



DEUTSCHE BÖRSE
GROUP

Interim Report

Quarter 2/2003



DEUTSCHE BÖRSE GROUP: FINANCIAL HIGHLIGHTS

		30 June 2003	Quarter ended 30 June 2002	30 June 2003	Six months ended 30 June 2002	
Consolidated income statement						
Sales revenue	€m	351.9	205.3	702.4	410.2	
Net interest income from banking business	€m	23.8	–	50.5	–	
Earnings before interest and taxes (EBIT)	€m	115.3	80.0	241.4	167.4	
DVFA/SG earnings	€m	71.1	59.7	140.9	124.3	
Consolidated cash flow statement						
Cash flows from operating activities	€m	124.3	110.0	207.9	180.1	
Cash flows from investing activities	€m	–75.0	–28.3	109.6	–83.4	
Consolidated balance sheet (as at 30 June)						
Shareholders' equity	€m	2,247.0	2,039.5	2,247.0	2,039.5	
Total assets	€m	12,027.1	2,568.7	12,027.1	2,568.7	
Performance indicators						
DVFA/SG earnings per share	€	0.64	0.57	1.26	1.20	
DVFA/SG cash flow per share	€	1.26	0.96	2.46	1.70	
Market indicators						
Xetra						
Number of transactions	thousands	18,194	13,484	35,625	26,517	
Order book turnover	€m	201,354	230,806	389,269	472,402	
Participants (at 30 June)		313	397	313	397	
Floor trading						
Number of transactions	thousands	16,663	21,783	32,056	46,802	
Order book turnover	€m	33,816	42,390	67,402	86,797	
Eurex						
Number of traded contracts	thousands	259,390	182,583	524,403	367,791	
Participants (at 30 June)		416	421	416	421	
Clearstream						
Number of transactions	national	m	10.4	15.8	27.0	31.8
	international	m	4.1	3.9	8.2	8.1
Securities deposits (at 30 June)	national	€bn	4,287	4,523	4,287	4,523
	international	€bn	2,875	2,680	2,875	2,680
Deutsche Börse share price¹⁾						
Opening price ²⁾	€	35.33	47.15	38.16	43.21	
High	€	46.40	51.20	46.40	51.51	
Low	€	35.02	40.45	31.61	40.45	
Closing price	€	46.13	43.10	46.13	43.10	

