services still to be provided.

In contrast to the previous year, the 2008 tranche of SBP shares and the tranches of the GSP were no longer classified as potentially dilutive in the year under review, because the Company resolved to settle in cash the entitlements of these tranches. The calculation of the number of potentially dilutive ordinary shares for 2009 was adjusted accordingly. In order to determine diluted earnings per share, all SBP tranches for which cash settlement has not been resolved are assumed to be settled with equity instruments – regardless of actual accounting in accordance with IFRS 2.

There were the following potentially dilutive rights to purchase shares as at 31 December 2010:

### Calculation of the number of potentially dilutive ordinary shares

Tranche	Exercise price €	Adjusted exercise price in accordance with IAS 33 €	Average number of outstanding options 2010	Average price for the period <sup>1)</sup> €	Number of potentially dilutive ordinary shares as at 31 Dec. 2010
2008 <sup>2)</sup>	0	0.97	105,994	51.59	104,001
2009 <sup>3)</sup>	0	14.95	181,479	51.59	128,890
2010 <sup>4)</sup>	0	32.54	179,103	51.59	66,135
<b>Total</b>					<b>299,026</b>

1) Volume-weighted average price of Deutsche Börse AG shares on Xetra for the period 1 January to 31 December 2010

2) This relates to rights to Group Share Plan (GSP) of ISE.

3) This relates to rights to shares under the Stock Bonus Plan (SBP) for Executive Board members and senior executives as well as rights to GSP shares of ISE.

The options on SBP shares of ISE (69,357 options) are not dilutive as at 31 December 2010.

4) This relates to rights to SBP shares for senior executives of Deutsche Börse Group and of ISE.

As the volume-weighted average share price was higher than the adjusted exercise prices for the 2008 to 2010 tranches, these stock options are considered dilutive under IAS 33.

#### Calculation of earnings per share (basic and diluted)

	2010 <sup>1)</sup>	2009 <sup>2)</sup>
Number of shares outstanding as at beginning of period	185,922,690	185,790,599
Number of shares outstanding as at end of period	185,942,801	185,922,690
Weighted average number of shares outstanding	185,937,908	185,859,470
Number of potentially dilutive ordinary shares	299,026	219,700
Weighted average number of shares used to compute diluted earnings per share	186,236,934	186,079,170
Net income (€m)	417.8	496.1
Earnings per share (basic) (€)	2.25	2.67
Earnings per share (diluted) (€)	2.24	2.67

1) Due to the switch to cash settlement, the GSP tranches as well as the 2007 and 2008 SBP tranches were no longer included in the calculation of the potentially dilutive ordinary shares.

2) The number of dilutive ordinary shares was adjusted accordingly in order to enhance comparability with disclosures for the reporting year. In the financial year as at 31 December 2009, diluted earnings per share remained unaffected by this adjustment.

## 41. Segment reporting

Segment reporting is governed by the internal organisational and reporting structure, which is broken down by markets into the following four segments:

#### Internal organisational and reporting structure

Segment	Business areas
Xetra	<ul style="list-style-type: none"> <li>■ Cash market using the Xetra electronic trading system and floor trading</li> <li>■ Central counterparty for equities</li> <li>■ Admission of securities to listing</li> </ul>
Eurex	<ul style="list-style-type: none"> <li>■ Electronic derivatives market trading platform Eurex</li> <li>■ Electronic equity options trading platform ISE</li> <li>■ Over-the-counter (OTC) trading platforms Eurex Bonds and Eurex Repo</li> <li>■ Central counterparty for bonds, derivatives and repo transactions (Eurex Clearing)</li> </ul>
Clearstream	<ul style="list-style-type: none"> <li>■ Custody, administration and settlement services for domestic and foreign securities</li> <li>■ Global securities financing services</li> <li>■ Investment funds services</li> </ul>
Market Data & Analytics	<ul style="list-style-type: none"> <li>■ Sales of price information and information distribution</li> <li>■ Index development and sales</li> </ul>

In accordance with IFRS 8, information on the segments is presented on the basis of internal reporting (management approach). To increase cost transparency, the internal reporting structure was changed to four market segments in the year under review: the external costs of the service segments Information Technology and Corporate Services were allocated to the market segments on the basis of the relevant usage volume (e.g. hours billed) or through allocation keys (e.g. building costs on the basis of used space) as primary costs i.e. excluding mark-ups. To ensure comparability, the prior-year figures have also been reconciled to the four-market segment structure.

Sales revenue is presented separately by external sales revenue and internal (inter-segment) sales revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data & Analytics).

Due to their insignificance to segment reporting, the “financial income” and “financial expense” items have been combined to produce the “net financial result”.

### Segment reporting

	Xetra		Eurex		Clearstream	
	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m
External sales revenue	262.3	292.1	858.7	838.4	760.7	742.7
Internal sales revenue	0	0	0	0	7.1	8.9
<b>Total sales revenue</b>	<b>262.3</b>	<b>292.1</b>	<b>858.7</b>	<b>838.4</b>	<b>767.8</b>	<b>751.6</b>
Net interest income from banking business	0	0	0	0	59.4	97.4
Other operating income	7.8	39.3	32.5	51.3	13.2	30.4
<b>Total revenue</b>	<b>270.1</b>	<b>331.4</b>	<b>891.2</b>	<b>889.7</b>	<b>840.4</b>	<b>879.4</b>
Volume-related costs	-10.5	-25.8	-14.3	-36.1	-165.1	-167.9
<b>Total revenue less volume-related costs</b>	<b>259.6</b>	<b>305.6</b>	<b>876.9</b>	<b>853.6</b>	<b>675.3</b>	<b>711.5</b>
Staff costs	-79.1	-58.5	-161.1	-135.1	-213.0	-166.1
Depreciation, amortisation and impairment losses	-14.8	-17.0	-520.6	-502.4	-30.6	-43.0
Other operating expenses	-68.8	-86.3	-205.1	-195.9	-131.4	-134.1
<b>Operating costs</b>	<b>-162.7</b>	<b>-161.8</b>	<b>-886.8</b>	<b>-833.4</b>	<b>-375.0</b>	<b>-343.2</b>
Result from equity investments	8.2	-3.5	5.3	-11.1	-1.0	-0.4
<b>Earnings before interest and tax (EBIT)</b>	<b>105.1</b>	<b>140.3</b>	<b>-4.6</b>	<b>9.1</b>	<b>299.3</b>	<b>367.9</b>
Net financial result	-4.3	-0.8	-100.6	-78.5	-1.8	0
<b>Earnings before tax (EBT)</b>	<b>100.8</b>	<b>139.5</b>	<b>-105.2</b>	<b>-69.4</b>	<b>297.5</b>	<b>367.9</b>
Investment in intangible assets and property, plant and equipment	14.4	11.9	69.7	52.0	43.5	31.2
Employees (as at 31 December)	504	503	911	927	1,701	1,757
<b>EBIT margin (%)</b>	<b>40.1</b>	<b>48.0</b>	<b>-0.5</b>	<b>1.1</b>	<b>39.3</b>	<b>49.5</b>

1) The reconciliation column shows the elimination of intragroup sales revenue and profits.

2) Excluding investments in intangible assets relating to the acquisition of STOXX Ltd. (€74.0 million)

Market Data & Analytics		Total of all segments		Reconciliation <sup>1)</sup>		Group		
2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	
224.6	188.5	2,106.3	2,061.7	0	0	2,106.3	2,061.7	
31.1	9.9	38.2	18.8	-38.2	-18.8	0	0	
<b>255.7</b>	<b>198.4</b>	<b>2,144.5</b>	<b>2,080.5</b>	<b>-38.2</b>	<b>-18.8</b>	<b>2,106.3</b>	<b>2,061.7</b>	
0	0	59.4	97.4	0	0	59.4	97.4	
15.3	17.0	68.8	138.0	-7.8	-7.4	61.0	130.6	
<b>271.0</b>	<b>215.4</b>	<b>2,272.7</b>	<b>2,315.9</b>	<b>-46.0</b>	<b>-26.2</b>	<b>2,226.7</b>	<b>2,289.7</b>	
-21.0	-20.5	-210.9	-250.3	0	0	-210.9	-250.3	
<b>250.0</b>	<b>194.9</b>	<b>2,061.8</b>	<b>2,065.6</b>	<b>-46.0</b>	<b>-26.2</b>	<b>2,015.8</b>	<b>2,039.4</b>	
-48.8	-34.6	-502.0	-394.3	0	0	-502.0	-394.3	
-17.5	-6.7	-583.5	-569.1	0	0	-583.5	-569.1	
-55.4	-43.3	-460.7	-459.6	46.0	26.2	-414.7	-433.4	
<b>-121.7</b>	<b>-84.6</b>	<b>-1,546.2</b>	<b>-1,423.0</b>	<b>46.0</b>	<b>26.2</b>	<b>-1,500.2</b>	<b>-1,396.8</b>	
-0.3	10.2	12.2	-4.8	0	0	12.2	-4.8	
<b>128.0</b>	<b>120.5</b>	<b>527.8</b>	<b>637.8</b>	<b>0</b>	<b>0</b>	<b>527.8</b>	<b>637.8</b>	
-1.5	-0.4	-108.2	-79.7	0	0	-108.2	-79.7	
<b>126.5</b>	<b>120.1</b>	<b>419.6</b>	<b>558.1</b>	<b>0</b>	<b>0</b>	<b>419.6</b>	<b>558.1</b>	
6.8	3.2	134.4	98.3	0	0	134.4	98.3 <sup>2)</sup>	
374	413	3,490	3,600	0	0	3,490	3,600	
<b>57.0</b>	<b>63.9</b>	<b>25.1</b>	<b>30.9</b>	n.a.	n.a.	<b>25.1</b>	<b>30.9</b>	

In the Eurex segment, an impairment charge amounting to €453.3 million (2009: €415.6 million) was recognised on intangible assets of ISE. In addition, there was an impairment charge of €6.6 million for Eurex releases (2009: €15.3 million for Eurex Credit Clear and ISE software) in the Eurex segment as well as of €1.4 million for Business Process Optimisation and €0.3 million for X-List in the Clearstream segment (2009: €4.6 million for the Converter system).

Non-cash valuation allowances and bad debt losses resulted from the following segments:

**Breakdown of non-cash valuation allowances and bad debt losses**

	2010 €m	2009 €m
Xetra	0	0.6
Eurex	0.2	0.4
Clearstream	0	0
Market Data & Analytics	0.9	0
<b>Total</b>	<b>1.1</b>	<b>1.0</b>

Deutsche Börse Group's business model – and that of its segments – is focused on an internationally operating participant base and pricing does not differ depending on the customer's location. From a price, margin and risk perspective, this means that it is unimportant whether sales revenue is generated from German or non-German participants.

The risks and returns from the activities of the subsidiaries operating within the economic environment of the European Monetary Union (EMU) do not differ significantly from each other on the basis of the factors to be considered in identifying information on geographical regions under IFRS 8. As a result, Deutsche Börse Group has identified the following information on geographical regions: the euro zone, the rest of Europe, America and Asia-Pacific.

Sales revenue is allocated to the individual regions according to the customer's domicile, while investments and noncurrent assets are allocated according to the company's domicile and employees according to their location.

### Information on geographical regions

	Sales revenue		Investments		Noncurrent assets		Number of employees	
	2010 €m	2009 €m	2010 €m	2009 €m	2010 €m	2009 €m	2010	2009
Euro zone	1,054.2 <sup>1)</sup>	1,015.3 <sup>1)</sup>	103.0	86.1	1,331.6 <sup>2)</sup>	1,303.3 <sup>2)</sup>	2,639	2,760
Rest of Europe	765.2 <sup>1)</sup>	699.6 <sup>1)</sup>	0.1	5.3	523.4 <sup>2)</sup>	524.6 <sup>2)</sup>	445	436
Americas	252.9 <sup>1)</sup>	302.1 <sup>1)</sup>	31.1	5.4	1,544.3 <sup>2)</sup>	1,854.0 <sup>2)</sup>	326	341
Asia/Pacific	72.2	63.5	0.2	1.5	1.4	1.5	80	63
<b>Total of all regions</b>	<b>2,144.5</b>	<b>2,080.5</b>	<b>134.4</b>	<b>98.3<sup>3)</sup></b>	<b>3,400.7</b>	<b>3,683.4</b>	<b>3,490</b>	<b>3,600</b>
Reconciliation	-38.2	-18.8	-	-	-	-	-	-
<b>Group</b>	<b>2,106.3</b>	<b>2,061.7</b>	<b>134.4</b>	<b>98.3<sup>3)</sup></b>	<b>3,400.7</b>	<b>3,683.4</b>	<b>3,490</b>	<b>3,600</b>

1) Including countries in which more than 10 percent of sales revenues were generated: UK (2010: €593.3 million; 2009: €534.7 million), Germany (2010: €560.0 million; 2009: €571.3 million), USA (2010: €242.4 million; 2009: €295.3 million)

2) Including countries in which more than 10 percent of noncurrent assets are carried: USA (2010: €1,544.3 million; 2009: €1,854.0 million), Germany (2010: €1,240.1 million; 2009: €1,231.2 million) and Switzerland (2010: €520.5 million; 2009: 521.9 million)

3) Excluding investments in intangible assets relating to the acquisition of STOXX Ltd. (€74.0 million)

## 42. Financial risk management

Deutsche Börse Group presents the qualitative disclosures required by IFRS 7 in detail in the Group management report (see explanations in the risk report, which is part of the Group management report), such as the nature and extent of risks arising from financial instruments, as well as the objectives, strategies and methods used to manage risk.

