

Financial Statements

as at December 31, 2004  
and Management Report

Deutsche Börse AG  
Frankfurt am Main

This is an English translation of the German text,  
which is the sole authoritative version

Deutsche Börse AG, Frankfurt/Main

Balance Sheet as at 31 December 2004

Assets	31.12.2004	31.12.2003	Shareholders' Equity and Liabilities	31.12.2004	31.12.2003
<b>NONCURRENT ASSETS</b>			<b>SHAREHOLDERS' EQUITY</b>		
<b>Intangible Assets</b>			<b>Subscribed Capital</b>	111,802,880.00	111,803
Software	19,513,124.00	37,162	<b>Capital reserve</b>	1,367,526,075.19	1,367,526
Prepayments	193,200.00	365	<b>Retained Earnings</b>		
	<b>19,706,324.00</b>	<b>37,527</b>	Other profit reserves	448,324,116.98	374,816
<b>Tangible Assets</b>			<b>Unappropriated surplus</b>	226,825,000.00	135,000
Fixtures in third party land	7,702,251.00	9,324	<b>Total shareholders' equity</b>	<b>2,154,478,072.17</b>	<b>1,989,145</b>
Other assets, furniture and office equipment	14,296,512.27	13,364	<b>Provisions</b>		
Prepayments	34,586.83	0	Provisions for pensions and similar obligations	20,528,495.00	15,016
	<b>22,033,350.10</b>	<b>22,688</b>	Provisions for deferred taxes	24,114,064.34	76,316
<b>Financial Assets</b>			Other provisions	69,296,210.80	59,408
Shares in affiliated companies	1,782,224,839.10	1,991,083	<b>Total provisions</b>	<b>113,938,770.14</b>	<b>150,740</b>
Loans to affiliated companies	360,636,856.37	150,000	<b>LIABILITIES</b>		
Investments	18,713,994.55	22,249	Trade accounts payable	9,688,496.95	8,986
Long-term securities	9,566,673.97	9,466	Amounts owed to group undertakings	648,413,521.55	540,084
Other loans	692,196.14	720	Amounts owed to undertakings in which the company has a participating interest	1,332,754.98	2,166
	<b>2,171,834,560.13</b>	<b>2,173,518</b>	Other liabilities	37,944,025.49	33,162
<b>Total Noncurrent Assets</b>	<b>2,213,574,234.23</b>	<b>2,233,733</b>	thereof tax € 5,864,404.83 (previous year T€ 8,275)		
<b>CURRENT ASSETS</b>			thereof social security € 44,409.37 (previous year T€ 36)		
<b>Accounts Receivables and Other Assets</b>			<b>Total Liabilities</b>	<b>697,378,798.97</b>	<b>584,398</b>
Trade accounts receivables	73,447,961.90	72,393	<b>DEFERRED INCOME AND ACCRUED EXPENSES</b>	0.00	82
Accounts receivables Group	156,869,359.82	59,368			
Receivables from companies in which the company has a participating interest	0.00	61			
Other current assets	24,161,815.47	15,807			
thereof receivables with a residual term over 1 year 4.221.175,09 € (previous year 4.105 T€)	254,479,137.19	147,429			
<b>Cash and Bank Balances</b>	496,130,489.72	341,893			
<b>Total Current Assets</b>	<b>750,609,626.91</b>	<b>489,322</b>			
<b>DEFERRED EXPENSES AND ACCRUED INCOME</b>	<b>1,611,780.14</b>	<b>1,310</b>			
<b>Total Assets</b>	<b>2,965,795,641.28</b>	<b>2,724,365</b>	<b>Total Shareholders' Equity and Liabilities</b>	<b>2,965,795,641.28</b>	<b>2,724,365</b>

Deutsche Börse AG, Frankfurt/Main  
Profit and Loss Account  
for the period 1 January to 31 December 2004

	2004		2003	
	€	T€	T€	T€
Sales Revenue	733,263,755.71			730,967
Other Operating income	130,252,399.07			118,852
Personnel Expenses				
Wages and salaries	-54,581,780.20		-49,381	
Social security, pensions and other benefits	-14,545,162.13	-69,126,942.33	-9,898	-59,279
<i>thereof pensions € 8,995,922.64 (previous year T€ 4,514)</i>				
Depreciation				
of intangible and tangible assets	-25,791,946.21	-25,791,946.21	-32,642	-32,642
Other Operating Expenses		-445,134,065.19		-446,659
Income from Participating Interests		4,174,716.22		53,137
<i>thereof from affiliated companies € 277,638.10 (previous year T€ 50,006)</i>				
Income from Profit and Loss Transfer Agreements		84,677,050.22		82,095
Income from Financial Assets: Other Securities and Loans		275,964.92		
Interest and similar Income		109,721,462.60		
<i>thereof from affiliated companies € 15,595,077.70 (previous year T€ 8,727)</i>				
Expenses for Transfer of Losses		-26,759,305.72		0
Depreciation of Current Assets: Financial Assets and Securities		-3,495,000.00		-10,019
Interest and similar Charges		-108,049,975.74		-29,134
<i>thereof to affiliated companies € 18,734,060.36 (previous year T€ 15,924)</i>				
<b>Earnings before Interest and Taxes (EBIT)</b>		<b>384,008,113.55</b>		<b>426,925</b>
Tax on Profit		154,910,546.91		161,530
Other Taxes		-2,327,566.64		2,130
<b>Net Profit for the Financial Year</b>		<b>226,770,000.00</b>		<b>267,525</b>
Profit brought forward from the Previous Year		55,000.00		0
Allocations to Profit Reserves		0.00		-132,525
<b>Unappropriated Surplus</b>		<b>226,825,000.00</b>		<b>135,000</b>

## Notes to the Annual Financial Statements for 2004

### Accounting Policies

The annual financial statements of Deutsche Börse AG were prepared on the basis of the accounting provisions of the *Handelsgesetzbuch* (German Commercial Trading Code – HGB) relating to large corporations and the provisions governing accounting for stock corporations (“Aktiengesellschaften”).

The total cost (type of expenditure) format was chosen for the income statement.

The company is a large corporation as defined by § 267 (3) of the HGB.

The accounting policies correspond to those used in the previous year.

Non-current assets in foreign currency are converted into euro by using the historical rate of exchange at the time of acquisition; in the case of a permanent decline in value, a conversion at exchange rate as of the end of the period will be made. Foreign currency receivables and liabilities are measured either at the ECB reference rate at the day of booking, or at a lower (receivables) or at a higher (liabilities) ECB reference rate at the date of the balance sheet. Expenses and income are measured at the ECB reference date at the day of booking.

The intangible assets are stated at cost and reduced by the linear depreciation value.

Property, plant and equipment is carried at cost and reduced by depreciation for wear and tear. In the case of movable assets, until 2003 additions in the first half of the year are recorded to their full annual amount, while acquisitions in the second half are depreciated at 50 percent of the annual amount in accordance with section R44 of the *Einkommensteuer-Richtlinie* (German Income Tax Directive). As a result of changes in tax regulations, the above mentioned practice was modified in 2004, whereby depreciation starts at the first day of the month of purchase. Low-value assets are written off in the year of the acquisition.

