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Annual General Meeting

Deutsche Börse Aktiengesellschaft

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Deutsche Börse Aktiengesellschaft, Frankfurt/Main

Check against delivery.

Dear shareholders, Ladies and Gentlemen,

I would like to welcome you to Deutsche Börse AG's Annual General Meeting. It is also my pleasure to welcome representatives of the press and electronic media, as well as the representatives of shareholder associations.

My speech today has two parts. In the first part, I will be focusing on our strategy, the 2015 financial year, and on the first quarter of the current financial year. This is a part that we take very seriously indeed, since we believe that as shareholders, you have the right to obtain a precise and comprehensive view as to how this company is developing. After all, it is also *your* company. Which is why today, I am going to explain to you the principles based upon which the Executive Board runs this company, and the results we have achieved.

This year, this applies especially to our planned merger with the London Stock Exchange, which is very much the topic of the moment. Hence, in the second part of my speech, I want to outline the reasons why I am convinced that –

This merger is not only in the best interests of our clients and our location. It is also – and particularly – in your best interests, as our shareholders.

However, as I said, let me come back to this later.

Before discussing our strategy in the first part of my speech, allow me to refer to a formality to start with. Mr Faber has explained some of the points of today's agenda a moment ago. On top of this, I would like to speak about agenda item no. 6, where we request that you pass a resolution on our proposal to renew Authorised Capital I.

I would like to add a few words of explanation in this respect. Authorised Capital I, in the amount of up to €5.2 million, will expire today. For this reason, we propose to renew Authorised Capital I, in an amount of up to €13.3 million. As for the expiring Authorised Capital I, as shareholders you will be granted a subscription right for the *proposed* Authorised Capital I.

However, in contrast to the expiring Authorised Capital I, we will only exclude subscription rights with respect to fractional amounts. This is because we want to facilitate the technical execution of any future capital increases. At present, we have no concrete plans to utilise this authorisation. The law requires that the Executive Board issues a report on the exclusion of subscription rights. You will find this report in the agenda, which you have received together with the invitation, and which is also available at the publications desk downstairs. The agenda also provides details concerning the other regular items to be dealt with by today's Annual General Meeting.

Let us now turn to Deutsche Börse Group's strategy.

Part 1:
Strategy, review of the 2015 financial year and of the first quarter of 2016

1. Our “Accelerate” growth programme

[Slide #1:] “Accelerate” – key objectives of the growth programme

Ladies and Gentlemen, the planned merger with the London Stock Exchange has not been a spontaneous act. It is part of a well-thought out growth strategy.

This strategy has five goals – summarised in five key words:

1. Culture
2. Performance
3. Ambition
4. Growth
5. Participation

Our corporate culture puts our customers in first place, not ourselves.
“Performance” means that we create incentives designed to enhance responsibility for every individual staff member – irrespective of whether he or she is a manager or employee. Our ambition is to prove the scalability of our business model. Scalability means that costs only increase marginally, whilst profits grow at a double-digit rate – not every quarter, but over time. “Participation” means that you, dear shareholders, shall benefit from this.

Over and above these goals is our vision: we are determined to be ranked number one or two in all of our business areas. Globally, our planned merger with London Stock Exchange Group accelerates our respective growth strategies and results in a significantly enhanced product offering for customers. This will be covered in the second part of my speech.

Talking about “culture”, in addition to appreciation of our clients, this also means pursuing technological innovation. This is why we support “fintechs” – businesses offering financial technology, providing new technical solutions for the world of finance.

Culture also means that we are harmonising our presence as a Group. The Executive Board has been working together on the same floor at our corporate headquarters for two and a half weeks now – sitting together, as we do on the podium today. I believe that you can almost see the new, positive group dynamics we have created here, to the benefit of our company.

To me, culture also means that I understand leadership as a service. Accordingly, I expect my fellow members of the Executive Board to understand leadership as a service, and in the sense of performance. Of course, the same applies to managers on the levels below the Board.

Culture also encompasses sharpening our profile in terms of sustainability. We are focusing on aspects relevant to our business. This also includes more transparency: we are looking at the entire value creation chain, with expanding sustainable index concepts being just one example.