Financial risks arise at Deutsche Börse Group mainly in the form of credit risk. To a very small extent the Group is exposed to market price risk. Financial risks are quantified using the economic capital concept (please refer to the risk report for detailed disclosures). Economic capital is assessed on a 99.98 percent confidence level for a one year holding period. The economic capital is compared with the Group's liable equity capital adjusted by intangible assets so as to test the Group's ability to absorb extreme and unexpected losses. The economic capital for financial risk is calculated at the end of each month and amounts to €136 million as at 31 December 2010. It is largely determined by credit risk. The economic capital for credit risk is calculated for each business day.

The Group evaluates its risk situation on an ongoing basis. In the view of the Executive Board, no significant change in the risk situation and, thus, no threat to the continued existence of the Group can be identified at this time.

## Credit risk

Credit risks arise in Deutsche Börse Group from the following items:

### Classification of financial instruments

	Segment	Note	Carrying amounts – maximum risk position		Collateral	
			Amount as at 31 Dec. 2010 €m	Amount as at 31 Dec. 2009 €m	Amount as at 31 Dec. 2010 €m	Amount as at 31 Dec. 2009 €m
<b>Collateralised cash investments</b>						
Overnight money invested under securities repurchase agreements	Eurex <sup>1)</sup>		250.0	499.7	447.2	782.7
Interest-bearing receivables	Clearstream	15	175.0	200.0	166.7	190.0
Reverse repurchase agreements	Eurex <sup>1)</sup>		4,926.6	3,797.3	4,985.3	3,816.6
	Clearstream	19	4,491.1	2,955.8	4,521.5 <sup>2)</sup>	2,945.5 <sup>2)</sup>
	Group <sup>1)</sup>		407.7	193.3	410.4	194.3
			<b>10,250.4</b>	<b>7,646.1</b>	<b>10,531.1</b>	<b>7,929.1</b>
<b>Uncollateralised cash investments</b>						
Money market lendings – central banks	Eurex <sup>1)</sup>		984.7	492.9	0	0
	Clearstream	19	0	1,197.0	0	0
Money market lendings – other counterparties	Eurex <sup>1)</sup>		51.5	40.3	0	0
	Clearstream	19	971.0	401.7	0	0
	Group <sup>1)</sup>		110.0	157.5	0	0
Balances on nostro accounts	Clearstream	19	1,287.6	1,475.9	0	0
	Group <sup>1)</sup>		125.0	120.2	0	0
Restricted balances with central banks	Clearstream	22	121.6	4.1	0	0
Fixed-income securities – money market instruments	Clearstream	19	149.9	272.0	0	0
Other fixed-income securities	Clearstream	15, 19	317.6	711.5	0	0
Floating rate notes	Clearstream	15, 19	1,483.4	1,004.8	0	0
	Group	15	4.0	4.0	0	0
Treasury bonds	Eurex <sup>1)</sup>	15, 21	17.2	21.7	0	0
			<b>5,623.5</b>	<b>5,903.6</b>	<b>0</b>	<b>0</b>
<b>Loans for settling securities transactions</b>						
Technical overdraft facilities	Clearstream	19	248.6	405.7	n.a. <sup>3)</sup>	n.a. <sup>3)</sup>
Automated Securities Fails Financing <sup>4)</sup>	Clearstream		642.3	750.7	1,126.0	1,136.1
ASLplus securities lending <sup>4)</sup>	Clearstream		20,510.2	17,595.5	21,279.6	18,452.6
			<b>21,401.1</b>	<b>18,751.9</b>	<b>22,405.6</b>	<b>19,588.7</b>
<b>Total</b>			<b>37,275.0</b>	<b>32,301.6</b>	<b>32,936.7</b>	<b>27,517.8</b>

Segment	Note	Carrying amounts – maximum risk position		Collateral	
		Amount as at 31 Dec. 2010 €m	Amount as at 31 Dec. 2009 €m	Amount as at 31 Dec. 2010 €m	Amount as at 31 Dec. 2009 €m
		37,275.0	32,301.6	32,936.7	27,517.8
<b>Balance brought forward</b>					
<b>Other receivables</b>					
Other loans	Group	1.0	0	0	0
Other assets	Group	86.9	131.3	0	0
Trade receivables	Group	212.1	207.4	0	0
Associate receivables	Group	5.6	8.6	0	0
Receivables from other investors	Group	4.4	1.5	0	0
Interest receivables	Clearstream 19	14.5	17.7	0	0
		324.5	366.5	0	0
<b>Financial instruments of Eurex Clearing AG (central counterparty)</b>		33,013.0 <sup>5)</sup>	36,240.1 <sup>5)</sup>	47,049.0 <sup>6)</sup>	53,439.8 <sup>6)</sup>
<b>Derivatives</b>	17	13.3	18.8	0	0
<b>Total</b>		70,625.8	68,927.0	79,985.7	80,957.6

1) Presented in the items "restricted bank balances" and "other cash and bank balances"

2) Total of fair value of cash (€41.1 million; 2009: €30.9 million) and securities collateral (€4,480.4 million; 2009: €2,914.6 million) received under reverse repurchase agreements

3) The portfolio of deposited collateral is not directly attributed to any utilisation, but is determined by the scope of the entire business relationship and the limits granted.

4) Off-balance-sheet items

5) Net value of all margin requirements resulting from executed trades as of the balance sheet date. This figure represents the risk-orientated view of Eurex Clearing AG while the carrying amount of the position "financial instruments of Eurex Clearing AG" in the balance sheet shows the gross amount of the open trades according to IAS 32.

6) Fair value of cash and securities collateral deposited for margins covering net value of all margin requirements.

### Cash investments

Deutsche Börse Group is exposed to credit risk in connection with the investment of cash funds. The Group mitigates such risks by investing short-term funds to the extent possible on a collateralised basis, e.g. via reverse repurchase agreements.

According to the treasury policy, only bonds with a minimum rating of AA– issued by governments, supranational institutions and banks are eligible as collateral. In the course of the financial crisis, eligibility criteria have been tightened to allow only government-issued or government-backed securities.

The fair value of securities received under reverse repurchase agreements (Clearstream subgroup, Eurex Clearing AG and Deutsche Börse AG) was €7,180.4 million (2009: €7,708.2 million). The Clearstream subgroup is allowed to repledge the securities received to central banks.

The fair value of securities received under reverse repurchase agreements repledged to central banks amounted to €1,337.6 million as at 31 December 2010 (2009: €2,914.6 million). The contract terms are based on recognised bilateral master agreements.

Uncollateralised cash investments are permitted only for counterparties with sound creditworthiness within the framework of defined counterparty credit limits or in the form of investments in money market funds as well as US treasuries and municipal bonds with maturities of less than two years. The Clearstream subgroup assesses counterparty credit risk on the basis of an internal rating system. The remaining Group companies use external ratings available to them. Within the framework of previously defined counterparty credit limits, Group companies that do not have bank status can also invest cash with counterparties that are not externally rated, but instead are members of a deposit protection scheme. The corresponding counterparty limits are always well below the liability limits of the relevant protection scheme.

Part of the available-for-sale fixed-income securities and floating rate notes held by Clearstream are pledged to central banks to collateralise the settlement facility obtained. The fair value of pledged securities was €2,879.6 million as at 31 December 2010 (2009: €1,748.7 million).

### Loans for settling securities transactions

Clearstream grants customers technical overdraft facilities to maximise settlement efficiency. These settlement facilities are subject to internal credit review procedures. They are revocable at the option of the Clearstream subgroup and are largely collateralised. Technical overdraft facilities amounted to €101.2 billion as at 31 December 2010 (2009: €93.7 billion). Of this amount, €3.0 billion (2009: €2.8 billion) is unsecured, whereby a large proportion relates to credit lines granted to central banks and other state-guaranteed institutions. Actual outstandings at the end of each business day generally represent a small fraction of the facilities and amounted to €248.6 million as at 31 December 2010 (2009: €405.7 million); see note 19.

Clearstream also guarantees the risk resulting from the Automated Securities Fails Financing programme it offers to its customers. However, this only applies when the risk is collateralised. In the absence of collateral, this risk is covered by third parties. Guarantees given under this programme amounted to €642.3 million as at 31 December 2010 (2009: €750.7 million).

Under the ASLplus securities lending programme, Clearstream Banking S.A. had securities borrowings from various counterparties totalling €20,510.2 million as at 31 December 2010 (2009: €17,595.5 million). These securities were fully lent to other counterparties. Collateral received by Clearstream Banking S.A. in connection with these loans amounted to €21,279.6 million (2009: €18,452.6 million).

During 2009, Clearstream Banking AG discontinued a service where, as part of the national securities settlement process, it provided credit facilities to customers without an own TARGET2 account against collateral security. In 2009 and 2010, no losses from the credit business occurred on any of the types of transaction described.

#### **Other receivables**

Trading, settlement and custody fees are generally collected without delay by direct debit. Fees for other services, such as the provision of data and information, are settled mainly by transfer. As a result of default by customers, receivables of €2.5 million (2009: €1.5 million) relating to fees for trading and provision of data and IT services are not expected to be collectable.

#### **Financial instruments of Eurex Clearing AG (central counterparty)**

To safeguard Eurex Clearing AG against the risk of default by a clearing member, the clearing conditions require the clearing members to deposit margins in the form of cash or securities on a daily basis or an intraday basis in the amount stipulated by Eurex Clearing AG. Additional security mechanisms of Eurex Clearing AG are described in detail in the risk report.

The aggregate margin calls (after haircuts) based on the executed transactions was €33,013.0 million at the reporting date (2009: €36,240.1 million). In fact, collateral totalling €42,325.5 million (2009: €47,987.7 million) was deposited.

#### **Composition of Eurex Clearing AG's collateral**

	Collateral value as at 31 Dec. 2010 €m	Collateral value as at 31 Dec. 2009 €m	Fair value as at 31 Dec. 2010 €m	Fair value as at 31 Dec. 2009 €m
Cash collateral (cash deposits)	6,060.1	4,737.0	6,060.1	4,737.0
Securities and book-entry securities collateral	36,265.4	43,250.7	40,988.9	48,702.8
<b>Total</b>	<b>42,325.5</b>	<b>47,987.7</b>	<b>47,049.0</b>	<b>53,439.8</b>

There were also third-party bank guarantees for clearing members of Eurex Clearing AG amounting to €79.0 million and CHF15.3 million as at the year-end (2009: €122.5 million and CHF15.3 million).

In contrast to the risk-oriented net analysis of the transactions via the central counterparty, the gross amounts are reported in the balance sheet, as the offsetting rules defined in IAS 32 cannot be met. For a detailed explanation of this balance sheet item, see section "financial instruments of Eurex Clearing AG (central counterparty)" in note 3 or note 18 for an analysis of the carrying amount of €128,823.7 million as at 31 December 2010 (2009: €143,178.4 million).

#### **Credit risk concentrations**

Deutsche Börse Group's business model and the resulting business relationships with a large part of the financial sector mean that, as a rule, credit risk is concentrated on the financial sector. Potential concentrations of credit risk on individual counterparties are avoided by application of counterparty credit limits.

The regulatory requirements, such as those arising under the Großkredit- und Millionenkreditverordnung (GroMiKV, ordinance governing large exposures and loans of €1.5 million or more) in Germany and the corresponding rules in Luxembourg arising under the revised CSSF circular 06/273, are complied with. The German and Luxembourgian rules are based on the EU directives 2006/48/EC and 2006/49/EC (commonly known as CRD). The large exposures rules as laid down by the CRD have been revised by three directives in 2009 (commonly known as CRD II) and have been effective since 31 December 2010. The new rules are more prudent and have taken away in principle the preferred treatment of banks compared to other corporations and have tightened the rules on collateral (e.g. introduced the same haircut rules as for solvency purposes). See note 23 for an explanation of regulatory capital requirements.