The equity investments as well as loans to the equity investments disclosed under non-current financial assets are generally carried at cost; other noncurrent loans are reported at their principle amounts. Securities are measured at cost or at the lower quoted market price at the date of the balance sheet.

Receivables and other assets are generally stated at their principal amount. Specific valuation allowances take account of all identifiable risks. General adjustments are made to reflect potential risks.

Provisions for pensions are measured at the present value under the German normal entry age method on the basis of actuarial principles in accordance with section 6a of the *EStG* (German

Income Tax Act). The calculations are based on Prof. Klaus Heubeck's 1998 mortality tables using a discount rate of 6 percent.

Due to tax regulations, the provisions for the deferred compensation programme were partly measured on the basis of actuarial reports.

Other provisions take into account all identifiable risks and open liabilities as of 31 December 2004, and were set up to the amount expected to be required for settlement. Provisions for the phantom stock option programme are based on the intrinsic value. The provisions for jubilees and pensions are measured at the present value (for pensions at the cash value) with a discount rate of 5.5 or 6 percent. The calculations are based on Prof. Klaus Heubeck's 1998 mortality tables.

Liabilities are stated at their redemption amount.

## Balance Sheet Disclosures

### Non-current Assets

The details and changes in noncurrent assets are shown in the statement of changes in non-current assets.

#### Equity Investments

Deutsche Börse AG holds the following investments in affiliated companies as of 31 December 2004:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€</u>	<u>Net profit/loss 2004 in T€</u>	<u>Share of capital direct (indirect)</u>
Clearstream International S.A.	Luxembourg	720.501	101.023	100%
Clearstream Banking S.A.	Luxembourg	164.551	67.799	(100%)
Clearstream Banking AG	Germany	90.982	32.694	(100%)
Clearstream Services S.A.	Luxembourg	55.871	6.552	(99,96%)
Clearstream Services (UK) Ltd. <sup>1)</sup>	United Kingdom	GBP 6.953 <sup>2)</sup>	GBP 129 <sup>2)</sup>	(99,96%)
Clearstream Properties S.A	Luxembourg	25.447	(1.462)	(100%)
Filinks S.A.S	France	3.581	(677)	(100%)

Immobilière Espace Kirchberg A S.A.	Luxembourg	1.923	1.420	(100%)
Immobilière Espace Kirchberg C S.A.	Luxembourg	1.697	735	(100%)
Immobilière Espace Kirchberg D S.A.	Luxembourg	360	443	(100%)
Deutsche Börse Finance S.A.	Luxembourg	2.076	1.891	100%
Risk Transfer Re S.A.	Luxembourg	1.225	0	100%
Deutsche Börse Systems AG	Germany	2.415	84.457 <sup>3)</sup>	100%
Deutsche Börse Systems Inc.	USA	USD 1.601 <sup>2)</sup>	USD 263 <sup>2)</sup>	(100%)
Deutsche Börse IT Holding GmbH	Germany	56.076	(26.759) <sup>3)</sup>	100%
entory AG	Germany	7.563	(3.790) <sup>3)</sup>	(100%)
Silverstroke AG	Germany	415	24	(100%)
Projects IT-Projektbörse GmbH L.	Germany	17	3	(100%)
Xlaunch AG	Germany	4.000	220 <sup>3)</sup>	(100%)
Eurex Zürich AG	Switzerland	CHF 65.160 <sup>2)</sup>	CHF 280 <sup>2)</sup>	49,97% <sup>4)</sup>
Eurex Frankfurt AG	Germany	35.028	(2.926)	(49,97%) <sup>4)</sup>
Eurex Clearing AG	Germany	9.410	994 <sup>3)</sup>	(49,97%) <sup>4)</sup>
Eurex Repo GmbH	Germany	550	(2.982) <sup>3)</sup>	(49,97%) <sup>4)</sup>
Eurex Bonds GmbH	Germany	2.704	(1.880)	(38,45%) <sup>5)</sup>
U.S. Exchange Holdings Inc.	USA	USD 50.612 <sup>2)</sup>	USD (3.889) <sup>2)</sup>	(49,97%) <sup>6)</sup>
U.S. Futures Exchange L.L.C.	USA	USD (5.246) <sup>2)</sup>	USD (48.200) <sup>2)</sup>	(39,98%) <sup>7)</sup>
Deutsche Gesellschaft für Wertpapierabwicklung mbH i. L.	Germany	451	1	100%
DeuBö Vermögensverwaltungs AG	Germany	2.742	51	100%
Infobolsa S.A.	Spain	10.189	223	50%

Infobolsa Internet S.A.U	Spain	124	11
Difubolsa, Serviços de Difusão e Informação de Bolsa, S.A.	Portugal	106	5
Infobolsa Deutschland GmbH	Germany	702	(1.123)

<sup>1)</sup> The financial information was determined according to IFRS.

<sup>2)</sup> In thousand.

<sup>3)</sup> Before profit transfer or loss absorption.

<sup>4)</sup> Beneficial interest in profit or loss: 79,99%; as of 01.01.2005: 84,99%.

<sup>5)</sup> Beneficial interest in profit or loss: 61,55%; as of 01.01.2005: 65,40%.

<sup>6)</sup> Beneficial interest in profit or loss: 84,99%.

<sup>7)</sup> Beneficial interest in profit or loss: 67,99%. The loss absorption by a minority shareholder is limited by the amount of their interest.

Deutsche Börse Systems AG transferred €84,457 thousand to Deutsche Börse AG on the basis of the profit and loss transfer agreement. Profits of Xlaunch AG in the amount of €220 thousand were transferred on the basis of profit and loss transfer agreements. The Deutsche Börse AG and the Deutsche Börse IT Holding concluded a profit and loss transfer agreement on 20 February 2004. On the basis of this agreement a loss amounting to €26,759 thousand was absorbed by Deutsche Börse AG.

During the reporting year following companies were merged: Cedel International S.A. into Clearstream International S.A., the Xlaunch 1. Verwaltungsgesellschaft mbH and the Xlaunch 2. Verwaltungsgesellschaft mbH into Xlaunch AG, the Finnovation GmbH into entory AG, and the Fördergesellschaft für Börsen und Finanzmärkte in Mittel- und Osteuropa mbH into DeuBö Vermögensverwaltungs AG. Risk Transfer Re S.A. was newly established as a subsidiary of the Deutsche Börse AG with Clearstream International S.A. holding one share in the new company. The atec GmbH as well as entory ventures GmbH were liquidated during the fiscal year. entory UK Ltd. discontinued its business, and is according to British law "dormant".

Cedel International S.A. was merged into Clearstream International S.A in 2004. In the course of this transaction, the capital was reduced by €87,356 thousand (Cedel International S.A.) and €132,958 thousand (Clearstream International S.A.).

