Exchange New Product News

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THREE NEW LYXOR ETFs LAUNCHED IN THE XTF SEGMENT ON XETRA

Deutsche Börse has further expanded its XTF segment for international exchange-traded index funds (ETFs) on the electronic trading platform Xetra. By the end of January, three more exchange-traded funds issued by Lyxor Asset Management have been tradable in XTF. The three new index funds track emerging markets indices containing stocks from the Asia-Pacific region. According to information released by the International Monetary Fund (IMF), this economic region is growing at a rate of around 7 per cent a year. The Lyxor ETF MSCI India (ISIN: FR0010361683) is based on the MSCI India price index, which currently contains approximately 70 equities. Investors can use the Lyxor ETF MSCI Korea (ISIN: FR0010361691) to invest in a current total of around 90 companies from South Korea. Lyxor's ETF on the Hang Seng Index (HSI) (ISIN: R0010361675) is ideal for investors looking to benefit from the performance of the Chinese stock market. All of the funds distribute dividends on an annual basis.

In 2006, turnover in the XTF segment was up 45 per cent year-on-year to total €66.7 billion, while assets under management rose by 77 per cent to reach a record high of €47.6 billion. A total of 182 index funds are currently listed in the XTF segment. This product offering,

together with an average monthly trading volume of over €5 billion, makes Deutsche Börse's XTF segment Europe's leading trading platform for ETFs.

EXCHANGE COUNCIL RESOLVES NEW CRITERIA FOR THE ALLOCATION OF ORDER BOOKS

The Exchange Council of the Frankfurt Stock Exchange has resolved new criteria for the allocation of order books. The new procedure focuses solely on the performance of the lead brokers. The new regulations came into force on 1st February, 2007, and the order books were to be reallocated on 1st May, 2007, being valid for 30 months. The new criteria will continue to guarantee the high quality of price determination during floor trading for investors and commerce in the future.

The new procedure is a two-tier process. First, the performance of the lead brokers is determined using a performance measurement procedure based on seven criteria. The minimum performance threshold decisive for the allocation of order books is set at 99.75 per cent of the maximum performance possible. It is based on the evaluation of previous data and will further ensure the quality of price determination. Lead brokers who score below the threshold do not receive any order books. Those lead brokers who meet the performance criteria then

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receive order books in accordance with their relative performance, weighted by the number of price determinations and the order book volume. Order books can be withdrawn from lead brokers if they score below the minimum performance threshold within a three-month period.

Order book groups are allocated to new lead brokers if they are expected to meet the performance criteria in the future. Order book groups can be allocated to a maximum of three new lead brokers. A working group commissioned by the Exchange Council had assessed the order book allocation criteria against the backdrop of possible changes to the German Exchange Act (Börsengesetz) as a result of the implementation of the new European Markets in Financial Instruments Directive (MIFID). The decision made by the Exchange Council was based on intensive consultations and also took into account rulings by the administrative courts last year. The current regulations governing the allocation of order books on the basis of order book volume and the performance of the lead brokers were passed by the Exchange Council in mid-2005.

KLOECKNER + CO TO REPLACE HVB IN MDAX FROM 29 JANUARY: DUERR TO REPLACE KLOECKNER + CO IN SDAX/ HVB FREE FLOAT FALLS BELOW 5 PER CENT

From 29 January, Kloeckner + Co is included in the MDAX[®] index as part of an unscheduled amendment to its composition, replacing Hypovereinsbank. Hypovereinsbank's free float has fallen to below 5 per cent; its shares therefore no longer meet the requirements for MDAX inclusion. Furthermore, Duerr will be included in SDAX[®] as part of this unscheduled amendment, replacing Kloeckner + Co.

RECORD TRADING VOLUMES IN THE 90-DAY BANK BILL FUTURES AND THREE-YEAR INTRA-DAY OPTIONS CONTRACTS

Sydney Futures Exchange (SFE), part of the ASX Group, experienced record trading volumes in the 90-day Bank Bill Futures and three-year Intra-Day Options contracts on 24 January. Record trading was stimulated by lower than expected December 2006 inflation data. This resulted in the market adjusting its expectations concerning future changes to the Official Cash Rate by the Reserve Bank of Australia.

Trading in the 90-day Bank Bill Futures totalled 361,292 contracts, representing a notional value of \$361 billion. This was an increase of 23.6 per cent on the previous record daily volume of 292,197 contracts set on 6th April, 2005.

Trading in the three-year Intra-Day Options contracts amounted to 22,492 trades, with a notional value of more than \$2.2 billion. This represents an increase of 4.2 per cent on the previous record daily volume of 21,586 contracts set on 25th October, 2006.