Deutsche Börse Group carries out VaR calculations in order to detect credit concentration risks. In 2010, no significant credit concentrations were assessed.

The economic capital for credit risk is calculated for each business day and amounts to €135 million as of 31 December 2010.

### **Market price risk**

As part of the annual planning, the treasury policy of Deutsche Börse Group is implemented in such a way that any net earnings exposure from currencies must be hedged through foreign exchange transactions, if the unhedged exposure exceeds 10 percent of consolidated EBIT. Foreign exchange exposures below 10 percent of consolidated EBIT may also be hedged.

During the year, actual foreign exchange exposure is monitored against the latest EBIT forecast. In case of an overstepping of the 10 percent threshold, the exceeding amount must be hedged.

In addition, the policy stipulates that intraperiod open foreign exchange positions are closed when they exceed €15.0 million. This policy was complied with as in the previous year; as at 31 December 2010, there were no significant net foreign exchange positions.

Currency risks in the Group arise mainly from the operating results and balance sheet of ISE, which are denominated in US dollars, plus that part of Clearstream's sales revenue and interest income less expenses which is directly or indirectly generated in US dollars. As at 31 December 2010, ISE accounted for 19 percent of the Eurex segment's sales revenue. In addition, the Clearstream segment generated sales revenue and interest income (9 percent; 2009: 9 percent) directly or indirectly in US dollars.

Eurex receives interest on intraday margin calls paid in US dollars. These exposures are partially offset by operating costs incurred in US dollars.

Acquisitions where payment of the purchase price results in currency risk are generally hedged.

The Group has partially hedged its investment in ISE against foreign currency risks by issuing fixed-income US dollar debt securities. The investment in ISE (hedged item) constitutes a net investment in a foreign operation. The US dollar securities designated as hedging instruments for the net investment hedge were issued in a nominal amount of US\$460.0 million.

Interest rate risks arise further from debt financing of acquisitions. The acquisition of ISE was financed through senior and hybrid debt. Senior debt was issued in euros and US dollars with tenors of five to twelve years and fixed coupons for the life of the instruments. The hybrid debt issue has a fixed coupon for the first five years to be refixed in case the instrument is not called.

Equity price risks arise to a limited extent from contractual trust arrangements (CTAs). In addition, there are equity price risks arising from strategic equity investments in other exchange operators.

Economic capital is calculated at the end of each month for market price risks that can arise in connection with cash investments or borrowing as a result of fluctuations in interest rates and foreign exchange rates as well as through hedging corporate transactions. On 31 December 2010, the economic capital for market price risk was €1 million.

In financial year 2010, impairment losses amounting to €3.2 million (2009: €3.3 million) were recognised in income for strategic investments that are not included in the VaR for market price risk.

### Liquidity risk

Liquidity risk may arise from potential difficulties in renewing maturing financing, such as commercial paper and bilateral and syndicated credit facilities. In addition, required financing for unexpected events may cause liquidity risk. Most of the Group's cash investments are short-term to ensure availability of liquidity, should the need arise.

Liquidity risk arises from potential difficulties to meet current and future cash flows and collateral needs in support of the settlement activities of Clearstream's customers. Liquidity risk is managed by matching the duration of investments and liabilities, restricting investments in potentially illiquid or volatile asset classes, authorising the Clearstream subgroup to repledge securities received with central banks and maintaining sufficient financing facilities to overcome unexpected demands for liquidity. Most of the Group's cash investments are short-term.

Eurex Clearing AG remains almost perfectly matched with respect to the durations of received customer cash margins and investments while the Clearstream subgroup may invest customer balances up to a maximum of six months (see note 34 for an overview of the maturity structure). Eurex Clearing AG may place limited amounts with tenors of up to one month.

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### Contractually agreed credit lines

Company	Purpose of credit line	Currency	Amount as at 31 Dec. 2010 m	Amount as at 31 Dec. 2009 m
Deutsche Börse AG	working capital <sup>1)</sup>	– interday	€ 605.0	605.0
Eurex Clearing AG	settlement	– interday	€ 670.0	370.0
	settlement	– intraday	€ 700.0	700.0
	settlement	– interday	CHF 200.0	200.0
Clearstream Banking S.A.	working capital <sup>1)</sup>	– interday	US\$ 1,000.0	1,000.0

1) €400.0 million of Deutsche Börse AG's working capital credit line is a sub-credit line of Clearstream Banking S.A.'s US\$1.0 billion working capital credit line.

Clearstream Banking S.A. has a bank guarantee (letter of credit) in favour of Euroclear Bank S.A./N.V. issued by an international consortium to secure daily deliveries of securities between Euroclear and Clearstream. This guarantee amounted to US\$3.0 billion as at 31 December 2010 (2009: US\$3.0 billion). Euroclear Bank S.A./N.V. has also issued a corresponding guarantee in favour of Clearstream Banking S.A.

Furthermore, Eurex Clearing AG holds a credit facility of US\$2.1 billion granted by Euroclear Bank S.A./N.V. in order to increase the settlement efficiency.

A commercial paper programme offers Deutsche Börse AG an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies. As at year-end, there was no outstanding commercial paper (2009: €100.0 million).

Clearstream Banking S.A. also has a commercial paper programme with a programme limit of €1.0 billion, which is used to provide additional short-term liquidity. As at 31 December 2010, commercial paper with a nominal value of €202.4 million had been issued (2009: €180.0 million).

As in the previous year, Standard & Poor's assessed Deutsche Börse AG's long-term credit rating at AA as at 31 December 2010. Deutsche Börse AG's commercial paper programme was again awarded the best possible short-term rating of A-1+.

The long-term credit ratings by Fitch and Standard & Poor's for Clearstream Banking S.A. also remained unchanged over the previous year at AA. As in the previous year, Clearstream Banking S.A.'s commercial paper programme was rated F1+ by Fitch and A-1+ by Standard & Poor's.

### 43. Other financial obligations

For the coming years, Group expenses in connection with long-term contracts relating to maintenance contracts and other contracts amount to €138.0 million (2009: €127.2 million).

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#### Breakdown of future financial obligations

	31 Dec. 2010 €m	31 Dec. 2009 €m
Up to 1 year	79.5	80.9
1 to 5 years	49.8	37.4
More than 5 years	8.7	8.9
<b>Total</b>	<b>138.0</b>	<b>127.2</b>

Obligations resulting from insurance policies amount to €5.1 million in 2011 (2010: €5.0 million).

Deutsche Börse AG completed an investment protection agreement with SIX Group AG. If SIX Group AG reduces its indirect share in the profit of Eurex companies, the agreement obligates Deutsche Börse AG to make a compensatory payment to SIX Group AG for the reduction of the indirect share in International Securities Exchange Holdings, Inc.

In connection with the cooperation agreement between SIX Swiss Exchange AG and Deutsche Börse AG with regard to both parties' participation in Scoach Holding S.A., Deutsche Börse AG has the right and the obligation, at the end of the cooperation after expiration of the term or termination of the agreement, to retain the holding company as sole shareholder. This obligation results in a contingent liability for Deutsche Börse AG to SIX Swiss Exchange AG to acquire the shares SIX Swiss Exchange AG holds in the

holding company without fair value being measured. In addition, Deutsche Börse AG has to make a compensation payment if the net financial liabilities and assets surplus to business requirements of Scoach Schweiz AG, which is allocated to SIX Group, and of Scoach Europa AG, which is allocated to Deutsche Börse Group, are not of equal value.

Eurex Zürich AG and Landesbank Baden-Württemberg (LBBW) entered into an agreement on 23 December 2010 for the acquisition by Eurex Zürich AG of the shares held to date by LBBW in European Energy Exchange AG. The shares are to be transferred to Eurex Zürich AG at a price of €7.15 per share plus a premium of €0.60, if this results in a majority shareholding by Eurex Zürich AG. If Eurex were to acquire all the shares of LBBW, the maximum purchase price of the shares would be €71.3 million. However, according to the pre-emptive rights specified in the consortium agreement, LBBW is obliged to offer its shares to other shareholders of European Energy Exchange AG on a pro-rata basis. As a result of this process, Eurex Zürich AG will therefore acquire at least 10.7 percent of the shares at a purchase price of €30.7 million. For further details see note 51.

## 44. Leases

### **Finance leases**

Finance leases were related to IT hardware components that had been used operationally in Deutsche Börse Group and had not been subleased.

#### Minimum lease payments from finance leases

	31 Dec. 2010 €m	31 Dec. 2009 €m
Up to 1 year	0	0.6
1 to 5 years	0	0
<b>Total</b>	<b>0</b>	<b>0.6</b>
Discount	0	-0.1
<b>Present value of minimum lease payments</b>	<b>0</b>	<b>0.5</b>

No contingent rent was provided for under the terms of the leases. The corresponding agreements did not contain any escalation clauses.

### **Operating leases (as lessee)**

In addition to finance leases, the Group has also entered into leases that must be classified as operating leases on the basis of their economic substance; this means that the leased asset is allocated to the lessor. These leases relate mainly to buildings, IT hardware and software.

#### Minimum lease payments from operating leases

	31 Dec. 2010 €m	31 Dec. 2009 €m
Up to 1 year	75.4	72.1
1 to 5 years	194.1	190.7
More than 5 years	223.7	207.9
<b>Total</b>	<b>493.2</b>	<b>470.7</b>

In the year under review, €71.1 million (2009: €79.3 million) in minimum lease payments was recognised as an expense.

Operating leases for buildings, some of which are sublet, have terms of between one and 15 years. They usually terminate automatically when the lease expires. The Group has options to extend some leases.

#### Rental income expected from sublease contracts

	31 Dec. 2010 €m	31 Dec. 2009 €m
Up to 1 year	2.1	2.9
1 to 5 years	0.6	0.9
<b>Total</b>	<b>2.7</b>	<b>3.8</b>

## 45. Phantom Stock Option Plan, Stock Bonus Plan and Group Share Plan

### Phantom Stock Option Plan

Following its IPO on 5 February 2001, Deutsche Börse AG established a phantom stock option programme for Executive Board members and senior executives of Deutsche Börse AG and its subsidiaries, which was applied for the last time in 2006.

In accordance with IFRS 2, an adapted “exchange options” model (spread option model) was used to calculate the value of the stock options.

The same valuation model was applied to all options granted under the phantom stock option plan. The value calculated best reflects the value of the services received. The phantom stock options have a maximum term of five years and a vesting period of three years. The options can be exercised in each quarter of the subsequent two years in 14-day exercise windows. If options have not been exercised by the last day of the exercise period, the holder is treated as if he had exercised the options. The amount of the cash payout depends on the relative performance of Deutsche Börse AG shares (adjusted for dividend payments) against the STOXX Europe 600 Technology index as the benchmark index (€1.00 per 1 percent outperformance).

#### Valuation parameters for stock options

		as at 31 Dec. 2010	as at 31 Dec. 2009 <sup>1)</sup>
60-day average of Deutsche Börse AG shares	€	49.90	56.71
60-day average of STOXX 600 Europe Technology	Points	272.78	239.42
Volatility of Deutsche Börse AG shares <sup>2)</sup>	%	15.42	17.81/47.27
Volatility of STOXX 600 Europe Technology <sup>3)</sup>	%	9.13	11.49/28.89
Correlation <sup>4)</sup>	%	58.48	46.37/59.54

1) Comparables for 2006 and 2005 tranches at 31 December 2009

2) The underlying volatility of the 2006 tranche was 15.42 percent (2009: 47.27 percent).

3) The volatility of the index was 9.13 percent (2009: 28.89 percent) for the 2006 tranche.

4) The correlation was 58.48 percent (2009: 59.54 percent) for the 2006 tranche.

The option pricing model does not include any exercise hurdles and assumes that options will be held for the maximum holding period. The volatilities applied correspond to the market volatilities of comparable options with matching maturities.

### Valuation of stock options

	Balance as at 31 Dec. 2010 Number	Opening share price €	Opening index price Points	Intrinsic value/ option €	Option value/ option €	Payment obligation €m	Provision as at 31 Dec. 2010 €m
Tranche 2006 <sup>1)</sup>	12,829	41.55	365.27	45.42	45.42	0.6	0.6
Total	12,829					0.6	0.6

1) As at 31 December 2010, the 2006 tranche was exercisable.

