DEUTSCHE BÖRSE
GROUP

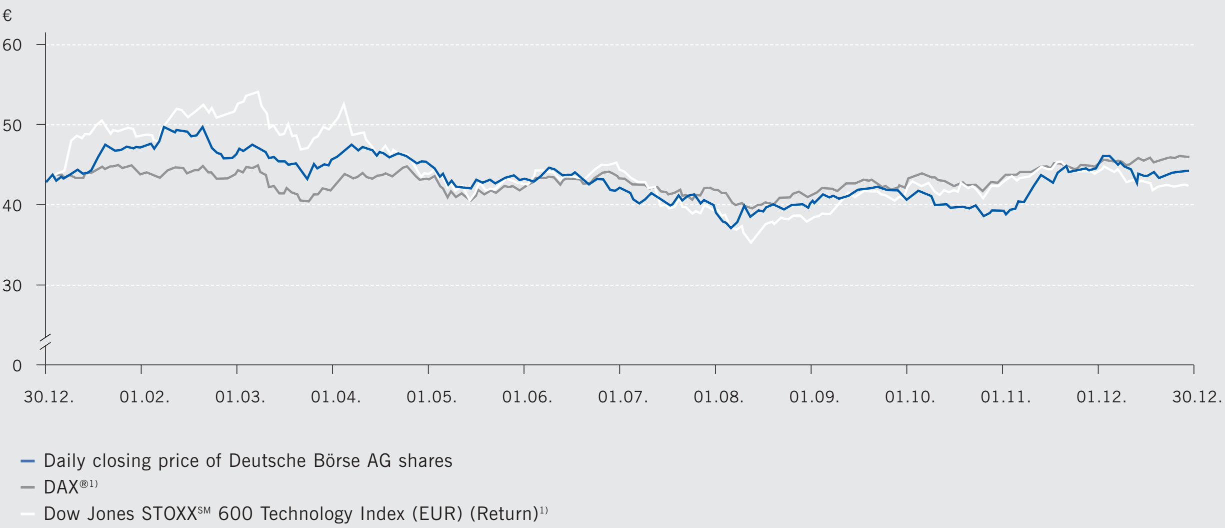
Partner of Global Customers
Annual Report 2004

Deutsche Börse Group: Financial Highlights

			2004	2003	Change in %
Consolidated income statement					
Sales revenue		€m	1,449.6	1,419.4	2
Net interest income from banking business		€m	77.1	94.4	–18
Earnings before interest, taxes and goodwill amortization (EBITA)		€m	527.6	527.8	0
Earnings before interest and taxes (EBIT)		€m	458.7	452.6	1
Net income		€m	266.1	246.3	8
Consolidated cash flow statement					
Cash flows from operating activities		€m	439.6	530.6	–17
Cash flows from investing activities		€m	–33.5	–412.4	–92
Consolidated balance sheet (as at 31 December)					
Noncurrent assets excluding miscellaneous and deferred tax assets		€m	2,143.8	2,350.2	–9
Equity		€m	2,552.5	2,353.5	8
Technical closing date liabilities		€m	5,018.0	4,801.0	5
Total assets		€m	8,602.8	8,276.0	4
Performance indicators					
Earnings per share (basic and diluted)		€	2.38	2.20	8
Dividend per share		€	0.70[1]	0.55	27
Dividend		€m	78.3[1]	61.4	27
Operating cash flow per share		€	3.93	4.75	–17
Employees (average annual FTEs)			3,080	3,049	1
Sales revenue per employee		€ thousands	471	466	1
EBIT (excluding result from equity investments) / sales revenue		%	31.5	31.9	–1
EBITA (excluding result from equity investments) / sales revenue		%	36.4	37.2	–2
Return on equity		%	10.9	10.9	0
Equity ratio (annual average)		%	79	79	0
Market indicators					
Xetra					
Number of transactions		thousands	69,372	71,368	–3
Order book turnover		€m	902,747	833,074	8
Participants (as at 31 December)			283	308	–8
Floor trading					
Number of transactions		thousands	66,710	70,144	–5
Order book turnover		€m	111,649	131,632	–15
Eurex					
Number of contracts		thousands	1,065,639	1,014,932	5
Participants (as at 31 December)			409	406	1
Clearstream					
Number of transactions	domestic	m	32.8	45.3	–28
	international	m	17.2	16.5	4
Securities deposits (as at 31 December)	domestic	€bn	4,318	4,376	–1
	international	€bn	3,275	2,959	11
Deutsche Börse share price					
Opening price[2] (as at 1 January)		€	43.35	38.16	14
High		€	50.33	49.00	
Low		€	37.11	32.08	
Closing price (as at 30 December)		€	44.28	43.35	2

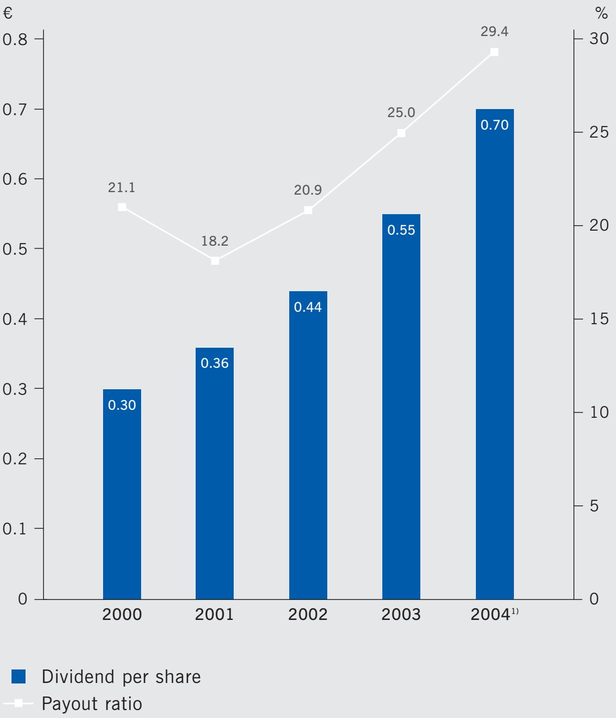
[1] Proposal for 2004
[2] Closing price on preceding trading day

Development of Deutsche Börse AG's Share Price
from 30 Dec. 2003 to 30 Dec. 2004



[1] Indexed to the closing price on 30 December 2003

Dividend per Share and Payout Ratio
in the years 2000–2004

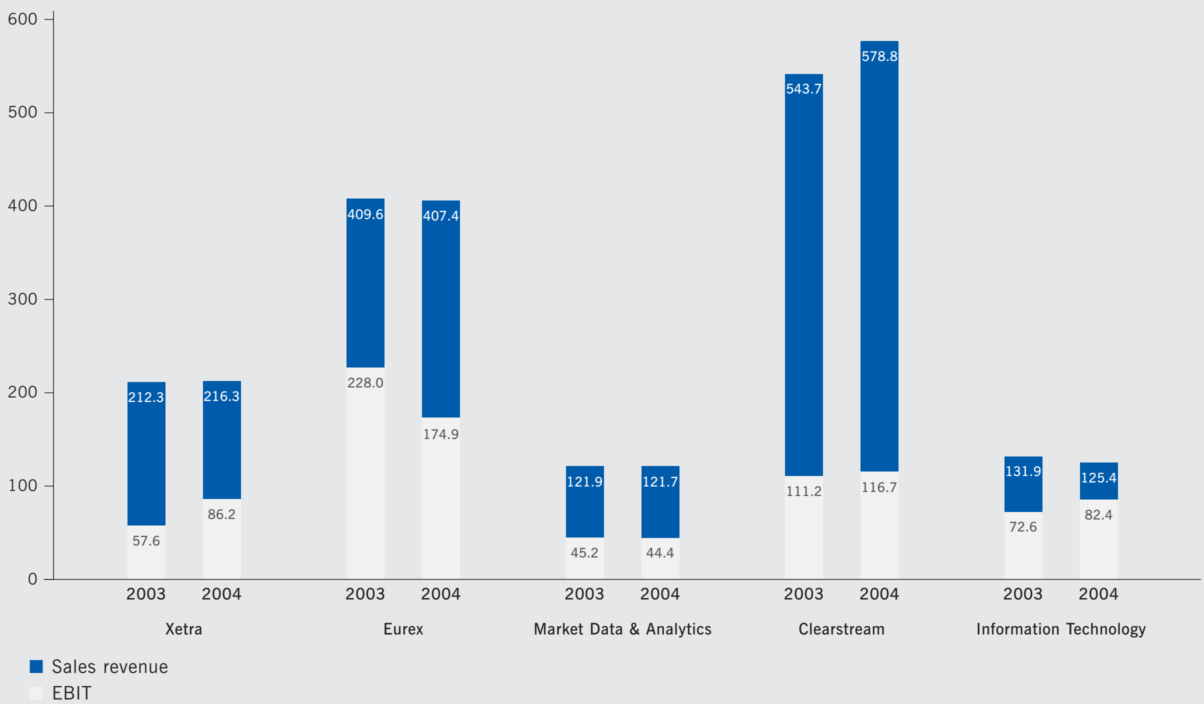


[1] Proposal to the Annual General Meeting 2005

Highlights by Quarter
in €m

	Q1 2004	Q1 2003	Q2 2004	Q2 2003	Q3 2004	Q3 2003	Q4 2004	Q4 2003	FY 2004	FY 2003
Sales revenue	379.1	350.5	359.0	351.9	347.1	362.9	364.4	354.1	1,449.6	1,419.4
Net interest income from banking business	18.6	26.7	19.9	23.8	15.9	22.3	22.7	21.6	77.1	94.4
Earnings before interest, taxes and goodwill amortization	150.4	142.1	129.5	131.3	127.0	135.1	120.7	119.3	527.6	527.8
Earnings before interest and taxes (EBIT)	132.8	126.1	112.7	115.3	109.8	109.1	103.4	102.1	458.7	452.6
Earnings before tax from ordinary activities (EBT)	131.5	126.8	110.0	112.8	109.5	107.7	101.0	100.8	452.0	448.1
Net income	76.9	69.8	67.7	71.1	66.9	54.6	54.6	50.8	266.1	246.3

Sales Revenue and EBIT by Segment
in €m



Content

Partner of Global Customers

National markets are becoming increasingly networked, and competition is becoming ever more global: issuers want to tap international markets when raising equity; while investors have long since ceased to stop at the borders of the old currency regions when seeking new opportunities; the traders in the financial markets have come to expect integrated trading and settlement platforms that they can access at any time, from any place, and always for the same conditions. Over the last decade, Deutsche Börse Group has emerged as a leading international provider of securities and systems services – a reliable partner for customers in today's global world.

Dear Shareholders,

Your company, Deutsche Börse Group, achieved its goals in 2004, and was able to record further growth despite the difficult market environment. In the year under review, sales revenue reached €1,449.6 million and earnings before interest and taxes (EBIT) amounted to €458.7 million. Sales revenue and earnings thus increased slightly year-on-year. For this reason, the Supervisory and Executive Boards intend again increasing the dividend paid to you, our shareholders, and will propose to the Annual General Meeting on 25 May 2005 that a dividend of €0.70 per share be paid – 27 percent more than last year.

The Group's strategy and business model have made this possible. Deutsche Börse Group now serves customers the world over through its electronic networks: with an equity market geared to Europe, derivatives trading across three time zones, services in settlement and custody available worldwide, as well as establishing a technology bridge to the Asian market through the sale of the Xetra system to the Shanghai Stock Exchange. By doing so, Deutsche Börse Group aims to be the prime address for globally positioned customers. In the past decade, the Group has emerged as a leading international provider of securities and systems services. We will continue to globalize along our entire value chain.

My colleagues on the Executive Board and I would like to thank all employees: it is their expertise and their commitment that make our continued success possible.

We would also like to thank you, our shareholders, most sincerely for your confidence in the past year. We will strive to uphold this confidence in the future.

Sincerely,

Werner G. Seifert
Chief Executive Officer

Deutsche Börse AG Shares

Deutsche Börse AG was the first major international marketplace operator to go public, in early 2001. Less than two years later, towards the end of 2002, the company moved onto the DAX®, the German blue-chip index. The shareholder structure expanded following this: international investment companies and pension funds are now the main shareholders of the company. The shares have outperformed the market ever since their initial listing. Deutsche Börse AG has established itself as a blue-chip company only four years after its IPO.

- Earnings per share grew by 8 percent to €2.38
- Dividend increase of 27 percent proposed
- Sustained increase in value: annual return of 8.2 percent since IPO
- Share price rose by 2.1 percent in the course of the year
- Ratings were at consistently high level
- Deutsche Börse received award for its investor relations work

Investor Confidence Confirmed

The capital markets began 2004 with high expectations. However, after a strong first quarter, the weak state of the economy in the euro zone and the rising oil price caused renewed scepticism. Many investors had hoped for market recovery in the fourth year of the bear market, but in the light of underlying uncertainty about growth prospects in the capital markets, they held back to a large extent.

Deutsche Börse AG's shares were unable to escape these influences, as the greatest factor contributing to the company's economic success – trading activity on the capital markets – was exposed to significant fluctuations.

Deutsche Börse AG again reported transparently on the development of the company in 2004 and conducted an open dialogue with investors in the US, the UK and Germany. Although the market climate was affected by uncertainty and a lack of direction, Deutsche Börse was able to maintain and build on investor confidence.

Deutsche Börse AG shares – Key data

		2004	2003
Share capital	€m	111.8	111.8
Earnings per share	€	2.38	2.20
Dividend	€	0.70	0.55
High[1]	€	50.11	49.00
Low[1]	€	37.11	32.08
Cash flow per share	€	4.63	4.75
Number of shares as at 31 December	m	111.8	111.8
Market capitalization as at 31 December	€bn	5.0	4.9

[1] Closing price in Xetra® trading

Award for Deutsche Börse's investor relations

Performance indicators are only one element of a compelling presence on the capital markets. Crucial factors for investment decisions and recommendations are often also personal contacts, confidence in corporate governance and transparent communication. Deutsche Börse AG held more than 300 one-on-one meetings, group discussions and roadshows in 2004. It discussed its business model and key performance indicators in personal talks with fund managers and analysts in international financial centers.

The success of this intensive investor relations work can be seen in the further increase in reporting on Deutsche Börse. Analysts from 39 investment banks and financial research institutes, compared with 32 in the previous year, produced ratings and studies on Deutsche Börse AG. 25 of these financial institutions, corresponding to 64 percent of the analysts, issued buy recommendations for Deutsche Börse AG shares in December 2004.

Deutsche Börse AG's investor relations work was ranked second by business magazine "Capital" in the DAX® category in 2004. Based on a global survey

of investors and analysts, the magazine recognized in particular the quality, credibility and timeliness of information. This award represents a valuable success for the company after its admission to the DAX in December 2002.

Deutsche Börse AG has also set itself high targets for investor communication in 2005. The company intends to further intensify its relationships with investment funds and pension funds with a long-term investment horizon, and to make its presence felt at international investor congresses.

Analyst coverage 2004

- ABN Amro
- AC Research
- Bankgesellschaft Berlin
- Bankhaus Metzler
- Bayerische Landesbank
- Bear Stearns
- Berenberg Bank
- BW-Bank
- CAI Cheuvreux
- Commerzbank
- Credit Suisse First Boston
- Deutsche Bank
- Dresdner Bank
- DZ Bank
- Exane BNP Paribas
- fairesearch
- Helaba Trust
- HSBC Trinkaus
- HypoVereinsbank
- Independent Research
- ING BHF-Bank
- JPMorgan
- Landesbank Baden-Württemberg
- Landesbank Rheinland-Pfalz
- Lehman Brothers
- Merck, Finck & Co
- Merrill Lynch
- MM Warburg
- Morgan Stanley
- National Bank Financial
- Norddeutsche Landesbank
- Renschel & Co.
- Sal. Oppenheim
- SEB
- Smith Barney
- Société Générale
- UBS Warburg
- WestLB Equity Markets
- WGZ-Bank

■ New research coverage in 2004

Stable international shareholder structure

Deutsche Börse AG's shareholder structure has stabilized in the fourth year of its stock exchange listing. The strategic investors divested their interests in the preceding years, thus enabling globally operating investment and pension funds to invest in the company, and around 93 percent of the shares are now held by institutional investors, as in the previous year. The geographical distribution has remained largely unchanged: around 26 percent of shares are held by US investors, 24 percent of investors are from the UK and 35 percent from Germany. Deutsche Börse AG shares have set the standard with a free float of 100 percent: only six other DAX equities can equal this level of free float.

Again higher dividend

Deutsche Börse AG again continued its long-term dividend policy in 2004, and let its shareholders participate in the continuous operating profit growth through a significant rise in the dividend. The dividend rose by 25 percent to €0.55 per share, and Deutsche Börse AG distributed a total of €61.4 million to shareholders. This was Deutsche Börse AG's highest ever dividend – even compared with the years before the IPO when the entire operating profit was distributed. In 2005, Deutsche Börse AG is

aiming for a continuation of the policy of dividend increases of more than 20 percent. This dividend policy is unique on the DAX: no other German blue-chip company has raised dividends at an annual rate of 20 percent for three years consecutively.

Total return above DAX average

Deutsche Börse AG shares are particularly attractive for investors with a medium to long-term horizon who are interested in sustained value growth rather than short-term speculation or arbitrage. Deutsche Börse shares offer these investors substantial potential for an attractive total return through price gains and dividend payments. The past years have proved this: since the IPO, investors have enjoyed an annual return of 8.2 percent. Investments in Deutsche Börse shares thus significantly outperformed an average investment in the DAX, which fell by 10.8 percent in this period.

Investment in Deutsche Börse shares highlights sustained value growth
Growth of a model portfolio, initial investment of €10,000

Investment horizon		4 years[1]	1 year
Portfolio value[2]	€	13,595	10,310
Average annual return Deutsche Börse shares	%	8.2	3.1
Average annual DAX® return	%	–10.8	7.3

1) Purchase of the shares at the offering price of €33.50
2) As at 31 December 2004, assuming all dividends were reinvested in shares

The share price recorded a high of €50.33 on 19 February 2004 and a low of €37.11 on 6 August 2004. At year-end it stood at €44.28, corresponding to a value growth of 2.1 percent in the course of the year (see inside front cover for the share price development in 2004).

First-class ratings

The major international rating firms again acknowledged Deutsche Börse AG's business model in the year under review: the Group's long-term ratings from Moody's and Standard & Poor's were confirmed at Aa1 and AA+ respectively. These ratings place Deutsche Börse AG in an excellent position on the capital market; only a handful of non-sovereign issuers achieved such a high ranking in the year under review.

Annual Reception

Eurex US launched

Deutsche Postbank IPO

January February March April May June

Private investors seminar

2004 – The Year That Was

January

Annual Reception 2004

For the first time, Deutsche Börse AG hosts its traditional Annual Reception in the Neue Börse building. Around 750 guests from the worlds of business, politics and the financial community accept the invitation to attend. The highlight of the event is main speaker Jean-Claude Trichet, President of the European Central Bank.

February

Launch of Eurex US

The new U.S. Futures Exchange L.L.C. (Eurex US) begins trading with more than 1,800 traders and over 100 participants, which launches worldwide trading activities and clearing of derivatives 21 hours a day. A mere three weeks later, Eurex US receives approval from the first European regulators, allowing European participants to trade on Eurex US.

Cooperation with EEX energy exchange extended

One year prior to the expiration of the contracts between Leipzig-based European Energy Exchange AG (EEX) and Deutsche Börse Group, EEX extends the contracts by seven years to the end of 2010. The partners broaden their cooperation to include auction trading on the spot market in Xetra®, so that Deutsche Börse's spot and derivatives markets will provide the technical infrastructure for all of EEX's energy trading.

Prize for ETF offering

Thanks to its exchange-traded funds (ETFs) offering, market participants give Deutsche Börse the vote of Europe's "most innovative" and "largest" stock exchange organization with respect to this segment. Deutsche Börse receives these accolades as part of the "European ETF Awards", which have been bestowed by International Fund Investment Magazine for the past two years.

March

New settlement route improves efficiency

Together with LCH.Clearnet, Clearstream Banking AG, Frankfurt (CBF), launches an automated, 100 percent straight-through processing settlement route for OTC German government debt transactions. Customers holding securities assets with CBF no longer need to issue instructions via CBF, thereby reducing their operating costs and eliminating any matching issues.

April

Four years of XTF® segment

Deutsche Börse extends its position as Europe's key trading platform for exchange-traded funds (ETFs). Trading of ETFs is becoming increasingly international: four years after the segment launch, over 40 percent of the trading volume is already generated by orders from abroad.

May

Annual General Meeting 2004

Shareholders resolve a dividend of €0.55 per share for financial year 2003 – a 25 percent increase to the previous year. Lord Peter Levene of Portsoken, Chairman of Lloyd's London, and Alessandro Profumo, CEO of UniCredito are elected as new members of the Supervisory Board.

"Your share in the market" – seminars for private investors

For the first time, Deutsche Börse offers an innovative series of seminars specifically tailored to the needs and interests of private investors. Experts provide well-founded basic knowledge about stock exchanges, trading and investments, as well as investment and leverage products, to interested investors. In 2005, the seminars will continue to be held in various German cities.

June

Prize for information services

The Data Warehousing Institute (TDWI) in the US names StatistiX®, Deutsche Börse's data warehouse, as "best real-time data warehouse". StatistiX processes, formats and enhances raw data from 18 sources, and distributes the data as useful information packages to 1,800 customers worldwide.

Successful IPOs

Deutsche Postbank AG is the first large company to go public in quite a while. Postbank determines its initial share price on the Xetra platform, and the entire process is broadcast live on the Internet. The issue has a volume of €1.6 billion. Two other companies – MIFA Mitteldeutsche Fahrradwerke AG and Wincor Nixdorf AG – successfully went public in May, others are to follow in July, November and December.

Daytime Bridge Phase I

Clearstream implements the first phase of the new Automated Daytime Bridge service with Euroclear. With the aid of this electronic communication interface, automated settlement of securities transactions between Clearstream Banking and Euroclear counterparties during the day will become possible for the first time.

GSF Summit in Luxembourg

July August September October November December

Technology transfer to China

German Equity Forum

July

Management team strengthened

Four new Managing Directors complement Deutsche Börse's management team: Holger Wohlenberg assumes responsibility for the Information Services segment (Market Data & Analytics since 1 January 2005) and Ulrich Becker for the newly created Corporate Development Area. Peter Reitz will manage Business Development Derivatives Market, while Business Development Stock Market will be under the management of Rainer Riess.

Prize for investor relations work

Deutsche Börse receives the "Capital Investor Relations Preis 2004" as the first runner-up in this evaluation of the best investor relations work of all 30 DAX® companies. About 300 analysts from 74 European banks, fund companies and investment firms took part in the study conducted by business magazine Capital and DVFA, the German Society for Investment Analysis and Asset Management.

September

Eurex expands Italian derivatives segment

The latest addition to Eurex's Italian derivatives segment is an option on the Dow Jones Italy Titans 30 Index, which contains the 30 largest and most liquid Italian shares. The product range offered to institutional and private investors also includes options on the twelve most liquid Italian shares and a future on the Dow Jones Italy 30 Index.

GSF Summit in Luxembourg

Clearstream hosts the 9th Global Securities Financing Summit (GSF) in Luxembourg. More than 500 international guests attend this largest annual event for repo and collateral management. Players from all over the world discuss issues such as competition in the post-trade business and harmonization of the European clearing and settlement industry.

October

Jeffrey Tessler appointed to Executive Board

The Supervisory Board of Deutsche Börse AG appoints Jeffrey Tessler to the Executive Board. Tessler is responsible for the Banking and Custody area within Customers/Markets. In December, he will also assume André Roelants' responsibilities as CEO of Clearstream International. Roelants will then become the company's Chairman, assuming additional duties in client development, strategic marketing and securities industry relationships and developments.

Awards for Clearstream's operating and service capabilities

Clearstream receives the "Elite Quality Award" from JPMorgan Chase Bank in recognition of the 99.17 percent straight-through processing rate of its funds transfer operations area. In its annual industry survey, "Global Custodian" magazine rates Clearstream as the industry's best international central securities depository across all service categories.

Eurex US: Global Clearing Link launched

Having received approval from the Commodity Futures Trading Commission (CFTC), The Clearing Corporation and Eurex Clearing AG roll out Phase I of their Global Clearing Link. The link serves as a connection between the US and European derivatives markets. It provides the US clearing community with direct access to European trading, thus opening up new international business opportunities.

November

Xetra license for Shanghai Stock Exchange

The Shanghai Stock Exchange, China's largest stock exchange, will trade on Xetra in the future. In cooperation with Accenture, Deutsche Börse adapts the trading system to the Chinese requirements. With the system transfer, Deutsche Börse is now in an excellent position for an increased cooperation between China and Europe.

Daytime Bridge Phase II

Following Phase I, Clearstream implements Phase II of the Automated Daytime Bridge, once again on schedule. Phase II enables same-day settlement of trades over the Bridge between counterparties at Clearstream Banking and Euroclear, the two international central securities depositories. This leads to increased interoperability and sustained improvements in efficiency on the European capital market.

17th German Equity Forum in Frankfurt

About 2,900 members of the financial community attend the autumn 2004 German Equity Forum. Innovative companies – including, for the first time, guests from Russia and China – present themselves to professional investors in order to find partners for equity financing. At the forum, over 170 listed companies hold analyst conferences.

GEX – Index for owner-managed companies

Deutsche Börse will launch the new GEX® index on 3 January 2005. The index tracks all German Prime Standard companies which have been listed for ten years or less, and whose owners hold at least 25 percent of the shares (about 130 companies at the launch date).

Deutsche Börse:
A Partner also for Customers with a Global Presence

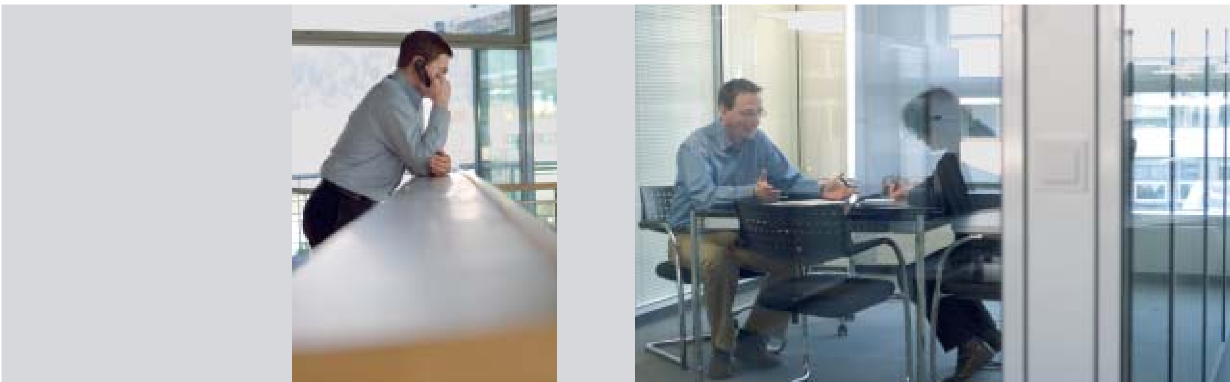
Deutsche Börse Group has further distanced itself from the ups and downs of individual securities markets through an increasing international diversification of its sources of income. On the capital markets, experts are seeing signs of a turn for the better. In this phase of expansion, many customers of Deutsche Börse Group continue to focus on globalization. The Company aims to follow them to the most important financial markets in Europe, North America and the Far East as the preferred service provider. On this path, Deutsche Börse has continued to make good headway in 2004.

Challenging business environment for Deutsche Börse Group

The recession after the turn of the new millennium has apparently been overcome – the OECD expects all member states to record positive growth rates in 2005 for the first time in decades. In 2004, the global economy grew by just under 5 percent, faster than it has in a long time. Even though risks – such as the US trade and budget deficits, as well as the rapidly appreciating euro – put some clouds on the horizon in 2004, companies announced high earnings. In the US, profits rose from the third quarter of 2003 by an average of 22 percent year-on-year, a pace not seen since the early 1990s. Germany also saw an upturn in the economy following the substantial cost-cutting programs of the years 2000 to 2003. GDP growth rates are low overall here and high unemployment remains a major problem, but as far as profits are concerned, most analysts expect DAX® company profits for 2004 to increase by more than 50 percent, following growth of an already impressive 37 percent in the previous year.

Nonetheless, the situation on the securities markets continues to be characterized by stagnation on a relatively low level. In contrast to their "normal" function as an early indicator of economic development, they seem to be lagging behind the recovery in the real economy. The number of mergers and acquisitions has clearly fallen, and the market for IPOs has not yet recovered. In 2004, the DAX was still only at around half of its 2000 high. International comparison, however, certainly reveals some differences. For instance, the Dow Jones Index lost a maximum of 34 percent since its 1999 high and has now almost returned to that all-time high.

The divergence between the US and European securities markets may well be rooted in the real economy or, more precisely, the redistribution from capital to labour in Europe. In the USA there are signs that the rapid increase in corporate profits does not merely reflect a cyclical recovery which is giving companies an above-average share of the higher economic output. After decades of having been relatively stable, the "wage ratio", i.e. the share of the GDP that is distributed to employees, decreased considerably in recent years. In 2004, wages in the US manufacturing industry probably accounted for only 48.4 percent of value added according to estimates by the OECD, a drop of 1.5 percentage points as against 2002 – and a share below the long-term average. The increase in productivity is thus leading to higher profits, mainly due to a stagnation of real wages. It therefore comes as no surprise that US equities in 2004 almost regained the record levels of the late 1990s.

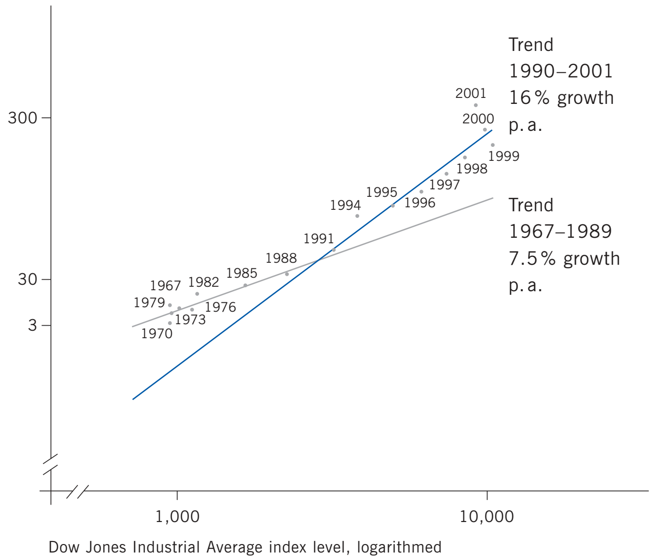


Europe presents a different picture. According to OECD figures, wages in the euro zone are growing more rapidly than productivity; unit labour costs grew by 4.6 percent in the past three years. At 1.1 percent, the rise in Germany seems relatively modest, but labour costs are already high – the "wage ratio" is 51.9 percent, i.e. 3.5 percentage points higher than in the US. German companies employ more capital per employee, but receive a smaller share of the macroeconomic earnings. The redistribution from capital to labour in Europe in the second half of the 20th century may be one of the reasons why Dow Jones EURO STOXX℠ and DAX are still well below their all-time highs. Both technological change and deepening integration into the global economy are often cited as reasons for the stagnation of real wages, especially among the lower income groups in the US. But where market forces are weakened by a higher density of regulation, as in Europe, the attractiveness of the location and the ability of companies to compete will inevitably diminish.

In most cases, each generation will only live to see a single major speculative bubble like the dotcom boom. Thus, a continuation of the rapid growth in transaction volumes such as seen in the 1990s is not very likely. History shows how long the current phase of recovery might last: in the US, the trading volume did not climb back to the level of the bear market year of 1929 until 1963. The fact that share prices did not fall as sharply in 2000 to 2002 as they did after the historical Black Friday in 1929 might be taken as a cause for optimism. However, an analysis of transaction volumes on the NYSE shows that the correlation between trading levels and share price levels changed dramatically in the 1990s. Prior to 1990, the number of transactions grew by

Accelerated trading growth in the 1990s

Million transactions at NYSE, logarithmed



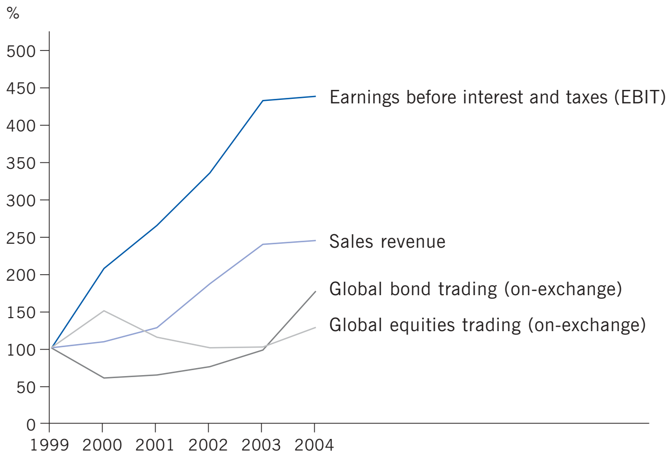
an average of 7.5 percent p.a. if the Dow Jones increased by 10 percent. After 1990, until the bubble burst in 2000/2001, the growth rate accelerated to 16 percent.

The period of stagnation which, despite higher real economic growth, characterizes capital markets today has two implications. Firstly, shares appear to be in comparatively "good hands" – there was evidently an expectation that rising prices would effect a normalization of price/earnings ratios. Thus, the stagnation phase neither leads to sharp rises in share prices nor to higher transaction volumes. Secondly, it is only now becoming clear just how crucial the role of the speculative bubble in the late 1990s really was. Whether the M&A business, IPOs, tech stock trading volumes, or growth rates in assets under management: neither of these will soon return to the record figures of the turn of the millennium.

Deutsche Börse rises to challenges

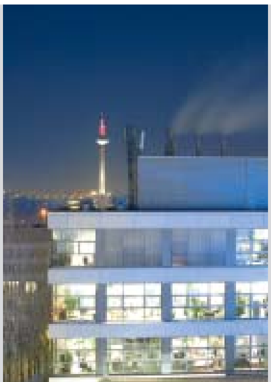
The weak market environment also affects stock exchanges. In 2004, the transaction volumes in equity trading and clearing as well as settlement have not grown, or have grown only slightly. In a business where the bulk of costs are fixed, flat or sinking sales figures pose a real challenge. That's why it is all the more important for a company like Deutsche Börse to achieve the greatest possible degree of independence from the developments on the securities markets. Deutsche Börse Group has resolutely faced the challenge of a weak market environment. Cost cuts have stabilized profit margins and laid the foundation for further profitable growth. Moreover, while it is one thing to identify and take in correlations in the macroeconomic environment, it is another to set oneself somewhat apart from these correlations as a creative and well-diversified stock exchange organization. Firstly, Deutsche Börse Group consistently innovates in order to profit from the trends of its business. Thus, the central counterparty introduced by the Group has a knock-on effect on the OTC (over-the-counter) market. New products such as exchange-traded funds generate additional turnover. Furthermore, the trend towards smaller-sized orders counterbalances weak markets. Secondly, Deutsche Börse is represented in sales segments whose performance is independent from the ups and downs of transaction volumes, for instance in the area of custody which has grown through the increase in new issues of fixed-income securities. And finally, it should not be overlooked that acquisitions have also had a positive effect on Deutsche Börse's development. The business model of Deutsche Börse is equally suited to supporting internal and external growth of sales revenue and earnings.

Deutsche Börse grows despite weak market development
Deutsche Börse Group performance indicators and international trading indicators by comparison



Indexed to 1999 = 100

The chart presented above illustrates the contrast between the trend on the markets on the one hand and Deutsche Börse Group's key indicators on the other. In 2003, the value of international equity and bond trading had only just returned to the level of 1999. Despite the difficult conditions on the capital markets and the global recession, Deutsche Börse Group has been able to significantly increase sales revenue, profit and enterprise value. Sales revenue has increased by an average of 19 percent since 1999, and pre-tax earnings even rose by 34 percent per year. The market rewards the fact that Deutsche Börse's business model is successful even in a difficult environment. At €5.0 billion at the end of 2004, the Company's market capitalization was up by approximately 70 percent over the figure at the time of its IPO in early 2001. Since the beginning of 2005, its share price and market capitalization have further increased.



The systematic focus on customers' needs was responsible for Deutsche Börse Group's success over the past few years, both as regards the integration of all stages of the value chain and concerning international availability.

Since combining cash market and derivatives market, as well as settlement, securities and systems technology in 1994, Deutsche Börse Group has integrated all stages of the exchange business value chain and has systematically perfected this model. In this respect, it follows the structural changes of its customers. The large investment banks are moving towards the abandonment of the artificial separation of their trading and selling activities by derivatives, bonds and equities. There is a clear trend towards convergence between trading on the cash and derivatives markets, as well as between equity and bond trading. New synthetic products often go beyond the traditional boundaries of various product categories. Deutsche Börse Group offers its customers one-stop shopping thanks to its high degree of integration of trading, clearing and post-trade services as well as market data and analysis, rounded off by system services. Further milestones have been reached through the successful integration of Clearstream 2002 and the investment in The Clearing Corporation in 2003.

The one-stop shopping concept enables lower prices, a factor of particular importance for customers in years when the capital markets are weak. Deutsche Börse Group flexibly adapts the degree of integration of the offering to the needs of customers. From the operation of the trading systems for the stock exchanges in Vienna and Dublin, through joint ventures with customers at Eurex US, to the full integration of all stages in the value chain, the Group uses various formats to generate economies of scale and to share the resulting cost decline with its customers.

Deutsche Börse accompanies its customers' globalization

The customers of Deutsche Börse Group are increasingly reaching beyond national borders. Especially the large and successful investment banks pass global trading books from one time zone to the next, reorganize their back office activities geographically according to cost factors, and shift their experts for mergers and acquisitions or IPOs between various national offices. In the same way as it combines various product markets to put the participants' requirements into practice, Deutsche Börse Group accompanies the globalization of its customers. In this context, the main expansion targets are the large and highly-developed economies of the "triad", whose combined population of 700 million accounts for the bulk of global economic output. The triad concept originally related to Japan, the US and Europe. These regions share a range of similarities: relatively slow growth, but starting at a high level; an emphasis on knowledge- and capital-intensive industries; a large number of big companies; and relatively homogeneous demand. In 2000, 430 of the 500 largest multinationals were domiciled in the triad. National borders within the triad are losing in economic importance.

However, the development of many services for the securities industry has not yet arrived at this stage. It is true that, for example, currency trading is borderless and – at least within the triad – hardly affected by national regulation. But for bond trading, and even more so for derivatives and equities trading, nation states are still highly important with regard to the design of the legal framework. Globalization in these markets does not reduce the importance of the country of origin, but creates multilocal structures which intelligently combine economies of scale and customized solutions at a local level. This presents an opportunity for a company like Deutsche Börse Group. The aim must be to minimize the influence of existing barriers to integration together with the customers, thus becoming a preferred provider of securities services in all regions of the triad – in the US, in Europe and in the Far East in general. As part of this, Deutsche Börse selectively adds particularly promising markets outside the classic triad – such as Dubai, Hong Kong and Singapore.

Both Xetra and Eurex now generate the major share of their sales revenues with market participants abroad. In 2004, 55 percent of all Xetra® transactions were from outside Germany. For Eurex, 75 percent of all sales revenues were generated by customers outside the home markets of Germany and Switzerland. Even today, customers can already trade 21 hours a day on Eurex, the world's leading derivatives exchange, – i. e. during core business hours in each of the three major time zones. The customers will require Deutsche Börse to establish further global clearing links and to extend the trading hours on other products. Differing national regulatory regimes will continue to ensure that the product offering as well as the technical and legal structures vary from country to country. This is a great chance for Deutsche Börse, since it already possesses experience in surmounting such obstacles. Thus, the Company is on the way towards offering its more than 4,000 customers a global service portfolio of trading functions together with the chain of post-trading services. Even today, Clearstream is already offering its services in 40 countries, ten of which are in the Far East.

The cross-border connection of international participants via electronic networks is not the only format through which Deutsche Börse Group follows the globalization of its customers. The Group also offers insourcing solutions for equity markets outside Germany and provides its IT solutions worldwide. In China, the Information Technology segment of Deutsche Börse Group has agreed an extensive technology transfer with the Shanghai Stock Exchange. Thus, a Xetra-based trading system will ensure efficiency in equities trading in the Far East as well. Thus, the globalization strategies pursued by its customers are taken by Deutsche Börse as a benchmark for its own efforts at internationalization. This approach is a promising path to success – as a partner for customers that have a global presence.


HSBC

Xetra Segment

6,209 companies were quoted on FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) as at 31 December 2004. In addition to German and international issuers' equities, investors can trade more than 8,000 fixed-income securities, 77 index funds and actively managed funds as well as around 45,000 certificates and warrants on the Frankfurt Stock Exchange.

The Xetra segment organizes the market for securities on two trading platforms: buy and sell orders placed by participants worldwide are netted electronically in the order book of the Xetra® system; at the same time, investors can buy and sell securities in broker-based floor trading in Frankfurt.

- At €216.3 million, sales revenue remained stable year-on-year
- EBIT increased by 50 percent to €86.2 million
- Central counterparty contributed 19 percent of revenue
- Transaction volumes on Xetra were stable
- New pricing model introduced: Deutsche Börse most cost-effective trading and settlement provider throughout Europe
- Exchange-traded index funds: XTF® segment remains market leader in Europe

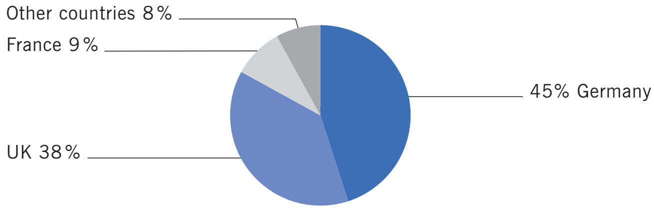
International Equity Market

Deutsche Börse organizes one of the most international equity markets, providing optimal conditions for issuers, investors and trading participants. Xetra has established itself as a pan-European trading platform. Via the terminals of 283 participants, including all major banks and securities trading firms, investors can trade securities, such as a large number of European and US blue chips as well as exchange-traded funds (ETFs) with an international investment horizon. Buy and sell orders from any location on the globe are recorded in a central electronic order book; the orders are netted on the Xetra® platform, ensuring maximum liquidity.

Deutsche Börse's equity market is one of the most transparent markets internationally. Over 400 companies listed in the Prime Standard also report in English, publish quarterly reports, report in accordance with international standards (IFRSs/IASs or US GAAP), hold at least one analyst conference per year and thus focus the attention of investors the world over.

In 2004, tailored initiatives by Deutsche Börse made the Xetra platform and broker-based floor trading even more attractive for new trading and investment strategies, and further improved the conditions for raising capital in the Prime Standard and the General Standard.

The Frankfurt Stock Exchange – an international marketplace
Xetra® trading volume by participants domiciled in Europe



More transparency and efficiency for the market

Deutsche Börse has extended its Europe-wide price leadership in transaction costs. Explicit transaction costs (fees for trading, clearing and settlement) are not the only costs incurred when buying and selling securities. The implicit costs of a transaction are just as important. They depend on the respective order book situation, particularly on the spread between buy and sell prices. The rule is: the more buy and sell orders have been entered in the order book, the more likely it is that large orders can be executed – and the lower the implicit costs.

New pricing model offers greater transparency

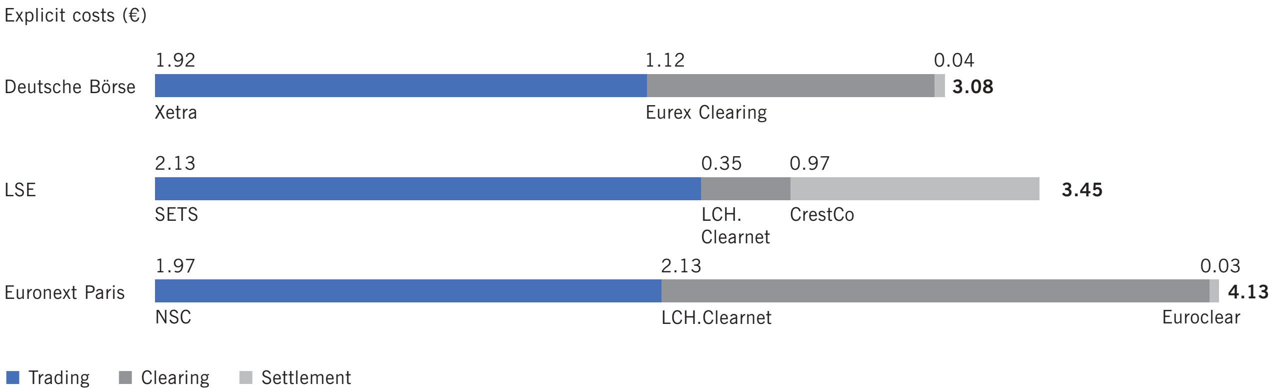
A new pricing model for equity trading has been effective since 1 January 2005. For the first time, Deutsche Börse is calculating the fees separately for all three stages in the value chain – trading, clearing and settlement; it has also restructured the pricing base in the clearing business. These changes make Deutsche Börse's price structure even more transparent and cater for the differing customer requirements better than before.

Thanks to the new pricing model, Deutsche Börse is and remains the most cost-effective provider of trading, clearing and settlement in the whole of Europe. As a central counterparty in the equity market, Eurex Clearing AG offers clearing for equity trades. It is the first clearing house in Europe that does not charge partial executions, thus enabling participants to calculate not only the trading fees but also the clearing fees before the order has even been executed.

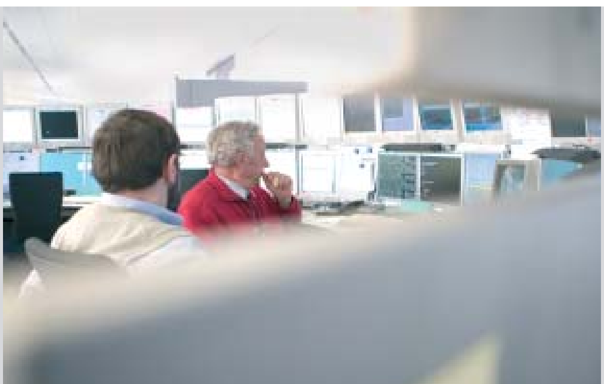
Higher liquidity thanks to Automated Trading Program initiative

Together with market participants, Deutsche Börse developed a concept that improves the conditions for placing automatically generated orders. The Company is thus supporting a trend towards automated trading in the financial services industry: traders who employ arbitrage strategies – e.g. by exploiting valuation differences in the cash and derivatives markets – are increasingly utilizing software that buys and sells securities without manual intervention.