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 threefold dividend right, but also a corresponding share in any liquidation proceeds – its actual beneficial interest in Eurex Zürich AG's profit or loss is 79.99 percent. Capital consolidation is based on this figure. On 1 January 2005, Deutsche Börse AG's beneficial interest in Eurex Zürich AG's profit or loss increased to 84.99 percent. After allowance for voting trust and pooling arrangements, the share of voting rights equals 50 percent.

## Other Equity Investments

Deutsche Börse AG held the following direct or indirect investments of more than 20 percent as of the 31<sup>st</sup> of December 2004:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€<sup>1)</sup></u>	<u>Net profit/loss 2004 in T€<sup>1)</sup></u>	<u>Share of capital direct (indirect)</u>
FDS Finanz-Daten-Systeme GmbH & Co. KG <sup>2)</sup>	Germany	3.100	641	50%
FDS Finanz-Daten-Systeme Verwaltungs GmbH	Germany	32	(4)	(50%)
NEWEX Kapitalmarktberatungsgesellschaft m.b.H.	Austria	3.912	2.888	50%
STOXX Ltd.	Switzerland	11.449	8.997	33,33%
Deutsche Gesellschaft für Ad hoc-Publizität mbH	Germany	1.013	121	33,33%

<sup>1)</sup> Preliminary figures.

<sup>2)</sup> General partner: FDS Finanz-Daten-Systeme Verwaltungs GmbH.

Deutsche Börse AG sold its interests in Deutsches Börsenfernsehen GmbH (35,10 percent) in 2004.

As of the 31<sup>st</sup> of December 2004, Deutsche Börse AG held more than 5 percent of the voting rights in the following companies:

<u>Name of company</u>	<u>Location</u>	<u>Equity in T€<sup>1)</sup></u>	<u>Net profit/loss 2004 in T€<sup>1)</sup></u>	<u>Share of capital direct (indirect)</u>
European Energy Exchange AG	Germany	25.473	(2.998)	(11,60%)
International Index Company Ltd.	United Kingdom	4.809	339	17,95%
The Clearing Corporation Inc.	USA	USD <sup>2)</sup> 78.694	USD <sup>2)</sup> (28.966)	(7,14%) <sup>3)</sup>

<sup>1)</sup> Preliminary figures.

<sup>2)</sup> In thousand.

<sup>3)</sup> Indirect interest of net profit/loss: 12,15%.

During the year of review, iBoxx Ltd. changed its name to International Index Company Ltd.



## Other Information

Deutsche Börse AG completed two offsetting interest rate swaps, included in the other current assets to the same amount as the acquisition costs (€2,510 thousand), respectively in the long-term provisions, with a market value of €5,572 thousand.

## Deferred Expenses and Accrued Income

The deferred expenses and accrued income amounts to €1,612 thousand and consists mainly of advance payments for rent (€794 thousand), consulting (€329 thousand) and maintenance and licence fees (€278 thousand).

## Shareholders' Equity

The share capital of Deutsche Börse AG amounts to €111,802,880 (2003: €111,803 thousand) and is divided into 111,802,880 no-par value shares. The capital reserve remains at €1,367,526 thousand.

Deutsche Börse AG does not hold any own shares at the end of the year under review. In March 2004, 100,000 shares were bought for a price of €4,571 thousand. All of these shares were however sold during 2004 within the scope of the Group Share Plan.

With the consent of the Supervisory Board, the Executive Board is authorised to increase the subscribed capital by the following amounts:

	<u>Amount in €</u>	<u>Date of authorisation by the shareholders</u>	<u>Expiry date</u>	<u>Existing shareholders' sub- scription rights may be sus- pended for fractional amounts and/or may be suspended if the share issue is:</u>
Authorised capital	41.104.000	3. May 2001	31. Dec 2005	- Against non-cash contribu- tions for the purpose of acquiring companies, parts of companies or stakes in companies.
Authorised capital	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 nomi- nal 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 authorised capital I and II, the Executive Board is allowed, subject to the agreement of the Supervisory Board, to issue new shares (conditional capital), namely up to 30,000,000 shares solely in connection with the issue and satisfaction of convertible bonds (expiry date 13<sup>th</sup> of May 2008), and up to 3,000,000 shares in connection with the fulfilment of subscription rights to employees under the Group Share Plan.

The Annual General Meeting on 19th of May 2004 resolved to transfer €73,508 thousand from the unappropriated surplus to other retained earnings. €61,437 thousand was distributed to shareholders. The profit brought forward from the previous year amounts to €55 thousand. The unappropriated surplus of the year under review totals €226,825 thousand.

## Other Provisions

Other provisions in the amount of €69,296 thousand mainly comprise the following items:

	T€
Anticipated losses from rental expenses	20,545
Outstanding invoices	13,775
Other personnel provisions	10,435
Obligation to refund current and future pension payments to the IHK on the basis of the transition agreement	8,202
Anticipated losses from interest rate swaps	5,572
Phantom stock option programmes	2,121
Other provisions	<u>8,646</u>
	69,296

Deutsche Börse AG has established a phantom stock option programme for Executive Board and senior executives of Deutsche Börse and its subsidiaries. On the basis of the intrinsic value of the phantom stock options allocated, a provision of €2,121 thousand was made.

In addition, Deutsche Börse AG set up a Group Share Plan (GSP) for non-executive employees of Deutsche Börse AG and its subsidiaries that comprises a component for the acquisition of employee shares, plus a stock option component. The intrinsic value of the issued and outstanding stock options is zero at the closing date, and no provision was therefore established.

## Current Liabilities

The current liabilities are divided as follows. Liens or similar rights have not been acquired

Amount in T€	Total amount	Payable within 1 year
Trade accounts payable (prev. year)	9,688 (8,986)	9,688 (8,986)
Amounts owed to group undertakings (prev. year)	648,414 (540,084)	150,929 (42,599)
Amounts owed to undertakings in which the company has a participating interest (prev. year)	1,333 (2,166)	1,333 (2,166)
Other liabilities (prev. year)	37,944 (33,162)	36,075 (33,162)
thereof tax (prev. year)	5,864 (8,275)	5,864 (8,275)
thereof social security (prev. year)	44 (36)	44 (36)
<b>Total Current Liabilities (prev. year)</b>	<b>697,379 (584,398)</b>	<b>198,025 (86,913)</b>

## Income Statement Disclosures

### Sales Revenue

Sales revenue of €733,264 thousand relates to the segments Eurex (€397,353 thousand), Xetra (€216,404 thousand) and Market Data & Analytics (€119,507 thousand).

### Other Operating Income

Other operating income amounting to €130,252 thousand principally includes income from group agency agreements (€106,248 thousand), income from Xetra Backend Insourcing (€4,500 thousand) and rentals (€2,027 thousand) as well as prior-period income from the reversal of provisions (€2,285 thousand).

