



DEUTSCHE BÖRSE  
GROUP

# Interim Report

Quarter 3/2004



**Deutsche Börse Group: Financial Highlights**

		30 Sep. 2004	Quarter ended 30 Sep. 2003	Nine months ended 30 Sep. 2004	30 Sep. 2003	
<b>Consolidated income statement</b>						
Sales revenue	€m	347.1	362.9	1,085.2	1,065.3	
Net interest income from banking business	€m	15.9	22.3	54.4	72.8	
Earnings before interest, taxes and goodwill amortization and write-downs (EBITA)	€m	127.0	135.1	406.9	408.5	
Earnings before interest and taxes (EBIT)	€m	109.8	109.1	355.3	350.5	
Net profit for the period	€m	66.9	54.6	211.5	195.5	
<b>Consolidated cash flow statement</b>						
Cash flows from operating activities	€m	156.3	147.6	351.3	355.5	
Cash flows from investing activities	€m	-108.1	-43.0	-384.9	-468.0	
<b>Consolidated balance sheet (as at 30 September)</b>						
Shareholders' equity	€m	2,491.0	2,291.8	2,491.0	2,291.8	
Total assets	€m	10,831.3	9,685.0	10,831.3	9,685.0	
<b>Performance indicators</b>						
Earnings per share (basic and diluted)	€	0.60	0.49	1.89	1.75	
Operating cash flow per share	€	1.40	1.32	3.14	3.18	
<b>Market indicators</b>						
<b>Xetra</b>						
Number of transactions	thousands	15,748	18,485	52,264	54,110	
Order book turnover	€m	199,792	225,335	684,534	614,604	
Participants (as at 30 September)		292	311	292	311	
<b>Floor trading</b>						
Number of transactions	thousands	13,057	19,979	51,349	52,035	
Order book turnover	€m	24,179	34,000	87,523	101,402	
<b>Eurex</b>						
Number of contracts	thousands	251,011	257,019	804,151	781,422	
Participants (as at 30 September)		405	413	405	413	
<b>Clearstream</b>						
Number of transactions	national	m	6.9	9.1	24.9	36.1
	international	m	3.8	4.0	12.8	12.2
Securities deposits (as at 30 September)	national	€bn	4,201	4,345	4,201	4,345
	international	€bn	3,229	2,953	3,229	2,953
<b>Deutsche Börse share price</b>						
Opening price <sup>1)</sup>	€	41.77	46.13	43.35	38.16	
High <sup>2)</sup>	€	42.70	49.20	51.35	49.20	
Low <sup>2)</sup>	€	36.65	41.71	36.65	31.61	
Closing price (as at 30 September)	€	40.72	43.80	40.72	43.80	

