

Report of the Supervisory Board



In the year under review, the Supervisory Board held 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 13 meetings, eight of which were extraordinary. In addition, four preparatory 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 2011. The average participation rate for all Supervisory Board meetings held in the period under review was 87 percent.

The Executive Board submitted all measures requiring the Supervisory Board's approval to the Supervisory Board according to the Articles of Association and the bylaws, and the Supervisory Board approved these measures. The Supervisory Board also verified that the Executive Board's actions were lawful, compliant and appropriate.

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. In the year under review, the work of the Supervisory Board focused on preparations for the planned combination of Deutsche Börse AG with NYSE Euronext Inc. (“NYSE Euronext” – in the following called “planned combination”). The Supervisory Board discussed the topic in detail at each of its meetings and thereby received competent support by outside assessors who were partially commissioned by itself.

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. In addition, the Supervisory Board addressed in detail the current and future 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 trading, the revised draft of the Markets in Financial Instruments Directive (MiFID II) and the reform of European financial supervision. In addition, the Supervisory Board discussed the ban on short selling, 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 preparatory workshops during the reporting period:

At its first regular meeting of the reporting period, which took place on **15 February 2011**, the Supervisory Board held in-depth discussions on the strategic development of Deutsche Börse Group in connection with the planned combination with NYSE Euronext and declared its approval of the transaction. In addition, the Supervisory Board took note of the preliminary results for financial year 2010 and the dividend proposed for financial year 2010. It also discussed in detail and resolved the amount of the variable remuneration of the Executive Board for financial year 2010. Furthermore, the Supervisory Board resolved the corporate governance declaration and the corporate governance report, including the remuneration report.

At the Supervisory Board meeting convened on **17 March 2011** to adopt the financial statements, which was attended by the auditors, the Supervisory Board discussed the Company’s 2010 annual financial statements and the consolidated financial statements, as well as the respective management reports. The 2010 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, the Supervisory Board dealt with further details of the planned combination and resolved in this context to engage the business law firm of Mayer Brown LLP to represent Deutsche Börse AG vis-à-vis the Committee on Foreign Investment in the United States (CFIUS, see also “Management of individual conflicts of interest”). It also resolved additions to the Supervisory Board’s bylaws in relation to the approval rights of the Supervisory Board for fundamental changes to the Company, in particular the Supervisory and Executive Board appointments this

necessitates. Moreover, the Supervisory Board definitively determined the remuneration structure and the amount of remuneration for 2011 as well as the target criteria for the 2011 cash bonus of the Executive Board of Deutsche Börse AG. Other key topics of the meeting included the status of the programme to reduce costs and increase efficiency (Excellence project), the adoption of the agenda for the Annual General Meeting 2011 and the report of the Supervisory Board 2010.

At the extraordinary meeting on **28 April 2011**, the Supervisory Board dealt with further details of the planned combination and consented to a consulting agreement between Richard Berliand Limited and Deutsche Börse AG (see also the “Management of individual conflicts of interest” section).

At the extraordinary meeting on **9 May 2011**, the Supervisory Board addressed the first quarter financial statements and considered the status of current discussions about diversity. In addition, it dealt with selected issues connected with the planned business combination, including the assessment of the banks involved in the valuation of the transaction. The joint statement of the Executive Board and Supervisory Board of Deutsche Börse AG in accordance with section 27 of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG, German Securities Acquisition and Takeover Act) was also discussed in detail.

Directly before the Annual General Meeting, in an extraordinary meeting on **12 May 2011**, the Supervisory Board was informed about the impending Annual General Meet-

ing and further discussed the planned business combination. At this meeting, the focus was again on the financial valuation of the transaction, and the joint statement of the Executive Board and Supervisory Board of Deutsche Börse AG in accordance with section 27 of the WpÜG was adopted.

At the meeting on **16 June 2011**, the Supervisory Board dealt in particular with the acquisition of the shares of Eurex Zürich AG from SIX Swiss Exchange and the current status of the planned combination of Deutsche Börse and NYSE Euronext. In this context, the Supervisory Board approved the distribution of a one-time dividend of €2.00 per share of the future holding company as well as the related amendment to the business combination agreement. Moreover, the Supervisory Board approved the waiver of a condition in the exchange offer that would have required mandatory information to be provided to the US financial authority. The Supervisory Board also discussed the extent to which the programme to optimise operational processes and costs (Excellence project) had been implemented.

