



DEUTSCHE BÖRSE  
GROUP

# Interim Report

Quarter 1/2004



**DEUTSCHE BÖRSE GROUP: FINANCIAL HIGHLIGHTS**

		31 Mar. 2004	Quarter ended 31 Mar. 2003
<b>Consolidated income statement</b>			
Sales revenue	€m	379.1	350.5
Net interest income from banking business	€m	18.6	26.7
Earnings before interest, taxes and goodwill amortization and write-downs (EBITA)	€m	150.4	142.1
Earnings before interest and taxes (EBIT)	€m	132.8	126.1
Net profit for the period	€m	76.9	69.8
<b>Consolidated cash flow statement</b>			
Cash flows from operating activities	€m	100.9	83.6
Cash flows from investing activities	€m	-70.8	-246.5
<b>Consolidated balance sheet (as at 31 March)</b>			
Shareholders' equity	€m	2,416.6	2,221.9
Total assets	€m	9,221.8	8,736.2
<b>Performance indicators</b>			
Earnings per share	€	0.69	0.62
Operating cash flow per share	€	0.90	0.75
<b>Market indicators</b>			
<b>Xetra</b>			
Number of transactions	thousands	20,152	17,431
Order book turnover	€m	266,637	187,915
Participants (as at 31 March)		302	329
<b>Floor trading</b>			
Number of transactions	thousands	23,163	15,388
Order book turnover	€m	37,450	33,586
<b>Eurex</b>			
Number of contracts	thousands	289,641	265,013
Participants (as at 31 March)		409	414
<b>Clearstream</b>			
Number of transactions	national	m	10.0
	international	m	5.0
Securities deposits (as at 31 March)	national	€bn	4,509
	international	€bn	3,132
<b>Deutsche Börse share price</b>			
Opening price <sup>1)</sup> (as at 1 January)	€	43.35	38.16
High <sup>2)</sup>	€	51.35	38.55
Low <sup>2)</sup>	€	43.10	31.61
Closing price (as at 31 March)	€	46.00	35.33

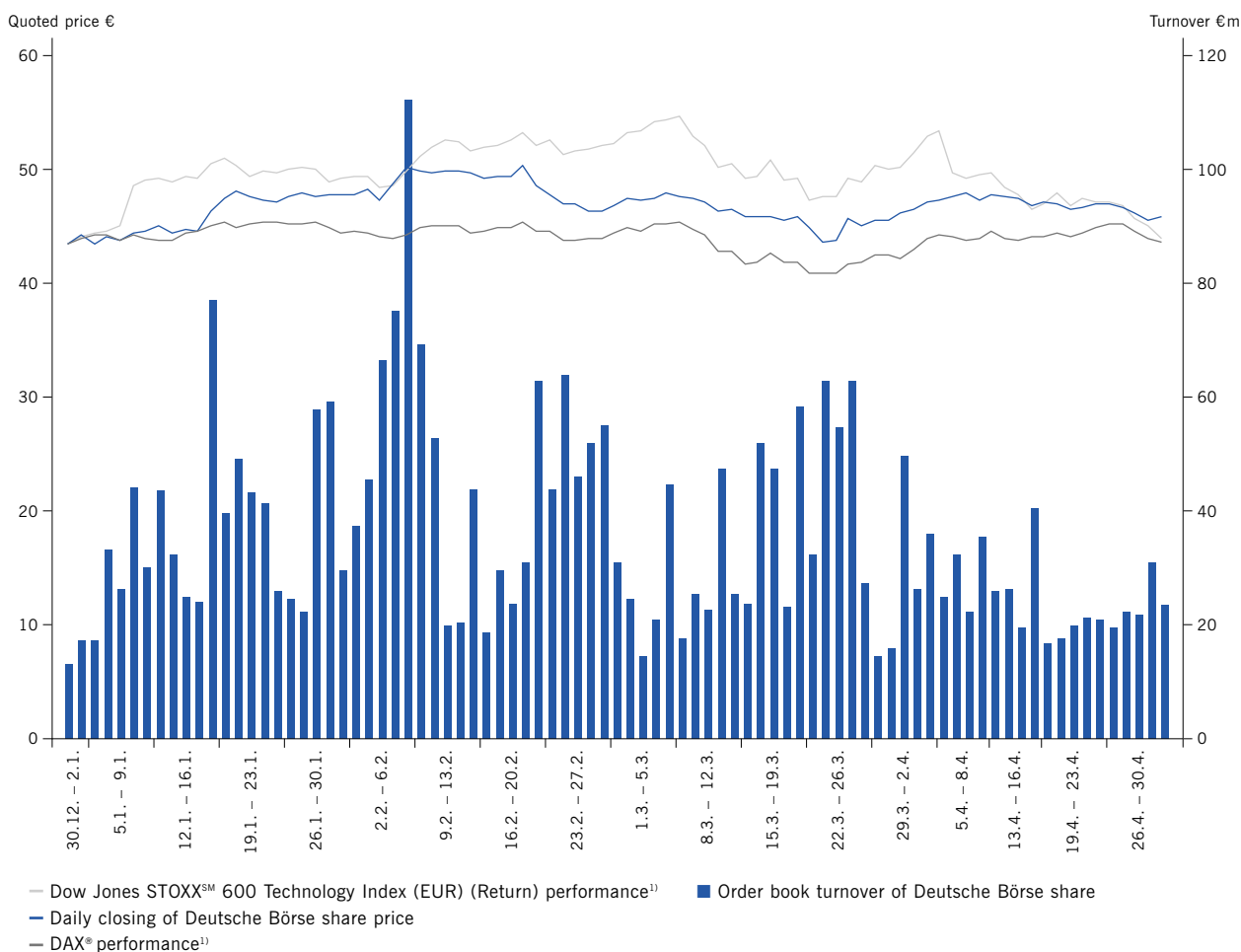
<sup>1)</sup> Closing price on preceding trading day