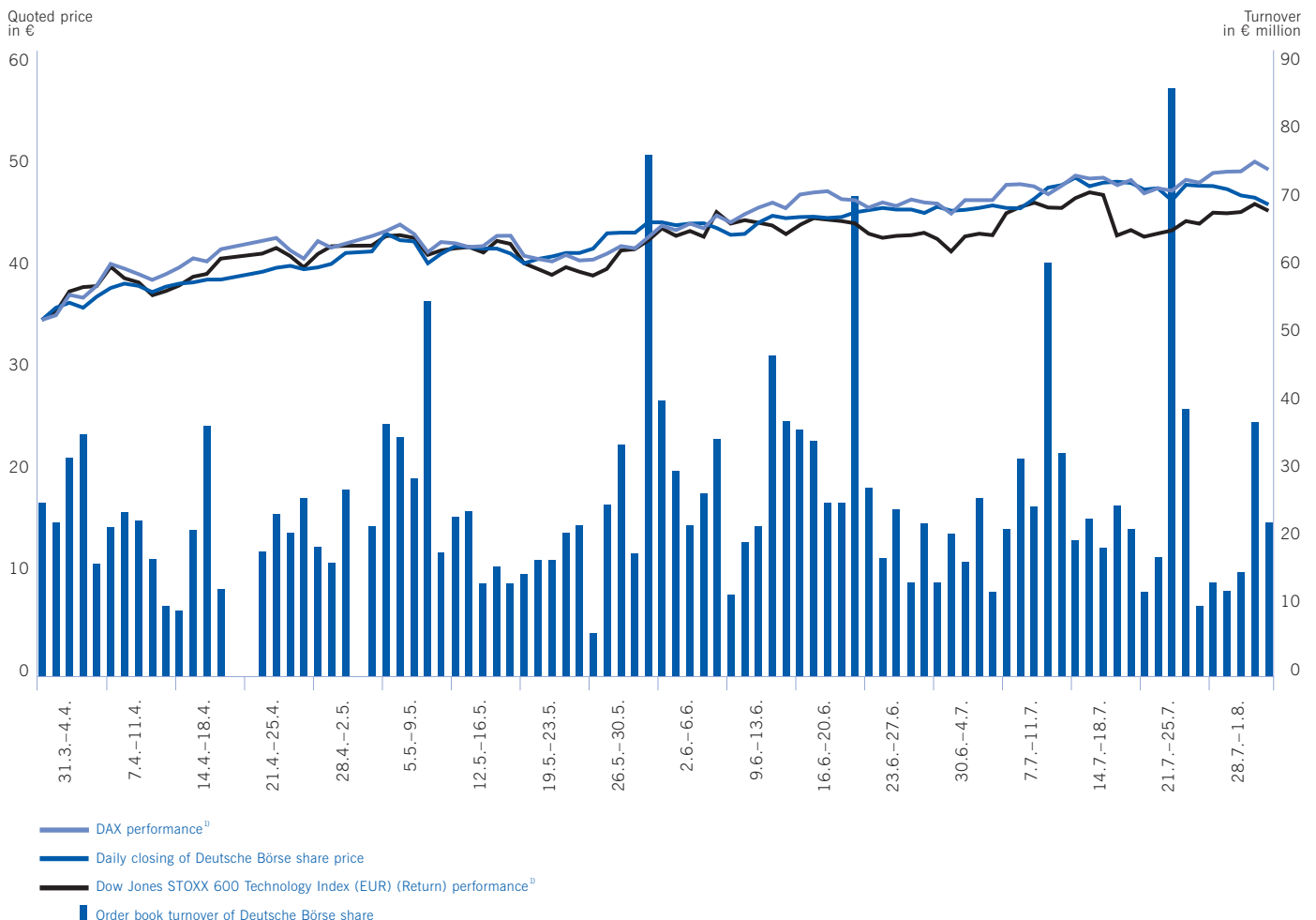
¹⁾ Xetra intraday data

²⁾ Closing price on preceding trading day

Further growth and successful corporate actions in second quarter

- Following the first-time consolidation of Clearstream International S.A., Deutsche Börse Group's sales revenue and net interest income from banking business increased by 71 percent year-on-year to €351.9 million (Q2/2002: €205.3 million).
- Earnings before interest and taxes (EBIT) amounted to €115.3 million, up 44 percent year-on-year (Q2/2002: €80.0 million).
- DVFA/SG interim earnings per share amounted to €0.64 for an average of 111.8 million shares (Q2/2002: €0.57 for 104.0 million shares).
- DVFA/SG cash flow per share increased 31 percent year-on-year to €1.26 (Q2/2002: €0.96).
- In line with the resolution by the Annual General Meeting, shareholders received a dividend of €0.44 per share on 15 May 2003 (2002: €0.36 per share).
- 50 percent of staff took part in the first employee equity compensation program and subscribed for 146,819 Deutsche Börse AG shares.
- In May, Deutsche Börse launched its first benchmark bond. The issue was oversubscribed three times and placed with around 200 institutional investors. Roughly 60 percent of these were based outside Germany.
- The ratings agency Moody's lifted its negative interim outlook. Deutsche Börse Group has Aa1 (Moody's) and AA+ (S&P) long-term ratings, as well as P-1 (Moody's) and A-1+ (S&P) short-term ratings.
- On 23 July, Allianz AG, as the last large strategic investor, sold its 5 percent share of Deutsche Börse. Deutsche Börse's free float is now 100 percent.

Deutsche Börse AG's share price increased by 31 percent in the second quarter 2003.



¹⁾ Index-linked, closing price on 28 March 2003

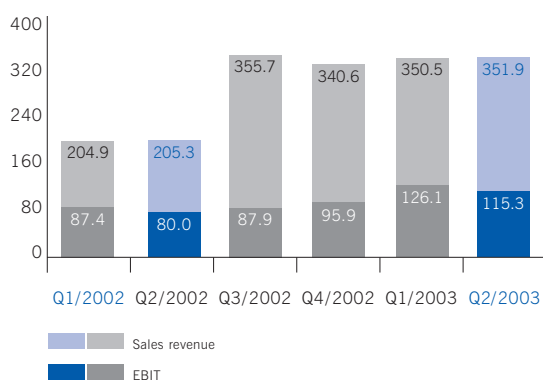
Sales revenue and EBIT by quarter

Sales revenue: Deutsche Börse Group's sales revenue, including Clearstream International's fully consolidated results, increased by 71 percent to €351.9 million (Q2/2002: €205.3 million). Without Clearstream International's consolidation, the Group's sales revenue would have risen by around 8 percent year-on-year.

EBIT: Deutsche Börse Group recorded EBIT of €115.3 million, up 44 percent on the figure for Q2/2002, which included the 50 percent interest it then held in Clearstream (Q2/2002: €80.0 million).

Sales revenue and EBIT by quarter

in € millions



Sales revenue by segment

Xetra: Sales revenue from the cash market declined by 3 percent to €50.4 million (Q2/2002: €52.0 million). While Xetra electronic order book trading developed well, floor trading remained weak.

Eurex: Sales revenue from the derivatives market grew once again by 41 percent to €103.9 million (Q2/2002: €73.6 million).

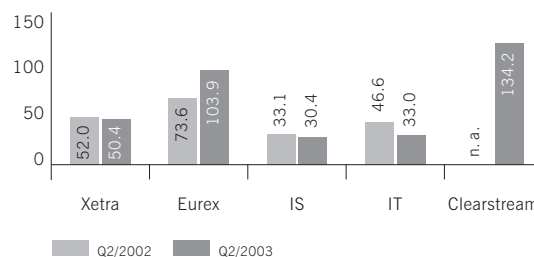
IS: The Information Services segment experienced a decline as a result of the general market weakness. Sales revenue fell by 8 percent to €30.4 million (Q2/2002: €33.1 million).

IT: Sales revenue in the Information Technology segment dropped by 29 percent to €33.0 million (Q2/2002: €46.6 million). The decline in external sales revenue was mainly a result of the drop in income from the Xontro floor trading system and consolidation effects.

Clearstream: Gross commission income of €134.2 million from Clearstream was not included in Deutsche Börse Group's interim report for the previous year.

Sales revenue by segment

in € millions



EBIT by segment

Xetra: Cash market EBIT rose by 44 percent to €6.9 million (Q2/2002: €4.8 million) as a result of lower operating costs and the introduction of the Central Counterparty (CCP) for the cash market. Introduction costs for the CCP amounted to some €2.3 million in the quarter.

Eurex: EBIT in the derivatives market rose by 114 percent to €59.7 million (Q2/2002: €27.9 million). The rise in sales revenue led to a direct increase in EBIT thanks to economies of scale and the lack of cost-intensive development projects.

IS: As a result of reduced operating costs, Information Services almost offset the decline in sales revenue. EBIT was down by €1.3 million at €12.6 million (Q2/2002: €13.9 million).

IT: Despite falling revenue, strict cost management in the Information Technology segment resulted in a drop in EBIT of only 16 percent to €17.9 million (Q2/2002: €21.2 million including Xlaunch).

Clearstream: EBIT from Clearstream amounted to €30.7 million after goodwill amortization of €15.2 million (Q2/2002: €19.8 million from the 50 percent "at equity" interest). A provision for anticipated losses from rental expenses, made in connection with the move to Kirchberg, was increased by €5.0 million to €10.0 million in the second quarter.

Corporate Services: Net costs allocated to the Corporate Services segment rose by €4.9 million to €12.5 million. Among other things, this was due to integration costs of €6.2 million and a provision of €2.0 million set up for a long-term lease on a property whose sublease expires at the end of 2003.

