



Embargoed until: 25 May 2005, Start of Speech

Annual General Meeting 2005
Deutsche Börse AG

- Report by the Executive Board -

25 May 2005

Mathias Hlubek

Member of the Executive Board
Deutsche Börse AG, Frankfurt/Main

Check against delivery.

Mathias Hlubek, Member of the Executive Board

Dear Shareholders,
Ladies and Gentlemen,

On behalf of my colleagues on the Executive Board, I would like to welcome you to the 2005 Annual General Meeting of Deutsche Börse at the Jahrhunderthalle in Frankfurt. I'd also like to welcome shareholders and guests who are following our Internet broadcast. Thank you for your interest in our AGM, and thank you for joining us today.

Ladies and Gentlemen, over the past few months your Company, Deutsche Börse, has been in the spotlight of an intense and sometimes heated public debate about its strategic orientation and governance structure. Some of the issues affecting us have now shifted into the arena of a national political debate here in Germany that goes well beyond the Company itself. We will face up to the challenges emerging from this development and use them as the starting point for our own deliberations about where the Company stands.

Financially, 2004 was the most successful year in your Company's history. Driven by our outstanding positioning in all business areas and the high level of synergies between them, we were again able to increase our operating profit in 2004 despite the difficult market environment.

Ladies and Gentlemen, my presentation is divided into four parts:

- Firstly, I'd like to present the results for the past financial year, the 2004 annual financial statements, and the corresponding proposed resolutions.
- I'll then present the excellent position of your Company and use this firstly to derive approaches for implementing our existing strategy, and secondly to present concrete projects resulting from this strategy.
- Thirdly: the public debate about Deutsche Börse in recent weeks has raised questions that affect both our corporate strategy and the relationship between management and you, our shareholders. I will examine these issues and the related proposed resolutions. As part of this, I will also discuss the withdrawal of our proposed preconditional cash offer for the London Stock Exchange.
- And finally, I will summarize the good development in the first quarter of 2005.

Mathias Hlubek, Member of the Executive Board

But a couple of words before I move on: I'm standing here in the place of Werner Seifert today, who left the Company on 9 May after twelve years as its Chief Executive Officer. During this time, the Company's sales revenue climbed from DM 70 million to around €1.5 billion. And the results that I will present to you today reflect a clear strategic concept and a high level of discipline in its implementation. The idea underlying this strategy is simple. It is focused on the needs of our customers and follows the objective formulated as the prime directive in our corporate mission: to improve the efficiency of markets.

How do we do this? By achieving economies of scope and scale in equal measure and thus sharing the resulting efficiency gains with our customers and our shareholders. We generate economies of scope by covering all major securities classes in full, and by our end-to-end offering along the entire value chain comprising trading, clearing, securities settlement and custody. Deutsche Börse Group has systematically extended this business model over the past few years: starting with the introduction of electronic cash market trading and the development of the Eurex electronic derivatives market – now the largest of its kind worldwide – followed by the merger of the old "Kassenvereine", the securities depositories, to form Deutsche Börse Clearing, and subsequently Clearstream, which arose from the cross-border merger.

We achieve economies of scale firstly by sheer growth in the volume of trading and settlement on our electronic platforms for securities and derivatives, and from the international expansion of our customer base – and secondly by organizing a range of functions such as information technology, systems operation and central services horizontally to the individual market segments, thus generating efficiency gains from this integration.

The results that this integrated business model generates for you are also reflected in our 2004 annual financial statements, which I will now address.

1. Annual financial statements 2004 and related motions

I can summarize our results for financial year 2004 in a nutshell: Deutsche Börse Group continued its success of recent years despite a difficult environment: the Company again achieved record results in the past financial year. I will limit my remarks to an overview; for further information, please refer to our Annual Report which explains the annual financial statements in detail.