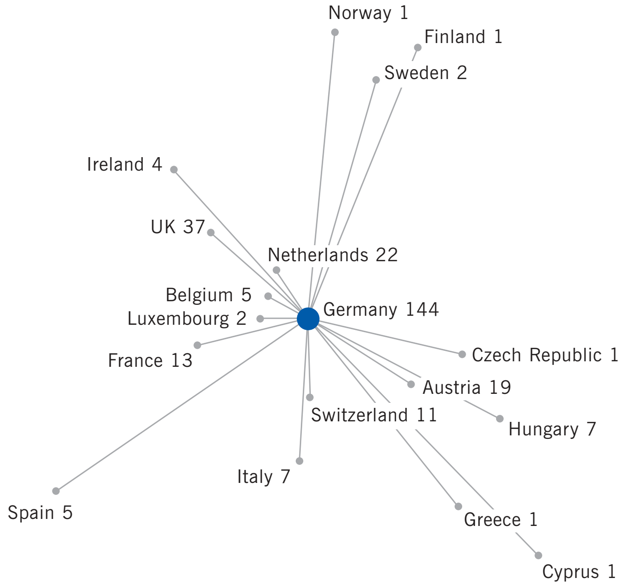
Deutsche Börse has the lowest explicit transaction costs
Sample calculation for an order of €40,000* (as at 1 January 2005)



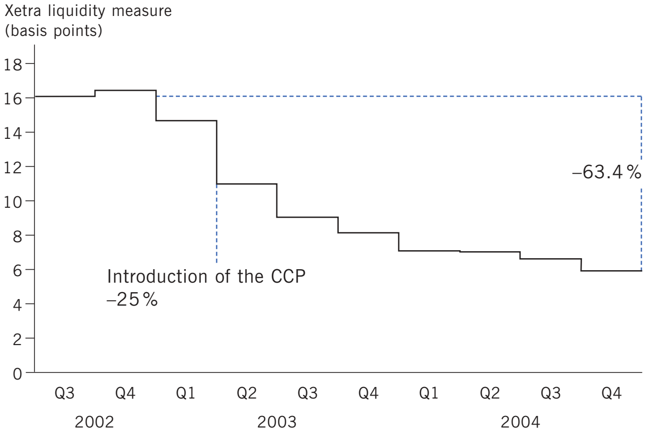
* **Assumptions**
Customer size: average Xetra Top 10 participant
Order entry/order execution ratio: 2
Partial execution ratio: 1.7
Netting efficiency: 95 percent
Exchange rate: €1.00 = £0.67
Share of LSE aggressor trades: 60 percent



Xetra platform – Pan-European network with 283 participants in 18 countries
As at 31 December 2004



Efficient market: Xetra has reduced implicit trading costs by over 60 percent since Q3/2002
Sample calculation for a Xetra® order of a DAX® value in the amount of €100,000



The test stage of the Automated Trading Program (ATP), which began in spring 2004 and in which the largest trading participants took part, had such a positive effect on the total trading liquidity through the additional volume generated that Deutsche Börse has made these conditions permanently available to the market from 1 January 2005 onwards.

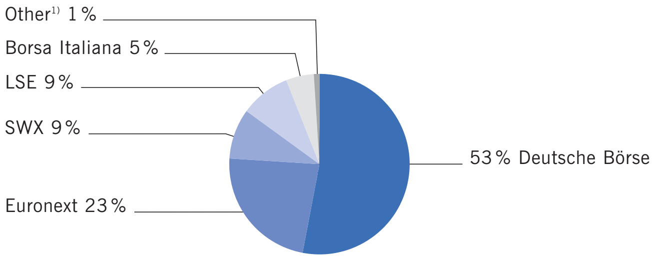
Increased efficiency thanks to central counterparty

In view of the sharp growth in international transactions on Xetra and the requirements for flexibility and efficiency when trading and settling, Deutsche Börse introduced the central counterparty (CCP) in April 2003. The CCP offers market participants three advantages in equity trading on Xetra: each transaction remains anonymous; the CCP assumes the risk of potential counterparty default; and only the resulting balance from buy and sell orders needs to be settled (netting).

The CCP has enabled Deutsche Börse to further diversify its sources of revenue. Around €41 million – or 19 percent of sales revenue in the Xetra segment – was generated by the CCP. The CCP also helped to further improve market efficiency. Since its introduction, liquidity in the Xetra segment, which is measured using the Xetra liquidity measure (XLM), rose by over 50 percent on average. As a general rule, the more liquid a marketplace, the lower the implicit costs will be.

Based on the XLM, DAX® implicit transaction costs for a €100,000 order declined from 16.07 basis points (1bp = 0.01 percent) in Q3/2002 to 5.89 bp in Q4/2004. So far, the CCP and ATP have reduced implicit transaction costs by over €500 million for Deutsche Börse's customers – market participants as well as institutional and private investors. CCP thus also increased the attractiveness of exchange trading on Xetra compared with OTC trading.

Deutsche Börse – Europe's largest trading center for ETFs
Market share of ETF platforms in Europe in 2004



[1] Helsinki Stock Exchange, virt-X

Attractive products for flexible investments

On the electronic Xetra platform and in broker-based floor trading, Deutsche Börse offers securities with a German, European and global investment horizon to institutional and private investors.

XTF segment remains market leader in Europe

ETFs are among the most innovative cash market products because they combine the flexibility of a single share with the risk diversification of a fund. Both institutional investors managing large portfolios and private investors value ETFs for several reasons: they can be used to easily track entire markets or sectors, whether domestic or international; they are traded via exchanges just as transparently and with the same liquidity as equities; and investors do not incur any front- or back-end load fees on acquisition, but only the standard transaction costs for buying and selling securities.

54 ETFs were listed in Deutsche Börse's XTF® segment as at 31 December. They enable investments in German indices (such as DAX, MDAX® or TecDAX®), in European indices (such as Dow Jones EURO STOXX℠ or FTSE 100) and in global indices (such as Dow Jones Japan Titans 100 or MSCI World). In 2004, the XTF segment maintained its European market leadership: over 53 percent of the European exchange volume for ETFs is attributable to the Frankfurt Stock Exchange; at €14.1 billion, the fund volume climbed 50 percent year-on-year.

Xetra Stars: Trading the whole world

Along with German equities, investors can also trade many international blue chips on Xetra. This is done via Xetra Stars®. Market experts quote binding buy and sell prices for every equity, thus ensuring high liquidity. The fees for trading and clearing correspond to those of German shares; the trading currency is the euro.

Xetra Dutch Stars comprises all of the stocks represented in the Dutch AEX 25 index; Xetra European Stars also includes all non-German equities on the DJ EURO STOXX 50, with the exception of Spanish and Italian stocks; in 2004, the order book volume in this segment rose by 38 percent. Via Xetra US Stars, investors can trade shares that are included in one of the blue-chip indices Dow Jones 30, Global Titans 50, Nasdaq 100 or S & P 100, which enables them to react to movements on the international markets before the business day begins on Wall Street.

Frankfurt Stock Exchange Smart Trading®: The brand for private investors

Deutsche Börse has geared its standards in securities trading to the requirements of private investors. Transparency and fairness in pricing, independent trading surveillance and up-to-date market information are the benefits for private investors on the Frankfurt Stock Exchange.

Smart Trading offers the right products for every investment strategy on the electronic Xetra platform and in broker-based floor trading at the Frankfurt Stock Exchange – a total of over 50,000 shares, investment and leverage products, ETFs and bonds.

Among the seven German stock exchanges, the Frankfurt Stock Exchange is by far the largest, generating the highest trading volume – which is why its prices are regarded as “reference prices”. In 2004, 98 percent of trading in German equities took place on Xetra and in Frankfurt Stock Exchange floor trading. High trading volumes guarantee high liquidity and thus narrow spreads; both ensure “best prices” throughout the entire trading day from 9.00 a.m. until 8.00 p.m.. Smart Trading also means fair trading, since on the Frankfurt marketplace the lead brokers, who are responsible for fixing prices, and the Frankfurt Stock Exchange, which is responsible for organizing the market, act fully independently of each other. In addition, independent market supervision ensures that trading at the Frankfurt Stock Exchange fulfills all the statutory requirements.

Trading data, such as prices, ratios and indices, are directly transmitted from Deutsche Börse to the major information providers or onto the Internet, and thus onto the investors’ screens. The private investor portal on the Deutsche Börse website at deutsche-boerse.com provides first-hand information.

From 1 July 2005 onwards, Deutsche Börse will improve the quality of floor trading in yet another area: following the expiration of legal portfolio protection for lead brokers, the Company is reallocating the order books in accordance with the brokers' performance. This will further increase the speed and price quality of order execution.

Broad range of financial instruments at FWB®
(the Frankfurt Stock Exchange)
As at 31 December 2004

	Number of securities
Shares	
Prime Standard	369
General Standard	500
Regulated Unofficial Market	5,556
	6,425
Exchange-traded funds (ETFs)	
XTF®	54
Xetra Active Funds	23
	77
Fixed-income securities	8,241
Warrants	27,297
Certificates	17,798
Other (profit participation certificates, foreign funds, etc.)	242
Total	60,080

Issuers and investors trust new market structure

Since Deutsche Börse introduced a new market structure in the Prime Standard and the General Standard in 2003, Germany has had one of the most modern and transparent equity markets. Issuers, as well as institutional and private investors, trust the new market structure. This is, for instance, reflected by the successful IPOs in 2004 and the constantly growing response to events for entrepreneurs and investors.

The Frankfurt Stock Exchange: Popular trading center for issuers

In 2004, seven companies went public on the Frankfurt Stock Exchange and generated proceeds totalling €2.2 billion. Five of the seven issuers chose to join the Prime Standard. Deutsche Postbank AG was the first major company to use the opportunity of a Xetra IPO for its initial listing on 23 June. The initial determination of share prices on Xetra offers a number of benefits: investors, companies and lead managers can track the pricing in the open Xetra order book; liquidity is bundled on Xetra from the beginning; and pricing can be transmitted live on the Internet or on television.

In addition to the regulated General Standard and Prime Standard markets, Deutsche Börse also offers another platform for issuers, the Regulated Unofficial Market. Smaller companies in particular use this market in order to trade their shares. In this type of market, the admission criteria for companies are low, with the effect that investors also enjoy a more limited protection.

German Equity Forum: Europe's leading platform for corporate finance

Deutsche Börse and KfW Mittelstandsbank organize the German Equity Forum twice a year. In spring, the event concentrates mainly on start-ups and early-stage companies, while the autumn program focuses on late-stage and listed companies.

More than 50 innovative and fast-growing companies presented their business model, products and prospects at the autumn event of the German Equity Forum 2004 in Frankfurt/Main. In addition, around 170 listed companies held investor and analyst conferences. With around 3,000 visitors – mainly private-equity investors, fund managers and analysts – this is the largest event on equity and corporate finance in Europe.

GEX: A look at the performance of owner-managed companies

To stimulate interest in owner-managed companies, Deutsche Börse introduced its new GEX® index at the Equity Forum. This index, which was first calculated on 3 January 2005, includes German companies that have been listed for a maximum of ten years and are managed by owners who hold at least 25 percent of the shares. 117 companies from various sectors and of different sizes qualified for admission to GEX at its launch. To companies that are already listed, GEX offers more visibility on the capital market. Companies that are not yet listed and that resemble the structure of GEX companies can draw on the new index as a benchmark for their cost of capital on the stock exchange. It is an indicator to investors of the performance of owner-managed companies.

Eurex Segment

Eurex is the world's leading marketplace for trading and clearing derivatives market products. 1.1 billion contracts were traded in 2004, setting a new record; Eurex customers thus traded more than 1 billion contracts for the second year in a row. In individual product groups, e. g. European capital market and equity index products, Eurex had a market share in European trading of over 97 and 95 percent respectively. From 2005 onwards, 85 percent of the joint venture's revenue goes to Deutsche Börse AG and 15 percent to SWX Swiss Exchange.

Eurex US – the Chicago-based derivatives exchange – has enabled Eurex to expand its successful market model to include the trading and clearing of US dollar products and to acquire new customers in the USA. Since February 2004, customers in Europe, the USA and Asia have been able to trade Eurex and Eurex US products 21 hours a day in three time zones.

- Sales revenue remained stable at €407.4 million
- EBIT decreased by 23 percent to €174.9 million
- New record: substantially more than 1 billion contracts traded
- Product portfolio further internationalized
- OTC trading on Eurex Bonds® and Eurex Repo® expanded

The World's Leading Derivatives Exchange

Despite the difficult environment in 2004, with risk-averse market participants and historical lows in the volatility of interest rates and share prices, Eurex boosted its trading volume by 5 percent from 1.015 to 1.066 billion contracts, thus maintaining its position as the world's leading derivatives exchange. The fact that Eurex again managed to generate record figures is attributable to its long-term strategy comprising product innovation, diversification, customer focus and the expansion of international sales. The 35 percent rise in open interest levels, a key indicator of sustainable growth, is due to Eurex's efforts to extend its geographical reach and to acquire additional customer groups.

Eurex has constantly broadened its product portfolio, thus creating the basis for stable growth. Its products cover the international markets as well as the regional needs of its customers. Eurex distributes its products via growing distribution channels that link more than 10,000 users worldwide.

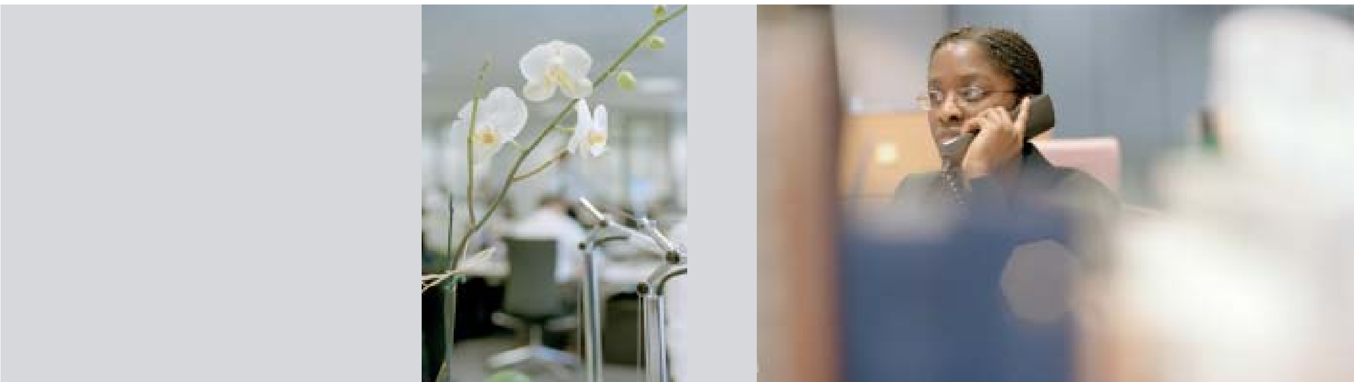
In addition to trading with futures and options, Eurex has established a firm foothold in over-the-counter (OTC) trading and clearing. Together with institutional market participants, Eurex operates two platforms: Eurex Bonds® for trading government bonds and Eurex Repo® for the repo trade with government bonds and Jumbo-Pfandbriefe (German mortgage bonds with an issuing volume of at least €500 million).

Product portfolio steadily internationalized

Eurex's predecessor – Deutsche Terminbörse (DTB) – was launched at the end of the 1980s with a small number of equity and equity index products denominated in German marks. Since then, today's Eurex has constantly and successfully internationalized its product offering. In the 1990, when competition grew more European in scope, Eurex became a leading provider of derivatives on European government bonds (Bund and Bobl Futures) in next to no time. At the end of the 1990s, Eurex expanded its product range to include European equity indices such as the Dow Jones EURO STOXX℠ 50 Future – the strongest product on the European market for equity index derivatives in terms of trading volume. At the same time, it rounded off its range of German equity products with options on European equities. Today, Eurex offers its customers a broad portfolio of the most liquid financial derivatives in the world, including products that are denominated in euros and – since Eurex US was launched on 8 February 2004 – in US dollars as well.

Eurex product portfolio

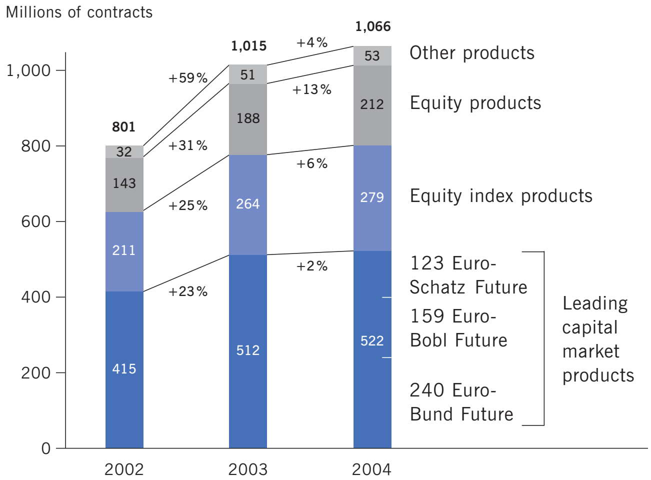
- Capital market products, e.g. Euro-Bund, Euro-Bobl and Euro-Schatz
- Equity products, e.g. options on European and US equities
- Equity index products, e.g. futures and options on the DAX®, Dow Jones EURO STOXX℠, Dow Jones STOXX℠ sector indices and exchange-traded funds (ETFs)
- Money market products, e.g. EURIBOR Futures and EURIBOR Futures options



Capital market products: Global market leader

Trading capital market products is one of Eurex's core fields of business; it is a global market leader in this product area. In 2004, Eurex saw its trading volume reach 574 million contracts for a market share in Europe of 97 percent and a global market share of around 55 percent. The Euro-Bund Future was the product generating the highest volume at 240 million contracts, or around 42 percent of the trading volume (previous year: 245 million contracts). Trading in Euro-Bobl Futures amounted to 159 million contracts in 2004, corresponding to a 6 percent increase (previous year: 150 million contracts); Euro-Schatz Futures contracts rose by 5 percent to 123 million (previous year: 117 million contracts).

Rising trading volume in various products
Trading volumes in Eurex's business areas



Equity products: Multinational offering

The trading volume for options on European and US equities also rose in the year under review. Eurex builds on innovations and rapid product development in this high-growth market segment. In February, Eurex introduced nine additional options on Italian shares and improved the specifications of Italian equity options already listed. Market makers support all Italian equity options – as well as the products in the Dutch and French segment. They have committed themselves to quote prices permanently, and not just upon request, thus ensuring liquidity.

Eurex customers can trade a total of 231 options on German, Swiss, Finnish, Dutch, French, Italian and US blue-chip equities on a single platform, including equity options on 44 of the 50 Dow Jones EURO STOXX securities.

Equity index products: European market leader

Eurex further extended its leading position in 2004 in the trade of European equity index derivatives. This has been accomplished by using indices that Deutsche Börse has developed alone or in conjunction with cooperation partners. In the segment for futures and options on pan-European equity indices, Eurex achieved a market share of more than 95 percent. If the national indices, e.g. the DAX® Futures, are included in the figure, Eurex increased its market share in Europe from 54 to 55 percent (from 264 million traded contracts in 2003 to 279 million contracts in 2004).

On 19 July, Eurex expanded its product range to include a future on the Dow Jones Italy Titans 30℠ Index, which contains the 30 largest and most liquid Italian shares. Since the product was launched, Eurex customers have traded 70,000 contracts, accounting for a market share of 7 percent.

Sharper customer focus

Eurex's sustainable growth is not only based on its broad product portfolio, but also on the fact that its products are tailored to the requirements of various customer groups using different strategies on the market:

- Funds and asset managers at investment companies, banks, insurance companies and pension funds use Eurex's interest rate, equity and index derivatives to hedge risk. For example, an equity portfolio comprising European blue chips can be hedged using Eurex's Dow Jones EURO STOXX 50 Futures. They can also limit portfolio fluctuations by using options and boost the performance of their portfolios.

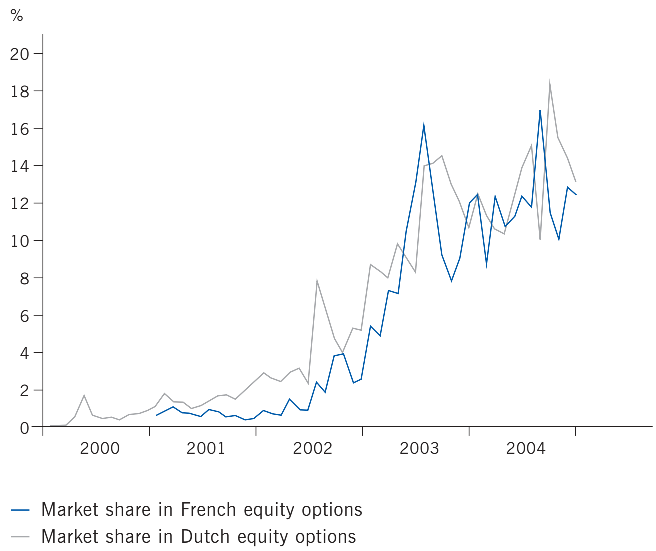
- Hedge fund managers pursue arbitrage strategies or try to anticipate future market developments. Thanks to Eurex's options and futures, they can implement investment decisions very fast, even involving large volumes, and thus react to short-term market fluctuations. Potential strategies include interest rate arbitrage, where the fund manager exploits imbalances in the interest rate markets, or global macro, a strategy that is based on macroeconomic data.

- Tick traders use Eurex's highly liquid futures products. Their strategy is to exploit the smallest price fluctuations. To do this, they often accept positions for a few seconds; however, depending on the conditions, this can be done up to 100 times a day. The entire market benefits from the trading volume generated by tick traders and the high liquidity resulting in improved price quality.

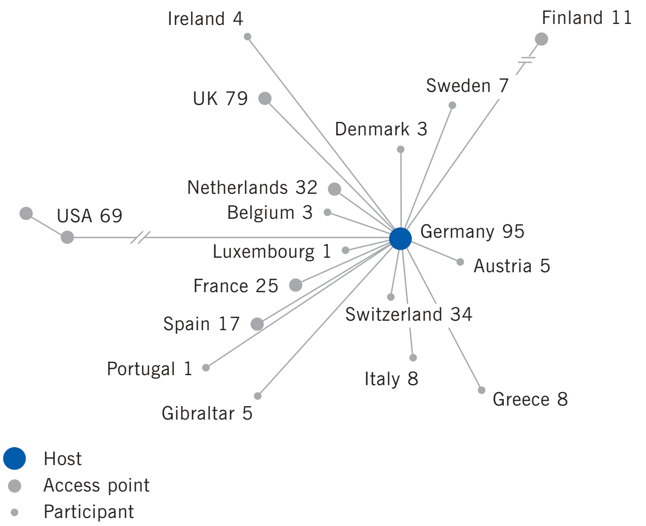
Network systematically extended

Marketing campaigns and the constant geographical expansion of the customer base are key factors for Eurex's success. In 1995, Deutsche Terminbörse (DTB) linked international market participants to its network for the first time. One year later, it installed the first trading screen in the USA. In 2000, Eurex entered into a partnership with the Chicago Board of Trade (CBOT), adopting the role of IT services provider. The next systematic step followed in 2004 with the establishment of its own derivatives exchange in the USA. By tapping into the world's largest capital market, Eurex secured further growth potential.

Growing business with international products
Eurex's market share in French and Dutch equity options



Global distribution network: 407 Eurex participants with more than 10,000 screens in 18 countries



Global trade

The international distribution network plays a substantial role in Eurex's leading market position. Eurex has been a fully electronic exchange since it was set up in 1998. The Eurex® system, developed by Deutsche Börse IT, can handle extremely high loads and is available almost 100 percent of the time for everyday trading. New releases regularly improve its functions and guarantee a constantly high level of performance (see Information Technology section, page 54 ff.).

Eurex offers its customers a fully-integrated trading and clearing platform for the entire derivatives trading process chain. All participants gain access to the market under the same conditions; they benefit from high liquidity, highly efficient trading and – due to synergies from operating the Xetra® platform – the lowest transaction costs. 407 participants in 17 European countries and in the USA are connected to the global Eurex network.

Eurex US: Distribution channel for the US and the Asian market

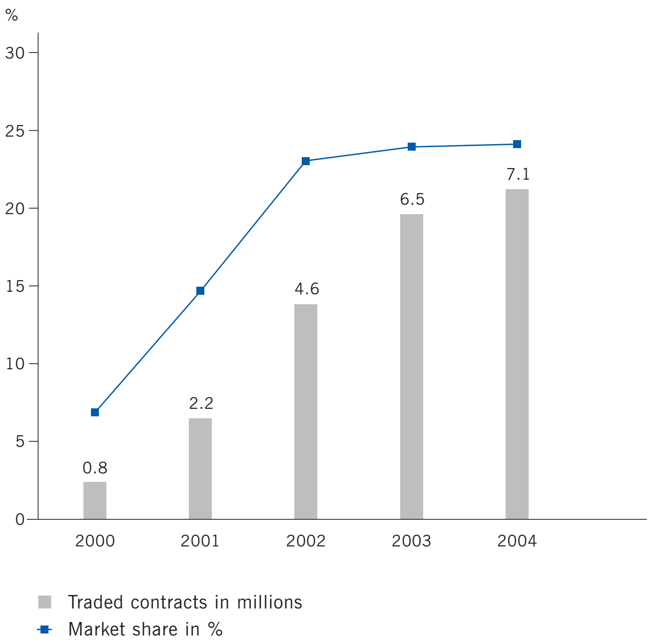
On 8 February 2004, the new U.S. Futures Exchange L.L.C. (Eurex US) was successfully launched as a subsidiary of Eurex. This move has enabled Eurex to complete its transformation on the US market from an IT service provider to an end-to-end provider of its own marketplace.

Eurex US, domiciled in Chicago, is the first fully electronic exchange for US dollar interest rate derivatives in the USA. The product range includes futures and options on two-, five- and ten-year Treasury notes, as well as 30-year Treasury bonds. At the same time, Eurex US also gives American customers access to the Eurex network and, for the first time, allows them to trade directly in the most liquid European products on a US exchange.

One of the success factors involved in establishing a derivatives market is access to a clearing infrastructure that is interlinked with a broad range of customers. Having received approval from the Commodity Futures Trading Commission (CFTC) on 21 October, Eurex Clearing AG and its American partner The Clearing Corporation (CCorp) rolled out Phase I of their Global Clearing Link on 28 October 2004. This first transatlantic clearing link substantially increases the efficiency of the global derivatives markets: it offers US customers direct access to Eurex products within the US regulatory framework. Costs for market participants are reduced substantially thanks to margin offsets and collateral pooling between US dollar- and euro-denominated products.

In Phase II, members of Eurex Clearing will be able to clear US dollar and euro benchmark products traded at Eurex US, and use a single common collateral pool to portfolio-margin European and US

US distribution as a growth factor for European products
Market share of US participants in DAX® Futures



products. European derivatives currently traded exclusively on Eurex will also be cross-listed on Eurex US, thus enabling 23 hours of trading products denominated in US dollars and euros. Implementation of Phase II is subject to regulatory approval by the CFTC as well as US and European authorities.

OTC trade offering expanded

Eurex's business model does not just extend to derivatives transactions, but also to OTC cash market transactions. Eurex Bonds, the international OTC trading platform operated by Eurex, offers trading and clearing of German government bonds with terms of six months to 30 years and of issues by KfW Bankengruppe, the European Investment Bank and individual German states, as well as Jumbo-Pfandbriefe.

In 2004, Eurex Bonds simultaneously expanded its product offering and its participant base. Five new members joined the 31 top bond trading firms – Landesbank Hessen-Thüringen, UBS, Merrill Lynch, HSBC/CCF and JPMorgan. Another 25 Jumbo-Pfandbriefe and German government bonds are now listed on the trading platform; the product range was also expanded to include Spanish, French, UK and Irish government bonds. Issues by additional EU member states will follow. Eurex Bonds trading participants executed trades worth € 140.8 billion last year (single counted).

Market participants trade sale and repurchase agreements (repos) for German government bonds and Jumbo-Pfandbriefe on Eurex Repo. Repos combine the sale of securities with the future repurchase of the same type of securities at a fixed date. In 2004, the outstanding volume in the euro repo market was over €23 billion – a record high.

Eurex Repo will expand its business areas and will launch new initiatives in 2005, such as the automation of securities lending together with Clearstream Banking. In light of the Basel II standards for banks that will apply from the end of 2006, Eurex Repo is also expecting further growth, as banks are increasingly turning to repos to manage liquidity, replacing the traditional money market business with its uncollateralized basis.

Market Data & Analytics Segment

Information is the starting and ending point for any financial market transaction. Prices and transaction volumes, indices, statistics, and the indicators derived from these all make market activities transparent and form the basis for further trading decisions. The Market Data & Analytics segment ("Information Services" until 31 December 2004) collects, enhances and markets this data worldwide. The data is primarily obtained from Deutsche Börse Group's trading and settlement platforms, such as Xetra® and Eurex®, as well as from cooperation partners like STOXX and the International Index Company (iBoxx, iTraxx). The segment supplies financial data of its own and third-party providers via Infobolsa through to end users.

- Sales revenue remained stable at €121.7 million
- EBIT decreased slightly to €44.4 million
- Attractiveness of the DAX® indices confirmed by numerous structured products
- CEF® distribution system: data quality further improved
- New service, PROPRIS®, developed for reference data

International Approach Secures Stable Revenue

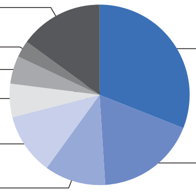
Market Data & Analytics not only offers information products on equities and equity derivatives but also on instruments from complementary markets, for example on bonds as well as structured products and their underlyings. In addition to traditional customers, such as traders and asset managers, further customer segments have started evolving due to the segment's broad range of products, for example issuers of financial instruments and the back offices of banks. The resulting broad international customer base of the Market Data & Analytics segment spans 110 countries. The segment generates 69 percent of its revenue from data use outside the home market of Germany.

Many of the segment's customer relationships are long-term. Most of the revenue from the processing and distribution of trading data is generated by subscriptions; these revenues are relatively independent of short-term fluctuations on the capital markets. Sales revenue from the index business is also partly attributable to master agreements with longer terms.

The high degree of diversification on the product and customer level as well as the long-term nature of customer relationships again secured stable revenue for the segment in 2004.

The segment repositioned itself as at 1 January 2005 and now operates under the name "Market Data & Analytics". Its structure is organized by end users. Accordingly, it is divided into the business areas of Issuer Data & Analytics, Front Office Data & Analytics and Back Office Data & Analytics.

International customer base for information products from the Market Data & Analytics segment
Breakdown of sales revenue



Issuers: Attractiveness of index products increased

Deutsche Börse is among the most renowned index providers in the world; the Company's index business is bundled in the Issuer Data & Analytics business area. Customers use indices as market indicators and as a benchmark when measuring the performance of investment products and portfolios. They also serve as underlyings for derivative and structured products, e.g. futures and options as well as index funds, leveraged products and certificates.

The German equity market is tracked by the selection indices of the DAX® family: DAX, MDAX®, SDAX® and TecDAX®. The Issuer Data & Analytics business area also offers German bond indices as well as international bond indices via its cooperation partner, the International Index Company. The indices of the partner company STOXX Ltd. provide information on trends in the European equity market.

The Issuer Data & Analytics business area also extended the range of indices offered in 2004:

- DAX – the reference index for new financial products. During the past year, Deutsche Börse's DAX family benefited substantially from the steadily increasing issues and the resulting growth in the trade of structured products. The DAX indices are now the relevant benchmarks for exchange-traded funds (ETFs) and for a number of certificate products. The license fees, which rose in line with this, contributed significantly to compensating for the flat trading activity on the equity market. To make the index family even more attractive for various customer groups in the future, Deutsche Börse also revised the rules and regulations in 2004. Thanks to fixed admission and exclusion rules, decisions on the composition of the indices are measurable and transparent. Deutsche Börse also redefined the criteria concerning the daily baseline for calculating the indices.

- GEX – innovative index concept. Deutsche Börse has been offering the GEX® index, which tracks the development of owner-managed companies on the stock exchange for the first time, since 3 January 2005. The concept of the new index is the same as for the other selection indices: it is calculated as a performance and price index minute-by-minute and is disseminated via the CEF® real-time data feed. GEX is an initiative established by Deutsche Börse and the Center of Entrepreneurial Studies at Munich Technical University (see Xetra section, page 29).

- Bond indices – product range expanded. In 2004, Deutsche Börse expanded its German bond indices portfolio to include the eb.rexx® mortgage bond index. At a global level, the cooperation partner, the International Index Company, expanded the iBoxx family to include the US dollar currency area. Moreover, another two international investment banks – JPMorgan and HSBC – were acquired as price suppliers. Deutsche Börse calculates around 1,400 bond indices in total on the basis of 14 banks' price indicators, thus reflecting all relevant instruments, from government bonds to corporate bonds.

- STOXX – continued success. STOXX Ltd., the international index provider established together with Deutsche Börse in 1998, continued to extend its leading position. Along with the increasing dissemination of the EURO STOXX℠ indices, the successful introduction of the Dow Jones STOXX EU Enlarged enables STOXX to provide investors with a transparent index that tracks the economic development of the new EU member states for the first time.

Infobolsa boosts presence and sales revenue

Infobolsa Deutschland, the subsidiary of a joint venture between Bolsa de Madrid and Deutsche Börse AG, supplies financial information from 80 different sources in real-time to the end user. In 2004, Infobolsa increased the number of terminals in Germany and, at the same time, acquired further customers for application services.

Front office: Data on trading activities expanded

The Front Office Data & Analytics business area processes trading data of Deutsche Börse Group and its international cooperation partners and distributes it; this is the main source of revenue for the Market Data & Analytics segment. Various tailored products focus on the requirements of different customers worldwide. These data packages contain real-time information on all German and international equities, bonds, warrants, indices and ETFs.

The data is recorded, processed, formatted and disseminated to meet customer requirements in the central CEF® system. Customers utilize the high speed and security standards that CEF offers to directly or indirectly supply their applications with data – before, during and after trading.

In 2004, the Front Office Data & Analytics area expanded the CEF service offering and improved the data quality. Since November, the area has been distributing even more detailed Eurex® trading data that documents the entire Eurex price chronology of a trading day in real time for the first time. This enables Deutsche Börse to address customers that require detailed analytical and forecasting bases for their electronically supported trading decisions. The Front Office Data & Analytics business area also successfully introduced price information for Xetra European Stars (see Xetra section, page 27). Price information on iBoxx and STOXX indices has established itself on the market with steadily growing success and steadily increasing sales revenue.

Back office: Services for reference data further improved

In the past, the Back Office Data & Analytics business area focused on distributing data from third parties in the back offices of banks, offering reporting to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority) and selling individual reports on the basis of historical data.

In 2004, the Back Office Data & Analytics business area laid the foundation for also marketing the reference data that arises within Deutsche Börse. PROPRIS® was launched in the first quarter of 2005. The new product offers validated reference data from Deutsche Börse Group's systems and processes. It thus meets the high demand for reliable master and maturity data and reduces the processing time for almost all customers.

The Back Office Data & Analytics area reissued the Information Cubes product in the past year. The cubes offer transaction-related information for banks in the form of specially tailored reports on the Internet or via a specific tool. Customers can derive management information – such as performance measures and other parameters – from the data provided, e.g. share of the trading market, to assess their own operating risks.

There was also a new development in marketing historical data at the beginning of 2005: standard reports on share price performance, market volumes, daily closing prices, highs and lows, etc. are available to customers via a webshop. Customers can also specify their market models, risks, forecasts and analyses via data subscription and customized evaluation.

Clearstream Segment

Clearstream, the post-trade segment of Deutsche Börse Group, serves more than 2,500 customers worldwide, covering over 200,000 domestic and internationally traded bonds, equities and investment funds. Clearstream ensures that cash and securities are promptly and effectively delivered between trading parties and is responsible for the management, safekeeping and administration of the securities deposited.

Clearstream has three main business areas, two in its function as International Central Securities Depository (ICSD), one in the function as Central Securities Depository (CSD): as ICSD it firstly handles the clearing, settlement and safekeeping of Eurobonds and secondly offers the same asset servicing for internationally traded bonds and equities. As CSD it provides the post-trade infrastructure for German domestic securities.

Around 63 percent of Clearstream's sales revenue is generated from the custody business, around 20 percent from the transaction business and 17 percent from global securities financing and other commission income. Supported by a wide range of value added services including flexible securities lending and collateral management services, Clearstream has one of the most comprehensive international securities services offerings available.

- Sales revenue was up 6 percent reaching €578.8 million
- EBIT grew by 5 percent to €116.7 million
- Volume of deposits increased to €7.6 trillion
- Automated Daytime Bridge enhanced settlement efficiency
- Global Securities Financing – collateral under management grew by 22.7 percent to €136.4 billion
- New automated funds order-routing service Vestima+ launched successfully
- Clearstream operating and service capabilities earned three awards

Solutions in a Complex International Environment

Europe's financial markets are characterized by fragmentation. This constitutes a great challenge for the financial industry since it has to operate in a very complex environment. As investment strategies are increasingly based on pan-European considerations, there is only one way to overcome complexity: a single EU financial market needs to be created. While harmonization is underway, this is a long process that will take time and requires the full cooperation of the many parties involved. In the meantime, the market has found solutions to facilitate the processing of transactions between participants (interoperability) and reduce complexity. One example of market-led initiatives is the Eurobond market, which is extremely global with issuers in more than 110 countries covering some 30 denomination currencies. This market has already reached a high level of efficiency. As a driving force of interoperability and market efficiency, Clearstream has cooperated with market participants to lower the costs involved in the post-trading services of cross-border transactions.

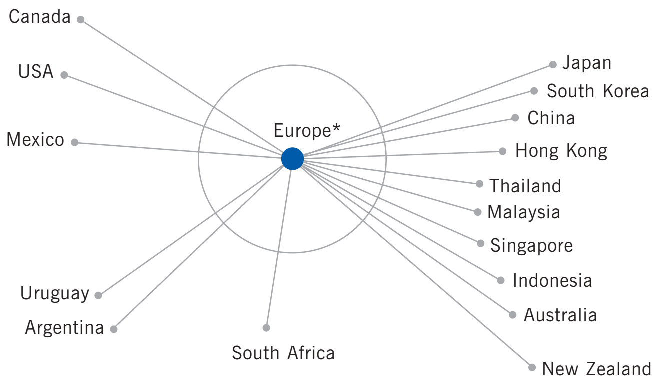
Market participants are also playing a key role in removing the 15 barriers to harmonization of clearing, settlement and custody in the European Union identified in the Giovannini Report[1]. While some are already being tackled by the financial industry itself, others can only be addressed by the public sector. Amongst these are differences in tax regulations and legal frameworks. As a single legal and tax environment will not emerge in Europe in the short term,

[1] By the Giovannini Group, a group of financial market participants under the chairmanship of Alberto Giovannini that advises the European Commission on financial market issues

Clearstream focuses its efforts on creating solutions that help manage collateral and risk as well as increase liquidity in the environment in which customers currently operate.

Apart from its main business centers in Luxembourg and Frankfurt, Clearstream has representative offices in London, New York, Dubai and Hong Kong. Including the new link to Iceland, Clearstream now serves a total of 40 markets, with 10 markets in Asia and Pacific Rim countries.

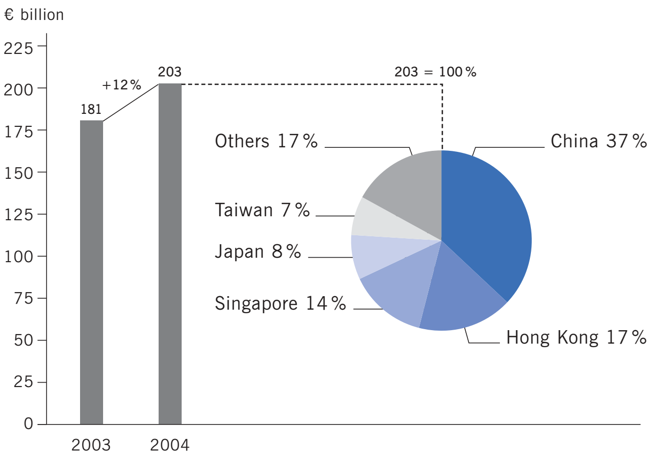
40 markets worldwide linked to Clearstream



*Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom

Alongside product innovation, expansion into new markets is an important growth factor for Clearstream. Thus, over the past few years the segment has stabilized and extended its position in those Asian countries where extraordinary growth can be expected. Demand for Clearstream's international custody services has steadily increased, particularly in China and Taiwan.

Strong growth rates in assets under custody in Asia and the Pacific Rim



Delivering post-trading efficiency

In 2004, Clearstream facilitated the efficient post-trading processing of securities transactions by introducing the Automated Daytime Bridge and by enhancing the new German settlement model. The new Single Matching Account service offered by Clearstream simplifies reference data management.

Automated Daytime Bridge successfully introduced

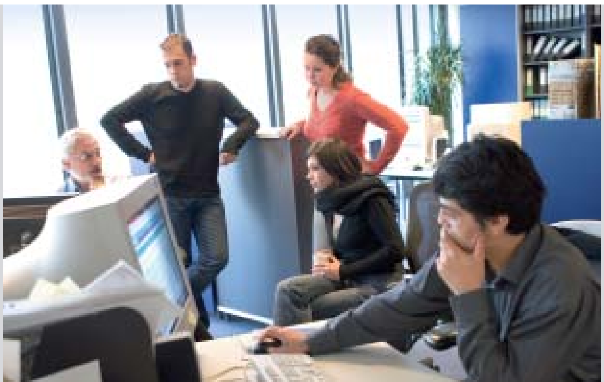
With the introduction of the Automated Daytime Bridge in 2004, Clearstream has delivered increased settlement efficiency through better interoperability and improved liquidity in the market. The Bridge is an electronic communications platform that facilitates the settlement of securities transactions between counterparties in Clearstream Banking S.A., Luxembourg, and Euroclear Bank. It supplements the Overnight Bridge between the two International Central Securities Depositories (ICSDs) and enables customers to settle a greater number of transactions during the day.

The Automated Daytime Bridge has a direct, positive impact on financing costs since it reduces the number of failed trades and thus the risks of non-settlement; transactions that failed during the overnight process are now included in daytime processing.

Additionally, the extension of the input deadlines for Bridge instructions offers customers the possibility to submit new Bridge instructions or intervene on unmatched Bridge instructions on settlement date and still achieve settlement.

New German settlement model further improved

The new German settlement model is a link between Clearstream and Deutsche Bundesbank (the German central bank) enabling securities buyers to back their transactions with liquidity that was previously held



unused overnight as a minimum reserve in Bundesbank accounts. In 2004, new functions enhanced the securities settlement process. Clearstream extended the account structure, which allows customers to use cash or collateral from several European central bank sources, thus optimizing the liquidity management of central bank funds. As of 2005, an additional processing cycle further improves night-time processing and achieves a better cross-interoperability of the settlement platforms of Clearstream Banking AG, Frankfurt, and other European infrastructure service providers.

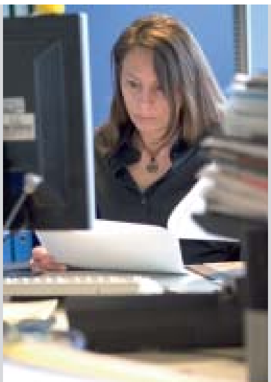
Single Matching Account simplifies reference data management

Independent research demonstrates that around 30 percent of trade failures are due to incorrect reference data. With the introduction of the Single Matching Account service in May 2004, Clearstream has provided a solution that considerably simplifies settlement reference data management. The new service enables customers to choose one Clearstream account number for all their counterparties to instruct against. This flexible tool caters for all types of instructions: between counterparties within Clearstream, within a domestic market or with counterparties in Euroclear Bank. Customers can implement the Single Matching Account easily, without making changes to their internal account structure.

Eliminating risks

Amongst the most complex areas of Clearstream's business is the processing of corporate actions and income payments. It is in this area that the industry presents the lowest levels of straight-through processing (STP), automation and standardization. In 2004, Clearstream focused on further increasing the accuracy, timeliness, standardization and quality of custody information that is sent to customers. Once again, the enhancements in this area were based on Clearstream's continuous collaboration with its customers.

Recognizing the critical importance of information on corporate actions for the market, Clearstream introduced an automated e-mail service to give customers immediate access to all official data in this area. Thus the turnaround time for processing structured information has been reduced significantly and later input deadlines have been set to meet customer requirements. Several types of corporate action notifications can now be forwarded in a fully automated manner. In the field of standardization Clearstream has further eliminated risks in corporate action processing by the consistent usage of industry messaging standards.



Additionally, Clearstream has taken a number of actions to further tailor its income payment services to market needs. One of the most important achievements in 2004 was to minimize the risk of payment reversal by improving the service levels with data vendors and depositories. Pre-advice and income payment information is now delivered at more frequent intervals in standard electronic formats. The quality of information is key to allowing customers to efficiently process their income payments.

Pioneering tripartite repo business

The tripartite repo business in Europe saw another year of growth in 2004. Over a decade ago, Clearstream was the first leading financial institution in Europe to provide this service. The idea is that one counterparty transfers ownership of securities to another under fixed terms and conditions; as a neutral agent, Clearstream handles all of the administrative and operational tasks associated with the transaction for both lender and borrower, such as settlement, monitoring through to maturity including automatic collateral selection, mark to market and margin calls. By the end of 2004, the average collateral under management for the combined Global Securities Financing services including tripartite repo, securities lending and collateral management amounted to €136.4 billion representing a rise of 22.7 percent from the 2003 year-end figure of €111.2 billion. Clearstream sees further growth opportunities in the tripartite repo and collateral management services and is well positioned to capitalize on this growth.

Offering innovative services for the investment funds industry

The greatest inefficiencies in Europe's investment fund industry do not arise in settlement, for which efficient infrastructures already exist, but in the routing of orders, which is still dominated by telephones and fax machines.

Vestima+, which was launched at the beginning of 2005, is an automated order-routing service that offers a single point of access to order issuers for inhouse domestic, third-party, cross-border and offshore funds. It recognizes the differences between domestic markets and the different needs that arise in each of them. It is a tailor-made single order-routing solution for multiple markets beginning with Germany and then France in addition to the existing international markets centered in Luxembourg and Ireland. The flexibility of the new system enables fund distributors to select their preferred settlement mode, their own settlement route and custody provider. For the first time in the funds market, customers are able to choose where they wish to settle whilst still being able to benefit from using an integrated settlement and custody platform. This open settlement model reflects Clearstream's continued commitment to promote interoperability with existing infrastructure providers and enable market players to choose the most cost efficient processing models for their business.

Vestima+ has been welcomed by the industry as a means to overcome inefficiencies in the area of order processing, with participants identifying additional cost benefits from high straight-through processing

(STP) rates and the possibility to decommission parallel systems. Even before the launch of Vestima+, key industry players started moving assets in order to operate on the new funds order-routing platform. This contributed to a substantial investment funds business gain.

Widening the gateway to Clearstream

Clearstream's connectivity offering, CreationConnect, was also further improved in 2004 thanks to the enhanced functions of CreationDirect via Internet and CreationOnline. The CreationConnect products provide real-time access to a broad range of account and transaction information, instruction input, corporate actions notifications and reporting.

Depending on their specific requirements, customers can choose among three different offerings: an interactive browser interface (CreationOnline), the fully automated data transfer (CreationDirect) and access via the SWIFT network (Creation via SWIFT). In 2004, two major releases delivered further connectivity enhancements to suit individual user requirements. Clearstream launched CreationDirect via Internet enabling customers to submit instruction files or retrieve reports over the public Internet. Subsequently, CreationOnline was enhanced to offer a full range of custody functionalities. This service allows customers to monitor all pending corporate actions and to access the full history of corporate action notifications and related instructions.