<sup>2)</sup> Intraday price

## Flying start to new financial year: Strong trading activity ensures positive business development in Q1

- Sales revenue up 8 percent year-on-year to €379.1 million (Q1/2003: €350.5 million). Xetra and Clearstream segments in particular profit from the improved market situation and strong trading activity.
- Net interest income from banking activities drops 30 percent to €18.6 million (Q1/2003: €26.7 million) due to lower interest rates.
- Earnings before interest and taxes (EBIT) amount to €132.8 million – an increase of 5 percent (Q1/2003: €126.1 million).
- Earnings per share total €0.69 for an average of 111.8 million shares (Q1/2003: €0.62 for 111.8 million shares).
- Operating cash flow per share up 20 percent year-on-year to €0.90 (Q1/2003: €0.75).
- The new U.S. Futures Exchange L.L.C. (Eurex US) began trading on 8 February. Satish Nandapurkar, former Managing Director and Head of Products and Services at the Chicago Mercantile Exchange, was appointed CEO of Eurex US.
- André Roelants, CEO of Clearstream International, will become the company's Chairman and will be responsible for developing customer relationships, strategic marketing and establishing and maintaining contacts with the financial community.

### Positive development of Deutsche Börse AG's share price in Q1



<sup>1)</sup> Index-linked, closing price on 30 December 2003

### Sales revenue and EBIT by quarter

**Sales revenue:** Deutsche Börse Group's sales revenue increased by 8 percent to €379.1 million, mainly due to positive development in the Xetra and Clearstream segments (Q1/2003: €350.5 million).

**EBIT:** The EBIT recorded by Deutsche Börse Group amounted to €132.8 million, up 5 percent on Q1/2003 (€126.1 million).

### Sales revenue by segment

**Xetra:** Sales revenue in the cash market rose by 42 percent to €65.2 million (Q1/2003: €45.9 million) due to the increase in trading activity.

**Eurex:** Sales revenue in the futures market grew by 2 percent to €106.9 million (Q1/2003: €104.4 million).

**IS:** As a result of the difficult market environment, the Information Services segment recorded a slight decline in sales revenue year-on-year to €29.2 million (Q1/2003: €33.5 million).

**IT:** External sales revenue in the Information Technology segment fell by 10 percent to €31.8 million (Q1/2003: €35.2 million).

**Clearstream:** Gross sales revenue from commission income rose by 11 percent to €146.0 million (Q1/2003: €131.5 million). The main sales drivers were the increase in settlement revenue due to stronger trading activity, as well as higher custody revenue as a result of the general recovery in the market.

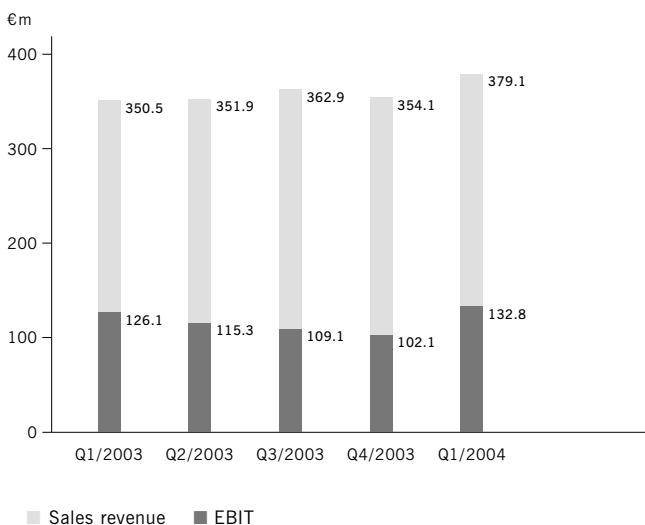
### EBIT by segment

**Xetra:** EBIT in the cash market rose to €33.8 million (Q1/2003: €4.4 million), primarily due to the increase in trading activity and lower costs.

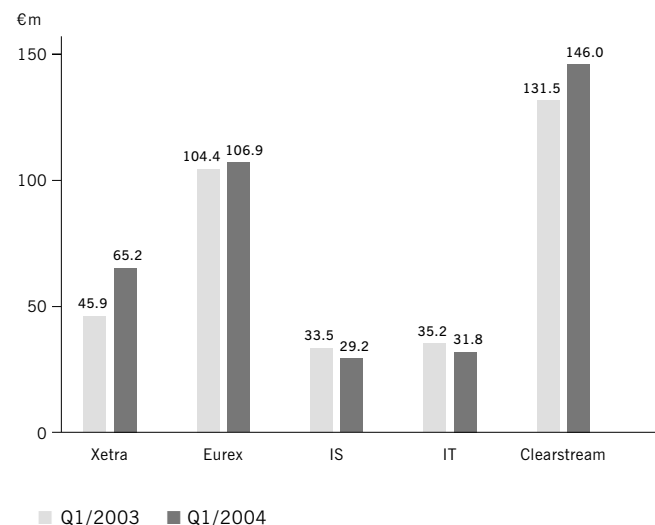
**Eurex:** EBIT in the futures market declined by 17 percent to €53.5 million (Q1/2003: €62.9 million). In particular, investments in the establishment of the new Eurex US futures exchange led to lower profits than in the prior-year period.