Mathias Hlubek, Member of the Executive Board

The key data in the annual financial statements are as follows (**Chart 1**): sales revenue increased by 2 percent from €1,419.4 million to €1,449.6 million; including net interest income from banking business, it amounted to €1,526.7 million. Clearstream, which comprises Deutsche Börse Group's post-trade functions, made the largest contribution to this growth last year. Deutsche Börse's earnings before interest and taxes, or EBIT, rose from €452.6 million to €458.7 million. The Group's profitability, measured in terms of its EBIT margin, was 31.6 percent in the past year. Net income rose by 8 percent from €246.3 million to €266.1 million.

This is the background to our proposal on the appropriation of the unappropriated surplus under Item 2 of the Agenda (**Chart 2**): that of the total unappropriated surplus of €226.8 million reported in the annual financial statements as at 31 December 2004, €78.3 million were meant to be paid out as a dividend of €0.70 per share, and the remaining €148.6 million to be appropriated to "other retained earnings".

We have adjusted this proposal to reflect the current situation. Over the past year, we have been discussing a buy-back of own shares, for which you gave us an authorization at our last AGM on 19 May 2004. We have made use of this authorization. Since 13 April 2005, we have bought back and cancelled 5,884,091 shares, representing a value of €353,138,660. The share buy-back is part of our capital structure program for a distribution of funds to shareholders. As a result, we have reduced our share capital from €111,802,880 to €105,918,789, and therefore the number of no-par value bearer shares from 111.8 million to 105.9 million since the AGM was convened. This is why, under Item 2 of the Agenda in front of you, we mentioned that, in such an event, we would propose to you an adjusted appropriation of the unappropriated surplus – while keeping our dividend unchanged at €0.70. Our new proposal is now as follows: "The Executive Board and the Supervisory Board propose that the distributable profit in the approved annual financial statements as of 31 December 2004 totaling EUR 226,825,000.00 be used to pay a dividend of EUR 0.70 for each share carrying dividend rights, i.e. EUR 74,143,152.30 in total, and that the remaining amount of EUR 152,681,847.70 be allocated to 'other retained earnings'".

This proposal continues the progressive dividend policy we have pursued since our IPO in 2001. This is the fifth appreciable dividend increase in succession since then. But we won't stop there: we plan to continue this policy on a much larger scale starting this year. At this point, I'd like to hold out to you the prospect of a significantly higher dividend in the future, given our encouraging results in the first quarter of 2005 as well. We intend to scale up the level of our dividend continuously and sustainably in the coming years, while continuing to suitably reflect the Group's investment needs in the future.

Mathias Hlubek, Member of the Executive Board

This is part of our strategy of making an investment in Deutsche Börse shares as attractive as possible to you, our shareholders: in addition to this component, we intend to distribute funds that are not required for the Group's operative business to you, under our capital management program announced on 2 May this year. We plan to distribute a total of €1.5 billion over the next two years, in a combination of annual dividend payments and ongoing share buy-backs. This ambitious plan is subject to conditions, in particular the continuation of our encouraging performance of recent years, additional successful innovations, and also, of course, the level of capital required for our operations.

At this point, I would like to address a counterproposal raised by Union Investment Privatfonds GmbH, which provides for the full distribution of the entire unappropriated surplus for 2004. It goes without saying that we are aware of different positions of our shareholders and that we respect these. However, our capital management program provides for the distribution of funds to be continued in the coming months. This means that the profits that we appropriate to retained earnings can be used for additional share buy-backs. Buying back own shares is by far the more flexible way of distributing funds not required for operative business to our shareholders. In contrast to a dividend payment made at a fixed date, a share buy-back program can be implemented over an extended period and therefore can also use weak periods on the market to the advantage of our shareholders. We would therefore ask you to vote for our proposal under Agenda Item 2.

To allow us to continue the share buy-back under our capital management program after today's AGM, we are asking for your support in this matter under Agenda Item 6. We are proposing that you renew until 31 October 2006 the authorization to acquire own shares resolved by last year's AGM that will expire on 31 October 2005. This will enable Deutsche Börse AG to buy back own shares up to a maximum of 10 percent of the current share capital. The Company can either make a public offer to its shareholders to buy shares, or it can buy them on the stock exchange. In addition, Deutsche Börse can retire the purchased shares and use them to obtain new equity funding by subsequently reselling them. Deutsche Börse can also use them partly for employee shares, or for servicing Group employees' rights under the Group Share Plan resolved by the 2003 AGM. Finally, the purchased shares can, if the opportunity arises, also be used to acquire interests in other companies.