EBIT by segment

in € millions



Central Counterparty: Straight-through processing offers greater efficiency for market participants

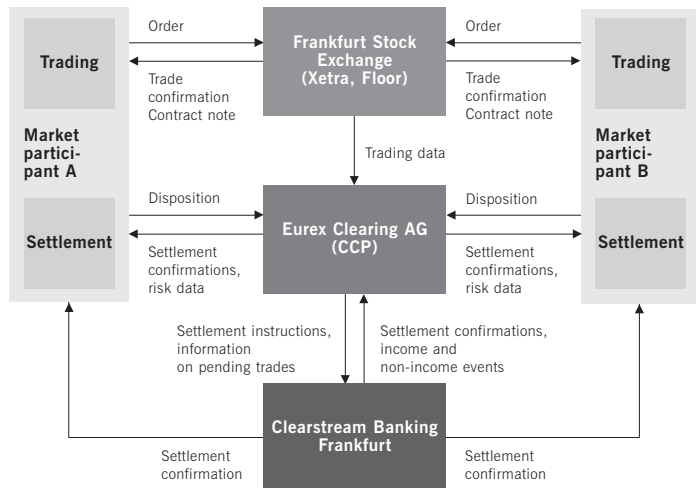
The Central Counterparty (CCP) for Xetra equity trading and floor trading on FWB Frankfurter Wertpapierbörse (the Frankfurt Stock Exchange) was successfully launched on 27 March 2003. With the Central Counterparty, Deutsche Börse is setting new standards to handle the growing demands for flexibility, greater efficiency and standardization in the securities area in both national and international arenas.

The product range introduced with the CCP's launch is initially limited to around 1,000 German collective custody shares that are denominated in euros and tradable on Xetra. Since its launch, all of the around 400 Xetra and floor trading participants have been using the new service, which extends the previous two-link process chain of cash market trading and settlement to include a clearing component. State-of-the-art risk management and lean settlement structures thus provide the preconditions for efficient straight-through processing. Participants who choose the net processing option as part of gross delivery management were also able to achieve a netting efficiency of over 90 percent right from the word go.

The successful introduction of the first release of the Central Counterparty has laid the foundation for a fully integrated clearing house: it acts as a link and catalyst between trading and settlement, while at the same time strengthening Deutsche Börse Group's positioning as a one-stop provider of securities services. With a total investment volume of around €60 million in the period from Q1/2002 to Q2/2003, Deutsche Börse has achieved a long-term improvement in its infrastructure.

Deutsche Börse Group has already begun planning further releases with additional functions and products. Deutsche Börse intends in the course of next year to extend the product offering, for example, to include foreign shares, exchange-traded funds or OTC business (off-exchange trading).

The CCP model: Anonymous trading at lower risk



How does the Central Counterparty work? When a securities transaction is concluded, Eurex Clearing AG acts as a counterparty for both the buyer and the seller, who thus conclude the transaction anonymously with the CCP, rather than each other. This anonymity simplifies complex trading strategies involving equity market, derivatives market and index products. Then, the Central Counterparty assumes the default risk and offsets a participant's purchases against its sales (netting). Only the resulting balance is invoiced in line with the principle of "delivery against payment". The netting efficiency is calculated from the percentage of transactions settled via the CCP.

Xetra: Lower operating costs produce higher earnings

- Xetra segment sales revenue in Q2/2003 totals €50.4 million, a 3 percent decrease on Q2/2002 (€52.0 million).
- Costs down €3.7 million as a result of lower operating costs.
- EBIT up 44 percent to €6.9 million as a result (Q2/2002: €4.8 million).

Trading in the Xetra electronic order book continued to develop well: the 18.2 million transactions in Q2 represent year-on-year growth of 35 percent (Q2/2002: 13.5 million). By contrast, private investor business remained weak. In particular, this can be seen by the number of Xontro contract notes in Frankfurt floor trading, the preferred platform for private investors, which fell by 22 percent to 6.1 million (Q2/2002: 7.8 million). However, sales revenue generated by CCP trading activities and additional trading and settlement services remained stable overall.

The XTF segment for exchange-traded funds (ETF) continued to grow. As at the end of Q2/2003, the total fund volume for ETFs was €8.9 billion – a 112 percent increase as against the end of Q2/2002 (€4.2 billion). The number of XTF segment transactions rose to around 160,000 – a 24 percent increase year-on-year (129,000). Since the beginning of the year, the XTF segment has increased its European market share from 45 percent to 56 percent. The trend towards internationalization is unmistakable: 31.6 percent of the trading volume was generated by orders from outside Germany. The main revenue drivers were products on the DAX (€4.45 billion) and the Dow Jones EURO STOXX 50 (€3.64 billion).

At the end of Q3/2003, “Deutsche Börse Smart Trading” will be introduced. Deutsche Börse Smart Trading sets particularly high standards of transparency, fairness and security in certificate and warrant trading. By working together with leading certificate and warrant issuers, Deutsche Börse Smart Trading ensures that orders can be traded at all times and executed quickly. Deutsche Börse Smart Trading is designed primarily for private investors, who can profit from the high-quality prices and services on the Frankfurt Stock Exchange.

Trading on Xetra and the Frankfurt floor

in thousands

	Xetra transactions		Xontro contract notes in Frankfurt floor trading	
	2003	2002	2003	2002
April	6,266	4,176	2,011	2,759
May	5,937	4,342	1,967	2,521
June	5,991	4,966	2,159	2,561
Total Q2	18,194	13,484	6,137	7,841
Total H1	35,625	26,517	11,878	17,075

Eurex: High double-digit growth on derivatives market continues

- Eurex again generates record volumes: sales revenue up 41 percent to €103.9 million (Q2/2002: €73.6 million).
- EBIT more than doubles year-on-year to €59.7 million (Q2/2002: €27.9 million).
- EBIT margin climbs to 57 percent thanks to economies of scale (Q2/2002: 38 percent).

More than 100 million contracts were traded on the derivatives exchange in a single month for the second time (June: 102.4 million). A total of 259.4 million contracts were traded in Q2/2003, up 42 percent year-on-year (Q2/2002: 182.6 million). At the end of June, there were 48.0 million open interest contracts, a rise of 48 percent (Q2/2002: 32.5 million). Eurex's positive price-performance ratio and attractive market model continue to guarantee long-term success with clear double-digit growth rates. Thanks to extensive economies of scale, the rise in sales had a direct impact on earnings.