**IS:** Despite lower costs, IS could not compensate for the decline in its sales; EBIT fell by 21 percent to €10.2 million (Q1/2003: €12.9 million).

Sales revenue and EBIT by quarter



Sales revenue by segment



**IT:** EBIT dropped 31 percent to €16.9 million (Q1/2003: €24.4 million).

**Clearstream:** EBIT grew by 24 percent to €31.1 million (Q1/2003: €25.1 million) thanks to the increase in sales revenue, while costs remained stable.

**Corporate Services:** Net costs totalled €9.3 million (Q1/2003: €3.6 million).

### Xetra: Trading activity increases sharply in Q1

- Xetra segment sales revenue totals €65.2 million in Q1/2004 due to strong trading activity, up 42 percent on Q1/2003 (€45.9 million).
- Costs fall by a total of €9.6 million to €36.5 million (Q1/2003: €46.1 million) due to lower development, network and operating costs as well as the end of the depreciation period for a number of releases.
- Strong increase in EBIT to €33.8 million (Q1/2003: €4.4 million).

The central counterparty (CCP) for the cash market has proven to be extremely effective in just under its first twelve months of use: netting efficiency

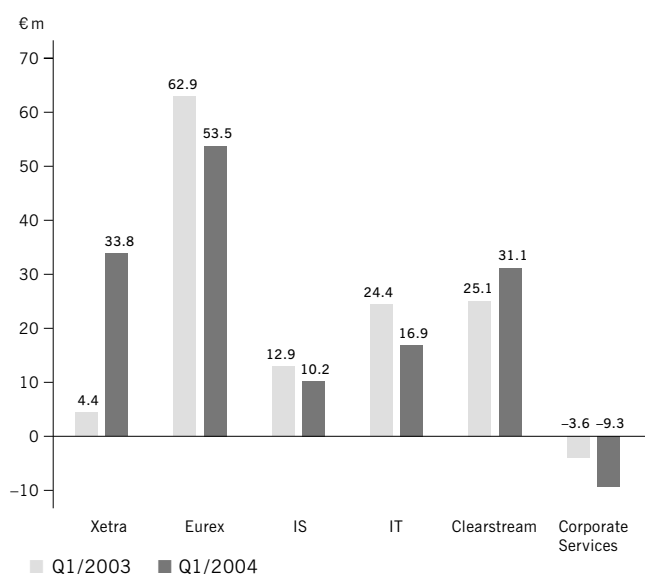
almost reaches 95 percent – resulting in less than around 5 percent of all cleared trades that actually have to be settled. Deutsche Börse passed on the direct efficiency gains from the CCP to its customers on 1 January 2004 by lowering the combined fee for clearing and settlement in Xetra® and floor trading on FWB® (Frankfurter Wertpapierbörse – the Frankfurt Stock Exchange) by up to 8 percent per transaction.

Xetra order book trading developed positively in Q1/2004. The 20.2 million transactions recorded correspond to growth of 16 percent year-on-year (Q1/2003: 17.4 million transactions). The floor trading segment on the Frankfurt Stock Exchange grew even faster in percentage terms: 8.4 million contract notes represent an increase of over 45 percent (Q1/2003: 5.7 million).

	Xetra transactions		Xontro contract notes in Frankfurt floor trading	
	2004 thous.	2003 thous.	2004 thous.	2003 thous.
<b>Q1</b>	<b>20,152</b>	<b>17,431</b>	<b>8,353</b>	<b>5,741</b>

Deutsche Börse's XTF® segment for exchange-traded funds or ETFs celebrated its fourth anniversary in April. Around 56 percent of ETF turnover in Europe is now handled via this segment. The volume of funds under management in the XTF segment reached a new record of €13.6 billion at the end of Q1/2004 – a year-on-year increase of 124 percent. Trading volumes in the segment are also increasing continuously. In Q1/2004, the XTF segment generated €9.9 billion in turnover – the second-best result in its history. Demand for the ETFs on fixed-income bonds that were launched around a year ago is increasing particularly sharply. In March of this year, the volume of funds under management for the five listed bond-based ETFs amounted to €1.75 billion, up 188 percent year-on-year. Thanks to its ETF offering, market participants voted

EBIT by segment



Deutsche Börse as Europe's "most innovative" and "largest" stock market in the exchange-traded funds segment in February 2004. Deutsche Börse received these accolades as part of the "European ETF Awards" made by International Fund Investment Magazine for the past two years.

Sales revenue in the Xetra segment in Q1/2004 was broken down into Xetra trading (47 percent), Frankfurt floor trading (23 percent), CCP transactions including settlement services (17 percent) as well as other sources of revenue (13 percent).

### Eurex: Record contract volume on the derivatives market

- Eurex sales revenue up 2 percent to €106.9 million (Q1/2003: €104.4 million).
- Costs increase year-on-year, mainly due to start-up costs for Eurex US.
- As a result, EBIT falls by 15 percent to €53.5 million (Q1/2003: €62.9 million).

The Eurex futures market continued to grow in Q1/2004 after its trading volume broke the billion mark for the first time in 2003. March was the strongest month in the market's history in terms of trading volume, with 117.2 million contracts. A total of 289.6 million contracts were bought and sold in Q1, up 9 percent year-on-year (Q1/2003: 265.0 million). Open interest contracts amounted to 63.8 million at the end of March, an increase of 30 percent (end of March 2003: 48.9 million contracts).