At the reporting date of 31 December 2010, current provisions of €0.6 million (2009: €4.5 million) were reported, of which none were attributable to members of the Executive Board (2009: nil) and none to members of the Supervisory Board (2009: nil). As a result of the reduced outperformance, income in the financial year was €0.5 million (2009: €2.6 million).

### Change in number of stock options allocated

	Balance as at 31 Dec. 2009	Options allocated	Options exercised	Options forfeited	Balance as at 31 Dec. 2010
To other senior executives	52,594	0	39,765	0	12,829
Total stock options allocated	52,594	0	39,765	0	12,829

The average exercise price of the 39,765 (2009: 353,758) stock options paid out during the year under review amounted to €85.35 (2009: €75.47).

### Stock Bonus Plan (SBP)

The Company had introduced a Stock Bonus Plan for the members of the Executive Board and senior executives as a long-term incentive component in 2007, replacing the phantom stock option plan of previous years. In the year under review, the Company established an additional tranche of the SBP.

In addition, the Stock Bonus Plan was also introduced for the US subsidiary International Securities Exchange Holdings, Inc. in the year 2007 in accordance with the resolution of ISE's Compensation Committee.

In order to participate in the SBP, a beneficiary must have earned a bonus. The number of stock options for senior executives is determined by the amount of the individual and performance-based SBP bonus for the financial year, divided by the average market price of the Company (closing auction price of Deutsche Börse shares in electronic trading on the Frankfurt Stock Exchange) in the fourth quarter of the financial year in question. Neither the converted SBP bonus nor the stock options will be paid at the time the bonus is determined. Rather, the entitlements are generally received two years after having been granted ("waiting period"). Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting). The beneficiaries' claims resulting from the SBP are calculated on the first trading day following the last day of the waiting period. The current market price at that date (closing auction price of Deutsche Börse shares in electronic trading on the Frankfurt Stock Exchange) is multiplied by the number of SBP shares.

For the 2008 and 2009 SBP tranches, the stock options for both senior executives and Executive Board members are calculated using the method described above; solely for the 2010 SBP tranche newly issued in the financial year 2010, a different method is applied to calculate the number of stock options for Executive Board members retrospectively since 1 January 2010. This is described in the following.

To calculate the number of stock options for Executive Board members under the 2010 SBP tranche, the Supervisory Board defines the 100 percent stock bonus target in euros for each Executive Board member at the beginning of each financial year. Based on the 100 percent stock bonus target defined by the Supervisory Board at the beginning of each financial year, the corresponding number of virtual shares for each Executive Board member is calculated by dividing the stock bonus target by the average price (Xetra closing price) of Deutsche Börse AG's shares in the two calendar months preceding the month in which the Supervisory Board adopts the resolution on the stock bonus target. Any right to payment of a stock bonus vests only after a performance period of three years. The year in which the 100 percent stock bonus target is defined is taken to be the first performance year.

The calculation of the subsequent payout amount of the stock bonus for the Executive Board depends on the development of the two performance factors during the performance period: firstly, on the relative performance of the total shareholder return on Deutsche Börse AG's shares compared with the total shareholder return of the STOXX Europe 600 Financials Index as the peer group, and secondly, on the performance of Deutsche Börse AG's share price. This is multiplied by the number of virtual shares at the end of the performance period to determine the stock bonus. The share price used to calculate the cash payment claims of Executive Board members from the stock bonus is calculated as the average price of Deutsche Börse AG's shares (Xetra closing price) in the two full calendar months preceding the end of the performance period.

For the stock bonus of senior executives under the 2008 to 2010 tranches and for the Executive Board's stock bonus under the 2008 and 2009 tranches, the Company has a general option whether to settle a beneficiary's claim in cash or shares. The Company decided to settle the 2008 tranche claims due in 2011 in cash in the year under review. The Company is obliged to settle the stock bonus of the Executive Board under the newly issued 2010 SBP tranche as well as all future stock bonuses issued for the Executive Board in cash.

In accordance with IFRS 2, the Company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the stock options.

#### Valuation parameters for SBP shares

		Tranche 2010	Tranche 2009	Tranche 2008
Term until		31 Jan. 2013	31 Jan. 2012	31 Jan. 2011
Risk-free interest rate	%	0.87	0.56	0.45
Volatility of Deutsche Börse AG shares	%	37.36	25.96	15.42
Dividend yield	%	4.92	4.46	4.05
Exercise price	€	0	0	0

The valuation model does not take exercise hurdles into account. The volatilities applied correspond to the market volatilities of comparable options with matching maturities.

### Valuation of SBP shares

	Balance as at 31 Dec. 2010 <sup>1)</sup> Number	Deutsche Börse AG share price as at 31 Dec. 2010 €	Intrinsic value/ option <sup>2)</sup> €	Fair value/ option <sup>2)</sup> €	Settlement obligation <sup>2)</sup> €m	Provision as at 31 Dec. 2010 €m
Tranche 2008	409,781	51.80	51.80	51.62	21.2	20.6
Tranche 2009	175,767	51.80	51.80	49.40	8.7	5.5
Tranche 2010	199,237 <sup>3)</sup>	51.80	51.80	46.86	9.3	2.9
<b>Total</b>	<b>784,785</b>				<b>39.2</b>	<b>29.0</b>

1) There was no portfolio of exercisable SBP shares as at 31 December 2010.

2) As at the balance sheet date

3) As the grant date for the 2010 tranche is not until the 2011 financial year, the number indicated for the balance sheet date may change subsequently.

Exercise of the stock options under the stock bonus plan was possible for the first time in the year under review. The average exercise price for the 2007 tranche was €48.74. Shares of the SBP tranches 2008 to 2010 were paid to former employees as part of severance payments in the reporting year. The average exercise price amounted to €52.95 for the 2008 tranche, €51.96 for the 2009 tranche and €48.65 for the 2010 tranche.

The amount of provisions for the SBP results from the measurement of the number of SBP shares with the fair value of the closing auction price of Deutsche Börse shares in electronic trading on the Frankfurt Stock Exchange as at the balance sheet date and its proportionate recognition over the vesting period.

Provisions amounting to €29.0 million were recognised as at the balance sheet date of 31 December 2010 (31 December 2009: €24.9 million). Thereof, €8.4 million are noncurrent; €5.8 million were attributable to members of the Executive Board (2009: €4.9 million). The total cost of the number of SBP shares in the year under review was €10.6 million (2009: €16.1 million). Of that amount, an expense of €2.7 million was attributable to active members of the Executive Board as at the balance sheet date (2009: expense of €3.1 million and an income of €1.4 million that was appropriated to retained earnings resulting from the decision made in 2009 to settle in cash). For the number of SBP shares granted to members of the Executive Board, please also refer to the remuneration report in the chapter.

### Change in number of SBP shares allocated

	Balance as at 31 Dec. 2009	Disposals Tranche 2008	Additions Tranche 2009	Additions Tranche 2010	Options exercised	Options forfeited	Balance as at 31 Dec. 2010
To the Executive Board	138,113	0	4,133	66,264	-31,087	0	177,423
To other senior executives	581,550	-15,127	8,301	132,973	-100,335	0	607,362
<b>Total</b>	<b>719,663</b>	<b>-15,127</b>	<b>12,434</b>	<b>199,237<sup>1)</sup></b>	<b>-131,422</b>	<b>0</b>	<b>784,785</b>

1) As the grant date for the 2010 tranche is not until the 2011 financial year, the number indicated for the balance sheet date may change subsequently.

### Group Share Plan (GSP)

In the past, employees of Deutsche Börse Group who are not members of the Executive Board or senior executives had the opportunity to subscribe for shares of Deutsche Börse AG at a discount of 30 or 40 percent to the issue price under the Group Share Plan (GSP). This discount is based on the employee's performance assessment and length of service. Under the 2009 GSP tranche, eligible employees were

able to buy up to 200 shares of the Company. The purchased shares must be held for at least two years. In line with the resolution by the Annual General Meeting on 27 May 2010, the Company did not issue a further tranche of the GSP in the current financial year.

In 2004 to 2006, employees participating in the GSP received an additional stock option for each share acquired through the GSP, which they can exercise after two years at a fixed premium to the issue price. The exercise price of these additional options consists of the basic price, which corresponds to the volume-weighted average price of the shares in the closing auctions in Xetra trading on the ten trading days preceding the stock options' grant date, but at a minimum to the closing price on the grant date of the stock options, and a premium of 20 percent of the basic price. Options could not be exercised in the first two years, and expire without compensation if not exercised within six years. The options of the 2004 tranche expired in the current financial year. Following the capital increase from retained earnings in 2007, each individual option entitles the holder to subscribe for two Deutsche Börse shares unless Deutsche Börse AG exercises its right to settle in cash.

As a result of the decision made in the year under review to settle all GSP tranches in cash, a total of €1.8 million for the number of options from all tranches was reclassified to provisions in accordance with IFRS 2. As all tranches of the GSP have already vested, the amount of the provision results from the measurement of the number of options at the full fair value of the closing auction price of Deutsche Börse shares in electronic trading on the Frankfurt Stock Exchange at the balance sheet date which reflects the intrinsic value of the option. The fair value of the GSP tranche 2005 was €11.60 as at 31 December 2010; the GSP tranche 2006 was measured at a fair value of €0 as at 31 December 2010, because the exercise price of the option exceeded the closing auction price of Deutsche Börse shares. The difference between the fair value of the share price on the grant date and the fair value of the share price at the time the obligation to settle in cash arose was appropriated directly to retained earnings for those tranches for which there was a reversal and was recognised as staff costs for those tranches for which there was an addition.

In the year under review, expense in the total amount of €1.0 million (2009: net income of €0.2 million) was recognised in staff costs for all GSP options.

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#### Change in number of GSP options allocated

	Balance as at 31 Dec. 2009	Options exercised	Options forfeited	Balance as at 31 Dec. 2010
Tranche 2004	13,872	12,972	900	0
Tranche 2005	33,365	1,555	200	31,610
Tranche 2006	50,792	0	1,280	49,512
<b>Total<sup>1)</sup></b>	<b>98,029</b>	<b>14,527</b>	<b>2,380</b>	<b>81,122</b>

1) As at 31 December 2010 a total of 81,122 options from the 2005 and 2006 tranches was exercisable (2009: 98,029 from the 2004 to 2006 tranches).

The weighted average share price for the options exercised in the year under review amounted to €49.87 (2009: €53.58).

## ISE Group Share Plan

As a component of remuneration with a long-term incentive effect, the Company also issued an annual new tranche of the Group Share Plan for employees of the US ISE subgroup in the past. Under these newly issued tranches of the ISE Group Share Plan, eligible employees had the opportunity to acquire a number of shares in Deutsche Börse AG based on their earned bonus plus an additional personal contribution. The purchase price for the shares, which is reduced by 90 percent, was paid from the granted GSP bonus and an additional contribution by the employee. For the 2008 and 2009 tranches of the stock options, a three year vesting period has been agreed. Neither the GSP bonus nor the number of GSP shares are paid at the time the bonus is determined. Rather, the payments are made two years after the grant date for the 2008 and 2009 tranches. Within this period, beneficiaries cannot assert shareholder rights (in particular, the right to receive dividends and attend the Annual General Meeting).

The Company did not issue any further tranche for the ISE Group Share Plan in financial year 2010.

The shares under the Group Share Plan are delivered no later than 45 days after the vesting period has expired. The shares are all purchased in the market. The difference between the average purchase price and the reduced subscription price is charged to staff costs.

In accordance with IFRS 2, the Company uses an adjusted Black-Scholes model (Merton model) to calculate the fair value of the GSP shares.

### Valuation parameters for ISE GSP shares

		Tranche 2008	Tranche 2009
Term until		31 Jan. 2011	31 Jan. 2012
Risk-free interest rate	%	1.37	0.93
Volatility of Deutsche Börse AG shares	%	56.83	56.15
Deutsche Börse AG share price as at 31 Dec. 2010	€	51.80	51.80
Dividend yield	%	5.48	4.99
Exercise price	€	0	0
Fair value	€	34.62	42.12

The valuation model does not take exercise hurdles into account. The volatilities applied correspond to the market volatilities of comparable options with matching maturities.

### Valuation of ISE GSP shares

Projected balance as at 31 Dec. 2010 <sup>1)</sup>	Deutsche Börse AG share price as at 31 Dec. 2010	Intrinsic value/ option <sup>2)</sup>	Fair value/ option <sup>2)</sup>	Settlement obligation <sup>3)</sup>	Reserves as at 31 Dec. 2010
Number	€	€	€	€m	€m
Tranche 2008	100,482	51.80	38.35	34.62	3.1
Tranche 2009	74,101	51.80	46.25	42.12	2.8
<b>Total</b>	<b>174,583</b>			<b>5.9</b>	<b>4.6</b>

1) No ISE GSP shares were exercisable as at 31 December 2010.