The notional value of the total Exchange volume traded, for both the Australian and New Zealand products on 24 January, was over \$512 billion.

CHANDOS FUND MARKS CONTINUED GROWTH OF UK'S LEADING EQUITY INVESTOR

YFM Private Equity is delighted to announce the successful first closing of its Chandos Fund. The £23 million first closing included investments from several UK pension funds and a debt facility from Bank of Scotland. A second

close of £40–50 million is targeted for the second quarter of 2007.

The Chandos fund is an important addition to the YFM Group portfolio as, while the YFM Group is already the most active investor in UK SMEs, with this new fund it will now be able to provide equity amounts up to £5 million across the UK — a part of the market which is underserved by private equity providers.

The Chandos Fund will invest in small fast growing businesses targeting buy-outs, buy-ins, development capital, pre IPO rounds and equity release/partial sales.

Paul Cannings, who was director of 3i's smaller buyout and growth capital team in London, has joined YFM as Director of the new fund alongside David Gee and Michael White who are experienced YFM Group investment managers. The new fund will importantly also be drawing on the networks and experience of its investment managers in YFM's offices across the UK including London, Leeds, Manchester and Bristol.

The Chandos Fund brings YFM Group's total funds under management to nearly £300 million managed by over 40 investment managers from nine offices across the UK.

DEUTSCHE BANK LISTS SEVEN ETFs IN THE XTF SEGMENT ON XETRA

Seven Deutsche Bank ETFs have been listed in the XTF segment. The db x-tracker funds allow investors to participate in the performance of well-known country and regional indices. The following products are new: db x-tracker DAX ETF (ISIN LU0274211480), db x-tracker SMI ETF (LU0274221281), db x-tracker S&P/MIB Index ETF (ISIN LU0274212538), db x-tracker DJ Euro STOXX 50 ETF (ISIN

LU0274211217), db x-tracker MSCI USA TRN Index ETF (ISIN LU0274210672), db x-tracker MSCI Japan TRN Index ETF (ISIN LU0274209740) and db x-tracker MSCI Europe TRN Index ETF (LU0274209237). The db x-tracker MSCI World TRN Index ETF has also been tradable on Xetra since 10 January. The db x-tracker SMI ETF (ISIN LU0274221281) was expected to be listed on 26 January.

In 2006, turnover in the XTF segment was up 45 per cent year-on-year to total €66.7 billion, while assets under management rose by 77 per cent to reach a record high of €47.6 billion. A total of 178 index funds are currently listed in the XTF segment. With a view to these figures and an average trading volume of over €5 billion per month, Deutsche Börse's XTF segment is Europe's leading platform in this area.

BANCA REGIONALE EUROPEA CHOOSES CLEARSTREAM SERVICES

Clearstream Services has announced that Banca Regionale Europea S.P.A in Nice (France) has signed up to use Clearstream's SWIFT Service Bureau. With Clearstream Services' offering, clients gain easy and secured access to the SWIFT network and benefit immediately from economies of scale (increased flexibility in the use of their own IT resources, reduced SWIFT maintenance complexity, less operational risk and costs associated with running a SWIFT network).

Banca Regionale Europea S.P.A is part of the Group Banca Lombarda e Piemontese, ranking amidst the top ten Italian banking groups, and deeply rooted into the northern Italian economic environment. Clearstream Services, which operates as a system house for Clearstream, has years of experience operating a SWIFT infrastructure for both Clearstream and

Deutsche Börse AG in its high-availability computers centres. Clearstream ranks among the World's top ten users of the SWIFT network by number of exchanged messages.

Clearstream Services has been awarded the status of 'Professionnel du Secteur Financier' (PSF) from the Luxembourg Ministry of Finance as an operator of IT systems and communications networks, and offers today, SWIFT Service Bureau services, standard IT Managed Services (data centre hosting, disaster recovery, network management, systems management, Database management, security management) and financial business solutions operated as Application Service Provision (ASP) services.

EUREX MAKES DIRECT MARKET ACCESS MORE ATTRACTIVE: NEW ACCESS POINT IN DUBAI PLANNED

The international derivatives exchange Eurex has been offering new trading participants a special incentive programme for direct market access since the beginning of the year. The initiative exempts all new participants admitted in 2007 from both the minimum transaction fee and transaction fees of up to €3,000 per month for the first year. New trading participants will also be offered training programmes on a free-of-charge basis, up to a certain amount.