Broad industry recognition

The most significant reward that a provider can receive is the recognition of its customers. Thus, industry surveys are a serious indicator of customer satisfaction and progress. In 2004, the broad recognition of the industry once again confirmed that Clearstream is on the right track with its strategy. The company received three awards for its operating and service capabilities. In the annual industry survey conducted by the widely respected "Global Custodian" magazine, Clearstream was classified as the best International Central Securities Depository (ICSD) across all service categories. In the annual review of custody and sub-custody providers across Europe conducted by "Global Investor" magazine, Clearstream was rated as the best ICSD. Furthermore, Clearstream received the "Elite Quality Award" by JPMorgan Chase Bank in recognition of a 99.17 percent straight-through processing rate for its funds transfer operations area. In a complex environment in which the ability to overcome barriers is a key success factor, the awards reflect the ongoing dialogue between Clearstream and its customers as well as the determination to deliver highly efficient services with tangible benefits.


Football-Globe: André Heller
Illumination: Antonius Quodt

Information Technology Segment

Today, successful stock exchanges are more than marketplaces – they are technology services providers and system operators. Yet only a small number implement the requirements that they place on their technological infrastructure themselves. This is one of the strengths of Deutsche Börse Group, whose technology competencies are bundled in the Information Technology segment.

Thanks to its fast pace of innovation, its focus on the quality of services and efficient cost management, the Information Technology segment again overcame the challenges in 2004 that the financial sector faced. It was thus able to continue marking itself out as a sourcing partner for financial services, and generated more than one third of its sales revenue from external customers.

- Sales revenue increased to €465.4 million, including €125.4 million from external customers
- EBIT grew by 13 percent to €82.4 million
- Falling costs and increasing transaction volumes
- Reliable and high-performance stock exchange systems
- Xetra® system for the Shanghai Stock Exchange

IT Service Provider for the Financial Sector

The Information Technology segment builds and operates the trading and settlement systems of Deutsche Börse Group, such as Xetra®, Eurex® and Creation; the segment also loads these systems with the customers' transactions. Over 1,350 employees in total transfer the corporate strategy that aims at expanding the Company's reach into technological applications, thus ensuring the Group's success.

Systems for growing markets

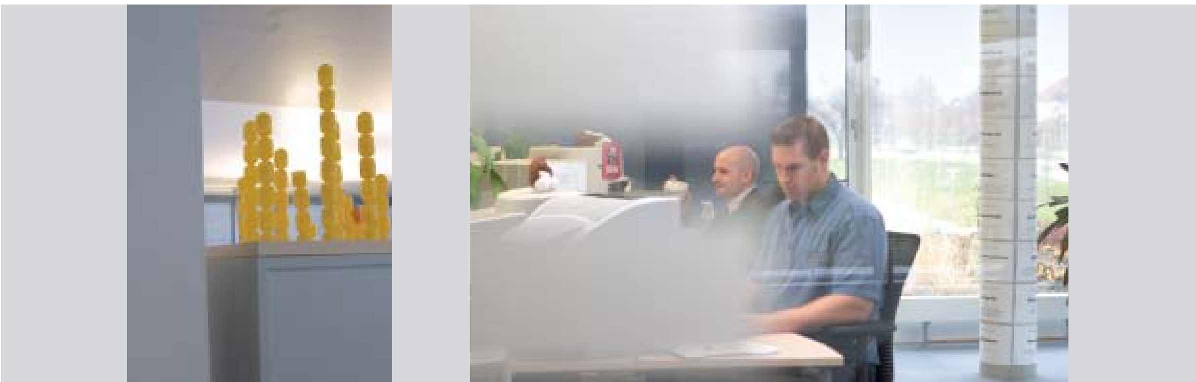
Deutsche Börse Group has focused on fully electronic trading and settlement processes earlier than any other stock exchange organization. This is why the Group is in an excellent competitive position today as a provider of efficient and reliable stock exchange systems.

No other field sees progress happen as rapidly as information technology. In 2004, the Information Technology segment distributed three updates and releases on average per month. They serve to optimize the global integration of Deutsche Börse Group in the financial services industry, multiply the benefits of existing systems and increase market efficiency. Since Deutsche Börse Group's systems are tightly integrated with those of its customers, the Company coordinates the implementation of all participant requirements by working closely with its customers.

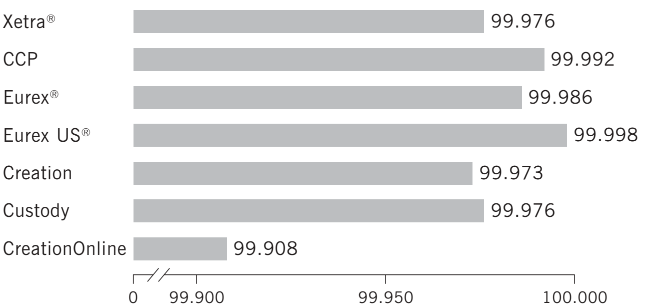
The Company constantly expands its reach, thus boosting the volumes on the systems – and cutting unit costs.

Performance: Operating stock exchange systems reliably and at high performance levels

Deutsche Börse's trading and settlement systems worked extremely reliably in 2004. The service availability – the availability of all architectural components from the data center to the customers – of the derivatives market system Eurex, for example, was over 99.986 percent. The Xetra and Eurex US® systems, the central counterparty (CCP) and the settlement and custody infrastructure achieved similarly high levels.



Trading and clearing systems in 2004 almost 100 percent available
End-to-end availabilities in percent



Peak system performance in 2004

	Highest level	Unit	Date
Eurex®	8,325,577	Contracts	5 March 2004
Xetra®	266,867	Trades	11 March 2004
CCP	567,129	Trades	11 March 2004
CEF®	15,083,432	Messages	3 November 2004

In 2004, the Information Technology segment increased the maximum volume of data on Xetra, Eurex, CCP and CEF® – Deutsche Börse's real-time data dissemination system – while costs remained stable and availability and performance were constantly high. The Eurex network's capacity was quadrupled by a new access option. 66 participants with a market share of over 40 percent in total already use this new access method. The access conditions are equally fair for all Eurex participants.

Efficiency: Consolidating the systems environment, cutting costs

Despite the operation of additional systems and increasing requirements, the Information Technology segment reduced total costs by 6 percent by operating several stock exchanges in parallel on a single physical line and by consolidating servers.

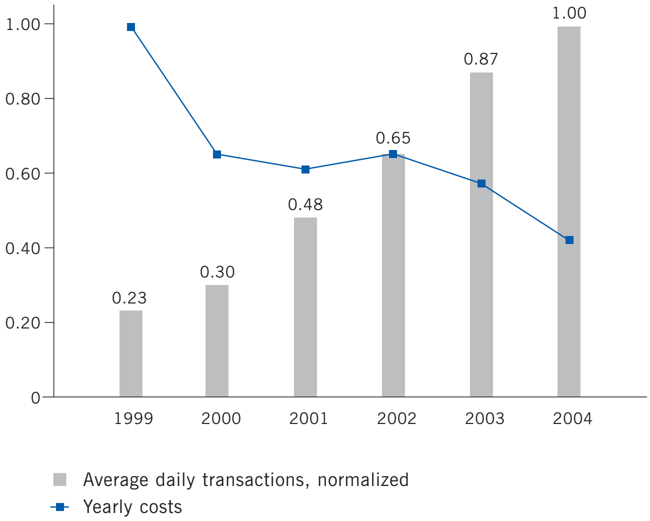
Example Eurex: since production started in 1998, the trading and clearing functions have been constantly expanded. Rising transaction volumes require the continuous expansion of the system; however, maintenance costs remained stable and production costs fell. Operating several stock exchanges also generates high synergy potential. For instance, the ongoing operation of the Eurex US stock exchange, launched in February 2004, generated a fraction of the costs that would be incurred for isolated operation.

Strategy: Expanding reach

In 2004 as well, the Information Technology segment extended the reach of Deutsche Börse Group's service offering beyond national borders and time zones.

- The Information Technology segment launched the Global Clearing Link with Eurex release 7.0. This interface between Eurex Clearing AG and the US clearing house The Clearing Corporation combines the trading and clearing of derivatives market products denominated in US dollars and euros on a single platform; this reduces costs and minimizes risks for Eurex and Eurex US participants (see Eurex section, page 32 ff.).

Falling costs despite rising transaction volumes



- The Automated Daytime Bridge enables same-day settlement of transactions between Clearstream's and Euroclear's customers in cross-border securities trading for the first time (see Clearstream section, page 48).

Thanks to both these functions, the Information Technology segment has optimized the global integration of systems with participants in the financial services industry and increased the straight-through processing (STP) rates (see Operations section, page 62 ff.).

Business continuity management: Planning for emergencies

Deutsche Börse's entire technology infrastructure undergoes regular tests. In order to ensure that processes which are essential for the business are as secure as the market requires, the high standards have to apply to both the stock exchange and customer infrastructures. In 2004, Deutsche Börse thus tested the failure of individual Xetra, Eurex and Eurex US architecture components in Europe and the US for the first time together with its customers, as well as the subsequent restart of the customer systems. Until then, comparable tests had only been possible in a simulation environment operated in parallel to the production environment, so that customers could adjust their own applications independent of ongoing business. To make the scenarios more realistic, the Information Technology segment for the first time made the regular production systems available outside trading times for the current tests. The segment is thus setting a new standard in the field of business continuity management.

IT expertise for external customers

The Information Technology segment has more experience in trading, clearing, settlement and processes in the financial sector than any other IT service provider. The combination of expertise in business, process and IT also makes it a reliable partner for other companies in the financial sector. The follow-ing five projects illustrate the Information Technology segment's service offering as a sourcing partner. All projects focus on concrete benefits, measurable cost reduction and reduced complexity of all processes.

The Shanghai Stock Exchange: Technology transfer to Asia

The Shanghai Stock Exchange (SSE) – China's largest stock exchange organization – operates a rapidly growing market which sets new standards in the number of participants as well as of tradable instruments and transactions. Xetra has a state-of-the-art system architecture that ensures maximum availability and scalability. Following a careful selection process, the Xetra trading system was thus given preference at the SSE over seven competing providers. The SSE will commission Accenture to build a trading system based on the superior Xetra architecture, which will meet the requirements of the fast-growing Chinese capital market. The number of trading participants, tradable instruments and transactions to be processed will be of a scale unheard of to date in Europe and the USA.

Information Technology segment in the same league as market leaders

The difficult market environment in the financial sector, which forces companies to streamline and increase efficiency, is making outsourcing increasingly popular – and necessary. The Information Technology segment's expertise is in demand here and this is now also reflected in a ranking list. In the current assessment by Pierre Audoin Consultants (PAC), the Information Technology segment secured fifth place in the outsourcing environment of the banking sector, directly behind the global market leaders. This ranking is a huge success for the Information Technology segment. PAC – one of the leading companies for IT analysis in Europe – has been publishing studies on the banking market for five years.

European Energy Exchange: Energy trading on systems by the IT segment

After the European Energy Exchange AG (EEX), Leipzig, extended its contracts with Deutsche Börse Group by seven years and expanded the terms in February 2004, it now operates all energy trading – spot and derivatives market – on the Information Technology segment's systems. The Eurex system was enhanced at a functional level to be able to trade options on energy futures. The expansion of the Xetra system for EU emissions trading on the EEX was completed, so that today the system already meets this market's requirements. The launch of EU emissions trading on the EEX is scheduled for the first half of 2005. Deutsche Börse Group also provides the settlement platforms for spot, derivatives and emissions trading.

Fiducia IT AG: Strategic orientation of operating processes

As part of the Information Technology segment, entory AG – a wholly owned subsidiary of Deutsche Börse AG – supports Fiducia IT AG in the strategic orientation of its operating processes (process engineering). Fiducia IT AG is the largest IT service provider in the cooperative banking sector. In 2004, entory consolidated the heterogeneous systems environment. The aim was to develop an optimal banking workplace for the various business processes. Redundant back-end systems were integrated and ongoing costs were reduced substantially.

Specialist bank: Service-oriented IT structure

In 2004, entory AG acquired a successful specialist bank as a new customer and supported it in the expansion of its product range to become a universal bank. New cross-application business processes had to be defined for this strategic step. entory advised the bank on the specification of a service-oriented architecture. Additional customer services, such as call money accounts, credit cards or investment funds were quickly and efficiently integrated into available systems.

BrainTrade: Technological basis for systems operation

BrainTrade Gesellschaft für Börsensysteme mbH is jointly owned by the German stock exchanges Berlin-Bremen, Hamburg-Hanover, Dusseldorf, Stuttgart, Munich and Frankfurt. The company consolidates the operation and development of the Xontro platform for broker-supported floor trading. As a service provider for BrainTrade, the Information Technology segment provides the technological basis for systems operation. Since 2000, the Information Technology segment has provided server systems, mainframe services and network infrastructure as well as capacities in application development for BrainTrade. In 2004, BrainTrade extended the sourcing agreement with the Information Technology segment by another five years.

Green light for developing the Luxembourg market

Clearstream Services S.A., one of the Information Technology segment's business areas, received the "Professionel du Secteur Financier" status from the Luxembourg Finance Ministry in 2004. This authorization has only been granted to ten other companies to date. The Information Technology segment can thus offer operating services for IT systems and communication networks, as well as emergency services, to financial institutions on the Luxembourg market.

Operations

Deutsche Börse's business model is geared towards functionality and is based on building and operating trading, clearing and settlement systems, as well as loading systems with transactions. Accordingly, in addition to the central functions, the Group is organized into the three core functions Technology/Systems (build), Operations (operate) and Customers/Markets (load). Building is the task of Information Technology; loading occurs in the Xetra, Eurex, Market Data & Analytics and Clearstream market areas, as well as in Information Technology's external business. In these segments, Deutsche Börse Group generates external sales revenue and reports profit.

By contrast, Operations is an overarching area that is active for all market segments. On the one hand, Operations ensures the running of business processes; on the other, it optimizes process efficiency by using straight-through processing. Moreover, the functionality of the entire Group systems is developed further, for both new and existing products. Operations also combines all customer service functions for day-to-day business. Almost a third of Deutsche Börse Group's employees are active in the core function Operations. Their goal is for each transaction to be processed more quickly, reliably and efficiently through the integrated system.

- Operations responsible for operation or market control on ten exchanges
- Around 113,000 corporate actions implemented in total
- Straight-through processing rate raised continuously
- Number of complaints at all-time low
- Over 780,000 customer calls dealt with
- Operating and service capabilities recognized by several awards

Operation of Business-Critical Processes

Having continuous access to applications and data is the decisive basis for productivity and profitability today. This is as true for the customers of Deutsche Börse Group as for the Group itself. The securities business consists of a complex chain of processes – from routing and matching orders, through the clearing and settlement of transactions, to custody of securities, as well as the preparation and distribution of market information. Electronic systems support seamless and cost-effective processing.

The guiding principle of Operations is the seamless operation of this business supply chain. The system applications have to run safely and reliably, all customer orders need to be executed in accordance with instructions, and the flow of information must be supervised.

Operations thus operates or controls six exchanges in the spot market (Xetra®, floor trading on FWB® Frankfurter Wertpapierbörse – the Frankfurt Stock Exchange, European Energy Exchange, Irish Stock Exchange, Eurex Bonds® and Eurex Repo®), a further four market places for derivatives (Eurex®, Helsinki Stock Exchange, European Energy Exchange, Eurex US®) and three central counterparties for clearing. On Deutsche Börse Group systems alone, Operations processed 136 million transactions on the cash market, as well as 1,066 million traded contracts on Eurex. In the settlement and custody area, Operations handled custody volumes totalling just under €7.6 trillion (as of December 2004). It implemented around 113,000 corporate actions for Clearstream – the Deutsche Börse Group company that bundles the post-trade activities of Deutsche Börse – including stock splits, dividend payments and highly complex debt restructuring programs.

Staying sustainable: Managing and synchronizing projects

As an interface between Customers/Markets and Information Technology, Operations is also responsible for product development. This involves translating the requirements of the customer-related functions into the existing architecture of the Group's systems so that they are realized efficiently. The scope, cost, design and time specifications of the project are controlled accordingly. Among the most important projects in this context were the Eurex release and the Automated Daytime Bridge. Operations controls all projects by using a functional roadmap. The supervision and synchronization of this overarching project portfolio ensures that strategic requirements are implemented quickly and efficiently.

Straight-through processing: Optimizing processes

Globalization also presents a challenge to the financial sector. In 2004, the sector environment was marked by stronger integration of systems environments beyond corporate boundaries, as well as increasingly complex processes with higher cost pressures and falling margins. The solution here

lies in straight-through processing (STP). STP is the fully electronic processing of a transaction without manual intervention, even across national borders. STP means lower costs: the higher the degree of automation, the greater the volume that may be loaded into the system, and the lower the costs that will be incurred for manual activities. The economies of scale increase correspondently with a growing degree of automation, as the allocation of fixed costs to rising transaction volumes lowers the unit costs. Xetra and Eurex trading, as well as the subsequent transaction clearing and settlement, are almost completely automated. With an STP rate of almost 100 per-cent in the processing of cash and derivatives market transactions – from order routing to settlement – Deutsche Börse sets the international standard.

Compared with stock exchange trading, the processes in the custody business can only be partially automated. As an international and national central securities depository, Clearstream provides custody services for more than 200,000 different securities in 40 markets, from Eurobonds to warrants deposited in London. In this business environment, various sources of information must be made available and different income and cash flows must be processed. Customer and market requirements must be implemented as swiftly as possible. Certain corporate actions, such as the restructuring of Argentinean government bonds, can hardly be standardized and thus escape fully electronic processing. Nonetheless, since the integration of Clearstream into Deutsche Börse Group in 2002, Operations has been able to

Management structure of Deutsche Börse AG: Core functions illustrate the business model

Executive Committee			
W. G. Seifert (CEO) M. Hlubek (CFO)	R. Ferscha J. Tessler	M. Ganz (COO)	M. Kuhn (CIO)
Group Coordination/Corporate Center, Customers/Markets	**Customers/Markets**	**Operations**	**Technology/Systems**
Group Coordination W. G. Seifert	**Trading and Clearing Services** R. Ferscha	**Group Functionality** M. Reck	**Central Support** M. Kuhn
Policy, Communication and Legal A. Nawrath	**Stock Market Business Development** R. Riess	**Trading/Clearing/Info Operations** J. Röthig	**Delivery** Y. Baguet
Finance/Group Corporate Center, Customers/Markets M. Hlubek	**Derivatives Market Business Development** P. Reitz	**Settlement/Custody Operations** M. Ganz	**Application Development Trading and Consulting** U. Kastner
Market Data & Analytics H. Wohlenberg	**CEO Clearstream International S.A.** J. Tessler		**Application Development Clearing & Settlement, Custody** G. Leßmann
Corporate Development U. Becker	**Banking and Custody Services** V. Potthoff		
	Technology Services F. Gerstenschläger		

improve the STP rate in this area as well, and continuously reduce the number of complaints – by 80 percent in total since 2001.

The settlement business has changed enormously over the past few years. Many banks want to outsource parts of their business processes and demand customized services in excess of standard processes. Because of its operations and customer know-how, Deutsche Börse has raised its profile here as a specialist service provider and also offers customer-specific solutions. The goal of Operations is to merge these services which initially demand considerable manual effort into a critical mass, and to map them onto technical systems.

Listening to the market (participant): Intensifying customer care

In highly complex business processes, there is always potential for improvement. One of the tasks of Operations is to continuously reduce frictions in this environment. Firstly the causes are identified, then patterns are sought to avoid repeating mistakes. Customer care employees advise and support customers on questions relating to technical operation – from new access authorization to trading on behalf of a customer in the case of front-end failure. Operations listens to the customer: in 2004, employees dealt with over 780,000 customer calls, and were able to solve more than 93 percent of the cases on the same day.

Awards for Clearstream's operating and service capabilities

Operations' ability to control processes successfully is evidenced by a number of independent awards. In its annual industry survey, "Global Custodian" magazine rated Clearstream as the best international Central Securities Depository in the industry across all service categories (see also p. 51). Clearstream received the "Elite Quality Award" from JPMorgan Chase Bank in recognition of a 99.17 percent straight-through processing rate for its funds transfer operations area. Clearstream is already last year's winner of the independent SWIFT study (Society for Worldwide Interbank Financial Telecommunication) thanks to an STP rate of 98.5 percent in the settlement of securities trades. Moreover, StatistiX® has been rated "best real-time data warehouse" by The Data Warehousing Institute (TDWI) in the United States.


MEETING
POINT

Group Staff

Deutsche Börse Group's employees form a skilled community comprising college and university graduates, young and experienced experts, generalists and specialists. People with different educational backgrounds and from diverse cultures work in flexible teams on a cross-border basis and in flat hierarchies.

Outstanding performance and strong results orientation are pillars of the corporate philosophy: it is not only management that carries responsibility, but each and every employee.

- Deutsche Börse confirmed as attractive employer: around 7,000 applications within a year
- Multiple training opportunities
- Above-average compensation and benefits
- International team with commitment extending beyond the professional horizon

Shaping the Capital Markets

In addition to its trading and settlement systems, the value of Deutsche Börse Group is largely based on its employees, which is why the Group is always looking for qualified and motivated people to shape the capital markets with them. The Group can only deliver top performance with employees who think analytically and strategically, possess the social skills needed to develop solutions in teams and drive projects forward together. Only constant top performance secures a leading role for the Group in competition with international financial and technology services providers.

Deutsche Börse Group employees
as at 31 December

Segment		2004	2003
Deutsche Börse Group, total		3,262	3,233
Xetra		164	166
Eurex		197	180
Market Data & Analytics		161	161
Clearstream		910	946
Information Technology, total		1,387	1,358
thereof: Deutsche Börse Systems		565	553
Clearstream TEC		505	513
entory		317	292
Corporate Services		443	422
Average age		37.6	36.9
Percentage of graduates	%	49	47
Nationalities		57	57

Attractive employer for qualified employees

Thanks to its record of good results and its innovative strength, Deutsche Börse Group's sales revenue per employee is around € 470,000. The stock exchange listing and the Group's rapid inclusion in the German blue-chip index DAX® have made it even more attractive as an employer; around 7,000 applications in 2004 – more than twice the entire workforce – underscore this claim. Since repetitive activities are automated to a large extent, employees face new tasks on a daily basis in an international environment. This offers them varied career prospects.

Deutsche Börse Group creates performance incentives with multiple development, qualification and compensation concepts. It encourages its employees with individual or on-the-job training. Along with language seminars – English has been the official language of the Group since 1 January 2005 – the Group offers its employees a broad number of training opportunities on topics such as stock exchange know-how, software applications and personal development, communication and management training. In 2004, the Group invested around € 1,000 per staff member in training. Employees who are exceptionally qualified are sent to the Master of Business Administration (MBA) and Master of Science (MS) programs at Duke University in the United States, Johann Wolfgang Goethe University of Frankfurt and Luxembourg School of Finance. 49 percent of staff at the Company have a college or university degree.

»The industry is moving so fast that we cannot just wait and see. The dynamics of our working environment is enormous and requires a high level of commitment. Every day you learn something new …«

Anne-Pascale Malréchauffé, 31 years
… studied History and Law, and now works as Change Management Expert in Luxembourg, running acceptance testing of the Group's system changes. What else she likes doing? Reading, reading and reading!

Deutsche Börse recruits around 70 percent of management internally; in 2004, 90 employees were promoted. Employees are strategically trained in a “high potentials” program through assessment centers, mentoring meetings with Executive Board members and Managing Directors, project work and seminars, and prepared for a position on the management, project or expert career track. Deutsche Börse Group thus binds the most talented employees to the Company for the long term and ensures that high potential also emerges as high productivity.

Above-average compensation

Deutsche Börse Group offers its employees an above-average compensation package with excellent benefits. Almost all employees are paid above collective bargaining tariff levels; the rate of salary increases has been above that of the banking sector for years. Attractive benefits and a Group Share Plan are also included. The plan provides profit participation for employees and reinforces their loyalty to the Company. Depending on the employees’ performance and length of employment with the Company, they have the opportunity to subscribe for shares of Deutsche Börse AG with a discount to the market-based issue price of up to 40 percent. For each share acquired, they receive an additional stock option that they can exercise with a fixed discount to the issue price after two years. In addition to their fixed and variable remuneration, managers also receive a performance-based number of stock options. Fairness and transparency are the dominating characteristics of working relationships within Deutsche Börse Group. Employee commitment and motivation are underscored by extremely low sickness and turnover rates (1.7 percent and 5.7 percent in 2004).

Employees with social commitment

Deutsche Börse Group stands by its social responsibility; social and cultural commitment is part of its corporate culture. In 2004, Deutsche Börse Group participated in several social projects with the main focus on promoting child and youth education. A number of activities are due to the initiative of employees and are supported by the Company, particularly if they involve long-term initiatives.

In 2004, Clearstream employees in Luxembourg again arranged a number of charitable events; they donated the proceeds to children’s and youth institutions. The amounts collected mainly support organizations and foundations with which there is a personal relationship, so that the results of the commitment can be better judged. 70 employees attended the Social Day in Frankfurt working in welfare facilities in the city for a day and renovating youth centers and nurseries. They went to special lengths for BASA Jugendwerkstatt, which was also equipped with powerful PCs for further education measures following the Social Day. Deutsche Börse Group donated a school bus for 50 school children in Neerpair, South India. For many children at the school, which was built by the German association Aktion Indien e. V., attending school on a regular basis would not be possible without the bus. Around 5,000 people were evacuated with this bus following the tsunami disaster in Asia. The amounts collected as part of Groupwide donation campaigns are generally doubled by the Company, as was the case with the donations for the tsunami victims.

»Working at Eurex US combines the best of an entrepreneurial venture with an established and highly successful business. What impresses me is the commitment to excellence in the Group.«

Jim Falvey, 39 years
... holds a degree in Political Science and Law as well as an MBA. At Eurex US he is responsible for legal affairs. Jim plays keyboards and electric bass in an oldies rock’n roll band. He has completed eight marathons.

Value creation through sponsoring

Deutsche Börse's sponsoring is based on three mainstays – music, photography and academic sponsorship. In 2000, Deutsche Börse AG started to develop a collection of contemporary, mainly large-format photographs. Art Collection Deutsche Börse has now grown to more than 500 works by 43 international artists. The photographs are permanently displayed in the Group's office buildings and give employees and visitors an artistically inspired view of the world beyond everyday working life. Art Collection Deutsche Börse proves that art sponsorship not only creates value in the figurative sense: since the beginning of the collection, the estimated value of the exhibits acquired has risen by over 80 percent.

The Deutsche Börse Photography Prize also documents the Company's commitment to contemporary photography, and will be awarded to a contemporary photographer in 2005 for the first time. The Company also promotes art projects in Frankfurt and other cities, and organizes temporary exhibitions at Neue Börse, so that young artists can present their work.

In the field of music, the Company supports the "Deutsche Börse Jazz Nights" series of concerts. The sponsoring enables international jazz music stars to appear in German concert halls. Employees within the Group have formed several "Börse bands". Deutsche Börse promotes cultural activities at its primary locations by supporting individual exhibitions and concerts. The employees – like customers and business partners – are involved in the activities and benefit from alliances in the form of special guided tours and free tickets, among others.

Academic sponsorship focuses on sponsoring research and promoting young talent. In Brussels, Deutsche Börse supports the Centre for European Policy Studies (CEPS). It is also a founding member of the BRUEGEL economic think tank (Brussels European and Global Economic Laboratory). BRUEGEL, which was established in December 2004, is based on an initiative by the German and French governments. Its members include twelve EU member states and 18 companies from seven countries. In future, BRUEGEL research will focus on macroeconomics and the international financial sector, markets and regulation, as well as trade, migration and development.

In the field of education, Deutsche Börse Group supports top-ranking academic institutions such as the Center for Financial Studies and the Institute for Law and Finance, which will move in the future to the new "House of Finance" at the Johann Wolfgang Goethe University in Frankfurt. The Group also supports the Duke Goethe Executive MBA, the Centre for European Policy Studies in Brussels and the European Business School in Oestrich-Winkel. Deutsche Börse is also a founding member of the NFTE Deutschland association, the German branch of the National Foundation for Teaching Entrepreneurship, and represented by its CEO on the Executive Board. The association promotes the training of socially disadvantaged youths as part of their vocational training. The aim is to provide them with business knowledge and to strengthen their educational, financial, technical and social abilities.

»The Company provides an open atmosphere for staff to contribute innovative ideas. The international nature of the Group's business offers the opportunity to work with people from different nationalities.«

Angely Nga King Yip, 32 years
... lives in Hong Kong, holds a degree from the University of London and takes care of Clearstream customers in the Asia-Pacific region. She likes learning foreign languages and has just studied to be a certified Mandarin teacher.


International environment
International environment


INTERNATIONAL ECONOMIC ANALYSIS PRESENTATION
Pre-MPC meeting
International environment

Managing Directors

Werner G. Seifert

Mathias Hlubek

Rudolf Ferscha, Rainer Riess

Michael Kuhn, Gerhard Leßmann

Yves Baguet, Ulrich Kastner

Werner G. Seifert, born 1949
Chief Executive Officer
Deutsche Börse AG
Responsible for Group Coordination/ Corporate Center, Customers/Markets (Group Coordination; Policy, Communication and Legal)
Frankfurt/Main

Yves Baguet, born 1960
Responsible for Delivery
Waltzing (Arlon), Belgium

Ulrich Becker, born 1965
Responsible for Corporate Development
(Managing Director since 1 July 2004)
Frankfurt/Main

Rudolf Ferscha, born 1961
Member of the Executive Board
Deutsche Börse AG
Responsible for Customers/Markets (Trading and Clearing Services; Stock Market Business Development; Derivatives Market Business Development)
Frankfurt/Main

Matthias Ganz, born 1963
Member of the Executive Board
Deutsche Börse AG
Responsible for Operations (Group Functionality; Trading/Clearing/Info Operations; Settlement/Custody Operations)
Frankfurt/Main

Frank Gerstenschläger, born 1960
Responsible for Technology Services
Darmstadt

Mathias Hlubek, born 1963
Member of the Executive Board
Deutsche Börse AG
Responsible for Group Coordination/ Corporate Center, Customers/Markets (Finance/Group Corporate Center; Market Data & Analytics; Corporate Development)
Kronberg

Ulrich Kastner, born 1954
Responsible for Application Development Trading and Consulting
Eschborn

Volker Potthoff, Frank Gerstenschläger

Jeffrey Tessler

Martin Reck, Jürgen Karl Röthig

Matthias Ganz

Holger Wohlenberg, Axel Nawrath

Peter Reitz, Ulrich Becker

Michael Kuhn, born 1954
Member of the Executive Board
Deutsche Börse AG
Responsible for Technology/Systems
(Central Support; Delivery;
Application Development Trading and
Consulting; Application Development
Clearing and Settlement, Custody)
Frankfurt/Main

Christoph Lammersdorf, born 1950
Responsible for Information Services
(Managing Director until
30 September 2004)
Mainz

Gerhard Leßmann, born 1958
Responsible for Application Development
Clearing and Settlement, Custody
Kronberg

Axel Nawrath, born 1954
Responsible for Policy,
Communication and Legal
Königstein

Volker Potthoff, born 1954
Responsible for Banking and
Custody Services
Bridel, Luxembourg

Martin Reck, born 1961
Responsible for Group Functionality
Glattbach

Peter Reitz, born 1965
Responsible for Derivatives Market
Business Development
(Managing Director since 1 July 2004)
Frankfurt/Main

Rainer Riess, born 1966
Responsible for Stock Market
Business Development
(Managing Director since 1 July 2004)
Frankfurt/Main

André Roelants, born 1943
Deputy Chief Executive Officer
Deutsche Börse AG
(until 30 June 2004)
Responsible for Customers/Markets
(Banking and Custody Services)
Lintgen, Luxembourg

Jürgen Karl Röthig, born 1962
Responsible for Trading/Clearing/
Info Operations
Oberursel

Jeffrey Tessler, born 1954
Member of the Executive Board
Deutsche Börse AG
(since 6 October 2004)
Responsible for Customers/Markets
CEO Clearstream International S.A.
(Banking and Custody Services)
Luxembourg

Holger Wohlenberg, born 1966
Responsible for Market Data & Analytics
(Managing Director since 15 July 2004)
Königstein

Supervisory Board

Dr. Rolf-E. Breuer
Chairman
Chairman of the Supervisory Board
Deutsche Bank AG, Frankfurt/Main
President
Bundesverband deutscher Banken e.V., Berlin

Manfred Zaß
Deputy Chairman
Former Chief Executive Officer
DekaBank Deutsche Girozentrale, Frankfurt/Main

David Andrews
Chief Executive Officer
Xchanging Ltd., London

Herbert Bayer
Trade Union Secretary
ver.di, Department 1 Financial Services,
Area Frankfurt/Main and Region, Frankfurt/Main

Udo Behrenwaldt
Business consultant
Frankfurt/Main

Birgit Bokel
Staff member in the Facility Management Section
Deutsche Börse AG, Frankfurt/Main

Mehmet Dalman
Chief Executive Officer (since 1 Oct. 2004)
WMG Limited, London
Member of the Executive Board (until 30 Sept. 2004)
Commerzbank AG, Frankfurt/Main

Uwe E. Flach
Former Deputy Chairman of the Executive Board
DZ BANK AG, Frankfurt/Main

Hans-Peter Gabe
Staff member in the Personnel Services Section
Deutsche Börse AG, Frankfurt/Main

Dr. Manfred Gentz
Member of the Executive Board (until 15 Dec. 2004)
DaimlerChrysler AG, Stuttgart
President of the International Chamber of Commerce (ICC)
Germany, Cologne (since 18 Nov. 2004)

Prof. Dr. Dr. Dr. h. c. mult. Klaus J. Hopt
Max Planck Institute for Foreign and
Private International Law

Harold Hörauf (until 19 May 2004)
Former personally liable partner
HSBC Trinkaus & Burkhardt KGaA, Dusseldorf

Sandra S. Jaffee (until 19 May 2004)
Warburg Pincus LLC, New York (since 1 Feb. 2004)
Executive Vice President
Citibank N.A., New York (until 30 Jan. 2004)
President and CEO
Global Securities Services, New York
(until 30 January 2004)

Dr. Stefan Jentzsch
Member of the Executive Board
HVB Group, Munich

Lord Peter Levene of Portsoken KBE
(since 19 May 2004)
Chairman
Lloyd's, London

Hessel Lindenbergh
Former Member of the Executive Board
ING Group, Amsterdam

Silke Martinez Maldonado
Staff member in the Front Office Data & Analytics Section
Deutsche Börse AG, Frankfurt/Main

Friedrich von Metzler
Personally liable partner
B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main

Alessandro Profumo (since 19 May 2004)
Chief Executive Officer
UniCredito, Milan

Sadegh Rismanchi
Staff member in the Configuration Management and Quality Assurance Section
Deutsche Börse Systems AG, Frankfurt/Main

Dr. Herbert Walter
Chief Executive Officer
Dresdner Bank AG, Frankfurt/Main

Otto Wierczimok
Staff member in the Vaults Section
Clearstream Banking AG, Frankfurt/Main

Johannes Witt
Staff member in the Central Billing Section
Deutsche Börse AG, Frankfurt/Main

Committee members

Audit and Finance Committee
Dr. Stefan Jentzsch (Chairman)
Udo Behrenwaldt (since 21 June 2004)
Dr. Manfred Gentz
Harold Hörauf (until 19 May 2004)
Johannes Witt

Personnel Committee
Dr. Rolf-E. Breuer (Chairman)
Udo Behrenwaldt
Hans-Peter Gabe
Friedrich von Metzler

Strategy Committee
Dr. Rolf-E. Breuer (Chairman)
Herbert Bayer
Mehmet Dalman
Hessel Lindenbergh
Silke Martinez Maldonado
Manfred Zaß

Technology Committee
David Andrews (Chairman)
Dr. Stefan Jentzsch
Sadegh Rismanchi
Dr. Herbert Walter

Clearing and Settlement Committee
Sandra S. Jaffee (Chairwoman) (until 19 May 2004)
Hessel Lindenbergh (Chairman) (since 21 June 2004)
Uwe E. Flach
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt
Otto Wierczimok

Report of the Supervisory Board

Dear Shareholders,

In the year under review, the Supervisory Board again performed its duties in accordance with the law and the Articles of Association. We monitored the Executive Board's work and regularly advised it on the management of the company. We were directly involved in all key decisions affecting the company.

The Executive Board provided us with detailed, timely and comprehensive information in line with legal regulations on the course of business and the position of the company, as well as its strategy and planning, in a total of four meetings. Individual issues were also addressed in discussions between these meetings and reported on by the Executive Board in writing. In addition, the Chairman of the Executive Board maintained regular contact with the Chairman of the Supervisory Board and informed him of current developments in the company's business, key transactions and upcoming decisions. The Supervisory Board thoroughly examined, discussed and voted on all proposals made by the Executive Board requiring the approval of the Supervisory Board as stipulated by law or the Articles of Association. Except for Lord Levene, all members of the Supervisory Board attended more than half of the Supervisory Board meetings held during their term of office in 2004. Lord Levene was in constant contact with the Chairman of the Supervisory Board and was thus able to attend to his duties in the period under review. In the meetings at which he could not be present, he took part in the resolutions of the Supervisory Board by proxy.

Focus of discussions by the Supervisory Board

Our discussions focused mainly on Deutsche Börse Group's strategic orientation and further internationalization. In so doing, we mainly dealt with the development of the U.S. Futures Exchange L.L.C. derivatives exchange (Eurex US) and strategic options in Europe. We were comprehensively informed about the workflows in the Trading & Clearing Services and Operations divisions. Another item on the agenda that recurs at every meeting of the Supervisory Board is the CFO's Report, in which the CFO reports on the development of Deutsche Börse's share price or the company's investor relations activities. An internal meeting excluding members of the Executive Board was established as an integral part at the end of the Supervisory Board's meetings. We implemented the recommendations of the Supervisory Board's efficiency audit.

Work of the committees

The Supervisory Board had a total of five committees in the year under review. Their task is to prepare the issues and resolutions to be dealt with at the plenary meetings. In addition, to the extent that this is legally permissible, we have delegated individual decision-making powers to committees in order to increase our efficiency. For example, in place of the Supervisory Board, the Personnel Committee is responsible for completing, amending and terminating contracts of service with Executive Board members, defining annual bonuses, making allocations under the stock option program and making occupational pension commitments for the Executive Board members. A list of the members of the individual committees can be found on page 77 of this Annual Report. The Chairman of the Supervisory Board also chairs the Personnel Committee and the Strategy Committee.

- The Personnel Committee met three times in the past year. This Committee's work focused mainly on the compensation of the Executive Board members and the examination of the stock option plan for managers. It also discussed the new concept of the Supervisory Board's variable compensation components as well as management succession in the Supervisory Board and the Executive Board.

- The Strategy Committee advises the Executive Board on issues relating to fundamental business policy and corporate orientation, as well as on key projects for Deutsche Börse Group. The issues discussed at the four meetings of the Committee in the period under review included internal growth projects, such as Eurex US, as well as Deutsche Börse Group's strategic planning for the coming years. The Committee also determined the current position of the cash market, particularly relating to floor trading, the role of the regional exchanges and private customers. As a final point, the Strategy Committee debated the strategic options regarding the consolidation of European stock markets.

- The Audit and Finance Committee convened four times over the past year in addition to holding three conference calls. This Committee closely examined the Group's financial and economic situation and discussed the annual and the consolidated financial statements, as well as the proposal for the appropriation of the unappropriated surplus, in particular. The members made recommendations for the Supervisory Board plenary meeting dealing with budget planning for the new financial year. They also gained an overview of Deutsche Börse Group's cash flow statement structure, the presentation of earnings development in the budget, the effects of the Anlegerschutzverbesserungsgesetz (German Investor Protection Improvement Act), as well as internal auditing and risk management within Deutsche Börse Group. The Audit Committee also discussed the new structure of the budget model and internal interim reports.

- The Technology Committee held two meetings at which it focused mainly on the status of the program to improve efficiency and effectiveness, marketing the Xetra system to the Shanghai Stock Exchange and the assessment and potential development of the Eurex system.

- The Clearing and Settlement Committee met once in the year under review. The members dealt with regulatory trends in Clearing and Settlement in particular and with the current status of the EU antitrust proceedings relating to Clearstream Banking AG, Frankfurt.

Reports on the work of the Supervisory Board committees were regularly presented in the subsequent Supervisory Board plenary meetings.

Corporate governance and declaration of conformity

The Supervisory Board considers the German Corporate Governance Code compiled by the German government commission as a key step in the further development of the practice of corporate governance and control. On 9 December 2004, we submitted the declaration of conformity for 2004 in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) together with the Executive Board of Deutsche Börse AG and declared our intent to comply fully with all of the recommendations of the Code. This declaration has also been published on the company's website.

Additional details concerning the company's corporate governance practices, including the text of the declaration of conformity, are presented in a separate section on pages 82 to 85 of this Annual Report.

Adoption of the annual financial statements

The 2004 General Meeting appointed KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt/Main, to audit the financial statements. KPMG audited Deutsche Börse AG's bookkeeping, its annual financial statements and management report, as well as the consolidated financial statements and Group management report. The auditor issued an unqualified audit opinion in each case.

The above-mentioned financial statement documents and reports by KPMG were presented to us for examination in a timely manner. The auditor also attended the relevant meetings of the Audit and Finance Committee and the plenary meeting of the Supervisory Board which convened to adopt the accounts. The auditor reported on the key results of the audit and elaborated in particular on the net assets, financial position and results of operations of the company and Group, as well as being available to provide supplementary information.

Based on our own examination of the annual financial statements, the consolidated financial statements, the management report and the Group management report, we agreed with the results of the audit performed by the auditor. No objections were raised. The Supervisory Board approved the annual and consolidated financial statements; the annual financial statements of Deutsche Börse AG are thereby adopted. We also approve the Executive Board's proposal for the appropriation of the unappropriated surplus.

Changes in the Executive Board and the Supervisory Board

Changes were made to the composition of the Executive Board of the company in the period under review. André Roelants left the Executive Board of Deutsche Börse AG on 30 June 2004. Jeffrey Tessler was appointed to the Executive Board of Deutsche Börse AG with effect from 6 October 2004.

There were also changes in the Supervisory Board. Two shareholder representatives – Sandra Jaffee and Harold Hörauf – left at the end of the General Meeting on 19 May 2004. Lord Peter Levene and Alessandro Profumo were newly elected to the Supervisory Board by the General Meeting.

The Supervisory Board would like to thank its former members for their commitment and constructive support for the company and the Executive Board. In addition, we would like to thank all members of the Executive Board in 2004, as well as all employees and the employee representatives, for their efforts in the year under review.

Frankfurt/Main, 16 March 2005
On behalf of the Supervisory Board:

Dr. Rolf-E. Breuer
Chairman

Corporate Governance

Corporate governance refers to responsible corporate management and control aimed at adding long-term enterprise value. It covers the entire system of managing and supervising a company, including the company's organization, the principles and guidelines governing its business policy, as well as internal and external control and supervision mechanisms. This includes in particular the efficient cooperation between the executive and supervisory boards, transparency of company activities and the safeguarding of shareholders' interests.

Good corporate governance promotes the trust of domestic and foreign investors, the financial markets, business partners and employees, and the general public in the management and supervision of a company. Deutsche Börse AG has always held these principles in high regard.

The Executive and Supervisory Boards of Deutsche Börse AG have therefore fully accepted the recommendations of the German Corporate Governance Code in order to create the conditions necessary for strong, internationally comparable corporate governance within the company. To date Deutsche Börse AG has put all suggestions of the Code into practice – with only one exception: Deutsche Börse AG has not yet implemented varying lengths of terms of office for Supervisory Board members; however, the implementation of this suggestion is planned.

Close cooperation between the Executive and Supervisory Boards

The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all issues concerning planning, business development, the risk situation and risk management that are relevant for the Company. If the course of business departs substantially from plans and targets, the Executive Board informs the Supervisory Board and gives the reasons why. The by-laws for the Executive Board stipulate key transactions that require the Supervisory Board's approval.

Along with the committees recommended in the Corporate Governance Code (the Personnel Committee, Strategy Committee and the Audit and Finance Committee), two further committees regularly convene at Deutsche Börse AG. The Technology Committee and the Clearing and Settlement Committee provide the Supervisory Board with concrete information about the trend in these business areas (see page 77 for the composition of the committees).

If Executive Board members are appointed for the first time, they do not automatically receive a contract for five years. For instance, Jeffrey Tessler, Executive Board member of Deutsche Börse AG since 6 October 2004, was initially appointed for three years. An upper age limit of 60 years for Executive Board members and 70 years for Supervisory Board members applies to members of the executive bodies.

When selecting candidates for the Supervisory Board, Deutsche Börse ensures that all members belonging to this body have the required qualifications to be able to fulfil their duties properly and are sufficiently independent. Deutsche Börse AG thus considers potential conflicts of interest, the Company's international activities as well as the upper age limit for Supervisory Board members set out in the Articles of Association. In contrast to other companies, the Supervisory Board of Deutsche Börse AG has no former Executive Board members. The Supervisory Board members do not sit on the boards of, or have consultancy arrangements with, any of the Company's key competitors, nor do they have more than four posts on the supervisory boards of listed companies outside the Group.

The Supervisory Board has commissioned a review of the efficiency of its activities and has made adjustments. As a result, the Supervisory Board of Deutsche Börse AG has become more international, reflecting the Company's global orientation. In 2004, Lord Levene of Portsoken KBE and Alessandro Profumo were newly appointed to the Supervisory Board. Reflecting a further suggestion of the German Corporate Governance Code, a discussion by the Supervisory Board, excluding the Executive Board, follows every Supervisory Board meeting as a regular item on the agenda. It has long since been common practice for the shareholder and employee representatives to prepare for the Supervisory Board meetings by the means of workshops.

Performance-related compensation

Deutsche Börse discloses the compensation of the Executive Board members, broken down for each individual and into its various components, in its Annual Report and on the Internet. The Executive Board members receive annual compensation with fixed, variable and performance-related components. The guide to the appropriate compensation of the Executive Board members is their individual performance and the Executive Board's performance overall, as well as the company's performance, financial position and prospects. The basic principles behind the remuneration system and the structure of the performance-related components for the Executive Board are explained in detail and broken down for each individual in the Notes to the Consolidated Financial Statements (see page 192). The Corporate Governance section of the website also contains quarterly updates on the fair value of the options issued to Executive Board members.

The compensation of the Supervisory Board has also been broken down for the individual members and into its components, and disclosed in this Annual Report as well as on the Internet. The compensation comprises a fixed and a performance-related component. The chair and members of the Supervisory Board committees have been receiving separate compensation for their activities since the Articles of Association of Deutsche Börse AG were amended by the 2003 General Meeting to this effect.

Deutsche Börse has also taken out a D & O (directors' and officers' liability insurance) policy for its Executive and Supervisory Board members with an appropriate deductible.

Transparency for all target groups ...

The same information at the same time for all "customers" – this goal plays a key role in Deutsche Börse's communication. Institutional investors and private investors, as well as the interested public, can obtain information on current developments in the Group on the Internet – in German and in English. The Corporate Governance pages provide comprehensive information on the Executive Board and the Supervisory Board, the current Articles of Association and details concerning the auditors. Links direct the users to related topics, such as notifications in accordance with section 15a of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), ad hoc disclosures, the financial calendar, the organizational structure and the current interim and annual reports of Deutsche Börse AG.