## Other Operating Expenses

Other operating expenses (€445,134 thousand) are composed in particular of the cost of agency agreements with affiliated companies (€171,086 thousand), IT costs (€113,341 thousand), legal and consulting costs (€41,218 thousand), premises expenses (€29,493 thousand), costs for the purchase of price information from regional exchanges (€10,540 thousand), settlement costs Xetra (€7,476 thousand), advertising and marketing costs (€7,297 thousand), non-recoverable input tax (€4,677 thousand), contributions to institutions, e.g. Deutsches Aktieninstitut and Staatskommissariat, for the promotion of Germany as a financial centre (€2,367 thousand) and insurance premiums (€1,612 thousand). This item also includes prior-period expenses of €312 thousand resulting from losses from the disposal of non-current assets.

## Other Financial Obligations

Other financial obligations are composed of obligations from rental agreements, leases and maintenance costs, obligations from insurance policies and obligations from other agreements. The total anticipated payments for 2005 amount to €338,072 thousand. In the obligations for rental agreements, leases and maintenance costs (€53,600 thousand), the main position is obligations relating to long-term contracts for the rental of office space (€48,300 thousand). Other obligations to the amount of €5,300 thousand relate to maintenance contracts for the User Helpdesk (€3,300 thousand) as well as other leasing contracts.

The obligations from insurance policies (€4,500 thousand) relate to the annual payment commitment of €3,300 thousand resulting from the consequential loss/personal liability insurance policy, of which €2,371 thousand is passed on to affiliated companies. The obligations from other agreements (279,972 thousand) result from agency agreements with Deutsche Börse Systems AG (€131,172 thousand) and Eurex (€148,800 thousand). In relation to DBS, €66,909 thousand is attributable to application development, €45,576 thousand to data centre services and €18,687 thousand to other agency services. The obligations towards Deutsche Börse Systems AG and Eurex are obligations towards affiliated companies.

As of the 1<sup>st</sup> of January 2005, the letter of comfort between Deutsche Börse AG and Eurex Clearing AG was amended. Under this agreement, the Deutsche Börse AG agrees to provide Eurex Clearing with 85 percent (until 31<sup>st</sup> of December 2004 – 80 percent) of the funds it needs to meet its obligations as the central counterparty to settle derivatives traded on Eurex (FWB, Eurex Deutschland, U.S. Futures Exchange) as well as the transactions made on the Eurex Bonds platform and the pensions transactions made on the Eurex Repo platform. The obligation of Deutsche Börse AG according to this letter of comfort is limited to €595,000 thousand.

Furthermore, an unlimited letter of comfort has also been issued in favour of Clearstream Banking AG in accordance with section 5 (10) of the statutes of the *Einlagensicherungsfonds* (deposit insurance fund), under which Deutsche Börse AG has agreed to indemnify Bundesverband Deutscher Banken e.V. (German Banking Association) against all losses. A guarantee

and negative covenant has also been signed by Deutsche Börse AG and Deutsche Börse Finance S.A. in which Deutsche Börse AG guarantees to pay capital and interest as well as any other amounts to be paid by Deutsche Börse Finance S.A. for the bonds issued as part of the debt issuance programme.

The provisions set up for the deferred compensation plan were recognised on an employee basis at the individual subsidiaries. However, since Deutsche Börse AG is the debtor to the employees participating in the programme, a contingency obligation exists in the provisions of €2,862 thousand established at the individual subsidiaries.

## Other Information

### Supervisory Board

Members of the Supervisory Board as of 31<sup>st</sup> of December 2004

<b>Dr. Rolf-E. Breuer</b> Chairman	Chairman of the Supervisory Board Deutsche Bank AG Frankfurt/Main President Bundesverband deutscher Banken e.V. Berlin
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Appointments to  
supervisory boards:

Bertelsmann AG  
Deutsche Bank AG (Chairman)  
E.ON AG

Other appointments:

Compagnie de Saint-Gobain S.A. (Member of the Board of  
Directors)  
KfW Bankengruppe (Member of the Administrative Board)  
Landwirtschaftliche Rentenbank (Member of the Administrative  
Board)

**Manfred Zaß**  
Deputy Chairman

Former Chief Executive Officer DekaBank  
Deutsche Girozentrale  
Frankfurt/Main

Appointment to  
supervisory boards

Deutsche EuroShop AG (Chairman)

**David Andrews**

Chief Executive Officer Xchanging Ltd  
London

Other appointments

Ins-Sure Holdings Ltd. (Member of the Board of Directors)  
HR Enterprise Ltd. (Member of the Board of Directors)  
Xchanging Ltd. (Chairman of the Board of Directors)  
Xchanging Procurement Service Ltd. (Chairman of the Board of Di-  
rectors)

<b>Herbert Bayer</b>	Trade union secretary ver.di Frankfurt/Main
Appointments to supervisory boards:	dwpbank / Deutsche WertpapierService Bank AG Eurohypo AG
<b>Udo Behrenwaldt</b>	Business consultant Frankfurt/Main
Appointments to supervisory boards:	Deutsche Asset Management Investmentgesellschaft mbH (Deputy Chairman) Deutsche Bank Privat- und Geschäftskunden AG Deutsche Vermögensbildungsgesellschaft mbH (Chairman) DB Trust AG (Chairman)
Other appointments	DWS Investment S.A. (Member of the Board of Directors) DWS Polska TFI S.A. (Member of the Board of Directors) Deutsche Asset Management GmbH (Member of the Supervisory Board) (until 20.8.2004) Deutsche Asset Management S.A. (Member of the Board of Direc- tors) DWS (Austria) Investmentgesellschaft mbH (Member of the Board of Directors) Deutsche Asset Management France S.A. (Member of the Board of Directors)
<b>Birgit Bokel</b>	Staff member Facility Management Section Deutsche Börse AG Frankfurt/Main
<b>Mehmet Dalman</b>	Chief Executive Officer WMG Limited (since 01.10.2004) London Member of the Executive Committee Commerzbank AG (until 30.9.2004) Frankfurt/Main

Other appointments: Commerzbank Capital Markets Corporation (Chairman of the Board of Directors) (until 30.9.2004)  
 Commerz Securities (Japan) Company Ltd. (Chairman of the Board of Directors) (until 30.9.2004)  
 Commerzbank Capital Markets (Eastern Europe) S.A. (Member of the Board of Directors) (until 30.9.2004)  
 TOSCA Ltd. (Non Executive Director)

Uwe E. Flach Former Deputy Chairman Executive Committee DZ BANK AG  
 Frankfurt/Main

Appointments to supervisory boards: Andrae-Noris-Zahn AG (Deputy Chairman)  
 ORGA Kartensysteme GmbH (since 15.7.2004)  
 Stada Arzneimittel AG

Other appointment: GHP Holding GmbH (Member of Advisory Board)  
 (since 18.5.2004)

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

Dr. Manfred Gentz Member of the Executive Committee DaimlerChrysler AG  
 (until 15.12.2004)  
 Stuttgart  
 President International Chamber of Commerce (ICC) Germany  
 (since 18.11.2004)  
 Cologne