In Q2/2003, Eurex recorded roughly the same growth rates for all products, with bond products achieving the largest increase (46 percent). The Euro Bund Future remained the most frequently traded product among bond products (capital market and money market products) with 63.5 million contracts traded (an increase of 49 percent), and achieved a new high in June with 25.4 million contracts (previous record: 24.2 million contracts in March 2003). The Euro Bobl Future (up 49 percent to 39.5 million in Q2) beat its previous record of 15.2 million contracts from March 2003, recording 15.7 million contracts in June. The Euro Schatz Future grew by 16 percent year-on-year (from 25.2 million to 29.1 million).

Eurex set a new daily trading record and achieved its highest market share to date with Dutch options in July. On 10 July, its market share was 33 percent – proof that Eurex has again been able to expand successfully its leading position in Europe

With regard to the US market, Eurex has signed a letter of intent with the Board of Trade Clearing Corporation (Clearing Corporation), the largest independent futures clearing organization in North America. The two companies intend to offer a global clearing solution as part of a long-term, non-exclusive partnership. This intended solution will provide Clearing Corporation's customers with direct access to Eurex's benchmark products. Eurex's customers around the world will be able to clear Eurex's future US products via both Eurex Clearing and Clearing Corporation. Existing Eurex products and future US products will profit from the double listing in the US and Europe, and from full fungibility. Thus, global market participants will be able to access more products without having to make further investments in their infrastructures. Clearing Corporation will act as the clearing organization for the new US exchange that Eurex intends to launch in 2004.

Deutsche Börse AG and SWX Swiss Exchange will continue their successful cooperation on the derivatives market: the two partners have extended their agreement on their joint Eurex derivatives market by a further 10 years to the end of 2014 ahead of schedule. The distribution ratio for transaction fees and expenses, and hence profits of the world's largest derivatives exchange, was redefined at 85 percent for Deutsche Börse and 15 percent for SWX Swiss Exchange. Deutsche Börse currently receives 80 percent of revenue and SWX 20 percent. This ratio reflects the contributions made by the two partners to the joint venture. The formal ownership interests held continue to be 50 percent each.

Information Services: Growth in index business

- Sales revenue in Information Services drops €2.7 million to €30.4 million due to difficult market conditions (Q2/2002: €33.1 million). €2.4 million of this total was attributable to the Infobolsa joint venture, in which Deutsche Börse has a 50 percent holding.
- EBIT drops by only €1.3 million to €12.6 million (Q2/2002: €13.9 million), thanks to reduced operating expenses and low development costs.
- EBIT margin remains stable at 41 percent.

For the first time, real-time information activities, which contribute roughly 75 percent to sales revenue, were unable to compensate for the prolonged market weakness. In previous quarters, this area had always managed to offset declining sales revenue from major investment banks by attracting new customers or selling higher quality products. In contrast, index business developed positively thanks to the new index architecture and the continuing high market volatility.

The segment reduced its operating costs. In addition, project costs for the development of new releases in Q2/2003 were low. These costs will impact figures to a greater extent over the coming quarters: new CEF and TRICE releases are scheduled for the remainder of this year.

Since the beginning of July, three new ETFs based on bond indices have been tradable in the XTF segment. The three ETFs are based on indices belonging to the eb.rexx Government Germany index family and reflect the performance of the most liquid German government bonds for different maturities (1.5 to 2.5 years, 2.5 to 5.5 years and 5.5 to 10.5 years). The eb.rexx Government Germany indices are calculated by Deutsche Börse using the prices of German government bonds traded on Eurex Bonds.

Increasing contract volume at Eurex

in thousand contracts

	Quarter ended		Change in %
	30 June 2003	30 June 2002	
Equity products	48,868	36,918	+32
Index products (incl. XTF)	64,238	45,258	+42
Bond products	146,285	100,407	+46
Total Q2	259,391	182,583	+42
Total H1	524,403	367,791	+43

An analysis of the average number of real time information data packages sold per quarter is shown below. While demand for cash market data has reduced, reflecting the weak markets, demand for the STOXX Pan-European index data and Xetra US Stars data (included within "other") has held up well. As the reporting of data packages sold may be delayed by information distributors, figures for the most recent quarter are estimates based on reported sales to date. Sales revenues have been accrued accordingly.

Real-time information data packages

in thousands

	Q2 2003 ¹⁾	Q1 2003	Q2 2002	Change ²⁾ in %
Spot Market Germany	119	121	129	-8
Eurex	117	117	124	-6
STOXX	57	57	58	-2
Regional Exchanges Germany	69	71	76	-9
Other	38	37	41	-7
Total	400	403	428	-7

¹⁾ Estimates

²⁾ Q2/2003 vs. Q2/2002

Information Technology: Efficient cost management an ongoing success

- The external sales revenue generated by the IT segment fell 29 percent to €33.0 million (Q2/2002: €46.6 million).
- Cost reductions mean that EBIT fell by only 16 percent to €17.9 million (Q2/2002: €21.2 million).
- EBIT margin improved to 24 percent (Q2/2002: 21 percent).

Due to the consolidation of Clearstream in H2/2002, revenue previously classified as external revenue in the amount of €4.2 million now falls under intercompany revenue. entory also generated sales revenue of €5.0 million within the Group; this is classified as intercompany revenue. In addition, the decline in floor trading contributed to a €2.1 million drop in income from Xontro system operations. Internal sales revenue also fell significantly as a result of the end of development and successful launch of the CCP project, as well as reduced network revenues.

Costs in the IT segment were cut significantly once again thanks to radical cost management, particularly relating to external service providers, and the reduction in development and IT operating costs.

In mid-July, entory was appointed as an Accredited Solution Provider for Germany by SWIFT (Society for Worldwide Interbank Financial Telecommunication). entory is extending its "competence in finance" and can advise financial service providers on introducing straight-through processing solutions. SWIFT operates a global electronic network that allows financial institutions to exchange transaction data for payments and securities transactions settlement using a uniform electronic standard. SWIFT expertise is needed in most IT projects to achieve maximum straight-through processing rates. Being a SWIFT Accredited Solution Provider helps as a seal of quality in attracting new customers and project orders.