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

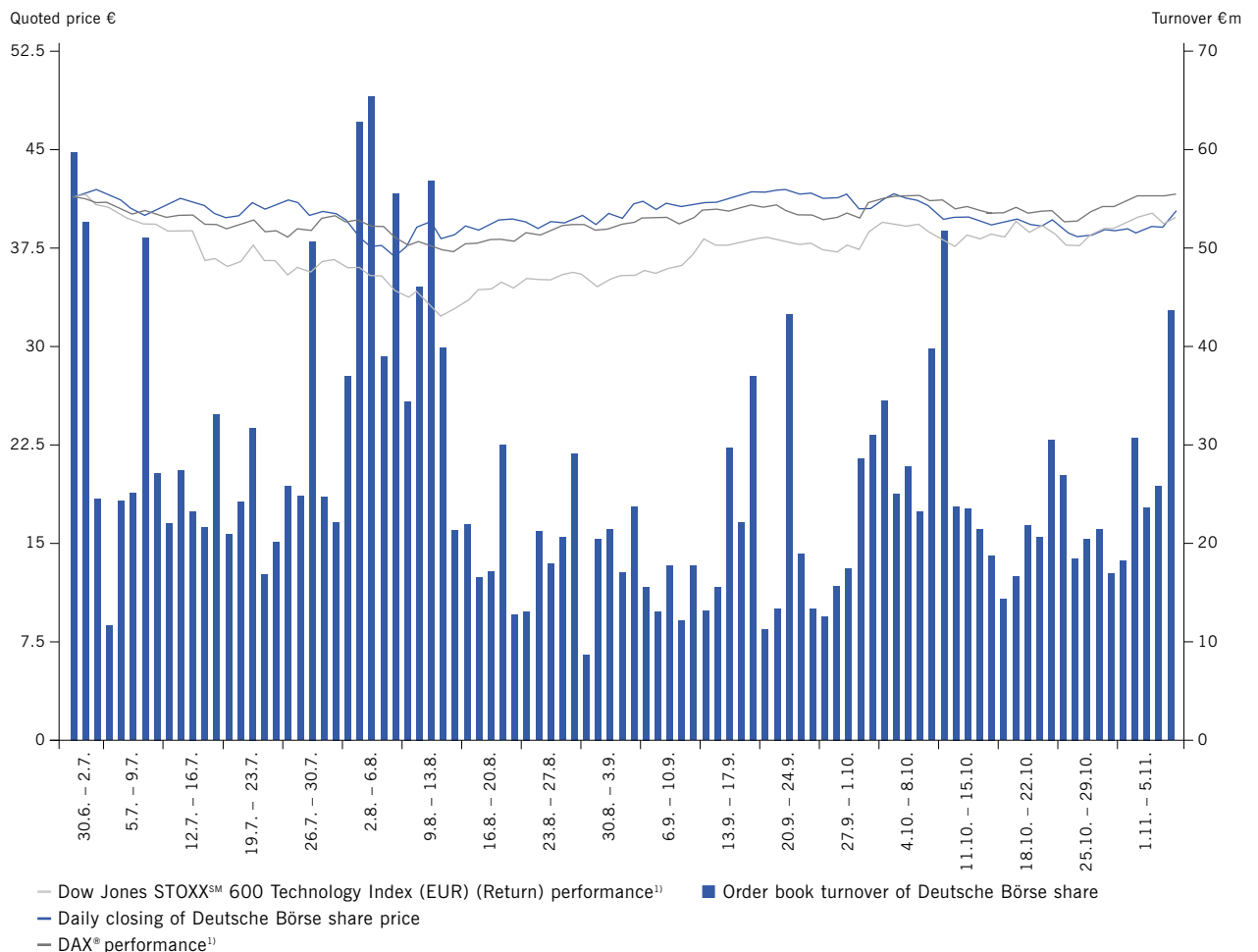
<sup>2)</sup> Intraday price

## Increased earnings in Q3

### Jeffrey Tessler appointed as Executive Board member for banking and custody

- Sales revenue down 4 percent year-on-year at €347.1 million (Q3/2003: €362.9 million), mainly due to the trends in the Xetra and Eurex trading segments.
- Earnings before interest and taxes (EBIT) amounted to €109.8 million – an increase compared with the previous year thanks to rigorous cost management (Q3/2003: €109.1 million).
- Earnings per share totalled €0.60 after taxes for an average of 111.8 million shares (Q3/2003: €0.49 for an average of 111.8 million shares).
- Operating cash flow per share up 6 percent year-on-year to €1.40 (Q3/2003: €1.32).
- The Supervisory Board of Deutsche Börse AG appointed Jeffrey Tessler to the Executive Board with effect from 6 October. Tessler is responsible for the Banking and Custody Area and should also become CEO of Clearstream International S.A. as of 10 December.
- On 21 October, the Commodity Futures Trading Commission (CFTC) approved the Global Clearing Link Phase I, which connects the US and European derivatives markets and offers clearing choice for the first time.

### Development of Deutsche Börse AG's share price in Q3



## Sales revenue and EBIT by quarter

**Sales revenue:** Deutsche Börse Group's sales revenue fell 4 percent to €347.1 million (Q3/2003: €362.9 million). Sales revenue grew in the Clearstream and Information Services segments, while it decreased in the Xetra and Eurex trading segments due to low trading activity.

**EBIT:** Deutsche Börse Group's EBIT rose to €109.8 million (Q3/2003: €109.1 million).

## Sales revenue by segment: Clearstream and Information Services increase sales revenue

**Xetra:** Due to a drop in trading activity, the Xetra segment recorded lower sales revenue of €48.0 million in Q3/2004 (Q3/2003: €59.6 million).

**Eurex:** Sales revenue in the Eurex segment also declined by 7 percent to €96.7 million (Q3/2003: €103.8 million) due to lower trading volume and the discontinuation of CBOT income.

**IS:** Driven by the successful launch of new products, Information Services increased sales revenue by 6 percent to €30.6 million (Q3/2003: €29.0 million).

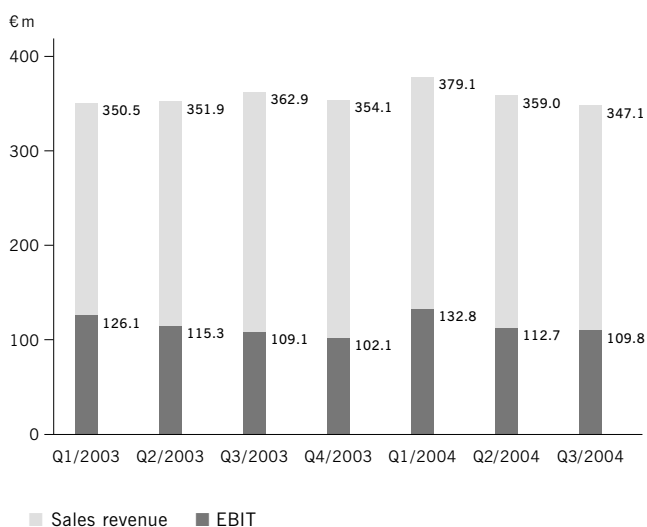
**IT:** New business and increased sales revenue from entry did not fully offset the discontinuation of CBOT income and the low trading activity on Xontro®, with the result that sales revenue fell 9 percent year-on-year to €29.2 million (Q3/2003: €32.2 million).

**Clearstream:** Sales revenue rose by 3 percent to €142.6 million, mainly due to growth in the area of custody and connectivity business (Q3/2003: €138.3 million).

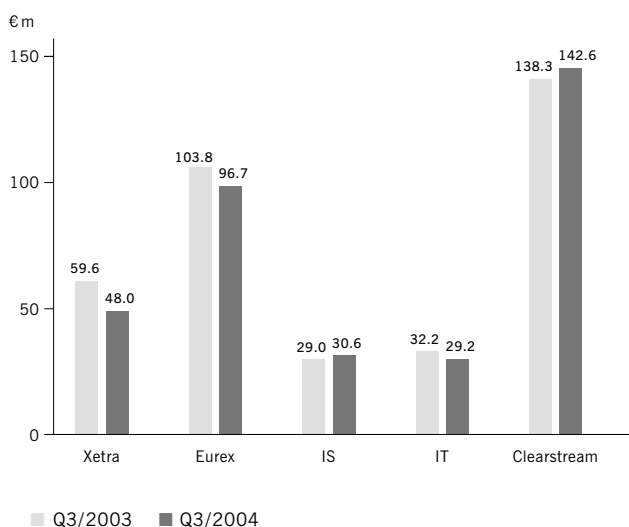
## EBIT by segment: Information Technology and Information Services record sharp increase in earnings

**Xetra:** Due to the fall in sales revenue, EBIT also dropped to €17.2 million (Q3/2003: €27.2 million).

Sales revenue and EBIT by quarter



Sales revenue by segment



**Eurex:** While costs remained stable and other operating income declined, EBIT in the derivatives market fell to €38.7 million (Q3/2003: €51.7 million).

**IS:** EBIT climbed to €12.3 million (Q3/2003: €8.8 million) year-on-year. Higher income from equity investments also contributed to the increase.

**IT:** EBIT rose to €18.8 million (Q3/2003: €6.5 million) thanks to rigorous cost management and the discontinuation of one-time factors depressing earnings.