2) As at the grant date

3) As at the maturity date

In accordance with IFRS 2, the total amount for the number of ISE GSP shares is measured at the fair value on the grant date or the reporting date, and recognised in the income statement over the vesting periods of three years. Shareholders' equity is increased accordingly.

Provisions amounting to €4.6 million (2009: €4.1 million) were recognised as at the balance sheet date of 31 December 2010. Of this amount, €1.6 million (2009: €2.9 million) are noncurrent provisions. The total cost of the number of ISE GSP stock options in the year under review was €1.9 million (2009: €3.5 million), all of which was attributable to equity-settled share-based payments.

#### Change in number of ISE GSP shares allocated

	Balance as at 31 Dec. 2009	Additions	Options exercised	Options forfeited	Balance as at 31 Dec. 2010
Tranche 2007	19,727	0	19,727	0	0
Tranche 2008	110,963	0	0	10,481	100,482
Tranche 2009	52,633	29,132	0	7,664	74,101
<b>Total</b>	<b>183,323</b>	<b>29,132</b>	<b>19,727</b>	<b>18,145</b>	<b>174,583</b>

The share price of the 19,727 options exercised in the year under review from the 2007 tranche was €48.95.

## 46. Executive bodies

The members of the Company's executive bodies are listed in the "Executive Board" and "Supervisory Board" chapters of the Annual Report 2010.

## 47. Corporate governance

On 10 December 2010, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) and made it permanently available to shareholders on the Company's website (see chapter "Declaration on Corporate Governance" of the Annual Report 2010).

## 48. Related party disclosures

Related parties as defined by IAS 24 are the members of the executive bodies of Deutsche Börse AG, those companies classified as its associates and other investors, and companies that are controlled or significantly influenced by members of its executive bodies.

The remuneration of the individual members of the Executive and Supervisory Boards is presented in the remuneration report. The remuneration report is a component of the Group management report.

## Executive Board

In 2010, the fixed and variable remuneration of the members of the Executive Board, including non-cash benefits, amounted to a total of €15.2 million (2009: €9.4 million).

In 2010, no expenses for non-recurring termination benefits for Executive Board members (2009: €5.8 million) were recognised in the consolidated income statement.

The actuarial present value of the pension obligations to Executive Board members was €26.2 million at 31 December 2010 (31 December 2009: €19.3 million). Expenses of €2.5 million (2009: €1.4 million) were recognised as additions to pension provisions.

## Former members of the Executive Board or their surviving dependents

The remuneration paid to former members of the Executive Board or their surviving dependents amounted to €1.3 million in 2010 (2009: €1.3 million). The actuarial present value of the pension obligations was €32.6 million at 31 December 2010 (2009: €28.7 million).

## Supervisory Board

The aggregate remuneration paid to members of the Supervisory Board in financial year 2010 was €1.8 million (2009: €1.9 million).

## Other material transactions with related companies

The two following tables shows the other material transactions with companies classified as related parties. All transactions were effected on an arm's length basis.

### Other transactions with associates

	Amount of the transactions		Outstanding balances	
	2010 €m	2009 €m	2010 €m	2009 €m
Loans from Scoach Holding S.A. to Deutsche Börse AG as part of cash pooling	0	n.a. <sup>2)</sup>	-3.4	0
Services of Deutsche Börse AG for Scoach Europa AG	6.1	n.a. <sup>2)</sup>	2.8	-5.5
Loans from Deutsche Börse AG to Indexium AG	0	0	1.0	0
Operation of trading and clearing software by Deutsche Börse Systems AG for European Energy Exchange AG and affiliates	10.3	11.6	1.7	2.1
IT services and infrastructure by International Securities Exchange, LLC for Direct Edge Holdings, LLC	2.7	5.1	0	0
Development and operation of the Link Up Converter system by Clearstream Services S.A. for Link-Up Capital Markets, S.L.	2.5	6.5	0.9	0.5
Money market placements of European Commodity Clearing AG with Clearstream Banking S.A. and the interest paid thereon <sup>1)</sup>	-0.4	-1.0	-0.1	-197.9
Licence fees paid by Eurex Frankfurt AG to STOXX Ltd.	n.a. <sup>3)</sup>	-20.5	n.a. <sup>3)</sup>	0
Provision of price data by STOXX Ltd. To Deutsche Börse AG	n.a. <sup>3)</sup>	-3.9	n.a. <sup>3)</sup>	0
Administrative services and index calculation services by Deutsche Börse AG for STOXX Ltd.	n.a. <sup>3)</sup>	0.6	n.a. <sup>3)</sup>	0
Other transactions with associates	-	-	-0.4	1.5
<b>Total</b>			<b>2.5</b>	<b>-199.3</b>

1) European Commodity Clearing AG is a subsidiary of European Energy Exchange AG, which is classified as an associate.

2) Scoach Holding AG and Scoach Europa AG were deconsolidated effective 31 December 2009 and accounted for as associate companies. Hence, no values are shown for 2009 in the column "Amount of the transactions".

3) STOXX Ltd. was fully consolidated effective 29 December 2009. Hence, no values are shown for 2010 in the columns "Amount of the transactions" and "Outstanding balances" respectively.

### Other transactions with other related parties

	Amount of the transactions		Outstanding balances	
	2010 €m	2009 €m	2010 €m	2009 €m
Office and administrative services by Eurex Zürich AG for SIX Swiss Exchange AG	22.5	27.0	5.1	3.5
Loans from SIX Group AG provided to STOXX Ltd. as part of the acquisition and interest charges thereon	-0.5	n.a. <sup>1)</sup>	-11.2	-15.2
Office and administrative services by SIX Group AG for STOXX Ltd.	-4.5	n.a. <sup>1)</sup>	-1.4	0
Office and administrative services by SIX Swiss Exchange AG for Eurex Zürich AG	-8.1	-7.4	-1.2	-0.8
Operation and development of Eurex software by Deutsche Börse Systems AG for SIX Swiss Exchange AG	17.5	15.4	2.8	1.5
Office and administrative services by SIX Swiss Exchange AG for Eurex Frankfurt AG	-5.8	-6.7	-0.1	-0.8
Transfer of revenue from Eurex fees by Eurex Zürich AG to SIX Swiss Exchange AG	n.a.	n.a.	-15.2	-12.0
Operation and development of Kontro by Deutsche Börse Systems AG for BrainTrade Gesellschaft für Börsensysteme mbH	15.7	16.6	1.6	1.6
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH for Deutsche Börse AG	-8.8	-8.7	-0.9	-0.9
Office and administrative services by SIX Swiss Exchange AG for Scoach Schweiz AG	n.a. <sup>2)</sup>	-9.0	n.a. <sup>2)</sup>	0
Operation of the floor trading system by BrainTrade Gesellschaft für Börsensysteme mbH for Scoach Europa AG	n.a. <sup>2)</sup>	-1.7	n.a. <sup>2)</sup>	0
Other transactions with other investors	-	-	0.1	0.2
<b>Total</b>			<b>-20.4</b>	<b>-22.9</b>

1) STOXX Ltd. was fully consolidated effective 29 December 2009. Hence, no values are shown for 2009 in the column "Amount of the transactions".

2) Scoach Schweiz AG and Scoach Europa AG were deconsolidated effective 31 December 2009 and accounted for as associated companies. Hence, no values are shown for 2010 in the columns "Amount of the transactions" and "Outstanding balances", respectively.

## 49. Shareholders

On 30 September 2008, Deutsche Börse AG, Frankfurt/Main, Germany, published a statement in accordance with section 26 (1) sentence 2 of the WpHG (Wertpapierhandelsgesetz, German Securities Trading Act) according to which its portfolio of own shares of Deutsche Börse AG had exceeded the threshold of 3 percent of the voting rights on 26 September 2008 and amounted to 3.05 percent at that date (5,950,653 voting rights).

Franklin Mutual Advisers, LLC, Short Hill, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights exceeded the threshold of 3 percent on 25 June 2009 and its share of voting rights amounted to 3.01 percent (5,871,225 voting rights) at that date. All voting rights are attributable to Franklin Mutual Advisers, LLC in accordance with section 22 (1) sentence 1 no. 6 of the WpHG.

Sun Life of Canada (U.S.) Financial Services Holdings, Inc., Boston, USA, Sun Life Financial (U.S.) Investments LLC, Wellesley Hills, USA, Sun Life Financial (U.S.) Holdings, Inc., Wellesley Hills, USA, and Sun Life Assurance Company of Canada – U.S. Operations Holdings, Inc., Wellesley Hills, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that their share of Deutsche Börse AG's voting rights exceeded the threshold of 3 percent on 8 September 2009 and their share of voting rights amounted to 3.07 percent (5,990,617 voting rights) at that date. The voting rights of the companies named in this paragraph are attributable to all companies in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG.

Sun Life Global Investment Inc., Toronto, Canada, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights exceeded the threshold of 3 percent on 8 September 2009 and its share of voting rights amounted to 3.34 percent (6,518,717 voting rights) at that date. 3.07 percent of the voting rights (5,990,617 voting rights) can be attributed to Sun Life Global Investment Inc. in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG and 0.27 percent of the voting rights (528,100 voting rights) can be attributed to Sun Life Global Investment Inc. in accordance with section 22 (1) sentence 1 no. 1 of the WpHG.

Sun Life Financial Inc., Toronto, Canada, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights exceeded the threshold of 3 percent on 8 September 2009 and its share of voting rights amounted to 3.34 percent (6,518,717 voting rights) at that date. 3.07 percent of the voting rights (5,990,617 voting rights) can be attributed to Sun Life Financial Inc. in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG and 0.27 percent of the voting rights (528,100 voting rights) can be attributed to Sun Life Financial Inc. in accordance with section 22 (1) sentence 1 no. 1 of the WpHG.

Massachusetts Financial Services Company (MFS), Boston, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights exceeded the threshold of 3 percent on 8 September 2009 and its share of voting rights amounted to 3.07 percent (5,990,617 voting rights) at that date. All voting rights are attributable to Massachusetts Financial Services Company (MFS) in accordance with section 22 (1) sentence 1 no. 6 of the WpHG.

BlackRock Investment Management (UK) Limited, London, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that the share of Deutsche Börse AG's voting rights held by BlackRock Advisors Holdings, Inc., New York, USA, exceeded the threshold of 3 percent on 1 December 2009 and amounted to 3.35 percent (6,526,163 voting rights) at that date. All voting rights are attributable to BlackRock Advisors Holdings, Inc. in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG.

Fidelity Investment Trust, Boston, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had fallen below the threshold of 3 percent on 7 May 2010, and amounted to 2.87 percent (5,588,129 voting rights) at that date.

Previously, Fidelity Investment Trust, Boston, USA, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 29 April 2010, and amounted to 3.0008 percent (5,851,729 voting rights) at that date.

BlackRock Group Limited, London, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 13 May 2010, and amounted to 2.48 percent (4,840,213 voting rights) at that date. All voting rights are attributable to BlackRock Group Limited in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG.

Previously, BlackRock Group Limited, London, UK, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 6 May 2010, and had amounted to 3.73 percent (7,268,984 voting rights) at that date.

BlackRock Financial Management, Inc., New York, USA, and BlackRock Holdco 2, Inc, Delaware, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had fallen below the threshold of 5 percent on 13 May 2010, and amounted to 4.83 percent (9,410,599 voting rights) at that date. All voting rights are attributable to these two companies in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG.

Previously, BlackRock Financial Management, Inc., New York, USA, and BlackRock Holdco 2, Inc, Delaware, USA, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the thresholds of 5 percent on 6 May 2010, and had amounted to 6.06 percent (11,824,316 voting rights) at that date. All voting rights were attributable to these two companies in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG at that date.

BlackRock, Inc., New York, USA notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had fallen below the threshold of 5 percent on 18 February 2011, and amounted 4.99 percent (9,724,997 voting rights) at that date. All voting rights are attributable to the company in accordance with section 22 (1) sentence no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG at that date.

Previously, BlackRock, Inc., New York, USA had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 5 percent on 2 February 2011, and had amounted 5.02 percent (9,785,949 voting rights) at that date. All voting rights were attributable to the company in accordance with section 22 (1) sentence no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG at that date.

BlackRock International Holdings Inc., New York, USA, and BR Jersey International Holdings L.P., St Helier, Jersey, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that their share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 13 May 2010, and in each case amounted to 2.90 percent (5,648,476 voting rights) at that date. All voting rights are attributable to these two companies in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG.