Mathias Hlubek, Member of the Executive Board

2. Taking stock: Growth and increasing value

Dear shareholders, so much about your Company's results, which unfortunately have been overshadowed by the public debate about Deutsche Börse in recent weeks. Let's focus on our business, and therefore I return to my second point: what strategic foundations do we need to lay to exceed last year's positive results in the future? There has been a great deal of speculation about this in the public domain, but this debate fails to recognize what the Company's strength has been up to now: its willingness to continually reinvent itself, with the goal of improving the efficiency of markets.

This also means that we are willing to take calculated risks because we cannot achieve growth unless we do so. Our results from recent years – including those for 2004 that I am reporting on today – show that this is a successful strategy. Of course, like any other company, we have projects that fall below our expectations – and in such cases we take the actions required.

I'd like to explain to you how our business model has proved itself, although transaction volumes in equity trading and clearing as well as in settlement recorded little or no growth in financial year 2004. In a business where the bulk of costs are fixed, flat or sinking sales figures pose a real challenge. That's why it is all the more important for a company like Deutsche Börse to achieve the greatest possible degree of independence from the developments on the securities markets. Deutsche Börse Group has resolutely faced the challenge of a weak market environment. It has reduced costs, thus stabilizing its profit margins and laying the foundations for further profitable growth.

Deutsche Börse closely observes its macroeconomic environment. By using a range of measures, we are able to grow profitably regardless of the general market trend: the introduction of the central counterparty for the equity market thus had a knock-on effect on OTC (over-the-counter) trading. New products such as exchange-traded funds (ETFs) generate additional turnover. Overall, smaller-sized orders offset lower trading volumes on the cash market. Deutsche Börse is also represented in business areas that operate independently of transaction volumes, such as custody business, which has profited from the increased issues of fixed-income securities. However, I would also like to mention our IT business at this point, which has increasingly established itself as a service provider for other companies in the past two years. The Market Data & Analytics segment, too, has become less and less dependent on the pure dissemination of share price data for its sources of revenue, and now generates significant income from much more stable business areas such as licenses. Finally, acquisitions have also contributed to Deutsche Börse's encouraging development. Deutsche Börse's business model is equally suited to generating revenue and earnings growth organically and through acquisitions.

Mathias Hlubek, Member of the Executive Board

The contrast between the development of the markets in the past six years on the one hand, and Deutsche Börse Group's key data on the other, is remarkable (**Chart 3**). In 2003, the value of international equity and bond trading had only just returned to the level recorded in 1999. Deutsche Börse Group's sales revenue, earnings and enterprise value grew substantially despite the difficult conditions on the capital markets and the global recession after 2000. Deutsche Börse's sales revenue has risen by an average of 19 percent per year since 1999, and its earnings before interest and taxes have risen by 34 percent per year. The market is rewarding Deutsche Börse's successful business model. At the end of 2004, the Company's market capitalization was €5 billion – around 50 percent higher than at the time of our IPO in early 2001. Our share price has increased further since the beginning of the year, and our market capitalization is currently around €6.5 billion.

Systematically focusing on the needs of our customers has played a key role in Deutsche Börse's success in recent years. By combining the cash and derivatives markets, as well as settlement, custody, systems technology and information services, Deutsche Börse Group has integrated all stages of the exchange business value chain and has systematically enhanced this model. In this respect, it follows the structural changes of its customers. Fewer and fewer large investment banks are separating their trading activities by derivatives, bonds and equities; rather, there is a clear trend towards convergence between trading on the cash and derivatives markets, as well as between equity and bond trading. New trading strategies often go beyond the traditional boundaries of various product categories. Deutsche Börse Group offers its customers one-stop shopping for all its products and services thanks to its high degree of integration. Further milestones have been reached through the successful integration of Clearstream in 2002 and our investment in The Clearing Corporation in 2003.