In 2005, the General Meeting will again be broadcast live on the Internet; this will provide real-time information on business developments to all shareholders that cannot attend in person. As in previous years, Deutsche Börse AG makes it easy for shareholders to exercise their rights at the General Meeting.

Shareholders' voting rights may be exercised in person, by a proxy of the shareholder's own choosing, or by a proxy appointed by the Company and acting on the instructions of the shareholder concerned. The proxy will attend the General Meeting on 25 May 2005 and will also accept instructions on exercising voting rights before the General Meeting via electronic media.

The members of the Executive and Supervisory Boards of Deutsche Börse AG are obliged to disclose the purchase or sale of shares of Deutsche Börse or derivatives based on these shares in accordance with section 15a of the WpHG. During the period under review, Deutsche Börse AG received notifications of such directors' dealings. The shareholdings of members of these two bodies are disclosed in this Annual Report (see page 191) and in the interim reports.

To the extent that Deutsche Börse AG publishes reports outside Germany due to the statutory provisions for the respective capital market, these are also made public immediately within Germany.

... as well as for accounting and auditing

Deutsche Börse informs shareholders and the public about its results by means of this Annual Report and interim reports. The Annual Report appears within 90 days following the end of the financial year (31 December), and the interim reports within 45 days following the end of the respective quarter – all reports are publicly available on the Internet. The Annual Report contains the appointments of the Executive and Supervisory Board members (see page 94 ff.); the related party disclosures are also listed in the Notes to the Consolidated Financial Statements (see page 192 ff.).

The auditors for the Deutsche Börse AG consolidated financial statements are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. Before KPMG was proposed for election to the General Meeting, the Audit Committee had obtained a declaration that there was no financial or other relationship between the auditors and the Company that gave cause to doubt the auditors' independence. It was also agreed with the auditors that the Chairman of the Audit Committee will be informed immediately of any reasons for the auditors to be excluded or any conflicts of interest that arise in the course of the audit, unless these are eliminated without delay. The auditors will also report immediately on all material findings and events that are revealed in the course of the audit and that significantly affect the duties of the Supervisory Board. In addition, the auditors must inform the Supervisory Board and/or note in the auditors' report if the audit reveals facts that are not consistent with the declaration of conformity issued by the Executive Board in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act). The auditors attend the Audit Committee and Supervisory Board's discussions of the annual and consolidated financial statements and report on the significant results of the audit.

Full declaration of conformity pursuant to section 161 of the AktG

The Executive and Supervisory Boards issue each year a declaration of conformity with the German Corporate Governance Code and publish this declaration in the Annual Report and on the Internet. The most recent declaration of conformity is dated 9 December 2004 and relates to the latest version of the Code. It is published in full below.

"The German Corporate Governance Code (version dated 21 May 2003) recommends that

1. the Supervisory Board, as regards Executive Board compensation, should agree a cap for variable compensation components with long-term incentive effect and risk elements in the event of extraordinary, unforeseen developments (no. 4.2.3, subsection 2, sentence 4) and

2. the basic components of the Executive Board compensation system and the concrete form of stock option plans or comparable instruments as well as information on the value of stock options should be published both on the Company's website and in the Annual Report (no. 4.2.3, subsection 3).

After the publication of the last declaration of conformity on 23 September 2003, Deutsche Börse AG has implemented both recommendations. The Executive and Supervisory Boards of Deutsche Börse AG hereby declare pursuant to section 161 of the AktG that since the implementation of the above mentioned recommendations they have complied and will comply with the recommendations of the Government Commission of the German Corporate Governance Code (version dated 21 May 2003) which were published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette on 4 July 2003.

Compliance rules for correct handling of confidential information

Responsible corporate governance includes sensitizing all employees to the fact that access to sensitive and confidential information entails certain obligations. For example, insider trading is a punishable crime in Germany. In many areas of their activities, employees of Deutsche Börse Group have access to information that results in them being deemed "insiders" and that they are therefore not permitted to exploit in their own securities dealings. The WpHG has established additional rules of conduct for all companies involved in trading securities and their employees, stipulating that they act "in the best interests of customers and the integrity of the market" to "avoid conflicts of interest". Acting in accordance with the applicable law is called "compliance".

Compliance is an integral part of the corporate culture at Deutsche Börse Group; the Company introduced compliance rules for all employees back in 1996 and, since then, has constantly developed them to reflect changes in the law. As at 1 January 2004, Deutsche Börse standardized its compliance rules, which are applicable to Deutsche Börse AG and all companies in the Group with registered offices in Germany, and ensure that employees correctly deal with confidential information. The rules outline the legal framework within which employees can conduct their investment transactions without using insider information. The Anlegerschutzverbesserungsgesetz (AnSVG – German Investor Protection Improvement Act), which came into force in October 2004 and which systematically developed further the insider trading rules governed by the WpHG, was implemented immediately. In line with this, Deutsche Börse compiled a list of names with the relevant information concerning all insiders in the Group whose involvement in decisions could influence the price of Deutsche Börse AG shares and derivatives based on them. Deutsche Börse has thus systematically complied with the security standard designed to provide protection against insider trading and conflicts of interest that is now binding for credit institutions and financial services institutions in Germany.

Customer Governance: Involving Customers in Decisions

As an organizer of markets, Deutsche Börse enjoys a particularly close relationship with its customers – even the best market does not work without market participants.

This section lists the working committees as well as supervisory and advisory bodies that support Deutsche Börse Group with advice and actions in harmonizing customer requirements and corporate goals.

Customer governance bodies include, on the one hand, the supervisory boards prescribed by the Aktiengesetz (AktG – German Stock Corporation Act) and the public law exchange councils in which customers and capital market experts are represented and, on the other hand, advisory bodies and working committees that Deutsche Börse Group has itself set up to give customers the opportunity to take an active part in shaping the markets. Together with the customers, the company develops new products and services, and all key decisions by the company are preceded by in-depth consultations with the market participants.

In 2004, the supervisory and advisory bodies and the working committees dealt with the revision of the going public principles, the new Xetra® pricing model and the membership rules for the DAX® index, among other things. Market participants also played a substantial role in the development of the Global Clearing Link as well as in 21-hours per day trading of euro-denominated fixed-income products on Eurex US.

The list of committees on the following pages reflects Deutsche Börse Group's conviction that customers are the number one priority in the way the company thinks and acts. Many committees are composed of external members and representatives of Deutsche Börse Group. However, only the external members are listed. Deutsche Börse Group would like to thank all the companies which have sent representatives in these supervisory and advisory bodies, and all members of these bodies for their commitment.

Working Committees, Supervisory and Advisory Bodies

as at 31 December 2004

Supervisory Board of Deutsche Börse AG

The Supervisory Board is the supervisory body of Deutsche Börse AG stipulated by the Aktiengesetz (AktG – German Stock Corporation Act). It is composed of 21 members – 14 shareholder and seven employee representatives. The key duties of the Supervisory Board include monitoring the company's management, appointing the Executive Board and approving important corporate plans and decisions (see page 78 ff. for an extensive report of the Supervisory Board). The following is a list of the shareholder representatives.

Dr. Rolf-E. Breuer (Chairman),
Chairman of the Supervisory Board, Deutsche Bank
Manfred Zaß (Deputy Chairman),
formerly DekaBank Deutsche Girozentrale
David Andrews, Xchanging
Udo Behrenwaldt, Business consultant
Mehmet Dalman, WMG
Uwe E. Flach, formerly DZ BANK
Dr. Manfred Gentz, DaimlerChrysler
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt, Max Planck Institute for Foreign and Private International Law
Dr. Stefan Jentzsch, HVB Group
Lord Peter Levene of Portsoken KBE, Lloyd's
Hessel Lindenbergh, formerly ING Group
Friedrich von Metzler, B. Metzler seel. Sohn & Co.
Alessandro Profumo, UniCredito
Dr. Herbert Walter, Dresdner Bank

Exchange Council of the Frankfurt Stock Exchange (as at 20 January 2005)

The Exchange Council is the supreme control and supervisory body of the stock exchange under public law. The management of FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) requires the approval of the Exchange Council for all issues of fundamental importance. The Exchange Council is responsible for appointing, dismissing and monitoring the general managers, among other duties. It also resolves the Stock Exchange Regulations, the Fee Regulations and the Conditions for Transactions on the Exchange. The Exchange Council of the Frankfurt Stock Exchange is composed of 24 members who are elected for a three-year term of office.

Dr. Lutz Raettig (Chairman), Morgan Stanley
Hermann-Josef Lamberti (Deputy Chairman), Deutsche Bank
Wolfgang Beck, Scheich & Partner Börsenmakler
Dr. Norbert E. Bräuer, Landesbank Hessen-Thüringen
Dr. Andre Carls, comdirect bank
Dr. Edgar Ernst, Deutsche Post
Henning von der Forst, Nürnberger Beteiligung
Dr. Hans-Jörg Frantzmann,
Frankfurt-Trust Investment-Gesellschaft
Prof. Dr. Wolfgang Gerke, Chair of Business Administration (Banking and Stock Market),
University of Erlangen-Nuremberg
Dr. Heiner Hasford, Munich Re
Heinz Hilgert, DZ Bank
Dr. Stefan Jentzsch, HVB Group
Karl Ralf Jung, Dresdner Bank
Dr. Karl-Ludwig Kley, Deutsche Lufthansa
Horst Marschall, Baden-Württembergische Bank
Wolf-Dietrich Martin, Wolfgang Steubing
Friedrich von Metzler, B. Metzler seel. Sohn & Co.
Rainer Roubal, ICF Kursmakler
Heinz-Jürgen Schäfer, Deutsche Vereinigung für Finanzanalyse und Asset Management e.V.
Dr. Mirko Scherer, GPC Biotech
Willi Ufer, HSBC Trinkaus & Burkhardt
Axel Weber, DekaBank Deutsche Girozentrale
Stefan Winter, UBS Warburg
Rüdiger Wolf, equinet Securities

Issuer Markets Advisory Committee

The Issuer Markets Advisory Committee (IMAC) advises Deutsche Börse AG on the design of the listing platform and the cash market. The Committee serves as a forum for all relevant capital market participants, particularly issuers, investors, issuing houses, issuing consultants and associations. In 2004, the IMAC was concerned with an update of the going public principles and initiatives to increase primary market activity, among others.

3i Deutschland
Aixtron
Allianz Dresdner Asset Management
Apax Partners
BASF
Blättchen & Partner
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Deutsche Lufthansa
Deutsche Schutzvereinigung für Wertpapierbesitz
DIRK Deutscher Investor Relations Kreis
Dresdner Bank
DWS

DZ Bank
equinet
Ernst & Young Wirtschaftsprüfungsgesellschaft
Goldman Sachs
HypoVereinsbank
Jenoptik
Loewe
Merrill Lynch
Morgan Stanley
MVV Energie
QIAGEN
Sal. Oppenheim
SAP
Shearman & Sterling
T-Online International
Techem
UBS Warburg
Union Asset Management
WestLB Asset Management
Wolfgang Steubing

Secondary Markets Advisory Committee (SMAC)

The SMAC deals with the functionality and service levels of the Xetra® platform as well as of the trading floor of FWB®, the Frankfurt Stock Exchange; market models and planned developments are presented and discussed in depth. In 2004, the SMAC was involved in Deutsche Börse initiatives such as Smart Trading, Cash Market 2005, Trading of Subscription Rights and Pricing.

Archelon
BNP Paribas
Commerzbank
CortalConsors
Credit Suisse First Boston
DAB bank
Deutsche Bank
DGZ DekaBank
Dresdner Kleinwort Wasserstein
DZ Bank
Goldman Sachs
Hesse Ministry of Economics,
Transport and Regional Development
HypoVereinsbank
ICF Kursmakler
JPMorgan
Lehman Brothers Bankhaus
Merrill Lynch
Morgan Stanley
N. M. Fleischhacker
Resource Trading Group
Société Générale
HSBC Trinkaus & Burkhardt
UBS Warburg
WestLB

Working Committee for Practices and Rules for Price Determination in Floor Trading

This Working Committee composed of exchange traders and lead brokers concretizes and adds to the rules for price determination in floor trading on FWB®, the Frankfurt Stock Exchange.

Baader Wertpapierhandelsbank
Commerzbank
Deutsche Bank
Deutsche Bundesbank
Dresdner Bank
Hesse Ministry of Economics,
Transport and Regional Development
ICF Kursmakler
N. M. Fleischhacker
Seydler
WST Broker

Lead Brokers Committee

The responsibility of the Lead Brokers Committee derives from section 27 b (4) of the Börsenordnung (Stock Exchange Regulations); the Committee was consulted on all questions and decisions relating to order book management in the year under review.

Concord Effekten
Deutsche Bank
ICF Kursmakler
N.M. Fleischhacker
WST Broker

Designated Sponsors Workshop

The Workshop is responsible for the further development of the Designated Sponsor model, discussion of new models and clarification of current issues at an operational level.

Archelon Deutschland
Commerzbank
Concord Effekten
Deutsche Bank
Dresdner Bank
DZ Bank
equinet Securities
HypoVereinsbank
N.M. Fleischhacker
Seydler
Timber Hill Europe
UBS Warburg
WestLB

Investors Advisory Committee

The Committee is responsible for the further development of Deutsche Börse Group's product and service portfolio for institutional investors. The core issues in 2004 were the developments in the field of asset management. Discussions with leading members of the European investment and asset management community included current market trends such as hedge funds and best execution and the role of Deutsche Börse Group. In addition, the Committee also discussed the use of derivatives in asset management and fund distribution.

Allianz Dresdner Asset Management
BAI Bundesverband Alternative Investments
BVI Bundesverband Investment und Asset Management
Cleary, Gottlieb, Steen & Hamilton[1)]
Credit Suisse First Boston
Deka Investment
Deutsche Bank
DWS
FEFSI, Fédération Européenne des Fonds et Sociétés d'Investissement
FERI Trust
Fidelity Investments International
Freshfields Bruckhaus Deringer[1)]
Gartmore Investment Management
Gassner Stockmann & Kollegen[1)]
Goldman Sachs
Hengeler Mueller Weitzel Wirtz[1)]
Linklaters O & R Oppenhoff & Rädler[1)]
Morley Fund Management
Norges Bank
Schroders Investment Management
T. Rowe Price International
UBS Global Asset Management
Union Investment Luxembourg

1) Guests

Administrative Board of Eurex Zürich AG
Supervisory Board of Eurex Frankfurt AG
Supervisory Board of Eurex Clearing AG

The Administrative Board of Eurex Zürich AG and the identically staffed Supervisory Boards of Eurex Frankfurt AG and Eurex Clearing AG are the supervisory bodies in accordance with the German Stock Corporation Act of Eurex and its subsidiaries.

Dr. Markus Granziol (Chairman)
Dr. Hugo Bänziger, Deutsche Bank
Walter Berchtold, Credit Suisse
Dr. Reto Francioni, SWX Swiss Exchange
Jacques de Saussure, Pictet & Cie.

Exchange Council of Eurex Deutschland (as at 20 January 2005)

The Exchange Council of Eurex Deutschland is the supreme control and supervisory body of the stock exchange under public law.

Dr. Peter Coym (Chairman), Lehman Brothers
Hermann-Josef Lamberti (Deputy Chairman), Deutsche Bank
Rolf Birkert, Birkert Wertpapierhandelshaus
Dr. Norbert E. Bräuer, Landesbank Hessen-Thüringen
Gustav R. Gass, Gass Capital Markets
Paul Hagen, HSBC Trinkaus & Burkhardt
Heinz Hilgert, DZ Bank
Matthias Hofinger, MH Trading Wertpapierhandel
Dr. Stefan Jentzsch, HVB Group
Karl Ralf Jung, Dresdner Bank
Dagmar Kollmann, Morgan Stanley Wertpapiere
Jan-Dirk Lüders, CMT Capital Markets Trading
Horst Marschall, Baden-Württembergische Bank
Friedrich von Metzler, B. Metzler seel. Sohn & Co.
Stefan Mülheim, Citigroup Global Markets
Andreas Preuss, Mako Global Derivatives
Christian Schaffer, First Futures
Prof. Dr. Christian Schlag, Chair of Derivatives and Financial Engineering, Johann Wolfgang Goethe University Frankfurt/Main
Prof. Dr. Mark Wahrenburg, Chair of Banking and Finance, Johann Wolfgang Goethe University Frankfurt/Main
Axel Weber, DekaBank Deutsche Girozentrale

Working Committee for Equity and Index Products (Eurex)

The Working Committee is composed of the most important Eurex market participants. It advises Eurex on operational and strategic issues concerning equity and index derivatives. The Working Committee conveys its recommendations to Eurex's management.

Archelon Deutschland
Bear Stearns International
BNP Paribas
Citigroup
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Bank
Geneva Trading
Goldman Sachs
HSBC Trinkaus & Burkhardt
HypoVereinsbank
JPMorgan Securities
Lehman Brothers
Liquid Capital
Mako Global Derivatives Trading
Merrill Lynch
Morgan Stanley
Optiver
Société Générale
Timber Hill
UBS
WestLB

Working Committee for Interest Rate Products (Eurex)

The Working Committee is composed of Eurex market participants and advises the derivatives exchange on the parameters for interest rate products traded on the Eurex platform. This Working Committee is also asked for advice on the development and introduction of functionality for entering OTC orders, an area in which Eurex offers settlement as well as trading of interest rate products. In 2004, the Working Committee reviewed the Eurex mistrade rules. Other topics discussed were the potential change of the Buxl® Future contract specifications and its possible relaunch, as well as exchange-traded credit derivatives and Eurex US 21 hours trading in euro-denominated fixed income products.

ABN Amro
Barclays
Cargill Investors Services
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Bank
Fimat International Banque
Fortis
Goldenberg, Heymeyer & Co.
Goldman Sachs
HypoVereinsbank
JPMorgan
Kyte Group
Lehman Brothers
Mako Global
Man Financial
Marquette Proprietary
Morgan Stanley
RefCo
Tradition Securities
UBS Warburg

Working Committee for Clearing (Eurex)

The objective of the Working Committee for Clearing is the development and optimization of Eurex's clearing infrastructure in the interests of all market participants involved in the clearing process. Against this backdrop, the Working Committee issues recommendations and prepares decisions, which in 2004 related to the introduction of cross-currency haircuts on margin requirements, dynamic haircuts on bonds and the extension of admissible collateral. Moreover the Committee was involved in consultations regarding the development of the Global Clearing Link.

ABN Amro
Barclays
BNP Paribas
Citigroup
Credit Suisse First Boston
Deutsche Bank
Dresdner Kleinwort Wasserstein
dwpbank – Deutsche WertpapierService Bank
Fimat International Banque
Fortis Bank Global Clearing

Goldman Sachs International
HSBC Trinkaus & Burkhardt
HypoVereinsbank
ING BHF-Bank
JPMorgan Securities
Morgan Stanley
UBS Warburg

Working Committee for Equity Clearing (Eurex)

The Working Committee for Equity Clearing helps to design cash market clearing for equity products at a functional level. The Committee provides a platform for discussing all issues brought up by the clearing house Eurex Clearing or members of the Working Committee. The Working Committee provided valuable feedback during the simulation and launch of the central counterparty (CCP) release 2.0, part 1 – enhancement of instruments and extended buy-in processing. In addition, the content of future releases is developed in conjunction with the Committee in order to meet customer requirements.

BNP Paribas
Citibank
Commerzbank
Credit Suisse First Boston
Deutsche Bank
Dresdner Kleinwort Wasserstein
DZ Bank
Fortis
HSBC Trinkaus & Burkhardt
HypoVereinsbank
Morgan Stanley
TXB LB Transaktionsservice
WestLB

Working Committee for Fixed Income Clearing (Eurex)

The Working Committee for Fixed Income Clearing was established in 2004 and is composed of Eurex Bonds and Eurex Repo Clearing Members. It is asked to advise Eurex Clearing AG on the development of clearing and CCP (central counterparty) services for fixed income products. The committee also provides a platform for discussions brought up by the clearing house or the committee members. In the course of the specification of the CCP release 3.0 (FI CCP), the Working Committee provided valuable feedback in 2004. Accordingly, the development of future releases in conjunction with the Committee helps to meet customer requirements.

Bayerische Landesbank
Commerzbank
Deutsche Bank
Deutsche Bundesbank
Dresdner Kleinwort Wasserstein
dwpbank – Deutsche WertpapierService Bank
Fimaseba
Landesbank Hessen-Thüringen
HypoVereinsbank
Landesbank Baden-Württemberg
Morgan Stanley
TXB LB Transaktionsservice

Working Committee for Equity Indices

The Working Committee issues recommendations for the composition of Deutsche Börse AG's selection indices based on fixed index rules. In addition, the Committee advises Deutsche Börse AG on issues related to index structuring and updates to the rules. In 2004, the Working Committee was extensively involved in developing new, fully automated rules for the determination of the DAX® composition.

BNP Paribas
Commerzbank
Deutsche Bank
Dresdner Bank
DZ Bank
HypoVereinsbank
ING BHF-Bank
MEAG Asset Management
Sal. Oppenheim
UBS Investment Bank
WestLB

Clearstream International Board of Directors

The Clearstream International Board of Directors is a "single board" in line with the US/UK model that is currently composed of five Managing Directors of Deutsche Börse Group along with 16 external directors. The external directors are:

Andrew Bruce, Barclays
Michel Bois, CDC IXIS Investor Services
Ernst-Wilhelm Contzen, Deutsche Bank
Guillaume Fromont, Crédit Agricole
Ralf Gissel, dwpbank – Deutsche WertpapierService Bank
Dominique Hoenn, BNP Paribas
Marc Hoffmann, Dexia BIL
Eric Hollanders, ING Group
Josef Landolt, UBS
Jean Meyer, Banque Générale du Luxembourg
Dr. Lutz Raettig, Morgan Stanley
Gordon Sangster, Bank of America
Renato Tarantola, Cassa di Compensazione e Garanzia
Francesco Vanni d'Archirafi, Citigroup
Roberto Vicario, BBVA
Antonio Zoido, Bolsa de Madrid

User Advisory Board – Clearstream Banking Luxembourg

The User Advisory Board is the discussion forum for top Clearstream customers. The Board advises Clearstream's management with regard to business development, new projects and strategic initiatives. For example, the User Advisory Board has been one of the driving forces behind the development of Vestima+ and CreationOnline in 2004.

ABN Amro Mellon
Banca Intesa BCI
Banque de Luxembourg
Barclays
BNP Paribas
CDC IXIS
Citigroup
Commerzbank
Credit Suisse Financial Services
Dexia BIL
Dresdner Bank
Financial Markets Service Bank
Fortis Group
ING Group
Kredietbank Luxembourgoise
UBS

Credit Advisory Group – Clearstream Banking Luxembourg

The Credit Advisory Group deals with market development and credit risks. It rates the creditworthiness of banks and financial institutions, as well as risks associated with lending to sovereign states.

Banca Intesa
Barclays
BNP Paribas
Citibank
Dresdner Bank

Advisory Board – Clearstream Banking Frankfurt

This Advisory Board, which is composed of representatives from all key customer groups, advises the Executive Board of Clearstream Banking AG, Frankfurt, and the Group Executive Management of Clearstream International in all questions relating to the German settlement business. In 2004, it discussed the implementation of automated day-time settlement, the extension of the New German Settlement Model and additional strategic projects, e.g. Free-of-Payment Matching.

BNP Paribas
Citibank
Commerzbank
Deutsche Bank
Deutsche Bundesbank[1)]
Dresdner Bank
dwpbank – Deutsche WertpapierService Bank
etb european transaction bank
Financial Markets Service Bank
ING BHF-Bank
Morgan Stanley
TXB LB Transaktionsservice

1) Permanent guest

Technical Advisory Committee

The core responsibility of the Technical Advisory Committee is the further development of the IT infrastructure. The Committee is composed of IT managers from key Deutsche Börse Group customers and represents their interests with respect to short and medium-term IT requirements. The main achievement of the four meetings in 2004 was the performance of a commonly developed, customer-specific disaster recovery test for Xetra®, Eurex® and Eurex US®, setting a new standard in the area of business continuity management.

BNP Paribas
Barclays Capital
Citigroup
Commerzbank
Credit Suisse First Boston
Deutsche Bank
DGZ DekaBank
Dresdner Bank
dwpbank – Deutsche WertpapierService Bank
DZ Bank
European Energy Exchange
Fimat International Banque
Goldman Sachs
HypoVereinsbank Systems
ING BHF-Bank
JPMorgan
Man Financial
Merrill Lynch
Morgan Stanley
Österreichische Kontrollbank
Société Générale
SWX Swiss Exchange
UBS
Wiener Börse

Technology Advisory Board

The Technology Advisory Board advises the Executive Board of Deutsche Börse AG on all issues relating to the development of the Group's IT and data processing organization. The Board primarily consists of managers of IT and IT-related units from companies active in the financial markets.

Stephen David Bowen, Xchanging
Martin Bouwers, Barclays Capital
Gerd Gresens, Commerzbank
Manfred Hartmann, HSBC Trinkaus & Burkhardt
Stefan Kraus, Dresdner Bank
Christa Menke-Südbeck, Deutsche Bank
Dr. Thomas Noth, FinanzIT
Burkhard Oppenberg, DZ Bank
Dr. Michael Ruhrländer, TXB LB Transaktionsbank
Wolfgang Schmidt, T-Systems International
Karin Weiser-Ruhl, ING BHF-Bank
Christoph Wetzel, HypoVereinsbank

Executive Board Members and Their Appointments to Supervisory Committees

as at 31 December 2004

Werner G. Seifert
Chief Executive Officer of Deutsche Börse AG
Responsible for Group Coordination/Corporate Center, Customers/Markets

APPOINTMENTS WITHIN THE GROUP

Appointments to supervisory boards
Deutsche Börse Systems AG (Chairman)
DeuBö Vermögensverwaltungs AG (until 29 June 2004) (Chairman)
entory AG (Chairman)
Eurex Clearing AG (Deputy Chairman)
Eurex Frankfurt AG (Deputy Chairman)
Xlaunch AG (Chairman)

Appointments to administrative boards
Eurex Zürich AG (Vice President)

Other appointment
Clearstream International S.A.
(Vice Chairman of the Board of Directors)

Rudolf Ferscha
Member of the Executive Board Deutsche Börse AG
Responsible for Customers/Markets (Trading and Clearing Services)
Chief Executive Officer Eurex Clearing AG
Chief Executive Officer Eurex Frankfurt AG
Chief Executive Officer Eurex Zürich AG
Chairman (since 26 Feb. 2004) of the Executive Management Eurex Deutschland
General Manager Eurex Bonds GmbH
Chairman (since 26 Feb. 2004) of the Executive Management FWB Frankfurter Wertpapierbörse

APPOINTMENTS WITHIN THE GROUP

Appointments to supervisory boards
Clearstream Banking AG
Deutsche Börse Systems AG
Xlaunch AG

Other appointments
U.S. Futures Exchange L.L.C. (since 2 Mar. 2004)
(Chairman of the Board of Directors)
U.S. Exchange Holdings L.L.C. (since 2 Mar. 2004)
(Member of the Board of Directors)
The Clearing Corporation Inc.
(Member of the Board of Directors)

Matthias Ganz
Member of the Executive Board Deutsche Börse AG
Responsible for Operations
Chairman of the Executive Board Clearstream Banking AG
Member of the Executive Committee Clearstream Banking S.A.
Member of the Group Executive Management Clearstream International S.A.
Member of the Executive Management FWB Frankfurter Wertpapierbörse

APPOINTMENTS WITHIN THE GROUP

Appointment to supervisory boards
entory AG

Other appointments
Clearstream Banking S.A.
(Member of the Board of Directors)
Clearstream International S.A.
(Member of the Board of Directors)

Mathias Hlubek
Member of the Executive Board Deutsche Börse AG
Responsible for Group Coordination/Corporate Center, Customers/Markets
Member of the Executive Board Deutsche Börse Systems AG
General Manager Deutsche Börse IT Holding GmbH
Member of the Executive Committee Clearstream Banking S.A.
Member of the Group Executive Management Clearstream International S.A.
Member of the Executive Committee Clearstream Services S.A

APPOINTMENTS WITHIN THE GROUP

Appointments to supervisory boards
entory AG
Eurex Clearing AG
Eurex Frankfurt AG

Appointment to administrative board
Eurex Zürich AG

Other appointments
Clearstream Banking S.A.
(Member of the Board of Directors)
Clearstream International S.A.
(Member of the Board of Directors)
Clearstream Services S.A.
(Chairman of the Board of Directors)
Deutsche Börse Finance S.A.
(Chairman of the Board of Directors)

Michael Kuhn
Member of the Executive Board Deutsche Börse AG
Responsible for Technology/Systems
Chairman of the Executive Board
Deutsche Börse Systems AG
Member of the Executive Committee
Clearstream Services S.A.
General Manager Deutsche Börse IT Holding GmbH

APPOINTMENTS WITHIN THE GROUP

Appointments to supervisory boards
DeuBö Vermögensverwaltungs AG
(until 29 June 2004)
entory AG
Eurex Clearing AG
Eurex Frankfurt AG

Appointment to administrative board
Eurex Zürich AG

Other appointment
Clearstream Services S.A.
(Member of the Board of Directors)

André Roelants
Deputy Chairman of the Executive Board
Deutsche Börse AG (until 30 June 2004)
Responsible for Customers/Markets
(Banking and Custody Services) (until 30 June 2004)
Chairman of the Executive Committee
Clearstream Banking S.A. (until 15 Dec. 2004)
President and Chairman of the Group
Executive Management
Clearstream International S.A. (until 10 Dec. 2004)

APPOINTMENTS WITHIN THE GROUP

Appointment to supervisory board
Clearstream Banking AG (Chairman)

Other appointments
Clearstream Banking S.A. (until 15 Dec. 2004)
(Chairman of the Board of Directors)
Clearstream International S.A.
(since 10 Dec. 2004 Chairman of the Board of Directors)

EXTERNAL APPOINTMENTS

Blue Orchard Finance
(Member of the Board of Directors)
SWIFT (Member of the Board of Directors)

Jeffrey Tessler
Member of the Executive Board Deutsche Börse AG
(since 6 Oct. 2004)
Responsible for Customers/Markets
CEO Clearstream International S.A.
President and Chairman of the Group
Executive Management
Clearstream International S.A. (since 10 Dec. 2004)
CEO Clearstream Banking S.A.
Chairman of the Group Executive Management
Clearstream Banking S.A.
(since 15 Dec. 2004)

Other appointments
Clearstream Banking S.A. (since 15 Dec. 2004)
(Chairman of the Board of Directors)
Clearstream International S.A. (since 10 Dec. 2004)
(Member of the Board of Directors)

Supervisory Board Members and Their Appointments to Supervisory Committees

as at 31 December 2004

"Appointments to Supervisory Boards" include memberships in other statutory Supervisory Boards. "Other Appointments" refer to memberships in comparable German and foreign control bodies of business enterprises.

Dr. Rolf-E. Breuer
Chairman of the Supervisory Board
Chairman of the Supervisory Board, Deutsche Bank AG, Frankfurt/Main
President, Bundesverband deutscher Banken e.V., Berlin

Appointments to supervisory boards
Bertelsmann AG, Gütersloh
Deutsche Bank AG, Frankfurt/Main (Chairman)
E.ON AG, Munich

Other appointments
Compagnie de Saint-Gobain S.A., Paris
(Member of the Board of Directors)
KfW Bankengruppe, Frankfurt/Main
(Member of the Administrative Board)
Landwirtschaftliche Rentenbank, Frankfurt/Main
(Member of the Administrative Board)

Manfred Zaß
Deputy Chairman of the Supervisory Board
Former Chief Executive Officer
DekaBank Deutsche Girozentrale, Frankfurt/Main

Appointment to supervisory board
Deutsche EuroShop AG, Hamburg (Chairman)

David Andrews
Chief Executive Officer
Xchanging Ltd., London

Other appointments
Ins-sure Holdings Limited, London
(Member of the Board of Directors)
HR Enterprise Limited, London
(Member of the Board of Directors)
Xchange Limited, London
(Chairman of the Board of Directors)Xchanging
Procurement Services Ltd., London
(Chairman of the Board of Directors)

Herbert Bayer
Trade Union Secretary
ver.di, Department 1 Financial Services,
Area Frankfurt/Main and Region, Frankfurt/Main

Appointments to supervisory boards
dwpbank – Deutsche WertpapierService Bank AG, Frankfurt/Main
Eurohypo AG, Eschborn

Udo Behrenwaldt
Business consultant, Frankfurt/Main

Appointments to supervisory boards
Deutsche Asset Management Investmentgesellschaft mbH, Frankfurt/Main (Deputy Chairman)
Deutsche Bank Privat- und Geschäftskunden AG, Frankfurt/Main
Deutsche Vermögensbildungsgesellschaft mbH, Frankfurt/Main (Chairman)
DB Trust AG, Frankfurt/Main (Chairman)

Other appointments
DWS Investment S.A., Luxembourg
(Member of the Board of Directors)
DWS Polska TFI S.A., Warsaw
(Member of the Board of Directors)
Deutsche Asset Management S.A., Warsaw
(Member of the Board of Directors)
DWS (Austria) Investmentgesellschaft mbH, Vienna
(Member of the Board of Directors)
Deutsche Asset Management GmbH, Vienna
(until 20 Aug. 2004) (Member of the Supervisory Board)
Deutsche Asset Management France S.A., Paris
(Member of the Board of Directors)

Birgit Bokel
Staff member in the Facility Management Section
Deutsche Börse AG, Frankfurt/Main

Mehmet Dalman
Chief Executive Officer (since 1 Oct. 2004)
WMG Limited, London
Member of the Executive Board (until 30 Sep. 2004)
Commerzbank AG, Frankfurt/Main

Other appointments
Commerzbank Capital Markets Corporation, New York (until 30 Sep. 2004) (Chairman of the Board of Directors)
Commerz Securities (Japan) Company Ltd., Hong Kong/Tokyo (until 30 Sep. 2004) (Chairman of the Board of Directors)
Commerzbank Capital Markets (Eastern Europe) S.A., Prague (until 30 Sep. 2004) (Member of the Board of Directors)
TOSCA Ltd., Cayman Islands (Non Executive Director)

Uwe E. Flach
Former Deputy Chairman of the Executive Board
DZ BANK AG, Frankfurt/Main

Appointments to supervisory boards
Andreae-Noris-Zahn AG, Frankfurt/Main (Deputy Chairman)
ORGA Kartensysteme GmbH, Paderborn (since 15 July 2004)
Stada Arzneimittel AG, Bad Vilbel

Other appointments
GHP Holding GmbH, Bamberg (since 18 May 2004) (Member of the Advisory Board)

Hans-Peter Gabe
Staff member in the Personnel Services Section
Deutsche Börse AG, Frankfurt/Main

Dr. Manfred Gentz
Member of the Executive Board (until 15 Dec. 2004)
DaimlerChrysler AG, Stuttgart
President of the International Chamber of Commerce (ICC) Germany, Cologne (since 18 Nov. 2004)

Appointments to supervisory boards
adidas-Salomon AG, Herzogenaurach (since 13 May 2004)
DaimlerChrysler Services AG, Stuttgart (until 15 Dec. 2004)
DaimlerChrysler Bank AG, Stuttgart (until 15 Dec. 2004) (Deputy Chairman)
DWS Investment GmbH, Frankfurt/Main
Hannoversche Leben Versicherung AG, Hanover
Zürich Beteiligungs-AG – Deutschland, Frankfurt/Main

Other appointments
DaimlerChrysler United Kingdom Holding plc., London (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler Espana Holding S.A., Madrid (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler Japan Holding Ltd., Tokyo (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler North America Holding Corporation, Auburn Hills (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler Corporation, Auburn Hills (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler France Holding S.A., Paris (Member of the Supervisory Board) (until 15 Dec. 2004)
DaimlerChrysler Mexico Holding, S.A. de C.V., Santiago Tianguistenco (Member of the Supervisory Board) (until 15 Dec. 2004)
Freightliner LLC, Portland/USA (Member of the Supervisory Board) (until 15 Dec. 2004)
EHG Elektroholding GmbH, Frankfurt/Main (Member of the Supervisory Board) (until 15 Dec. 2004)

Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt
Max Planck Institute for Foreign and Private International Law

Harold Hörauf (until 19 May 2004)
Former personally liable partner
HSBC Trinkaus & Burkhardt KGaA, Dusseldorf

Appointments to supervisory boards
Börse Düsseldorf AG, Dusseldorf (Chairman)
INKA Internationale Kapitalanlagegesellschaft mbH, Dusseldorf (until 23 Mar. 2004)
(Chairman of the Supervisory Board)

Other appointments
BVV Versicherungsverein des Bankgewerbes a.G., Berlin (Member of the Supervisory Board)
BVV Versorgungskasse des Bankgewerbes e.V., Berlin (Member of the Supervisory Board)
HSBC Investment Managers S.A., Luxembourg (until 20 Feb. 2004) (Chairman of the Administrative Board)
HSBC Trinkaus & Burkhardt (International) S.A., Luxembourg (until 17 Mar. 2004)
(Deputy Chairman of the Administrative Board)
HSBC Trinkaus Capital Management GmbH, Dusseldorf (until 20 Feb. 2004) (Chairman of the Supervisory Board)

Sandra S. Jaffee (until 19 May 2004)
Warburg Pincus LLC, New York (since 1 Feb. 2004)
Executive Vice President
Citibank N.A., New York (until 30 Jan. 2004)
President and CEO
Global Securities Services, New York (until 30 Jan. 2004)

Dr. Stefan Jentzsch
Member of the Executive Board
HVB Group, Munich

Appointments to supervisory boards
DAB bank AG, Munich (Chairman)
HVB Informations-Verarbeitungs-GmbH, Munich
(Deputy Chairman)
HVB Systems AG, Munich
Infineon Technologies AG, Munich
Vereins- und Westbank AG, Munich
(Deputy Chairman)

Other appointments
Bank Austria Creditanstalt AG, Vienna
(Member of the Supervisory Board)
HVB Alternative Financial Products AG, Vienna
(Chairman of the Administrative Board)
HVB Alternative Investment AG, Vienna
(Chairman of the Supervisory Board)
HVB Wealth Management Holding GmbH, Munich
(Member of the Administrative Board)

Lord Peter Levene of Portsoken KBE
(since 19 May 2004)
Chairman, Lloyd's, London

Other appointments
General Dynamics UK Limited, Oakdale
(Chairman of the Board of Directors)
Haymarket Group Ltd, London
(Member of the Board of Directors)
J. Sainsbury plc., London (until 17 Sep. 2004)
(Member of the Board of Directors)

Hessel Lindenbergh
Former member of the Executive Board
ING Group, Amsterdam

Other appointments
DHV Holding, Amersfoort
(Member of the Supervisory Board)
Gamma Holding NV, Helmond
(Member of the Supervisory Board)
Koninklijke Numico NV, Zoetermeer
(Member of the Supervisory Board)
NIB Capital N.V., The Hague (since 1 Jan. 2004)
(Member of the Supervisory Board)
Ortec International NV, Gouda
(Member of the Supervisory Board)
Petroplus International NV, Rotterdam
(Member of the Supervisory Board)
Spyker Cars N.V., Zeewolde (since 1 Apr. 2004)
(Chairman of the Supervisory Board)

Silke Martinez Maldonado
Staff member in the Front Office Data & Analytics Section
Deutsche Börse AG, Frankfurt/Main

Friedrich von Metzler
Personally liable partner
B. Metzler seel. Sohn & Co. KGaA, Frankfurt/Main

Appointments to supervisory boards
DWS Investment GmbH, Frankfurt/Main
Fördergesellschaft für Börsen- und Finanzmärkte
in Mittel- und Osteuropa mbH, Frankfurt/Main
(until 8 Oct. 2004)

Other appointment
Metzler-Payden LLC., Los Angeles
(Member of the Board of Directors) (until 15 Mar. 2004)

Alessandro Profumo (since 19 May 2004)
Chief Executive Officer
UniCredito, Milan

Other appointments
Bank Pekao S.A., Warsaw
(Chairman of the Supervisory Board)
Mediobanca S.p.A., Milan
(Member of the Board of Directors)
Unicredit Banca Mobiliare (UBM) S.p.A., Milan
(Chairman of the Board of Directors)
Unicredit Xelion Banca S.p.A., Milan
(Deputy Chairman of the Board of Directors)
R.C.S. Quotidiani, S.p.A., Milan (until 7 July 2004)
(Member of the Board of Directors)
Olimpia S.p.A., Milan
(Member of the Board of Directors)
Barilla G. & R. Brothers, S.p.A., Parma (until 30 Apr. 2004)
(Member of the Board of Directors)
Unicredit Audit S.p.A., Milan (until 6 July 2004)
(Chairman of the Board of Directors)
Unicredit Real Estate S.p.A., Milan (until 9 June 2004)
(Member of the Board of Directors)
Cordusio Immobiliare S.p.A, Milan (until 9 June 2004)
(Member of the Board of Directors)
Koç Holding, A.Ş., Istanbul
(Member of the Board of Directors)

Sadegh Rismanchi
Staff member in the Configuration Management and
Quality Assurance Section
Deutsche Börse Systems AG, Frankfurt/Main

Appointment to supervisory board
Deutsche Börse Systems AG, Frankfurt/Main

Dr. Herbert Walter
Chairman of the Executive Board
Dresdner Bank AG, Frankfurt/Main

Appointment to supervisory board
TSV München von 1860 GmbH & Co. KGaA, Munich

Other appointments
Dresdner Bank Luxemburg S.A., Luxembourg
(Chairman of the Administrative Board)
Banco Popular Espanol S.A., Madrid (since 20 Apr. 2004)
(Miembro, Consejo de administratión)
Banco Portugues de Investimento, S.A., Porto
(since 21 July 2004) (Member of the Supervisory Board)

Otto Wierczimok
Staff member in the Vaults Section
Clearstream Banking AG, Frankfurt/Main

Appointment to supervisory board
Clearstream Banking AG, Frankfurt/Main

Johannes Witt
Staff member in the Central Billing Section
Deutsche Börse AG, Frankfurt/Main

Appointment to supervisory board
Fritz Nols Global Equity Services AG, Frankfurt/Main
(until 29 Mar. 2004)

Deutsche Börse Group: Five-Year Review		2000	2001	2002	2003	2004
Consolidated income statement ratios						
Sales revenue	€m	648.9	760.3	1,106.5	1,419.4	1,449.6
Earnings before interest and taxes (EBIT)	€m	216.5	278.1	351.2	452.6	458.7
Net income	€m	145.9	203.7	235.1	246.3	266.1
EBIT (excluding share of results of associates) / sales revenue	%	24	31	29	32	32
EBITA (excluding share of results of associates) / sales revenue	%	24	31	35	37	36
Cash flow 1 return on investment	%	36	21	20	21	20
Cash flow 2 return on investment	%	36	21	20	21	21
Earnings per share (basic and diluted)	€	1.95	2.04	2.18	2.20	2.38
Return on shareholders' equity	%	40		13	11	11
Consolidated balance sheet ratios						
Trade creditors days 1	days	33	28	33	24	17
Trade creditors days 2	days	39	33	38	26	19
Trade creditors ratio	%	27	29	47	15	14
Equity ratio 1	%	43	208	45	69	92
Equity ratio 2	%	56	223	63	85	107
Debt / equity ratio	%	30	14	22	12	9
Liabilities structure	%	61	73	77	38	32
Cash ratio	%	27	372	37	59	89
Current ratio	%	86	430	72	88	120
Debt coverage	%	72	104	68	64	70
Equity / net noncurrent tangible assets		8.6	37.3	8.0	18.9	45.5
Equity / net noncurrent assets		1.9	5.2	1.1	1.4	1.8

EBIT margin (excluding share of results of associates) EBIT / external sales revenue; to ensure comparability with prior periods, income from equity investments and write-downs of noncurrent financial assets have been eliminated

EBITA margin (excluding share of results of associates) EBITA / external sales revenue; to ensure comparability with prior periods, income from equity investments and write-downs of noncurrent financial assets have been eliminated

Cash flow 1 return on investment (Net income + taxes + depreciation and amortization expense) / total assets less technical closing date liabilities

Cash flow 2 return on investment (Net income + taxes + depreciation and amortization expense + additions to pension provisions) / total assets less technical closing date liabilities

Return on equity Net income / average shareholders' equity for the financial year, based on the quarterend shareholders' equity balances

Trade creditors days 1 Trade payables * 360 / (sales revenue + net interest income from banking business + own expenses capitalized + other operating income)

Trade creditors days 2 Trade payables * 360 / (sales revenue + net interest income from banking business)

Trade creditors ratio (Current bank liabilities, liabilities from the issuance of commercial paper, trade payables and other current liabilities) / sales revenue

Equity ratio 1 (Equity – intangible assets) / (total assets – intangible assets – land and buildings – leasehold improvements – technical closing date liabilities – cash funds and unrestricted bank balances)

Equity ratio 2 (Equity – intangible assets + noncurrent provisions) / (total assets – intangible assets – land and buildings – leasehold improvements – technical closing date liabilities – cash funds and unrestricted bank balances)

Debt/equity ratio (Current provisions and liabilities – technical closing date liabilities) / (total assets – technical closing date liabilities)

Liabilities structure (Current provisions and liabilities – technical closing date liabilities) / (provisions and liabilities – technical closing date liabilities)

Cash ratio Cash funds and unrestricted bank balances / (current provisions and liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)

Current ratio (Cash funds and unrestricted bank balances + trade receivables from subsidiaries, associates and other investors + other current assets) / (current provisions and liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)

Debt coverage (Net income + taxes + depreciation and amortization expense) / (provisions and liabilities – technical closing date liabilities)

Equity / net noncurrent tangible assets Equity / (plant and equipment excluding land and buildings and leasehold improvements)

Equity / net noncurrent assets Equity / (plant and equipment excluding land and buildings and leasehold improvements + intangible assets)

Group Management Report

Deutsche Börse AG's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the International Accounting Standards (IASs) and are supplemented by a group management report in accordance with section 315 of the HGB (Handelsgesetzbuch – German Commercial Code). These are exempting consolidated financial statements as defined by section 292a of the HGB.

General situation

A slight economic upturn provided the backdrop to the performance of the financial markets in 2004. Following three years of stagnation, the German economy grew by almost 2 percent in real terms, a growth rate slightly below that for the European Union. In contrast, the United States and Japan both recorded much stronger growth rates of over 4 percent. The labour market situation in the European Union, and particularly in Germany, remained very difficult, while the situation in the United States and Japan stabilized with unemployment at a much lower rate.

Accordingly, 2004 saw an overall positive trend in both the cash and derivatives markets of Deutsche Börse Group, although business fluctuated considerably in the course of the year. Following a strong first quarter, temporary economic weakness in the euro zone and the rise in the oil price resulted in renewed scepticism; with market participants less active and volatility in the markets diminishing, turnover was weaker in the second and third quarters. Business recovered in the fourth quarter due to seasonal factors.