Previously, BlackRock International Holdings Inc., New York, USA, and BR Jersey International Holdings L.P., St Helier, Jersey, UK, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that their share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 1 December 2009, and in each case had amounted to 3.27 percent (6,381,063 voting rights) at that date. All voting rights were attributable to these two companies in accordance with section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 of the WpHG at that date.

Fidelity Management & Research Company, Boston, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights had fallen below the threshold of 3 percent on 17 May 2010 and its share of voting rights amounted to 2.97 percent (5,792,105 voting rights) at that date. All voting rights are attributable to Fidelity Management & Research Company in accordance with section 22 (1) sentence 1 no. 6 of the WpHG.

Previously, Fidelity Management & Research Company, Boston, USA, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 14 August 2009, and had amounted to 3.11 percent (6,070,149 voting rights).

FIL Investments International, Hildenborough, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 18 June 2010 and its share of voting rights amounted to 2.95 percent (5,762,011 voting rights) at that date. All voting rights are attributable to FIL Limited in accordance with section 22 (1) sentence 1 no. 6 of the WpHG.

Previously, FIL Investments International, Hildenborough, UK, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 4 June 2010, and had amounted to 3.11 percent (6,058,880 voting rights).

FIL Limited, Hamilton, Bermuda, and FIL Investment Management Limited, Hildenborough, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that their share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 18 June 2010 and its share of voting rights in each case amounted to 2.95 percent (5,762,011 voting rights) at that date. All voting rights are attributable to FIL Limited in accordance with section 22 (1) sentence 1 no. 6 of the WpHG and to FIL Investment Management Limited in accordance with section 22 (1) sentence 1 no. 6 of the WpHG in conjunction with section 22 (1) sentence 2 of the WpHG.

Previously, FIL Limited, Hamilton, Bermuda, and FIL Investment Management Limited, Hildenborough, UK, had notified Deutsche Börse AG that their share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 4 June 2010 and in each case had amounted to 3.11 percent (6,058,880 voting rights).

FIL Holdings Limited, Hildenborough, UK, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 18 June 2010 and its share of voting rights amounted to 2.95 percent (5,762,011 voting rights) at that date. All voting rights are attributable to FIL Holdings Limited in accordance with section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the WpHG.

Previously, FIL Holdings Limited, Hildenborough, UK, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 4 June 2010, and had amounted to 3.11 percent (6,058,880 voting rights).

Capital Research and Management Company, Los Angeles, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG fell below the threshold of 3 percent on 16 August 2010, and amounted to 2.94 percent (5,734,478 voting rights) at that date.

Previously, Capital Research and Management Company, Los Angeles, USA, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 1 January 2010, and had amounted to 3.03 percent (5,915,000 voting rights) at that date. All voting rights are attributable to the company in accordance with section 22 (1) sentence 1 no. 6 of the WpHG.

FMR LLC, Boston, USA, notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of Deutsche Börse AG's voting rights had fallen below the threshold of 3 percent on 1 October 2010 and its share of voting rights amounted to 2.92 percent (5,703,685 voting rights) at that date. All voting rights are attributable to FMR LLC (Fidelity Management & Research) in accordance with section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 of the WpHG.

Previously, FMR LLC, Boston, USA, had notified Deutsche Börse AG in accordance with section 21 (1) of the WpHG that its share of voting rights in Deutsche Börse AG had exceeded the threshold of 3 percent on 8 July 2010, and had amounted to 3.03 percent (5,908,305 voting rights).

## 50. Employees

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### Employees

	2010	2009
Average number of employees during the year	3,539	3,549
Employed as at the balance sheet date	3,490	3,600

Of the average number of employees during the year, 9 (2009: 9) were classified as Managing Directors (excluding Executive Board members), 422 (2009: 437) as senior executives and 3,108 (2009: 3,103) as employees.

There was an average of 3,300 full-time equivalent (FTE) employees during the year (2009: 3,333). Please refer also to the "Employees" section in the Group management report.

## 51. Events after the balance sheet date

On 15 February 2011, Deutsche Börse AG and NYSE Euronext announced that they have entered into a business combination agreement following approval from both companies' Boards. The new company will be the world leader in derivatives trading and risk management as well as the largest venue for capital raising and equities trading. The group will have two main locations, one near Frankfurt and one in New York.

The transaction is structured as a combination of Deutsche Börse AG and NYSE Euronext under a newly created Dutch holding company, which is expected to be listed in Frankfurt, New York and Paris. On the NYSE Euronext side, this will be effected through a merger of NYSE Euronext and a US subsidiary of the new holding company in which each NYSE Euronext share will be converted into 0.47 of a share of the new holding company. On the Deutsche Börse AG side, the new holding company will launch a public exchange offer, in which shareholders of Deutsche Börse AG may tender their shares of Deutsche Börse AG for an equal number of shares of the new holding company.

Following full completion of the contemplated transactions, the former Deutsche Börse AG shareholders would own 60 percent of the combined group and the former NYSE Euronext shareholders would own 40 percent of the combined group on a fully diluted basis and assuming that all Deutsche Börse AG shares are tendered in the exchange offer.

The transaction is subject to approval by holders of a majority of the outstanding NYSE Euronext shares and to a 75 percent acceptance level of the exchange offer to Deutsche Börse AG shareholders as well as approval by the relevant competition and financial, securities and other regulatory authorities in the US and Europe, and other customary closing conditions. The transaction is expected to close at the end of 2011.

On 23 February 2011, Deutsche Börse Group announced that Eurex Zürich AG, Zurich, Switzerland, will become the new majority shareholder in European Energy Exchange AG (EEX), Leipzig, Germany. After the closing of an agreement in December 2010 between Eurex Zürich AG and Landesbank Baden-Württemberg (LBBW) about the acquisition of the full LBBW share amounting 22.96 percent, LBBW offered its share on a pro-rata basis first to the other EEX shareholders, subject to the pre-emption rights laid out in the consortium agreement. After conclusion of the first round of the tender process, 31 of the 40 eligible shareholders declared to forgo a proportional increase in their stake. The current shareholding of Eurex Zürich AG in EEX of 35.2 percent will increase to over 50 percent. The exact shareholding can only be determined after the closing of the second round of the tender process.

By achieving a majority stake by Eurex Zürich AG, the final price for the shares to be acquired was determined: the price of €7.75 per share consists of the strike price of €7.15 per share and a premium of €0.60 per share for becoming the majority shareholder.

The transaction is still subject to the outstanding approval of the supervisory board of EEX as well as the approval of further regulatory bodies. The approval of the boards of LBBW, the approval of the Exchange Authority in Saxony and the approval of the German Federal Cartel Office have already been granted.

## 52. Date of approval for publication

Deutsche Börse AG's Executive Board approved the consolidated financial statements for submission to the Supervisory Board on 3 March 2011. The Supervisory Board is responsible for examining the consolidated financial statements and stating whether it endorses them.

## Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, 3 March 2011  
Deutsche Börse AG



Reto Francioni



Andreas Preuss



Frank Gerstenschläger



Michael Kuhn



Gregor Pottmeyer



Jeffrey Tessler

# Auditor's report

We have audited the consolidated financial statements prepared by the Deutsche Börse Aktiengesellschaft, Frankfurt/Main, comprising of consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, 4 March 2011

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Becker	Bors
German Public Auditor	German Public Auditor

# Summarised annual financial statements of Deutsche Börse AG

A summary of Deutsche Börse AG's financial statements prepared in accordance with the provisions of the Handelsgesetzbuch (HGB, the German Commercial Code) is presented below. In accordance with section 328 (2) HGB, the information is not presented in the legally required form of publication. A copy of the complete financial statements can be obtained from Deutsche Börse AG, Investor Relations, 60485 Frankfurt/Main, Germany. A pdf version may be downloaded from the Internet at [www.deutsche-boerse.com/agm](http://www.deutsche-boerse.com/agm) under the "Annual General Meeting" navigation point as part of the "Materials on the Annual General Meeting 2011".

## Income statement for the period 1 January to 31 December

	2010 €m	2009 €m
Sales revenue	1,056.6	975.8
Other operating income	597.4	196.5
Total costs	-683.9	-643.4
Income from equity investments	211.7	233.1
Income from profit pooling agreements	115.0	0
Cost of loss absorption	0	-0.2
Write-downs of noncurrent financial assets and current financial instruments	-784.7	-80.9
Net financial result	-103.6	-68.8
<b>Profit before tax from ordinary activities</b>	<b>408.5</b>	<b>612.1</b>
Taxes	-117.8	-159.0
Extraordinary income	0.1	0
Extraordinary expense	-12.0	0
<b>Extraordinary earnings</b>	<b>-11.9</b>	<b>0</b>
<b>Net profit for the year</b>	<b>278.8</b>	<b>453.1</b>
Appropriation to other retained earnings	0	-53.1
Transfer from retained earnings	121.2	0
<b>Unappropriated surplus</b>	<b>400.0</b>	<b>400.0</b>

## Balance sheet as at 31 December

	2010 €m	2009 €m
<b>Assets</b>		
Fixed assets	3,426.2	3,758.0
Current assets	827.9	586.0
<b>Total assets</b>	<b>4,254.1</b>	<b>4,344.0</b>
<b>Equity and liabilities</b>		
Equity		
Subscribed capital	186.0	185.9
(thereof par value of shares acquired for retirement: €-9.1 million; previous year: €-9.2 million)		
Share premium	1,284.3	1,284.3
Other retained earnings	202.7	315.6
Unappropriated surplus	400.0	400.0
	2,073.0	2,185.8
Provisions	283.4	268.8
Liabilities	1,897.7	1,889.4
	2,181.1	2,158.2
<b>Total equity and liabilities</b>	<b>4,254.1</b>	<b>4,344.0</b>

# Proposal on the appropriation of the unappropriated surplus

The Executive Board proposes that the unappropriated surplus amounting to €400.0 million (2009: €400.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

## Proposal on the appropriation of the unappropriated surplus

	2010 €m	2009 €m
Distribution of a dividend to the shareholders of €2.10 per share for 186,043,003 no-par value shares carrying dividend rights (in 2010 from net profit for 2009: €2.10)	390.7	390.5
Appropriation to retained earnings	9.3	9.5
<b>Unappropriated surplus</b>	<b>400.0</b>	<b>400.0</b>

The proposal on the appropriation of the unappropriated surplus reflects treasury shares held directly or indirectly by the Company that are not eligible to receive dividends under section 71b of the Aktiengesetz (AktG, the German Stock Corporation Act). The number of shares eligible to receive dividends can change up until the Annual General Meeting through the repurchase of further treasury shares (irrespective of whether or not such shares are subsequently retired) or through the sale of treasury shares. In this case, without changing the dividend of €2.10 per eligible share, an amended resolution for the appropriation of surplus will be proposed to the Annual General Meeting.

