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Report of the Supervisory Board



Dear shareholders,

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

We held a total of eight meetings, four of which were extraordinary. At our meetings, the Executive Board provided detailed, timely and comprehensive information, both verbally and in writing, in line with the legal requirements on the course of business, the position of the Company and the Group (including the risk situation and risk management), as well as on the Company's strategy and planning. We discussed all transactions significant for the Company in the plenary meetings and in the Supervisory Board committees, based on the reports of the Executive Board. Dialog between the Supervisory Board and the Executive Board has further intensified in terms of quality and quantity in recent years due to the greater frequency of both the plenary and the committee meetings. The close communication between the Executive Board and Supervisory Board, their discussions and the control functions performed by the Supervisory Board are a pragmatic response to the substantial increase in requirements imposed on the Company by global competition. Individual issues were also addressed between meetings, both verbally and in written reports by the Executive Board. In addition, I maintained regular contact with the Chief Executive Officer and was informed by him of current developments in the Company's business, significant transactions and upcoming decisions. All members of the Supervisory Board attended more than half of the meetings of the Supervisory Board in 2007.

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Focus of discussions by the Supervisory Board

At our Supervisory Board meetings, we were informed of current developments and initiatives by the CEO's reports and discussed projects relevant to the Company as well as market developments and regulatory changes. The Supervisory Board was regularly informed about Deutsche Börse AG's share price performance, including the performance relative to our competitors. In the first six months of the year, the Executive Board also regularly updated us on Deutsche Börse Group's reorganization, which took effect on 1 July 2007. In the second half of the year, the Executive Board repeatedly informed us about the progress of the restructuring program and related cost management issues.

The Executive Board correctly submitted all transactions requiring our approval to us, and we approved these transactions.

We discussed Eurex's future expansion plans for the USA at the extraordinary meeting on 15 January 2007.

The extraordinary meeting on 12 February 2007 was dedicated primarily to the acquisition of a minority interest in the Bombay Stock Exchange, which we approved.

At the Supervisory Board meeting convened on 19 March 2007 to adopt the accounts, we discussed in detail Deutsche Börse AG's annual financial statements and the consolidated financial statements as at 31 December 2006, as well as the respective management reports. The auditors were available to answer questions during the meeting. After detailed examination and discussion, we approved both the annual financial statements and the consolidated financial statements, thus following the recommendation of the Audit and Finance Committee, which also conducted an in-depth examination of the documents. In addition, we addressed various personnel issues relating to the Executive Board at our meeting on 19 March 2007, as well as discussing and adopting the agenda for the 2007 Annual General Meeting.

The extraordinary meeting on 30 April 2007 mainly addressed the acquisition of International Securities Exchange Holdings Inc. (ISE) by Eurex Frankfurt AG, a subsidiary of Deutsche Börse AG and SWX Swiss Exchange AG. The merger of Eurex and ISE has produced the largest transatlantic marketplace for derivatives with a leading position in index, equity and interest rate derivatives denominated in US dollars and euros. We approved the acquisition after an in-depth discussion of all aspects of the transaction.

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At the extraordinary meeting on 11 May 2007, we were informed on the progress of the acquisition of ISE and resolved to remove an item from the agenda of the Annual General Meeting. The acquisition of ISE was also the subject of the meeting on 18 June 2007. The members of the Supervisory Board also decided at this meeting to commit themselves voluntarily to the Company's stricter internal regulations on preventing insider trading. In particular, these internal regulations stipulate regular periods during which trading is prohibited.

At the meeting on 24 September 2007, the Executive Board informed us of initiatives to optimize the Company's capital structure and to improve internal processes and structures. We were again updated on the acquisition of ISE and decided to abolish the deductible on the directors' & officers' liability insurance for Supervisory Board members. The Supervisory Board also discussed the latest amendments to the German Corporate Governance Code and resolved to establish a Nomination Committee. This body is responsible for proposing suitable candidates to the Supervisory Board whom the latter can recommend to the Annual General Meeting for election to the Supervisory Board. We also discussed the results of this year's efficiency audit and developed recommendations for optimizing the Supervisory Board's work.