All this does not sound as though a paradigm shift is necessary. Deutsche Börse's core business is and will remain the provision of infrastructure services for the capital markets on the basis of our highly automated supply chain. We must continually invest in enhancing and redeveloping these systems: firstly, to achieve our organic growth targets; secondly, to remain competitive and to provide our customers with a better offering at better prices; and thirdly, to satisfy new regulatory requirements to maintain our operations and develop new markets.

Most of our investments that are designed to increase the efficiency of the markets are channelled into enhancing our core systems. In individual cases, more extensive measures are necessary to boost efficiency. Public interest focuses mainly on these exceptional measures – while losing sight of the everyday implementation of projects that add value. The common goal of all our efforts remains to continually expand our integrated business model. We will continue to increase market efficiency and thus add value for our customers and for you, our shareholders.

In the past year, we invested around €100 million in developing our systems. The bulk of this was accounted for by Clearstream, which handles our securities settlement

Mathias Hlubek, Member of the Executive Board

activities, and by clearing activities for the cash and derivatives markets. Development expenses in this business area were primarily used to increase the efficiency of exchange and OTC trading of securities and derivatives for our customers.

What is the value of these investments for our customers? Let me explain this using three examples:

- The new settlement model for the German market: it changes the procedure for cash clearing and sustainably improves the security and efficiency of securities settlement. It also provides liquidity in a more efficient manner because, as a result of its automatic link to the Deutsche Bundesbank, it makes central bank liquidity that is unused overnight available to our customers. The model was created in close consultation with the Deutsche Bundesbank, market participants, associations and institutions, and improves systems integration beyond Deutsche Börse Group. This has reduced the risk for market participants and increased settlement efficiency.
- The Daytime Bridge: this is an electronic link between our subsidiary Clearstream Banking Luxembourg and the other major European settlement services provider, Euroclear. By expanding the Daytime Bridge, the services we offer for the settlement of international bond transactions will become more attractive to the lucrative customer group of actively trading broker firms. This is another example of systems integration that extends beyond our Group.
- The expansion of our clearing house. The goal here was to optimize our role as the central counterparty for the cash market by making the fulfilment of transactions even more secure for an ever-increasing product range. The investments we made in the past year also helped us to prepare for one of our key goals for the next three years: we aim to extend our clearing services for OTC trading, an extremely large market, which promises additional impetus for organic growth.

Developed in this way, our business model represents the concept that I mentioned initially of offering all products and services from a single source. The degree of integration of Deutsche Börse Group's offering reflects its customer focus. From operating the trading systems of other stock exchanges through joint ventures with customers down to the full integration of all stages in the value chain, the Group uses various formats to generate economies of scale and to share the resulting lower costs with its customers. In addition, we have further internationalized our business, for example through a technology partnership with the Shanghai Stock Exchange and the expansion of the Eurex network in North America. Deutsche Börse Group now generates the bulk of its revenue from customers outside Germany.

Mathias Hlubek, Member of the Executive Board

Which brings me to the increase in value of your Company. There are few companies worldwide that generate more revenue and market value per head than Deutsche Börse. Its market capitalization is currently €6.5 billion. Your Company remains by far the world's highest-valued stock exchange organization. Since its IPO, the Company has clearly outperformed the vast majority of the 30 DAX stocks. This is also reflected in the latest survey conducted by Forbes magazine: for the first time, Deutsche Börse is among the 1,000 companies with the highest revenues in the world, and is even ranked 719th in terms of enterprise value.

