DEUTSCHE BÖRSE
GROUP

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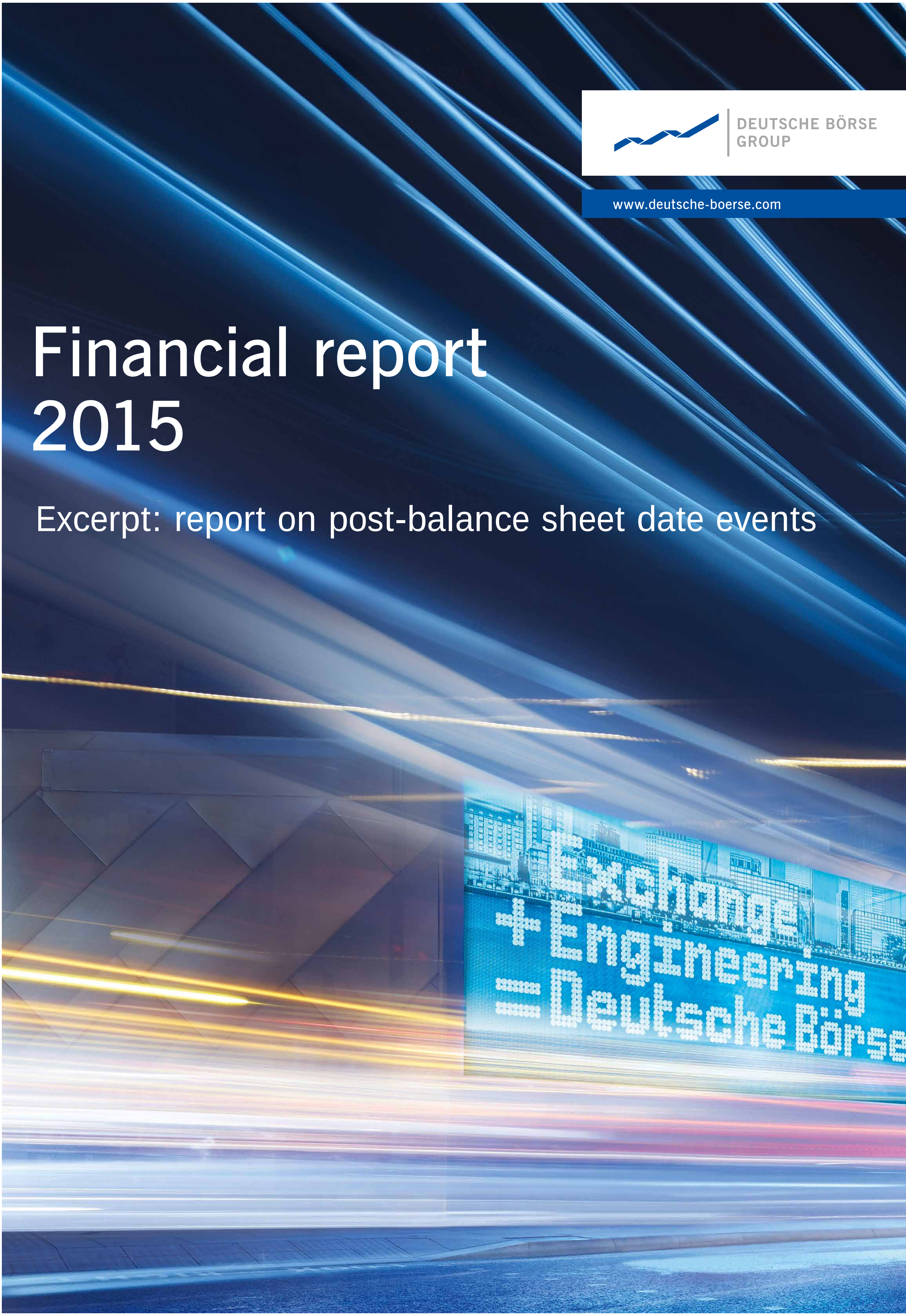
Financial report 2015

Excerpt: report on post-balance sheet date events



Report on post-balance sheet date events

Potential merger with London Stock Exchange (LSE)

Further to recent speculation, the Management Board of Deutsche Börse and the Board of LSE (hereinafter also referred to as "the Boards") confirmed on 23 February 2016 that they are in detailed discussions about a potential merger of equals of the two businesses (potential merger).

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, Deutsche Börse shareholders would be entitled to receive one new share in exchange for each Deutsche Börse share and LSE shareholders would be entitled to receive 0.4421 new shares in exchange for each LSE share. Based on this exchange ratio, the parties anticipate that Deutsche Börse shareholders would hold 54.4 per cent, and LSE shareholders would hold 45.6 per cent of the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of Deutsche Börse and LSE directors.