# Deutsche Börse Group – international presence

## Europe

### Berlin

Representative Office  
Unter den Linden 36  
10117 Berlin  
Germany  
Phone +49-(0) 30-5 90 04-100  
  
Kurfürstendamm 119  
10711 Berlin  
Germany  
Phone +49-(0) 30-8 90 21-100

Berlin Branch  
Pressehaus  
Raum 1105, 1. Stock  
Schiffbauerdamm 40  
10117 Berlin  
Germany  
Phone +49-(0) 30-22 62-05 80

**Eschborn**  
Mergenthalerallee 61  
65760 Eschborn  
Germany  
Phone +49-(0) 69-2 11-0  
Postal address:  
60485 Frankfurt/Main  
Germany

**Frankfurt/Main**  
Börsenplatz 4  
60313 Frankfurt/Main  
Germany  
Phone +49-(0) 69-2 11-0

Frankfurt Branch  
Niedenau 45  
60325 Frankfurt/Main  
Germany  
Phone +49-(0) 69-7 20-146

**London**  
Representative Office  
One Canada Square  
Floor 42  
Canary Wharf  
London  
E14 5DR  
United Kingdom  
Phone +44-(0)20-7862-7000

**Luxembourg**  
The Square  
42, Avenue JF Kennedy  
L-1855 Luxembourg  
Phone +352-243-0

### Madrid

Palacio de la Bolsa  
Plaza de la Lealtad, 1  
28014 Madrid  
Spain  
Phone +34-917 095 600

### Moscow

Representative Office  
Bolshaya Tatarskaya 42  
115184, Moskva  
Russia  
Phone +7-495-783-86-02

### Paris

Representative Offices  
17, rue de Surène  
75008 Paris  
France  
Phone +33-(0)1 55 27 67 67

38, rue des Blancs Monteaux  
75004 Paris  
France  
Phone +33-(0)1 42 71 55 40

### Prague

As of April 2011:  
Futurama Business Park  
Building B  
Sokolovská 662/136b  
18600 Praha 8  
Czech Republic

### Zurich

Selnaustrasse 30  
P.O. Box  
8021 Zürich  
Switzerland  
Phone +41-(0)58 854 29 42

## North America

### Chicago

Willis Tower  
233 South Wacker Drive Suite 2450 and 2455  
Chicago, IL 60606  
USA  
Phone +1-312-544-1000

### New York

Representative Office  
55 Broad Street Floor 8  
New York, NY 10004  
USA  
Phone +1-212-309-8885  
  
60 Broad Street Floor 26  
New York, NY 10004  
USA  
Phone +1-212-943-2400

40 Fulton Street Floor 5  
New York, NY 10038  
USA  
Phone +1-212-669-6400

### Ottawa

Ottawa Branch  
160-130 Albert Street  
Ottawa ON K1P 5G4  
Canada  
Phone +1-613-236-2555

### Washington, D.C.

Representative Office  
National Press Building  
529 14th Street NW Suite 1100  
Washington, D.C. 20005  
USA  
Phone +1-202-371-2121

725 15th Street NW Suite 801  
Washington, D.C. 20005  
USA  
Phone +1-202-393-1225

## Asia

### Beijing

Representative Office  
Unit 01-06, 7/F, China Central Place, Tower 3  
77 Jianguo Road  
100025 Beijing, Chaoyang  
P.R. China  
Phone +86-10-6502-8300

Room 702, Kuntai International Mansion  
12B Chaowai Street  
100020 Beijing, Chaoyang  
P.R. China  
Phone +86-10-5864-5200

### Dubai

Representative Office  
City Tower 2  
Sheikh Zayed Road Flat 902  
P.O. Box 27250  
Dubai  
United Arab Emirates  
Phone +971-(0)4-331-0644

### Hong Kong

Representative Offices  
2606-7 Two Exchange Square  
8 Connaught Place, Central  
Hong Kong  
Phone +852-2520-0728  
  
11/F, Room 1101  
1 Duddell Street, Central  
Hong Kong  
Phone +852-3446-2800



#### **Shanghai**

Representative Office  
c/o Xinhua Finance Limited  
Unit 1606, Shanghai Bank Tower  
168 Yin Cheng Road, Central  
200120 Shanghai  
P.R. China  
Phone +86-10-5864-4500

#### **Singapore**

Singapore Branch  
9 Raffles Place  
#55-01 Republic Plaza  
Singapore 048619  
Republic of Singapore  
Phone +65-6597-1600

Representative Office  
50 Raffles Place  
#21-05 Singapore Land Tower  
Singapore 048623  
Republic of Singapore  
Phone +65-6304-5251/-5258

#### **Tokyo**

Representative Offices  
9/F, MT Building II  
4-2-12, Toranomon, Minato-Ku  
Tokyo 105-0001  
Japan  
Phone +81-3-3433-1787

3/F, Metlife Kabutocho Building  
5-1, Nihonbashi Kabutocho, Chuo-Ku  
Tokyo 103-0026  
Japan  
Phone +81-3-5847-8204

16/F, Shiroyama Trust Tower  
4-3-1, Toranomon, Minato-Ku  
Tokyo 105-6016  
Japan  
Phone +81-3-5403-4837

For more information on our Group's  
addresses please visit our website  
[www.deutsche-boerse.com](http://www.deutsche-boerse.com) > About us  
> Addresses.

# Glossary

## A

### **Algorithmic trading**

also: algo trading. A trading technique whereby the participants' systems automatically generate buy and sell orders once predefined parameters are fulfilled.

### **Algo trader**

Participant in → algorithmic trading

### **Asset class**

The capital market is divided into different classes that are subject to similar risk factors. Asset classes include equities, bonds, real estate, energy and commodities.

### **Back office**

The part of a company that handles the → settlement, documentation and regulation of all internal business processes, in the financial sector especially of trading transactions.

## B

### **Backend systems**

Deutsche Börse Group's central data systems for the trading, → clearing, → settlement, custody and information areas. By means of backend systems market data is distributed, customer orders are processed and participant positions are monitored. Backend systems are connected with all customers of the respective services via a global network, which distributes customer-specific information as well as public price and securities data.

### **Basel III**

Recommendations by the Basel Committee on Banking Supervision at the Bank for International Settlements in Basel. The aim of the recommendations is to ensure the stability of the financial system. They supplement the → capital requirements for banks (Basel II recommendations) that were resolved in 2004 and that have now been incorporated into EU Directives; they are based on the one hand on the experience gained from Basel II, and on the other on the knowledge and experience gained from the global financial crisis.

### **Best execution**

also: quality of execution. Best possible execution of orders required by MiFID for securities traded on Xetra® or floor trading.

### **Blue chip**

Generally known, liquid share of a large, profitable company. In Germany, these can be shares in the leading stock index DAX®. The name comes from the world of casinos, where blue chips have the highest value.

### **Brokerage commission**

Fee paid by investors to the → lead broker to cover the intermediation function when a security is bought or sold on the floor. Brokerage fees are standardised and stipulated in the fee schedule published by the Frankfurter Wertpapierbörsen (FWB®, Frankfurt Stock Exchange).

## C

### **Capital requirement**

A requirement introduced as part of the → Basel III recommendations that lays down rules for a company's financial resources. Capital requirements are designed to contribute to the stability of financial institutions, for example by introducing a maximum limit for debt capital.

### **CCP**

Central counterparty. An institution that acts as a legal intermediary between the trading partners as a buyer or seller after a transaction has been completed, facilitating → netting, minimising the default risk of a contracting party (margining and collateralisation), and carrying out all process steps necessary for → clearing.

### **CDS**

Credit default swap. A contract on the purchase of a → derivative with the aim of transferring the credit risk of the underlying debt instrument. The buyer of a CDS receives credit protection and will be compensated by the CDS seller in the case of a default. In return, the seller receives periodic payments from the CDS buyer.

### **Clearing**

The → netting and → settlement of receivables and liabilities arising from securities and → derivatives transactions; determination of the bilateral net debt of buyers and sellers.

### **Clearing house** → CCP

### **Co-location**

Also: Proximity location. Deutsche Börse Group gives its customers the opportunity to operate their trading and → clearing applications from data centres in Frankfurt/Main, Germany. Customers profit from a quick network connection as their applications are connected to the Group's → backend systems. Regarding the processing speed, this is a significant advantage especially for trading participants not based in Frankfurt.

### **Compliance**

Abiding by laws and regulations. In the case of financial institutions, compliance is intended to prevent conflicts of interest between the company and the customer e.g. insider trading and corruption. Compliance also refers to the voluntary actions which are not stated by law.

### **Contract**

on the → derivatives market: a legally binding agreement between two parties to buy or sell an instrument of a precisely defined quality (e.g. equities, interest rate instruments, foreign exchange) in a particular amount at a fixed point of time or within a certain time span in the future, and at a price determined at the time the contract is concluded.

**CSD**

Central securities depository. Clearstream Banking AG, Frankfurt/Main, acts as the officially recognised German bank for the central depository of securities according to the German Securities Deposit Act, among other things. In this function it offers a wide range of post-trade services with respect to securities issued in Germany and other countries, both as a CSD for securities eligible for collective safe custody and as a custodian for other securities.

**D****Derivative**

Highly liquid, standardised financial instrument derived from another instrument, the underlying (e.g. an equity, an index, a currency or a commodity).

**Designated Sponsor**

Bank or financial services provider that furnishes binding bid and ask quotes for a particular security in the order book, either upon request or at its own initiative. Designated Sponsors enhance the liquidity of the securities they support.

**E****Entry Standard**

Subsegment of the exchange-regulated market (Open Market) of the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange) with additional transparency requirements.

**ETC**

Exchange-traded commodity. Security on individual commodities or commodity baskets that can be traded in the same way as a share on the exchange via the Xetra® trading system. Unlike → ETFs, ETCs are perpetual debt instruments that are secured by the respective commodities.

**ETF**

Exchange-traded fund. Mutual fund with indefinite maturity whose shares can be bought or sold in continuous trading on the exchange and which tracks the performance of the index on which it is based.

**ETN**

Exchange-traded note. ETNs are exchange-traded bonds which track the value development of specific market indicators. These can be volatility indices, foreign currencies or equity indices. Other than → ETCs, ETNs track indices outside of the commodities sector.

**Eurex Bonds®**

Electronic platform for trading of bonds and basis trading. Eurex Clearing AG acts as the central counterparty (→ CCP) for transactions on Eurex Bonds.

**Eurex Repo®**

Electronic platform for the trading of general collateral (→ GC Pooling®), → repos and securities with Eurex Clearing AG as the central counterparty (→ CCP).

**F****FIX protocol**

Financial Information eXchange protocol. An open standard for electronic interfaces to exchange information in real time. It can be used by banks, stock exchanges and brokers to develop proprietary software for communication with other market participants without incurring licensing costs.

**Future** → Contract

**G****GC Pooling®**

Product segment developed by → Eurex Repo and Clearstream Banking that is tailored to meet the needs of short-term collateralised money market trading and offers collateralised short-term financing and efficient collateral management.

**General Standard**

Transparency level on the EU-regulated market of the Frankfurt Stock Exchange. Unlike in the Prime Standard, issuers need to meet only the minimum statutory requirements (such as an annual report and ad-hoc disclosures) to be admitted to and remain in the General Standard.

**GSF**

Global Securities Financing; a business area within Deutsche Börse Group's Clearstream segment that comprises automated securities lending services and the management of collateral in tripartite repo transactions.

**H****Hedging**

Method of securing open positions exposed to price risks by entering into a position with the opposite risk profile. For example, an existing portfolio can be hedged against price risks through the use of derivatives, such as futures and options.

**I****Interbank market**

Market in which banks' supply and demand for money, currencies and securities are brought together.

**Intermediary**

Usually banks and securities trading houses that offer intermediation services between investors and issuers of securities.

**L****Latency**

here: the time between entering and processing an order. Electronic trading platforms that execute orders quickly with a short response and processing time have a low latency. This, together with a high throughput (number of orders processed in the trading systems), is especially relevant for → algo traders.

**Lead broker**

Financial services provider or bank appointed by the general management of an exchange to keep the order books allocated to them in floor trading and to calculate prices in all market segments. Lead brokers offer investors a guarantee of execution within a given time and with maximum range.

**Liquidity Hub**

Collateral pool in the → GSF business field within Deutsche Börse Group's Clearstream segment. The Liquidity Hub offers integrated financing services, including securities lending services and collateral management for fixed-income securities and equities, enabling customers to fulfil their margin obligations.

**M****Market maker**

Banks or securities trading houses which ensure that less liquid securities can continue to be traded by offering to buy or sell a defined quantity of the securities in the trading system, thus acting as a counterparty. Market makers compensate temporary imbalances between supply and demand, and stabilise the market when short-term imbalances occur.

**Master data**

A company's key data that is used repeatedly by database systems. The most frequently used master data at Deutsche Börse are the International Security Identification Number (ISIN), the Wertpapierkennnummer (WKN, German securities code number) and the security symbol.

**MTF**

Multilateral trading facility. Securities firm or market operator which represents the interests of a number of persons regarding the buying and selling of financial instruments within the system and according to regulations in such a manner as that it will lead to an agreement on the buying of these financial instruments.

**N****Netting**

Offsetting buy and sell positions over a given period of time so that market participants only have to settle the balance. One of the functions and advantages of the → CCP.

**O****Order routing**

The forwarding of securities orders from participants' in-house systems to various trading platforms.

**OTC**

Over the counter, off-exchange. Describes transactions between two or more trading parties that are not conducted on a regulated market. In the derivatives market, the OTC segment is by far the largest part of the market.

**P****Prime Standard**

Subsegment of the EU-regulated market of the Frankfurt Stock Exchange for companies that meet high transparency standards. A listing in the Prime Standard is a prerequisite for admission to one of Deutsche Börse's selection indices, such as DAX®, MDAX®, SDAX®, or TecDAX®.

**Proprietary content**

Data and information or technology or components of a system that are wholly owned or controlled by the company. Information that would enable other companies to build identical systems or generate this data is not revealed or accessible.

**Proximity services**

Services offered by Deutsche Börse to minimise transmission times between exchange systems and the trading participant's computer. Customers place their computers in close proximity to Deutsche Börse's system servers. See also → latency.

**Q****Quotation**

In order to give trading participants of the Deutsche Börse Group the opportunity to buy and sell less liquid shares on their electronic markets anytime, buy-and-sell rates are set up by selected participants on the markets (→ market maker, → Xetra-specialist, Designated Sponsors) continuously or on demand.