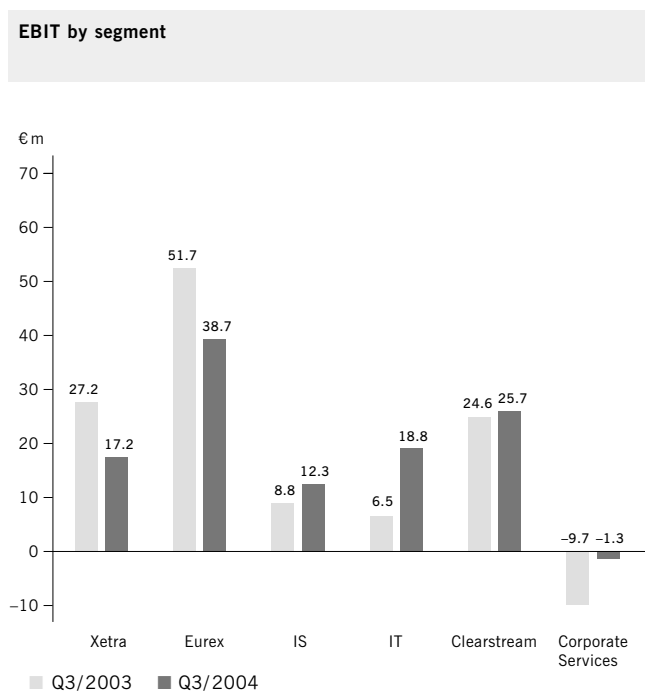
**Clearstream:** Despite lower interest income, EBIT grew by 5 percent to €25.7 million (Q3/2003: €24.6 million) due to an increase in sales revenue, while costs fell slightly.

**Corporate Services:** Net costs totalled €1.3 million (Q3/2003: €9.7 million).

### Xetra: Continuous expansion of offering for private investors

- Due to a fall in trading activity, the Xetra segment recorded lower sales revenue of €48.0 million in Q3/2004 (Q3/2003: €59.6 million).
- Costs up 4 percent year-on-year at €37.5 million (Q3/2003: €35.9 million) due to higher project expenses.
- As a result, EBIT fell to €17.2 million (Q3/2003: €27.2 million).

Trading activity declined in the third quarter due to continued low volatility and the sustained sideways movement of key indices. The 15.7 million transactions recorded in the Xetra® order book represent a fall of 15 percent year-on-year (18.5 million transactions). The number of contract notes in floor trading on the FWB® Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) decreased by 35 percent to 4.7 million (Q3/2003: 7.3 million). The segment's sales revenue thus declined 20 percent year-on-year. Costs increased slightly as against Q3/2003 as a result of higher project expenses, such as investments in the new Xetra Release 7.1. Adjusted for this effect, the segment reduced costs by 8 percent through rigorous cost management.



	Xetra transactions		Xontro contract notes in Frankfurt floor trading	
	2004 thous.	2003 thous.	2004 thous.	2003 thous.
Q1	20,152	17,431	8,353	5,741
Q2	16,364	18,194	5,603	6,138
Q3	15,748	18,485	4,722	7,287
<b>Total</b>	<b>52,264</b>	<b>54,110</b>	<b>18,678</b>	<b>19,166</b>

The XTF® segment for exchange-traded index funds (ETFs) maintained its European market leadership, with a market share of over 50 percent. At the same time, the Xetra Funds® product range was extended to include two new funds: the Fresco Dow Jones EURO STOXX 50 B, which has been tradable since 23 July, increases the number of ETFs to 56. The Xavex SICAV CROCI Euro, which was launched on 16 September, brings the number of actively managed funds to 23. This equity fund, which is issued

by Deutsche Bank, reflects the performance of the CROCI Euro Index, which currently comprises 30 European shares on the basis of their price/earnings ratio (CROCI stands for Cash Return on Capital Invested).

The “Smart Trading” initiative for private investors has enabled Deutsche Börse to successfully position itself in the market for certificates and warrants. Following a market share of around 25 percent at the start in September 2003, the annual average share for investment and leverage products in 2004 is 33 percent. The Smart Trading offering on the Frankfurt Stock Exchange was continuously expanded during this year to give private investors maximum trading quality, attractive conditions and reliable standards for all investment instruments.

### Eurex: Eurex US boosts trading volume

- Eurex sales revenue fell 7 percent at €96.7 million (Q3/2003: €103.8 million).
- Costs remained stable year-on-year.
- EBIT totalled €38.7 million (Q3/2003: €51.7 million).

With 804.2 million contracts, the Eurex derivatives exchange increased the volumes traded in the previous year by 3 percent during the first nine months of 2004. However, at 251.0 million contracts, the trading volume on the derivatives exchange fell by 2 percent in Q3 (Q3/2003: 257.0 million), mainly due to lower trading activity in July which was not fully offset by rising contract volumes year-on-year in August and September. Open interest contracts amounted to 68.7 million at the end of September, up 20 percent (end of September 2003: 57.1 million contracts). Sales revenue declined 7 percent, due to lower trading activity and the expiration of the contract with the Chicago Board of Trade (CBOT) at the end of January 2004.

Costs remained stable overall – they were no longer attributable to the set-up of the Eurex US exchange but to its operation. Due to lower other operating income in Q3, EBIT fell by €13.0 million to €38.7 million.

Trading volume	Q3/2004 Contracts in thous.	Q3/2003 Contracts in thous.	Change %
Stock options	47,907	50,346	-5
Index products (incl. XTF)	68,821	64,057	+7
Capital market products	134,282	142,616	-6
<b>Total Q3</b>	<b>251,011</b>	<b>257,019</b>	<b>-2</b>
<b>Total Q1 – Q3</b>	<b>804,151</b>	<b>781,422</b>	<b>+3</b>

Eurex further strengthened its position as the largest and the most liquid market for trading in European derivatives products. In Q3, Eurex expanded its Italian derivatives segment to include a future (19 July) and an option (6 September) on the Dow Jones Italy Titans 30 index. This index contains the thirty largest and most liquid Italian shares. Market participants benefit from the expanded trading opportunities and may leverage additional cost advantages by cross-margining European index products. During the first nine months, sales revenue in the Italian derivatives segment almost tripled year-on-year (up 273 percent). In Q3, Eurex increased its market share in trading of French and Dutch derivatives to an average of 13 and 14 percent respectively; open interest for Dutch stock options exceeded 3 million contracts for the first time in October.