In the year under review, the international stock markets moved mainly sideways or slightly up. That is to say, they fluctuated within relatively narrow ranges, usually without showing any clear upward or downward trend. Nevertheless, on 31 December 2004, most of the leading share indices closed slightly higher than they had opened at the beginning of the year. The DAX®, for example, rose by 7 percent in the course of the year and by year-end had gained 17 percent since hitting its annual low in August. However, the trading volume on the major Continental European markets fell, as trading activity among private investors weakened following very strong months at the end of 2003 and the beginning of 2004.

Equities trading volume on the major European cash markets	Transactions (single counted) in 2004 millions	Change in transactions 2004 vs. 2003 %
Germany	72.9	–3
Euronext countries	67.7	–3
UK	53.4	+20
OMX countries	14.6	+10

Source: Own calculations, Federation of European Stock Exchanges (FESE)

The trend in trading activity on the global derivatives markets was generally positive in 2004. This was due in particular to the strong demand for interest rate derivatives on both short and long bonds denominated in US dollars and euros. The contract volume also continued to rise on the Eurex derivatives exchange, with trading in fixed-income derivatives making up over half of the contracts, as in the previous year.

Trading activity on selected derivatives exchanges	Traded contracts in 2004 millions	Change in contract volumes 2004 vs. 2003 %
Eurex	1,065.6	+5
CME	805.3	+26
Euronext.Liffe	790.4	+14
CBOT	600.0	+32

Source: The exchanges listed

According to the Bank for International Settlements, the face value of fixed-income securities issued and under custody internationally rose by 9 percent between the end of December 2003 and the end of September 2004 to reach USD 12.2 trillion. With growth of 14 percent, the international fixed-income securities launched by European issuers made an above-average contribution to the increase. This trend resulted in an 11 percent increase in the value of the international securities deposits under custody at Clearstream to €3.3 trillion.

Fixed-income securities issued internationally	Face value trillions of USD[1]	Growth %[2]
By issuers worldwide	12.2	9
of which in Europe	6.4	14
of which in Germany	1.5	16

Source: Bank for International Settlements
[1] End of September 2004
[2] End of December 2003 to end of September 2004

Business development in the year under review

Overview

Amid slightly improved economic conditions, Deutsche Börse Group continued to grow: in 2004, sales revenue rose by 2 percent to €1,449.6 million (2003: €1,419.4 million).

Deutsche Börse Group's key performance figures		2004	2003	Change %
Sales revenue	€m	1,449.6	1,419.4	+2
EBIT	€m	458.7	452.6	+1
Net income	€m	266.1	246.3	+8
Earnings per share	€	2.38	2.20	+8
Employees as at 31 December		3,262	3,233	+1

Deutsche Börse Group's business activities are composed of the Xetra (cash market: electronic order book and floor trading), Eurex (derivatives market), Market Data & Analytics (sales of price information and information distribution – "Information Services" until 31 December), Clearstream (settlement of transactions and custody of securities) and Information Technology (systems and service provider) segments.

Despite a somewhat lower number of transactions in the cash market, the value of equities traded rose slightly year-on-year due to higher average volumes per transaction. An 8 percent increase in the total volume of electronic trading contrasted with an 11 percent drop in floor trading at FWB® Frankfurter Wertpapierbörse, the Frankfurt Stock Exchange.

In contrast, there was a uniformly positive trend in trading activity in the derivatives market segment. However, this could not compensate for the lost license revenue from the contract with the Chicago Board of Trade (CBOT), which was terminated at the end of 2003.

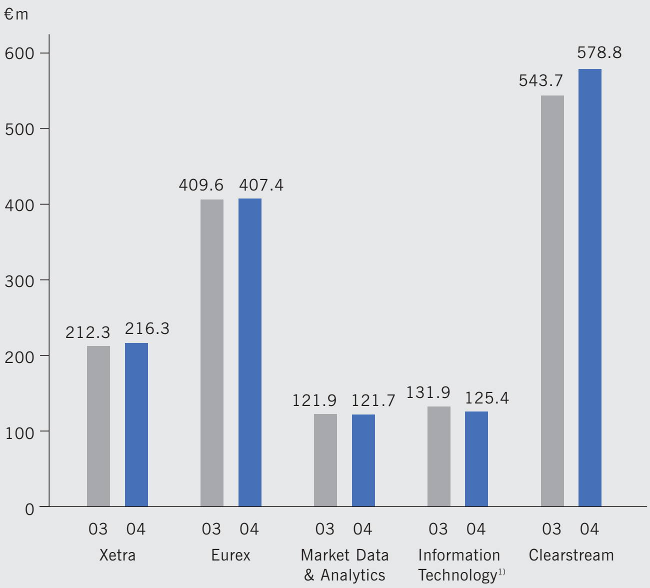
In 2004, sales of information and services for financial market data in the Market Data & Analytics segment were stable across all areas (sales of price information, index business and reference data business).

Business in the Clearstream segment was driven primarily by the growing volume of international securities under custody. Here, the volume deposited with Clearstream rose by 11 percent in 2004 to €3.3 trillion. At the end of 2004, the total volume under custody at Clearstream amounted to €7.6 trillion, a 4 percent increase on the prior-year figure.

The Information Technology segment was able to report a general stabilization in demand for IT services. However, the loss of sales revenue from the partnership with the CBOT could not be fully compensated.

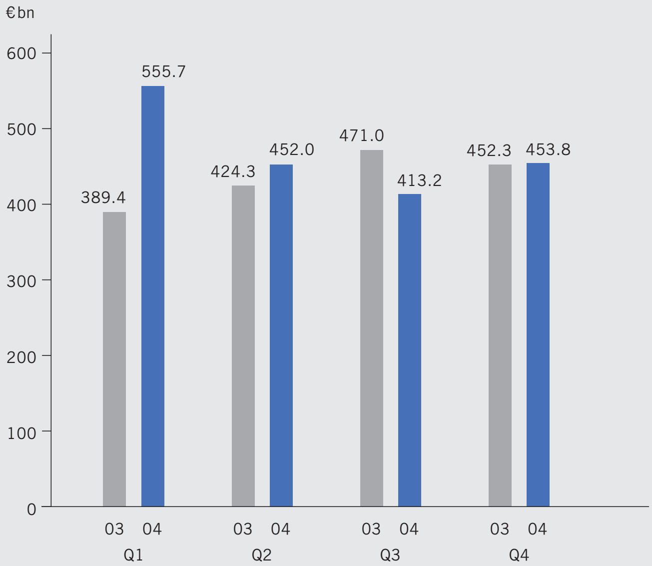
As anticipated at the beginning of the year, earnings growth in 2004 was weaker than in previous years, mainly because of investment in the establishment of the Eurex US derivatives exchange and the "Global Clearing Link" between Eurex Clearing AG in Frankfurt and The Clearing Corporation in Chicago. Eurex US was launched in February, but by the end of the year under review had yet to gain any significant market share. Deutsche Börse was not yet able to

Sales revenue by segment



[1] Deutsche Börse Systems, entory, Clearstream TEC and Xlaunch (excluding internal sales)

Trading volume on Xetra



implement its plan to extend the clearing services to over-the-counter (OTC) trading, since no corresponding agreement with a significant OTC broker could be reached, as a result of which the costs incurred for this project in 2004 were lower than expected.

Business development by segment

Business development in the segments was heterogeneous. While the Xetra, Eurex and Market Data & Analytics segments reported relatively stable sales revenue year-on-year, the Clearstream segment succeeded in increasing the volume of business, particularly its securities custody business. In the Information Technology segment, sales revenue dropped slightly.

Xetra segment

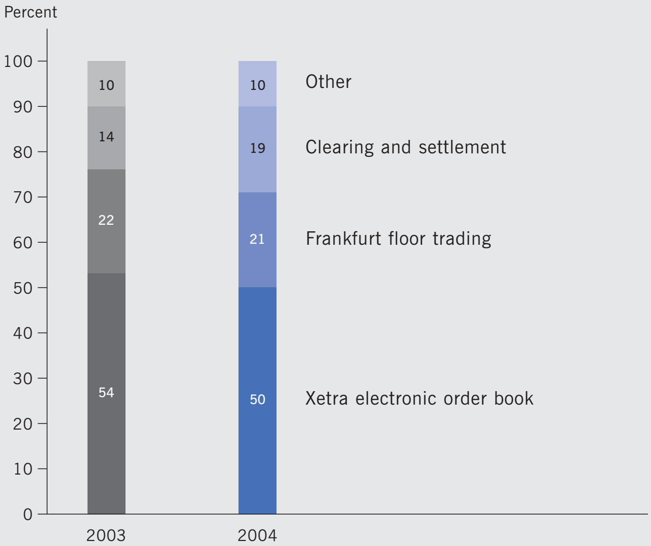
A brighter economic outlook caused the DAX to rise at the start of the year. Together with persistently low volatility and the expectation of a rise in long-term euro interest rates, this led to very positive business development in the first quarter. An actual fall in long-term euro interest rates and a general reluctance to trade ahead of the US elections were responsible for the weaker results in the second and third quarters. Only after the US elections in the fourth quarter did trading pick up again.

The number of transactions fell year-on-year: on the Xetra® electronic trading system by 3 percent to 69.4 million and on the floor of the Frankfurt Stock Exchange by 5 percent to 66.7 million. However, due to larger average order sizes, order book turnover – an important indicator of the trend in sales revenue in the Xetra segment – rose.

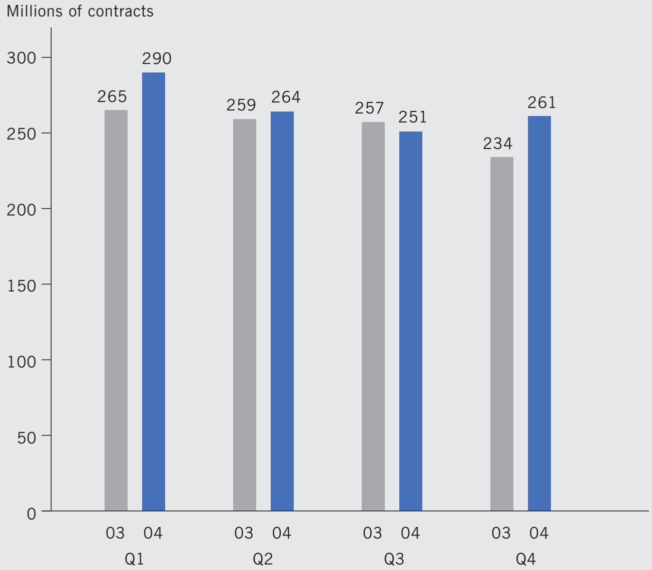
Transactions on Xetra and the Frankfurt Stock Exchange floor (in thousands)

	Xetra		Floor trading	
	2004	2003	2004	2003
Q1	20,152	17,431	23,163	15,394
Q2	16,364	18,194	15,129	16,668
Q3	15,748	18,485	13,057	19,981
Q4	17,108	17,258	15,361	18,101
Total	**69,372**	**71,368**	**66,710**	**70,144**

Breakdown of sales revenue in the Xetra segment
Revenue share of Xetra business areas



Eurex trading volume



Through various measures, e.g. the improvement in the quality of execution for smaller order volumes in floor trading or the optimization of trading with warrants and certificates, Deutsche Börse Group intends to enhance its share of the market for private investors (Börse Frankfurt Smart Trading).

Overall, sales revenue in the cash market segment rose slightly by 2 percent to €216.3 million (2003: €212.3 million).

Eurex segment

A broad-based product range and high liquidity in a number of benchmark products have enabled Eurex to build and strengthen its significant position. In the year under review, trading activity on the Eurex derivatives exchange (a joint venture of Deutsche Börse AG and SWX Swiss Exchange) grew by 5 percent to set a fresh record of 1,066 million traded contracts (2003: 1,015 million).

For many years, Eurex trading volumes have largely been based on orders from international market participants, whose share of the total trading volume was slightly up on the previous year at 81 percent in 2004 (2003: 80 percent). Sales revenue was slightly down on the previous year at €407.4 million (2003: €409.6 million). The termination of the contract with the CBOT resulted in the loss of €18.2 million of license revenue, which the overall higher trading volume only partly offset.

Trading volumes fluctuated in the course of the year. The beginning of 2004 saw a marked upward trend on the DAX and at the same time a fall in long-term interest rates in the euro zone. These trends led to very high contract volumes on the Eurex derivatives market in the first quarter of 2004, mainly for equity options and capital market derivatives. In the second and third quarters of 2004, volumes remained much more moderate against a backdrop of slight declines and low volatility on the equity markets and relatively stable long-term euro interest rates. In the fourth quarter, a drop in long-term euro interest rates again led to an increased trading volume on Eurex.

Over the period under review as a whole, trading volumes in equity options recorded the strongest growth, both in absolute and relative terms, followed by volumes in index products and capital market derivatives.

Contract volumes in individual Eurex business areas and products	2004 million contracts	2003 million contracts	Change %
Index products	280	265	+6
Equity options	212	188	+13
Capital market products	574	562	+2
Euro-Bund Future	240	244	–2
Euro-Bobl Future	159	150	+6
Euro-Schatz Future	123	117	+5
Other	52	51	+2
Total	**1,066**	**1,015**	**+5**

Market Data & Analytics segment

Since the beginning of 2005, the former Information Services segment has been known as Market Data & Analytics. This new name more closely reflects the focus of the business – sales of information and services for financial market data. The sales revenue generated by the segment was stable year-on-year at € 121.7 million (2003: € 121.9 million). The distribution of real-time data accounted for around 77 percent of total revenue. The data not only contains information on cash markets but increasingly also on derivatives markets.

Clearstream segment

The Clearstream segment increased its sales revenue by 6 percent to € 578.8 million in 2004 (2003: € 543.7 million).

The value of assets deposited, which is the decisive factor for the level of deposit fees in the custody business, rose by 4 percent to € 7,593 billion as at 31 December 2004 (31 December 2003: € 7,335 billion). The value of the securities deposited with Clearstream Banking S.A. (primarily fixed-income securities) increased by 9 percent to € 2,936 billion (31 December 2003: € 2,693 billion). The value of the securities deposited with Clearstream Banking AG remained stable at € 4,657 billion (31 December 2003: € 4,642 billion), as the slight rise in the German stock market made up for the fall in the volume of German fixed-income securities under custody.

As in the previous year, Clearstream's settlement business was marked by two diverging trends. International settlement transactions increased by 4 percent to 17.2 million due to more active crossborder trading in Eurobonds and other fixed-income products. In contrast, the domestic settlement activities of Clearstream Banking AG declined sharply: the number of settlement transactions fell from 45.3 million in 2003 to 32.8 million in 2004. This substantial decline was due mainly to the introduction by Deutsche Börse AG of the central counterparty (CCP) for the cash market in the second quarter of 2003.

Clearstream segment: Key indicators	2004 € bn	2003 € bn
Average cash reserves	3.194	3.105
Value of securities deposited as at 31 December	7,593	7,335
Clearstream Banking S. A., international	2,936	2,693
Clearstream Banking AG, international	339	266
Clearstream Banking AG, domestic	4,318	4,376
Transactions	millions	millions
Clearstream Banking S. A., international	12.6	12.5
Clearstream Banking AG, international	4.6	4.0
Clearstream Banking AG, domestic	32.8	45.3

Information Technology segment

The Information Technology segment comprises the Deutsche Börse Systems subgroup, Xlaunch, the entory subgroup and Clearstream TEC, which operates the information technology of the Clearstream subgroup. In 2004, sales revenue generated from external third parties in the segment fell by 5 percent to € 125.4 million (2003: € 131.9 million). The discontinuation of the joint venture with the CBOT resulted in the loss of € 28.6 million of revenue, which the segment was unable to offset fully with additional revenue from other customers. The internal sales revenue generated from business with other segments within Deutsche Börse Group also declined, by 4 percent to €340.0 million. This was due mainly to a decline in the services rendered for the Clearstream segment.

Research and development activities

In its core business, Deutsche Börse Group develops infrastructure services for the capital markets and operates the technical systems needed to do this. Expanding its product portfolio, as well as continuously developing its trading and settlement systems, are critical competitive factors. Research and development spending is targeted primarily at developing new products, with research only taking a minor share. Product innovations mainly demand modifications to existing IT systems, so product development and investment in software are closely linked.

The segments of Deutsche Börse Group, before elimination of intersegmental gains, invested €97.9 million in 2004 (2003: €108.0 million) in product and systems development. Under IFRSs/IASs, the share of costs directly attributable to internal development of new software is capitalized and amortized over the expected useful life. €44.8 million of development costs, after elimination of intersegmental gains, was capitalized in the year under review (2003: €55.3 million).

Development costs are presented in detail in note 7.

Product development is not centralized but is implemented throughout the Group. In the case of critical or substantial new or further developments, the individual measures are combined to form cross-segment projects under uniform management and supervision. Important decisions are also discussed in the Product Development Committee.

The trading systems were again developed further in the Xetra and Eurex segments in 2004. Particularly important in this context were the central counterparty for the cash market and, at Eurex, the development of the new US derivatives exchange, Eurex US. In the Clearstream segment, the focus lay on further developments that optimize customer information queries (connectivity) and promote intraday securities transaction settlement between Clearstream and Euroclear (Daytime Bridge).

Net assets, financial position and results of operations

Net assets

Deutsche Börse Group's noncurrent assets (excluding miscellaneous and deferred tax assets) amounted to €2,143.8 million as at 31 December 2004 (2003: €2,350.2 million). Goodwill of €1,104.5 million (2003: €1,173.4 million), mainly from the acquisition of Clearstream International S.A., represented the largest part of these assets. The Group invests primarily in trading and settlement systems, which are capitalized as software and amortized over the expected useful life. As at 31 December 2004, the balance sheet showed software with a residual carrying amount of €254.9 million (2003: €351.6 million).

Clearstream International S.A. has also invested in office real estate in Luxembourg. These buildings are partly used by the Group itself and partly let. They were carried in the balance sheet as land and buildings (2004: €124.7 million, 2003: €132.5 million) or as investment property (2004: €114.7 million, 2003: €54.0 million).

Securities from banking business amounted to €355.2 million (2003: €384.5 million) and represented the majority of the noncurrent financial assets. As interest rates are currently very low, cash funds from maturing securities were temporarily reinvested in short-term deposits.

Depreciation and amortization expense (other than goodwill) amounted to € 191.0 million (2003: € 198.0 million), while investments were considerably lower.

Noncurrent assets were balanced by equity amounting to € 2,552.5 million (2003: € 2,353.5 million) and debt, mainly from a corporate bond, of € 502.3 million (2003: € 503.2 million).

In total, Deutsche Börse Group invested € 82.9 million in the year under review (2003: € 164.0 million), 50 percent less than in the previous year when investments in a new building in Luxembourg alone amounted to € 73.3 million. These investments were reported in the Corporate Services segment.

Investments by segment	2004 €m	2003 €m
Xetra	9.8	2.7
Eurex	20.0	27.3
Market Data & Analytics	0.8	4.0
Clearstream	28.7	36.6
Information Technology	17.5	27.1
Corporate Services	19.8	79.9
Total for all segments	**96.6**	**177.6**
Consolidation effects	–13.7	–13.6
Total	**82.9**	**164.0**

Technical closing date balance sheet items

The balance sheet items "receivables and securities from banking business" and "liabilities from banking business" are technical closing date items that are strongly correlated fluctuating between roughly € 3 and 8 billion. These amounts mainly represent customer balances within the international Clearstream settlement business.

Market participants linked to Eurex Clearing provide collateral partly in the form of cash deposits, which are subject to daily adjustments. The cash deposits are invested overnight by Eurex Clearing AG and reported in the balance sheet under "restricted bank balances". The total amount of cash deposits varied in the year under review between roughly € 0.7 and 1.4 billion.

Working capital

As Deutsche Börse Group debits fees for most of its services directly after the end of the month, the trade receivables of € 155.0 million as at 31 December 2004 (2003: € 148.7 million) are relatively low when compared with the sales revenue. For this reason, the Group had negative working capital of € 76.5 million as at the end of 2004 (2003: € –154.9 million), the decline being due mainly to the release of tax provisions. Working capital is the sum of current assets less current liabilities, excluding technical closing date balances, as well as bank balances.

Results of operations

Deutsche Börse AG's earnings before interest and taxes (EBIT) rose by 1 percent year-on-year to € 458.7 million (2003: € 452.6 million). The EBIT margin remained stable at 32 percent (2003: 32 percent).

EBIT and profitability by segment	2004		2003	
	EBIT €m	EBIT margin %	EBIT €m	EBIT margin %.
Deutsche Börse Group[1]	458.7	32	452.6	32
thereof Xetra	86.2	40	57.6	27
thereof Eurex	174.9	43	228.0	56
thereof Market Data & Analytics				
thereof Clearstream	116.7	20	111.2	20
thereof Information Technology	82.4	18[2]	72.6	15[2]

[1] Due to consolidation adjustments and the fact that figures are not reported for Corporate Services, the total does not equal the sum of the individual figures shown.
[2] EBIT/(internal + external sales revenue)

Xetra segment

Xetra segment EBIT rose by 50 percent to €86.2 million. The strong increase in profitability is attributable to a number of factors. Firstly, the cost base fell year-on-year in 2004, as the introduction of the central counterparty for the cash market in the second quarter of 2003 had resulted in higher costs. The lower settlement fees paid to Clearstream in particular impacted on the full twelve-month period in 2004. Secondly, segment costs fell as a result of the higher percentage of software fully amortized but still in use.

Eurex segment

Eurex segment EBIT fell by 23 percent to €174.9 million (2003: €228.0 million), and the segment achieved an EBIT margin of 43 percent (2003: 56 percent). The decline is mainly due to the loss of sales revenue with the CBOT, and to increased start-up and operating costs as a result of the establishment of the Eurex US derivatives exchange in the USA.

Market Data & Analytics segment

Market Data & Analytics segment EBIT decreased by 2 percent to €44.4 million (2003: €45.2 million); the EBIT margin stood at 36 percent (2003: 37 percent). In the year under review, own expenses capitalized for internally developed software were lower than in the year before. The segment's sales revenue and costs barely changed year-on-year.

Clearstream segment

Clearstream segment EBIT rose by 5 percent to €116.7 million. The EBIT margin remained steady at 20 percent. The effect of the 6 percent increase in sales revenue to €578.8 million was diluted mainly by two factors. Net interest income from banking business fell due to persistently low interest rates; higher interest rates were achieved for 2003 through the use of derivative interest rate hedges. In addition, increased depreciation and amortization expense, caused by internally developed capitalized software in the previous year, led to a higher cost base.

Information Technology segment

Information Technology segment EBIT increased by 14 percent to €82.4 million in 2004, mainly due to systematic cost management and to reduced goodwill amortization and impairment losses (in 2003, goodwill was written down for impairment in the amount of €10.0 million for entory).

Development of profitability

Deutsche Börse Group's return on equity, the ratio of after-tax earnings to the average equity available to the company in 2004, remained unchanged versus 2003 at 10.9 percent.

Deutsche Börse's cost of capital	2004 %	2003 %
Risk-free interest rate[1]	3.7	4.1
Market risk premium[2]	5.0	5.0
Beta[3]	0.9	0.9
Cost of equity[4] (before taxes)	8.2	8.6
Cost of debt[5] (before taxes)	3.5	3.5
Tax shield[6] 37 %	1.3	1.3
Cost of debt (after taxes)	2.2	2.2
Equity ratio[7] (annual average)	79	79
Debt ratio[8] (annual average)	21	21
WACC (after taxes)	6.9	7.3
WACC (before taxes)	7.2	7.5

1) Return on ten-year German federal government bonds
2) Goldman Sachs estimate for 2004
3) A statistical measure of the sensitivity of the price of an individual share to changes in the entire market. A beta of 1.0 means that the performance of the share is moving strictly parallel to the reference market. A beta above 1.0 denotes greater volatility than the overall market and a beta below 1.0 less volatility.
4) (Risk-free interest rate + market premium) * beta
5) Interest rate on a €500 million corporate bond issued by Deutsche Börse Finance S.A.
6) The tax shield denotes and quantifies the reduction in tax paid that arises from the deductibility of interest payments on debt and is factored into the calculation of the cost of capital.
7) 1 – debt ratio
8) (Total provisions and liabilities – liabilities from banking business – cash deposits by market participants – total current and noncurrent provisions)/(total assets – liabilities from banking business – cash deposits by market participants); basis: average balance sheet positions in financial year based on quarterly figures

Deutsche Börse Group's profitability is also evident from its return on capital employed (ROCE). In 2004, the ROCE of 30.7 percent exceeded the weighted average cost of capital (WACC) after taxes of 6.9 percent several times over. WACC represents the minimum return on equity and debt contributed to the company by investors.

Return on capital employed (ROCE)	2004 €m	2003 €m
EBIT	458.7	452.6
+ Goodwill amortization	68.9	75.2
= EBITA	**527.6**	**527.8**
Intangible assets, property, plant and equipment[1]	1,743.4	1.941.9
+ Equity investments[1]	35.3	29.9
+ Cumulative goodwill amortization	236.5	167.6
+ Trade receivables and other non-interest-bearing current assets[1]	267.8	266.6
– Non-interest-bearing provisions[1]	363.1	379.8
– Non-interest bearing liabilities[1]	202.3	223.6
= Capital employed	1,717.6	1,802.7
ROCE: EBITA as % of capital employed	30.7%	29.3 %

[1] Average figures for the year

Financial position

Strong operating cash flow

Deutsche Börse AG generated cash flows from operating activities of €439.6 million in 2004 (2003: €530.6 million). The decline is due mainly to the reversal of tax provisions necessitated by additional tax payments in the course of 2004.

In addition to cash flows from operating activities, the Group generated negative cash flows from investing activities of €33.5 million. It generated further negative cash flows of €64.8 million from financing activities, mainly as a result of dividend payments.

Cash flow statement (condensed)	2004 €m	2003 €m
Cash flows from operating activities	439.6	530.6
Cash flows from investing activities	–33.5	–412.4
Cash flows from financing activities	–64.8	139.1
Cash and cash equivalents as at 31 Dec.	703.4	362.1

Cash and cash equivalents amounted to €703.4 million at the end of 2004 (31 December 2003: €362.1 million). Strong cash flows from operating activities assure Group liquidity.

At €359.8 million (2003: €353.7 million), free cash flow, i.e. cash flows from operating activities less payments to acquire noncurrent assets (excluding financial instruments), remained at a high level.

Dividend

The dividend is distributed from the unappropriated surplus of Deutsche Börse AG, which fell by 15.2 percent year-on-year to €226.8 million in 2004 (2003: €267.5 million). A proposal will be put to the Annual General Meeting to pay a dividend of €0.70 (2003: €0.55) per no-par value share for 2004, a 27 percent increase as against the previous year. For 111,802,880 shares in issue carrying dividend rights for 2004, this produces a total distribution of €78.3 million (2003: €61.4 million).

Credit ratings

Deutsche Börse AG and Clearstream Banking S.A. commission the rating agencies Fitch, Moody's and Standard & Poor's to rate their creditworthiness on a regular basis. The exceptionally good long- and short-term ratings were confirmed in 2004 and underscore the high financial strength of the Group.

Ratings of Deutsche Börse AG	Long-term	Short-term
Moody's	Aa1	P -1
Standard & Poor's	AA+	A-1+

Ratings of Clearstream Banking S.A.	Long-term	Short-term
Fitch	AA+	F1+
Standard & Poor's	AA+	A-1+

Other

As in the previous year, Deutsche Börse AG received no government grants or other assistance in 2004.

Employees

The number of employees in Deutsche Börse Group rose slightly by 1 percent to 3,262 in 2004 (as at 31 December 2004).

New jobs were created at Deutsche Börse Group as the Eurex US team was expanded and entory's sales activities were refocused. Further integration synergies were harnessed through the integration of Clearstream's Credit and Treasury departments into the Corporate Services segment.

Environmental protection

Caring for the environment and its natural resources has always been a core component of Deutsche Börse Group's activities. Its business operations – developing, building and operating electronic systems and networks – do not entail any direct environmental risk. All environmental protection measures therefore relate to the infrastructure of its office buildings in Frankfurt, Ettlingen and Luxembourg, and to the selection and monitoring of suppliers.

The new Frankfurt headquarters to which Deutsche Börse AG moved in 2000, as well as the new buildings of entory AG in Ettlingen and of Luxembourg subsidiary Clearstream International S.A. that opened in 2003, were all designed to take advantage of state-of-the-art energy-saving concepts. Environmental protection also plays a role in day-to-day operations, in particular through consistent waste separation and the specific selection and monitoring of supply and disposal companies. Deutsche Börse Group chooses office materials on the basis of their suitability for recycling. In addition re-use in return systems is ensured.

Deutsche Börse shares

In 2004, the Company's high profile and broad confidence among investors and rating agencies once again laid the foundations for successful development.

Deutsche Börse AG's shareholder structure stabilized in the fourth year of its stock exchange listing. Strategic investors divested their interests in preceding years, thus enabling globally active investment and pension funds to invest in the company. Around 93 percent of the company's shares are now held by institutional investors, as in the previous year. Geographical distribution also remained largely unchanged. Around 65 percent of shareholders are foreign investors.

Deutsche Börse's share price rose by 2.1 percent during 2004, closing the year at €44.28 (2003: €43.35). The high for the year was recorded at €50.33 and the low at €37.11 (Xetra closing prices). Since Deutsche Börse AG's initial listing in February 2001, its shares (share price and dividend income) have outperformed the DAX by 72 percentage points and their reference index, the Dow Jones STOXX℠ 600 Technology Index (EUR) (Return), by 100 percentage points.

Risk report

Deutsche Börse Group has a risk management system in place for managing and monitoring risks so that developments that could jeopardize the continued existence of the Group can be identified at an early stage and suitable countermeasures deployed.

Risk management:
Organization and methodology
Risk management at Deutsche Börse Group is based on its Risk Management Policy, which structures risks, describes each individual step in the risk management process and outlines responsibilities. By adopting this policy, Deutsche Börse Group ensures that risk management is of the same standard across the Group.

Deutsche Börse Group has developed its own risk system and distinguishes between operational, financial, project, and environment and industry risks (see chart on page 114).

The Risk Management & Compliance Committee (RMCC), a committee of the Executive Board, ensures that operational and financial risks within Deutsche Börse Group are monitored centrally. It comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Heads of Group Risk Management, Legal Affairs, Compliance and Membership. The members of the RMCC receive information on the risk situation in quarterly meetings, from monthly reports and, where necessary, on an ad hoc basis.

Project risks are monitored at project level by project management and the steering committee responsible. Group-wide, project management is one of the tasks of the Product Development Committee, chaired by the Chief Operating Officer.

Within Deutsche Börse Group, the Customer Markets Committee (CMC) is responsible for monitoring and managing environment and industry risks.

The risk management process consists of identifying, controlling, analysing, reporting and managing individual risks. Responsibility for risk identification and regular operational risk control of defined parameters is assigned on a decentralized basis to the relevant departments. The Group Risk Management department has Group-wide responsibility for the operational and financial risks and for reporting to the RMCC and the departments responsible for each of the risk areas. Risks are then managed on a decentralized basis within the relevant department in accordance with the RMCC's recommendations and requirements.

The existing risk management reporting system provides the Executive Board with comprehensive and timely information on the status of all operational and financial risks of relevance to Deutsche Börse Group. Based on this information, the Executive Board decides on suitable measures to control these risks.

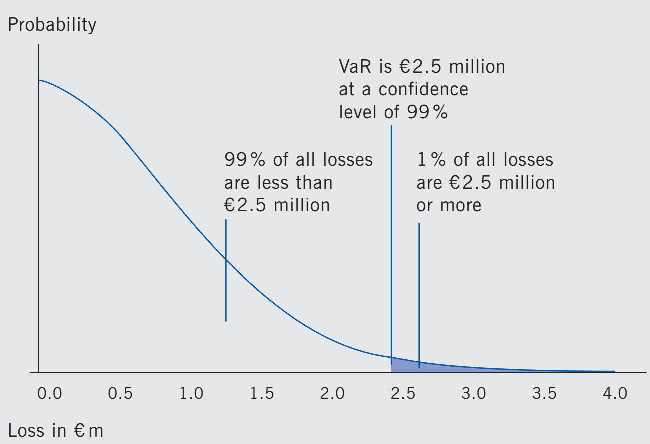
Internal Auditing ensures through independent audits that the adequacy of the risk control and risk management functions is monitored. The results of these audits are also used to develop the risk management system.

Group-wide risk management instruments

Deutsche Börse Group has installed a standard risk management system for operational and financial risks in all areas of the Group. This risk management system works on the concept of value at risk (VaR).

The VaR quantifies existing and potential risks. It denotes the maximum potential loss that will not be exceeded within a defined time period (for example, within one year) at a given confidence level, i.e. a certain probability. To calculate the VaR, risk scenarios are produced on the basis of risk indicators and quantified by applying probability theory. A Monte Carlo simulation is used to run multiple trials of all random variables and thus a spread of possible total losses is produced.

Example illustrating risk distribution and the confidence level set at 99 percent



Risk system of Deutsche Börse Group

Deutsche Börse Group calculates the VaR at a confidence level of 99.0 percent on an annual basis before any risk assumption by insurance companies. This means that there is a 1 percent probability of one or more losses occurring within the next year which, in total, will be equal to or greater than the VaR calculated. Conversely, this means that there is a 99 percent probability that the losses will be smaller than the VaR.

In order to determine whether Deutsche Börse Group can bear the risk of a possible loss, the VaR calculated is compared against the then current EBIT forecasts.

Risk structuring and assessment

The following sections describe the relevant individual risks in more detail:

Operational risks

Operational risks are possible losses from inadequate or defective systems and processes, human or technical failure, external processes and legal risks. For Deutsche Börse Group, the main risks in this risk category lie in the uninterrupted and smooth delivery of its core products. In particular, they include the Xetra and Eurex cash and derivatives market trading systems, as well as the Cascade and Creation clearing and settlement systems.

Operational risks that Deutsche Börse Group does not wish to bear itself and that can be insured at a reasonable price are transferred by taking out insurance policies. All insurance policies are coordinated centrally, thereby ensuring that uniform and cost-effective insurance cover is in place for the entire Deutsche Börse Group.

(a) Availability risk

Availability risk results from the fact that systems essential to Deutsche Börse Group's products could fail, thereby making it impossible to deliver services on time or at all. This risk is therefore one of the most critical for Deutsche Börse Group. Possible triggers include hardware and software failures, operator and security errors, and physical damage to the data centers.

In particular, Deutsche Börse Group manages availability risk through intensive activities in the field of business continuity management (BCM). BCM encompasses all the processes that ensure business continues as normal, even if a crisis occurs, and therefore substantially reduces availability risk. It includes the redundant design of all critical IT systems and technical infrastructure. Emergency workstations are available for employees in critical functions.

The service availability of Deutsche Börse Group's main products was again over 99.9 percent in 2004, and thus complied with the high standards specified for reliability.

(b) Processing errors

In contrast to availability risk, the occurrence of processing errors does not prevent Deutsche Börse Group from providing services to its customers. However, errors or omissions relating mainly to manual input may occur. Despite all the automated systems and efforts aimed at delivering straight-through processing (STP), there is still a requirement for manual work, i.e. in areas such as custody. In addition, manual intervention in market and system management is necessary in special cases.

In 2004, sustained improvements were again made in reducing the potential risk of processing errors – either through a reduction in the amount of manual intervention necessary or through better protection. No significant losses occurred as a result of processing errors in 2004. Neither did last year provide any indications of events that could lead to significant losses in the future.

(c) Legal risks

Legal risks include losses that could arise as a result of existing laws or court decisions, the company's own – possibly inadequate – agreements or corporate governance. The Compliance unit ensures that legal requirements are met Group-wide in the areas of money laundering prevention (including prevention of terrorist financing), insider trading, financial crime, rules of conduct and conflicts of interest. No losses occurred as a result of legal risks in 2004. Neither are there any indications of acute risks.

Financial risks

Deutsche Börse Group is exposed to financial risks mainly in the form of credit risk within the Clearstream subgroup, Eurex Clearing AG and the treasury business. On a very small scale, there are also market risks from cash investments and liquidity risks.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default and Deutsche Börse Group's claims on this counterparty cannot be met in full or at all.

The Clearstream subgroup extends loans to its customers in order to increase the efficiency of securities transaction settlement. However, these lending operations cannot be compared with those of other credit institutions, as the Clearstream subgroup's loans are solely short-term, largely collateralized and only extended for settlement purposes and to customers with very good credit ratings. Furthermore, they can be revoked at any time.

Eurex Clearing AG acts as a central counterparty and thus eliminates trading parties' credit risk. This applies to transactions at Eurex Deutschland, Eurex Zürich AG, Eurex Bonds GmbH, Eurex Repo GmbH and to a segment of cash market trading on Xetra and on the floor of the Frankfurt Stock Exchange. Eurex Clearing AG also clears over-the-counter trading of futures and options, provided that these contracts have specifications that comply with those of the contracts approved for trading at the Eurex exchanges. Eurex Clearing AG has various lines of defense through which it protects itself, such as securities as collateral and clearing guarantees. Intraday risk controls and daily stress tests ensure the adequacy of the lines of defense. If necessary, requests are made for additional intraday collateral. Deutsche Börse AG has guaranteed to compensate for claims that Eurex Clearing AG may incur in the context of transaction settlement. This guarantee is restricted to 85 percent of €700 million.

There are further credit risks associated with the Treasury department's cash investments. This risk is reduced through investment limits for each counterparty and through largely collateralized investments.

In 2004, counterparties did not default on any of the types of transaction described.

(b) Market risk

Market risks can arise in connection with cash investments as a result of fluctuations in interest rates and currencies. In 2004, market risks were largely hedged through swap transactions, whereby future cash flows that are uncertain due to market risks are exchanged for cash flows where the amount is guaranteed. Regular reviews ensure the effectiveness of these hedges.

(c) Liquidity risk

Deutsche Börse Group is exposed to liquidity risk in that it may lack sufficient liquidity to meet its daily payment obligations or incur increased refinancing costs in the event of liquidity bottlenecks. Daily and intraday liquidity is monitored by the Treasury and managed with the help of a limit system. Extensive credit lines are available to provide cover in extreme situations. The credit lines are presented in detail in note 42 of the Notes to the Consolidated Financial Statements. In 2004, Deutsche Börse Group's excess liquidity was high, as a result of which no liquidity bottlenecks occurred.

(d) Regulatory requirements

The Clearstream subgroup, Clearstream Banking S.A. and Clearstream Banking AG, must meet the equity and liquidity requirements specified by the national supervisory authorities. They consistently exceeded these ratios throughout 2004.

Project risks

Project risks refer to changes in operational and financial risks that occur as a result of project implementation. These risks are assessed and taken into account in the early stages of major projects. All projects that were planned and implemented in 2004 carried only limited risk and represented only a minor change in the total risk.

Environment and industry risks

(a) General risks

Deutsche Börse Group currently operates systems for 16 cash and derivatives markets and offers settlement and custody services for nationally and internationally traded equities and bonds. Its commercial success is thus contingent upon the development of activities in the capital markets. In the Xetra, Eurex and Clearstream segments, sales revenue is directly linked to activity in the capital markets operated, while sales revenue of the Market Data & Analytics and Information Technology segments is indirectly linked. Trading and settlement-related revenue in these segments may also decline if liquidity migrates to other financial marketplaces or if a prolonged bear market results in a sharp downturn in trading.

Market structures and the business environment of markets are also constrained by the regulatory environment, changes in which may adversely affect Deutsche Börse Group's business, financial or earnings position. Any legal or tax changes may affect the behavior of participants and thus its financial position and results of operations.

(b) Loss of institutional liquidity

Deutsche Börse Group's core business involves the operation of highly liquid markets, primarily for the institutional trading of standardized investment instruments. From the perspective of an investor, these trading platforms offer the particular advantage of low transaction costs. The difference between bid and ask prices (the spread), which accounts for the bulk of actual trading costs, is very low because of the high – mostly institutional – liquidity on all the systems. In addition, the price discovery process is also transparent for investors: automatic order execution in an open order book, visible to all parties. Because of the crucial unique selling points from the market perspective, the business risk of losing substantial institutional liquidity is very low. Deutsche Börse Group guarantees neutrality, i.e. independence from individual intermediaries, and efficient, transparent price discovery in its trading systems.

(c) Dependence on key accounts

In the Xetra, Eurex and Clearstream segments, a substantial proportion of trading volumes is accounted for by a few key accounts. The key accounts for the trading systems differ from those of Clearstream, the settlement and custody organization, which leads to diversification and thus to reduction in dependencies on specific key accounts. However, Deutsche Börse Group would expect to suffer revenue shortfalls if the Group lost the business of these key accounts.

(d) Product innovation

The launch of new products is always accompanied by the risk that they will be rejected by customers. If this risk were to materialize, it would reduce projected revenues and require the investments made, which may be considerable, to be written down or off. At present, these significant new products include the further expansion of the US derivatives platform. To reduce the market risk from these expansion projects, all activities are implemented only after comprehensive consultation and agreement with the market participants, i.e. the subsequent customers (see “Customer Governance” chapter, page 86ff.).

Summary and future developments

Based on the market environment and Deutsche Börse Group's business model, the Executive Board considers the risks for the Group to be limited and manageable. No significant changes in risk profile are expected in financial year 2005.

Significant events after the end of the 2004 financial year

Proposed preconditional offer for the London Stock Exchange

On 27 January 2005, Deutsche Börse AG announced details of its proposed preconditional cash offer to acquire in full the outstanding share capital of the London Stock Exchange (LSE). The offer is subject to the sole precondition that the Board of the LSE resolves to give an unqualified and unconditional recommendation to its shareholders to accept the offer. Deutsche Börse reserves the right to waive the above precondition in whole or in part.

Outlook

Environment for further business growth

Business development in the Xetra and Eurex trading segments remained heterogeneous at the start of the new year. Trading on the cash market was down on the prior-year market volumes: the number of electronic trades in January fell by 3 percent year-on-year to 6.4 million (January 2004: 6.7 million). The value of all equities traded also fell, by 6 percent to €83,299 million (January 2004: €88,280 million). In contrast, the number of contracts traded on the Eurex derivatives exchange rose by 4 percent over the very strong prior-year month to 95.2 million (January 2004: 91.4 million).

The environment for these business areas and for Clearstream's settlement and custody business is still feeling the impact of uncertainty about economic developments and diverging assumptions about prospects for the European capital markets.

Continued earnings growth

The Group's target for 2005 is EBITA (earnings before interest, taxes and goodwill amortization) of around €600 million, an increase of over 13 percent as against 2004 (€527.6 million). The growth is based essentially on three factors:

- lower depreciation and amortization expense after Clearstream's Creation platform was fully amortized at the end of 2004,
- the increase from 80 to 85 percent in the share in Eurex's earnings,
- the slight increase expected in sales revenue and net interest income, combined with strict cost controls.

Eurex US

Deutsche Börse Group expects business at Eurex US to continue to develop in 2005, mainly as a result of the introduction of new products such as the Russell Index Futures and the second phase of the Global Clearing Link between Eurex Clearing AG and The Clearing Corporation.

Employees

The number of employees is likely to increase by around 2 percent in the course of 2005, primarily due to the recruitment of IT specialists.

Investment and financing

The investments planned for 2005 amount to around €100 million, an increase of around 25 percent compared to the investments made in intangible assets and property, plant and equipment in 2004. The investments will mainly be made in the Clearstream and Eurex segments and probably financed with the positive cash flow from operating activities.