The Management Board of Deutsche Börse and the Board of LSE believe that the potential merger would represent a compelling opportunity for both companies to strengthen each other in an industry-defining combination, creating a leading European-based global markets infrastructure group. The combination of Deutsche Börse and LSE's complementary growth strategies, products, services and geographic footprint would be expected to deliver an enhanced ability to provide a full service offering to customers on a global basis. Deutsche Börse and LSE believe that the potential merger would offer the prospect of enhanced growth, significant customer benefits including cross-margining between listed and OTC derivatives clearing (subject to regulatory approvals), as well as substantial revenue and cost synergies and increased shareholder value. All key businesses of Deutsche Börse and LSE would continue to operate under their current brand names. The existing regulatory framework of all regulated entities within the combined group would remain unchanged, subject to customary and final regulatory approvals.

Discussions between the parties remain ongoing regarding the other terms and conditions of the potential merger.

The formal announcement of the potential merger remains conditional on, inter alia, agreement on the other terms and conditions of the potential merger, satisfactory completion of customary due diligence and final approval by the Boards of Deutsche Börse and LSE. The parties reserve the right to a) waive these pre-conditions, b) with the agreement of the other party, to vary the form of consideration and/or make an offer on higher or lower terms (including the exchange ratio), albeit no revision is currently expected, and/or c) to adjust the terms to take account of any dividend announced, declared, made or paid by either party, save for ordinary course dividends (consistent with past practice in timing and amount) declared or paid prior to completion.

There can be no certainty that any transaction will occur. Any transaction would be subject to regulatory approval, Deutsche Börse shareholders' acceptance and LSE shareholder approval, as well as other customary conditions.

Under the UK City Code on Takeovers and Mergers (Code), the new holding company or Deutsche Börse are required, by no later than 5.00 p.m. on 22 March 2016 (if not extended with the consent of the UK Takeover Panel), to do one of the following: (i) announce a firm intention to make an offer for LSE in accordance with the Code; or (ii) announce that they do not intend to make an offer and that they will not make an offer for LSE for a period of six months.

On 26 February 2016, further to the announcement on 23 February 2016, LSE and Deutsche Börse set out below a summary of further key terms which the parties have agreed in relation to the potential merger of LSE and Deutsche Börse (potential merger) to form a combined group (Combined Group):

- Combined Group to be a UK plc domiciled in London
- LSE in London and Deutsche Börse in Frankfurt to become intermediate subsidiaries of the Combined Group
- Combined Group to have headquarters in London and Frankfurt
- Combined Group to seek a Premium Listing on the London Stock Exchange and Prime Standard listing on the Frankfurt Stock Exchange
- Balanced governance structure of the Combined Group board with equal representation from LSE and Deutsche Börse to include:
  - Donald Brydon as Chairman
  - Joachim Faber as Deputy Chairman and Senior Independent Director
  - Carsten Kengeter as CEO and executive director
  - David Warren as CFO and executive director
- A joint committee (Referendum Committee) has been set up to advise on the implications of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom.

Further key terms
The potential merger would be structured as an all-share merger of equals under a new UK holding company. LSE in London and Deutsche Börse in Frankfurt would become intermediate subsidiaries of the Combined Group. The existing regulatory framework of all regulated entities within the Combined Group would remain unchanged, subject to customary and final regulatory approvals. The Combined Group would seek a premium listing on the London Stock Exchange and a prime standard listing on the Frankfurt Stock Exchange. It is envisaged that the Combined Group shares would be eligible for inclusion in the EURO STOXX®, DAX® and FTSE Russell index series.

The Combined Group would have headquarters in London and Frankfurt, with an efficient distribution of corporate functions in both locations. The Combined Group would have a unitary board with equal representation from LSE and Deutsche Börse and be constituted in accordance with the UK Corporate Governance Code. At completion, Donald Brydon, Chairman of LSE, would become Chairman of the Combined Group while Joachim Faber, Chairman of Deutsche Börse, would become Deputy Chairman and Senior Independent Director of the Combined Group. Carsten Kengeter, CEO of Deutsche Börse, would assume the role of CEO and executive director of the Combined Group while David Warren, CFO of LSE, would become CFO and executive director of the Combined Group.

On completion of the transaction, Xavier Rolet will step down from his role as CEO of LSE. Donald Brydon, Chairman of LSE, said: “Xavier has been the architect of LSE’s considerable value creation and has offered to retire in order to ensure the successful creation of the new group. The Board of LSE is indebted to Xavier for this action which is consistent with his focus on putting the interests of shareholders and clients first. It has accepted his offer. He has agreed to remain available to the new Board to assist in any way to ensure an effective transition. With open access enshrined in European Securities law, the Board considers that the value creating opportunities of the combination stand as a testament to his achievement at LSE.”

Compelling strategic rationale

The Boards believe that the potential merger would represent a compelling opportunity for both companies to strengthen each other in an industry-defining combination, creating a leading European-based global markets infrastructure group. The combination of LSE and Deutsche Börse’s complementary growth strategies, products, services and geographic footprint would be expected to deliver an enhanced ability to provide a full service offering to customers on a global basis.