Stock options accounted for the highest increase – their trading volume grew by 48 percent to 61.9 million contracts (Q1/2003: 41.9 million). Capital market products increased by 2 percent to 152.8 million contracts, with the three highest-selling

products achieving new volume records: the Euro Bund Future (62.1 million contracts), the Euro Bobl Future (42.2 million contracts) and the Euro Schatz Future (34.7 million contracts). Eurex's index products also grew by 2 percent to 74.9 million contracts (Q1/2003: 73.7 million).

Trading volume	Q1/2004 Contracts in thous.	Q1/2003 Contracts in thous.	Change %
Stock options	61,901	41,921	+48
Index products (incl. XTF)	74,897	73,697	+2
Capital market products	152,844	149,395	+2
<b>Total Q1</b>	<b>289,641</b>	<b>265,013</b>	<b>+9</b>

The electronic trading platform Eurex Bonds®, which rounds off Eurex's OTC bond trading offering, recorded another sharp increase in trading activity by market participants in Q1/2004. Eurex Bonds generated €52.5 billion (single count), which amounts to a 20 percent increase in turnover year-on-year. As of 3 May, Eurex Bonds plans to introduce an order book; the new functionality will make it easier for participants to manage their orders and positions, and will allow new trading strategies such as entering unilateral, limited buy or sell orders that are not executed immediately because of their limit. This will further increase liquidity and turnover on the trading platform.

Since 23 February, Eurex has been offering nine new options on Italian shares; options can now be traded on a total of twelve Italian blue chips. This means that Eurex gives its customers the chance to trade options on 44 of the 50 shares that make up the Dow Jones EURO STOXX 50<sup>SM</sup> index, and covers 87 percent of the index's market capitalization. Eurex participants can trade key German, Finnish, French, Dutch, Swiss and Italian stock options on a single platform at extremely low prices.

On 8 February 2004, Eurex US was launched as a subsidiary of Eurex with more than 1,800 traders and over 100 participants. Following the contribution of the BrokerTec Futures Exchange to Eurex US, 17 leading American market participants have acquired a stake in Eurex US totalling 20 percent alongside Eurex. Eurex US received approval from the first European regulators on 27 February. With The Clearing Corporation (CCorp) as its strategic partner, Eurex US offers access to a clearing infrastructure with access to a broad network of customers. In an initial stage, CCorp will handle clearing of all transactions conducted via Eurex US. The next stages involve progressively establishing a trans-Atlantic clearing link between Eurex Clearing AG and CCorp in consultation with the regulatory authorities.

#### **Information Services: Marketing campaigns for trading data**

- Segment's sales revenue drops 13 percent to €29.2 million (Q1/2003: €33.5 million).
- Costs down by €0.5 million to €21.6 million (Q1/2003: €22.1 million) due to lower investment in application development and sourcing from external service providers.
- As a result, EBIT declines by only €2.7 million to €10.2 million (Q1/2003: €12.9 million).

Special revenue from projects such as the introduction of the ISIN led to higher sales revenue in Q1/2003. In addition, sustained market weakness affected sales revenue from real-time information, which accounts for over 75 percent of the revenue generated by Information Services (IS) by marketing price information. However, there are initial signs of an upturn in business – in the US in particular – which means that an increase in sales revenue can be expected in the coming quarters.

Infobolsa is benefiting from investments in both its content and functionality – the joint venture generated stable sales revenue of €2.4 million and was able to acquire new customers in the savings bank sector. The new contracts will be reflected in income with effect from Q3/2004.

In the period from April to June 2004, IS is conducting two promotional campaigns to market the real-time trading data provided by Deutsche Börse. The first campaign is targeted directly at private investors. In cooperation with international online banks and financial portals such as comdirect bank ([www.comdirect.de](http://www.comdirect.de)) and Cortal Consors ([www.consors.de](http://www.consors.de)), Deutsche Börse will be making its real-time trading data available to private investors free of charge from 1 April to 31 May.

During May and June 2004, Information Services will be conducting a second promotional campaign for all the trading data marketed by Deutsche Börse in cooperation with international vendors (including Bloomberg and Reuters). This will be aimed at professional traders. As part of a trial offer, users will receive free access to all Level 1 and Level 2 real-time information provided by Deutsche Börse.

### Clearstream: Strong results due to improved market conditions

- Commission income increases by 11 percent to €146.0 million (Q1/2003: €131.5 million) due to growth in all major business areas.
- Net interest income from banking business down by 30 percent to €18.6 million (Q1/2003: €26.7 million) due to lower average interest rates.
- Cost-cutting programs continue to deliver, while costs remain stable.
- Increase in sales revenue and stable cost basis boost EBIT by 24 percent to €31.1 million (Q1/2003: €25.1 million).

Clearstream's key business activities in Frankfurt and Luxembourg can be differentiated as follows: Clearstream Banking AG, Frankfurt (CBF), is mostly responsible for the settlement and safekeeping (custody) of equities traded on Xetra, the Frankfurt floor and all other German regional exchanges, whereas Clearstream Banking S.A., Luxembourg, is responsible for cross-border settlement and the custody of international securities.

The total number of settlement transactions processed by Clearstream fell by 28 percent from 20.7 million in Q1/2003 to 15.0 million in Q1/2004. While international and domestic stock exchange transactions increased due to improved market conditions, settlement of CCP-eligible instruments fell by 87 percent after the launch of the equity central counterparty in March 2003. Overall, sales revenue in the stock exchange settlement and OTC settlement business increased by €8.2 million.