[Slide #2:] "Accelerate" – substantial implementation progress

Our growth programme has now been in place for just under a year: a period during which we have already implemented quite a lot. You see, we are no dreamers – we are getting things done. A few examples:

This year we reached agreement with US exchange Nasdaq on the sale of our New York-based subsidiary International Securities Exchange (ISE). This was a painful step, yet one that was important for our Group. We anticipate realising a gain against the carrying amount with this transaction. Whilst I am sure that there were good reasons for the ISE acquisition at the time, the world has changed: the US equity options market has turned out to be a place that is crowded by too many providers. Such a market fails to meet our new growth expectations. That is why we have acted decisively, as announced, to exit businesses where we do not see the potential to translate these expectations into reality.

But on the other hand, we have also been expanding our portfolio. We successfully implemented our company strategy with two acquisitions in 2015: firstly, the acquisition of the remaining stake in index provider STOXX; secondly, the takeover of 360T, a trading platform for foreign exchange, i.e. trading in foreign currencies. 360T provides us with access to a high-growth and high-volume asset class. Moreover, thanks to our strong position in foreign exchange and in the index business, we have also enhanced the scope for negotiation with our London counterparts.

Likewise, we are looking at applications of blockchain technology. In very simple terms, imagine “blockchain” as a digital register for electronic transactions. Even though we have yet to reach a final verdict on the growth potential and relevance of this technology for our company, the stake we have acquired in US company Digital Assets means that we have an iron in the fire.

We are also expanding our business in Asia. Most recently, we intensified our partnership with the Korea Exchange. At the end of October, we established the China Europe International Exchange – “CEINEX” in short – a European-Chinese cooperation that is unique around the world. Joint venture partners are the Shanghai Stock Exchange and the China Financial Futures Exchange – respectively, the leading stock exchange and the leading derivatives exchange in China. At the same time, we have agreed upon cooperations with the China Foreign Exchange Trade System, which is responsible for foreign exchange trading, and for trading activities amongst Chinese banks.

All these were important steps forward, which ultimately helped prepare for the major step we are planning next. We have made extensive progress with that project as well, as I will discuss in a moment.

But first, I would like to provide you with the explanations concerning the 2015 financial year and the cofinancial statements, as indicated.

2. 2015 financial year and financial statements

[Slide #3:] FY/2015 – Group financials

Looking at our key financial indicators at Group level: we grew at double-digit rates last year, as you can see from the slide. This applies to net revenues, as well as to our profit before interest and tax – the so-called EBIT. And it also applies to our earnings per share.

We have proven that exchanges are not banks. Of course, banks are our clients – but we can still grow even if banks are not doing well, or if they are facing crises. Which is something I say quite without gloating: after all, the Greek concept of "krisis" refers to a turning point. Being an optimistic person, I always hope that change will be for the better. At Deutsche Börse, we are optimists – for good reasons: after all, we have grown during a period when interest rates were at record lows, amongst continued scepticism regarding equities as an asset class. This is something I am proud of, and something for which I would like to express my sincere thanks to our employees.

[Slide #4] FY/2015 – segmental financials

As you can see on this slide, the business of Clearstream – our post-trading service provider – suffered particularly from low interest rates. Mind you, a 7 per cent increase is still noteworthy. This also applies to our market data business. In contrast, we achieved double-digit growth rates in trading and clearing on the cash and derivatives markets.

Now, whilst clearing merely refers to the settlement of trades, there is something special about clearing in an exchange context: clearing means that we secure each and every trade. We make sure that participants pledge collateral, exactly in the amount of their risk exposure. This clearly demonstrates that we want stability, and that we promote responsible trading. This is a benefit for the financial system as a whole.

[Slide #5] FY/2015 – Executive Board proposes increase of 2015 dividend to €2.25 per share

Beyond stability, we emphasise performance, entrepreneurial freedom and personal responsibility. That is why we want you, dear shareholders, to participate in the company's success. We have proposed a dividend of €2.25 per share, which equates to a 7 per cent increase.

Now some of you might ask: why not increase distribution by a double-digit percentage? Well, a good investment requires carefully calculated trust in future profits. As part of our commercial responsibility, we need to maintain – and, if possible, enhance – this company's power to invest. This is a responsibility that we take very seriously indeed.

Let us now turn to the results of the first quarter of 2016.