The meeting on 6 December 2007 was dedicated in particular to adopting the budget for 2008. The Supervisory Board also agreed to a proposal to sell and lease back a complex of buildings in Luxembourg and resolved the declaration of conformity with the German Corporate Governance Code for 2007. In addition, we resolved to propose a reduction of the Supervisory Board to the 2008 Annual General Meeting as part of the tripartite co-determination rules, to take effect from the next scheduled period of office in 2009.

Work of the committees

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

Composition of the committees

Personnel Committee

Kurt F. Viermetz (Chairman)
Richard M. Hayden
Friedrich von Metzler
Otto Wierczimok

Strategy Committee

Kurt F. Viermetz (Chairman)
Herbert Bayer
Birgit Bokel
Richard M. Hayden
Friedrich Merz
Gerhard Roggemann

Audit and Finance Committee

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

Technology Committee

David Andrews (until 3 June 2007; Chairman)
Craig Heimark (Chairman since 18 June 2007)
Sadegh Rismanchi
Gerhard Roggemann (since 18 June 2007)
Dr Herbert Walter

Clearing and Settlement Committee

Hermann-Josef Lamberti (Chairman)
David Andrews (until 3 June 2007)
Richard Berliand
Hans-Peter Gabe
Dr Konrad Hummler (since 24 Sept. 2007)

Nomination Committee

Kurt F. Viermetz (Chairman)
Richard Hayden
Friedrich von Metzler

The **Personnel Committee** is responsible in particular for concluding, amending, or terminating contracts of service with Executive Board members, determining the variable component of the Executive Board's remuneration and regularly reviewing and, if necessary, adjusting the fixed portion of the Executive Board's remuneration. The Personnel Committee met seven times during the year under review. At the beginning of the year, it adopted the bonus paid to Executive Board members for 2006 and established the goals for 2007. A key topic of the following four meetings was the termination agreements for two members of the Executive Board (Mathias Hlubek and Dr Matthias Ganz) and the selection of a suitable candidate (Thomas Eichelmann) for the position of Chief Financial Officer (CFO). In addition, the "Optima" project to reorganize the Company was presented to the Committee and the selection of an Executive Board member for the Cash function (cash market) was discussed. The Personnel Committee proposed Frank Gerstenschläger to the Supervisory Board as a suitable candidate. Other topics discussed by the Personnel Committee were succession arrangements for the Executive Board and a maximum amount for severance payments in Executive Board members' contracts.

The **Strategy Committee** met twice in the period under review, including one joint meeting with the Audit and Finance Committee. In this joint meeting, the two Committees were presented with initiatives to optimize the Company's capital structure and to improve internal processes and structures, and were updated on the acquisition of ISE. At its second meeting, the Strategy Committee primarily addressed the Company's strategic

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three-year planning, and the Executive Board reported on current initiatives in Asia and the implementation of the clearing strategy. Current strategic topics were also discussed at the ordinary and extraordinary plenary meetings of the Supervisory Board in particular.

The **Audit and Finance Committee** held nine meetings in the period under review and one joint meeting with the Strategy Committee. The Audit and Finance Committee discussed the annual financial statements for financial year 2006 and the audit report in a meeting at which the auditors were present. It also addressed the interim reports for the first and third quarter, the half-yearly financial report which was reviewed by the auditors, and the preliminary results for the first half of 2007. It obtained the necessary statement of independence from the auditors, prepared the Supervisory Board's proposal to the Annual General Meeting in May 2007 for the election of the auditors and discussed the audit fee. The auditors supported the Committee in all material questions relating to accounting and regular monitoring activities. Other key topics of which the members of the Audit and Finance Committee were regularly informed were Deutsche Börse Group's risk management, compliance and the effects of the Basel II capital requirements. Additional and in some cases recurring topics during the period under review were the internal audit report, the internal control system, the compliance report, the pricing models used by various business areas and the remuneration system for the Executive Board. Finally, the Audit and Finance Committee received detailed advice on designing the initiatives to optimize the Company's capital structure and their consequences. At its last meeting in the period under review, it also discussed in detail the 2008 budget and the declaration of conformity, and recommended these to the Supervisory Board for approval.