We must continue to increase this value in the coming years using our plans for organic growth. Our corporate mission, our long-term strategy and our business model remain valid and promising. In view of this, Deutsche Börse prepares its planning on a rolling basis in three-year cycles. These plans are adopted by the Supervisory Board's Strategy Committee in the autumn of each financial year. They are initially prepared without taking into account possible transactions. In each case, the first year of the three-year planning is adopted by the Supervisory Board as a concrete budget at its December meeting for the following year. The current three-year planning focuses on the following issues:

- Organic revenue growth in our diversified business portfolio through the extension of OTC business, regional expansion, as well as the strengthening and integration of the value chain

An example of this is the Group-wide integration of collateral management to cover all security classes and stages of the value chain. We aim to enable our customers to use the collateral necessary for transactions even more efficiently in Deutsche Börse Group. This is becoming increasingly important, given stricter regulatory requirements, in particular Basel II, and in view of fiercer competition.

- Further efficiency gains and optimization of internal processes through additional automation

Two examples of this: we have extended the central counterparty to include the foreign shares and ETFs that were previously not covered, as well as fixed-income securities. The Eurex system has been revised and now allows our customers to use Eurex's trading and clearing services practically around the clock anywhere in the world, and thus gives them additional risk management tools.

The above-mentioned examples of investments again show how we add value for our customers by integrating the Group's services – something which would be impossible outside our integrated business model.

Mathias Hlubek, Member of the Executive Board

- Optimization of the capital structure to increase the return on shareholders' equity as part of the capital management program that I have already addressed.

To date, we have issued concrete earnings forecasts, or guidance, every year since our IPO – and each year we have achieved or exceeded them. I'd now like to mention another target figure that extends beyond this period and on which we are explicitly focusing our strategy: the consolidated return on shareholders' equity after taxes. Our goal is to achieve a return on shareholders' equity of 20 percent by the end of the current three-year cycle up to the end of financial year 2007. This would represent an exceptional increase given the level of 11 percent in 2004. It is a highly ambitious but realistic goal.

However, our continued success is also due to our ability to impartially take stock: we review non-core business areas as well as projects in our core business – in particular if larger investments have already been made, but the success originally expected has not been achieved to date. Sticking to a path that we have started on, although it does not lead to the desired goal, would certainly not be in your interests as shareholders. Of course, this does not mean that we are calling into question the core idea of our integrated business model. We continually and undogmatically review the individual elements of our strategy, assess the outcomes of our projects and examine new ideas extremely carefully, whether they originated in-house or were brought to us from outside.

However, we cannot achieve ambitious goals such as a return on shareholders' equity after taxes of 20 percent exclusively through organic growth and corporate actions. Partnerships and acquisitions will remain a necessary dimension for the Company's further development and will add value for you.

3. Statement by the Executive Board on the motions submitted at the initiative of TCI

That brings me to the third part of my presentation today. In the first few months of 2005, we did not achieve a strategic goal, which we have been pursuing for a long time: we were unable to implement a significant move in the consolidation of the European cash markets under the prevailing conditions. We have always underscored, and this is something where many market observers and participants agree with us, that such a consolidation would bring significant progress for exchange organizations and their customers. But we were unable to take over the LSE at terms that were attractive to our shareholders. Before I discuss the underlying developments, I'd like to emphasize that Deutsche Börse's own ability to grow further is not dependent on this consolidation.

Mathias Hlubek, Member of the Executive Board

Ladies and Gentlemen, as part of the agenda for this year's Annual General Meeting that you received from your Company, you were also sent the additional motion by Morgan Stanley acting as the custodian bank for TCI. This motion calls for the removal of Dr. Rolf-E. Breuer, Chairman of the Company's Supervisory Board. Morgan Stanley also submitted to the Company a countermotion on behalf of TCI opposing the approval of the acts of the Supervisory Board for financial year 2004. TCI is an investment management company; the acronym stands for "The Children's Investment Fund Management". We appreciate the constructive stance TCI has expressed in its message of 23 May, and which you could also see in the media in the past days.

Please allow me to give you a complete overview of the developments that are relevant to this issue, and to explain some of the background details that were not always presented accurately in the public debate:

In the second half of last year, the Executive and Supervisory Boards of the Company decided to attempt the consolidation of two of Europe's leading cash markets by way of a formal takeover process, above and beyond the strategic initiatives defined each year as part of our strategic planning. Given the substantial volume of funds that are not required for operative business, the Company also decided at this time to adjust its capital structure if the opportunity for a significant consolidation were not to arise. These fundamental decisions were prepared and accompanied by consultations with the Company's shareholders.