In the custody business, the value of assets held in custody increased by 12 percent year-on-year, to reach €7.6 trillion. This 12 percent growth in value is reflected in both German domestic instruments and international assets.

Average overnight cash funds remained stable at €3.2 billion. However, average interest rates on cash balances in euros and US dollars declined

from 2.7 percent in Q1/2003 to 1.8 percent year-on-year, thus accounting for the decrease in net interest income from banking business.

Average cash funds and value of securities deposited	Q1/2004 €bn	Q1/2003 €bn
Average cash funds	3.181	3.190
Values of securities deposited	7,641	6,846
thereof:		
Clearstream Banking S.A., international	2,835	2,548
Clearstream Banking AG, international	297	250
Clearstream Banking AG, domestic	4,509	4,048

Transactions	Q1/2004 €m	Q1/2003 €m
Clearstream Banking S.A., international	3.5	3.3
Clearstream Banking AG, international	1.5	0.8
Clearstream Banking AG, domestic	10.0	16.6
thereof:		
stock exchange transactions not eligible for CCP	5.6	4.7
transactions eligible for CCP	1.1	8.2
OTC transactions	3.3	3.7
<b>Total</b>	<b>15.0</b>	<b>20.7</b>

Development of the tripartite repo business was also positive in Q1/2004. Clearstream is one of the leading suppliers of this service in which one counterparty transfers ownership of securities to another for a limited period under fixed terms and conditions. At the end of Q1/2004, the average outstanding amount totalled €62 billion, with revenue from tripartite repo business up by 31 percent year-on-year.

Connectivity business has also continually improved due to the rollout of CreationOnline, an interactive browser interface, in September 2002. The average number of online queries per month has risen by nearly 300 percent since Q1/2003. The gain in connectivity sales compared to Q1/2003 amounted to €4.3 million.



The Frankfurt Stock Exchange has amended a provision in the Exchange Rules that required equities transactions to be settled through the central securities depository, CBF. As a result, exchange transactions can now be settled through any duly registered securities clearing and deposit bank (“Wertpapier-sammelbank”) in the Federal Republic of Germany. The new Frankfurt Stock Exchange rule lifts the exclusive status historically enjoyed by the national securities clearer, which has effectively existed in most European markets to date. Deutsche Börse Group has always been in favor of opening up the settlement systems, especially in order to increase the efficiency of cross-border securities settlement in the interest of the market as a whole. At the same time, opening up the settlement systems across Europe would allow mutual access and provide the Group with additional potential for settlement business.

CBF, together with LCH.Clearnet, has introduced an automated, 100 percent straight-through processing settlement route for OTC German government debt transactions. This new routing process for settlement instructions will result in substantial benefits for members of both institutions. Customers holding securities assets with CBF will no longer need to manually instruct CBF, thereby reducing their operating costs and eliminating any matching issues. This new process will offer CBF customers an additional way to optimize the use of assets held in custody and contribute to improving the efficiency of the entire clearing and settlement industry.

### **Information Technology: Confident about future business development**

- External sales revenue generated by the IT segment down 10 percent to €31.8 million (Q1/2003: €35.2 million).
- Intensive cost management an ongoing success, with costs falling by €11.7 million.
- EBIT drops by 31 percent to €16.9 million (Q1/2003: €24.4 million).

Although Deutsche Börse’s IT segment is still operating in an extremely difficult market environment, initial signs of an upturn are becoming apparent. After Deutsche Börse’s joint venture with CBOT finished at the end of 2003, no further external revenue was generated with this partner. However, this was offset by roughly the same amount of internal revenue following the start-up of the Eurex US futures exchange. Adjusted for this effect, external revenue increased as a result of new business with Deutsche WertpapierService Bank AG (dwpbank) and the European Energy Exchange AG (EEX).

On 9 February, the Leipzig-based EEX extended its contracts with Deutsche Börse Group’s IT segment by seven years to 2010, one year before they were due to expire. In future, Deutsche Börse will provide the technical infrastructure for all of the EEX’s energy trading. To date, continuous spot trading in energy is performed via Xetra, and the trading and clearing of energy derivatives via Eurex®. In future, auction trading on the spot market will also be conducted in Xetra. The IT segment at Deutsche Börse Group’s data centre took over the operation of one of dwpbank’s central settlement systems as well as its network infrastructure.

In Q1, entory concluded contracts for projects that will be reflected in income in subsequent quarters. It developed an efficient, customized business process management system for a major German bank, to enable better and more rapid risk management in the corporate customer area. In future, this will be one of entory’s reference projects for process optimization in the financial services industry, and the implementation of these processes within an existing IT infrastructure.

Continuous cost management, in particular in the purchasing of external services and in operating costs, led to a further reduction in development and IT operating costs. The effects of these savings were partially reduced by the reduction in the amortization period for goodwill.