On **8 July 2011**, an extraordinary Supervisory Board meeting was held to discuss the planned business combination. At this meeting, the Supervisory Board was informed about the current status of the share exchange process. It also resolved a necessary amendment to the joint statement as a consequence of waiving a condition of the exchange offer at the previous meeting.

At the extraordinary meeting on **26 September 2011**, the planned business combination was again a key topic. At this meeting, the Supervisory Board discussed the possibilities of a squeeze-out procedure and was informed about the status of the regulatory and antitrust approval processes. The Supervisory Board also debated opportunities for share buy-backs, the Excellence project and the process for this year's efficiency audit.

At the extraordinary meetings on **14 November 2011**, **21 November 2011**, **8 December 2011** and **12 December 2011**, the Supervisory Board dealt in detail with the merger control procedure of the European Union in connection with the planned business combination with NYSE Euronext and adopted the required resolutions. The Executive Board informed the Supervisory Board in detail about the reservations voiced by the European Commission competition authorities and submitted proposals to allay concerns relating to merger control law. The Supervisory Board approved these proposals following in-depth discussion.

The merger control procedure was also discussed at the extraordinary meeting on **5 December 2011**. At this meeting, the Supervisory Board furthermore adopted the 2012 budget and the declaration of conformity for the year under review and conducted the annual efficiency audit. In addition, the Supervisory Board discussed and/or resolved topics that would become relevant after the planned business combination had been completed, such as the composition of key committees and the treatment of the outstanding tranches of the Stock Bonus Plan for the Executive Board. The basic principles of new remuneration systems for the Executive and Supervisory

Boards of continuously existing Deutsche Börse AG that will apply if the planned combination is implemented were also discussed and resolved.

Work of the committees

The Supervisory Board has a total of six committees, which are responsible in particular 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 corporate governance declaration in accordance with section 289a of the Handelsgesetzbuch (HGB, German Commercial Code) on pages 56 to 57 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 four times during the year under review. At the beginning of the year, the Personnel Committee discussed in detail the amount of the Executive Board's variable remuneration for 2010 as well as the structure and the amount of the 2011 target remuneration and resolved a corresponding recommendation to the plenary session. In addition, the Committee discussed the 2010 remuneration report. Moreover, in subsequent meetings, the Committee considered various topics in preparation for the planned combination with NYSE Euronext.

These included new appointments to the Executive Board and the number of members of the Supervisory Board of Deutsche Börse AG as well as the new appointments required to the boards of Alpha Beta Netherlands Holding N.V. Furthermore, the Personnel Committee issued a recommendation to the Supervisory Board with regard to a new remuneration system for the Executive Board of Deutsche Börse AG and for the remuneration of the Supervisory Board of Deutsche Börse AG after completion of the combination with NYSE Euronext.

The **Strategy Committee** held five meetings during the period under review. The Committee dealt in particular with the medium-term and long-term strategy planning of Deutsche Börse AG, regulatory developments and the resulting opportunities and risks, as well as the possible impact of the sovereign debt crisis. The deliberations focused on the planned combination with NYSE Euronext; in particular the Committee discussed in detail the development of the EU's merger control procedure and the possible approval suggestions/remedies that Deutsche Börse AG and NYSE Euronext could jointly submit to the European Commission to allay concerns relating to merger control law.

The **Audit and Finance Committee** held six meetings and one conference call 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 2010 in a meeting at which the auditors were present. In addition, the Audit and Finance Committee prepared the Supervisory Board's resolution on the corporate governance report 2010, including the remuneration report and the corporate governance declaration, and discussed the dividend for financial year 2010. It also addressed the interim reports for the first and third quarters and the half-yearly financial report for the first half of 2011. It obtained the necessary statement of independence from the auditors, prepared the Supervisory Board's proposal to the Annual General Meeting in May 2011 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. Furthermore, issues about a possible share buy-back were discussed. In addition, the areas of emphasis of the audit were established for 2011 and the declaration of conformity was discussed. At its last meeting of the reporting period, the Committee dealt with the budget for 2012.