### Eurex US: Roll-out of Global Clearing Link Phase I

In July, the French participants received approval to trade on Eurex US, the fully-electronic US futures and options exchange. Currently, a total of 42 European member firms are connected to Eurex US.

Effective 16 August, Eurex US modified its wholesale trading facility in order to stimulate trading activity in over-the-counter (OTC) wholesale trading and to further increase the diversity of trading on Eurex US. The Eurex US wholesale trading facility gives institutional end users greater flexibility in executing treasury futures transactions.

Trading volume on Eurex US has grown significantly in Q3. Average monthly trading volume amounted to 861,745 contracts, compared to around 58,000 contracts in June. In August, for the first time since the launch of Eurex US, the monthly trading volume exceeded one million contracts. A new daily trading record was set on 27 October, when 79,175 contracts were traded.

Having received approval from the Commodity Futures Trading Commission (CFTC) on 21 October, The Clearing Corporation and Eurex Clearing AG rolled out Phase I of their Global Clearing Link on 28 October 2004. The Global Clearing Link, which connects the US and European derivatives markets and offers clearing choice for the first time, is the first transatlantic clearing link to go live. It will significantly increase the efficiency of global derivatives markets, facilitate low cost clearing access to Eurex from the US and substantially reduce costs through margin offsets and collateral pooling between US dollar- and euro-denominated products. The Global Clearing Link provides the US clearing community with direct access to European trading, bringing new business opportunities to the US. The first phase of the Global Clearing Link brings immediate benefits to customers: cost reductions through lower clearing fees and higher capital efficiencies, as well as clearing access to European trading within the US regulatory framework.

In Phase II, members of Eurex Clearing will be able to clear US dollar and euro benchmark products traded at Eurex US, and use one common collateral pool to portfolio-margin European and US products. Certain European benchmark derivatives currently traded exclusively on Eurex will be cross-listed on Eurex US, allowing for 21 hours of trading and full fungibility of these products. Implementation of Phase II is subject to regulatory approval from the Commodity Futures Trading Commission and European regulators.

### **Information Services: New products ensure growing sales revenue**

- Segment sales revenue rose by 6 percent to € 30.6 million (Q3/2003: € 29.0 million).
- Costs declined by 3 percent to € 21.8 million (Q3/2003: € 22.4 million).
- EBIT climbed to € 12.3 million year-on-year (Q3/2003: € 8.8 million). Higher income from equity investments also contributed to the increase.

Despite muted trading activity and low market volatility, the Information Services segment increased sales revenue. Newly launched services, such as share price information for the European Stars segment, were successfully placed in the market and, together with the improved index business, contributed to this upturn.

Cost management, in particular in the purchasing of external services, led to a further reduction in costs. Combined with higher income from equity investments in STOXX AG and International Index Company Ltd. (formerly known as iBoxx Ltd.), these cost savings were reflected in a sharp increase in EBIT.

### Clearstream: Further growth in custody and connectivity business

- Sales revenue increased by 3 percent to €142.6 million (Q3/2003: €138.3 million) due to growth in custody revenues and connectivity business.
- Net interest income from banking business down by 29 percent to €15.9 million (Q3/2003: €22.3 million) due to lower average interest rates and reduced settlement activity leading to lower average cash balances.
- Cost efficiency programs continued to deliver and costs went down by another 2 percent to €128.1 million (Q3/2003: €130.6 million).
- EBIT increased by 5 percent to €25.7 million (Q3/2003: €24.6 million).

In the custody business, the value of assets under custody increased by 2 percent year-on-year, to reach €7.4 trillion. This growth is driven by international instruments, where custody value went up by 9 percent, mostly thanks to strong primary market activity. German domestic asset value decreased by 3 percent, mostly owing to equity and investment fund instruments. In total, the custody business sales increased by 3 percent to reach €94.5 million.

Average cash funds and value of securities deposited	Q3/2004 €bn	Q3/2003 €bn
Average cash funds	2,826	3,036
Values of securities deposited	7,430	7,298
thereof:		
Clearstream Banking S.A., international	2,906	2,695
Clearstream Banking AG, international	323	258
Clearstream Banking AG, domestic	4,201	4,345

Clearstream has further extended the customer base for Vestima<sup>+</sup>, its new mutual fund order routing platform. IXIS, a subsidiary of Caisse d'Épargne Group, will implement the fully automated service early next year to receive fund orders coming from Clearstream's customers that wish to gain access to French domestic funds.

The total number of settlement transactions processed by Clearstream fell by 19 percent from 13.1 million in Q3/2003 to 10.7 million year-on-year. Trading activity in both international and domestic markets continued to be weak. International transactions settlement volumes fell by 5 percent to 3.8 million; the German domestic settlement, mostly driven by stock exchange volumes, fell by 24 percent to 6.9 million. However, sales revenue decreased by only 2 percent to €25.9 million, due to the benefits of the New German Settlement Model, which was introduced by Clearstream in Q4/2003, and to the implementation of a new international settlement pricing model that protects sales against EUR/USD fluctuations.

Transactions	Q3/2004 m	Q3/2003 m
Clearstream Banking S.A., international	2.9	2.8
Clearstream Banking AG, international	0.9	1.2
Clearstream Banking AG, domestic	6.9	9.1
thereof:		
stock exchange transactions not eligible for CCP	3.5	4.5
CCP transactions	0.9	1.1
OTC transactions	2.5	3.5
<b>Total</b>	<b>10.7</b>	<b>13.1</b>

Another achievement in the area of settlement was the successful roll-out of Daytime Bridge Phase One at the end of June 2004. Phase One significantly improved the efficiency of securities exchange with Euroclear, hence reinforcing the interoperability between settlement platforms of both international central securities depositories (ICSDs). The launch date of Phase Two, which will enable same-day settlement of trades over the Bridge between counterparties located in the different ICSDs, is set for 15 November 2004.