On 12 December 2004, Deutsche Börse made a formal proposal to the Board of London Stock Exchange plc on a possible cash offer to acquire all shares of the LSE. The proposal stated an offer price of 530 pence per LSE share. At the request of the LSE, the two companies issued a corresponding regulatory release to the markets on 13 December. Although the LSE rejected Deutsche Börse's proposal in its regulatory release, it invited Deutsche Börse to initiate talks about the possibility of a agreed transaction. Deutsche Börse accepted this invitation so that it could put to the LSE all the benefits of its proposal and demonstrate its conviction. At this time, the strict requirements of the UK Takeover Code required Deutsche Börse to temporarily cease all consultations with its shareholders and customers on this issue.

Immediately after submitting the proposal on 12 December 2004, Deutsche Börse entered into discussions with the management of the London Stock Exchange. Due not least to the LSE's efforts to ensure a level playing field for the two suitors, Deutsche Börse and Euronext, these talks extended over a long period. During the course of the negotiations, the LSE granted Deutsche Börse access to key business figures and contractual arrangements to allow it to make an offer to the LSE's shareholders that would reflect all the facts and circumstances that could affect the valuation. This due diligence confirmed the Company's assumptions about the value added that the proposed transaction would bring for the shareholders of both companies.

Mathias Hlubek, Member of the Executive Board

Because both sides had different notions about the timetable for further negotiations, Deutsche Börse announced comprehensive details of its proposed preconditional cash offer of at least 530 pence per LSE ordinary share on 27 January 2005. A condition of our offer to the shareholders of LSE was that the LSE would give its shareholders an unqualified and unconditional recommendation to accept the offer. Deutsche Börse thus demonstrated its intention to implement a friendly bid to the shareholders of both companies. A core consideration in connection with the proposed preconditional cash offer was the desire by Deutsche Börse's management to explain the benefits of the proposed transaction to customers and shareholders without violating the provisions of the UK Takeover Code. Following publication of the preconditional cash offer, management invited a majority of the Company's share capital represented by the shareholders to meetings as part of an international road show.

The majority of the shareholders supported the Company's efforts to achieve an agreed transaction with the LSE in principle, although differences of opinion about the maximum price for a binding offer were voiced to the Company. At the same time, there were changes in the shareholder structure of Deutsche Börse.

Attracted by the planned takeover, Anglo-American asset managers from the alternative investment sector built up substantial stakes in the Company in mid-February. The predominant feeling among the investors was that a comprehensive share buy-back program would be a better proposition than the positive effects expected by the Company from an LSE deal at a price of at least 530 pence per ordinary share.

Against this background, management decided to withdraw its proposal for a preconditional cash offer on 6 March 2005. At the same time, it announced that it would start implementing the decision to adjust the capital structure already resolved by the Company in the fourth quarter of 2004. Deutsche Börse announced the initial details of this on 22 March 2005 and on 2 May 2005, presented the entire capital management program that it had developed in consultation with the shareholders.

Shortly after the withdrawal of the offer for the LSE, certain major shareholders approached the Company with demands to change the composition of the Executive and Supervisory Boards. Deutsche Börse then held talks with TCI and other shareholders to make clear that while it was open in principle to the idea of changes, it rejected TCI's criticism of the governance of the Company and of the communication by the Executive and Supervisory Boards. To ensure the simultaneous and comprehensive notification of all shareholders, the Company also published the outcome of a meeting with representatives of TCI on 7 April 2005.

In the run-up to the decisions on changes in the management of Deutsche Börse made by the Supervisory Board on 9 May 2005, representatives of the Supervisory Board again spoke with the majority of share capital represented by the shareholders. On 9 May, the Supervisory Board took decisions on changes in the Executive and

Mathias Hlubek, Member of the Executive Board

Supervisory Boards following demands by a majority to quickly appoint a new CEO and several new Supervisory Board members.