Appointments to supervisory boards: adidas-Salomon AG (since 13.5.2004)  
 DaimlerChrysler Services AG (until 15.12.2004)  
 DaimlerChrysler Bank AG (Deputy Chairman) (until 15.12.2004)  
 DWS Investment GmbH  
 Hannoversche Leben Versicherung AG  
 Zürich Beteiligungs AG Deutschland



Other appointments:

- DaimlerChrysler United Kingdom Holding plc. (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler Espana Holding S.A. (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler Japan Holding Ltd. (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler North America Holding Corporation (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler Corporation (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler France Holding S.A., Paris (Member of the Supervisory Board) (until 15.12.2004)
- DaimlerChrysler Mexico Holding, S.A. de C.V. (Member of the Supervisory Board) (until 15.12.2004)
- Freightliner LLC (Member of the Supervisory Board) (until 15.12.2004)
- EHG Elektroholding GmbH (Member of the Supervisory Board) (until 15.12.2004)

Prof. Dr. Dr. Dr. h.c.  
mult. Klaus J. Hopt

Max Planck Institute for Foreign and Private International Law  
Hamburg

Harold Hörauf  
(until 19.05.2004)

Former personally liable partner  
HSBC Trinkaus & Burkhardt KGaA  
Düsseldorf

Appointments to  
supervisory boards:

- Börse Düsseldorf AG (Chairman)
- INKA Internationale Kapitalanlagegesellschaft mbH (Chairman) (until 23.03.2004)

Other appointments:

- BVV Versicherungsverein des Bankgewerbes a.G. (Member of the Supervisory Board)
- BVV Versorgungskasse des Bankgewerbes e.V. (Member of the Supervisory Board)
- HSBC Investment Managers S.A. (Chairman of the Administrative Board) (until 20.02.2004)

HSBC Trinkaus & Burkhardt (International) S.A. (Deputy Chairman of the Administrative Board) (until 17.03.2004)

HSBC Trinkaus Capital Management GmbH (Chairman of the Supervisory Board) (until 20.02.2004)

**Sandra S. Jaffee**  
(until 19.05.2004)

Warburg Pincus LLC (since 01.02.2004)

New York

Executive Vice President Citibank N.A. (until 30.01.2004)

New York

President and CEO Global Securities Services  
(until 30.01.2004)

New York

**Dr. Stefan Jentzsch**

Member of the Executive Board HVB Group

Munich

Appointments to  
supervisory boards:

DAB bank AG (Chairman)

HVB Informations-Verarbeitungs-GmbH (Deputy Chairman)

HVB Systems AG

Infineon Technologies AG

Vereins- und Westbank AG (Deputy Chairman)

Other appointments:

Bank Austria Creditanstalt AG (Member of the Supervisory Board)

HVB Alternative Financial Products AG (Chairman of the Administrative Board)

HVB Alternative Investment AG (Chairman of the Supervisory Board)

HVB Wealth Management Holding GmbH (Member of the Administrative Board)

**Lord Peter Levene of  
Portsoken KBE**  
(since 19.05.2004)

Chairman Lloyd's  
London

Other appointments	General Dynamics UK Limited (Chairman of the Board of Directors) Haymarket Group Ltd (Member of the Board of Directors) J. Sainsbury plc. (Member of the Board of Directors) (until 17.09.2004)
Hessel Lindenbergh	Former member of the Executive Board ING Group Amsterdam
Other appointments:	DHV Holding (Member of the Supervisory Board) Gamma Holding NV (Member of the Supervisory Board) Koninklijke Numico NV (Member of the Supervisory Board) NIB Capital N.V. (Member of the Supervisory Board) Ortec International NV (Member of the Supervisory Board) Petroplus International NV (Member of the Supervisory Board) Spyker Cars N.V. (Chairman of the Supervisory Board) (since 01.04.2004)
Silke Martinez Maldonado	Staff member 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 Fördergesellschaft für Börsen- und Finanzmärkte in Mittel- und Ost- europa mbH (until 08.10.2004)
Other appointment:	Metzler-Payden LLC. (Member of the Board of Directors) (until 15.03.2004)
Alessandro Profumo (since 19.05.2004)	Chief Executive Officer Unicredito Milan

Other appointments:

- Bank Pekao S.A. (Chairman of the Supervisory Board)
- Mediobanca S.p.A. (Member of the Board of Directors)
- Unicredit Banca Mobiliare (UBM) S.p.A. (Chairman of the Board of Directors)
- Unicredit Xelion Banca S.p.A. (Deputy Chairman of the Board of Directors)
- R.C.S. Quotidiani S.p.A. (Member of the Board of Directors) (until 07.07.2004)
- Olimpia S.p.A. (Member of the Board of Directors)
- Barilla G.& R. Brothers, S.p.A. (Member of the Board of Directors) (until 30.04.2004)
- Unicredit Audit S.p.A. (Chairman of the Board of Directors) (until 06.07.2004)
- Unicredit Real Estate S.p.A. (Member of the Board of Directors) (until 09.06.2004)
- Cordusio Immobiliare S.p.A. (Member of the Board of Directors) (until 09.06.2004)
- Koç Holding A.S. (Member of the Board of Directors)

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

Appointment to supervisory boards:  
Deutsche Börse Systems AG

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

Appointment to supervisory boards:  
TSV München von 1860 GmbH & Co. KGaA  
Other appointments:  
Dresdner Bank Luxemburg S.A. (Chairman of the Administrative Board)  
Banco Popular Espanol S.A. (Miembro, Consejo de administración) (since 20.04.2004)

Banco Português de Investimento S.A. (Member of the Supervisory Board) (since 21.07.2004)

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

Appointment to  
supervisory boards:                      Clearstream Banking AG

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

Appointment to  
supervisory boards:                      Fritz Nols Global Equity Services AG (until 29.03.2004)

The remuneration of the members of the Supervisory Board totalled €1,560 thousand

The Supervisory Board has established the following committees:

**Audit Committee**

Dr. Stefan Jentzsch (Chairman)  
Udo Behrenwaldt (since 21.06.2004)  
Dr. Manfred Gentz  
Harold Hörauf (until 19.05.2004)  
Johannes Witt

**Committee for Personnel Issues**

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

**Supervisory Committee for Strategic Issues**

Dr. Rolf-E. Breuer (Chairman)  
Herbert Bayer  
Mehmet Dalman

Hessel Lindenbergh

Manfred Zaß

Silke Martinez Maldonado

**Supervisory Committee for Technological Issues**

David Andrews (Chairman)

Dr. Stefan Jentzsch

Sadegh Rismanchi

Dr. Herbert Walter

**Supervisory Committee for Clearing and Settlement Issues**

Sandra S. Jaffee (Chairman) (until 19.05.2004)

Hessel Lindenbergh (Chairman) (since 21.06.2004)

Uwe E. Flach

Prof. Dr. Dr. Dr. h.c. mult. Klaus Hopt

Otto Wierczimok

## Executive Board

Members of the Executive Board as of 31<sup>st</sup> of December 2004:

Dr. Werner G. Seifert Chairman	Chief Executive Officer of Deutsche Börse AG responsible for Group Coordination/Corporate Center, Customers/Markets Frankfurt/Main
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### Appointments within the Group

Supervisory boards:	Deutsche Börse Systems AG (Chairman) DeuBö Vermögensverwaltungs AG (Chairman) (until 29.06.2004) entory AG (Chairman) Eurex Clearing AG (Vice Chairman) Eurex Frankfurt AG (Vice Chairman) Xlaunch AG (Chairman)
Administrative boards:	Eurex Zürich AG (Vice President)
Other:	Clearstream International S.A. (Vice Chairman of the Board of Directors)

André Roelants Deputy Chairman (until 30.06.2004)	responsible for Customers/Markets (Banking & Custody Services) (until 30.06.2004) Lintgen, Luxemburg Chairman of the Executive Committee Clearstream Banking S.A. (until 15.12.2004) President and Chairman of the Group Executive Management Clearstream International S.A. (until 10.12.2004)
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### Appointments within the Group

Supervisory boards	Clearstream Banking AG (Chairman)
Other:	Clearstream Banking S.A. (until 15.12.2004) (Chairman of the Board of Directors) Clearstream International S.A. (Chairman of the Board of Directors) (since 10.12.2004)

### External appointments

Other	Blue Orchard Finance (Member of the Board of Directors) SWIFT (Member of the Board of Directors)
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**Rudolf Ferscha** responsible for Customers/Markets (Trading & Clearing Services)  
 Chief Executive Officer Eurex Clearing AG  
 Chief Executive Officer Eurex Frankfurt AG  
 Chief Executive Officer Eurex Zürich AG  
 Chairman of the Executive Management Eurex Deutschland  
 (since 26.02.2004)  
 General Manager Eurex Bonds GmbH  
 Chairman of the Executive Management FWB Frankfurter Wert-  
 papierbörse (since 26.02.2004)  
 Frankfurt/Main

#### Appointments within the Group

Supervisory boards: Clearstream Banking AG  
 Deutsche Börse Systems AG  
 Xlaunch AG

Other: U.S. Futures Exchange L.L.C. (Chairman of the Board of Directors)  
 (since 02.03.2004)  
 U.S. Exchange Holdings L.L.C. (Member of the Board of Directors)  
 (since 02.03.2004)  
 The Clearing Corporation Inc. (Member of the Board of Directors)

**Matthias Ganz** 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 Interna-  
 tional S.A.  
 Member of the Executive Management FWB Frankfurter Wert-  
 papierbörse  
 Frankfurt/Main

#### Appointments within the Group

Supervisory boards: entory AG

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



**Mathias Hlubek** 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.  
Kronberg

#### Appointments within the Group

**Supervisory boards:** entory AG  
Eurex Clearing AG  
Eurex Frankfurt AG

**Administrative boards:** Eurex Zürich AG

**Other:** 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)

**Dr.-Ing. Michael Kuhn** 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  
Frankfurt/Main

#### Appointments within the Group

**Supervisory boards:** DeuBö Vermögensverwaltungs AG (until 29.06.2004)  
entory AG  
Eurex Clearing AG  
Eurex Frankfurt AG

**Administrative boards:** Eurex Zürich AG

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

**Jeffrey Tessler** responsible for Customers/Markets  
 (since 06.10.2004) CEO Clearstream International S.A.  
 President and Chairman of the Group Executive Management  
 Clearstream International S.A. (since 10.12.2004)  
 CEO Clearstream Banking S.A.  
 Chairman of the Group Executive Management Clearstream Bank-  
 ing S.A. (since 15.12.2004)  
 Luxemburg

#### Appointments within the Group

Other: Clearstream Banking S.A. (since 15.12.2004) (Chairman of the  
 Board of Directors)  
 Clearstream International S.A. (since 10.12.2004) (Member of the  
 Board of Directors)

The remuneration of the active members of the Executive Board in 2004 totalled €5,905 thousand, while pension benefits for the former Executive Board members and their survivors amounted to €270 thousand. Provisions of €8,654 thousand were set up for the pension entitlements of former Executive Board members and their survivors.

## Employees

An average of 520 employees (2003: 499) were employed by Deutsche Börse AG in 2004. As of the 31<sup>st</sup> of December 2004, the company had 521 employees (2003: 509) (board members excluded). 13 employees included in this number hold temporary contracts, 74 employees hold part-time positions and 19 employees were on maternity leave. The average number of full-time equivalents in 2004 was 469 (2003:449).

## Group Affiliation

Deutsche Börse AG prepares consolidated financial statements. These consolidated financial statements are published in the *Bundesanzeiger* (Federal Gazette) and filed within the Frankfurt/Main commercial register.

The Capital Group Companies, Inc., Los Angeles, USA, has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) s. 1 no. 6 WpHG (German Securities Trade Act) in connection with § 22 (1) s. 2 and 3 WpHG that as of the 3<sup>rd</sup> of March 2004, they are in possession of more than 5 percent of the voting rights.

The Capital Group International, Inc., Los Angeles, USA, a subsidiary of The Capital Group Companies, Inc., has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) s. 1 no. 6

WpHG in connection with § 22 (1) s. 2 and 3 WpHG that as of the 12<sup>th</sup> of March 2004, they are in possession of more than 5 percent of the voting rights.

The Children's Investment Fund Management (UK) LLP, London, United Kingdom, has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) s. 1 no. 6 WpHG that as of the 14<sup>th</sup> of January 2005, they are in possession of more than 5 percent of the voting rights.

The Children's Investment Master Fund, George Town, Cayman Islands, which is managed by The Children's Investment Fund Management (UK) LLP, has informed Deutsche Börse AG according to § 21 (1) WpHG that as of the 26<sup>th</sup> of January 2005, they are in possession of more than 5 percent of the voting rights.

Atticus Capital L.L.C., New York, USA, has informed Deutsche Börse AG according to §§ 21 (1), 22 (1) s. 1 no. 5 and 6 WpHG that as of the 18<sup>th</sup> of February 2005, they are in possession of more than 5 percent of the voting rights.

## Corporate Governance Code

On the 9<sup>th</sup> of December 2004, the Executive Board and the Supervisory Board renewed their declaration of conformity under section 161 AktG (German Companies Act) and made it available to shareholders on a permanent basis.