Consolidated Income Statement

for the period 1 January to 31 December 2004

	Note	2004 €m	2003 €m
Sales revenue	5	1,449.6	1,419.4
Net interest income from banking business	6	77.1	94.4
Own expenses capitalized	7	44.8	55.3
Other operating income	8	64.2	80.6
		1,635.7	**1,649.7**
Fee and commission expenses from banking business		–118.5	–117.0
Consumables used		–33.6	–35.4
Staff costs	9	–335.7	–317.7
Depreciation and amortization expense (other than goodwill)	10	–191.0	–198.0
Other operating expenses	11	–431.3	–453.3
Result from equity investments	12	2.0	–0.5
Earnings before interest, taxes and goodwill amortization (EBITA)		**527.6**	**527.8**
Goodwill amortization	15	–68.9	–75.2
Earnings before interest and taxes (EBIT)		**458.7**	**452.6**
Net financial result	13	–6.7	–4.5
Earnings before tax from ordinary activities (EBT)		**452.0**	**448.1**
Income tax expense	14	–197.8	–202.5
Net profit for the year		**254.2**	**245.6**
Minority interests		11.9	0.7
Net income[1]	40	**266.1**	**246.3**
Earnings per share (basic and diluted) (€)	40	**2.38**	**2.20**

[1] Profits that are assigned to the holding company's shareholders

Consolidated Balance Sheet

as at 31 December 2004

ASSETS	Note	2004 €m	2003 €m
NONCURRENT ASSETS	15		
Intangible assets			
Software		254.9	351.6
Goodwill		1,104.5	1,173.4
Payments on account and construction in progress		21.1	11.1
Other intangible assets		3.1	0
		1,383.6	**1,536.1**
Property, plant and equipment			
Land and buildings		124.7	132.5
Leasehold improvements		64.8	71.5
Computer hardware, operating and office equipment		56.1	69.9
Payments on account and construction in progress		0	54.7
		245.6	**328.6**
Financial assets and investment property			
Investments in associates		19.6	10.6
Other equity investments		14.2	26.1
Securities from banking business		355.2	384.5
Other financial instruments		10.1	9.5
Other loans		0.8	0.8
Investment property		114.7	54.0
		514.6	**485.5**
Total noncurrent assets excluding miscellaneous and deferred tax assets		**2,143.8**	**2,350.2**
Miscellaneous and deferred tax assets			
Deferred tax assets	16	1.2	3.4
Other noncurrent assets		17.7	15.3
		18.9	**18.7**
Total noncurrent assets		**2,162.7**	**2,368.9**
CURRENT ASSETS			
Receivables and other assets			
Current receivables and securities from banking business	18	4,583.4	4,047.3
Trade receivables	19	155.0	148.7
Associate receivables		0	2.3
Receivables from other investors		2.9	4.7
Income tax receivables		10.9	6.8
Other current assets	20	80.3	100.8
		4,832.5	**4,310.6**
Restricted bank balances	21	867.4	1,048.4
Other cash and bank balances		740.2	548.1
Total current assets		**6,440.1**	**5,907.1**
Total assets		**8,602.8**	**8,276.0**

EQUITY AND LIABILITIES	Note	2004 €m	2003 €m
EQUITY	22		
Subscribed capital		111.8	111.8
Share premium		1,330.2	1,330.2
Legal reserve and other retained earnings		868.5	760.2
Revaluation surplus		7.9	4.0
Unappropriated surplus		226.8	135.0
Shareholders' equity		**2,545.2**	**2,341.2**
Minority interest		7.3	12.3
Total equity		**2,552.5**	**2,353.5**
PROVISIONS			
Noncurrent provisions	24		
Provisions for pensions and other employee benefits	25	79.0	68.4
Deferred tax liabilities	26	63.2	79.4
Other noncurrent provisions	27	51.7	40.2
		193.9	**188.0**
Current provisions	24		
Tax provisions	28	72.0	162.2
Other current provisions	29	39.6	36.2
		111.6	**198.4**
Total provisions		**305.5**	**386.4**
LIABILITIES			
Noncurrent liabilities	30		
Interest-bearing liabilities	30	502.3	503.2
Other noncurrent liabilities		10.4	7.1
		512.7	**510.3**
Current liabilities	30		
Liabilities from banking business	31	4,186.5	3,899.9
Other bank loans and overdrafts		0	5.0
Trade payables		79.0	108.2
Payables to associates		1.3	0.9
Payables to other investors		4.0	4.5
Cash deposits by market participants	32	831.5	901.1
Other current liabilities	33	129.8	106.2
		5,232.1	**5,025.8**
Total liabilities		**5,744.8**	**5,536.1**
Total provisions and liabilities		**6,050.3**	**5,922.5**
Total equity and liabilities		**8,602.8**	**8,276.0**

Consolidated Cash Flow Statement

for the period 1 January to 31 December 2004

	Note	2004 €m	2003 €m
Net profit for the year		254.2	245.6
Depreciation and amortization expense		259.9	273.2
Increase in noncurrent provisions		22.1	6.4
Deferred tax income	14	–13.8	–3.8
Other non-cash (income)/expense		–0.7	1.1
Changes in working capital, net of non-cash items:			
Decrease/(increase) in receivables and other assets		13.3	–22.0
(Decrease)/increase in current provisions		–88.0	45.7
Decrease in noncurrent liabilities		–0.5	–0.6
Decrease in current liabilities		–6.4	–15.4
Net (profit)/loss on disposal of property, plant and equipment	8, 11	–0.5	0.4
Cash flows from operating activities	36	**439.6**	**530.6**
Payments to acquire noncurrent assets (excluding financial instruments)		–79.8	–176.9
Payments to acquire noncurrent financial instruments		–10.0	–63.9
Net increase in current receivables, securities and liabilities from banking business with an original term greater than three months		–31.4	–431.7
Proceeds from net disposals of available-for-sale noncurrent financial instruments		84.9	260.1
Proceeds from disposal of other noncurrent assets		2.8	0
Cash flows from investing activities	37	**–33.5**	**–412.4**
Net cash paid to minority shareholders		0	–9.7
Net repayment of short-term financing		0	–293.1
Finance lease payments		–2.0	–2.8
Repayment of long-term borrowings		–1.4	–3.6
Proceeds from long-term financing		0	497.5
Dividends paid		–61.4	–49.2
Cash flows from financing activities	38	**–64.8**	**139.1**
Net change in cash and cash equivalents		341.3	257.3
Cash and cash equivalents as at beginning of period[1]		362.1	104.8
Cash and cash equivalents as at end of period[1]	39	**703.4**	**362.1**
Operating cash flow per share (€)		3.93	4.75
Interest and income received from noncurrent financial assets		26.1	12.5
Interest paid		–28.4	–20.0
Income tax paid		–301.9	–170.8

[1] Excluding cash deposits by market participants

Consolidated Statement of Changes in Equity

for the period 1 January to 31 December 2004

	2004 €m	2003 €m
Subscribed capital		
Balance as at 1 January and 31 December	**111.8**	**111.8**
Share premium		
Balance as at 1 January and 31 December	**1,330.2**	**1,330.2**
Treasury shares		
Balance as at 1 January	0	0
Purchase within the Group Share Plan	–4.6	–6.8
Sale within the Group Share Plan	4.6	6.8
Balance as at 31 December	**0**	**0**
Retained earnings		
Balance as at 1 January	760.2	631.2
Appropriations from unappropriated surplus including any IAS adjustments	112.9	132.1
Decrease in carrying amount of equity-accounted investments taken directly to equity	–1.1	–2.5
Exchange rate differences and other adjustments	–3.5	–0.6
Balance as at 31 December	**868.5**	**760.2**
Revaluation surplus		
Balance as at 1 January	4.0	9.0
Increase in carrying amount of options related to share-based payments	0.6	0.2
Remeasurement of cash flow hedges	–0.6	–14.3
Remeasurement of other financial instruments	4.1	5.4
Deferred taxes on remeasurement of financial instruments	–0.2	3.7
Balance as at 31 December	**7.9**	**4.0**
Unappropriated surplus		
Balance as at 1 January	135.0	70.0
Dividends paid	–61.4	–49.2
Net income	266.1	246.3
Appropriation to retained earnings including any IAS adjustments	–112.9	–132.1
Balance as at 31 December	**226.8**	**135.0**
Minority interests		
Balance as at 1 January	12.3	23.1
Changes due to equity increases/reductions	6.9	–10.1
Changes due to share in net profit for the year	–11.9	–0.7
Balance as at 31 December	**7.3**	**12.3**
Equity as at 31 December	**2,552.5**	**2,353.5**

The result for the period (net income modified by profits and losses that are taken directly to equity) amounts to €265.9 million (2003: €238.0 million).

Notes to the Consolidated Financial Statements

Basis of Preparation

1. General principles

Deutsche Börse AG (the "Company") is incorporated as a German public limited company ("Aktiengesellschaft") and is domiciled in Germany. The Company's registered office is Neue Börsenstraße 1, 60487 Frankfurt/Main.

The consolidated financial statements for the year ended 31 December 2004 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) issued by the International Accounting Standards Board (IASB) as well as their interpretation by the International Financial Reporting Interpretations Committee (IFRIC – originated from the former Standing Interpretations Committee, SIC) and comply with the significant accounting policies of the Company as presented in these notes which had to be applied at the time of reporting. Following the issuance in December 2003 and during 2004 of IFRSs and of revised IASs, the Company opted to apply the following standards early:

IFRS 2	Share-based payment
IAS 1	Presentation of financial statements
IAS 2	Inventories
IAS 8	Accounting policies, changes in accounting estimates and errors
IAS 10	Events after the balance sheet date
IAS 21	The effect of changes in foreign exchange rates
IAS 24	Related party disclosures
IAS 27	Consolidated and separate financial statements
IAS 28	Investments in associates
IAS 31	Interests in joint ventures
IAS 32	Financial instruments: disclosure and presentation
IAS 33	Earnings per share
IAS 39	Financial instruments: recognition and measurement
IAS 40	Investment property

All new IFRSs and IASs are applicable from 1 January 2005 onwards.

The following IFRSs or revised IASs have not been adopted early:

IFRS 3	Business combinations
IFRS 4	Insurance contracts
IFRS 5	Non-current assets held for sale and discontinued operations
IAS 16	Property, plant and equipment
IAS 17	Leases
IAS 36	Impairment of assets
IAS 38	Intangible assets

IFRS 3 "Business combinations" is already applicable to business combinations with an agreement date after 31 March 2004. The Company has opted not to use the limited retrospective application possibility for past business combinations.

From 1 January 2005 onwards, with the application of IFRS 3 "Business combinations", IAS 36 "Impairment of assets" and IAS 38 "Intangible assets", the Company will cease amortizing goodwill.

Other new IFRSs and revised IASs are not expected to have a significant impact on the financial statements of the Company.

Whenever the first-time application of new standards requires restating comparative information, the Company has estimated the actual amount of the required restatement. Material amounts have been restated.

The consolidated financial statements for the year ended 31 December 2004 include the following differences in presentation compared with those applied in the previous year; comparative information for 2003 has been restated accordingly, where applicable:

Structure of the income statement

All losses from at equity participations have been included in the caption "result from equity investments". Consequently, the caption "impairment losses on noncurrent financial assets" has been dropped.

An additional subtotal "earnings before interest, taxes and goodwill amortization (EBITA)" has been shown in the income statement.

As a consequence of revised IAS 1, the profit for the year has been shown prior to the split into "minority interests" and "net income".

Structure of the balance sheet

In accordance with revised IAS 1, minority interests have been shown within equity, and income tax receivables have been presented under a separate caption.

In 2004, the Company netted deferred tax assets with liabilities when the conditions stated by IAS 12.74 were fulfilled.

Structure of the cash flow statement

In accordance with IAS 7, in 2004, finance lease payments have been disclosed separately under "cash flows from financing activities".

As a result of the changes made to the income statement, all non-cash income and expense from equity investments have been included under the caption "other non-cash (income)/expense".

2. Basis of consolidation

Deutsche Börse AG's interests in subsidiaries, associates and joint ventures as at 31 December 2004 are presented in the following tables. Unless otherwise stated, the financial information is presented in accordance with generally accepted accounting principles in the companies' countries of domicile. Fully consolidated subsidiaries as at 31 December 2004:

Company	Domicile	Equity interest as at 31 Dec. 2004 direct (indirect) %
Clearstream International S. A.	Luxembourg	100.00
Clearstream Banking S. A.	Luxembourg	(100.00)
Clearstream Banking AG	Germany	(100.00)
Clearstream Services S. A.	Luxembourg	(99.96)
Clearstream Services (UK) Ltd.[1]	UK	(99.96)
Clearstream Properties S. A.	Luxembourg	(100.00)
Filinks S. A. S.	France	(100.00)
Immobilière Espace Kirchberg A S. A.	Luxembourg	(100.00)
Immobilière Espace Kirchberg C S. A.	Luxembourg	(100.00)
Immobilière Espace Kirchberg D S. A.	Luxembourg	(100.00)
DeuBö Vermögensverwaltungs AG	Germany	100.00
Deutsche Börse Finance S. A.	Luxembourg	100.00
Deutsche Börse IT Holding GmbH	Germany	100.00
entory AG	Germany	(100.00)
Silverstroke AG	Germany	(100.00)
Xlaunch AG	Germany	(100.00)
Deutsche Börse Systems AG	Germany	100.00
Deutsche Börse Systems Inc.	USA	(100.00)
Deutsche Gesellschaft für Wertpapierabwicklung mbH i.L.	Germany	100.00
Eurex Zürich AG	Switzerland	49.97[4]
Eurex Frankfurt AG	Germany	(49.97)[4]
Eurex Clearing AG	Germany	(49.97)[4]
Eurex Repo GmbH	Germany	(49.97)[4]
Eurex Bonds GmbH	Germany	(38.45)[5]
U. S. Exchange Holdings Inc.	USA	(49.97)[6]
U. S. Futures Exchange L. L. C.	USA	(39.98)[7]
Infobolsa S. A.	Spain	50.00
Infobolsa Internet S. A. U	Spain	(50.00)
Difubolsa, Serviços de Difusão e Informaçao de Bolsa, S. A.	Portugal	(50.00)
Infobolsa Deutschland GmbH	Germany	(50.00)
Risk Transfer Re S. A.	Luxembourg	100.00

1) Financial information prepared in accordance with IFRSs/IASs
2) Thousands
3) Before profit transfer or loss absorption
4) Beneficial interest in profit or loss: 79.99 percent; as of 1 January 2005: 84.99 percent
5) Beneficial interest in profit or loss: 61.55 percent; as of 1 January 2005: 65.40 percent
6) Beneficial interest in profit or loss: 84.99 percent
7) Beneficial interest in profit or loss: 67.99 percent. Minority shareholders' share of losses is limited to their investment in equity.

Ordinary share capital	Equity	Total assets	Sales revenue 2004	Net profit/loss 2004	First consolidated
€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	
25,000	720,501	767,272	82,426	101,023	2002
56,056	164,551	4,955,863	340,670	67,799	2002
25,000	90,982	654,900	203,645	32,694	2002
30,000	55,871	164,081	249,001	6,552	2002
GBP[2] 0	GBP[2] 6,953	GBP[2] 7,909	GBP[2] 98	GBP[2] 129	2002
1,700	25,447	124,699	6,675	–1,462	2002
4,113	3,581	3,733	117	–677	2002
73	1,923	45,139	5,180	1,420	2002
54	1,697	30,953	3,873	735	2002
52	360	50,339	2,979	443	2002
2,610	2,742	2,742	0	51	2002
125	2,076	713,192	0	1,891	4 Apr. 2003
1,000	56,076	59,876	0	–26,759[3]	2002
8,000	7,563	20,139	63,679	–3,790[3]	2001
300	415	1,297	2,006	24	2001
500	4,000	4,354	1,665	220[3]	2000
2,000	2,415	128,764	261,352	84,457[3]	1993
USD[2] 400	USD[2] 1,601	USD[2] 2,748	USD[2] 0	USD[2] 263	2000
540	451	452	0	1	2002
CHF[2] 10,000	CHF[2] 65,160	CHF[2] 88,447	CHF[2] 1,155	CHF[2] 280	1998
6,000	35,028	76,368	1,545	–2,926	1998
5,113	9,410	831,586	0	994[3]	1998
100	550	1,584	1,841	–2,982[3]	2001
3,600	2,704	3,402	3,186	–1,880	2001
USD[2] 1,000	USD[2] 50,612	USD[2] 50,773	USD[2] 0	USD[2] –3,889	30 Sep. 2003
USD[2] 43,550	USD[2] –5,246	USD[2] 18,855	USD[2] 3,550	USD[2] –48,200	30 Sep. 2003
331	10,189	11,487	9,554	223	2002
60	124	248	839	11	2002
50	106	345	480	5	2002
100	702	1,898	701	–1,123	1 Mar. 2003
1,225	1,225	1,267	0	0	6 Oct. 2004

Associates and joint ventures carried at equity as at 31 December 2004 in accordance with IAS 28 or IAS 31:

Company	Equity interest as at 31 Dec. 2004 direct (indirect) %	Ordinary share capital € thous.	Equity[1] € thous.	Total assets[1] € thous.	Sales revenue 2004[1] € thous.	Net profit/loss 2004[1] € thous.	Associated since
FDS Finanz-Daten-Systeme GmbH & Co. KG	50.00	19,451	3,100	3,173	1,540	641	1998
FDS Finanz-Daten-Systeme Verwaltungs GmbH	(50.00)	26	32	37	6	–4	1998
NEWEX Kapitalmarktberatungs-gesellschaft m.b.H.	50.00	70	3,912	9,179	2,920	2,888	1999
STOXX Ltd.	33.33	612	11,449	22,853	24,320	8,997	1997
European Energy Exchange AG	(11.60)	40,050	25,473	60,379	15,962	–2,998	1999
International Index Company Ltd.	17.95	9,200	4,809	8,668	4,943	339	2001
The Clearing Corporation Inc.	(7.14)[2]	50,876[3]	78,694[3]	142,494[3]	5,980[3]	–28,966[3]	1 Jan. 2004

[1] Preliminary figures
[2] Indirect beneficial interest in profit or loss: 12.15 percent
[3] USD thousands

Due to its insignificance for the presentation of a true and fair view of the Group's net assets, financial position and results of operations, the following associate was carried at cost:

Company	Equity interest as at 31 Dec. 2004 direct (indirect) %	Ordinary share capital € thous.	Equity[1] € thous.	Total assets[1] € thous.	Sales revenue 2004[1] € thous.	Net profit/loss 2004[1] € thous.	Associated since
Deutsche Gesellschaft für Ad hoc-Publizität mbH	33.33	330	1,013	1,464	2,521	121	1996

[1] Preliminary figures

Changes in the basis of consolidation (number of companies consolidated) are presented in the following table:

Fully consolidated subsidiaries	Germany	Foreign	Total
As at 1 January 2004	17	18	35
Additions	0	1	1
Disposals	–4	–1	–5
As at 31 December 2004	**13**	**18**	**31**

In the year under review, the following companies were merged: Cedel International S.A. with Clearstream International S.A.; Xlaunch 1. Verwaltungsgesellschaft mbH and Xlaunch 2. Verwaltungsgesellschaft mbH with Xlaunch AG; Finnovation GmbH with entory AG; and finally Fördergesellschaft für Börsen und Finanzmärkte in Mittel- und Osteuropa mbH with DeuBö Vermögensverwaltungs AG.

Risk Transfer Re S.A. was established as a new subsidiary of Deutsche Börse AG. iBoxx Ltd. was renamed International Index Company Ltd.

Deutsche Börse AG's direct equity interest in Eurex Zürich AG, including the 0.02 percent interest held by members of its Executive Board, amounts to 49.97 percent. On the basis of the profit participation rights granted to Deutsche Börse AG – comprising not only a three-fold dividend right, but also a corresponding share in any liquidation proceeds – its actual beneficial interest in Eurex Zürich AG's profit or loss was 79.99 percent until 31 December 2004. Capital consolidation is based on this figure. From 1 January 2005, Deutsche Börse AG's beneficial interest has increased to 84.99 percent. After allowance for voting trust and pooling arrangements, the share of voting rights is 50 percent.

As at 31 December 2004, Eurex subgroup's US activities comprised a 100 percent stake in U.S. Exchange Holdings Inc., which is fully consolidated and holds an 80 percent stake in U.S. Futures Exchange L.L.C. (Eurex US) and a 14.29 percent stake in The Clearing Corporation Inc. (CCorp). Due to the ability to participate in decisions on appointments to the Board of Directors and the significant volume of transactions settled via CCorp, this company is carried at equity in the consolidated financial statements in accordance with IAS 28.7. These investments are held by Eurex Frankfurt AG, thus reducing the overall indirect stake in these companies accordingly.

The reporting date of the single-entity financial statements of the companies consolidated is the same as the reporting date of the consolidated financial statements.

3. Accounting policies

The annual financial statements of subsidiaries have been prepared on the basis of common groupwide accounting principles based on IFRS/IAS that are described in detail in this note. The single-entity financial statements of associates have not been adjusted to comply with uniform Group accounting policies.

Revenue recognition

Trading, clearing and settlement fees are recognized immediately at the trade date and billed on a monthly basis. Custodian fees, as well as fees from the sale of information services and system operation services, are generally recognized ratably and billed on a monthly basis.

Revenue of the entory subgroup relating to contracts on fixed-price software development or other services is recognized using the percentage of completion method. In accordance with IAS 11.30 or IAS 18.24 respectively, revenue is recognized in the proportion of the contract costs incurred for work performed to the estimated total contract costs.

Intangible assets

Purchased intangible assets are carried at cost and reduced by systematic amortization. Amortization is charged using the straight-line method over the expected useful life or until the proprietary right in question has expired. Expected useful lives are presented in the following table:

Assets	Amortization method	Amortization period	Recognition
Purchased goodwill	Straight-line	7 or 20 years	Ratable
Standard software	Straight-line	3 to 10 years	Ratable
Purchased custom software	Straight-line	4 to 6 years	Ratable
Internally developed custom software	Straight-line	5 years	Ratable

Purchased goodwill, including goodwill from the first-time consolidation of subsidiaries, is capitalized and amortized. The current value of purchased goodwill is regularly tested for impairment in accordance with IAS 36, and impairment losses are charged where required. During 2003, the expected useful life of the goodwill arising from the acquisition of entory AG was reduced from 20 years to 7 years.

Research costs are expensed in the period in which they are incurred. Development costs are capitalized at production cost, provided that they satisfy the recognition criteria set out in IAS 38. These development costs include direct labour (internal staff and external consultants) and workstation costs, including proportionate overheads such as software development environment costs. Borrowing costs are not included in production costs. Capitalized development costs are principally amortized over the expected useful life of five years, starting on the date of first use.

Software that is no longer used, or whose future useful life is shorter than originally assumed, is written down.

Property, plant and equipment

Property, plant and equipment is carried at cost and reduced by depreciation for wear and tear. Property, plant and equipment is depreciated over the following expected useful lives:

Assets	Amortization method	Amortization period	Recognition
Computer hardware	Straight-line	3 to 4 years	Ratable simplification method
Office equipment	Straight-line/ declining balance	5 to 25 years	Ratable simplification method
Improvements to leaseholds and own property	Straight-line	Based on lease term or 10 years for own property	Ratable
Buildings	Straight-line	40 years	Ratable
Land	Not depreciated	n.a.	n.a.

Until 31 December 2003, under the simplification method, investments made in the first six months of a year were charged a full year's depreciation charge; investments in the second six months were charged a depreciation charge for six months. Since 1 January 2004, investments made during one month are depreciated from the first day of this month, pro-rata the actual number of months.

Purchased low-value assets are written off immediately. Repair and maintenance costs are expensed as incurred. The cost of refurbishment and significant improvements is capitalized.

Leased plant and equipment is recognized in accordance with IAS 17. Unless the criteria for classification as operating leases are satisfied, leases are considered as finance leases. In this case, leased assets are capitalized and depreciated and a finance lease liability is recognized.

Recognition of financial assets and liabilities

Financial assets and liabilities are recognized when a Group company becomes a party to the contractual provisions of the instrument.

With the exception of receivables and liabilities from banking business, all financial assets and liabilities are recognized on the trade date.

Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows expire or when substantially all the rights and rewards of ownership of the financial assets are transferred.

Financial liabilities are derecognized when the obligations specified in the contracts are discharged, cancelled or have expired.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and only the net amount is presented in the balance sheet when the Company currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Noncurrent financial assets and investment property

There are five categories of noncurrent financial assets: investments in associates, other equity investments, securities from banking business, other noncurrent financial instruments, and other loans. All financial instruments are initially measured at cost, including transaction costs. Subsequent to initial recognition, the measurement of financial instruments depends on the type of instrument as described below.

Investments in associates consist of investments in joint ventures and other associates. Joint ventures and other associates are generally carried at equity in accordance with IAS 31.38 or IAS 28.13. Where joint ventures or other associates are not measured at equity, they are carried at cost because of their insignificance.

Other equity investments are equity interests of less than 20 percent that are designed to establish a permanent relationship with the company concerned and no significant influence based on the criteria set out in IAS 28.7 exists. In accordance with IAS 39.46, such financial assets are measured at their fair values, based on current market prices. Where such a current market price is unavailable and alternative valuation methods are inappropriate, such investments are carried at cost subject to an impairment review.

Securities from banking business are described in further detail below.

Other noncurrent financial instruments are classified as available-for-sale financial assets and carried at their fair values in accordance with IAS 39, based on market prices. Discounted cash flow methods are applied where a current market price is not available. Discount rates used are based on market interest rates for financial instruments having substantially the same terms and characteristics.

In accordance with IAS 40, the Group has chosen the cost model to measure its investment property. Consequently, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses. As at 31 December 2004, investment property related to unused land and two buildings leased to third parties, except for a minor part of one building which is used by the Clearstream subgroup. Investment property is depreciated in line with the guidelines applied to property, plant and equipment.

Receivables, securities and liabilities from banking business

The financial instruments contained in the receivables and securities from banking business as well as in the liabilities from banking business are accounted for in accordance with IAS 39.

"Financial assets at fair value through profit and loss" are recognized at trade date. This category of financial assets includes financial assets held for trading. Such instruments are held for the purpose of generating trading profit in the short term, or are derivatives not classified as hedging instruments under IAS 39.

Loans and receivables are recognized at payment date. This category includes loans created by providing funds to a debtor. It also includes reverse repurchase agreements, i.e. securities purchase agreements under which essentially identical securities will be resold at a certain date in the future at an agreed price. Such agreements are treated as secured fixed-term deposits. The amounts paid are reported as loans to other banks and customers. The difference between the purchase price and the repurchase price is accrued over the period of the transaction and is contained in interest income from banking business.

Available-for-sale financial assets (financial assets other than at fair value through profit and loss or loans and receivables) are recognized at settlement date.

Subsequent to initial recognition, all financial assets at fair value through profit and loss and available-for-sale financial assets are remeasured at their fair values. Exceptions to this rule relate to assets whose fair value cannot be reliably determined. Such assets were recognized at cost, less any write-downs for impairment.

All financial liabilities not held for trading, originated loans and receivables, and held-to-maturity investments are carried at amortized cost, less any write-downs for impairment. Premiums and discounts are contained in the amortized cost of the instrument concerned and are amortized using the effective interest method.

Derivative instruments and hedges

Derivatives are used to hedge interest rate risk or foreign exchange risk associated with the activities of the Group.

All derivatives are carried at their fair values.

Hedge accounting is applied for derivatives that are part of a hedging relationship determined to be highly effective under IAS 39, as follows:

Cash flow hedges:
The portion of the gain or loss on the hedging instrument determined to be highly effective is recognized directly in equity. This gain or loss eventually adjusts the value of the hedged cash flow. The ineffective portion of the gain or loss is recognized immediately in the income statement.

Fair value hedges:
The gain or loss on the hedging instrument, together with the gain or loss on the hedged item attributable to the hedged risk, is recognized immediately in the income statement. The gain or loss on the hedged item adjusts its carrying amount.

Gains or losses on derivative instruments that are not part of a highly effective hedging relationship are recognized immediately in the income statement.

Impairment testing
In accordance with IAS 36, noncurrent assets are tested for impairment. If there are indications of impairment or if it is otherwise required as a result of IAS 36 or IAS 38, the recoverable amount is estimated based on discounted expected pre-tax future cash flows.

For this purpose, discount rates are estimated based on the prevailing pre-tax weighted average cost of capital adjusted for the specific risks for the asset.

If the estimated recoverable amount is lower than the carrying amount, an impairment loss is recognized, and the net book value of the asset is reduced down to its estimated recoverable amount.

Recognition of measurement adjustments
Changes in the measurement of other equity investments and financial assets at fair value through profit and loss within receivables and securities from banking business are included within profit for the year. Changes in the measurement of investments in associates, other than exchange rate differences, are included within profit for the year. Changes in the measurement of investments in associates arising from exchange rate differences are recognized directly in equity. Changes in the measurement of other noncurrent financial instruments, other noncurrent loans and available-for-sale financial assets held within receivables and securities from banking business are taken directly to shareholders' equity until realized, or until an impairment loss is recognized, at which time the cumulative gain or loss previously taken to equity is included in the profit for the year.

Other current assets
Receivables, other assets, and cash and cash equivalents are carried at their principal amount. Adequate valuation allowances take account of identifiable risks.

Loans and receivables are classified as financial assets originated by the enterprise.

Restricted bank balances include cash deposits by market participants which are invested overnight mainly in the form of reverse repurchase agreements with banks. Such agreements are treated as secured fixed-term deposits.

Provisions

Provisions for pension obligations are measured using the projected unit credit method on the basis of actuarial reports, in accordance with IAS 19. The obligations are measured at the balance sheet date each year using actuarial methods that conservatively estimate the relevant parameters. The pension benefits expected on the basis of projected salary growth are spread over the remaining length of service of the employees. The calculations are based on generally accepted industry mortality tables.

The following assumptions were applied to the calculation of the actuarial obligations for the pension plans:

	31 Dec. 2004 %	31 Dec. 2003 %
Discount rate	4.75	5.5
Expected return on plan assets	4.75	5.5
Salary growth	2.5	3.5
Pension growth	1.75	2.0
Staff turnover rate[1]	2.0	2.0

[1] No turnover assumed for employees over the age of fifty years and regarding deferred compensation plans

Retirement provision for Group employees is ensured by a variety of retirement benefit plans, the use of which varies from country to country.

To standardize retirement provisions for employees of Deutsche Börse Group in Germany (excluding entory subgroup employees, members of the executive boards of all Group companies and the Group's Managing Directors), a deferred compensation plan was introduced effective 1 July 1999. Since this date, new commitments are only entered into on the basis of this deferred compensation plan; the existing pension plans were closed as at 30 June 1999 for new staff. Employees with pension commitments on the basis of the old retirement benefit arrangements were given an option to participate in the deferred compensation plan by converting their existing pension rights. For members of the executive boards of Group companies and for Managing Directors of the Group single commitment plans exist.

A new scheme for the retirement provisions for senior managers and new members of the executive boards was agreed and partly implemented. The new benefits are based on performance and no longer exclusively on the principle of supplying benefits. The old pension system based on pensionable income is being replaced by a "capital component system". This system builds on annual received income comprised of both the fixed annual salary and the variable remuneration paid. Thus the individual professional performance is directly reflected in the future pension payments. Every year, the Company contributes an amount that corresponds to a certain percentage of the pensionable income. This amount is multiplied by a capitalization factor depending on age, resulting in the "annual capital component". The benefits capital equals the total of the capital components of the individual years and is converted into a lifelong pension once the benefits fall due.

The employees of the Clearstream subgroup in Luxembourg and the employees of the entory subgroup participate in separate defined benefit pension plans.

Deutsche Börse Group recognizes a portion of its actuarial gains and losses as income or expense if the net cumulative unrecognized actuarial gains or losses of each company at the end of the previous reporting period have exceeded the greater of 10 percent of the present value of the defined benefit obligation before deduction of plan assets and 10 percent of the fair value of plan assets. The portion of actuarial gains and losses recognized is the excess determined above, divided by the expected average remaining working lives of the employees participating in the retirement benefit plans.

Except in the case of the Clearstream subgroup in Luxembourg, Deutsche Börse Group does not use an external fund to cover its pension obligations. Rather, on a yearly basis, it establishes a provision in the amount of the annual net pension expense for which the Group companies are liable on the basis of their pension obligations. The pension obligations of Deutsche Börse Group are secured in part by reinsurance policies. The capitalized surrender value of these reinsurance policies is carried under other noncurrent assets.

The defined benefit pension plan in favour of Luxembourg employees of the Clearstream subgroup is wholly or partly funded by means of cash contributions to an “Association d’épargne pension” (ASSEP) organized in accordance with Luxembourg law. Contributions may or may not cover the entire provisions calculated as per IAS 19, but they must cover pension provisions as determined under Luxembourg law.

There are defined contribution pension plans for employees working in Germany, Switzerland, the UK and the USA. The employer pays contributions to these employees’ private pension funds.

In accordance with IAS 37, the other provisions take account of all identifiable risks and uncertain obligations and are measured in the amount of the probable obligation.

Group Share Plan and phantom stock option plan

Accounting for the Group Share Plan and the phantom stock option plan follows IFRS 2 "Share-based payment".

Group Share Plan:
The cost of shares granted to employees at a discount is recognized in the income statement at the time of grant.

Options granted follow the accounting principles for equity-settled share-based payments. Until 2003, cost, estimated using an option pricing model, was recognized in the income statement over the two-year vesting period, with a corresponding increase in provisions. Following the implementation of IFRS 2, cost is recognized in the income statement over the two-year vesting period, with a corresponding increase in equity. Comparative financial information has been restated.

Phantom stock option plan:
Options granted follow the accounting principles for cash-settled share-based payments. Until 2003, cost, being the current value of the options assuming they were exercised immediately, was immediately recognized in the income statement with a corresponding increase in provisions. Following the implementation of IFRS 2, the cost of the options has been estimated using an option pricing model. Comparative financial information has not been restated because the impact of the correction on prior years is not material. The impact of the revised valuation has been fully recognized in the income statement for 2004.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed using the balance sheet approach in accordance with IAS 12. The deferred tax calculation is based on temporary differences between the carrying amounts in the tax accounts and the carrying amounts in the IFRS/IAS financial statements that lead to a future tax liability or benefit when assets are used or sold or liabilities are settled. The deferred tax assets or liabilities are measured using the tax rates expected to apply when the temporary differences reverse.

Financial liabilities

Financial liabilities that are not held for trading purposes are carried at their amortized cost. Such liabilities include commercial paper and bonds issued by the Group.

Capital consolidation

Capital consolidation uses the purchase method of accounting by eliminating acquisition costs against the acquiree's equity attributable to the parent company at the acquisition date. The acquirees' balance sheet items are recognized at fair value, and a corresponding item for minority interests is recognized if appropriate. Any remaining excess of acquisition costs over net assets acquired is recognized in intangible assets as goodwill and amortized against income over its expected useful life. Negative goodwill from first-time consolidation is allocated to reserves. In the event of permanent impairment, any goodwill carried as an intangible asset is immediately written down to income.

Other consolidation adjustments

Intragroup assets and liabilities are eliminated. Income arising from intragroup transactions is eliminated against the corresponding expenses. Profits or losses arising from deliveries of intragroup goods and services are eliminated. Dividends distributed within the Group are eliminated. Deferred tax assets or liabilities are recognized for consolidation adjustments where these are expected to reverse in subsequent years.

Investments in subsidiaries in non-EMU countries, as well as investee equity items, are translated at historical exchange rates. Currency translation differences arising from capital consolidation are taken directly to retained earnings.

In accordance with IAS 21, income statement items are translated using average exchange rates. Balance sheet items are translated at the closing rates. The following euro exchange rates have been used:

		Average rate 2004	Average rate 2003	Closing rate 31 Dec. 2004	Closing rate 31 Dec. 2003
Schweizer Franken	CHF	1.5439	1.5320	1.5428	1.5544
US-Dollar	USD	1.2558	1.1646	1.3628	1.2566
Britisches Pfund	GBP	0.6814	0.6970	0.7066	0.7048

Interests in equity attributable to minority shareholders are carried under “minority interests”, within equity.

Currency translation

In accordance with IAS 21, foreign currency transactions are translated at the middle rate prevailing at the transaction date.

At the balance sheet date, for operations whose functional currency is euro, monetary balance sheet items are measured at the exchange rate at the balance sheet date, while non-monetary balance sheet items are measured at historical cost. Currency translation differences are recorded as income or expense in the period in which they arise unless the underlying transactions are hedged. Such items of income or expense are contained in other operating income or expenses, as appropriate.

Assets and liabilities of companies whose functional currency is not euro are translated into euro at the closing rate. Income and expenses are translated at the middle rate prevailing at the transaction date. Resulting exchange differences are recognized directly in equity, under retained earnings.

4. Significant differences in the financial reporting of Deutsche Börse Group between the IFRSs/IASs and the German Commercial Code (HGB)

Because Deutsche Börse Group does not prepare consolidated financial statements in accordance with the HGB, it is not possible to estimate the amount of any differences between net profit and total assets in these financial statements and comparable HGB financial statements.

Intangible assets

In contrast to the HGB, internally generated intangible assets are required to be capitalized when IAS 38 criteria are satisfied. The software development expenses of Deutsche Börse Group are capitalized at cost.

Financial instruments

The HGB prohibits financial investments from being remeasured at an amount higher than the original acquisition cost. IAS 39.46 generally requires financial assets to be measured at their fair values, even if this means carrying financial investments at an amount higher than their original acquisition cost. According to IFRS/IAS, changes in the estimated fair value of financial instruments available-for-sale are taken directly to equity.

Under the HGB, other interest rate derivatives remain unmeasured, as they are open contracts. In accordance with IAS 39, all derivatives are accounted for at their fair value through the income statement.

Pension provisions

Pension obligations are liabilities of uncertain timing and amount. Therefore, the HGB requires provisions for direct pension obligations to be recognized at their net present value using the German entry age normal method in accordance with section 6a of the EStG (Einkommensteuergesetz – German Income Tax Act). The IFRSs/IASs require both direct and indirect obligations to be taken into account in measuring pension provisions. Measurement reflects future economic and demographic trends. The discount rate is based on the current capital market interest rate. The pension obligations are based on the projected unit credit method.

Deferred taxes

Under the HGB, deferred taxes are computed using the income statement method. Companies have an option to carry deferred taxes as assets in their single-entity financial statements. The IFRSs/IASs require deferred taxes to be computed using the balance sheet approach, and also require the recognition of deferred tax assets. In accordance with IAS 12.74, deferred tax assets and deferred tax liabilities should be offset where applicable.

Revenue recognition

Under the HGB, revenue from construction contracts is recognized when the contract is completed. Under the IFRSs/IASs, these revenues are recognized using the percentage of completion method.

Costs of equity increases and bond issues

The HGB requires the cost of raising equity or debt to be expensed. In accordance with the IFRSs/IASs, external costs directly attributable to an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. Costs of bond issues are deducted from the proceeds and then amortized over the life of the bonds issued.

Amortization of purchased goodwill

Under the HGB, there is an option to capitalize goodwill from first-time consolidation, or to deduct it from reserves on the face of the balance sheet. If goodwill is capitalized, it is amortized either over four years or over the expected useful life. Under the IFRSs/IASs, purchased goodwill must be amortized over its useful life. The amortization period should reflect the best estimate of the period during which future economic benefits are expected to flow to the enterprise. There is a rebuttable presumption that the useful life of goodwill will not exceed 20 years from the date of initial recognition.

Group Share Plan and phantom stock option plan

Under the HGB, stock options are carried at their intrinsic value and reported in the balance sheet as provisions. In accordance with IFRS 2, options are carried at their fair value on the balance sheet date if cash-settled, and at their fair value at the grant date if they are or may be equity-settled. The resulting staff costs are distributed over the vesting period and taken directly to equity.

Consolidated Income Statement Disclosures

5. Sales revenue

A breakdown of external sales revenue by segment is presented below:

	2004 €m	2003 €m
Xetra		
Xetra trading fees	108.9	114.0
Floor trading fees	45.9	47.8
Clearing and settlement fees	41.0	30.4
Listing fees	13.1	10.1
Income from cooperation agreements	5.1	5.5
Other sales revenue	2.3	4.5
	216.3	**212.3**
Eurex		
Trading and clearing fees	397.3	384.2
Other sales revenue	10.1	25.4
	407.4	**409.6**
Market Data & Analytics[1]		
Sales of price information	94.0	94.5
Other sales revenue	27.7	27.4
	121.7	**121.9**
Clearstream		
Custody fees	366.6	349.6
Transaction fees	117.4	106.9
Global Securities Financing	35.9	39.3
Other sales revenue	58.9	47.9
	578.8	**543.7**
Information Technology		
Systems development	57.2	54.9
Systems operation	68.2	77.0
	125.4	**131.9**
Total sales revenue	**1,449.6**	**1,419.4**

[1] Until 31 December 2004 the segment was named Information Services.

Xetra and Eurex sales revenue is composed principally of trading and clearing revenue that is charged as fee per transaction or per contract. The Eurex trading and clearing fees represent the contractual 80 percent (2003: 80 percent) of transaction fees invoiced by Eurex Clearing AG. The remaining 20 percent (2003: 20 percent) are paid to SWX Swiss Exchange and are not included in the Deutsche Börse Group financial statements.

The tariff structure applied for trading on the Xetra electronic market was changed in April 2003 with the implementation of the central counterparty for equities (Equity CCP) and remained applicable throughout 2004. The fee structure applies a value-based trading fee per transaction, plus a separate flat fee per partial settlement for clearing and settlement. Other sales revenue includes revenue from training and events.

Eurex recorded a 5 percent increase in traded contracts to 1,066 million (2003: 1,015 million), while sales revenue fell slightly. Besides a price reduction from 1 January 2004 on Finnish equity options, the decrease in sales revenue was due mainly to the €18.2 million decline in license revenue from the partnership with the Chicago Board of Trade (CBOT), which the U.S. Futures Exchange L.L.C. (Eurex US), launched on 8 February 2004, was unable to fully offset.

Market Data & Analytics generated most of its sales revenue from the sale of price information that is sold per terminal. Other revenue is generated by index license income and the transmission of securities information.

The sales revenue of the Clearstream segment rose by 6 percent to €578.8 million (2003: €543.7 million) due to higher custody and transaction revenue. The 5 percent rise in custody revenue is the result of the increase in the value of securities held in custody to €7.6 trillion (2003: €7.3 trillion). Despite a fall in the number of transactions (2004: 46.1 million versus 2003: 50.6 million; both excluding CCP transactions), transaction revenue rose by 10 percent. The background to this was the increased percentage of (higher priced) international transactions.

Information Technology develops and operates systems for internal and external customers. External revenue fell by 5 percent to €125.4 million (2003: €131.9 million). This was due to the loss of €28.6 million of revenue with the CBOT, which was not fully offset by an increase in business with dwpbank (Deutsche WertpapierService Bank AG) and European Energy Exchange AG, totalling €21.5 million. External fixed price development contracts amounted to €8.3 million in 2004 (2003: €7.8 million).

6. Net interest income from banking business

Net interest income from banking business is composed of the following items:

	2004 €m	2003 €m
Gross interest income	124.1	160.7
Interest expense	–47.0	–66.3
Net interest income from banking business	**77.1**	**94.4**

Due to lower average interest rates, net interest income from banking business declined by 18 percent year-on-year to €77.1 million.

7. Development costs and own expenses capitalized

Own expenses capitalized relate solely to development costs of internally developed software, involving the following systems and projects in the individual segments:

	Development costs		of which own expenses capitalized	
	2004 €m	2003 €m	2004 €m	2003 €m
Xetra				
Equity Central Counterparty, CCP 2.0, FI-CCP[1]	14.8	12.0	6.6	1.7
Xetra software	4.7	0.9	2.9	0.6
	19.5	**12.9**	**9.5**	**2.3**
Eurex				
Eurex software	14.2	14.5	10.8	12.2
Eurex US software	8.9	13.8	8.0	10.8
Integrated Clearer[1]	0.9	0.1	0.9	0.1
Equity options software	0	4.2	0	4.2
	24.0	**32.6**	**19.7**	**27.3**
Market Data & Analytics				
Consolidated Exchange Feed (CEF)	4.8	5.3	0	2.1
Infobolsa	0.5	0.9	0.5	0.9
Index-Engine Releases	0	0.4	0	0
	5.3	**6.6**	**0.5**	**3.0**
Clearstream				
Connectivity – Cedcom	13.6	17.7	8.4	10.6
Daytime Bridge	10.8	8.4	5.6	5.3
Funds Distribution	6.0	1.3	4.1	0.1
Custody	4.8	3.8	3.2	1.8
Clearing & Settlement	4.0	2.4	2.1	1.8
New German Settlement Model	3.9	0	2.3	0
Reference Data Factory	2.4	0.2	0.9	0
NCB Link	0	13.4	0	11.2
Umbrella Credit	0	6.3	0	4.5
Other	3.5	0.6	2.1	0.6
	49.0	**54.1**	**28.7**	**35.9**
Information Technology				
Xentric	0.1	1.8	0.1	0.4
	0.1	**1.8**	**0.1**	**0.4**
Total of all segments	**97.9**	**108.0**	**58.5**	**68.9**

[1] The Equity Central Counterparty, CCP 2.0, FI-CCP and Integrated Clearer systems are managed as part of a joint project; the development costs were allocated to the Xetra and Eurex segments on the basis of the resources used.

After eliminating intercompany profits of €13.7 million (2003: €13.6 million), own expenses capitalized amounted to €44.8 million (2003: €55.3 million).

Research costs not capitalized in the Information Technology segment in 2004 totalled €2.4 million (2003: €2.8 million).

8. Other operating income

Other operating income is composed of the following items:

	2004 €m	2003 €m
Income from agency agreements	36.3	32.0
Rental income from sublease contracts	7.8	8.4
Rental income from investment property	5.9	3.3
Income from the release of other provisions and liabilities	4.4	13.6
Foreign currency income	3.6	7.1
Profit on disposal of property, plant and equipment	0.7	0.3
Recoveries under insurance policies	0.5	6.2
Miscellaneous	5.0	9.7
Total other operating income	**64.2**	**80.6**

The income from agency agreements results mainly from the operational management of the Eurex Zürich derivatives market for SWX Swiss Exchange.

Miscellaneous other operating income relates to income from cooperation agreements and from training as well as the restatement of the revaluation surplus from Clearstream first-time consolidation (shown under result from equity investments in 2003) among other things.

Part of the Group's rented offices are sublet to third parties. Rental income expected from these sublease contracts is as follows:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Up to 1 year	5.6	3.6
1 to 5 years	5.0	5.4
More than 5 years	0.1	0
Total	**10.7**	**9.0**

9. Staff costs

Staff costs are composed of the following items:

	2004 €m	2003 €m
Wages and salaries	280.9	268.8
Social security contributions, retirement and other benefits	54.8	48.9
Total staff costs	**335.7**	**317.7**

In 2004, wages and salaries expense rose by 4.5 percent to €280.9 million due mainly to the 1.0 percent increase in the average number of employees and the average 2.6 percent increase in compensation. Wages and salaries also contain expenses of €3.0 million (2003: €3.1 million) relating to the Group Share Plan and stock option programs (see also note 47).

Of the social security contributions, retirement and other benefits €4.4 million related to contributions to defined contribution pension plans (2003: €3.9 million).

The rise in social security contributions, retirement and other benefits is due mainly to the €10.6 million increase in pension provisions (2003: increase of €3.9 million); this includes the normal increase in provisions for occupational pension provision and one-time expenses resulting from the reorganization of the pension plans for senior executives including Managing Directors and new Executive Board members.

10. Depreciation and amortization expense (other than goodwill)

The depreciation and amortization expense (other than goodwill) may be analysed as follows. For details on the impairment losses see also notes 15 and 41.

	2004 €m	2003 €m
Intangible assets	139.5	145.2
Property, plant and equipment	45.3	51.0
Investment property	6.2	1.8
Total depreciation and amortization expense (other than goodwill)	**191.0**	**198.0**

The decrease in depreciation of intangible assets is the result of the decline over several years in the capitalized investments.

The strong increase in investments during 2000 (for example, related to leasehold improvements, operating and office equipment in conjunction with the “Neue Börse” building, the Company’s new domicile in Frankfurt) led to higher depreciation on property, plant and equipment until 2003.

Depreciation on investment property rose to €4.7 million (2003: €1.8 million) due to the completion in March 2004 of the Luxembourg building “The Square D”. The remaining €1.5 million depreciation related to a revaluation loss on land held for sale. The revaluation was performed by a real estate assessor.

11. Other operating expenses

Other operating expenses are composed of the following items:

	2004 €m	2003 €m
Consulting costs	91.0	109.5
Premises expenses	73.9	83.3
IT costs	55.8	61.1
Advertizing and marketing costs	29.6	14.6
Non-recoverable input tax	29.2	29.6
Communication costs (including network costs)	24.8	26.7
Purchase of price information	24.0	18.2
Xontro system operation	13.9	16.5
Travel, entertainment and corporate hospitality expenses	13.9	12.6
Insurance premiums, contributions and fees	13.4	15.1
Cost of agency agreements	10.7	8.5
Non-wage labour costs and voluntary social benefits	9.9	9.1
Fees payable to Helsinki Exchange Ltd. Oy	6.2	9.4
Rent and leases (excluding IT)	4.5	6.5
External labour	4.0	5.1
Postage and transport costs	2.5	2.5
Valuation allowances and bad debt losses	1.9	1.2
Maintenance (excluding IT)	1.8	1.7
Office supplies	1.7	2.1
Loss on disposal of property, plant and equipment	0.2	0.7
Miscellaneous	18.4	19.3
Total other operating expenses	**431.3**	**453.3**

Consulting costs relate mainly to expenses in conjunction with software development. An analysis of development costs is presented in note 7, which shows a reduction of €10.1 million. Consulting costs also contain costs of user support as well as strategic and legal consulting services.

Premises expenses relate primarily to the cost of providing office space (excluding depreciation on the Group’s own buildings). They include rent, maintenance, security, energy, cleaning and miscellaneous premises expenses. The €9.4 million decrease is due mainly to the lower increases in provisions for anticipated losses from rental expenses, which amounted to €13.6 million (2003: €20.8 million).

IT costs contain the costs for rental, leasing and maintenance of hardware and software. They fell by €5.3 million as a result of renegotiated hardware and software contracts and the further consolidation of the data centers.

The sharp increase in advertizing and marketing costs is mainly the result of incentive programs in connection with the Eurex segment's entry into the US market.

Non-recoverable input tax results mainly from the VAT-free income from Eurex trading and clearing fees, and from interest income and payment services income.

Communication costs, which also include the costs of the participant network, fell due to lower SWIFT and network costs.

Costs for the purchase of price information are incurred by the Market Data & Analytics segment for data and information from other stock exchanges. Due to the shift in sales revenue towards products with higher purchase costs, the costs of price information rose in 2004 while sales of price information even fell slightly.

The cost of operating the Xontro system fell in line with the drop in contract notes.

The cost of agency agreements relates to the costs of SWX Swiss Exchange, which renders services for the Eurex subgroup.

Miscellaneous other operating expenses are composed of smaller items, including license fees, remuneration of Supervisory Board members, donations as well as cash transaction costs and exchange differences.

