

Review of the business year

Continued international growth

SIX Group continued to expand its international business in 2010, performing well in highly competitive markets. However, the Group's positive operating result was somewhat clouded by the euro's sharp decline against the Swiss franc and lower average interest rates. Customers were able to benefit from substantial price reductions throughout the year. Although operating income was broadly in line with the prior-year figure at CHF 1,220.5 million, representing a growth of 6% in local currencies, Group net income fell to CHF 173.6 million, a year-on-year decline of 21.2%. This was largely due to significantly lower income from financial investments and a value adjustment on assets of Eurex subsidiary ISE (International Securities Exchange).

To maintain its long-term competitive edge, SIX Group's future strategy is focused on firstly, increasing transaction volumes by tapping into new markets and secondly, introducing new services. This will enable it to benefit from further economies of scale, which are of key

importance in the infrastructure business. On the other hand, SIX Group must continue to make productivity gains if it is to compete on an international level and maintain its excellent market position.

The solid operating result posted in 2010 is largely a result of the Group's expansion of its international card business, its strong performance in the Securities Trading business field and the tight cost discipline employed throughout the year. In addition, it also granted its participants significant price reductions, totaling some CHF 17.1 million. In 2010, SIX Group benefited considerably from improved economic conditions, the high stock market volatility in the first half of the year and stable levels of consumer spending in Switzerland. However, the further value adjustments made to the assets of the US Eurex subsidiary ISE, the significantly lower income generated from non-strategic investments and the euro's considerable slide against the Swiss franc had a negative impact on the Group's result.

Overview of key figures

	2010	2009 (restated)	Deviation in %
Key figures			
Operating income (in CHF 1,000)	1,220,492	1,211,321	0.8
Interest income (in CHF 1,000)	4,346	8,103	-46.4
Net commission and services business income	1,102,153	1,056,686	4.3
Group net income (in CHF 1,000)	173,588	220,289	-21.2
Total assets (in CHF 1,000)	5,147,492	5,954,034	-13.5
Workforce in full-time equivalents (as at 31 December)	3,781.4	3,707.1	2.0
Multiplicators			
Return on equity ¹ (in %)	9.6	12.8	-25.0
Equity ratio (in %)	35.0	30.3	15.6
Operating income per employee ² (on a full-time equivalent basis) (in CHF 1,000)	326.0	342.8	-4.9

¹ Equity = Average equity between 31.12.2009 and 31.12.2010

² Calculated on the number of employees based on the average number of full-time equivalents between 1.1. and 31.12.

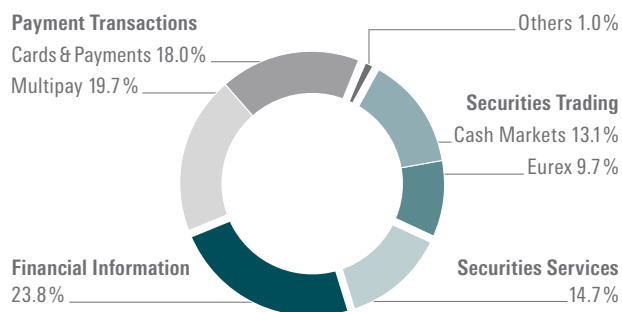
Solid operating business

Net interest income declined from CHF 8.1 million to CHF 4.3 million on the back of lower average interest rates, while net commission and other services business income rose by 4.3% year-on-year, from CHF 1,057 million to CHF 1,102 million. Driven by international growth, the strongest increase was posted by the Payment Transactions business field. The Securities Trading business field also performed well despite price reductions and a loss of market share in the Swiss blue-chip trading segment. SIX Group's Financial Information business field saw revenue fall on the back of the euro's significant decline. Net trading income dropped by 84.1%, or CHF 32.1 million, to CHF 6.1 million; this came about largely because of valuation losses and lower income from financial investments resulting from the poorer year-on-year stock market performance in 2010.

Income from non-consolidated participants came to CHF –18.0 million (previous year: CHF –20.5 million). The future prospects of US Eurex subsidiary ISE took a further knock in 2010 as another value adjustment was made following the one in 2009. Given SIX Group's 15% share in Eurex's profits, this meant a CHF 53.5 million write-down on ISE's assets (2009: CHF 45.4 million). By contrast, income from non-consolidated participations rose by CHF 19.4 million. Operating income rose slightly to CHF 1,220.5 million (+0.8% year-on-year).

During the year under review, operating expenses rose by 5.4% to CHF 874.7 million, while personnel expenses rose by 5.2% to CHF 579.6 million, primarily due to the expansion of the Group's international business. By the end of 2010, headcount had increased year-on-year to 3,781.4 full-time equivalents, a rise of 74.3, or 2%, from the 2009 figure of 3,707.1. The internationalization of the card business and increased project volumes led to other operating expenses rising to CHF 295.1 million (+5.8%). Gross income amounted to CHF 345.8 million, CHF 35.5 million, or 9.3%, below the prior-year value.

Percentage of turnover by divisions in 2010



Depreciation and write-offs rose by 5.8% to CHF 128.9 million as a result of the increased level of fixed and intangible assets from acquisitions. Taxes were 2.1% lower in 2010 than 2009 at CHF 42.9 million. Group net income after minority interests came to CHF 169.9 million, a year-on-year decline of 21%.

International growth

SIX Group continued to expand its international business in 2010. As a result, international business rose by 6.3% to CHF 364.7 million, or around 30% of operating income. This growth was driven primarily by the card business and the related increase in activities at Cetrel in Luxembourg as well as the ongoing takeover of PayLife Bank's card transaction business in Austria. Thanks to the Austrian market, the total number of card transactions processed by SIX Group rose by around 24%.