Since May 2003, the IT segment has been operating an OTC market place for swaps trading via Xlaunch for Swapstream, including a fixed network and customer technical support for end customers. The system is currently undergoing user acceptance testing. Xlaunch is contributing its core competence in creating new electronic OTC markets. In Q2/2003, sales revenue from this contract was around €500,000.

In Q2/2003, IT supplied the "Xpider" search engine, which it developed in-house through entory, to the Bundesamt für Finanzen (German Federal Finance Office). The search engine features integrated document categorization, language identification and address extraction. Individual users can customize criteria for Internet searches, default language settings and the archiving of results in line with their specific requirements. IT is expecting additional license sales as other parties have shown interest in acquiring a license for and installing the search engine.

Clearstream: Cost reductions improve margin

- Commission income fell by 4 percent to €134.2 million (Q2/2002: €140 million, excluding sales to Xetra now consolidated out), due to lower securities values and to a reduction in transactions volume.
- Net interest income from banking business fell by 31 percent to €23.8 million (Q2/2002: €34.7 million), mainly due to lower overnight interest rates in the euro zone and US dollar area but also due to lower cash balances.
- Costs fell by €12.2 million or 8 percent to €136.6 million (Q2/2002: €148.8 million), due to delivery of cost efficiency program and improved network management.
- EBIT amounted to €30.7 million net of €15.2 million goodwill charge (Q2/2002: 50 percent "at equity" interest amounted to €19.8 million).

The total number of settlement transactions fell by 26 percent as expected, due to a strong decrease in domestic transactions after the introduction of the ECCP, the Equity Central Counterparty for the German cash market. Following a rapid build-up of netting efficiency after the ECCP's launch, the number of settlement transactions for German cash exchange trades went down accordingly. The ECCP introduction had no effect on the settlement activity in OTC markets, especially on Eurobond trade settlement, since these segments are not cleared through the ECCP.

In the custody business, the value of securities deposited remained stable year-on-year, amounting to €7.2 trillion. While the custody value of German domestic instruments fell by 5 percent, the international asset values deposited with Clearstream Banking S.A. in Luxembourg compensated this with a gain of 7 percent.

Average cash funds decreased by 9 percent, which combined with a decline of overnight interest rates in euros and US dollars served to reduce net interest income. Average interest rates on cash balances have fallen from 3.4 percent in Q2/2002 to 2.6 percent in Q2/2003.

Net revenues from securities financing amounted to €6.6 million in Q2/2003, an increase of 32 percent year-on-year (Q2/2002: €5.0 million). This is due to the insourcing of the credit exposure previously syndicated, thus reducing the commission expense. The gross margin in securities financing has improved to 60 percent.

CreationOnline, the interactive web-browser interface to Clearstream's settlement platform Creation, brought an additional €1.0 million in other commission income. The platform has seen substantial growth since its launch in September 2002 with over 340 customers now using this connectivity solution, representing a total of 3,400 users on the new system. Due to the positive market response to date, CreationOnline is expected to show steady growth in the coming months.

Clearstream has successfully secured the extension of a USD 1 billion 364-day Multicurrency Revolving Credit Facility arranged for Clearstream Banking S.A. by BNP Paribas as "Mandated Lead Arranger". The facility was signed on 13 May 2003.

SWIFT has recently completed an independent review of the straight-through processing capabilities of Clearstream's operations and has awarded top marks to Clearstream. SWIFT regularly undertakes such reviews to enable its users to improve their processes and benchmark their progress.

Average cash funds and value of securities deposited

in € billions

	Q2 2003	Q2 2002
Average cash funds	3,245	3,562
Values of securities deposited	7,162	7,203
Clearstream Banking S.A., international	2,618	2,454
Clearstream Banking AG, international	257	226
Clearstream Banking AG, domestic	4,287	4,523

Transactions

in millions

	Q2 2003	Q2 2002
Clearstream Banking S.A., international	3.3	2.9
Clearstream Banking AG, international	0.8	1.1
Clearstream Banking AG, domestic	10.4	15.8

CONSOLIDATED BALANCE SHEET as at 30 June 2003

	30 June 2003 €m	31 Dec. 2002 €m	30 June 2002 €m
ASSETS			
Noncurrent assets			
Intangible assets	1,629.1	1,696.4	303.9
Property, plant and equipment	308.1	320.9	50.8
Financial assets	484.2	639.1	427.9
Miscellaneous and deferred tax assets	31.2	22.0	13.7
	2,452.6	2,678.4	796.3
Current assets			
Receivables and securities from banking business	7,322.8	3,085.0	-
Other receivables and other assets	272.2	229.0	153.5
Financial instruments	0	0	311.2
Restricted bank balances	1,304.2	303.7	204.0
Other cash and bank balances	675.3	248.1	1,103.7
	9,574.5	3,865.8	1,772.4
Total assets	12,027.1	6,544.2	2,568.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Subscribed capital	111.8	111.8	111.8
Share premium	1,330.2	1,330.2	1,330.2
Legal reserve and other retained earnings	651.5	631.2	470.3
Revaluation surplus	12.6	9.0	2.9
Unappropriated surplus	140.9	70.0	124.3
	2,247.0	2,152.2	2,039.5
Minority interests	13.6	23.1	5.8
Provisions and liabilities			
Noncurrent provisions			
Provision for pensions and other employee benefits	66.3	64.5	33.7
Deferred tax liabilities	101.5	99.3	57.9
Other noncurrent provisions	42.1	37.9	29.4
	209.9	201.7	121.0
Current provisions			
Tax provisions	130.1	124.1	38.8
Other current provisions	36.6	28.6	21.6
	166.7	152.7	60.4
Noncurrent liabilities			
Interest-bearing liabilities	503.7	9.2	0
Other noncurrent liabilities	8.6	8.3	17.4
	512.3	17.5	17.4
Current liabilities			
Liabilities from banking business	7,250.7	3,257.9	-
Other bank loans and overdrafts	0.1	0	0
Other commercial paper	159.1	288.1	0
Trade payables	93.1	122.9	47.8
Payables to other investors	9.9	6.2	28.6
Cash deposits by Eurex participants	1,270.1	217.2	204.0
Other current liabilities	94.6	104.7	44.2
	8,877.6	3,997.0	324.6
Total provisions and liabilities	9,766.5	4,368.9	523.4
Total shareholders' equity and liabilities	12,027.1	6,544.2	2,568.7