The **Technology Committee** held three meetings in financial year 2007 in which it focused primarily on the Xetra® and Eurex® trading systems and discussed their efficiency and enhancement on the basis of a technology roadmap. In this context, the Committee discussed the role of technology in paving the way for algorithmic trading. Moreover, the Committee examined risk management processes and a recent benchmarking study on Deutsche Börse Group's IT business area. It also discussed customer connectivity, the reports on system availability, the 2007 investment plan and nearshoring.

The **Clearing and Settlement Committee** held three meetings in the period under review, focusing primarily on regulatory developments and structural changes, such as the Markets in Financial Instruments Directive (MiFID), the European Code of Conduct for Clearing and Settlement and TARGET2-Securities, as well as on their impact on Deutsche Börse Group's post-trade services. The Committee also regularly reviewed the development of prospects in the area of clearing and settlement and the options for the Group arising from this.

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The Supervisory Board resolved to establish the **Nomination Committee** at its meeting on 24 September 2007. The Nomination Committee then met once to discuss the current composition of the Supervisory Board and its committees with regard to the expertise and qualifications of the Supervisory Board members, in addition to addressing a number of organizational aspects of the Committee's future work.

The Supervisory Board was regularly and comprehensively informed about the committee meetings.

Corporate governance and declaration of conformity

Corporate governance issues are of major importance to the Supervisory Board. We therefore decided in our annual declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, the German Stock Corporation Act) to comment not only on the recommendations of the German Corporate Governance Code but also – voluntarily and without being legally required to do so – on the suggestions. We have made the declaration publicly available on the Company's website under www.deutsche-boerse.com > Investor Relations > Corporate Governance > Declaration of Conformity. Additional information concerning corporate governance at the Company are presented on pages 46 to 58 of this annual report.

Audit of the annual and consolidated financial statements

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

The documents relating to the financial statements and the reports by KPMG were presented to us for examination in a timely manner. The auditors attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board convened to adopt the accounts. The auditors reported on the key results of the audit and elaborated in particular on the net assets, financial position and results of operations of the Company and Group, as well as being available to provide supplementary information.

The Audit and Finance Committee discussed the financial statement documents and the reports by KPMG in detail with the auditors and examined them carefully. The Committee reported to the Supervisory Board on its examination and recommended that the Supervisory Board approve the annual financial statements and consolidated financial statements.

Based on our own examination of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we concurred with the results of the audit performed by the auditors. The final results of our examination did not lead to any objections. The Supervisory Board approved

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the annual financial statements prepared by the Executive Board and the consolidated financial statements at its meeting on 27 March 2008 in accordance 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 the Supervisory Board in the period under review. David Andrews left the Supervisory Board on 3 June 2007. Alessandro Profumo left the Supervisory Board on 17 October 2007. Dr Konrad Hummler was appointed a member of the Supervisory Board by way of a ruling by the court of jurisdiction dated 11 September 2007. David Krell was appointed a member of the Supervisory Board with effect from 1 January 2008 by way of a court ruling dated 12 December 2007.

The composition of the Executive Board also changed: Mathias Hlubek and Dr Matthias Ganz resigned from their positions on the Executive Board with effect from 7 March 2007. The Supervisory Board appointed Frank Gerstenschläger and Thomas Eichelmann as members of the Executive Board with effect from 1 April 2007 and 1 July 2007 respectively. Mr Gerstenschläger is responsible for the Cash function and Mr Eichelmann is the CFO. At our meeting on 6 December 2007, we re-appointed Dr Reto Francioni as CEO for five years with effect from 1 November 2008.

I would like to personally thank the former Supervisory Board members David Andrews and Alessandro Profumo as well as the former Executive Board members Mathias Hlubek and Dr Matthias Ganz for their valuable contributions to the Company's success. In addition, the Supervisory Board would like to thank the Executive Board, as well as all employees and the employee representatives for their excellent work. Once again, they contributed to a highly successful financial year for Deutsche Börse Group.

Frankfurt/Main, 27 March 2008
On behalf of the Supervisory Board:



Kurt F. Viermetz
Chairman