In the wake of reduced settlement activity, average overnight cash funds fell by 7 percent to €2.8 billion. Owing to macroeconomic conditions, the average blended interest rates have gone down from



2.4 percent in Q3/2003 to 1.9 percent year-on-year, thus accounting for the decrease in net interest income from banking business.

The development of the tripartite Repo business was positive in Q3/2004. Clearstream is one of the leading suppliers of this service in which one counterpart transfers ownership of securities to another for a limited period under fixed terms and conditions. At the end of Q3/2004, the average outstanding amount totalled €73 billion, 37 percent above last year.

Connectivity business also continued to improve, thanks to the roll-out of CreationOnline in September 2002. The average number of online queries per month and instruction input has risen by nearly 450 percent year-on-year. The connectivity sales amounted to €11.4 million, 19 percent above Q3/2003.

Clearstream's operating and service capabilities are reflected in two awards. Clearstream has 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 its annual industry survey, 'Global Custodian' magazine has rated Clearstream as the best international ISCD in the industry across all service categories.

Effective 6 October, the Supervisory Board of Deutsche Börse AG appointed Jeffrey Tessler to the Executive Board. Tessler will be responsible for the Banking and Custody Area within Customers/Markets. On 10 December he is due to become Chief Executive Officer of Clearstream International S.A. Tessler joins Deutsche Börse Group following a 25-year career with The Bank of New York Company, Inc., where he held a number of key management positions, most recently as Executive Vice President of BNY Securities Group.

André Roelants, the current CEO of Clearstream International S.A., is due to become the company's Chairman as of 10 December. In an expanded role, he will focus on client development, strategic mar-

keting, and financial industry relationships and developments. Robert Douglass, who has served as Chairman of Clearstream International and its predecessor company, Cedel International, since May 1994 will become Chairman Emeritus and Senior Advisor to Clearstream International.

### **Information Technology: Successful cost management**

- External sales revenue generated by the IT segment down 9 percent to €29.2 million (Q3/2003: €32.2 million).
- Rigorous cost management showing sustained success, with costs falling 17 percent.
- EBIT rose to €18.8 million. Q3/2003 included an impairment loss on entory.

The new contracts with Deutsche WertpapierService Bank AG (dwpbank) and the European Energy Exchange AG (EEX) had a positive effect on sales revenue in Q3. In addition, entory increased its sales revenue by 18 percent. These factors were not able to fully offset the expiration of the joint venture with CBOT and the low trading activity on the Xontro system, with the result that sales revenue fell year-on-year.

Rigorous cost management, in particular in the purchasing of external services and in operating costs, continued to enjoy success. Costs fell by €20.3 million. These cost savings were reflected in an increase in EBIT, up €12.3 million on the previous year at €18.8 million. EBIT also increased after adjustment for the one-time factors in Q3/2003 – an impairment loss of €10.0 million recognized on the goodwill recorded on the acquisition of entory.

The IT segment has proven itself in a competitive environment and will continue to operate the trading platform for Xontro floor trading. The contract with BrainTrade Gesellschaft für Börsensysteme mbH, in which all of the German exchange operators are involved, was extended by five years prior to expiration.

# Consolidated Income Statement

for the period 1 January to 30 September 2004

	30 Sep. 2004	Quarter ended 30 Sep. 2003	30 Sep. 2004	Nine months ended 30 Sep. 2003
	€ m	€ m	€ m	€ m
Sales revenue	347.1	362.9	1,085.2	1,065.3
Net interest income from banking business	15.9	22.3	54.4	72.8
Own expenses capitalized	11.3	12.3	35.4	44.1
Other operating income	13.4	20.2	41.1	54.0
	<b>387.7</b>	<b>417.7</b>	<b>1,216.1</b>	<b>1,236.2</b>
Fee and commission expenses from banking business	-28.7	-27.6	-86.6	-86.2
Consumables used	-8.4	-8.1	-24.3	-26.8
Staff costs	-81.6	-79.9	-248.9	-243.5
Depreciation and amortization expense	-46.2	-49.9	-139.6	-144.2
Goodwill amortization	-17.2	-26.0	-51.6	-58.0
Other operating expenses	-96.2	-117.5	-311.5	-330.3
Income from equity investments	0.9	0.1	5.0	3.8
Impairment losses on noncurrent financial assets	-0.5	0.3	-3.3	-0.5
<b>Earnings before interest and taxes (EBIT)</b>	<b>109.8</b>	<b>109.1</b>	<b>355.3</b>	<b>350.5</b>
Net financial result	-0.3	-1.4	-4.3	-3.2
<b>Earnings before tax from ordinary activities (EBT)</b>	<b>109.5</b>	<b>107.7</b>	<b>351.0</b>	<b>347.3</b>
Income tax expense	-47.7	-53.5	-150.0	-152.0
Minority interests	5.1	0.4	10.5	0.2
<b>Net profit for the period</b>	<b>66.9</b>	<b>54.6</b>	<b>211.5</b>	<b>195.5</b>
Earnings per share (basic and diluted) (€)	0.60	0.49	1.89	1.75