In order to attract trading participants from new markets, Eurex will also establish a new telecommunication hub (Access Point) in Dubai, in order to offer a direct high-performance connection to the exchange. At the same time, with the new Access Point in Dubai, Eurex recognises the strong interest from trading participants in the region. Eurex sees strong potential for new members in Dubai. Dubai is an interesting emerging financial centre,

attracting increasing amounts of capital being managed by major banks, fund managers and hedge funds. With a new Access Point, Eurex is in an excellent position to benefit from increased interest from the Middle East region.

HEIKE ECKERT ASSUMES MANAGEMENT OF EUREX ACTIVITIES IN THE USA

Heike Eckert has assumed responsibility for management of Eurex activities in the USA. Ms Eckert will head the Eurex offices in Chicago and New York, and will also be responsible for customer support and new customer acquisition, as well as new business development in North America. She has held a number of leadership and project management positions with Deutsche Börse Group and Eurex since June 1995. Her previous posts include Head of Eurex Marketing and Sales and, between 1997 and 1999, Head of the Representative Office in Chicago.

The United States is the most important market for Eurex after the United Kingdom and Germany. Of the total number of 390 Eurex members, 60 are located in the United States. US members have been able to trade selected Eurex products directly from the United States since the middle of the 1990s, and Eurex has had a representative office in the United States since 1997.

DEUTSCHE BÖRSE SETS NEW RECORD FOR REVENUE AND EARNINGS IN 2006

Deutsche Börse AG concluded the financial year 2006 with the best result in its history. According to the preliminary figures published by the company, sales revenue climbed by 14 per cent to €1,854.2 million in 2006 (2005: €1,631.5

million). The company earned a further €150.7 million in net interest income from banking business (2005: €112.7 million). The above-average increase in EBITA (earnings before interest, tax and goodwill impairment) of 45 per cent to €1,029.1 million (2005: €710.9 million) is due to the strong sales growth in all market areas and effective cost management. The net income for 2006 reached €668.7 million, as against €427.4 million in the previous year. Basic earnings per share, calculated on the basis of a weighted average number of 99.4 million shares outstanding, increased considerably by 68 per cent to €6.73 (2005: €4.00).

Strong performance in the fourth quarter made a significant contribution to the record results for financial year 2006: sales revenue increased by 14 per cent to €466.4 million (Q4/2005: €408.8 million). At €310.0 million, costs, on the other hand, remained on the same level as in the same quarter of the previous year (Q4/2005: €306.3 million) despite the considerable increase in business volume and related additional costs, for example for fee and commission expenses from banking business, and despite higher provisions relating to the stock option programme due to the substantial increase in the share price. EBITA thus amounted to €225.7 million — an increase of 26 per cent (Q4/ 2005: €178.9 million). Basic earnings per share rose to €1.50 in the fourth quarter (Q4/2005: €0.96).

The Executive Board of Deutsche Börse is proposing to increase the dividend from €2.10 to €3.40 per share. This would correspond to a dividend distribution ratio of 50 per cent, which falls within the guidelines for the ongoing capital management programme that were unveiled in May 2005. Owing to the excellent business performance in 2006, Deutsche Börse plans to

buy back further shares totalling an amount of €125 million before the Annual General Meeting on 11th May, 2007. Together with the proposed dividend of €3.40 per share for 2006, this would then produce a total capital management programme volume of around €1.9 billion up to and including May 2007. Furthermore, the company wants to cancel two million shares from the shares held in treasury by the end of the first quarter of 2007. This measure will reduce the number of outstanding shares in the company to 100 million, as against 111.8 million prior to the launch of the programme in 2005.

Subject to the approval of the Supervisory Board and the Annual General Meeting, Deutsche Börse wants to implement a capital increase using share premium and provide shareholders with an additional new share, known as a bonus share, for each of their existing shares as part of this measure. This step is designed to further boost trading liquidity in Deutsche Börse's shares. The shareholders must consent to a corresponding proposal at the Annual General Meeting before the measure can be implemented. Deutsche Börse will release details with respect to the technical implementation at a later stage.

Segment reporting for financial year 2006

In the Xetra segment, sales revenue rose by 27 per cent to €314.1 million, as a result of increased trading activity both on the Xetra trading system and in floor trading (2005: €247.7 million). The number of transactions on Xetra rose by 32 per cent to 107.7 million (2005: 81.3 million transactions). The number of contract notes in floor trading rose by 22 per cent to 33.8

million (2005: 27.7 million contract notes). EBITA in the segment grew by 59 per cent to €179.0 million (2005: €112.6 million). The considerable increase in profitability is due, in particular, to the company's continued commitment to strict cost management and to the high scalability of the business.