3. First quarter of 2016

[Slide #6:] Q1/2016 – Group financials

Our year-to-date performance has been positive as well. Our net revenue has grown – after all, by a rate approaching 10 per cent. The same applies to our adjusted profit, measured by EBIT, as I explained already. We have our costs under control. And I am confident that we will match our forecast for the current year: double-digit profit growth.

We also affirm our medium-term guidance, with net revenue to grow between 5 and 10 per cent per annum; and EBIT, as well as net income, to increase between 10 and 15 per cent per annum. This is our definition of scalability.

Part 2: Planned merger with London Stock Exchange Group

[Slide #7:] Key elements of the planned merger with London Stock Exchange Group (LSEG)

This brings me to the second part of my speech, which will look at the topics of size and growth: the merger with the London Stock Exchange.

Let me start by pointing out that it is not just me who is convinced of this project: my fellow members of the Executive Board, as well as the members of the Supervisory Board share this conviction. Of course there are also critics, and we take their concerns seriously. We thus look to engage in open dialogue with them, and of course we hope that we will be able to also convince them of what we are planning.

First, the core elements of the merger.

- The company we are planning to establish will have two corporate headquarters – one in London and one in Frankfurt. Deutsche Börse AG and the London Stock Exchange Group will continue to exist, and the existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals.

- To coordinate these enterprises, we will establish a joint holding company which will have its registered office in London, and will be listed on the equity markets in Frankfurt and London. This concept is also supported by the rationale of coordinating one of the leading European exchange organisations from a leading global financial centre. The new holding company will be reporting in euros.
- The new holding company will issue shares in exchange for Deutsche Börse AG shares, with one share in the new holding company for each share in Deutsche Börse AG.
- Subject to the results of the share exchange, you – as today's shareholders of Deutsche Börse AG – will hold a 54 per cent stake in the new holding company; today's shareholders of the London Stock Exchange will hold the remaining 46 per cent.
- Under UK law, the new holding company will have a single Board of Directors, comprising executive and non-executive directors, whereby the role of "Chairman" is materially equivalent to the Chairman of the Supervisory Board in our present structure.
- My humble self would be responsible for operating business, with the current Chief Financial Officer of the London Stock Exchange at my side, holding the same function. Whilst the other Board functions have yet to be determined, the Board would have a balanced composition overall.
- Right now we expect the merger to be concluded at the end of 2016, or during the first quarter of 2017.

[Slide #8:] Benefits for shareholders

How will you benefit, as this company's shareholders, if you decide to exchange your shares into shares of the new holding company?

First of all, you would hold a stake in the merged company, which – based on 2015 figures – would have generated aggregate total income of €4.7 billion and EBITDA of €2.2 billion. (The acronym "EBITDA" on the slide means "earnings before interest, tax, depreciation and amortisation".)

Size matters in our industry. Exchange organisations are what we call network businesses. Just think about the big players in the online business, for example: think about YouTube or Booking.com. In these businesses, value grows as more users participate. This is because on the one hand, the number of offers will increase – but on the other hand, it will also enhance the chances of finding more interested parties for one's own offer. Exchange organisations also conduct such networked businesses – of course, in a different, more serious and particularly important area, economically speaking.

Yet size alone is not everything – you need to have the right range of products and services. The new company would fulfil this requirement. Together with the London Stock Exchange, we would strengthen our tried-and-tested integrated model. For the year ended 31 December 2015, a significant portion of the aggregate revenues of Deutsche Börse and London Stock Exchange Group were generated from non-transactional business, reducing revenue volatility.

We would also achieve cost savings in the new company, for example, by combining duplicate functions. We have quantified the volume of such savings at €450 million per annum, from the third year following the merger.

[Slide #9:] Benefits for Frankfurt

Now the merger would not only satisfy the interests of this company and its shareholders. We are pursuing a further objective – to let Frankfurt be part of a strong group with global business activities. This would provide Frankfurt with new access points and securities for German investors. Frankfurt will remain the 'City of the DAX index', with the Combined Group providing better opportunities and services for German corporates to raise new capital through the Combined Group's larger liquidity pool and investor base. In other words, access to capital become easier.

I am taking concerns that Frankfurt might lose importance as a result of the planned merger very seriously. But I believe that these concerns are unfounded. The new holding company will have a substantial interest in ensuring access to Frankfurt. Already today, Frankfurt is the gateway to Europe's largest economy – and to the strongest industrial nation within the euro area.