Let me summarize the situation: Deutsche Börse was in constant contact with the shareholders and drew the appropriate consequences. Firstly, it withdrew its proposed preconditional cash offer. Secondly, it launched the capital management program. Thirdly, the Supervisory Board resolved changes in corporate governance. Against this background, I would ask you, our shareholders, on behalf of my colleagues on the Executive Board and the members of the Supervisory Board, not to support the motions received by your Company at the initiative of TCI following publication of the agenda for this year's AGM on 12 April 2005. Specifically, these relate to rejection of the motion to approve the acts of the Supervisory Board in financial year 2004, and to the removal of Dr. Rolf-E. Breuer, Chairman of the Company's Supervisory Board.

4. Business model again confirmed in the first quarter of 2005

I now come to the final part of my presentation today. The forecasts for 2005 by market participants are restrained. Nevertheless, Deutsche Börse expects its growth to continue. The first quarter of 2005 provides a direct indicator of this (**Chart 4**). We made a very good start to the new year, and presented the best quarterly result in our Company's history three weeks ago. The key data are: sales revenue – including net interest income from banking business – rose by 7 percent year-on-year to €425.4 million. This is the strongest year-on-year growth recorded in four years.

This sets us well ahead of our European competitors. Euronext's revenue fell by 6 percent over the same period. The LSE, for which we have no quarterly figures, is recording growth in the order of 4 percent on a six months' comparative basis. Our growth lead is yet again attributable to our integrated business model: as a rule, fluctuations in the revenues of individual business areas are compensated by offsetting trends in other business areas in our balanced portfolio.

Our strategy is confirmed by the trend in the industry, as recent developments in the USA also show. For example, the NYSE's plans to merge with Archipelago would not only give it an electronic trading platform, but would also see it moving into derivatives trading through the Pacific Exchange. The Chicago Board of Trade is pushing forward with vertical integration by developing its own clearing house.

The integrated business model enables and is reflected in Deutsche Börse's first quarter results: operating profit, in other words earnings before interest, taxes and goodwill amortization (EBITA), grew by 18 percent year-on-year to €177.7 million.

Earnings per share after taxes, which is a very important indicator for you, our shareholders, rose by 41 percent from €0.69 to €0.97. Part of this is due to the adoption of new and revised accounting standards.

Mathias Hlubek, Member of the Executive Board

The reason behind this encouraging development was once again our integrated supply chain and the broad portfolio of our business areas. This time, the encouraging earnings developments in the Eurex and Clearstream segments made a particularly strong contribution to the record quarter. In our Eurex derivatives market segment, operating profit rose by 28 percent year-on-year to reach €68.9 million – the new method of allocating income and costs in force since 1 January 2005 at this joint venture operated with the Swiss Exchange SWX is now taking effect, and is proving to be advantageous for Deutsche Börse. In the Clearstream segment, we even achieved a 33 percent increase in operating profit to €61.7 million. This is impressive testimony to the earnings power of this business area following the successful conclusion of the integration work. This – the eleventh quarter since the acquisition of Clearstream as at 1 July 2002 – is also Clearstream's most profitable quarter since the merger.

The superiority of our integrated business model has thus produced sparkling results especially in these first months of the current year. That's why we're also upbeat about achieving our projected EBITA of €600 million this year, beating last year's figure by 14 percent. The second quarter, half of which has now passed, is confirming the positive start to the new year, and we are very satisfied with the results to date.

To allow us to finance the planned further growth at any time at attractive terms, we extended our room for manoeuvre through the IPO in 2001. A flexible blend of various financing instruments ensures that we always get the best terms. This is also the background to one of the proposed resolutions on today's agenda: in Agenda Item 5, we are proposing adoption of a resolution to create authorized capital I for a total of up to €35.513 million.

Ladies and Gentlemen, you have approved the creation of authorized capital I in the past and issued a corresponding authorization to the Executive Board. Because this authorized capital I expires on 31 December 2005, we are asking you today to renew authorized capital I.