Going forward, international growth in the card business is set to benefit further from the expansion of SIX Pay, the pan-European provider of card-based solutions. In February 2010, SIX Pay was granted a PSD (Payment Services Directive) license by the Luxembourg financial supervisory authority (CSSF), meaning that it can now offer its services throughout the EU. With an international client base, SIX Pay also operates in other non-EU European markets, processing card payments in 27

countries. It is currently building up branches in its main target markets – Germany, Poland, Hungary and Italy.

In the clearing business, regulatory interventions in various countries have delayed the opening up of markets for clearing organizations and thus access to new trading platforms. This has slowed the rapid growth of clearing transaction volumes targeted by SIX Securities Services. Based on the number of affiliated stock exchange platforms, SIX Group is already a leading provider in the European clearing business and is thus in an excellent position to expand internationally. In 2010, SIX Securities Services succeeded in adding numerous exchanges and clients to its clearing business, providing services to 61 markets across the globe, six more than in the previous year.

In December 2009, Deutsche Börse and SIX Group purchased the shares of the former joint venture partner Dow Jones & Company in the index provider STOXX. The acquisition of STOXX paves the way for the worldwide expansion of the index business free of any geographic or product-specific restraints. This will enable SIX Group to pursue its strategic goal and continue diversifying revenue in the Securities Trading business field and thereby reduce its dependence on trading income.

New services

In 2010, the focus in Switzerland was on a number of innovative financial infrastructure projects. In December, a pilot phase began for Terravis, the new electronic real estate portal developed by SIX Group as part of the Federal Department of Justice's eGris project. Over time, more and more local communities will be connected to the system, which will initially provide land registers, credit institutions and notaries with electronic access to real-estate data.

Another infrastructure project launched was the Swiss securities database, which from 2011 will provide Swiss banks with further centralized and automated back-office functions in the area of internal data preparation. In terms of the new regulatory requirements for Swiss banks, SIX Group is also playing a key role in the preparatory work for a potential flat-rate withholding tax.

In April 2010 SIX Telekurs took over CSV, Incorporated's evaluated pricing business in the USA, expanding its range of independent, transparent and well-documented valuations for fixed income securities and instruments that are difficult to value or are traded over the counter.

This year saw SIX Swiss Exchange celebrate the tenth anniversary of its successful range of Exchange Traded Funds (ETFs). By the end of 2010, 497 index-based products had been admitted to trading, 298 more than twelve months before. The CHF 71.7 billion of stock exchange trading turnover generated by ETFs represented a year-on-year increase of 42%. Equally impressive was the increase in volume of COSI® products (Collateral Secured Instruments), which were launched in autumn 2009. By the end of 2010, there were 779 such securities with a total collateral volume of CHF 1.8 billion. November 2010 saw the launch of Exchange-Traded Products (ETPs), a type of collateralized debt security mainly comprising commodity-related securities that complements SIX Swiss Exchange's existing segments.

Operational excellence

One of the Group's main aims in 2010 was to strengthen its operating business. All processes must be of high quality, reliable and geared to customer needs. In times of increasing price pressure, operating efficiency is a crucial factor. The lean-management project, which was launched in late 2009 with the aim of making systematic and sustainable improvements to working processes, was successfully rolled out across the Group in 2010, with the first quantitative results already beginning to emerge.

In 2010, SIX Swiss Exchange further enhanced the performance of its trading platforms by increasing transaction capacity while reducing latency periods. The improved Proximity Hosting service, which is offered in conjunction with a number of specialist partners, has cut down system response times to less than one millisecond.

Only three years after the merger, SIX Group has already integrated most of its technical systems. The operation of the financial market infrastructure is extremely stable and reliable. Economies of scale and efficiency gains enabled SIX Group to reduce IT and logistics costs by more than 8% (volume-adjusted).

Late 2010 saw the launch of a project due to last several years to upgrade the IT infrastructure of SIX Telekurs. This will ensure the reliability, capacity, speed and flexibility of the company's financial information systems, meaning customer needs can be met over the long term.

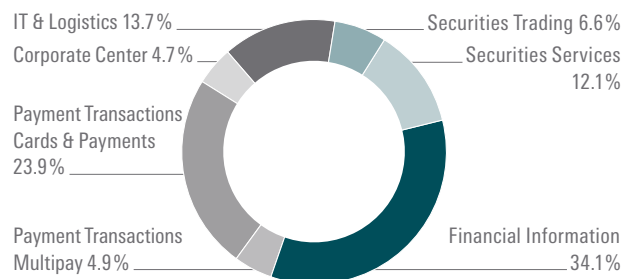
Personnel changes

In December 2010, Dr. Stefan Mäder took over as CFO. He joined SIX Group from Zurich Financial Services, where he was CFO for Europe General Insurance since 2007. From 2004 to 2007, he was CFO of Zurich Switzerland's life and non-life business. Dr. Mäder's many years of experience and broad expertise will doubtlessly be a major asset for SIX Group in the years to come, particularly with respect to the increasing internationalization of operations. He succeeds Ursula La Roche-Ender, who at the end of September 2010 left to take up a new challenge after seven years of hard work helping to expand the Group.

Continuing competitive pressure

SIX Group expects favorable economic conditions in 2011 despite the Swiss franc's continued strength against the euro. The consistently low interest rates and calmer financial markets are set to aid the continued expansion

Employees by business fields 2010



of the securities trading and settlement businesses. The development of international activities will focus on expanding the international clearing and settlement businesses at SIX Securities Services and the continued expansion of the European service platforms in the Payment Transactions business field. Overall, SIX Group expects a moderate growth in revenue for 2011, with higher Group net income than in 2009.