As the domicile of the European Central Bank and Deutsche Bundesbank, Frankfurt is a monetary policy hub with global importance. Moreover, Frankfurt commands a high degree of expertise in the areas of technology, post-trading services, and risk management. Frankfurt also has a leading international position in trading and clearing exchange-listed derivatives. No Executive Board member – and certainly no-one amongst the shareholders of the new holding company – would carelessly squander the benefits arising from these strengths.

Frankfurt would benefit from the proposed merger. By establishing a liquidity bridge connecting London and Frankfurt secondary cash markets, customers of the Combined Group will benefit from access to more securities, a broader range of services and a combined offering for pre-IPO markets. For me, this is the most obvious proof for the logic underlying the planned merger.

[Slide #10:] Benefits for Europe

Now why will the project also benefit Europe? Very simply, because it will strengthen Europe's global competitiveness. With the merger, we will create a European player that will compete on a global basis.

Yet we will not only contribute to Europe's strength on a global scale – we will also support endeavours to establish the Capital Markets Union, a project pursued by the European Commission, which is also supported by national governments. At first glance, this may sound like a rather abstract issue. But this is about a very concrete purpose: to finance growth companies. This is about supporting small and medium-sized enterprises in their efforts to explore markets throughout Europe. This is about creating jobs. And ultimately, this is about building a solid foundation for Europe's prosperity.

With the planned merger, we will connect Frankfurt – the home of the ECB and an access point to Europe's largest economy – with London, a leading global financial centre. Just as we are looking for access to London, the place where global capital is exchanged, London is looking for access to us, and to the euro area. That is precisely why two key areas, Eurex Clearing and Clearstream's German operations, will remain here, and as already mentioned the existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals. A very important part of exchange business is no longer in trading – it's clearing and collateral management. With these offers, we contribute to the stability of the financial system. At the same time, this is Frankfurt's contribution to European financial market stability.

Last week, ESMA – the European securities markets regulator – published the results of a stress test for clearing houses. Eurex Clearing, our clearing house, also took part in this exercise, which has shown that European clearing houses hold sufficient financial collateral. In the event of a participant's default, they prevent a crisis from spreading through a domino effect, as seen after the collapse of Lehman Brothers in the US, and ultimately around the globe. It is worth noting that Eurex Clearing was amongst the best performers in the EU stress test.

Why are stability and prosperity so important for Europe – and especially right now?

Europe is a community of *values*. This is the very concept upon which Europe is based. In order to defend the values that are important to us, Europe is also a *political* community: a community of free and equal nations. And to make sure we can afford all this, Europe is also an *economic* community. We must not give in to doubts regarding this model. Of course, reality always differs from ideas – this is particularly true today. But instead of complaining, we might also ask ourselves what we can contribute in order to turn our ideas to reality, at least approximately? This is exactly what freedom is about – the highest value on which Europe is founded as a community of values.

Without wishing to appear emotional, it is clear to me that our planned merger with the London Stock Exchange is not primarily about a show of strength in commercial terms, or in terms of regional economic policy. This is much more about making changes to Europe's economic foundation. It is about our contribution to ensuring that capital can flow freely, to where it can create the maximum in value – flowing through defined channels, without flooding or creating harm. This is precisely the objective of the European exchange organisation which we want to create, jointly with London: a free flow of capital, within an orderly framework. This is not an altruistic motivation: we are indeed pursuing our own interests. We are thus acting even more decisively, but always acutely aware of the framework within which we are active.

Concluding my comments, I would like to draw your attention to the European economic community, which forms the basis for Europe as a community of values. *We* can contribute to this purpose – and so can *you*. A contribution which requires no sacrifices, but courage and confidence. A contribution which can provide us all with courage and confidence. Because it is courage and confidence that we need in these uncertain times. Not as an empty plea, or as a statement by a born optimist. Not at all – we need to take this carefully thought-out step into the future in a manner that is neither naive or over-exuberant – but also with fortitude: that means not being exhausted or scared of the “world out there”. Of course this is more demanding than just putting up with the devils we know. Of course, honeyed words are always going to be easier than tough actions. But what we need now is not what’s being *said* about doing things better – we just need to get on with *doing* things better.

Ladies and Gentlemen, thank you very much for your attention.