CONSOLIDATED INCOME STATEMENT
for the period 1 January to 30 June 2003

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Sales revenue	351.9	205.3	702.4	410.2
Net interest income from banking business	23.8	–	50.5	–
Own expenses capitalized	17.3	19.4	31.8	33.4
Other operating income	19.8	12.0	33.8	28.5
	412.8	236.7	818.5	472.1
Commission expense from banking business	–29.1	–	–58.6	–
Staff costs	–86.4	–36.3	–163.6	–75.6
Depreciation expense	–49.3	–23.2	–94.3	–45.3
Goodwill amortization	–16.0	–1.2	–32.0	–2.2
Other operating expenses	–120.0	–114.5	–231.5	–219.2
Income from equity investments	3.7	20.1	3.7	40.0
Write-downs of noncurrent financial assets	–0.4	–1.6	–0.8	–2.4
Earnings before interest and taxes (EBIT)	115.3	80.0	241.4	167.4
Net financial income	–2.5	9.4	–1.8	17.0
Profit before tax from ordinary activities (EBT)	112.8	89.4	239.6	184.4
Income tax expense	–41.5	–30.1	–98.5	–60.6
Minority interests	–0.2	0.4	–0.2	0.5
Net profit for the period and DVFA/SG earnings	71.1	59.7	140.9	124.3
DVFA/SG earnings per share (€)	0.64	0.57	1.26	1.20

CONSOLIDATED CASH FLOW STATEMENT for the period 1 January to 30 June 2003

	30 June 2003 €m	Six months ended 30 June 2002 €m
Net profit for the period including minority interests	141.1	123.8
Depreciation and amortization expense	127.1	49.9
Increase in noncurrent provisions	6.0	2.5
Deferred taxes income and expense	-0.4	12.4
Other non-cash income and expense	0.7	-12.7
DVFA/SG cash flow	274.5	175.9
Change in working capital, net of non-cash items	-68.0	4.0
Net loss on disposal of property, plant and equipment	1.4	0.2
Cash flow from operating activities	207.9	180.1
Payments to acquire noncurrent assets	-85.2	-42.4
Payments to acquire subsidiaries	0	-41.0
Payments to acquire noncurrent financial instruments	-65.3	0
Proceeds from disposal of noncurrent assets	260.1	0
Cash flow from investing activities	109.6	-83.4
Net proceeds from capital increase	0	390.8
Net cash paid to minority shareholders	-9.7	0
Net repayment of short-term financing	-132.8	0
Repayment of long-term borrowings	-3.0	-90.0
Proceeds from long-term financing	497.5	0
Dividends paid	-49.2	-37.0
Cash flow from financing activities	302.8	263.8
Net change in cash and cash equivalents	620.3	360.5
Cash and cash equivalents at beginning of period ¹⁾	104.8	1,062.0
Cash and cash equivalents at end of period ¹⁾	725.1	1,422.5
DVFA/SG cash flow per share (€)	2.46	1.70
Interest and income received from noncurrent financial assets	11.2	26.2
Interest paid	-13.0	-9.2
Income tax paid	-92.9	-36.3

¹⁾ Excluding Eurex participants' cash deposits

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the period 1 January to 30 June 2003

	Six months ended	
	31 June 2003	31 June 2002
	€m	€m
Subscribed capital		
Balance as at 1 January	111.8	102.8
Issue of new shares	0	9.0
Balance as at 30 June	111.8	111.8
Share premium		
Balance as at 1 January	1,330.2	945.5
Issue of new shares	0	388.8
Cost of capital increase	0	-7.0
Deferred taxes on cost of capital increase	0	2.9
Balance as at 30 June	1,330.2	1,330.2
Retained earnings		
Balance as at 1 January	631.2	446.3
Appropriations from unappropriated surplus (incl. any IAS adjustments)	20.8	23.0
Adjustments from deferred taxes	0	-0.4
Measurement of interest rate swaps	0	3.8
Increase in carrying amount of equity-accounted investments taken directly to equity	0	-2.4
Exchange rate differences	-0.5	0
Balance as at 30 June	651.5	470.3
Revaluation surplus		
Balance as at 1 January	9.0	5.7
Remeasurement of noncurrent financial assets	5.2	-2.8
Deferred taxes on remeasurement of noncurrent financial assets	-1.6	0
Balance as at 30 June	12.6	2.9
Unappropriated surplus		
Balance as at 1 January	70.0	60.0
Dividends paid	-49.2	-37.0
Net profit for the period	140.9	124.3
Appropriation to retained earnings (incl. any IAS adjustments)	-20.8	-23.0
Balance as at 30 June	140.9	124.3
Shareholders' equity as at 30 June	2,247.0	2,039.5

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 comply with the significant accounting policies of the company as presented in these Notes. The same accounting policies and valuation methods were used as in the consolidated financial statements for the year ended 31 December 2002.

2. Group structure

Deutsche Börse Finance S.A., a 100 percent subsidiary of Deutsche Börse AG, was founded on 4 April 2003 in Luxembourg. It serves Deutsche Börse Group as a debt financing vehicle. On 10 April 2003, Infobolsa Deutschland GmbH, a 100 percent subsidiary of Infobolsa S.A., was incorporated to process and to distribute real-time financial information. On 24 April 2003, U.S. Exchange Holdings, Inc., a 100 percent subsidiary of Eurex Frankfurt AG, and U.S. Exchange, L.L.C., a 100 percent subsidiary of U.S. Exchange Holdings, Inc., were incorporated.

During the second quarter 2003, the dormant legal entities atec GmbH, entory ventures GmbH, and projects IT Projektbörse GmbH were liquidated as part of the restructuring of Deutsche Börse's IT operations.

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 Eurex 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. Commercial paper liabilities

On 30 June 2003, Deutsche Börse had €159.1 million of commercial paper outstanding, all of which had a time to maturity of less than six months.

6. Noncurrent interest-bearing liabilities

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, offers an opportunity for flexible long-term financing at favorable terms. For tranches issued by Deutsche Börse Finance S.A., Deutsche Börse AG acts as guarantor.