**R****Rating**

Assessing or classifying the creditworthiness of an issuer of securities following a standardised procedure. Ratings are awarded by specialised, independent agencies based on the probability of future interest and principal payments. The purpose of ratings is to make the risk associated with an investment more transparent for investors.

**Repo**

short for: repurchase agreement. The sale of securities with a simultaneous agreement to buy back securities of the same kind at a later date.

**Round trip**

also: "round-trip time". This is the time an order takes to complete the trip from the participant's trading desk via matching in Xetra® and back to the participant as a trade confirmation. At present, this averages 16 milliseconds.

## S

### **Scoach**

European stock exchange for structured products, cooperation between Deutsche Börse and the Swiss SIX Group. It operates trading venues for all EU countries in Frankfurt and for Switzerland in Zurich.

### **Settlement**

The completion of an exchange transaction, i.e. the transfer of money and traded securities from the seller to the buyer and vice versa. Within Deutsche Börse Group, Clearstream is in charge of this post-trading task.

### **Short selling**

Investors who sell short speculate that they will be able to acquire the securities or commodities at a price lower than their selling price before the settlement date. The difference between the sale price and the purchase price is the profit or loss. The Gesetz zur Vorbeugung gegen missbräuchliche Wertpapier- und Derivategeschäfte (German Act to Prevent Improper Securities and Derivatives Transactions), which entered into force on 21 July 2010, added a ban on naked short sales of certain shares and bonds, as well as certain credit derivatives → CDSs to the Wertpapierhandelsgesetz (WpHG, German Securities Trading Act).

### **Specialist model**

A trading model that combines fully electronic trading on the Xetra® platform with support by a → Xetra specialist. Among other things, specialists are appointed to ensure liquidity of less liquid securities and to avoid partial executions that are not economically attractive.

### **STP**

Straight-through processing. The swift, safe and efficient processing of a securities transaction, from order placement to delivery versus payment and to the subsequent safe custody of the security.

### **Swap**

Agreement between two counterparties to exchange certain cash flows or assets, such as currencies, equities or interest payments, in the future. The swap agreement defines when the cash flows are to be paid and the way they are calculated.

### **T2-S**

TARGET2-Securities. Initiative to create a single platform for transmitting securities within the euro area. This platform has the objective of reducing the cost of cross-border securities settlement within the euro area and will be operated by the European Central Bank (ECB). "TARGET" is short for "Trans-European Automated Real-time Gross Settlement Express Transfer System".

### **Tradegate Exchange**

A stock exchange specialised in executing private investor orders. It enables trade in selected securities – approx. 4,000 equities and ETFs, 1,500 bonds and 1,000 funds – at the latest prices. Tradegate offers the longest trading hours for trading in equities in Europe (8 a.m. to 10 p.m.). In 2010, Tradegate Exchange was awarded the status of a "regulated market" as defined in the MiFID.

## TRICE®

Deutsche Börse AG's transaction reporting system, it supports financial services providers in fulfilling their notification requirements to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, German Federal Financial Supervisory Authority) and the Autorité des Marchés Financiers (AMF), respectively. The reporting data is collected by Deutsche Börse and forwarded to the regulatory authorities in due time. A connection between the authorities and those reporting their transaction is not necessary.

## U

### **Underlying**

Market instrument on which a → derivative is based. Underlyings can be shares, indices, goods or foreign exchange, for example.

## W

### **Warrant**

Derivatives contract that entitles buyers and sellers to buy (call) or sell (put) a defined quantity of an → underlying at an agreed price (exercise price) within a certain period of time or on a specified date.

### **Wholesale**

Transactions that Deutsche Börse enters into with institutional investors (customers from companies and institutions, e.g., investment bankers, fund managers, or asset managers), in contrast to transactions with retail investors.

## X

### **Xetra-Gold®**

Bearer note issued by Deutsche Börse that grants the investor the right to demand the delivery of one gram of gold from the issuer. Xetra-Gold tracks the price of gold on a virtually 1:1 basis and is traded in euros per gram.

### **Xetra specialist**

Supports trading in equities, bonds, funds and structured products in floor trading using the Xetra® trading system. Specialists are appointed to ensure liquidity. They guarantee tradability of less liquid securities, for example, and are committed to ensuring maximum spreads and avoiding partial executions that are not economically attractive. See also → specialist model.

### **XIM**

Xetra International Market. A new segment for trading European → blue chips, including all EURO STOXX 50® securities. It is linked to → clearing via Europe's largest central counterparty (→ CCP), Eurex Clearing AG, and → settlement via the international network of Clearstream Banking AG, Frankfurt. Xetra® trading participants in 19 European countries can enter their orders via the existing infrastructure in XIM and settle the transaction cost-effectively in their home market.

# Further information

## Investor Relations

E-mail    ir@deutsche-boerse.com  
 Phone    +49-(0) 69-2 11-1 16 70  
 Fax       +49-(0) 69-2 11-1 46 08  
[www.deutsche-boerse.com/ir\\_e](http://www.deutsche-boerse.com/ir_e)

## Marketing Communication

E-mail    annual.report@deutsche-boerse.com  
 Phone    +49-(0) 69-2 11-1 53 79  
 Fax       +49-(0) 69-2 11-1 37 81

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## Financial calendar

### 28 April 2011

Q1/2011 results

### 12 May 2011

Annual General Meeting

### 1 June 2011

Investor Day

### 28 July 2011

Half-yearly financial report

### 27 October 2011

Q3/2011 results

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## **Additional information and where to find it**

In connection with the proposed business combination transaction, NYSE Euronext and Deutsche Börse AG expect that Alpha Beta Netherlands Holding N.V. ("Holding"), a newly formed holding company, will file a Registration Statement on Form F-4 with the U.S. Securities and Exchange Commission ("SEC") that will include (1) a proxy statement of NYSE Euronext that will also constitute a prospectus for Holding and (2) an offering prospectus of Holding to be used in connection with Holding's offer to acquire Deutsche Börse AG shares held by US holders. When available, NYSE Euronext will mail the proxy statement/prospectus to its stockholders in connection with the vote to approve the merger of NYSE Euronext and a wholly owned subsidiary of Holding, and Holding will mail the offering prospectus to Deutsche Börse AG shareholders in the United States in connection with Holding's offer to acquire all of the outstanding shares of Deutsche Börse AG. NYSE Euronext and Deutsche Börse AG also expect that Holding will file an offer document with Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin", German Federal Financial Supervisory Authority).

**Investors and security holders are urged to read the proxy statement/prospectus and the offer document regarding the proposed business combination transaction if and when they become available because they will contain important information.**

You may obtain a free copy of the proxy statement/prospectus (if and when it becomes available) and other related documents filed by NYSE Euronext and Holding with the SEC on the SEC's website at [www.sec.gov](http://www.sec.gov). The proxy statement/prospectus (if and when it becomes available) and other documents relating thereto may also be obtained for free by accessing NYSE Euronext's website at [www.nyse.com](http://www.nyse.com) and Deutsche Börse AG's website at [www.deutsche-boerse.com](http://www.deutsche-boerse.com). The offer document will be made available at Holding's website at [www.global-exchange-operator.com](http://www.global-exchange-operator.com) following clearance by the BaFin.

This document is neither an offer to purchase nor a solicitation of an offer to sell shares of Holding, Deutsche Börse AG or NYSE Euronext. The final terms and further provisions regarding the public offer will be disclosed in the offer document after the publication has been approved by the BaFin and in documents that will be filed with the SEC. Holding reserves the right to deviate in the final terms of the public offer from the basic information described herein. Investors and holders of NYSE Euronext shares and Deutsche Börse AG shares are strongly encouraged to read the offer document and all documents in connection with the public offer as soon as they are published, since they will contain important information.

No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended, and applicable European regulations. Subject to certain exceptions to be approved by the relevant regulators or certain facts to be ascertained, the public offer will not be made directly or indirectly, in or into any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction, or by use of the mails or by any means or instrumentality (including without limitation, facsimile transmission, telephone and the Internet) of interstate or foreign commerce, or any facility of a national securities exchange, of any such jurisdiction.

This announcement and related materials do not constitute in France an offer for ordinary shares in Holding. The relevant final terms of the proposed business combination transaction will be disclosed in the information documents reviewed by the competent European market authorities.

## **Participants in the solicitation**

NYSE Euronext, Deutsche Börse AG, Holding and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from NYSE Euronext stockholders in respect of the proposed business combination transaction.

Additional information regarding the interests of such potential participants will be included in the proxy statement/prospectus and the other relevant documents filed with the SEC if and when they become available.

## **Forward-looking statements**

This document includes forward-looking statements about NYSE Euronext, Deutsche Börse AG, Holding, the enlarged group and other persons, which may include statements about the proposed business combination, the likelihood that such transaction could be consummated, the effects of any transaction on the businesses of NYSE Euronext or Deutsche Börse AG, and other statements that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and actual results of operations, financial condition and liquidity, and the development of the industries in which NYSE Euronext and Deutsche Börse AG operate may differ materially from those made in or suggested by the forward-looking statements contained in this document. Any forward-looking statements speak only as at the date of this document. Except as required by applicable law, none of NYSE Euronext, Deutsche Börse AG or Holding undertakes any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

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## Deutsche Börse Group: five-year review

		2006	2007	2008	2009	2010
<b>Consolidated income statement</b>						
Sales revenue	€m	1,854.2	2,185.2	2,455.1	2,061.7	2,106.3
Net interest income from banking business	€m	150.7	230.8	236.8	97.4	59.4
Total expenses	€m	-1,092.4	-1,323.5	-1,284.0	-1,647.1	-1,711.1
Earnings before interest and tax (EBIT)	€m	1,027.5	1,345.9	1,508.4	637.8	527.8
Net income	€m	668.7	911.7	1,033.3	496.1	417.8
<b>Consolidated cash flow statement</b>						
Cash flows from operating activities	€m	843.4	839.6	1,278.9	801.5	943.9
<b>Consolidated balance sheet</b>						
Noncurrent assets	€m	1,907.6	4,164.0 <sup>1)</sup>	4,544.9	5,251.0	5,069.5
Equity	€m	2,283.3	2,690.2	2,978.3	3,338.8	3,410.3
Total assets	€m	65,025.1	79,626.7 <sup>1)</sup>	145,878.6	161,360.5	148,850.5
<b>Performance indicators</b>						
Earnings per share (basic)	€	3.36 <sup>2)</sup>	4.70	5.42	2.67	2.25
Earnings per share (diluted)	€	3.36 <sup>2)</sup>	4.70	5.41	2.67	2.24
Dividend per share	€	1.70 <sup>2)</sup>	2.10	2.10	2.10	2.10 <sup>3)</sup>
Dividends proposed	€m	329.8	403.0	390.2	390.5	390.7 <sup>3)</sup>
Operating cash flow per share (basic)	€	4.24 <sup>2)</sup>	4.33	6.71	4.31	5.07
Operating cash flow per share (diluted)	€	4.24 <sup>2)</sup>	4.33	6.70	4.31	5.07
Employees (average annual FTEs)		2,739	2,854	3,115	3,333	3,300
Sales revenue per employee <sup>4)</sup>	€ thous.	677	766	788	619	638
EBIT margin	%	56	62	61	31	25
Return on shareholders' equity <sup>5)</sup> (annual average)	%	30	39	41	18	14
<b>Market indicators</b>						
<b>Xetra</b>						
Number of transactions	m	107.7	176.3	226.0	167.3	189.4
Trading volume (single-counted)	€bn	1,592.9	2,443.0	2,149.0	1,060.6	1,236.9
<b>Floor trading</b>						
Trading volume (single-counted)	€bn	102.4	109.5	80.1	60.0	61.4
<b>Eurex</b>						
Number of contracts	m	1,526.8	2,704.3 <sup>6)</sup>	3,172.7	2,647.4	2,642.1
<b>Clearstream</b>						
Value of securities deposited (annual average)	international	€bn	4,170	4,783	5,128	5,409
	domestic	€bn	5,033	5,721	5,509	4,937
Number of transactions	international	m	29.8	33.9	30.0	30.6
	domestic	m	74.9	89.2	84.3	71.4
						79.3

1) Adjustments due to the retrospective reduction of the tax rate applied in the course of the acquisition of ISE

2) Amount restated to reflect the capital increase in 2007

3) Proposal to the Annual General Meeting 2011

4) Based on average full-time equivalents (FTEs)

5) Net income / average shareholders' equity for the financial year based on the quarter-end shareholders' equity balances

6) Pro forma figure including US options of ISE

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