Frankfurt/Main, 25<sup>th</sup> of February 2005

Deutsche Börse AG

Executive Board

Dr. Werner G. Seifert

Jeffrey Tessler

Rudolf Ferscha

Dr. Matthias Ganz

Mathias Hlubek

Dr.-Ing Michael Kuhn

Deutsche Börse AG, Frankfurt/Main

Statement of Changes in Noncurrent Assets

	Acquisition and Production Costs					Depreciation and Amortization					Book Value		
	Balance as at 1. Jan 04	Additions 2004	Transfer from Affiliated Companies	Disposals 2004	Reclassifications 2004	Balance as at 31. Dez 04	Balance as at 1. Jan 04	Additions 2004	Write-ups 2004	Disposals 2004	Balance as at 31. Dez 04	as at 31. Dez 04	as at 31. Dez 03
	€	€		€	€	€	€	€	€	€	€	€	€
<b>Intangible Assets</b>													
Software	188,410,115.36	1,799,405.11	0.00	0.00	365,300.00	190,574,820.47	151,247,925.36	19,813,771.11	0.00	0.00	171,061,696.47	19,513,124.00	37,162,190.00
Prepayments	365,300.00	193,200.00	0.00	0.00	-365,300.00	193,200.00	0.00	0.00	0.00	0.00	0.00	193,200.00	365,300.00
	<b>188,755,415.36</b>	<b>1,992,605.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>190,768,020.47</b>	<b>151,247,925.36</b>	<b>19,813,771.11</b>	<b>0.00</b>	<b>0.00</b>	<b>171,061,696.47</b>	<b>19,706,324.00</b>	<b>37,527,490.00</b>
<b>Tangible Assets</b>													
Fixtures in third party land	14,422,264.66	495,817.54	0.00	192,868.96	0.00	14,725,213.24	5,098,387.66	1,956,295.54	0.00	31,720.96	7,022,962.24	7,702,251.00	9,323,877.00
Other assets, furniture and office equipment	34,366,060.15	4,910,942.04	194,152.62	997,611.29	0.00	38,473,543.52	21,001,640.15	4,021,879.56	0.00	846,488.46	24,177,031.25	14,296,512.27	13,364,420.00
Prepayments	0.00	34,586.83	0.00	0.00	0.00	34,586.83	0.00	0.00	0.00	0.00	0.00	34,586.83	0.00
	<b>48,788,324.81</b>	<b>5,441,346.41</b>	<b>194,152.62</b>	<b>1,190,480.25</b>	<b>0.00</b>	<b>53,233,343.59</b>	<b>26,100,027.81</b>	<b>5,978,175.10</b>	<b>0.00</b>	<b>878,209.42</b>	<b>31,199,993.49</b>	<b>22,033,350.10</b>	<b>22,688,297.00</b>
<b>Financial Assets</b>													
Shares in affiliated companies	2,046,417,216.58	11,455,657.46	0.00	220,332,830.30	0.00	1,837,540,043.74	55,334,024.64	0.00	0.00	18,820.00	55,315,204.64	1,782,224,839.10	1,991,083,191.94
Loans to affiliated companies	150,000,000.00	210,636,856.37	0.00	0.00	0.00	360,636,856.37	0.00	0.00	0.00	0.00	0.00	360,636,856.37	150,000,000.00
Investments	31,038,514.80	0.00	0.00	40,356.67	0.00	30,998,158.13	8,789,163.58	3,495,000.00	0.00	0.00	12,284,163.58	18,713,994.55	22,249,351.22
Long-term securities	11,079,616.40	1,718.14	0.00	0.00	0.00	11,081,334.54	1,614,064.14	0.00	-99,403.57	0.00	1,514,660.57	9,566,673.97	9,465,552.26
Other loans	720,042.83	84,039.00	0.00	111,885.69	0.00	692,196.14	0.00	0.00	0.00	0.00	0.00	692,196.14	720,042.83
	<b>2,239,255,390.61</b>	<b>222,178,270.97</b>	<b>0.00</b>	<b>220,485,072.66</b>	<b>0.00</b>	<b>2,240,948,588.92</b>	<b>65,737,252.36</b>	<b>3,495,000.00</b>	<b>-99,403.57</b>	<b>18,820.00</b>	<b>69,114,028.79</b>	<b>2,171,834,560.13</b>	<b>2,173,518,138.25</b>
	<b>2,476,819,130.78</b>	<b>229,612,222.49</b>	<b>194,152.62</b>	<b>221,675,552.91</b>	<b>0.00</b>	<b>2,484,755,800.36</b>	<b>243,085,205.53</b>	<b>29,286,946.21</b>	<b>-99,403.57</b>	<b>897,029.42</b>	<b>271,375,718.75</b>	<b>2,213,574,234.23</b>	<b>2,233,733,925.25</b>

## Management Report for the Financial Year 2004

### 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 AG, 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 falling, 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	Change in
	In 2004	contract volumes 2004 vs. 2003
	millions	%
Eurex	1,065.6	+5
CME	805.3	+26
Euronext.Liffe	790.4	+14
CBOT	600.0	+32

Source: the exchanges listed

## Business Development in the Year under Review

### Overview

Amid slightly improved economic conditions, Deutsche Börse AG continued to grow: in 2004, sales revenue rose slightly to €733.3 million (2003: €731.0 million).

Deutsche Börse AG's key performance figures	2004	2003	Change %
Sales revenue (€m)	733.3	731.0	+0
EBT (€m)	384.0	426.9	-10
Net income (€m)	226.8	267.5	-15
Earnings per share (€)	2.03	2.46	-17
Employees as at 31 December	521	509	+2

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 licence 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).

As anticipated in 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 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

All segments of Deutsche Börse AG show relatively stable sales revenue year-on-year.

Sales revenue by segment	2004	2003
	€ m	€ m
Xetra	216.3	209.9
Eurex	397.5	402.5
Market Data & Analytics	119.5	118.6
Total	733.3	731.0

### 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.

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

Order book turnover on Xetra		
(€ bn)	2004	2003
Q1	555.7	389.4
Q2	452.0	424.3
Q3	413.2	471.0
Q4	453.8	452.3
Total	1,874.7	1,737.0

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.

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 AG intends to enhance its share of the market for private investors (Deutsche Börse Smart Trading).

Overall, sales revenue in the cash market segment rose slightly by 3 percent to €216.3 million (2003: €209.9 million).

Breakdown of sales revenue in the Xetra segment	2004	2003
	%	%
Frankfurt floor trading	21	22
Clearing and settlement	19	14
Xetra electronic order book	50	54
Other	10	10

## 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 the 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 €397.5 million (2003: €402.5 million). The termination of the contract with the CBOT resulted in the loss of licence 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 falls 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.

Eurex trading volume		
(millions of contracts)	2004	2003
Q1	290	265
Q2	264	259
Q3	251	257
Q4	261	234
Summe	1,066	1,015

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 segments and products	2004	2003	Change in %
	million contracts	million contracts	
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 €119.5 million (2003: €118.6 million). The distribution of real-time data accounted for more than 75 percent of total revenue. The data not only contains information on cash markets but increasingly also on derivatives markets.

## 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 and continuously developing its trading and settlement systems are critical success 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 or the development of new ones, so product development and investment in software are closely linked.

Product development is not centralized but is implemented throughout the company. 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, and also discussed in the Product Development Committee in the case of important decisions.

The trading systems were again developed further in the Xetra and Eurex segments in 2004. Particularly important in this context were the central counterparty (CCP) for the cash market and, at Eurex, the development of the new US derivatives exchange, Eurex US®.