On 23 May 2003 the first 5 year tranche of nominal €500 million was issued by Deutsche Börse Finance S.A. under this program resulting in a net cash inflow of €497.5 million. The bond pays a coupon of 3.375 percent p.a. and matures on 23 May 2008.

7. Dividends

The dividend per share for fiscal year 2002 was increased by 22 percent to €0.44 (previous year: €0.36) and was paid to shareholders on 15 May 2003. The total dividend payout of €49.2 million corresponded to a distribution ratio of 21 percent of net profit for the year (previous year: 18 percent).

8. Segment results

In the following segmental analysis the Information Technology segment contains amounts formerly allocated to the Information Technology and Xlaunch segments. The Clearstream International TEC activities are also combined in this segment. The IT segment harmonized its pricing for the Xetra, IS and Clearstream segments. In Q2/2003, this reduced the cost base of Xetra and Clearstream by €3.3 million and €2.5 million, respectively. The Integriertes Aktienbuch (IAB) activities were removed from Information Technology and contributed to Deutsche Börse Computershare GmbH (DBCS). On the basis of the new extended business model, DBCS is allocated to the Xetra segment. The Corporate Services segment was expanded to include the corresponding activities of the Clearstream subgroup acquired in July 2002. Comparative 2002 figures have not been given in respect of the Clearstream segment as Clearstream International was not consolidated until July 2002. The Information Services segment was previously reported as Information Products.

Sales revenue

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	50.4	52.0	96.3	107.0
Eurex	103.9	73.6	208.3	147.3
Information Services	30.4	33.1	63.9	62.6
Clearstream	134.2	–	265.7	–
Information Technology	33.0	46.6	68.2	93.3
Total sales revenue	351.9	205.3	702.4	410.2
Internal revenue Information Technology	40.5	56.4	89.3	104.5
Analysis of Clearstream sales revenue (Gross commission income)				
Custody	86.5	–	171.3	–
Settlement	30.9	–	64.9	–
Other	22.0	–	43.2	–
Consolidation adjustment	–5.2	–	–13.7	–
Total	134.2	–	265.7	–

Net interest income from banking business

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Gross interest income	40.2	–	85.4	–
Interest expense	–16.4	–	–34.9	–
Net interest income from banking business	23.8	–	50.5	–

Earnings before interest and taxes (EBIT)

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	6.9	4.8	11.3	15.9
Eurex	59.7	27.9	122.6	63.7
Information Services	12.6	13.9	25.5	21.7
Clearstream	30.7	–	55.8	–
Information Technology	17.9	21.2	42.3	34.8
Settlement ¹⁾	–	19.8	–	39.0
Corporate Services	–12.5	–7.6	–16.1	–7.7
Total EBIT	115.3	80.0	241.4	167.4

¹⁾ Including earnings from the 50 percent investment in Clearstream International S.A. and the dividend on the investment in Cedel International S.A.

Profit before tax from ordinary activities (EBT)

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	8.0	4.8	13.1	15.9
Eurex	59.6	29.2	123.9	66.1
Information Services	12.7	13.9	25.6	21.7
Clearstream	32.9	–	58.1	–
Information Technology	16.2	21.4	40.8	35.1
Settlement ¹⁾	–	19.8	–	39.0
Corporate Services	–16.6	0.3	–21.9	6.6
Total EBT	112.8	89.4	239.6	184.4

¹⁾ Including earnings from the 50 percent investment in Clearstream International S.A. and the dividend on the investment in Cedel International S.A.

Investments (excluding financial investments)

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	0.4	8.3	1.6	13.7
Eurex	4.8	8.5	9.5	14.4
Information Services	1.1	2.2	1.2	4.8
Clearstream	13.8	–	19.6	–
Information Technology	3.2	6.1	10.0	8.3
Corporate Services	20.4	0.4	43.3	1.0
Total investments	43.7	25.5	85.2	42.2

Depreciation

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	9.7	8.3	18.2	16.7
Eurex	5.1	3.8	9.9	7.1
Information Services	2.5	2.2	5.2	4.2
Clearstream	16.5	–	29.6	–
Information Technology	11.1	7.4	22.1	14.2
Corporate Services	4.4	1.5	9.3	3.1
Total depreciation	49.3	23.2	94.3	45.3

Goodwill amortization

	30 June 2003 €m	Quarter ended 30 June 2002 €m	30 June 2003 €m	Six months ended 30 June 2002 €m
Xetra	0	0	0	0
Eurex	0	0	0	0
Information Services	0.2	0	0.4	0
Clearstream	15.2	–	30.4	–
Information Technology	0.6	1.2	1.2	2.2
Corporate Services	0	0	0	0
Total amortization	16.0	1.2	32.0	2.2

9. 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 June 2003, there were no outstanding options or rights to purchase shares that potentially could have diluted the earnings per share.

As described in note 10, 146,819 stock options were issued to staff effective 30 June 2003. As the share price has not yet reached the option strike price of €54.79, these options are not considered dilutive under IAS 33, “Earnings per Share”, issued by the IASB.

	30 June 2003	Quarter ended 30 June 2002	30 June 2003	Six months ended 30 June 2002
Number of shares outstanding at beginning of period	111,802,880	102,760,000	111,802,880	102,760,000
Number of shares outstanding at end of period	111,802,880	111,802,880	111,802,880	111,802,880
Weighted average number of shares outstanding	111,802,880	103,952,468	111,802,880	103,359,528
DVFA/SG earnings (€m)	71.1	59.7	140.9	124.3
DVFA/SG earnings per share (€)	0.64	0.57	1.26	1.20
Dividends paid (€m)	49.2	37.0	49.2	37.0
Dividend per share (€)	0.44	0.36	0.44	0.36

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 shareholders	Expiry date of authorization	Existing shareholders' subscription rights may be suspended for fractional amounts and/or if the share issue is:
Authorized share capital I	41,104,000	3 May 2001	31 Dec. 2005	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ For cash at an issue price not significantly lower than the stock exchange price up to a maximum amount of 10% 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.