The Boards also believe that the Combined Group would offer the potential for significant customer benefits. By connecting the London and Frankfurt cash exchanges, a liquidity bridge would be established, broadening customer access to more securities to the benefit of market participants in line with the evolving regulatory landscape. Furthermore, a portfolio margining service between listed and OTC derivatives markets would provide cost of capital savings and margin relief.

The Combined Group would be customer-centric and in an ideal position to help clients navigate the emerging regulatory landscape. The full service offering of the Combined Group would build on its deep liquid and transparent trading markets, leading clearing house solutions and risk and balance sheet management capabilities (including collateral management functionalities) as well as comprehensive regulatory reporting solutions. The Boards believe that the Combined Group would be able to achieve substantial cost synergies, principally from removing duplication of technology and operations across business lines, corporate services and support functions taking into account the respective strengths of both companies. The parties expect that the impact of synergy realisation would be distributed in a balanced manner across the two companies.

The Boards also believe there would be a significant opportunity for revenue synergies due to the ability of the Combined Group to offer both existing and new innovative products and services through an expanded global distribution network to existing and new customers across the buy and sell side. Further information regarding synergies will be set out in due course.

Referendum Committee

LSE and Deutsche Börse have initiated discussions about the potential merger with their primary regulators as well as with the governments of the United Kingdom, Germany, Italy and France. The parties are proceeding on the basis that existing regulatory and political structures remain in place. This transaction would be expected to fully optimise and benefit from the potential of the Capital Markets Union project. It is recognised that a decision by the United Kingdom electorate to leave the European Union (Leave Decision) would put that project at risk.

This globally competitive exchange group would provide the European Union's 23 million small and medium-size enterprises as well as its blue-chips much greater access to the lower-cost equity and debt finance they need to scale up, powering sustainable economic growth, investment and creating the high-quality jobs of tomorrow.

As the number of possible scenarios facing the Combined Group in the event of a Leave Decision is impossible to model today, the two Boards have created the Referendum Committee to consider and make non-binding recommendations to the Boards on the ramifications of such a decision. LSE and Deutsche Börse believe that the potential merger would be well positioned to serve global customers irrespective of the outcome of the vote by the United Kingdom electorate on the European Union membership of the United Kingdom (Referendum), although this might well affect the volume or nature of the business conducted in the different financial centres served by the Combined Group. Accordingly, the outcome of the Referendum would not be a condition of the potential merger.

Other terms and conditions of the potential merger
Discussions between the parties remain ongoing regarding the other terms and conditions of the potential merger. Further details on these terms and conditions woul be provided in any announcement that may be made pursuant to Rule 2.7 of the Code and/or in any documents that are posted to LSE and Deutsche Börse shareholders in connection with the potential merger.

The formal announcement of the potential merger remains conditional on, inter alia, agreement on all terms and conditions of the potential merger, satisfactory completion of customary due diligence and final approval by the Boards. The parties reserve the right to a) waive any of these preconditions (in whole or in part), and/or b) with the agreement of the other party, to vary any of the terms, albeit no revision is currently expected.

The financial terms of the potential merger and the reserations to such terms as set out in the announcement on 23 February 2016 remain as set out in that announcement.

The description of the further key terms of the potential merger described in this announcement is a summary of such terms. Further detail on these summarised terms will be provided in any announcement that may be made pursuant to Rule 2.7 of the Code and/or in any documents that are posted to LSE and Deutsche Boerse shareholders in connection with the potential merger.

There can be no certainty that any transaction will occur. Any transaction would be subject to regulatory approvals, LSE shareholder approval and Deutsche Börse shareholders' acceptance, as well as other customary conditions.

In accordance with Rule 2.6(a) of the Code, Deutsche Börse is required, by no later than 5.00 p.m. on 22 March 2016, to do one of the following: (i) announce a firm intention to make an offer for LSE in accordance with Rule 2.7 of the Code; or (ii) announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

The shares mentioned above have not been and will not be registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. Accordingly, these shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the U.S. Securities Act or an exemption therefrom. There will be no public offer in the United States.

Sale of the interest in Infobolsa S.A.

Effective 25 February 2016, Deutsche Börse AG sold its interest in Infobolsa S.A. at a purchase price amounting to €8.2 million. Until that date, BME and Deutsche Börse had each held 50 per cent of the interests in Infobolsa S.A. and its subsidiaries.

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

Contact

Investor Relations
E-mail ir@deutsche-boerse.com
Phone +49-(0) 69–2 11–1 16 70
Fax +49-(0) 69–2 11–1 46 08
www.deutsche-boerse.com/ir_e

Group Sustainability
E-mail group-sustainability@deutsche-boerse.com
Phone +49-(0) 69–2 11–1 42 26
Fax +49-(0) 69–2 11–61 42 26
www.deutsche-boerse.com/sustainability

Marketing Communication
E-mail corporate.report@deutsche-boerse.com
Phone +49-(0) 69–2 11–1 49 84
Fax +49-(0) 69–2 11–61 49 84

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