## Net Assets, Financial Position and Results of Operations

### Net Assets and Financial Position

Deutsche Börse AG's noncurrent assets amounted to €2,213.6 million as at 31 December 2004 (2003: €2,233.7 million). Investments in associates of €1,782.2 million (2003: €1,991.1 million), largely based on the 100 percent stake in Clearstream International S.A., account for the major part.

A further €360.6 million (2003: €150.0 million) are shown in the balance sheet as loans to affiliates, mostly represented by long term intercompany loans to Clearstream Banking S.A., Deutsche Börse Finance S.A. and U.S. Futures Exchange L.L.C.

Noncurrent assets were balanced by shareholders' equity amounting to €2,154.5 million (2003: €1,989.1 million).

Receivables from and liabilities to affiliates include the settlement of intercompany services and the amounts invested by Deutsche Börse AG based on cash pooling agreements. In addition, Deutsche Börse Finance S.A. raised €500 million in the debt market, repayable in May 2008, and passed it on to Deutsche Börse AG in the form of an intercompany loan.

As Deutsche Börse Group debits fees for most of its services directly after the end of the month, the trade receivables of €73.5 million as at 31 December 2004 (2003: €72.4 million) are relatively low when compared with the sales revenue.

Cash and cash equivalents as at end of 2004 amounted to €496.1 million (2003: €341.9 million).

### Results of Operations

Deutsche Börse AG's earnings before taxes (EBT) declined by 10 percent year-on-year to €384.0 million (2003: €426.9 million). The EBT margin fell to 52 percent (2003: 58 percent).

The main reason for this was the absence of a dividend from Cedel International S.A., in 2004 (2003: €50.0 million). In addition, losses of Deutsche Börse IT Holding GmbH of €26.8 million (2003: nil) were assumed by Deutsche Börse AG.

### Development of Profitability

Deutsche Börse AG's return on equity, the ratio of after-tax earnings to the average equity available to the company in 2004, fell to 10.9 percent in 2004 (2003: 14.2 percent).

### Dividend

The dividend is distributed from the unappropriated surplus of Deutsche Börse AG. 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 commissions the rating agencies 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 Deutsche Börse AG.

Ratings of Deutsche Börse AG	Long-term	Short-term
Moody's	Aa1	P-1
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 AG rose slightly by 2 percent to 521.

## Environmental Protection

Caring for the environment and its natural resources has always been a core component of Deutsche Börse AG'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 and to the selection and monitoring of suppliers.

The new Frankfurt headquarters to which Deutsche Börse AG moved in 2000 was 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 AG chooses office materials on the basis of their suitability for recycling and re-use in return systems.

## 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'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<sup>SM</sup> 600 Technology (EUR) (Return), by 100 percentage points.

## Risk Report

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

### Risk management: Organization and methodology

Risk management at Deutsche Börse AG 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 AG ensures that risk management is of the same standard across the Group.

Deutsche Börse AG has developed its own risk system and distinguishes between operational, financial, project, and environment and industry risks.

The Risk Management & Compliance Committee (RMCC), a committee of the Executive Board, ensures that operational and financial risks within Deutsche Börse AG 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 Deutsche Börse AG's Chief Operating Officer.

The risk management process consists of identifying, controlling, analyzing, 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 section 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 AG and its associated companies. Based on this information, the Executive Board decides on suitable measures to control these risks.

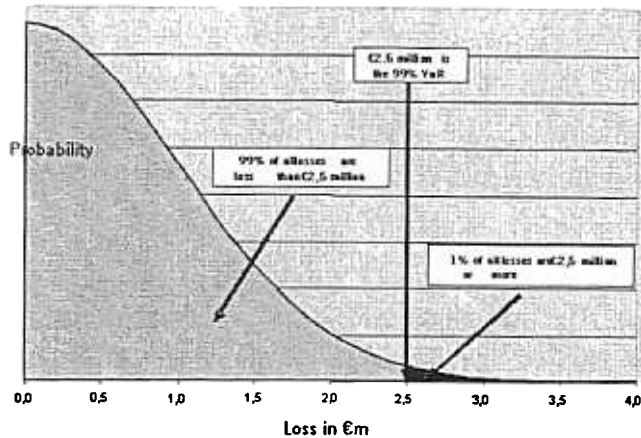
Internal Auditing ensures that the adequacy of the risk control and risk management functions is monitored through independent audits. The results of these audits are also used to develop the risk management system.

### Risk management instruments

Deutsche Börse AG 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 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 produce a spread of possible total losses.

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



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 again 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 AG, 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.

Operational risks that Deutsche Börse AG 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 AG'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 AG. Possible triggers include hardware and software failures, operator and security errors, and physical damage to the data centres.

In particular, Deutsche Börse AG 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 AG'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 AG 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. 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 AG is exposed to financial risks mainly in the form of credit risk within 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 AG's claims on this counterparty cannot be met in full or at all.

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 FWB, 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 defence 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 defence. 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 AG 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. In 2004, Deutsche Börse AG's excess liquidity was high, as a result of which no liquidity bottlenecks occurred.

## **Project risk**

Project risk refers 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 AG 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 and Eurex segments, sales revenue is directly linked to activity in the capital markets operated, while sales revenue of the Market Data & Analytics segment 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 their business environment are also constrained by the regulatory environment, changes in which may adversely affect Deutsche Börse AG'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 AG'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, meaning that it is 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 AG 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 and Eurex segments, a substantial proportion of trading volumes is accounted for by a few key accounts. The key accounts for the cash market differ from those for the derivatives market trading systems, which leads to diversification and thus to reduction in dependencies on specific key accounts. However, Deutsche Börse AG would expect to suffer revenue shortfalls if the company 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.

## **Summary and future developments**

Based on the market environment and Deutsche Börse AG'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 pre-conditional offer for the London Stock Exchange**

On 27 January 2005, Deutsche Börse AG announced details of its proposed pre-conditional cash offer to acquire in full the outstanding share capital of the London Stock Exchange (LSE). The offer is subject to the sole pre-condition 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 pre-condition in whole or in part.

### **Branch Offices**

The company does not maintain any branch offices.

## **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 strong prior-year market volume: 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 instruments 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).

### **Continued earnings growth**

Deutsche Börse AG's targets earnings growth in 2005, largely based on the increased share in Eurex's earnings, which rises from 80 to 85 percent.

### **Employees**

The number of employees is likely to remain stable in 2005.

Frankfurt am Main, 25 Februar 2005

Deutsche Börse AG

The Executive Board

Werner G. Seifert

Rudolf Ferscha

Matthias Ganz

Mathias Hlubek

Michael Kuhn

Jeffrey Tessler



## Audit opinion

We have audited the annual financial statements, together with the bookkeeping system, and the management report of Deutsche Börse AG, Frankfurt am Main, for the business year from January 1, 2004 to December 31, 2004. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily 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 annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. On the whole the management report provides a suitable understanding of the Company's position and suitably presents the risks of future development.

Frankfurt am Main, February 25, 2005

**KPMG Deutsche Treuhand-Gesellschaft**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

**Wohlmannstetter**  
**German Public**  
**Auditor**

**Mock**  
**German Public**  
**Auditor**