10. Group Share Plan

Following approval at the Annual General Meeting on 14 May 2003, the Company has established a new Group Share Plan (GSP) for employees other than Executive Board members and senior executives, who are already covered by the phantom stock option program described in the 2002 Annual Report. Under the GSP Tranche 2003, non-executive employees could 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 at least two years. For each share bought, the employee received one stock purchase option. The issue price of this option consists of the exercise price, which corresponds to the average volume-weighted 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 2003), 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 they are not exercised within six years.

In total, some 50 percent of eligible employees subscribed for a total of 146,819 shares under the GSP. These shares were repurchased in the market during the first two weeks of July 2003. The difference between the average purchase price and the average subscription price paid by employees, amounting to some €2.7 million has been charged to staff costs in Q2/2003.

Effective 30 June 2003 the Group issued 146,819 stock options with a strike price of €54.79 to those employees who subscribed for shares. The options were valued in accordance with the guidelines given by the IASB in Exposure Draft 2, "Share Based Payment". In particular, the valuation assumes an average expected option life of four years. The total cost of the options, amounting to approximately €1.0 million, will be amortized to staff costs over the vesting period, i.e. over the next eight quarters starting in Q3/2003.

11. 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 June 2003.

Shareholding as at 30 June 2003	Shareholding as at 30 June 2003
Executive Board	Uwe E. Flach 0
Werner G. Seifert 0	Hans-Peter Gabe 410
André Roelants 0	Dr. Manfred Gentz 0
Rudolf Ferscha 18,290	Prof. Dr. Klaus Hopt 0
Matthias Ganz 0	Harold Hörauf 0
Mathias Hlubek 5,000	Sandra S. Jaffee 0
Michael Kuhn 0	Dr. Stefan Jentzsch 0
	Hessel Lindenbergh 0
Supervisory Board	Friedrich von Metzler 0
Dr. Rolf-E. Breuer 0	Fritz Nols ¹⁾ 0
Manfred Zaß 0	Klaus M. Patig ¹⁾ 0
David Andrews 0	Roland Prantl ¹⁾ 0
Ralf Arnemann ¹⁾ 0	Sadegh Rismanchi 0
Herbert Bayer 0	Gerhard B. Roggemann ¹⁾ 0
Udo Behrenwald 0	Rainer Roubal ¹⁾ 0
Birgit Bokel 0	Dr. Herbert Walter 0
Dr. Peter Coym ¹⁾ 0	Otto Wierzcimok 0
Mehmet Dalman 0	Johannes Witt 0
Leonhard H. Fischer ¹⁾ 0	Silke Zilles 0

¹⁾ Left the Supervisory Board during the course of the first half of 2003. The reported shareholdings of relate to the date on which the individual 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 share options have been granted to management.

12. Transactions with related parties

	30 June 2003	Quarter ended 30 June 2002	30 June 2003	Six months ended 30 June 2002
Operation of the floor trading system by Braintrade GmbH for Deutsche Börse AG	4.7	4.8	8.3	10.3
Operation of the Xetra trading system by Deutsche Börse AG for European Energy Exchange AG	0	1.1	0.5	1.5
Services provided by Deutsche Börse Systems AG:				
Operation and development of Xontro software for Braintrade GmbH	5.1	9.0	10.5	16.2
Development of Eurex software for Swiss Exchange (SWX)	2.2	2.2	4.9	4.5
Operation of Xetra software for European Energy Exchange AG	0.4	0.2	0.5	0.2
Specific agency agreements for the provision of office and administrative services:				
by Eurex Zürich AG to Swiss Exchange (SWX)	5.7	4.4	11.7	10.7
by Eurex Frankfurt AG to European Energy Exchange AG	0.9	1.3	1.7	2.7
by Swiss Exchange (SWX) to Eurex Zürich AG	2.6	3.5	3.8	3.4
by Deutsche Börse AG to European Energy Exchange AG	0	0.1	0	0.4

13. Employees

	30 June 2003	Quarter ended 30 June 2002	30 June 2003	Six months ended 30 June 2002
Average number of employees during the period	3,242	1,546	3,259	1,536
Employed at the balance sheet date:				
Deutsche Börse Group excluding Clearstream subgroup and Infobolsa S.A.	1,477	1,552	1,477	1,552
Clearstream subgroup	1,677	–	1,677	–
Infobolsa S.A.	76	–	76	–
Total Deutsche Börse Group	3,230	1,552	3,230	1,552

There was an average of 3,049 full-time equivalent (FTE) employees during the second quarter of 2003 (second quarter of 2002: 1,458).

14. Contingent liabilities

On 31 March 2003 Clearstream Banking AG, Frankfurt, received a “Statement of Objections” from the DG Competition of the European Commission. The Commission’s objections, which relate to past periods, concern Euroclear’s access to Clearstream’s settlement system for registered shares in Germany, and alleged pricing discrimination between Central Securities Depositories and International Central Securities Depositories for cross border transactions prior to January 2002. The Commission has stated that its objections do not prejudice the outcome of the enquiry.

Clearstream has responded to the Commission’s objections in writing and has met with the commission. Clearstream continues to believe that the Commission’s objections are unwarranted and intends to defend its position. At this stage, no amount has been provided in the Group accounts for this potential liability.

The Executive Board
Deutsche Börse AG
Frankfurt/Main, 7 August 2003



Werner G. Seifert



André Roelants



Rudolf Ferscha



Matthias Ganz



Mathias Hlubek



Michael Kuhn

Q2/2003

Contact

Investor Relations

E-mail: ir@deutsche-boerse.com

Fax: +49-(0)69-2 11-1 43 21

Additional copies of this interim report and the Annual Report 2002 may be obtained from the Publications Hotline.

Phone: +49-(0)69-2 11-1 15 10

Fax: +49-(0)69-2 11-1 15 11

or may be downloaded from the Internet at www.deutsche-boerse.com

Published by

Deutsche Börse Group

60485 Frankfurt/Main

Germany

www.deutsche-boerse.com

Reproductions – in total or in part – only with the written permission of the publisher.

August 2003

Order number: 1010-1580

Company Register: Frankfurt/Main HRB 32 23 2

DAX[®], Eurex[®], Xetra[®] and XTF[®] are registered trademarks of Deutsche Börse AG. Dow Jones STOXXSM and Dow Jones EURO STOXX 50SM are registered trademarks of STOXX Ltd.