# Consolidated Income Statement

for the period 1 January to 31 March 2004

	31 Mar. 2004 €m	Quarter ended 31 Mar. 2003 €m
Sales revenue	379.1	350.5
Net interest income from banking business	18.6	26.7
Own expenses capitalized	10.6	14.5
Other operating income	13.7	14.0
	<b>422.0</b>	<b>405.7</b>
Fee and commission expenses from banking business	-29.2	-29.5
Consumables used	-7.8	-9.3
Staff costs	-84.0	-77.2
Depreciation and amortization expense	-46.1	-45.0
Goodwill amortization	-17.6	-16.0
Other operating expenses	-104.7	-102.2
Income from equity investments	0.2	0
Impairment losses on noncurrent financial assets	0	-0.4
<b>Earnings before interest and taxes (EBIT)</b>	<b>132.8</b>	<b>126.1</b>
Net financial result	-1.3	0.7
<b>Profit before tax from ordinary activities (EBT)</b>	<b>131.5</b>	<b>126.8</b>
Income tax expense	-55.7	-57.0
Minority interests	1.1	0
<b>Net profit for the period</b>	<b>76.9</b>	<b>69.8</b>
<b>Earnings per share (€)</b>	<b>0.69</b>	<b>0.62</b>

# Consolidated Balance Sheet

as at 31 March 2004

	31 Mar. 2004 €m	31 Dec. 2003 €m	31 Mar. 2003 €m
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Intangible assets	1,500.3	1,536.1	1,663.2
Property, plant and equipment	323.8	328.6	333.2
Financial assets and investment property	535.7	485.5	412.1
Miscellaneous and deferred tax assets	31.4	31.6	23.6
	<b>2,391.2</b>	<b>2,381.8</b>	<b>2,432.1</b>
<b>Current assets</b>			
Current receivables and securities from banking business	5,174.9	4,047.3	5,627.8
Other receivables and other assets	304.9	263.3	272.3
Restricted bank balances	921.7	1,048.4	85.2
Other cash and bank balances	429.1	548.1	318.8
	<b>6,830.6</b>	<b>5,907.1</b>	<b>6,304.1</b>
<b>Total assets</b>	<b>9,221.8</b>	<b>8,288.9</b>	<b>8,736.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Subscribed capital	111.8	111.8	111.8
Share premium	1,330.2	1,330.2	1,330.2
Treasury shares	-4.6	0	0
Legal reserve and other retained earnings	759.4	760.2	631.2
Revaluation surplus	7.9	3.8	8.9
Unappropriated surplus	211.9	135.0	139.8
	<b>2,416.6</b>	<b>2,341.0</b>	<b>2,221.9</b>
<b>Minority interests</b>	<b>14.2</b>	<b>12.3</b>	<b>13.5</b>
<b>Provisions and liabilities</b>			
<b>Noncurrent provisions</b>			
Provisions for pensions and other employee benefits	69.6	68.4	65.4
Deferred tax liabilities	90.8	92.3	99.6
Other noncurrent provisions	40.6	40.4	38.5
	<b>201.0</b>	<b>201.1</b>	<b>203.5</b>
<b>Current provisions</b>			
Tax provisions	181.6	162.2	151.0
Other current provisions	40.4	36.2	27.0
	<b>222.0</b>	<b>198.4</b>	<b>178.0</b>
<b>Noncurrent liabilities</b>			
Interest-bearing liabilities	501.6	503.2	7.7
Other noncurrent liabilities	6.0	7.1	7.4
	<b>507.6</b>	<b>510.3</b>	<b>15.1</b>
<b>Current liabilities</b>			
Liabilities from banking business	4,747.6	3,899.9	5,537.8
Other bank loans and overdrafts	0.6	5.0	1.1
Other commercial paper	0	0	312.5
Trade payables	82.6	108.2	108.1
Payables to other investors	13.0	5.4	10.8
Cash deposits by market participants	905.9	901.1	52.5
Other current liabilities	110.7	106.2	81.4
	<b>5,860.4</b>	<b>5,025.8</b>	<b>6,104.2</b>
<b>Total provisions and liabilities</b>	<b>6,791.0</b>	<b>5,935.6</b>	<b>6,500.8</b>
<b>Total shareholders' equity and liabilities</b>	<b>9,221.8</b>	<b>8,288.9</b>	<b>8,736.2</b>

# Consolidated Cash Flow Statement

for the period 1 January to 31 March 2004

	31 Mar. 2004 €m	Quarter ended 31 Mar. 2003 €m
Net profit for the period excluding minority interests	75.8	69.8
Depreciation and amortization expense	63.6	61.4
Increase in noncurrent provisions	1.4	1.5
Deferred tax (income)/expense	-3.3	0.3
Other non-cash (income)/expense	-5.0	1.2
Change in working capital, net of non-cash items	-31.6	-51.9
Net loss on disposal of property, plant and equipment	0	1.3
<b>Cash flows from operating activities</b>	<b>100.9</b>	<b>83.6</b>
Payments to acquire noncurrent assets	-18.1	-41.5
Payments to acquire noncurrent financial instruments	-0.9	-34.0
Net increase in available-for-sale current receivables, securities and liabilities from banking business with an original term greater than three months	-51.8	-431.1
Proceeds from disposal of noncurrent assets	0	260.1
<b>Cash flows from investing activities</b>	<b>-70.8</b>	<b>-246.5</b>
Purchase of treasury shares	-4.6	0
Net cash paid to minority shareholders	0	-9.7
Net proceeds from short-term financing	0	23.2
Repayment of long-term borrowings	-1.6	-1.5
<b>Cash flows from financing activities</b>	<b>-6.2</b>	<b>12.0</b>
<b>Net change in cash and cash equivalents</b>	<b>23.9</b>	<b>-150.9</b>
Cash and cash equivalents as at beginning of period	362.1	104.8
<b>Cash and cash equivalents as at end of period</b>	<b>386.0</b>	<b>-46.1</b>
<b>Operating cash flow per share (€)</b>	<b>0.90</b>	<b>0.75</b>
Interest and income received from noncurrent financial assets	22.6	0.9
Interest paid	-32.3	-9.3
Income tax paid	-39.6	-29.8