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 as well as the Clearstream systems in relation to the roll-out of new releases in 2011. In addition, the Committee was given detailed information about ISE's new trading system, which has the project name Optimise, and about the development of a new trading system for Eurex, which is to be based on the Optimise™ technology. The Committee also dealt with ensuring system performance and availability, even in times of extremely high volatility. At the last meeting of the year under review, it discussed in detail the 2012 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 addressed in detail regulatory development, in particular TARGET2-Securities and EMIR, as well as their impact on the clearing and settlement processes of Deutsche Börse AG. In relation to the global "Clearstream 2013" strategy, the Committee discussed the Liquidity Hub, a global platform for liquidity and risk management. In addition, the Executive Board informed the Committee about the status of Link-Up Capital Markets, a joint venture of ten leading central securities depositories, as well as about new cross-border offerings from Clearstream.

The **Nomination Committee** met five times in the year under review. At its meetings, it dealt with the succession planning for the shareholder representatives on the Supervisory Board of Deutsche Börse AG (taking special account of diversity aspects) and prepared for the election of shareholder representatives on the Supervisory Board by the Annual General Meeting 2012. Another key topic it discussed was the composition of the Board of Directors of Alpha Beta Netherlands Holding N.V.

Corporate governance and declaration of conformity

The recommendations and suggestions of the German Corporate Governance Code as well as their implementation were discussed in meetings by the Supervisory Board and the Finance and Audit Committee. The annual declaration of conformity in accordance with section 161 of the Aktiengesetz (AktG, German Stock Corporation Act) was adopted by the Supervisory Board and is publicly available on the Company's website at www.deutsche-boerse.com > Investor Relations > Corporate Governance > Declaration of Conformity. 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 58 to 65 of this annual report and the corporate governance declaration in accordance with section 289a of the HGB on pages 50 to 57 of this annual report.

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 2011, 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 2011 were 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 auditor attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board. The auditor 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 was available to provide supplementary information. The auditor also reported that no significant weaknesses in the control and risk management systems were found. The same applied to impairment tests for goodwill, other intangible assets and equity investments, to the accounting treatment of the restructuring and efficiency measures, to the roll-out of Optimise and to the documentation of the accounting process. The measurement of equity investments and loans and the audit of the operational risk from IT systems did not give rise to any objections either. KPMG informed the Supervisory Board

on other services that were provided in addition to audit services. There were no grounds for suspecting impairment of the auditor's 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 approved 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 auditor's 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 19 March 2012 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

There were no changes in the composition of the Supervisory Board or its committees in the reporting period. Dr Hummler had announced in a letter dated 7 March 2011 that he would resign from his position. However, due to the unusual situation the Company found itself in during the reporting period as a result of the planned business combination with NYSE Euronext, Dr Hummler generously agreed to continue in office until the end of his regular term, i. e. until the 2012 Annual General Meeting, to ensure continuity in the work of the Supervisory Board. To permit this, Dr Hummler was reappointed as a member of the Supervisory Board by way of a resolution by the Frankfurt Local Court.

Management of individual conflicts of interest

Effective 1 May 2011, Mr Richard Berliand, Managing Director of Richard Berliand Limited, signed a consulting agreement with Deutsche Börse AG for the provision of advisory services for the trading and clearing strategy of Deutsche Börse AG. As described above, the Supervisory Board had approved this agreement in advance. Mr Berliand was not present when the consulting agreement was discussed by the Supervisory Board and did not participate in the resolution on the consulting agreement.

As described above, the business law firm of Mayer Brown LLP, in which Mr Friedrich Merz is a partner, advised Deutsche Börse AG on the planned combination with NYSE Euronext. Mr Merz did not take part in either the discussion about the engagement of Mayer Brown LLP or in the Supervisory Board's engagement resolution.

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, 19 March 2012

For the Supervisory Board:



Dr Manfred Gentz
Chairman of the Supervisory Board