

SHAREHOLDERS' LETTER 2006

Zurich, October 2006

Dear Sir or Madam,

The Telekurs Group achieved numerous strategic goals in the current year and further improved its positioning. Transaction volumes for the most important services grew positively while the cost base was effectively improved. From the present perspective, both the Group's operating income and the financial result lie well above the prior year. Contributing to the good result are the extraordinary earnings from the IPO (Initial Public Offering) of MasterCard International.

Internally, the first three quarters of the current year were marked by major structural and technological changes. These include the relocation of the backup computer center to new, less expensive, higher-quality premises and the integration of both of the SIS Group computer centers into those operated by Telekurs. Migrations to the latest hardware were also undertaken. With these activities the Telekurs Group computer center has achieved essential improvements in its operating efficiency, technology and premises over the past year.

The card-based payment transactions business area, with the acquiring business and the recording and processing of credit card, debit card and value card transactions, developed well in a turbulent card market. Strong growth was once again achieved with the Maestro debit card. With the credit cards, VISA and MasterCard, there were increases in both the number of transactions settled through Telekurs Multipay and the amount per transaction. Among the new services added to the palette offered by Telekurs Multipay is Mobile Voucher, a service which enables merchants to sell call credits for mobile phones at the POS (point of sale) using their payment terminal. Multipay also became the first acquirer in Switzerland to offer its customers the acceptance of the VISA debit card, V PAY. The solution agreed upon with the competition commission was implemented in the credit card business. This led to a reduction of the domestic interchange fee and the lifting of the non-discrimination clause.

The year 2006 developed into a virtual year of the terminal in the POS sector. The previously very good sales figures for the "davinci" payment terminal increased again significantly after the two largest Swiss retailers decided to thoroughly equip all their cash registers with the "davinci" payment terminal.

The internationalization of the acquiring processing sector continues unabated and is broadly supported by the new customers who have their merchants' transactions processed by Telekurs.

Since August 2006, all ATMs in Switzerland accept Chinese bank cards and the first transactions have already been processed successfully through Telekurs with cards issued by China Unionpay (CUP).

The electronic payment systems business area includes the processing of interbank payments, the LSV business and PayNet, the network for the processing of electronic bills. As of the end of September, substantially more transactions have been processed in the SIC system than in the prior year. The volume of transactions also increased in the euroSIC system significantly in comparison to the previous year.

The migration phase to the new LSV⁺ direct debit procedure was completed among customers by the end of October 2006. With the new service LSV⁺, transaction prices were virtually cut in half. In addition to LSV⁺, the direct debit procedure with right of objection, since July 1, 2006, customers also have the option of using Business Direct Debit (BDD) for the processing of direct debits without right of objection.

PayNet (Schweiz) managed to further expand its network. To boost name recognition for electronic billing among private individuals, PayNet (Schweiz) and PostFinance have jointly marketed their services since this autumn under the name "e-billing."

PayNet (Schweiz) AG and Deutsche Post AG have linked together their SAP technology-based Electronic Bill Presentment and Payment systems (EBPP). Participants in the PayNet network and those in the Deutsche Post network can exchange electronic bills across the border. The first international transactions have already been conducted. The connection of the two system forms an essential foundation towards the establishment of an international EBPP network.

In the international financial information business area, Telekurs Financial specializes in the procuring, refining, processing and distribution of international financial information. Turnover grew in comparison to the prior year both in Switzerland and abroad. Telekurs Financial continues to widen its product range. The June release of the Valordata Feed VDF offers enhanced structures for funds management and currency trading. The new release of Telekurs iD java was activated at the end of August with a substantially broader range of information for funds management and trading. The embedding of Telekurs iD html Link in the customers' banking applications also now enables direct access to Telekurs iD. And the development of a new market data architecture is in full swing.

The provision of Anglo-Saxon price and securities data in Mumbai, India, is proceeding very well. Plans are to successively expand

Turnover with Swiss Maestro cards¹⁾

In CHF millions	Δ in %			
	30.9.05			
	-30.9.06	30.9.06	30.9.05	31.12.05
Retail Switzerland ²⁾	+ 8,6	11'335	10'435	14'651
ATM Switzerland	- 1,7	9'273	9'434	12'769
Turnover outside Switzerland	+14,2	1'899	1'663	2'210

¹⁾ only withdrawals through the Telekurs Group

²⁾ including refueling

Transactions in the SIC system

Transactions in millions	Δ in %			
	30.9.05			
	-30.9.06 ¹⁾	30.9.06	30.9.05	31.12.05
SIC	+26,1	227,3	180,2	256,4
Daily (SIC)	+27,6	1,2	0,9	1,0
euroSIC	+12,3	2,3	2,1	2,8
LSV/LSV ⁺ /BDD	+ 3,4	30,3	29,3	39,1
DTA ²⁾	-	-	24,0	27,8

¹⁾ The percentage changes are based on non-rounded figures

²⁾ Central DTA processing was transferred to the banks' e-banking solutions at the end of 2005

EFT/POS payments and withdrawals at ATMs in Switzerland¹⁾

Transactions in millions	Δ in %			
	30.9.05			
	-30.9.06	30.9.06	30.9.05	31.12.05
EFT/POS	+ 7,0	194,6	181,9	248,0
ATMs	+ 4,2	114,2	109,6	148,3
Total	+ 5,9	308,8	291,5	396,3

¹⁾ only withdrawals through the Telekurs Group

Number of financial instruments

	Δ in %			
	30.9.05			
	-30.9.06	30.9.06	30.9.05	31.12.05
Bonds	+15,7	874'301	755'544	778'074
Equities	+ 3,7	355'913	343'342	347'068
Hybrids	+65,6	264'418	159'650	181'034
Options/Futures	+ 9,1	766'503	702'519	719'068
Trust units	+17,4	288'281	245'637	255'362
Warrants	+32,0	234'258	177'457	189'421
Others	+17,0	146'641	125'330	133'786
Total	+16,8	2'930'315	2'509'479	2'603'813

the Indian data center over the next few years and to increase staff to around 100 employees in order to meet the demands of growing data volume. Telekurs Financial will also switch data entry for the markets Germany, Austria and Eastern Europe from Germany to Krakow, Poland. Production will begin incrementally and is planned for the second quarter of 2007.

Telekurs Services, the Telekurs Group's internal service provider, maintains one of the highest performance computer centers in Switzerland, the availability of which also remained high throughout the current year.

The central issues over the first nine months of this year were substantial changes in the infrastructure. A contract for the consolidation of the SIS Group and Telekurs Group computer centers was signed and implemented on Friday, March 31, 2006. As a result, Peter Sami, CEO of the SIS Group, was elected to the Telekurs Services Board of Directors. The technically challenging relocations of the SIS Group computer centers to the Telekurs Group's premises were completed successfully, as were the relocation of the Telekurs backup computer center to a facility and a variety of complex hardware upgrades.

The concentration on the Hardturmstrasse building led to the renovation of various floors into open office landscapes. These enable an economical, practicable and flexible use of space, which offers around 50 percent more workstations. The Wallisellen location can therefore be vacated early in 2007.

2007 General Meeting

The 2007 General Meeting will take place on May 23, 2007, starting 11.00 am at the SWX Swiss Exchange ConventionPoint conference center in Zurich.

Yours faithfully,
Telekurs Holding Ltd.



Stephan Zimmermann
Chairman of the Board of Directors



Walter Wirz
Chief Executive Officer

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