# Consolidated Statement of Changes in Shareholders' Equity

for the period 1 January to 31 March 2004

	31 Mar. 2004 €m	Quarter ended 31 Mar. 2003 €m
<b>Subscribed capital</b>		
Balance as at 1 January	111.8	111.8
<b>Balance as at 31 March</b>	<b>111.8</b>	<b>111.8</b>
<b>Share premium</b>		
Balance as at 1 January	1,330.2	1,330.2
<b>Balance as at 31 March</b>	<b>1,330.2</b>	<b>1,330.2</b>
<b>Treasury shares</b>		
Balance as at 1 January	0	0
Cost of buy-back	-4.6	0
<b>Balance as at 31 March</b>	<b>-4.6</b>	<b>0</b>
<b>Retained earnings</b>		
Balance as at 1 January	760.2	631.2
Exchange rate differences	-0.8	0
<b>Balance as at 31 March</b>	<b>759.4</b>	<b>631.2</b>
<b>Revaluation surplus</b>		
Balance as at 1 January	3.8	9.0
Remeasurement of financial instruments	5.7	-0.1
Deferred taxes on remeasurement of financial instruments	-1.6	0
<b>Balance as at 31 March</b>	<b>7.9</b>	<b>8.9</b>
<b>Unappropriated surplus</b>		
Balance as at 1 January	135.0	70.0
Net profit for the period	76.9	69.8
<b>Balance as at 31 March</b>	<b>211.9</b>	<b>139.8</b>
<b>Shareholders' equity as at 31 March</b>	<b>2,416.6</b>	<b>2,221.9</b>

# Notes to the Interim Financial Statements

## 1. Accounting policies

These interim financial statements were prepared in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) issued by the International Accounting Standards Board (IASB), and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC – the successor to the former Standing Interpretation Committee, SIC). The interim financial statements comply with the Company's significant accounting policies that were applied to the consolidated financial statements for the financial year ended 31 December 2003.

These financial statements do not reflect either the "Improvements to International Accounting Standards" or the revised versions of IAS 32 and IAS 39 as published by the IASB in December 2003.

The comparative figures for the "Other cash and bank balances" item as at 31 March 2003 as well as cash flows from investing activities for Q1/2003 have been adjusted to show the net increase in current receivables, securities and liabilities from banking business with an original maturity of more than three months as investing activities. This presentation is consistent with the definition of "Other cash and bank balances" in the consolidated financial statements as at 31 December 2003.

## 2. Group structure

On 30 January 2004, U.S. Futures Exchange L.L.C. ("Eurex US") acquired 100 percent of the shares of BrokerTec Futures Exchange L.L.C. ("BrokerTec") by way of a share swap. As a result, the former owners of BrokerTec hold 20 percent of the shares of Eurex US. For accounting purposes, BrokerTec was consolidated as of 30 January 2004. The value of BrokerTec's net assets was zero at the date on which it was first consolidated. After the acquisition, Eurex Frankfurt AG invested USD 25.0 million in Eurex US in the form of a capital increase.

As the sole shareholder of Deutsche Gesellschaft für Wertpapierabwicklung mbH, Deutsche Börse AG decided to dissolve the former with effect from 1 February 2004. However, the company will remain consolidated until it is deleted from the commercial register; this can be performed at the earliest after the legally required blocking period of one year has expired in spring 2005.

## 3. Seasonal influences

The Group's revenues are influenced more by the volatility and the level of transactions in the capital markets than by seasonal factors. Owing to a concentration of costs for projects coming to completion in the fourth quarter, net income in the fourth quarter tends to be lower than in the first three quarters of the year.

#### 4. Total assets

The consolidated total assets of the Group are strongly influenced by the level of liabilities from banking business and, to a lesser extent, cash deposits by market participants. The level of these two items, both of which reflect customer cash balances, can vary widely on a daily basis according to customers' needs or actions.

#### 5. Dividends

No dividends were paid in the first quarter of either 2004 or 2003.

The Executive Board and Supervisory Board will propose to the AGM to be held on 19 May 2004 that a dividend of €0.55 per share (2003: €0.44 per share) be paid to shareholders registered in the Company's share register on 20 May 2004. The proposed total dividend payout of €61.5 million corresponds to a distribution ratio of 25 percent of the net profit for 2003 (previous year: 21 percent of the net profit for 2002).

#### 6. Segment results

Sales revenue	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Xetra	65.2	45.9
Eurex	106.9	104.4
Information Services	29.2	33.5
Clearstream	146.0	131.5
Information Technology	31.8	35.2
<b>Total sales revenue</b>	<b>379.1</b>	<b>350.5</b>
<b>Internal revenue Information Technology</b>	<b>44.1</b>	<b>48.8</b>
<b>Analysis of Clearstream sales revenue (gross commission income)</b>		
Custody	88.7	84.8
Settlement	33.7	25.5
Other	23.6	21.2
<b>Total</b>	<b>146.0</b>	<b>131.5</b>

Net interest income from banking business	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Gross interest income	32.3	45.2
Interest expense	-13.7	-18.5
<b>Net interest income from banking business</b>	<b>18.6</b>	<b>26.7</b>

Earnings before interest and taxes (EBIT)	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Xetra	33.8	4.4
Eurex	53.5	62.9
Information Services	10.2	12.9
Clearstream	31.1	25.1
Information Technology	16.9	24.4
Corporate Services	-9.3	-3.6
Reconciliation	-3.4	-
<b>Total EBIT</b>	<b>132.8</b>	<b>126.1</b>