12. Result from equity investments

The result from equity investments is attributable to the following items:

	2004 €m	2003 €m
At equity result of associates and joint ventures		
STOXX Ltd.	0.4	0.8
European Energy Exchange AG	0.1	0.1
FDS Finanz-Daten-Systeme GmbH & Co. KG	0	0.2
International Index Company Ltd.	0.4	0
Total income from at equity valuations	**0.9**	**1.1**
The Clearing Corporation Inc.	–2.9	0
Share of losses of other equity investments valued at equity	0	–0.4
Total losses from at equity valuations	**–2.9**	**–0.4**
Net result of at equity valuations	**–2.0**	**0.7**
Dividends from associates		
STOXX Ltd.	2.6	1.9
FDS Finanz-Daten-Systeme GmbH & Co. KG	0.4	0
Total dividends from associates	**3.0**	**1.9**
Subsidiaries		
Deconsolidation losses	0	–1.9
Restatement of Clearstream revaluation surplus from first-time consolidation[1]	0	–2.5
Total result from subsidiaries	**0**	**–4.4**
Income from other equity investments	**1.0**	**1.3**
Total result from equity investments	**2.0**	**–0.5**

[1] The restatement of revaluation surplus, shown here in the previous year, has been included within other operating income in 2004. The restatement amounted to €–1.1 million in the financial year.

13. Net financial result

Net financial result is composed of the following items:

	2004 €m	2003 €m
Income from noncurrent financial instruments and noncurrent loans	0.2	0.2
Other interest and similar income	36.3	31.4
Interest and similar expenses	–43.2	–36.1
Total net financial result	**–6.7**	**–4.5**

Other interest and similar income is composed of the following items:

	2004 €m	2003 €m
Interest on foreign bank balances	6.2	17.6
Income similar to interest income	25.3	12.1
Interest on nostro accounts	3.8	0.6
Other interest income	1.0	1.1
Total interest and similar income	**36.3**	**31.4**

The shifts between interest on foreign bank balances, income similar to interest income and interest on nostro accounts are mainly the result of the switch from the uncollateralized investment effected until 2003 to reverse repos. The increase in interest and similar income of 16 percent is attributable to the sharp rise in volumes (e.g. the amount of market participants' cash deposits at Eurex Clearing AG increased by 36 percent, due to the introduction of interest payments on these deposits from 1 March 2003 among other things) which was partially offset by the fall in interest rates.

Interest and similar expenses is composed of the following items:

	2004 €m	2003 €m
Interest paid on Eurex participants' cash deposits	19.2	14.7
Interest on noncurrent loans	17.3	10.7
Interest on current liabilities	2.0	6.9
Other interest and similar expenses	4.7	3.8
Total interest and similar expenses	**43.2**	**36.1**

Due to the aforementioned reasons, the interest paid on Eurex participants' cash deposits rose. The increase in interest on noncurrent loans is due to the corporate bond issued in May 2003. Interest on current liabilities fell due to the repayment of the commercial paper program in 2003.

14. Income tax expense

The following table presents a breakdown of the income tax expense:

	2004 €m	2003 €m
Current income taxes:		
of the year under review	216.0	215.1
from previous years	–4.4	–8.8
Deferred tax expense	–13.8	–3.8
Total income tax income	**197.8**	**202.5**

A tax rate of 41 percent was used to calculate deferred taxes for the German companies (2003: 41 percent). As in the previous year, this reflects trade income tax at an assessment rate of 490 percent on the tax base value of 5 percent, corporation tax of 25 percent and the 5.5 percent solidarity surcharge on the corporation tax. Also as in the previous year, a tax rate of 30 percent was used for the Luxembourg companies, reflecting trade income tax at the rate of 7.5 percent and corporation tax of 23 percent.

The deferred tax income relates to the following items:

	2004 €m	2003 €m
Intangible assets	–8.7	–1.1
Pension provisions, provisions for pension obligations to IHK[1] and provisions for early retirement benefits	–1.5	–0.3
Provisions for anticipated losses from rental expenses	–1.2	–2.3
Noncurrent financial instruments	–0.8	–5.1
Interest rate swap	–0.6	3.5
Property, plant and equipment	–0.1	0.3
Other provisions	–0.9	1.2
Deferred tax income	**–13.8**	**–3.8**

[1] Chamber of Commerce

The following table shows the gross carrying amounts of deferred tax assets and liabilities together with the deferred tax charge for the year.

	2004 €m	2003 €m
Balance as at 1 January		
Deferred tax assets	3.4	13.2
Deferred tax liabilities	–79.4	–99.3
	–76.0	**–86.1**
Changes in deferred taxes taken directly to equity	0.2	6.3
Deferred tax income for the year	13.8	3.8
Balance as at 31 December		
Deferred tax assets	1.2	3.4
Deferred tax liabilities	–63.2	–79.4
	–62.0	**–76.0**

Changes taken directly to equity relate to deferred taxes on changes in the measurement of noncurrent financial assets carried at fair value.

The following table presents a reconciliation between the expected and the actual tax expense. To determine the expected tax expense, the profit before tax has been multiplied by the composite tax rate of 41 percent assumed for 2004 (2003: 42 percent).

	2004 €m	2003 €m
Expected income taxes derived from net profit for the year before taxes	185.3	188.2
Tax increases due to non-tax deductible goodwill amortization	28.3	31.5
Non-tax deductible losses carried forward	16.2	3.7
Risk provision	5.9	0
Tax increases due to other non-tax deductible expenses	3.5	2.5
Effect of tax rate changes[1]	–13.4	–9.2
Tax reductions due to dividends and income from foreign equity investments carried at equity	–23.7	–4.6
Miscellaneous	0.1	–0.8
Tax expense arising from current year	**202.2**	**211.3**

[1] The Luxembourg tax rates were applied to calculate the profit for the year of the Luxembourg companies.

During the year, unused tax losses amounting to €39.5 million (2003: €11.3 million) were incurred for which no deferred tax asset was established. In 2004, no tax losses from prior years were offset against current year profits (2003: €2.4 million).

Consolidated Balance Sheet Disclosures

15. Statement of changes in noncurrent assets[1)]

	Historical costs				
	Balance as at 1 Jan. 2004	Additions	Disposals	Reclassi-fications	Balance as at 31 Dec. 2004
	€m	€m	€m	€m	€m
Intangible assets					
Software	813.2	6.8	14.8	31.9	837.1
Goodwill	1,341.0	0	0	0	1,341.0
Payments on account and construction in progress	11.1	44.4	2.5	–31.9	21.1
Other intangible assets	0	4.6	0	0	4.6
	2,165.3	**55.8**	**17.3**	**0**	**2,203.8**
Property, plant and equipment					
Land and buildings	133.7	3.2	0	–7.7	129.2
Leaseholds improvements	86.6	6.9	0.3	–3.9	89.3
Computer hardware, operating and office equipment	225.6	16.0	15.5	2.9	229.0
Payments on account and construction in progress	54.7	5.3	0.1	–59.9	0
	500.6	**31.4**	**15.9**	**–68.6**	**447.5**
Financial assets and investment property					
Investments in associates	33.2	0	0	11.9	45.1
Other equity investments	28.2	0	0	–11.9	16.3
Securities from banking business	375.6	10.0	82.8	43.9	346.7
Other financial instruments	11.1	0	0	0	11.1
Other loans	0.8	0.2	0.2	0	0.8
Investment property	55.8	0.2	1.9	68.6	122.7
	504.7	**10.4**	**84.9**	**112.5**	**542.7**
Total noncurrent assets excluding miscellaneous and deferred tax assets	**3,170.6**	**97.6**	**118.1**	**43.9**	**3,194.0**

1) In order to improve cross-referencing between the income statement and the statement of changes in noncurrent assets, revaluation adjustments arising neither from depreciation and amortization nor from a change in historical cost have been separately identified. The comparative figures have been restated accordingly.

Revaluation			Cumulative depreciation and amortization					Carrying amount	
Balance as at 1 Jan. 2004	Change	Balance as at 31 Dec. 2004	Balance as at 1 Jan. 2004	Additions	Impairment losses	Disposals	Balance as at 31 Dec. 2004	as at 31 Dec. 2004	as at 31 Dec. 2003
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
0	0	0	461.6	134.1	1.3	14.8	582.2	254.9	351.6
0	0	0	167.6	68.5	0.4	0	236.5	1,104.5	1,173.4
0	0	0	0	0	2.5	2.5	0	21.1	11.1
0	0	0	0	1.5	0	0	1.5	3.1	0
0	**0**	**0**	**629.2**	**204.1**	**4.2**	**17.3**	**820.2**	**1,383.6**	**1,536.1**
0	0	0	1.2	3.3	0	0	4.5	124.7	132.5
0	0	0	15.1	9.6	0	0.2	24.5	64.8	71.5
0	0	0	155.7	32.5	0	15.3	172.9	56.1	69.9
0	0	0	0	0	0	0	0	0	54.7
0	**0**	**0**	**172.0**	**45.4**	**0**	**15.5**	**201.9**	**245.6**	**328.6**
–22.6	–2.9	–25.5	0	0	0	0	0	19.6	10.6
0	0	0	2.1	0	0	0	2.1	14.2	26.1
8.9	–0.4	8.5	0	0	0	0	0	355.2	384.5
–1.6	0.6	–1.0	0	0	0	0	0	10.1	9.5
0	0	0	0	0	0	0	0	0.8	0.8
0	0	0	1.8	4.7	1.5	0	8.0	114.7	54.0
–15.3	**–2.7**	**–18.0**	**3.9**	**4.7**	**1.5**	**0**	**10.1**	**514.6**	**485.5**
–15.3	–2.7	–18.0	805.1	254.2	5.7	32.8	1,032.2	2,143.8	2,350.2

Intangible assets: software

Additions and reclassifications of software relate principally to the development of software products for the Clearstream segment and to the expansion of the Eurex and Xetra electronic trading systems. Payments on account relate primarily to advance payments on software.

As at 31 December 2004, major individual software assets show the following carrying amounts and remaining depreciation periods:

	Carrying amount as at 31 Dec. 2004 €m	Remaining depreciation period as at 31 Dec. 2004 years[1]
Xetra		
Equity Central Counterparty	16.5	4
Eurex		
Eurex Release 5.0	11.6	3
Eurex Release 6.0	11.5	3
Market Data & Analytics		
Consolidated Exchange Feed (CEF)	9.6	2
Clearstream		
CreationConnect	79.1	4
Creation 24	20.7	3
Custody	12.6	4
NCB Link	12.5	4
Daytime Bridge	9.8	5
Other software assets[2]	71.0	
Total software assets	**254.9**	

1) Rounded up to full years
2) Each with a carrying amount of less than €6.0 million

Intangible assets: goodwill

Of the total amount recognized as goodwill from the acquisition of entory AG, €7.4 million was written down in 2004 (2003: €13.6 million), including €0.4 million (2003: €10.0 million) recognized as an impairment loss. The value in use on which this impairment loss was calculated was based on estimated future cash flows using a pre-tax discount rate of 16.1 percent.

Changes in goodwill	Balance as at 1 Jan. 2004 €m	Goodwill amortization in 2004 €m	Balance as at 31 Dec. 2004 €m
entory AG	34.5	–7.4	27.1
Clearstream International S. A.	1,124.6	–60.8	1,063.8
Infobolsa S. A.	14.3	–0.7	13.6
Total goodwill	**1,173.4**	**–68.9**	**1,104.5**

Property, plant and equipment

The changes in payments on account and construction in progress relate mainly to "The Square". In 2004, one building was transferred to "investment property" after its completion.

Noncurrent financial assets

The following table shows changes in revaluation adjustments for individual positions within financial assets.

	Revaluation as at 1 Jan. 2004 €m	Currency translation differences recorded as income or expense €m	Other revaluation differences recorded as income or expense €m	Revaluation differences recognized directly in equity €m	Currency translation differences recognized directly in equity €m	Revaluation as at 31 Dec. 2004 €m
Investments in associates	–22.6	0	–2.0[1]	0	–0.9	–25.5
Securities from banking business	8.9	–1.8	–0.8[2]	2.2	0	8.5
Other noncurrent financial instruments	–1.6	0	–0.3[3]	0.9	0	–1.0
Total	**–15.3**	**–1.8**	**–3.1**	**3.1**	**–0.9**	**–18.0**

1) Included in the result from equity investments
2) Included in the net interest income from banking business
3) Included in the net financial result

Other equity investments include available-for-sale shares.

In 2004, securities from banking business amounting to €43.9 million were reallocated from current assets to noncurrent assets. The following table shows the components of the caption “securities from banking business”.

	Total amounts		thereof, with remaining maturity of 12 months or less	
	31 Dec. 2004 €m	31 Dec. 2003 €m	31 Dec. 2004 €m	31 Dec. 2003 €m
Fixed-income securities:				
from sovereign issuers	71.4	132.7	0	75.9
from multilateral banks	172.0	172.0	6.4	0
from other credit institutions	98.0	79.8	15.2	0
Equity funds	13.8	0	0	0
Total	**355.2**	**384.5**	**21.6**	**75.9**

All securities are listed on recognized exchanges except for an amount of €25.0 million (2003: €25.0 million) within the category “fixed-income securities from other credit institutions”.

Investment property was recognized in the balance sheet at its cost of €114.7 million (2003: €54.0 million). The estimated fair value as at 31 December 2004 was €132.9 million (2003: €69.2 million). The fair value of the unused piece of land was based on a valuation made by a real estate assessor. The fair value of the buildings rented to third parties was calculated based on calculated rental income for the building and a discount rate of 6.5 percent.

Investment property, which yielded rental income of €5.9 million (2003: €3.3 million) during the year, incurred operating expenses amounting to €2.4 million (2003: €1.5 million).

The future minimum lease from non-cancellable property leases are shown in the following table:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Up to 1 year	7.5	3.4
1 to 5 years	19.4	13.6
More than 5 years	1.6	11.6
Total	**28.5**	**28.6**

The applicable leases, which expire between 2007 and 2011, generally include extension clauses.

16. Deferred tax assets

Deferred tax assets resulting from differences between the carrying amounts in the consolidated financial statements and in the tax accounts are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Pension provisions, provisions for pension obligations to IHK[1] and provisions for early retirement benefits	8.6	7.1
Provisions for anticipated losses from rental expenses	8.5	7.3
Noncurrent financial instruments	0.4	0.5
Intangible assets	0.3	0.2
Other	1.2	1.2
Gross deferred tax assets	**19.0**	**16.3**
Netting with deferred tax liabilities	–17.8	–12.9
Total deferred tax assets	**1.2**	**3.4**

[1] Chamber of Commerce

17. Derivatives

Derivative assets and liabilities are recognized at their fair values, under the captions "other noncurrent financial instruments" and "other noncurrent liabilities", respectively, as follows:

Noncurrent assets	31 Dec. 2004 €m	31 Dec. 2003 €m
Fair value hedges	0.7	0
Cash flow hedges	0.8	0
Total recognized under noncurrent assets	**1.5**	**0**

Noncurrent liabilities	31 Dec. 2004 €m	31 Dec. 2003 €m
Fair value hedges	3.4	1.1
Cash flow hedges	1.4	0
Total recognized under noncurrent liabilities	**4.8**	**1.1**

Fair value hedges

Interest rate swaps under which a fixed interest rate is paid and a variable rate is received have been used to hedge the value of particular fixed-rate available-for-sale financial instruments (fair value hedges).

The following table gives an overview of the notional amount of the positions covered by fair value hedges at 31 December 2004, and the corresponding weighted average interest rates:

		as at 31 Dec. 2004	as at 31 Dec. 2003
Notional amount of pay-fixed interest rate swaps	€m	284.9	81.8
Fair value of pay-fixed interest rate swaps	€m	–2.7	–1.1
Average pay rate	%	3.51	3.84
Average receive rate	%	2.19	2.50

Cash flow hedges

Interest rate swaps under which a variable rate of interest is paid and a fixed rate is received are used to hedge part of the expected cash flows from the investment of cash balances from the settlement business (cash flow hedges).

The Clearstream subgroup entered into interest rate swaps in 2004 to hedge approximately 50 percent of the total expected cash flows from the investment of cash balances. The swaps have terms from January 2005 to January 2006.

At the end of the year, the positions were as follows:

		as at 31 Dec. 2004	as at 31 Dec. 2003
Notional amount of receive-fixed interest rate swaps	€m	1,040.3	1,177.5
Fair value of receive-fixed interest rate swaps	€m	–0.6	0
Average pay rate	%	2.24	2.03
Average receive rate	%	2.60	3.04

Foreign exchange swaps as at 31 December 2004, expiring in January 2005, amounted to €119.5 million (2003: €323.1 million). Foreign exchange swaps were executed to convert into euro foreign currencies received through the issuance of commercial paper within the banking business and to hedge short-term foreign currency balances in the markets.

Forward currency transactions were designated as cash flow hedges of 2003 net commission income expressed in US dollars. The notional amount entered into was €72.0 million (€6.0 million per month). Following a change of the billing currency from October 2003 onwards, the remaining positions ceased to qualify as cash flow hedges. Offsetting forward foreign exchange transactions were entered into to close the position. Net realized gains of €1.7 million were recognized under “other operating income” during 2003. There were no hedges open as at 31 December 2004 and 2003.

The following gains or losses on derivative financial assets designated as cash flow hedges were recognized directly in equity (prior to deferred tax adjustments):

	2004 €m	2003 €m
Value of cash flow hedges recognized directly in equity as at 1 January	0	14.3
Amount recognized in equity during the year	–0.6	0
Amount removed from equity and reported in net income	0	–14.3
Value of cash flow hedges recognized directly in equity as at 31 December	**–0.6**	**0**

18. Current receivables and securities from banking business

In addition to noncurrent securities from banking business (see note 15), the following receivables and securities from banking business, attributable solely to the Clearstream subgroup, were classified as current assets as at 31 December 2004:

	Carrying amount as at 31 Dec. 2004 €m	Carrying amount as at 31 Dec. 2003 €m
Loans to banks and customers:		
Securities repurchase agreements	2,297.4	913.4
Money market lendings	1,185.6	1,775.3
Balances on nostro accounts	621.8	124.4
Overdrafts from settlement business	361.7	390.6
	4,466.5	**3,203.7**
Available-for-sale fixed-income securities – money market instruments	99.8	746.5
Interest receivable	17.1	53.1
Available-for-sale fixed-income securities – other than money market instruments	0	31.1
Available-for-sale equity funds	0	12.9
Total	**4,583.4**	**4,047.3**

The largest amount placed in the money market with one counterparty as at 31 December 2004 was €220.1 million (2003: €240.0 million).

The largest amount placed on deposit with one counterparty under a securities repurchase agreement as at 31 December 2004 was €235.2 million (2003: €162.9 million).

The largest balance on nostro accounts with a single bank, excluding amounts with central banks, as at 31 December 2004 was €302.5 million (2003: €34.1 million).

Overdrafts from settlement business represent short-term loans of up to two days' duration that are usually secured by collateral. The largest amount outstanding to an individual customer as at 31 December 2004 was €146.0 million (2003: €183.0 million).

Potential concentrations of credit risk are monitored against counterparty credit limits. The largest total amount receivable from a single counterparty of the banking business as at 31 December 2004 was €614.5 million (2003: €508.5 million).

The fixed-income securities held as at 31 December 2004 and 2003 were all listed. All of the money market instruments held as at 31 December 2004 and 2003 were issued by sovereign, semisovereign or sovereign-guaranteed issuers. Available-for-sale fixed-income securities other than money market instruments held as at 31 December 2003 were issued by sovereign issuers or by credit institutions.

The available-for-sale equity funds held as at 31 December 2003 were all listed.

In 2004, changes in unrealized gains on current financial instruments resulted in a reduction of the revaluation surplus amounting to €0.1 million before deferred tax (2003: increase amounting to €2.0 million).

The remaining maturity of fixed-income securities – money market instruments can be categorized as follows:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Less than 3 months	99.8	499.0
3 months to 1 year	0	247.5
Total available-for-sale fixed-income securities – money market instruments	**99.8**	**746.5**

The remaining maturity of loans to banks and customers can be categorized as follows:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Less than 3 months	4,363.5	3,123.7
3 months to 1 year	103.0	80.0
Total loans to banks and customers	**4,466.5**	**3,203.7**

In general, there were no early call rights on the loans extended.

19. Trade receivables

Valuation allowances and bad debt losses of €1.9 million (2003: €1.2 million) were charged on receivables in 2004: €1.0 million (2003: €0.5 million) related to debtor-specific valuation allowances and €0.9 million (2003: €0.7 million) related to bad debt losses.

As at 31 December 2004, there were no trade receivables with more than one year to maturity (2003: nil).

20. Other current assets

Other current assets are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Other tax receivables	53.3	64.4
Prepaid expenses	12.5	19.4
Interest receivables	5.5	6.4
Collection business of Deutsche Börse Systems AG	2.5	2.2
Miscellaneous	6.5	8.4
Total other current assets	**80.3**	**100.8**

Income tax receivables have been taken out of this position and, in accordance with IAS 1.68, shown separately in the balance sheet. The comparative amounts have been restated accordingly.

21. Restricted bank balances

Amounts reported separately as at 31 December 2004 under liabilities as cash deposits by market participants amounting to €831.5 million (2003: €901.1 million) are restricted. Such amounts are mainly invested overnight in interest-bearing accounts at banks and in reverse repurchase agreements. These agreements are collateralized by government, government-guaranteed, debenture and bank bonds with a Standard & Poor's credit rating not below AA– for direct agreements, and not below BBB for tripartite reverse repurchase agreements.

Cash funds amounting to €35.9 million (2003: €147.3 million) attributable to the Clearstream subgroup are also restricted due to minimum reserve requirements at central banks.

22. Equity

Changes in equity are presented in the statement of changes in equity. As at 31 December 2004, Deutsche Börse AG had 111,802,880 no-par value shares in issue (2003: 111,802,880).

Subject to the agreement of the Supervisory Board, the Executive Board is authorized to increase the subscribed share capital by the following amounts:

	Amount in €	Date of authorization by the shareholders	Expiry date	Existing shareholders' subscription rights may be suspended for fractional amounts and/or may be suspended if the share issue is:
Authorized share capital I	41,104,000	3 May 2001	31 Dec. 2005	■ against non-cash contributions for the purpose of acquiring companies, parts of companies or stakes in companies.
Authorized share capital II	14,797,440	14 May 2003	13 May 2008	■ for cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10 percent of the nominal capital. ■ to issue new shares to employees or subsidiaries' employees under a Group Share Plan up to a maximum of 3,000,000 shares. ■ against non-cash contributions for the purpose of acquiring companies, parts of companies or stakes in companies.

In addition to the authorized share capitals I and II, the Executive Board is allowed, subject to the agreement of the Supervisory Board, to issue new shares ("bedingtes Kapital"), namely up to 30,000,000 shares solely in connection with the issue and satisfaction of convertible bonds, and up to 3,000,000 shares in connection with the fulfillment of subscription rights to employees under the Group Share Plan.

The following table shows the stock options Deutsche Börse Group has issued under its Group Share Plan and granted to employees:

Tranche	Exercise price €	Exercise period	Numbers of options outstanding 31 Dec. 2004	31 Dec. 2003
2003	54.79	1 July 2005–30 June 2009	139,529	145,409
2004	51.84	1 July 2006–30 June 2010	79,989	0

There were no further subscription rights for shares as at 31 December 2004 or 31 December 2003.

The revaluation surplus of €7.9 million as at 31 December 2004 (2003: €4.0 million) results from the remeasurement of current and noncurrent securities and other financial instruments at their fair values less deferred taxes of €7.1 million (2003: €3.8 million) and the value of the stock options from the Group Share Plan (€0.8 million versus 2003: €0.2 million).

23. Shareholders' equity and appropriation of net profit of Deutsche Börse AG

The annual financial statements of the parent company Deutsche Börse AG, prepared as at 31 December 2004 in accordance with the provisions of the HGB, and for which an unqualified audit opinion has been granted, report net profit for the year of €226.8 million (2003: €267.5 million) and shareholders' equity of €2,154.5 million (2003: €1,989.1 million).

	31 Dec. 2004 €m	31 Dec. 2003 €m
Share capital	111.8	111.8
Share premium	1,367.5	1,367.5
Other retained earnings	448.4	374.8
Unappropriated surplus	226.8	135.0
Shareholders' equity	**2,154.5**	**1,989.1**

The Executive Board proposes that the unappropriated surplus amounting to €226.8 million (2003: €135.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Net profit for the year	226.8	267.5
Appropriation to retained earnings in the annual financial statements	0	–132.5
Unappropriated surplus	**226.8**	**135.0**
Proposal by the Executive Board:		
Distribution of a dividend to the shareholders on 26 May 2005 of €0.70 per share for 111,802,880 shares (in 2004 from net profit for 2003: €0.55 for 111,802,880 shares)	78.3	61.5
Appropriation to retained earnings	148.5	73.5

The proposed dividend for 2004 corresponds to a dividend rate of 29.4 percent of the consolidated net income (2003: 25.0 percent). €226.8 million or 85.2 percent of the consolidated net income was generated in the HGB annual financial statements of the parent company Deutsche Börse AG (2003: €267.5 million or 108.6 percent).

24. Provisions

The composition and development of provisions are presented in the following statement of changes in provisions:

	1 Jan. 2004 €m	Adjustment €m	Utilized €m	Released €m	Additions €m	31 Dec. 2004 €m
Noncurrent provisions						
Provisions for pensions and other employee benefits	68.4	0	–4.2	0	14.8	79.0
Deferred tax liabilities	79.4	0	0	–16.2	0	63.2
Other noncurrent provisions	40.2	–4.6	–5.7	0	21.8	51.7
	188.0	**–4.6**	**–9.9**	**–16.2**	**36.6**	**193.9**
Current provisions						
Tax provisions	162.2	0	–109.5	–6.5	25.8	72.0
Other current provisions	36.2	4.6	–13.6	–2.1	14.5	39.6
	198.4	**4.6**	**–123.1**	**–8.6**	**40.3**	**111.6**
Total provisions	**386.4**	**0**	**–133.0**	**–24.8**	**76.9**	**305.5**

The estimated maturity structure of the noncurrent provisions is shown below:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Maturities between 1 and 5 years	74.2	81.3
Maturities in excess of 5 years	119.7	106.7
Total noncurrent provisions	**193.9**	**188.0**

25. Provisions for pensions and other employee benefits

Changes in provisions for pensions and other employee benefits were as follows:

	2004 €m	2003 €m
Balance as at 1 January	68.4	64.5
Increase due to pension-related expenses recognized in the income statement:		
Current service cost	5.7	5.3
Past service cost	5.5	0.8
Interest cost	3.9	4.2
Expected return on plan assets	–0.9	–0.7
Net actuarial gain recognized	0.2	–0.2
Transferred assets	0.2	0
Deferred advance payments to plan assets	0.2	0
Current benefit payments	–4.2	–5.5
Total provisions for pensions and other employee benefits as at 31 December	**79.0**	**68.4**

The actuarial present value of the pension obligations may be reconciled with the provisions shown in the balance sheet as follows:

	2004 €m	2003 €m
Actuarial present value of the unfunded pension obligations	88.0	73.2
Actuarial present value of the wholly or partly funded pension obligations	12.9	13.2
Actuarial present value of the pension obligations	**100.9**	**86.4**
Fair value of plan assets	–16.5	–15.0
Deferred advance payments to plan assets	0.2	0
Net unrecognized actuarial losses	–5.6	–3.0
Total provisions for pensions and other employee benefits recognized in balance sheet	**79.0**	**68.4**

Plan assets do not include any Group financial instruments. Neither do they include any property occupied or other assets used by the Group. Change of the fair value of the plan assets were as follows:

	2004 €m	2003 €m
Balance as at 1 January	15.0	12.2
Expected return on plan assets	0.9	0.7
Actual employer contributions	1.8	1.8
Actual distributions	–1.2	–0.4
Actuarial gain on plan assets	0	0.7
Total fair value of plan assets as at 31 December	**16.5**	**15.0**

26. Deferred tax liabilities

Deferred tax liabilites are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Intangible assets	46.8	55.5
Risk provisions	25.7	25.7
Current financial instruments	5.0	5.1
Interest rate swaps	2.9	3.5
Other noncurrent assets including financial instruments	0.5	1.6
Miscellaneous	0.1	0.9
Gross deferred tax liabilities	**81.0**	**92.3**
Netting with deferred tax assets	–17.8	–12.9
Total deferred tax liabilities	**63.2**	**79.4**

Deferred tax liabilities have not been recognized in respect of the tax on future dividends that may be paid from retained earnings by subsidiaries and associated companies. In accordance with section 8b (5) KStG (German Corporation Tax Act), 5 percent of dividend and similar income received by German companies will be treated as non-deductible expenses for tax purposes.

27. Other noncurrent provisions

Other noncurrent provisions with more than one year to maturity comprise the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Anticipated losses from rental expenses	30.6	17.6
Other provisions:		
Pension obligations to IHK	10.8	8.2
Early retirement benefits	9.0	10.7
Phantom stock options	1.1	3.7
Miscellaneous	0.2	0
Total other noncurrent provisions	**51.7**	**40.2**

As at 31 December 2004, the provisions for anticipated losses from rental expenses amounted to €41.4 million (2003: €33.8 million), of which €10.8 million (2003: €16.2 million) was allocated to current provisions. The provisions classified as noncurrent are not expected to be utilized before 2006. They were calculated on the basis of existing rental agreements for each building and reflect possible subletting. A discount rate of 3.75 percent (2003: 5.5 percent) was applied.

Provisions for pension obligations to the IHK (Industrie- und Handelskammer – Chamber of Commerce) are recognized on the basis of the number of eligible employees. Provisions for early retirement benefits are estimated on the basis of the active and former employees involved.

28. Tax provisions

The tax provisions contain the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Income tax expense: previous years	51.0	85.7
Income tax expense: current year	19.5	75.7
Capital tax and value added tax	1.5	0.8
Total tax provisions	**72.0**	**162.2**

29. Other current provisions

The other current provisions are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Litigation risks	11.1	4.3
Anticipated losses from rental expenses	10.8	16.2
Rent and incidental rental costs	4.4	2.7
Phantom stock options	4.3	1.9
Jubilee benefits	3.1	2.6
Restructuring costs	0.7	1.8
Miscellaneous	5.2	6.7
Total other current provisions	**39.6**	**36.2**

30. Liabilities

Interest-bearing liabilities include a corporate bond with a book value of €498.3 million (2003: €497.8 million), a market value of €506.9 million (2003: €495.2 million) and a remaining time to maturity of 3.4 years (2003: 4.4 years).

Liabilities contain finance lease obligations (see note 46).

As at 31 December 2004, noncurrent liabilities with a term to maturity of more than five years amounted to €2.7 million (2003: €6.0 million).

The liabilities recognized in the balance sheet were not secured by liens or similar rights, neither as at 31 December 2004 nor as at 31 December 2003.

31. Liabilities from banking business

The liabilities from banking business, attributable solely to the Clearstram subgroup, are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Customer deposits from securities settlement business	3,268.4	3,321.0
Money market borrowings	462.3	34.4
Issued commercial paper	299.9	458.8
Overdrafts on nostro accounts	153.6	76.8
Interest liabilities	2.3	8.9
Total liabilities from banking business	**4,186.5**	**3,899.9**

Remaining maturity of liabilities from banking business (excluding interest liabilities):

	31 Dec. 2004 €m	31 Dec. 2003 €m
Not more than 3 months	4,133.4	3,717.2
More than 3 months but not more than 1 year	50.8	173.8
Total liabilities from banking business	**4,184.2**	**3,891.0**

32. Cash deposits by market participants

Liabilities from cash deposits by market participants contain the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Liabilities from margin payments by clearing members of the Eurex derivatives exchange	807.1	882.6
Liabilities from cash deposits by participants in equity trading	24.4	18.5
Total cash deposits by market participants	**831.5**	**901.1**

33. Other current liabilities

The other current liabilities are composed of the following items:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Special payments and bonuses	26.7	25.5
Tax liabilities (excluding income taxes)	26.2	25.0
Reimbursements	15.7	1.2
Loan interest payable	15.0	16.2
Vacation entitlements, flexitime and overtime credits	12.6	9.6
Liabilities relating to the revenue incentive program	7.3	0
Payables to Eurex participants	3.2	7.2
Debtors with credits	3.1	2.9
Deferred income	2.9	0.9
Social security liabilities	2.7	2.6
Miscellaneous	14.4	15.1
Total other current liabilities	**129.8**	**106.2**

The miscellaneous other current liabilities include accruals for products or services that had been delivered or rendered, but for which no invoice had been received. This item also includes liabilities resulting from rental agreements and finance lease transactions, as well as the compensation to be paid to the members of the Supervisory Board for financial year 2004.

34. Asset and liability maturity analysis

The following table indicates the effective interest rates at the reporting date and the period in which financial assets and liabilities reprice:

	Effective interest rate		Sight	
	2004 %	2003 %	2004 €m	2003 €m
Assets				
Intangible assets, property, plant and equipment	–	–	–	–
Noncurrent securities from banking business	5.08	5.24	–	–
Other noncurrent financial assets, miscellaneous and deferred tax assets	–	–	–	–
Current receivables and securities from banking business	2.02	2.00	1,915.4	3,123.7
Other current receivables, other current assets	–	–	–	–
Current financial instruments and bank balances	2.10	1.89	1,454.8	1,100.2
Total assets			**3,370.2**	**4,223.9**
Provisions and liabilities				
Provisions	–	–	–	–
Noncurrent interest-bearing liabilities	3.50	3.52	–	–
Other noncurrent liabilities	–	–	–	–
Liabilities from banking business	0.48	1.34	–3,823.5	–3,717.2
Other bank loans and overdrafts	–	3.63	–	–5.0
Cash deposits by market participants	1.99	1.96	–831.5	–901.1
Trade payables, payables to other investors, and other current liabilities	–	–	–	–
Total provisions and liabilities			**–4,655.0**	**–4,623.3**
Asset/liability gap			**–1,284.8**	**–399.4**
Derivatives affecting interest rate sensitivity				
Pay-fixed interest rate swaps:				
Average pay rate	3.51	4.64	–	–
Average receive rate	2.19	2.61	–	–
Receive-fixed interest rate swaps:				
Average pay rate	2.24	2.07	–	–
Average receive rate	2.60	3.18	–	–
Total derivatives			**0**	**0**
Net interest sensitivity gap			**–1,284.8**	**–399.4**

Fixed-rate instruments										Total	
Not more than 3 months		More than 3 months but not more than 12 months		More than 1 year but not more than 5 years		Over 5 years		Not interest bearing			
2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
–	–	–	–	–	–	–	–	1,629.2	1,864.7	1,629.2	1,864.7
–	–	21.6	75.9	198.0	135.0	121.8	173.6	13.8	–	355.2	384.5
–	–	–	–	1.5	–	–	–	176.8	119.7	178.3	119.7
2,565.0	499.0	103.0	337.6	–	21.0	–	–	–	66.0	4,583.4	4,047.3
–	–	–	–	–	–	–	–	249.1	263.3	249.1	263.3
152.8	496.3	–	–	–	–	–	–	–	–	1,607.6	1,596.5
2,717.8	995.3	124.6	413.5	199.5	156.0	121.8	173.6	2,068.9	2,313.7	8,602.8	8,276.0
–	–	–	–	–	–	–	–	–305.5	–386.4	–305.5	–386.4
–	–1.3	–	–2.1	–502.3	–499.8	–	–	–	–	–502.3	–503.2
–	–	–	–	–2.1	–1.1	–2.7	–6.0	–5.6	–	–10.4	–7.1
–312.2	–	–50.8	–173.8	–	–	–	–	–	–8.9	–4,186.5	–3,899.9
–	–	–	–	–	–	–	–	–	–	0	–5.0
–	–	–	–	–	–	–	–	–	–	–831.5	–901.1
–	–	–	–	–	–	–	–	–214.1	–219.8	–214.1	–219.8
–312.2	–1.3	–50.8	–175.9	–504.4	–500.9	–2.7	–6.0	–525.2	–615.1	–6,050.3	–5,922.5
2,405.6	994.0	73.8	237.6	–304.9	–344.9	119.1	167.6	1,543.7	1,698.6	2,552.5	2,353.5
–	–10.0	–	–74.1	–172.6	–7.7	–112.3	–60.0	–	–	–284.9	–151.8
38.0	74.1	246.9	77.7	–	–	–	–	–	–	284.9	151.8
–1,040.3	–1,177.5	–	–70.0	–	–	–	–	–	–	–1,040.3	–1,247.5
–	1,187.5	–	–	1,040.3	–	–	60.0	–	–	1,040.3	1,247.5
–1,002.3	74.1	246.9	–66.4	867.7	–7.7	–112.3	0	0	0	0	0
1,403.3	1,068.1	320.7	171.2	562.8	–352.6	6.8	167.6	1,543.7	1,698.6	2,552.5	2,353.5

Consolidated Cash Flow Statement Disclosures

35. Consolidated cash flow statement

The cash flow statement presents the balance of and changes in Deutsche Börse Group's cash and cash equivalents. In compliance with IAS 7, cash flows are classified by operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and current receivables from banking business, net of current liabilities from banking business, with an original term of less than three months, and cash deposits by market participants.

36. Cash flows from operating activities

After adjustments to net profit for the year for non-cash items, cash flows from operating activities amounted to €439.6 million (2003: €530.6 million), and operating cash flow per share was €3.93 (2003: €4.75). The entire cash from net financial result (net interest and investment income) has been allocated to operating activities.

Depreciation and amortization expense contains the following items:

	2004 €m	2003 €m
Depreciation and amortization expense (other than goodwill)	191.0	198.0
Goodwill amortization	68.9	75.2
Total depreciation and amortization expense	**259.9**	**273.2**

The increase in noncurrent provisions can be explained as follows:

	Balance as at 31 Dec. 2003 €m	Increase in cash flow €m	Deconsolidation and other adjustments €m	Balance as at 31 Dec. 2004 €m
Provisions for pensions and other employee benefits	68.4	10.6	0	79.0
Other noncurrent provisions	40.2	11.5	0	51.7
Increase in noncurrent provisions		**22.1**		

Other non-cash (income)/expense results from the following items:

	2004 €m	2003 €m
Measurement at equity	2.0	–0.7
Stock option plans	1.8	0
Miscellaneous	–4.5	1.8
Total other non-cash (income)/expense	**–0.7**	**1.1**

The decrease in receivables and other assets is composed of the following items:

	Balance as at 31 Dec. 2003 €m	(Increase)/ decrease in cash flow €m	Deconsolidation and other adjustments €m	Balance as at 31 Dec. 2004 €m
Other noncurrent assets	15.3	0.9	1.5	17.7
Trade receivables	148.7	6.3	0	155.0
Associate receivables	2.3	–2.3	0	0
Receivables from other investors	4.7	–1.8	0	2.9
Income tax receivable	6.8	4.1	0	10.9
Other current assets	100.8	–20.5	0	80.3
Decrease in receivables and other assets		**–13.3**		

The decrease in current provisions is composed of the following items:

	Balance as at 31 Dec. 2003 €m	Decrease in cash flow €m	Deconsolidation and other adjustments €m	Balance as at 31 Dec. 2004 €m
Current provisions	198.4	–88.0	1.2	111.6
Decrease in current provisions		**–88.0**		

The decrease in noncurrent liabilities is composed of the following items:

	Balance as at 31 Dec. 2003 €m	Decrease in cash flow €m	Deconsolidation and other adjustments €m	Balance as at 31 Dec. 2004 €m
Other noncurrent liabilities	7.1	–0.5	3.8	10.4
Decrease in noncurrent liabilities		**–0.5**		

The decrease in current liabilities is composed of the following items:

	Balance as at 31 Dec. 2003 €m	(Decrease)/ increase in cash flow €m	Deconsolidation and other adjustments €m	Balance as at 31 Dec. 2004 €m
Trade payables	108.2	–29.2	0	79.0
Payables to other associates	0.9	0.4	0	1.3
Payables to other investors	4.5	–0.5	0	4.0
Other current liabilities	106.2	22.9	0.7	129.8
Decrease in current liabilities		**–6.4**		

37. Cash flows from investing activities

Acquisitions of noncurrent assets can be analysed as follows:

	2004 €m	2003 €m
Payments to acquire noncurrent assets (excluding financial instruments):		
Payments to acquire intangible assets	50.7	58.3
Payments to acquire property, plant and equipment	28.8	102.8
Payments to acquire noncurrent financial assets – other equity investments:		
The Clearing Corporation Inc. (CCorp)	0	13.3
Other payments to acquire noncurrent financial assets	0.3	2.5
Total payments to acquire noncurrent assets (excluding financial instruments)	**79.8**	**176.9**
Payments to acquire noncurrent financial instruments	10.0	63.9
Non-cash acquisition of noncurrent assets	7.8	2.9
Total acquisitions of noncurrent assets	**97.6**	**243.7**

The net increase in current receivables, securities and liabilities from banking business with an original term greater than three months comprises the following items:

	2004 €m	2003 €m
Net decrease/(increase) in current receivables and securities	92.4	–606.3
Net (decrease)/increase in current liabilities	–123.8	174.6
Total net increase in current receivables, securities and liabilities from banking business with an original term greater than 3 months	**–31.4**	**–431.7**

The net cash proceeds from the sale of available-for-sale noncurrent financial instruments amounted to €84.9 million (2003: €260.1 million). The proceeds for 2004 correspond to the repayment at maturity of available-for-sale fixed-income securities. The proceeds for 2003 related to the repayment of a reverse repurchase agreement.

38. Cash flows from financing activities

In 2004, a dividend of €61.4 million was distributed for 2003 (in 2003 for 2002: €49.2 million). On 23 May 2003, a nominal €500.0 million bond was issued by Deutsche Börse Finance S.A., resulting in a net cash inflow of €497.5 million.

39. Reconciliation to cash and cash equivalents

The reconciliation to cash and cash equivalents is shown in the following table:

	2004 €m	2003 €m
Cash and bank balances	1,607.6	1,596.5
Other bank loans and overdrafts	0	–5.0
Reconciliation to cash and cash equivalents		
Current receivables from banking business	4,583.4	4,047.3
less: credits to other banks and customers with an original maturity of more than 3 months	–420.6	–159.6
less: available-for-sale fixed-income securities – money market instruments with an original maturity of more than 3 months	–99.8	–446.7
less: available-for-sale fixed-income securities – other than money market instruments	0	–31.1
less: available-for-sale equity funds	0	–12.9
Current liabilities from banking business	–4,186.5	–3,899.9
less: amounts owed to other banks and customers with an original maturity of more than 3 months	1.1	0
less: issued commercial paper with an original maturity of more than 3 months	49.7	174.6
Current liabilities from cash deposits by market participants	–831.5	–901.1
	–904.2	**–1,229.4**
Cash and cash equivalents	**703.4**	**362.1**

To prevent receivables and liabilities from banking business from distorting the operating cash flow, such items with an original maturity of more than three months have been reported within cash flows from investing activities. Items with an original maturity of less than three months are included within the position "cash and cash equivalents".

Cash and bank balances included bank balances of €35.9 million as at 31 December 2004 (2003: €147.3 million), restricted due to minimum reserve requirements held at central banks by the Clearstream subgroup.

Other Disclosures

40. Earnings per share

Under IAS 33, earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding.

As the share price was still lower than the employees’ option exercise prices, these options are not considered dilutive under IAS 33. There were no further rights to subscribe for shares that could have potentially diluted earnings per share as at either 31 December 2004 or 2003.

Earnings per share were calculated as follows:

		2004	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 income	€m	266.1	246.3
Earnings per share (basic and diluted)	€	2.38	2.20

41. Segment reporting

Segment reporting is governed by the internal organizational and reporting structure, which is broken down by markets and services into the Xetra, Eurex, Market Data & Analytics (until 31 December 2004: Information Services), Clearstream, Information Technology and Corporate Services segments.

Segment	Activity
Xetra	Cash market: electronic order book and floor trading
Eurex	Derivatives exchange, OTC trading platforms and clearing services
Market Data & Analytics	Sales of price information and information distribution
Clearstream	Settlement of transactions and custody of securities
Information Technology	Development, implementation and operation of technical infrastructure and provision of IT solutions
Corporate Services	Group strategy and provision of centralized functions for the other segments

The new U.S. Futures Exchange L.L.C. (Eurex US) began operating on 8 February 2004 and has since been offering derivatives on US capital market products and indices. It was therefore allocated to the Eurex segment.

Sales revenue is presented separately by external sales revenue and internal (inter-segment) revenue. Inter-segment services are charged on the basis of measured quantities or at fixed prices (e.g. the provision of data by Eurex to Market Data & Analytics). Services are measured at a market price and are charged on an arm's length or a cost-plus basis; these include services of the Information Technology segment, such as application development hours or data center services.

Further services are billed to users on the basis of fully absorbed costs using an allocation key, for example the billing of building usage at fully absorbed costs (excluding rental expense provisions, which remain in the Corporate Services segment), using square meters as the basis.

The adjustment of the underlying quantities corresponds to the relevant usage; price changes are driven by changes in costs. In the aggregate, there were no material changes required to be reported under IAS 14.75.

Deutsche Börse Group uses earnings before interest, taxes and goodwill amortization (EBITA) as a further key internal earnings indicator that also serves as a measure of a segment's long-term earnings power.