# Consolidated Balance Sheet

as at 30 September 2004

	30 Sep. 2004 € m	31 Dec. 2003 € m	30 Sep. 2003 € m
<b>ASSETS</b>			
<b>Noncurrent assets</b>			
Intangible assets	1,424.7	1,536.1	1,577.9
Property, plant and equipment	245.3	328.6	316.2
Financial assets and investment property	519.4	485.5	473.8
Miscellaneous and deferred tax assets	16.5	31.6	32.0
	<b>2,205.9</b>	<b>2,381.8</b>	<b>2,399.9</b>
<b>Current assets</b>			
Current receivables and securities from banking business	6,504.3	4,047.3	5,664.4
Other receivables and other assets	266.7	263.3	296.4
Restricted bank balances	1,349.1	1,048.4	721.2
Other cash and bank balances	505.3	548.1	603.1
	<b>8,625.4</b>	<b>5,907.1</b>	<b>7,285.1</b>
<b>Total assets</b>	<b>10,831.3</b>	<b>8,288.9</b>	<b>9,685.0</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Subscribed capital	111.8	111.8	111.8
Share premium	1,330.2	1,330.2	1,330.2
Retained earnings	831.1	760.2	651.5
Revaluation surplus	6.3	3.8	2.7
Unappropriated surplus	211.6	135.0	195.6
	<b>2,491.0</b>	<b>2,341.0</b>	<b>2,291.8</b>
<b>Minority interests</b>	<b>6.8</b>	<b>12.3</b>	<b>13.1</b>
<b>Provisions and liabilities</b>			
<b>Noncurrent provisions</b>			
Provisions for pensions and other employee benefits	72.0	68.4	70.5
Deferred tax liabilities	71.6	92.3	96.1
Other noncurrent provisions	36.5	40.4	43.5
	<b>180.1</b>	<b>201.1</b>	<b>210.1</b>
<b>Current provisions</b>			
Tax provisions	126.3	162.2	148.7
Other current provisions	45.4	36.2	28.2
	<b>171.7</b>	<b>198.4</b>	<b>176.9</b>
<b>Noncurrent liabilities</b>			
Interest-bearing liabilities	500.6	503.2	502.2
Other noncurrent liabilities	5.8	7.1	7.9
	<b>506.4</b>	<b>510.3</b>	<b>510.1</b>
<b>Current liabilities</b>			
Liabilities from banking business	5,950.3	3,899.9	5,426.8
Other bank loans and overdrafts	2.4	5.0	0
Other commercial paper	0	0	109.7
Trade payables	63.0	108.2	91.9
Payables to other investors	12.1	5.4	10.0
Cash deposits by market participants	1,306.1	901.1	724.4
Other current liabilities	141.4	106.2	120.2
	<b>7,475.3</b>	<b>5,025.8</b>	<b>6,483.0</b>
<b>Total provisions and liabilities</b>	<b>8,333.5</b>	<b>5,935.6</b>	<b>7,380.1</b>
<b>Total shareholders' equity and liabilities</b>	<b>10,831.3</b>	<b>8,288.9</b>	<b>9,685.0</b>

# Consolidated Cash Flow Statement

for the period 1 January to 30 September 2004

	30 Sep. 2004	Nine months ended 30 Sep. 2003
	€ m	€ m
Net profit for the period excluding minority interests	201.0	195.3
Depreciation and amortization expense	194.5	202.7
(Decrease)/increase in noncurrent provisions	-0.3	11.6
Deferred tax income	-6.2	-1.8
Other non-cash (income)/expense	-2.6	3.5
Change in working capital, net of non-cash items	-34.6	-56.0
Net (profit)/loss on disposal of property, plant and equipment	-0.5	0.2
<b>Cash flows from operating activities</b>	<b>351.3</b>	<b>355.5</b>
Payments to acquire noncurrent assets	-57.3	-118.3
Payments to acquire noncurrent financial instruments	0	-70.3
Net increase in available-for-sale current receivables, securities and liabilities from banking business with an original term greater than three months	-403.3	-544.5
Proceeds from disposal of noncurrent assets	75.7	265.1
<b>Cash flows from investing activities</b>	<b>-384.9</b>	<b>-468.0</b>
Purchase of treasury shares	-4.6	0
Proceeds from the sale of treasury shares	4.6	0
Net cash paid to minority shareholders	0	-9.7
Net proceeds from short-term financing	0	-183.1
Repayment of long-term borrowings	-3.1	-5.0
Proceeds from long-term financing	0	498.0
Dividends paid	-61.4	-49.2
<b>Cash flows from financing activities</b>	<b>-64.5</b>	<b>251.0</b>
<b>Net change in cash and cash equivalents</b>	<b>-98.1</b>	<b>138.5</b>
Cash and cash equivalents as at beginning of period	362.1	104.8
<b>Cash and cash equivalents as at end of period</b>	<b>264.0</b>	<b>243.3</b>
<b>Operating cash flow per share (€)</b>	<b>3.14</b>	<b>3.18</b>
Interest and income received from noncurrent financial assets	21.9	14.3
Interest paid	-22.2	-16.0
Income tax paid	-185.9	-129.2

# Consolidated Statement of Changes in Shareholders' Equity

for the period 1 January to 30 September 2004

	30 Sep. 2004	Nine months ended 30 Sep. 2003
	€ m	€ m
<b>Subscribed capital</b>		
Balance as at 1 January	111.8	111.8
<b>Balance as at 30 September</b>	<b>111.8</b>	<b>111.8</b>
<b>Share premium</b>		
Balance as at 1 January	1,330.2	1,330.2
<b>Balance as at 30 September</b>	<b>1,330.2</b>	<b>1,330.2</b>
<b>Treasury shares</b>		
Balance as at 1 January	0	0
Cost of buy-back	-4.6	0
Sale of treasury shares	4.6	0
<b>Balance as at 30 September</b>	<b>0</b>	<b>0</b>
<b>Retained earnings</b>		
Balance as at 1 January	760.2	631.2
Appropriations from unappropriated surplus incl. any IAS adjustments	73.5	20.8
Increase in carrying amount of equity-accounted investments taken directly to equity	-0.9	0
Exchange rate differences	-1.7	-0.5
<b>Balance as at 30 September</b>	<b>831.1</b>	<b>651.5</b>
<b>Revaluation surplus</b>		
Balance as at 1 January	3.8	9.0
Remeasurement of financial instruments	2.8	-9.0
Deferred taxes on remeasurement of financial instruments	-0.3	2.7
<b>Balance as at 30 September</b>	<b>6.3</b>	<b>2.7</b>
<b>Unappropriated surplus</b>		
Balance as at 1 January	135.0	70.0
Dividends paid	-61.4	-49.1
Net profit for the period	211.5	195.5
Appropriation to retained earnings incl. any IAS adjustments	-73.5	-20.8
<b>Balance as at 30 September</b>	<b>211.6</b>	<b>195.6</b>
<b>Shareholders' equity as at 30 September</b>	<b>2,491.0</b>	<b>2,291.8</b>

# Notes to the interim financial statements

## 1. Accounting policies

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

These financial statements do neither reflect the "Improvements to International Accounting Standards" nor the revised versions of IAS 32 and IAS 39 as published by the IASB since December 2003 nor the newly published IFRSs, which have been passed by the IASB since December 2003.