Earnings before tax from ordinary activities (EBT)	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Xetra	33.8	5.1
Eurex	54.3	64.3
Information Services	10.2	12.9
Clearstream	31.1	25.2
Information Technology	16.9	24.6
Corporate Services	-11.4	-5.3
Reconciliation	-3.4	-
<b>Total EBT</b>	<b>131.5</b>	<b>126.8</b>

Investments (excluding financial investments)	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Xetra	2.3	1.2
Eurex	6.5	4.7
Information Services	0.2	0.1
Clearstream	6.7	5.8
Information Technology	2.0	6.8
Corporate Services	5.4	22.9
Reconciliation	-4.9	-
<b>Total investments (excluding financial investments)</b>	<b>18.2</b>	<b>41.5</b>



Depreciation and amortization expense (excluding goodwill amortization)	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Xetra	5.9	8.5
Eurex	6.1	4.8
Information Services	2.9	2.7
Clearstream	18.6	13.1
Information Technology	8.3	11.0
Corporate Services	5.8	4.9
Reconciliation	-1.5	-
<b>Total depreciation and amortization expense (excluding goodwill amortization)</b>	<b>46.1</b>	<b>45.0</b>

Goodwill amortization	31 Mar. 2004	Quarter ended
	€m	31 Mar. 2003 €m
Eurex	0,4	0
Information Services	0.2	0.2
Clearstream	15.3	15.2
Information Technology	1.7	0.6
<b>Total goodwill amortization</b>	<b>17.6</b>	<b>16.0</b>

## 7. Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the result for the period by the weighted average number of shares outstanding. As at 31 March 2004, there were no outstanding options or rights to purchase shares that potentially could have diluted the earnings per share.

143,509 stock options, which had been granted to employees as part of the 2003 Group Share Plan, were outstanding as at 31 March 2004. As the share price has not yet reached the option strike price of €54.79, these options are not considered dilutive under IAS 33, "Earnings per Share".

	31 Mar. 2004	Quarter ended
		31 Mar. 2003
Number of shares outstanding as at beginning of period	111,802,880	111,802,880
Number of shares outstanding as at end of period	111,802,880	111,802,880
Weighted average number of shares outstanding	111,802,880	111,802,880
Net profit for the period (€m)	76.9	69.8
Earnings per share (€)	0.69	0.62

## 8. Treasury shares

In March 2004, the Company bought back 100,000 treasury shares on the market at a total cost of €4.6 million. As at 31 March 2004, this amount was eliminated against shareholders' equity in the balance sheet. The Company expects to sell these shares on to employees as part of the Group Share Plan in the second quarter of 2004.

## 9. Shareholdings of members of the Executive and Supervisory Boards

The Company has been notified of the following holdings of Deutsche Börse AG shares as at 31 March 2004.

Shareholding as at 31 March 2004		Shareholding as at 31 March 2004	
<b>Executive Board</b>		Mehmet Dalman	0
Werner G. Seifert	0	Uwe E. Flach	0
André Roelants	0	Hans-Peter Gabe	410
Rudolf Ferscha	18,290	Dr. Manfred Gentz	0
Matthias Ganz	0	Harold Hörauf	0
Mathias Hlubek	5,000	Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt	0
Michael Kuhn	0	Sandra S. Jaffee	0
		Dr. Stefan Jentzsch	0
<b>Supervisory Board</b>		Hessel Lindenbergh	0
Dr. Rolf-E. Breuer	0	Friedrich von Metzler	0
Manfred Zaß	0	Sadegh Rismanchi	100
David Andrews	0	Dr. Herbert Walter	0
Herbert Bayer	0	Otto Wierzcimok	300
Udo Behrenwald	0	Johannes Witt	200
Birgit Bokel	0	Silke Zilles	0

Under the Group's stock option plan implemented in February 2001, management receives "virtual" options each year. The value of the options is calculated based on the change in the value of the Company's shares compared with the Dow Jones STOXX 600 Technology Index (EUR) (return). The options are exercisable after between three and five years and the options' value is only payable in cash. No other shares or share options have been granted to management.

## 10. Material transactions with related parties

	31 Mar. 2004	Quarter ended 31 Mar. 2003
	€m	€m
Operation of the floor trading system by BrainTrade GmbH for Deutsche Börse AG	4.1	3.6
Services provided by Deutsche Börse Systems AG:		
Operation and development of Xontro for BrainTrade GmbH	6.1	5.4
Development of Eurex software for Swiss Exchange (SWX)	1.7	2.7
Operation of Xetra and Eurex software as well as provision of office and administrative services for European Energy Exchange AG	1.6	1.4
Specific service agreements for the provision of office and administrative services:		
by Eurex Zürich AG to Swiss Exchange (SWX)	7.2	6.0
by Swiss Exchange (SWX) to Eurex Zürich AG	0	1.2

## 11. Employees

	31 Mar. 2004	Quarter ended 31 Mar. 2003
Average number of employees during the period	3,257	3,282
Employees as at the balance sheet date	3,260	3,270

There was an average of 3,086 full-time equivalent (FTE) employees during the first quarter of 2004 (Q1/2003: 3,133).

**12. Contingent liabilities**

There have been no significant changes to contingent liabilities since the last reporting date.

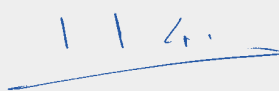
**13. Events after the balance sheet date**

No key events had taken place up to the date on which this Report was published.

The Executive Board  
Deutsche Börse AG  
Frankfurt/Main, 6 May 2004



Werner G. Seifert



André Roelants



Rudolf Ferscha



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