Segment reporting for the year ended 31 December

	Xetra		Eurex		Market Data & Analytics	
	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
External sales revenue	216.3	212.3	407.4	409.6	121.7	121.9
Internal sales revenue	0.1	0.1	0	0	7.4	6.3
Total sales revenue	**216.4**	**212.4**	**407.4**	**409.6**	**129.1**	**128.2**
Net interest income from banking business	0	0	0	0	0	0
Own expenses capitalized	9.5	2.3	19.7	27.3	0.5	3.0
Other operating income	15.2	16.8	54.0	56.8	0.7	0.7
Fee and commission expenses from banking business	0	0	0	0	0	0
Consumables used	0	0	0	0	0	0
Staff costs	–17.4	–16.2	–28.7	–20.5	–15.4	–12.2
Depreciation and amortization expense (excluding goodwill amortization)	–29.0	–36.2	–27.3	–26.8	–11.9	–11.4
Other operating expenses	–109.5	–120.8	–247.5	–218.4	–61.6	–65.0
Result from equity investments	1.0	–0.7	–2.7	0	3.7	2.7
Earnings before interest, taxes and goodwill amortization (EBITA)	**86.2**	**57.6**	**174.9**	**228.0**	**45.1**	**46.0**
Goodwill amortization	0	0	0	0	–0.7	–0.8
Earnings before interest and taxes (EBIT)	**86.2**	**57.6**	**174.9**	**228.0**	**44.4**	**45.2**
Net financial result	0	3.2	3.9	3.6	0.1	0.2
Earnings before tax from ordinary activities (EBT)	**86.2**	**60.8**	**178.8**	**231.6**	**44.5**	**45.4**
Assets						
Intangible assets	46.7	60.8	75.4	76.0	33.2	44.9
Property, plant and equipment	0.4	0.2	0.5	0.6	0.8	0.9
Investments in associates	0.6	0.4	12.8	4.4	6.2	5.8
Other assets	144.2	84.7	1,121.1	1,115.1	96.4	54.4
Total assets	**191.9**	**146.1**	**1,209.8**	**1,196.1**	**136.6**	**106.0**
Provisions and liabilities	48.2	44.0	848.9	930.0	18.3	17.7
Net assets	143.7	102.1	360.9	266.1	118.3	88.3
Investments in intangible assets, property, plant and equipment	9.8	2.7	20.0	27.3	0.8	4.0
Employees (as at 31 December)	164	166	197	180	161	161
EBITA margin (%)[1]	**39.9**	**27.1**	**42.9**	**55.7**	**37.1**	**37.7**
EBIT margin (%)[1]	**39.9**	**27.1**	**42.9**	**55.7**	**36.5**	**37.1**

The reconciliation column shows:
– Elimination of intragroup sales revenue and expenses as well as of intragroup profits/losses
– Assets not attributable to the segments (noncurrent financial assets less equity-accounted investments, deferred tax assets) and tax items
[1] Including result from equity investments unless stated otherwise [2] Based on the total of internal and external sales revenue

Clearstream		Information Technology		Corporate Services		Total for all segments		Reconciliation		Group	
2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m	2004 €m	2003 €m
578.8	543.7	125.4	131.9	0	0	1,449.6	1,419.4	0	0	1,449.6	1,419.4
7.7	15.4	340.0	353.1	0	0	355.2	374.9	–355.2	–374.9	0	0
586.5	**559.1**	**465.4**	**485.0**	**0**	**0**	**1,804.8**	**1,794.3**	**–355.2**	**–374.9**	**1,449.6**	**1,419.4**
76.0	94.4	0	0	0	0	76.0	94.4	1.1	0	77.1	94.4
28.7	35.9	0.1	0.4	0	0	58.5	68.9	–13.7	–13.6	44.8	55.3
7.7	4.4	20.0	22.8	218.6	222.2	316.2	323.7	–252.0	–243.1	64.2	80.6
–118.5	–117.0	0	0	0	0	–118.5	–117.0	0	0	–118.5	–117.0
0	0	–33.6	–35.4	0	0	–33.6	–35.4	0	0	–33.6	–35.4
–77.9	–83.3	–135.6	–129.5	–60.7	–56.0	–335.7	–317.7	0	0	–335.7	–317.7
–75.6	–67.4	–30.8	–43.0	–27.4	–21.0	–202.0	–205.8	11.0	7.8	–191.0	–198.0
–249.3	–251.7	–195.8	–214.0	–174.8	–201.4	–1,038.5	–1,071.3	607.2	618.0	–431.3	–453.3
–0.1	–2.4	0.1	–0.1	0	0	2.0	–0.5	0	0	2.0	–0.5
177.5	**172.0**	**89.8**	**86.2**	**–44.3**	**–56.2**	**529.2**	**533.6**	**–1.6**	**–5.8**	**527.6**	**527.8**
–60.8	–60.8	–7.4	–13.6	0	0	–68.9	–75.2	0	0	–68.9	–75.2
116.7	**111.2**	**82.4**	**72.6**	**–44.3**	**–56.2**	**460.3**	**458.4**	**–1.6**	**–5.8**	**458.7**	**452.6**
0	–3.4	–0.4	–1.8	–9.2	–6.3	–5.6	–4.5	–1.1	0	–6.7	–4.5
116.7	**107.8**	**82.0**	**70.8**	**–53.5**	**–62.5**	**454.7**	**453.9**	**–2.7**	**–5.8**	**452.0**	**448.1**
1,225.8	1,334.1	33.3	42.3	4.2	3.2	1,418.6	1,561.3	–35.0	–25.2	1,383.6	1,536.1
0	0	32.0	46.9	211.9	280.0	245.6	328.6	0	0	245.6	328.6
0	0	0	0	0	0	19.6	10.6	0	0	19.6	10.6
5,099.2	4,868.8	159.8	85.9	319.0	178.4	6,939.7	6,387.3	14.3	13.4	6,954.0	6,400.7
6,325.0	**6,202.9**	**225.1**	**175.1**	**535.1**	**461.6**	**8,623.5**	**8,287.8**	**–20.7**	**–11.8**	**8,602.8**	**8,276.0**
4,351.0	4,051.1	63.0	68.5	585.6	569.9	5,915.0	5,681.2	135.3	241.3	6,050.3	5,922.5
1,974.0	2,151.8	162.1	106.6	–50.5	–108.3	2,708.5	2,606.6	–156.0	–253.1	2,552.5	2,353.5
28.7	36.6	17.5	27.1	19.8	79.9	96.6	177.6	–13.7	–13.6	82.9	164.0
910	946	1,387	1,358	443	422	3,262	3,233	0	0	3,262	3,233
30.7	**31.6**	**19.3**[2)]	**17.8**[2)]	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	**36.4**	**37.2**
20.2	**20.5**	**17.7**[2)]	**15.0**[2)]	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	**31.6**	**31.9**

Impairment losses, which are described in detail below and in notes 10 and 15, were charged in the following segments:

	2004 €m	2003 €m
Xetra	3.3	3.1
Eurex	0.5	2.7
Clearstream	1.5	0
Information Technology	0.4	10.0
Total impairment losses[1]	**5.7**	**15.8**

[1] Net amounts, i.e. excluding intercompany profits/losses

€2.5 million (Xetra: €2.0 million, Eurex: €0.5 million) related to the central counterparty, a further €1.5 million was written down on available-for-sale land, another €1.3 million related to Xetra BEST and €0.4 million to the goodwill on entory.

In gross terms (i.e. including eliminated intercompany profits and losses), impairment losses amounted to €3.6 million for the Equity CCP (of which €2.7 million in the Xetra segment and €0.9 million in the Eurex segment) and €1.8 million for Xetra BEST.

Non-cash valuation allowances and bad debt losses resulted from the following segments:

	2004 €m	2003 €m
Xetra	0.4	0.6
Eurex	0.9	0.3
Market Data & Analytics	0.1	0.1
Information Technology	0.4	0.2
Corporate Services	0.1	0
Total non-cash valuation allowances and bad debt losses	**1.9**	**1.2**

Assets and liabilities are allocated to the individual segments on the basis of objective criteria. Assets that cannot be allocated to the segments, as well as minority interests, are disclosed in the reconciliation column.

The primary segments were not classified further into secondary segments (geographical segments), because Deutsche Börse Group's business model, and in particular that of its Xetra, Eurex, Market Data & Analytics and Clearstream segments, is focused on an internationally operating participant base and pricing is not differentiated according to the customer's location. From a price, margin and risk perspective, this means that it is unimportant whether revenues are generated from German or non-German participants.

42. Credit lines

The Group companies had the following credit lines as at 31 December 2004, none of which had been drawn down except for a minor part of the Clearstream Banking S.A. line enabling Clearstream settlement in Germany:

Company	Purpose of credit line		Currency	Amount in millions 31 Dec. 2004	Amount in millions 31 Dec. 2003
Deutsche Börse AG	Working capital	– interday	€	435.0	435.0
Eurex Clearing AG	Working capital	– interday	€	970.0	970.0
	Eurex settlement	– intraday	€	900.0	900.0
	Eurex settlement[1] (uncommitted)	– interday	USD	2,100.0	2,100.0
Clearstream Banking S.A.	Working capital	– interday	USD	1,000.0	1,000.0
	Inter ICSD[2] settlement	– interday	USD	5,600.0	6,850.0
	Clearstream settlement in Germany (uncommitted)	– interday	€	3,600.0	3,600.0
Clearstream Banking AG	Working capital	– interday	CHF	0	50.0
	Clearstream settlement in Germany (committed)	– interday	€	59.7	60.9

[1] Amounts above USD 100.0 million (or euro equivalent) can only be drawn if supported by a pledge of proprietary collateral.
[2] International Central Securities Depository

A commercial paper program offers Deutsche Börse Group an opportunity for flexible, short-term financing, involving a total facility of €2.5 billion in various currencies.

Clearstream Banking S.A., Luxembourg, also has a commercial paper program, with a program limit of €1.0 billion, which is used to provide additional short-term liquidity.

A Debt Issuance Program was established in May 2003. This program, under which Deutsche Börse AG and Deutsche Börse Finance S.A. can issue up to €2.0 billion in debt, provides an opportunity for long-term financing. For tranches issued by Deutsche Börse Finance S.A., Deutsche Börse AG acts as guarantor. On 23 May 2003, the first five-year tranche of nominal €500.0 million was issued by Deutsche Börse Finance S.A. under this program.

As at 31 December 2004, Moody's Investors Service and Standard & Poor's confirmed Deutsche Börse AG's long-term credit ratings of Aa1 and AA+ respectively (31 December 2003: Aa1/AA+). Deutsche Börse AG's commercial paper program was awarded the best possible short-term rating by both Moody's Investors Service (P-1) and Standard & Poor's (A-1+) (31 December 2003: P-1/A-1+).

Fitch and Standard & Poor's confirmed their long-term credit ratings of AA+ for Clearstream Banking S.A. (31 December 2003: AA+/AA+). Fitch awarded an F1+ rating to Clearstream Banking S.A.'s commercial paper program, and Standard & Poor's awarded an A-1+ rating (31 December 2003: F1+/A-1+).

43. Off-balance-sheet contingencies and commitments

Eurex Clearing AG

According to the “Clearing Conditions for Trading at Eurex Deutschland and Eurex Zürich”, transactions on the Eurex exchanges must be executed between Eurex Clearing AG and a clearing member. Deutsche Börse AG has issued a comfort letter with an unlimited term in favour of Eurex Clearing AG, under which Deutsche Börse AG undertakes to provide Eurex Clearing AG with 85 percent of the funds it needs, up to a maximum of €700 million for 100 percent, to meet its obligation as the central counterparty to settle trades cleared by Eurex Clearing AG.

To safeguard against possible losses from any default by its contracting parties, the clearing conditions, as most recently amended on 1 February 2005, provide for certain conditions of membership. Among other things, each individual clearing member must provide cash or securities collateral to secure its entire contractual obligations each exchange day in the amount stipulated by Eurex Clearing AG. The institutions must also provide clearing guarantees as the basis for the clearing business.

In the event of the default of a clearing member, the member’s outstanding positions would be closed out and any resulting shortfall would be covered, in the first instance, by the collateral and security margin of that clearing member. Any remaining shortfall would be covered by the capital reserve of Eurex Clearing AG and then the clearing fund contributions of all clearing members. Finally, Deutsche Börse AG has issued a comfort letter for 85 percent of any deficit, up to a maximum of €700 million for 100 percent, arising out of the default of a clearing member. This comfort letter has recently been adjusted in line with the economic share of the Group’s participation in the Eurex business.

The total risk inherent in the executed trades in the event of default by a contracting party was valued at €12,351 million (2003: €12,094 million) at the balance sheet date.

The risk was offset by total collateral in the amount of €18,259.1 million (2003: €17,016.3 million), composed as follows:

	Carrying amount as at 31 Dec. 2004 €m	Carrying amount as at 31 Dec. 2003 €m	Fair value as at 31 Dec. 2004 €m	Fair value as at 31 Dec. 2003 €m
Cash collateral (cash deposits)	807.1	882.6	807.1	882.6
Securities and book-entry securities collateral	17,452.0	16,133.7	19,480.0	19,275.9
Total collateral	**18,259.1**	**17,016.3**	**20,287.1**	**20,158.5**

There were also third-party bank guarantees for clearing members of Eurex Clearing AG amounting to €216 million as at the year-end (2003: €235 million).

Clearstream Banking AG

Deutsche Börse AG and Clearstream International S.A. have each issued an unlimited letter of comfort in favour of Clearstream Banking AG in accordance with section 5 (10) of the statutes of the Einlagensicherungsfonds (deposit insurance fund) existing within the Bundesverband deutscher Banken e.V. (German Banking Association), by which Deutsche Börse and Clearstream International S.A. have each undertaken to indemnify Bundesverband deutscher Banken e.V. against all losses that may result from actions in accordance with section 2 (2) of the aforementioned statutes.

Settlement facilities

"Technical Overdraft Facilities" are made available to the customers of the Clearstream subgroup in order to maximize settlement efficiency during processing. These settlement facilities are subject to internal credit review procedures. These facilities are revocable at the option of the Clearstream subgroup and are largely collateralized by cash and securities. They amounted to €47.2 billion as at 31 December 2004 (2003: €51.7 billion). Actual outstandings at the end of each business day generally represent a small percentage of such facilities and as at 31 December 2004 amounted to €361.6 million (2003: €390.6 million).

Furthermore, following the modified security settlement processing via the Bundesbank (the German central bank) introduced on 17 November 2003, Clearstream Banking AG provided intraday credit facilities amounting to a maximum of €106.0 million to customers without their own Lombard facilities at the Bundesbank against collateral security. Of this amount, €59.7 million were irrevocable as at 31 December (2003: €60.9 million).

Guarantees given

Clearstream guarantees the risk resulting from the Automated Securities Fails Financing ("ASF") program it offers to its clients. This only applies when the risk is collateralized. In the absence of collateral, the risk is covered by third parties. At 31 December 2004, the guarantees issued under this program amounted to €728.3 million (2003: €504.3 million).

Pledged securities

Insurance recoverables in the amount of €1.7 million (2003: €1.6 million) have been pledged to the IHK (Chamber of Commerce) Frankfurt/Main.

The Clearstream subgroup is allowed to repledge with central banks part of the collateral received. Amounts available for repledge at central banks amounted to €1,581.2 million as at 31 December 2004 (2003: €818.6 million).

44. Financial risk management

Deutsche Börse Group seeks to reduce any currency and interest rate risks arising from its business to an acceptable level in comparison with the Group's pre-tax earnings. Currency risks arise largely from Clearstream's custody fees based on the value of customers' US dollar assets, from interest earned on US dollar balances, and from the revenues and expenses of the Eurex US derivatives exchange. Approximately 10 percent of Clearstream's revenue is related to the US dollar. These exposures are partially offset by operating costs that are incurred in US dollars. Any remaining expected net exposure is hedged through forward currency transactions to the extent that it is significant.

There were no significant foreign exchange positions as at 31 December 2004 and 2003.

Interest rate risks arise largely in the Clearstream segment. As forecasts of future cash balances are inherently uncertain, interest rate swaps may be used to lock in fixed rates on approximately half of the expected cash balances. Interest rate swaps are primarily used when forward interest rates are judged to be attractive.

Liquidity risks are managed by matching the duration of assets and liabilities, restricting investments in potentially illiquid or volatile asset classes, and maintaining sufficient credit facilities to overcome unexpected demands for liquidity.

Deutsche Börse Group's cash reserves are mostly invested in unsecuritized and securitized money market instruments of very high credit quality. The instruments used principally comprise term money deposits with banks, some of which are protected by deposit insurance funds, and securities repurchase agreements. The systematic use of market information systems also enables the Group to take countermeasures at an early stage if risks change.

Compulsory compliance with the Luxembourg and German capital adequacy rules ensures that the default risk in the Clearstream subgroup is managed. The eligible own funds calculated to determine capital adequacy for the Clearstream subgroup amounted to €811.3 million (2003: €747.2 million). The minimum capital requirements under Luxembourg GAAP were €87.5 million (2003: €100.6 million), giving Clearstream a capital adequacy of 927 percent (2003: 743 percent).

The following table discloses the risk weighting of the loans extended by the Clearstream subgroup as at 31 December 2004:

Risk weighting	Balance sheet item	Loan principal		Risk-weighted assets	
		2004 €m	2003 €m	2004 €m	2003 €m
0%	Sovereign debtors and central banks	2,575.4	2,015.3	0	0
20%	Multilateral banks	161.9	162.5	32.4	32.5
	Banks in OECD countries	2,150.2	2,278.5	430.1	455.7
	Banks in non-OECD countries and maturities ≤ 1 year	39.1	24.3	7.8	4.9
	Financial institutions	4.6	11.2	0.9	2.2
50%	Transit accounts	78.9	113.0	39.4	56.5
100%	Non-banks	2.8	10.6	2.8	10.6
	Other assets	555.5	641.2	555.5	641.2
Total items recognized on balance sheet		**5,568.4**	**5,256.6**	**1,068.9**	**1,203.6**
Total off-balance-sheet items				0	2.5
Total risk-weighted elements				**1,068.9**	**1,206.1**

45. Other financial obligations

Group expenses in connection with long-term contracts in the coming years relating to rental agreements, leases and maintenance contracts, and to other contracts, amount to €493.4 million (2003: €417.6 million). Obligations in subsequent years are shown in the table below:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Up to 1 year	154.1	89.8
1 to 5 years	226.8	187.9
More than 5 years	112.5	139.9
Total future financial obligations	**493.4**	**417.6**

Obligations resulting from insurance policies amount to €9.4 million (2004: €3.0 million) in 2005.

46. Finance leases

Finance leases relate to IT hardware components that are used operationally in Deutsche Börse Group and are not subleased. The minimum lease payments are shown in the following table:

	31 Dec. 2004 €m	31 Dec. 2003 €m
Up to 1 year	1.7	2.0
1 to 5 years	3.0	2.0
Total minimum lease payments	**4.7**	**4.0**
Discount	–0.2	–0.4
Present value of minimum lease payments	**4.5**	**3.6**

No contingent rent is provided for under the terms of the leases. The corresponding agreements do not contain any escalation clauses. Deutsche Börse Group is entitled to purchase some of the leased assets at the end of the lease term for €0.3 million. The cost of this option has been included under minimum lease payments. The net carrying value of the leased assets amounts to €4.5 million as at 31 December 2004 (2003: €4.8 million). These lease agreements do not restrict the activities of Deutsche Börse Group above and beyond the obligations set out above.

47. Phantom stock option plan and Group Share Plan

Phantom stock option plan

Since the IPO on 5 February 2001, Deutsche Börse AG has established a phantom stock option program for Executive Board members and senior executives of Deutsche Börse AG and its subsidiaries. The program was extended to members of the Supervisory Board effective from 28 May 2003. These phantom stock options have a maximum term of five years and a lock-up period of three years. The options can be exercised in each quarter of the subsequent two years in 14-day exercise windows. In case options have not been exercised at the last day of the exercise period, the holder is treated as if he had exercised the options. The amount of the cash payout depends on the relative performance of Deutsche Börse AG shares (adjusted for dividend payments) versus the Dow Jones STOXX 600 Technology Index (EUR) (Return) as the benchmark index (€1 per 1 percentage point outperformance).

An adapted "exchange options" model was used to calculate the value of the stock options in accordance with IFRS 2. The valuation parameters based on the period 1 May 2001 to 31 December 2004 are: risk-free interest rate 2.00 percent, volatility of the 60-day average of Deutsche Börse AG shares 3.17 percent, volatility of the 60-day average of the Dow Jones STOXX 600 Technology Index 6.03 percent and correlation of the averages –6.49 percent. On 31 December 2004, the 60-day average of the index was 304.47 points and the 60-day average of the shares was €42.41, resulting in the following valuations as at 31 December 2004:

	Balance as at 31 Dec. 2004 Number[1]	Underlying share €	Underlying index Points	Intrinsic value €	Value of the options €
Tranche 2001[2]	538	32.57	840.8	93.99	93.99
Tranche 2002	86,841	40.66	493.6	42.62	42.62
Tranche 2003	177,487	37.16	249.3	0	2.48
Tranche 2004	190,417	43.37	320.2	2.70	6.34
Total	**455,283**				

[1] Including 118 purchased stock options
[2] 538 options were exercisable at 31 December 2004.

The following table shows the allocated stock options:

Number of stock options allocated	Balance as at 31 Dec. 2003	Additions	Exercise	Expiry on resignation	Balance as at 31 Dec. 2004
to the Supervisory Board	0	15,486	0	1,448	14,038
to the Executive Board	90,395	48,864	11,780	0	127,479
to other senior executives	218,518	136,968	12,715	29,123	313,648
Total stock options allocated	**308,913**	**201,318**	**24,495**	**30,571**	**455,165**

The average exercise price of the 24,495 stock options exercised during the year amounted to €96.55. Provisions totalling €5.4 million, thereof €4.3 million for the intrinsic value, (2003: €5.8 million, €5.8 million) were recognized in the amount of the value of the allocated stock options as at 31 December 2004. Members of the Executive Board accounted for €1.5 million (2003: €1.6 million) of this amount and members of the Supervisory Board for €0.1 million (2003: nil).

Group Share Plan

Following approval by the Annual General Meeting on 19 May 2004, the Company has established a further tranche of the Group Share Plan (GSP) for employees other than Executive Board members and senior executives.

Under the GSP Tranche 2004, eligible employees were able to buy up to 200 shares of the Company (dependant on basic salary) at a discount of between 20 and 40 percent, depending on the individual employee's performance assessment and length of service.

Shares must be held for at least two years. Employees received one stock purchase option for each share bought. The issue price of this option consists of the exercise price, which corresponds to the volume-weighted average price of the Company's share in the closing auctions in the Xetra trading system on the ten trading days prior to the date of grant of the stock options, but at a minimum to the closing auction price on the date of grant of the stock options (i.e. 30 June 2004), plus a premium amounting to 20 percent of the exercise price. Options cannot be exercised in the first two years and expire without compensation if not exercised within six years.

In total, some 32 percent (2003: 50 percent) of eligible employees subscribed for a total of 81,699 shares under the GSP (2003: 147,569). These shares were purchased in the market. The difference between the average purchase price and the average subscription price paid by employees, amounting to some €1.3 million (2003: €2.7 million), was charged to staff costs.

In accordance with IFRS 2, the stock options allocated were measured at their fair value at the grant date.

		Tranche 2004	Tranche 2003
Risk-free interest rate	%	3.86	2.77
Volatility of Deutsche Börse AG shares	%	19.15	25.50
Deutsche Börse AG share price	€	41.90	45.09
Dividend yield	%	1.46	1.10
Exercise price	€	51.84	54.79
Market value	€	**5.59**	**6.57**

Equity is increased by the full value of the stock options in the 2004 tranche (€0.5 million versus 2003: €1.0 million) proportionately over the vesting period of the options. In the year under review, the stock options in the 2003 and 2004 tranches resulted in staff costs of €0.6 million (2003: €0.2 million). At 31 December 2004, the number of stock options outstanding from the 2004 tranche amounted to 79,989 and from the 2003 tranche 139,529 (2003: 145,409).

48. Executive bodies

The members of the Company's executive bodies are listed in the "Managing Directors" and "Supervisory Board" sections of this annual report.

49. Shareholdings of the Executive and Supervisory Boards and Directors' Dealings

The Company was notified of the following holdings and dealings in Deutsche Börse AG shares as at 31 December 2004:

	Shareholding as at 31 Dec. 2004	Purchased in 2004	Sold in 2004	Shareholding as at 31 Dec. 2003
Executive Board				
Werner G. Seifert	0	0	0	0
André Roelants[1]	0	0	0	0
Rudolf Ferscha	18,290	0	0	18,290
Matthias Ganz	0	0	0	0
Mathias Hlubek	5,000	0	0	5,000
Michael Kuhn	0	0	0	0
Jeffrey Tessler[2]	0	0	0	–
Supervisory Board				
Dr. Rolf-E. Breuer	0	0	0	0
Manfred Zaß	0	0	0	0
David Andrews	0	0	0	0
Herbert Bayer	0	0	0	0
Udo Behrenwaldt	0	0	0	0
Birgit Bokel	0	0	0	0
Mehmet Dalman	0	0	0	0
Uwe E. Flach	0	0	0	0
Hans-Peter Gabe	410	0	100	510
Dr. Manfred Gentz	0	0	0	0
Harold Hörauf[1]	0	0	0	0
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt	0	0	0	0
Sandra S. Jaffee[1]	0	0	0	0
Dr. Stefan Jentzsch	5,400	8,100	2,700	0
Lord Peter Levene of Portsoken KBE[2]	0	0	0	–
Hessel Lindenbergh	0	0	0	0
Silke Martinez Maldonado	0	0	0	0
Friedrich von Metzler	0	0	0	0
Alessandro Profumo[2]	0	0	0	–
Sadegh Rismanchi	100	0	0	100
Dr. Herbert Walter	0	0	0	0
Otto Wierczimok	351	51	0	300
Johannes Witt	200	0	0	200

[1] Left the Executive Board or Supervisory Board in the course of 2004; the shareholdings relate to the date on which they left the Executive or Supervisory Board.
[2] Joined the Executive Board or Supervisory Board during 2004, so no data is given for 2003

The Company was not notified of any further holdings or transactions in Deutsche Börse AG shares or derivatives issued on these shares.

50. Corporate governance

On 9 December 2004, the Executive and Supervisory Boards issued the latest version of the declaration of conformity in accordance with section 161 of the AktG (German Stock Corporation Act) and made it available to shareholders on the Company's website. The declaration of conformity is also reproduced in the "Corporate Governance" chapter of this annual report.

51. Related party disclosures

Related parties as defined by IAS 24 are the members of the executive bodies of Deutsche Börse AG as well as those companies classified as its associates and other investors.

Executive Board

Members of the Executive Board are paid annual compensation with a fixed and a variable component, including phantom stock options.

	Fixed compensation[1)] € thous.	Performance-related compensation € thous.	Long-term incentive components € thous.	2004 Total € thous.	2003 Total € thous.
Werner G. Seifert	722.4	1,450.0	418.6	2,591.0	2,326.3
André Roelants[2)]	324.4	1,300.0	0	1,624.4	2,291.2
Rudolf Ferscha	404.2	650.0	0	1,054.2	990.4
Matthias Ganz	449.7	650.0	0	1,099.7	1,393.9
Mathias Hlubek	444.0	650.0	66.2	1,160.2	997.6
Michael Kuhn	425.8	500.0	94.5	1,020.3	949.5
Jeffrey Tessler[3)]	122.6	59.1	0	181.7	–
Total Executive Board remuneration				**8,731.5**	**8,948.9**

1) Fixed compensation includes fixed salary and other taxable salary components, such as health and long-term care insurance premiums and company car arrangements.
2) Resigned from the Executive Board on 30 June 2004
3) Appointed to the Executive Board on 6 October 2004

In the year under review, the actuarial present value of pension obligations to members of the Executive Board amounted to €9.1 million (2003: €6.3 million).

Former members of the Executive Board or their surviving dependents

The table below presents the benefits paid and the obligations to former members of the Executive Board or their surviving dependents:

	2004 € thousands	2003 € thousands
Pensions paid to former members of the Executive Board or their surviving dependents	270	263
Payments from exercise of stock options granted	0	0
Actuarial present value of the unfunded pension obligations	11,058	7,474

Remuneration of the Supervisory Board

For their services in 2004, Supervisory Board members received a ratable fixed remuneration. In addition, phantom stock options were granted for membership in the Supervisory Board.

The fixed remuneration for membership is €80 thousand per annum for the Chairman, €60 thousand per annum for the Deputy Chairman and €40 thousand per annum for any other member. In addition, for membership of the Supervisory Board's Strategy, Technology, Personnel, Clearing and Settlement, and Audit and Finance Committees, the additional remuneration is €30 thousand per annum for the Chairman of each Committee (€80 thousand per annum for the Chairman of the Audit and Finance Committee) and €20 thousand per annum for each other member of each Committee.

In addition, on 1 February each year, each member of the Supervisory Board receives stock options (see also note 47) free of charge, in each case with a life of five years and a target value of €40 thousand.

An overview of the total fixed remuneration in 2004 by Supervisory Board members is given below:

	2004 membership period	Total 2004 fixed remuneration € thousands
Dr. Rolf-E. Breuer	1 Jan. – 31 Dec.	140.0
Manfred Zaß	1 Jan. – 31 Dec.	80.0
David Andrews	1 Jan. – 31 Dec.	70.0
Herbert Bayer	1 Jan. – 31 Dec.	60.0
Udo Behrenwaldt	1 Jan. – 31 Dec.	72.4
Birgit Bokel	1 Jan. – 31 Dec.	40.0
Mehmet Dalman	1 Jan. – 31 Dec.	60.0
Uwe E. Flach	1 Jan. – 31 Dec.	60.0
Hans-Peter Gabe	1 Jan. – 31 Dec.	60.0
Dr. Manfred Gentz	1 Jan. – 31 Dec.	60.0
Harold Hörauf	1 Jan. – 19 May	23.0
Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt	1 Jan. – 31 Dec.	60.0
Sandra S. Jaffee	1 Jan. – 19 May	26.8
Dr. Stefan Jentzsch	1 Jan. – 31 Dec.	140.0
Lord Peter Levene of Portsoken KBE	19 May – 31 Dec.	24.8
Hessel Lindenbergh	1 Jan. – 31 Dec.	78.7
Silke Martinez Maldonado	1 Jan. – 31 Dec.	60.0
Friedrich von Metzler	1 Jan. – 31 Dec.	60.0
Alessandro Profumo	19 May – 31 Dec.	24.8
Sadegh Rismanchi	1 Jan. – 31 Dec.	60.0
Dr. Herbert Walter	1 Jan. – 31 Dec.	60.0
Otto Wierczimok	1 Jan. – 31 Dec.	60.0
Johannes Witt	1 Jan. – 31 Dec.	60.0

The members of the Supervisory Board received total remuneration of €1,440 thousand for their activities in 2004 (2003: €1,042 thousand). Appropriate provisions were established.

Other transactions with related parties

Other transactions with related parties are composed of the remuneration of advisory boards and material transactions with companies classified as related parties:

	2004 € thousands	2003 € thousands
Remuneration of Advisory Board of Deutsche Börse AG	0	27
Remuneration of Technology Advisory Board	17	67
Total	**17**	**94**

Material transactions with companies classified as related parties are presented below. All transactions were effected on an arm's length basis.

	2004 €m	2003 €m
Associates:		
Operation of Eurex software for European Energy Exchange AG by Deutsche Börse Systems AG	8.0	1.0
Reimbursement of software development costs to The Clearing Corporation Inc. by Eurex Frankfurt AG	2.3	0
Total associates	**10.3**	**1.0**
Other investors:		
Development of Eurex software by Deutsche Börse Systems AG for SWX Swiss Exchange	7.1	8.6
Office and administrative services for Eurex Zürich AG by SWX Swiss Exchange	7.1	5.2
Office and administrative services for SWX Swiss Exchange by Eurex Zürich AG	35.7	27.3
Total other investors	**49.9**	**41.1**
Other companies:		
Operation of the floor system trading by BrainTrade GmbH for Deutsche Börse AG	13.9	16.6
Operation and development of Xontro by Deutsche Börse AG for BrainTrade GmbH	20.3	23.2
Total other companies	**34.2**	**39.8**

52. Shareholders

The Capital Group Companies, Inc., Los Angeles, USA, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 WpHG (Wertpapierhandelsgesetz – German Securities Trading Act) in conjunction with section 22 (1) sentences 2 and 3 WpHG that it has held more than 5 percent of the Company's voting rights since 3 March 2004.

The Capital Group International, Inc., Los Angeles, USA, a subsidiary of The Capital Group Companies, Inc., has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 WpHG in conjunction with section 22 (1) sentences 2 and 3 WpHG that it has held more than 5 percent of the Company's voting rights since 12 March 2004.

The Children's Investment Fund Management (UK) LLP, London, UK, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 6 WpHG that it has held more than 5 percent of the Company's voting rights since 14 January 2005.

The Children's Investment Master Fund, George Town, Cayman Islands, a fund managed by The Children's Investment Fund Management (UK) LLP, has informed Deutsche Börse AG in accordance with section 21 (1) WpHG that it has held more than 5 percent of the Company's voting rights since 26 January 2005.

Atticus Capital, L.L.C., New York, USA, has informed Deutsche Börse AG in accordance with sections 21 (1), 22 (1) sentence 1 no. 5 and 6 WpHG that it has held more than 5 percent of the Company's voting rights since 18 February 2005.

53. Employees

	2004	2003
Average number of employees during the year	3,255	3,243
Employed as at the balance sheet date	3,262	3,233

There was an average of 3,080 full-time equivalent (FTE) employees during the year (2003: 3,049). Please refer also to the "Employees" section in the group management report.

54. Contingent liabilities

All known contingencies have been reflected in these financial statements.

55. Events after the balance sheet date

Proposed preconditional offer for the London Stock Exchange

On 27 January 2005, Deutsche Börse AG announced details of its proposed preconditional cash offer to acquire in full the outstanding share capital of the London Stock Exchange (LSE). The offer is subject to the sole precondition that the Board of the LSE resolves to give an unqualified and unconditional recommendation to its shareholders to accept the offer. Deutsche Börse reserves the right to waive the above precondition in whole or in part.

Frankfurt/Main, 25 February 2005
Deutsche Börse AG

Werner G. Seifert

Rudolf Ferscha

Matthias Ganz

Mathias Hlubek

Michael Kuhn

Jeffrey Tessler

Auditors' Report

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements prepared by Deutsche Börse AG, Frankfurt/Main, for the business year from 1 January to 31 December 2004. The preparation and the content of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with International Financial Reporting Standards.

Our audit, which also extends to the group management report prepared by the Company's management for the business year from 1 January to 31 December 2004, has not led to any reservations. In our opinion, on the whole, the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from 1 January to 31 December 2004 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Frankfurt/Main, 25 February 2005

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Wohlmannstetter (German Public Auditor)

Mock (German Public Auditor)

Single-Entity Financial Statements in Accordance with the HGB

A summary of Deutsche Börse AG's single-entity financial statements prepared in accordance with the provisions of the HGB (German Commercial Code) is presented below. Note that the information is not presented in the legally required form of publication in accordance with section 328 (2) of the HGB. A copy of the complete financial statements can be obtained from Deutsche Börse AG, Investor Relations, 60485 Frankfurt/Main, Germany.

Income statement for the period 1 January to 31 December	2004 €m	2003 €m
Sales revenue	733.3	731.0
Other operating income	130.3	118.8
Total expenses	–540.1	–538.6
Income from equity investments	4.2	53.1
Income from profit pooling agreements	84.7	82.1
Cost of loss absorption	–26.8	0
Write-downs of noncurrent financial assets and current financial instruments	–3.5	–10.0
Net financial result	1.9	–9.5
Profit before tax from ordinary activities	**384.0**	**426.9**
Taxes	–157.2	–159.4
Net profit for the year	**226.8**	**267.5**

Balance Sheet as at 31 December	2004 €m	2003 €m
Assets		
Noncurrent assets		
Intangible assets	19.7	37.5
Property, plant and equipment	22.0	22.7
Noncurrent financial assets	2,171.9	2,173.5
	2,213.6	**2,233.7**
Current assets		
Receivables and other current assets	254.5	147.5
Cash and bank balances	496.1	341.9
Prepaid expenses	1.6	1.3
	752.2	**490.7**
Total assets	**2,965.8**	**2,724.4**
Shareholders' equity and liabilities		
Shareholders' equity		
Subscribed capital	111.8	111.8
Share premium	1,367.5	1,367.5
Other retained earnings	448.4	374.8
Unappropriated surplus	226.8	135.0
	2,154.5	**1,989.1**
Provisions	113.9	150.8
Liabilities	697.4	584.4
Deferred income	0	0.1
	811.3	**735.3**
Total shareholders' equity and liabilities	**2,965.8**	**2,724.4**

Proposal on the Appropriation of the Unappropriated Surplus

The Executive Board proposes that the unappropriated surplus amounting to €226.8 million (2003: €135.0 million) reported in the annual financial statements of Deutsche Börse AG be appropriated as follows:

	2004 €m	2003 €m
Distribution of a dividend to the shareholders on 26 May 2005 of €0.70 per share for 111,802,880 shares (in 2004 from net profit for 2003: €0.55 for 111,802,880 shares)	78.3	61.5
Appropriation to retained earnings	148.5	73.5
Unappropriated surplus	**226.8**	**135.0**

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Financial Calendar/Contact

Financial calendar of Deutsche Börse Group in 2005

22 February
Annual Press Briefing for financial year 2004

10 May
Q1/2005 results

25 May
Annual General Meeting

26 May
Distribution of dividend for fiscal 2004

9 August
Q2/2005 results

8 November
Q3/2005 results

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Glossary

Actively managed fund Mutual fund in which a portfolio manager actively monitors the composition of the portfolio, buying and selling securities in response to changing market conditions. Actively managed funds are offered by investment companies. Some of them are traded in Deutsche Börse's Xetra® Active Funds segment. By adapting its portfolio to changing market conditions, an actively managed fund aims to outperform a benchmark index ("beat the index"). (→ ETF)

Automated Daytime Bridge Electronic interface which enables the automatic settlement of securities transactions between Clearstream Banking and Euroclear counterparties during the day as well.

CCP – Central Counterparty For cash market trading: functionality for exchange and off-exchange transactions that acts as a legal intermediary between trading parties, thus ensuring anonymity, minimizing the default risk, and facilitating → netting.

Clearing The → netting and → settlement of receivables and liabilities arising from securities and derivatives transactions; determination of the bilateral net debt of buyers and sellers.

Contract On the derivatives market: a binding agreement between two parties to buy or sell an instrument of a precisely defined quality (e.g. equities, interest rate products, currency) in a particular amount at a fixed point of time or within a certain time-span in the future, and at a concrete price determined at the time the contract is concluded.

DAX® German blue-chip index. Comprises the 30 German companies with the greatest trading volume and market capitalization in the Prime Standard segment of FWB®, the Frankfurt Stock Exchange. Further indices in the Dax family include MDax® (midcap index), SDAX® (smallcap index) and TecDAX® (technology shares index).

Derivatives Highly liquid, standardized financial instruments whose value depends on the performance of an underlying security (→ underlying instrument). The most important types of derivatives are → options and → futures.

ETF Exchange-traded fund, also: passively managed fund. Mutual fund whose indefinitely dated stocks can be bought or sold in continuous trading on the stock exchange, and which tracks the performance of the index on which it is based – e.g. that of the → DAX® (→ XTF, actively managed fund)

Future Standardized tradable derivatives contract in which sellers agree to deliver, and buyers agree to purchase, a certain quantity of an → underlying at a predetermined price on a specified date. (→ derivatives)

General Standard An admission standard on FWB®, the Frankfurt Stock Exchange. Unlike the → Prime Standard, issuers need to meet only the minimum statutory requirements (such as an annual report and ad-hoc disclosures) to be admitted to and remain in the General Standard.

GEX® Index comprising all German small- to medium-sized companies listed in the Prime Standard segment of FWB® (the Frankfurt Stock Exchange) which have been listed on the exchange for no more than ten years – indicating that they are still in a growth phase. GEX companies are owner-managed, i.e. the members of the executive and supervisory boards (or their families) must own between 25 and 75 percent of the voting rights.

iBoxx® Family of real-time indices and real-time prices for European bonds. Calculated by Deutsche Börse on the basis of real-time prices from leading investment banks.

Implicit transaction costs Indirect costs in securities trading. Unlike explicit transaction costs (such as charges for trading, clearing and settlement, as well as commissions and taxes), these are mainly costs ensuing from the spread between the actual buy or sell price and the valuation of a share's market value at the time the order was placed. As a general rule, the more liquid a marketplace, the lower the implicit costs will be.

Netting Offsetting of buy and sell positions over a given period of time, so that market participants only have to settle the balance; one of the functions and advantages of the → CCP (central counterparty).

Option A derivatives contract that entitles buyers and sellers to buy (call) or sell (put) a defined quantity of an → underlying at an agreed price (exercise price) within a certain period of time or on a specified date.

Prime Standard An admission standard on FWB®, the Frankfurt Stock Exchange. Issuers must meet transparency requirements (e.g. quarterly reports, international accounting) which exceed those of the → General Standard. A listing in the Prime Standard is a precondition for admission to a Deutsche Börse selection index, such as → DAX®, MDAX®, SDAX®, or TecDAX®

Securities lending Transfer of securities by a lender for a fee and on condition that the borrower returns securities of the same kind, quality and amount to the lender at the end of a fixed term.

Settlement The completion and fulfilment of an exchange transaction, i.e. the transfer of traded securities from the seller to the buyer. Within Deutsche Börse Group, Clearstream is in charge of this post-trading task.

Underlying Market instrument on which an options or futures contract is based. Underlyings can be shares, indices or goods, for example.

Xetra liquidity measure (XLM) Measures → liquidity in electronic securities trading on the basis of → implicit transaction costs. It is calculated for the simultaneous purchase and sale of a position (round-trip) in the electronic order book for all equities and exchange-traded funds in continuous trading.

XTF Exchange Traded Funds® Segment on FWB®, the Frankfurt Stock Exchange, for continuous trading in investment fund shares (index funds). (→ ETF)

Deutsche Börse Group: Five-Year Review

		2000	2001	2002[1]	2003[1]	2004
Consolidated income statement						
Sales revenue[2]	€m	648.9	760.3	1,106.5	1,419.4	1,449.6
Net interest income from banking business	€m	0	0	64.4	94.4	77.1
Other operating income	€m	95.7	77.3	70.6	80.6	64.2
Fee and commission expenses from banking business	€m	0	0	–66.3	–117.0	–118.5
Total expenses less own expenses capitalized[2]	€m	–591.6	–604.3	–858.8	–1,024.3	–1,015.7
Result from equity investments	€m	63.5	44.8	34.8	–0.5	2.0
Earnings before interest and taxes (EBIT)	€m	216.5	278.1	351.2	452.6	458.7
Net financial result	€m	2.4	41.1	23.2	–4.5	–6.7
Earnings before tax from ordinary activities (EBT)	€m	218.9	319.2	374.4	448.1	452.0
Net income[3]	€m	142.9	203.7	235.1	246.3	266.1
Dividend[4]	€m	30.8	37.0	49.2	61.4	78.3
Consolidated cash flow statement						
Cash flows from operating activities	€m	101.5	248.8	466.2	530.6	439.6
Cash flows from investing activities	€m	–252.3	–152.8	–1,734.1	–412.4	–33.5
Consolidated balance sheet						
Noncurrent assets excl. miscellaneous and deferred tax assets	€m	620.3	737.2	2,656.4	2,350.2	2,143.8
Receivables over 1 year including deferred tax assets	€m	2.5	6.3	8.8	18.7	18.9
Current receivables and securities from banking business	€m	0	6.9	3,085.0	4,047.3	4,583.4
Restricted bank balances	€m	71.1	164.7	303.7	1,048.4	867.4
Other cash and bank balances	€m	69.5	1,055.1	248.1	548.1	740.2
Other current assets	€m	149.3	153.7	229.0	263.3	249.1
Equity[3]	€m	424.1	1,570.9	2,175.3	2,353.5	2,552.5
Noncurrent interest-bearing liabilities	€m	90.0	0	9.2	503.2	502.3
Other noncurrent provisions and liabilities	€m	74.3	105.0	196.8	195.1	204.3
Technical closing date liabilities[5]	€m	71.1	164.7	3,475.1	4,801.0	5,018.0
Other current provisions and liabilities	€m	253.2	283.3	674.6	423.2	325.7
Total assets[3]	€m	912.7	2,123.9	6,531.0	8,276.0	8,602.8
Balance sheet performance indicators						
Trade creditors days 1[6]	days	33	28	33	24	17
Trade creditors days 2[7]	days	39	33	38	26	19
Trade creditors ratio[8]	%	27	29	47	15	14
Equity ratio 1[9]	%	43	208	45	69	92
Equity ratio 2[10]	%	56	223	63	85	107
Debt / equity ratio[11]	%	30	14	22	12	9
Liabilities structure[12]	%	61	73	77	38	32
Cash ratio[13]	%	27	372	37	59	89
Current ratio[14]	%	86	430	72	88	120
Debt coverage[15]	%	72	104	68	64	70
Equity / net noncurrent tangible assets[16]		8.6	37.3	8.0	18.9	45.5
Equity / net noncurrent assets[17]		1.9	5.2	1.1	1.4	1.8

Deutsche Börse Group: Five-Year Review

		2000	2001	2002[1]	2003[1]	2004
Performance indicators						
EBIT (excluding result of equity investments) / sales revenue	%	24	31	29	32	32
EBITA (excluding result of equity investments) / sales revenue	%	24	31	35	37	36
Cash flow 1 return on investment (CF1 ROI)[18]	%	36	21	20	21	20
Cash flow 2 return on investment (CF2 ROI)[19]	%	36	21	20	21	21
Earnings per share (basic and diluted)[20]	€	1.95	2.04	2.18	2.20	2.38
Dividend per share[20]	€	0.30	0.36	0.44	0.55	0.70
Operating cash flow per share[20]	€	1.38	2.49	4.33	4.75	3.93
Return on shareholders' equity[21]	%	40	16	13	11	11
Staff costs / total revenue	%	14	12	18	19	21
Employees (annual average FTEs)		894	1,030	2,302	3,049	3,080
Sales revenue per employee[2]	€ thousands	726	738	481	466	471
Market indicators						
Xetra						
Number of transactions	thousands	39,009	49,719	60,001	71,368	69,372
Order book turnover	€m	980,552	958,407	876,179	833,074	902,747
Participants (at 31 December)		431	413	359	308	283
Floor						
Number of transactions	thousands	163,914	124,342	86,653	70,144	66,710
Order book turnover	€m	438,712	235,780	157,760	131,632	111,649
Eurex						
Number of traded contracts	m	454.1	674.2	801.2	1,014.9	1,065.6
Participants (at 31 December)		429	427	424	406	409

1) The 50 percent interest in Clearstream International S.A. was carried at equity following the merger of Deutsche Börse Clearing AG with the operations of Cedel International S.A. to form Clearstream International S.A. Following the acquisition of Cedel International S.A., Clearstream International S.A. has been fully consolidated since 1 July 2002.
2) Excluding net license fees, which were recognized until 2000
3) Restated to reflect changes in accounting policies; excluding extraordinary items and including minority interest
4) Distribution of dividend in the following year; 2004: proposal to Annual General Meeting 2005
5) Technical closing date liabilities include liabilities from banking business of Clearstream International S.A. (since 2002) as well as cash deposits by market participants.
6) Trade payables * 360 / (sales revenue + net interest income from banking business + own expenses capitalized + other operating income)
7) Trade payables * 360 / (sales revenue + net interest income from banking business)
8) (Current bank liabilities, liabilities from the issuance of commercial paper, trade payables and other current liabilities) / sales revenue
9) (Equity – intangible assets) / (total assets – intangible assets – land and buildings – leasehold improvements – technical closing date liabilities – cash funds and unrestricted bank balances)
10) (Equity – intangible assets + noncurrent provisions) / (total assets – intangible assets – land and buildings – leasehold improvements – technical closing date liabilities – cash funds and unrestricted bank balances)
11) (Current provisions and liabilities – technical closing date liabilities) / (total assets – technical closing date liabilities)
12) (Current provisions and liabilities – technical closing date liabilities) / (provisions and liabilities – technical closing date liabilities)
13) Cash funds and unrestricted bank balances / (current provisions and liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)
14) (Cash funds and unrestricted bank balances + trade receivables from subsidiaries, associates and other investors + other current assets) / (current provisions and liabilities – technical closing date liabilities + noncurrent interest-bearing liabilities)
15) (Net income + taxes + depreciation and amortization expense) / (provisions and liabilities – technical closing date liabilities)
16) Equity / (plant and equipment excluding land and buildings and leasehold improvements)
17) Equity / (plant and equipment excluding land and buildings and leasehold improvements + intangible assets)
18) (Net income + taxes + depreciation and amortization expense) / total assets less technical closing date liabilities
19) (Net income + taxes + depreciation and amortization expense + additions to pension provisions) / total assets less technical closing date liabilities
20) Adjusted for the 10-for-1 stock split implemented on 1 June 2001
21) Net income / average shareholders' equity for the financial year, based on the quarter-end shareholders' equity balances