The comparative figures for the "Other cash and bank balances" item as at 30 September 2003 as well as cash flows from investing activities for the first three quarters of 2003 have been adjusted to show the net increase in current receivables, securities and liabilities from banking business with an original maturity of more than three months as investing activities. This presentation is consistent with the definition of "Other cash and bank balances" in the consolidated financial statements as at 31 December 2003.

## 2. Group structure

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

There have been no further material changes in the Group structure in the third quarter of 2004.

## 3. Seasonal influences

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

#### 4. Total assets

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

#### 5. Dividends

The dividend per share was increased by 25 percent for the 2003 financial year to € 0.55 (previous year: € 0.44), and was paid on 20 May 2004 to shareholders who held dividend rights when the Annual General Meeting adopted the resolution on 19 May 2004. The total dividend payout of € 61.5 million corresponded to a distribution ratio of 25 percent of the net profit for the 2003 financial year (previous year: 21 percent of the net profit for the 2002 financial year).

#### 6. Segment results

Sales revenue	Quarter ended		Nine months ended	
	30 Sep. 2004 € m	30 Sep. 2003 € m	30 Sep. 2004 € m	30 Sep. 2003 € m
Xetra	48.0	59.6	165.5	155.9
Eurex	96.7	103.8	305.3	312.1
Information Services	30.6	29.0	89.8	92.9
Clearstream	142.6	138.3	432.9	404.0
Information Technology	29.2	32.2	91.7	100.4
<b>Total sales revenue</b>	<b>347.1</b>	<b>362.9</b>	<b>1,085.2</b>	<b>1,065.3</b>
<b>Internal revenue Information Technology</b>	<b>44.1</b>	<b>54.2</b>	<b>133.3</b>	<b>143.5</b>
<b>Analysis of Clearstream sales revenue (gross commission income)</b>				
Custody	94.5	91.4	275.5	262.7
Settlement	25.9	26.4	88.2	77.7
Other	22.2	20.5	69.2	63.6
<b>Total</b>	<b>142.6</b>	<b>138.3</b>	<b>432.9</b>	<b>404.0</b>

Net interest income from banking business	Quarter ended		Nine months ended	
	30 Sep. 2004	30 Sep. 2003	30 Sep. 2004	30 Sep. 2003
	€ m	€ m	€ m	€ m
Gross interest income	26.5	36.7	90.2	122.1
Interest expense	-10.6	-14.4	-35.8	-49.3
<b>Net interest income from banking business</b>	<b>15.9</b>	<b>22.3</b>	<b>54.4</b>	<b>72.8</b>

Earnings before interest and taxes (EBIT)	Quarter ended		Nine months ended	
	30 Sep. 2004	30 Sep. 2003	30 Sep. 2004	30 Sep. 2003
	€ m	€ m	€ m	€ m
Xetra	17.2	27.2	69.1	38.5
Eurex	38.7	51.7	134.3	174.3
Information Services	12.3	8.8	33.6	34.3
Clearstream	25.7	24.6	90.3	80.4
Information Technology	18.8	6.5	63.3	48.8
Corporate Services	-1.3	-9.7	-28.9	-25.8
Reconciliation	-1.6	-	-6.4	-
<b>Total EBIT</b>	<b>109.8</b>	<b>109.1</b>	<b>355.3</b>	<b>350.5</b>

Earnings before tax from ordinary activities (EBT)	Quarter ended		Nine months ended	
	30 Sep. 2004	30 Sep. 2003	30 Sep. 2004	30 Sep. 2003
	€ m	€ m	€ m	€ m
Xetra	17.3	28.0	69.2	41.1
Eurex	39.6	52.8	137.1	176.7
Information Services	12.3	8.7	33.7	34.3
Clearstream	25.5	22.1	90.0	80.2
Information Technology	19.2	6.3	63.3	47.1
Corporate Services	-2.8	-10.2	-35.9	-32.1
Reconciliation	-1.6	-	-6.4	-
<b>Total EBT</b>	<b>109.5</b>	<b>107.7</b>	<b>351.0</b>	<b>347.3</b>



Investments (excluding financial instruments)	Quarter ended		Nine months ended	
	30 Sep. 2004 € m	30 Sep. 2003 € m	30 Sep. 2004 € m	30 Sep. 2003 € m
Xetra	3.8	0.3	7.1	1.9
Eurex	4.7	3.6	17.3	13.1
Information Services	0.5	1.5	0.9	2.7
Clearstream	6.2	2.5	22.1	22.1
Information Technology	3.4	11.4	8.6	21.4
Corporate Services	0.7	13.9	11.5	57.2
Reconciliation	-3.5	-	-11.3	-
<b>Total investments (excluding financial instruments)</b>	<b>15.8</b>	<b>33.2</b>	<b>56.2</b>	<b>118.4</b>

Depreciation and amortization expense (excluding goodwill amortization)	Quarter ended		Nine months ended	
	30 Sep. 2004 € m	30 Sep. 2003 € m	30 Sep. 2004 € m	30 Sep. 2003 € m
Xetra	6.0	6.7	17.8	24.9
Eurex	6.2	7.7	19.5	17.6
Information Services	2.8	2.3	8.4	7.5
Clearstream	19.0	18.7	56.4	48.3
Information Technology	7.6	9.4	23.6	31.5
Corporate Services	6.6	5.1	18.8	14.4
Reconciliation	-2.0	-	-4.9	-
<b>Total depreciation and amortization expense (excluding goodwill amortization)</b>	<b>46.2</b>	<b>49.9</b>	<b>139.6</b>	<b>144.2</b>

Goodwill amortization	Quarter ended		Nine months ended	
	30 Sep. 2004 € m	30 Sep. 2003 € m	30 Sep. 2004 € m	30 Sep. 2003 € m
Information Services	0.2	0.2	0.6	0.6
Clearstream	15.3	15.2	45.8	45.6
Information Technology	1.7	10.6	5.2	11.8
<b>Total goodwill amortization</b>	<b>17.2</b>	<b>26.0</b>	<b>51.6</b>	<b>58.0</b>

## 7. Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the result for the period by the weighted average number of shares outstanding. As at 30 September 2004, there were no outstanding options or rights to purchase shares that potentially could have diluted the earnings per share.