Trading activity in the Eurex segment increased by 22 per cent as against the prior year and reached a new record of 1,527 million contracts traded (2005: 1,249 million). The equity index products made the largest contribution to this growth, increasing by 46 per cent in the year under review. Thanks to the strong growth in contracts traded, the Eurex segment's sales revenue increased by 19 per cent to €597.8 million (2005: €503.5 million). With costs down on the prior year, Eurex was able to report an above-average increase in its EBITA of 55 per cent to €392.7 million (2005: €253.9 million). The sale of 70 per cent of US Futures Exchange LLC to Man Group plc. had a positive impact on the segment result: the transaction generated extraordinary income of around €24 million in the third quarter of 2006.

Clearstream's business was characterised by an increase in the volume of securities held in custody and a rise in the number of settlement transactions. In the custody business, the total value of securities held in custody at Clearstream, the figure used to calculate custody fees, increased by 11 per cent to €9,696 billion (2005: €8,752 billion). In Clearstream's settlement business, the number of settlement transactions increased by a total of 17 per cent to total 62.9 million (2005: 53.9 million). Sales revenue in the Clearstream segment increased by 11 per cent to €700.3 million in the year under review (2005: €630.5 million),

while net interest income from banking business grew by 34 per cent to €150.7 million (2005: €112.7 million). EBITA in the segment grew by 39 per cent to €324.3 million (2005: €233.4 million). This was possible because costs only increased slightly year-on-year, while sales revenues and net interest income from the banking business, on the other hand, increased considerably.

In 2006, Market Data & Analytics generated sales revenue of €148.1 million, which corresponds to an increase of 14 per cent as against the previous year (2005: €130.0 million). This was driven by increased demand for real-time trading data. EBITA in the segment grew by 29 per cent to €58.7 million (2005: €45.5 million). Despite a slight rise in costs due to investments in new products and services, the increased revenues prompted a significant improvement in the segment's result as against the prior year.

When examining the results recorded by Information Technology, the structural changes in the segment as against the previous year must be taken into account. entory AG and its subsidiaries were sold to Softlab GmbH on 1st October, 2005. After adjustment for the revenues of the entory sub-group, external revenues increased by 17 per cent to €93.9 million (2005 including entory: €119.8 million). This increase is due mainly to the higher transaction volumes on the IT platforms operated. The internal revenue generated with other segments within Deutsche Börse Group, on the other hand, remained virtually unchanged year-on-year at €344.5 million (2005: €340.6 million). EBITA in the Information Technology segment grew by 3 per cent to €93.8 million in 2006 (2005: €91.1 million).

HEAD OF US FEDERAL RESERVE HAS GREATEST IMPACT ON BANKING INDUSTRY: BANKERSALMANAC.COM SURVEY RANKS MOST INFLUENTIAL FIGURES IN GLOBAL FINANCE

Dr Ben Bernanke has been cited as the most influential person in the banking industry, according to findings released by Bankersalmanac.com. The Chairman of the US Federal Reserve claimed the majority of the votes in an open poll among employees at banks, financial institutions and corporates worldwide.

In the poll, which allowed respondents to name any one within the industry, Jean Claude Trichet, the President of the European Central Bank, was also ranked highly. Other key figures in the top five were Emilio Botin, Chairman of Banco Santander Central Hispano, which acquired Abbey in 2004, Alan Greenspan, former Chairman of Governors of the US Federal Reserve who is now a voluntary advisor to the HM Treasury in the UK, and Professor Muhammad Yunus, known as 'banker to the poor'.

Awarded with the Nobel Peace Prize on 10th December, 2006, Muhammad Yunus founded the Grameen Bank in 1976 using his own money to provide loans to 42 poor people in Bangladesh. One of the borrowers was a woman who made bamboo stools at a profit of just two pennies a day. With the loan from Professor

Yunus, the woman was able to sell her products to the highest bidder and her profit rose to US\$1.25 a day.

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DFSA SIGNS MOU WITH NEW ZEALAND SECURITIES COMMISSION

The Dubai Financial Services Authority (the DFSA) has entered into a Memorandum of Understanding with the New Zealand Securities Commission (NZSC). The MoU was signed by Mr. David Knott, Chief Executive of the DFSA and Ms Jane Diplock, Chair of the NZSC. The signing coincided with a visit to the region by Chairman Diplock in her capacity as Chair of the Executive Committee of the International Organisation of Securities Commissions (IOSCO).

The signing of the broader bilateral MoU has put in place arrangements for cooperation and information sharing between the two regulators. It recognises that both regulators rely on the quality of regulatory standards administered in the other's jurisdiction.