Mathias Hlubek, Member of the Executive Board

As with the old authorized capital I, the new authorized capital I will be available for both cash and non-cash capital increases. It may be used on one or several occasions, although the aggregate amount of €35.513 million may not be exceeded. As was the case with the old authorized capital I, you, our shareholders, will generally have pre-emptive rights for cash capital increases involving the new authorized capital I.

The authorization we are proposing will give the Executive Board the necessary freedom to flexibly and quickly exploit any strategic options that arise by putting it in a position where it can offer Deutsche Börse shares as an acquisition currency for companies or stakes in companies. Of course, this will always be subject to the approval of the Supervisory Board. In each and every case, the Executive Board will examine carefully whether utilization of authorized capital I is in the best interests of the Company, and thus of the shareholders, and will report to the Annual General Meeting whenever authorized capital I is used.

Ladies and Gentlemen, the results to date this year show that we are on the right way. The plan on which these results are based has been mapped out for the next three years. We will implement it and, in doing so, will rely on our highly qualified, motivated employees. We are highly confident that the capital markets will continue to reward our success story by further positive development in our share price.

* * *

Let me sum up as follows: we have built an extraordinarily successful company in the past few years on the basis of our business model and our strategy. We are well on the way to continuing this success story. We are convinced that we will translate the new challenges and opportunities that will arise for us into even more value for you. Ladies and Gentlemen, you can help us to do this. Please cast your votes in support of management. We would like to thank you for your confidence during the past year, and on behalf of my colleagues on the Executive Board, I would also ask you to have confidence in us going forward. We are now looking forward to a discussion with you for which I hope I have been able to give a fruitful basis.

Mathias Hlubek, Member of the Executive Board

Annual financial statements 2004: Deutsche Börse's success continues



		2004	2003	Change in percent
Sales revenue	€m	1,449.6	1,419.4	+2
Earnings before interest and taxes (EBIT)	€m	458.7	452.6	+1
Net income	€m	266.1	246.3	+8

1

Proposed dividend: 70 cents per share



		Resolution on the Agenda	Adjusted after share buy-back
Dividend per share	in €	0.70	0.70
x			
No-par value shares carrying dividend rights		111,802,880	105,918,789
Dividend	in €	78,262,016.00	74,143,152.30
+			
Other retained earnings	in €	148,562,984.00	152,681,847.70
Unappropriated surplus	in €	226,825,000.00	226,825,000.00

Dividend
policy

- Fifth appreciable dividend increase in succession
- Plans to continue this on a much larger scale

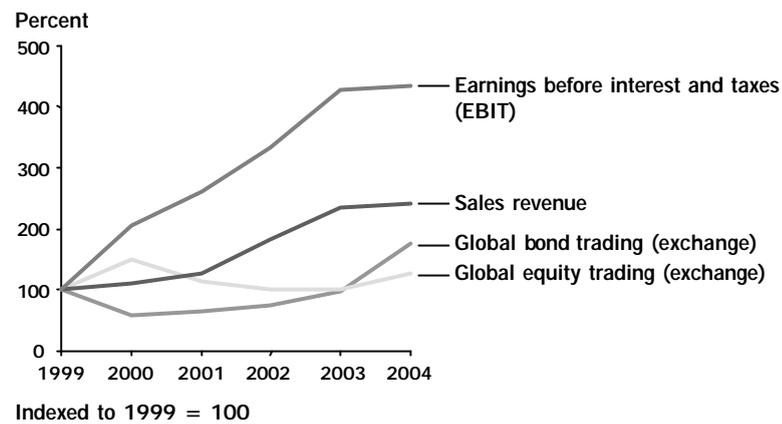
2

Mathias Hlubek, Member of the Executive Board

Growth despite weak market development



Key figures: Deutsche Börse versus international trading



3

Q1/2005: Record results to start the new financial year



		Q1/2005	Q1/2004	Change in percent
Sales revenue including net interest income from banking business	€m	425.4	397.7	+7
Earnings before interest, taxes and goodwill amortisation (EBITA)	€m	177.7	150.4	+18
Earnings per share (after taxes)	€	0.97	0.69	+41

4