80,989 stock options issued under the 2004 Tranche of the Group Share Plan and 141,009 stock options issued under the 2003 Tranche of the Plan, which had been granted to employees, were outstanding as at 30 September 2004. As the share price was lower than the option strike price of €51.84 for the 2004 Tranche, or the strike price of €54.79 for the 2003 Tranche, no options are treated as dilutive under IAS 33, "Earnings per Share".

	Quarter ended		Nine months ended	
	30 Sep. 2004	30 Sep. 2003	30 Sep. 2004	30 Sep. 2003
Number of shares outstanding as at beginning of period (m)	111.8	111.8	111.8	111.8
Number of shares outstanding as at 30 September (m)	111.8	111.8	111.8	111.8
Weighted average number of shares outstanding (m)	111.8	111.8	111.8	111.8
Net profit for the period (€ m)	66.9	54.6	211.5	195.5
Earnings per share (basic and diluted) (€)	0.60	0.49	1.89	1.75
Dividends paid (€ m)	0	0	61.5	49.2
Dividend per share (€)	0	0	0.55	0.44

## 8. Treasury shares

In March 2004, the Company bought back 100,000 treasury shares on the market at a total cost of €4.6 million. As at 31 March 2004, this amount was eliminated against shareholders' equity in the balance sheet. In June 2004, the Company sold on 81,899 of these shares to employees for €2.5 million under the 2004 Tranche of the Group Share Plan. Also in June 2004, the remaining 18,101 shares were resold on the market for €0.8 million, which meant that the Company no longer held any treasury shares on its books as at 30 September 2004. The cost of the repurchase in March 2004 was charged to equity, and the revenue shortfall of €1.3 million resulting from the transaction was recorded under staff costs.

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

The Company has been notified of the following holdings of Deutsche Börse AG shares as at 30 September 2004.

Shareholdings as at 30 Sep. 2004		Shareholdings as at 30 Sep. 2004	
<b>Executive Board</b>		Uwe E. Flach	0
Werner G. Seifert	0	Hans-Peter Gabe	310
André Roelants <sup>1)</sup>	0	Dr. Manfred Gentz	0
Rudolf Ferscha	18,290	Harold Hörauf <sup>2)</sup>	0
Matthias Ganz	0	Prof. Dr. Dr. Dr. h.c. mult. Klaus J. Hopt	0
Mathias Hlubek	5,000	Sandra S. Jaffee <sup>2)</sup>	0
Michael Kuhn	0	Dr. Stefan Jentzsch	5,400
		Lord Peter Levene of Portsoken	0
<b>Supervisory Board</b>		Hessel Lindenberg	0
Dr. Rolf-E. Breuer	0	Silke Martinez Maldonado	0
Manfred Zaß	0	Friedrich von Metzler	0
David Andrews	0	Alessandro Profumo	0
Herbert Bayer	0	Sadegh Rismanchi	100
Udo Behrenwaldt	0	Dr. Herbert Walter	0
Birgit Bokel	0	Otto Wierzcimok	351
Mehmet Dalman	0	Johannes Witt	200

<sup>1)</sup> Left the Executive Board at 30 June 2004. The shareholdings of former Executive Board members relate to the date on which they left the Executive Board.

<sup>2)</sup> Left the Supervisory Board during the first three quarters of 2004. The shareholdings of former Supervisory Board members relate to the date on which they left the Supervisory Board.

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

**10. Material transactions with companies classified as related parties**

	30 Sep. 2004 € m	Quarter ended 30 Sep. 2003 € m	30 Sep. 2004 € m	Nine months ended 30 Sep. 2003 € m
Operation of the floor trading system by BrainTrade GmbH for Deutsche Börse AG	3.1	4.2	10.6	12.5
Services provided by Deutsche Börse Systems AG:				
Operation and development of Xontro for BrainTrade GmbH	4.3	5.4	15.3	15.9
Development of Eurex software to Swiss Exchange (SWX)	1.5	8.1	5.2	13.0
Operation of Xetra and Eurex software as well as provision of office and administrative services for European Energy Exchange AG	1.2	1.9	4.6	4.6
Specific service agreements for the provision of office and administrative services:				
by Eurex Zürich AG to Swiss Exchange (SWX)	6.6	8.4	22.0	20.1
by Swiss Exchange (SWX) to Eurex Zürich AG	2.0	-0.1	5.3	3.7
Reimbursement of software development costs of The Clearing Corporation by Eurex Frankfurt AG	0.5	0	1.7	0

**11. Employees**

	30 Sep. 2004	Quarter ended 30 Sep. 2003	30 Sep. 2004	Nine months ended 30 Sep. 2003
Average number of employees during the period	3,251	3,224	3,254	3,247
Employees as at the balance sheet date	3,253	3,232	3,253	3,232

There was an average of 3,054 full-time equivalent (FTE) employees during the third quarter of 2004 (Q3/2003: 3,078).

**12. Contingent liabilities**

On 31 March 2003, Clearstream Banking AG, Frankfurt, received a "Statement of Objections" from the Competition Directorate General of the European Commission.

No provision has been recognized in the consolidated financial statements for this potential liability. On 2 June 2004, the Commission decided not to impose a fine.

### 13. Events after the balance sheet date

On 20 September 2004, the Supervisory Board appointed Jeffrey Tessler to the Executive Board effective from 6 October 2004.

On 21 October 2004, the Commodity Futures Trading Commission (CFTC) authorized The Clearing Corporation (CCorp) to clear a total of 16 European derivatives market contracts that are traded on the Eurex derivatives market. CCorp already clears the derivatives market contracts traded on the U.S. Futures Exchange L.L.C. (Eurex US). This enables trading participants that trade on both Eurex Deutschland and Eurex US to clear all corresponding transactions via the CCorp clearing house.

The Executive Board  
Deutsche Börse AG  
Frankfurt/Main, 8 November 2004



Werner G. Seifert



Rudolf Ferscha



Matthias Ganz



Mathias Hlubek



Michael Kuhn



Jeffrey Tessler





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