

GROWTH, OPPORTUNITY & DIVERSIFICATION

London Stock Exchange Group plc to Acquire the Outstanding 50% of FTSE International Limited

12 December 2011



London
Stock Exchange Group





AGENDA

- 1) Transaction highlights - Xavier Rolet, LSEG CEO
- 2) FTSE, platform for growth - David Lester, LSEG Director of Information Services, and Mark Makepeace, FTSE CEO
- 3) Financial overview - Doug Webb, LSEG CFO
- 4) Summary - Xavier Rolet



Top 3 Global Index Services Provider



- High quality, high growth global indices brand with excellent development opportunities
- A leading worldwide provider of information solutions, helping users benchmark the performance of their investments and make informed investment decisions
 - Calculates over 200,000 indices covering 80 countries
 - Over \$3 trillion in assets under management linked to FTSE indices worldwide
- Comprehensive portfolio of indices covering all major markets and asset classes
 - #2 provider of global equity benchmarks to asset owners by revenues⁽¹⁾
 - #3 index provider globally by revenues⁽¹⁾
- Widely used benchmarks, including FTSE All-World, FTSE China A50 and China 25 (leading China ETF indices worldwide), FTSE 100, FTSE All-Share, FTSE EPRA/NAREIT and FTSE MIB
- Growing US and Asian presence provides platform for significant further expansion

Notes:

1) FTSE estimates



Transaction Highlights

Consideration

- Outstanding 50% of business to be acquired for £450 million

Growth

- Superior track record of growth - 22% revenue and EBITDA CAGR over last 5 years
- Strong market growth opportunities with further expansion of FTSE products and geographic presence

Value Accretive

- Immediately earnings accretive post completion
 - £10m per annum cost synergies by end year 3
 - £18m per annum gross revenue synergies by end year 3
- Including synergies, return on invested capital to exceed LSEG's WACC in year 3 post completion

Debt Financing

- Funded from cash and debt facilities
- Additional commitments to new debt facilities of £350m secured to maintain Group flexibility subject to final documentation

Capital Structure

- Pro forma for the transaction, the group will have leverage of 1.6x (adjusted Net Debt / pro forma LTM to 30/9/11 EBITDA)

IP / Brand

- FTSE will own the FTSE brand in full for use in indices and non-index related products

Strong FTSE Governance & Management Unchanged

- Calculation, management and operation of indices to remain unchanged
- Independence of index governance (rule creation and management) protected
- Senior FTSE management team committed to post transaction growth of business

Timetable

- Closing is subject to customary conditions and is expected by Q1 2012



Strong Strategic Rationale

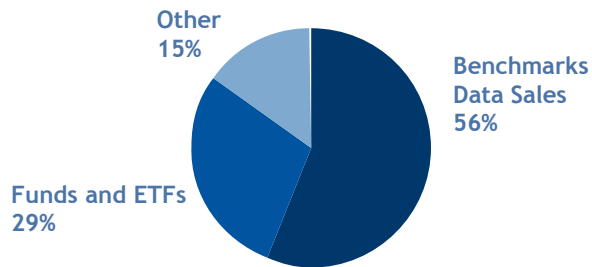
- ✓ Full ownership of a global indices business with a superior track record of growth
- ✓ Expand and accelerate scope and growth of FTSE and LSEG
 - Focused strategy, investment and increased resources
- ✓ Complements and further diversifies LSEG's businesses
 - Provides greater exposure to, and growth in, indices, data and analytics;
 - Enhances new development opportunities for listed derivatives trading;
 - Offers global reach and material exposure to emerging and growth markets;
 - Increases access to investment management providers
- ✓ Growth to be accelerated under full LSEG ownership
- ✓ Significant cost and revenue synergies achievable
- ✓ Business well known by LSEG through existing JV



FTSE - Rapid Growth and Success since 1995

- Rapid growth through organic development and partnerships
- Track record of innovation, responding to growing complexity of markets and provision of market data, offering multiple services including:
 - Sale of real time, delayed and end of day index data
 - Licensing of FTSE indices for use in index funds and ETFs
 - Licensing revenues from venues that trade or clear derivatives contracts and structured products on an index
- Customer renewal rates consistently 97%, based on broad and deep customer relationships
- FTSE's scalable platform already proven in high growth geographies - can be rolled out into other growth markets

FTSE Revenue Split



Market background

- Global indices revenues estimated at \$1.5 billion
- FTSE has 13% global share



FTSE's Successful Revenue Model

Subscription Fees Benchmark Indices

c.60% Revenue



Data and services

- Annual subscriptions
- 97% renewal rates
- High quality data

Users:

- Asset owners and consultants
- Active fund managers
- Passive fund managers (internal and external)
- Sell-side
- Data vendors, service providers

Asset Based Fees Index Licences

c.40% Revenue



IPR Licensing

- Linked to growth in assets, especially alternative
- Fast growing
- Builds on success in data

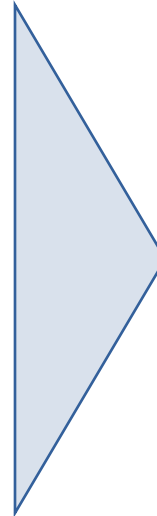
Users:

- Passive fund managers (internal and external)
- Sell-side
- Equity and derivative trading venues



Significant Industry and FTSE Growth Opportunities

- FTSE is well positioned to benefit from asset management trends
 - Underlying growth of global asset management industry (domestic to global)
 - Shift from active to passive fund management - need for index and benchmark products
 - Continued growth in transparent, index-based products e.g. ETFs
 - Growing demand for exposure to emerging markets through benchmark indices
 - Growing demand for thematic and strategic indices
 - Increasing demand for value-add data and analytical tools



Significant Growth Opportunities

Benchmarking

- Global Equity Benchmarks
- Regional/Domestic Equity Benchmarks
- Index Analytics and Data Services

Index Licensing

- Funds and ETFs
- Derivatives

Investment Decision Support Tools

- Portfolio Optimisation
- Performance Attribution
- Risk Models

Complementary Combination will Drive LSEG and FTSE Growth

- **Derivatives**: Close collaboration to seek to develop innovative index products and derivative contracts to trade against them
- **Data Products**: Enhancement of FTSE's real-time calculations and data fees from improved service (faster distribution from shared ticker plant and data warehouse infrastructure)
- **ETFs and Structured Products**: Joint package of products to ETF issuers with wider sales exposure
- **Index Licences**: Use LSEG brand and LSEG global relationships (including MillenniumIT) to develop opportunities
- **Fixed Income Index Licences**: FTSE global sales and relationships to diversify into fixed income indices



Financially Attractive Transaction

Value and Earnings Enhancement

- Immediately accretive to earnings per share following completion
- ROIC expected to exceed WACC in year 3, including synergies
- Transaction will make FTSE more visible and help enhance investor understanding
- LSEG benefits from 100% of the achieved synergies and growth

Cost Synergies

- Cost synergies of £10m per annum achievable by end year 3
 - Derived from identified cost savings across, IT and data systems, personnel and ancillary expenses
- One-off implementation costs (over 3 years) approx. £3m

Revenue Synergies

- Gross revenue synergies of £18m per annum achievable by end year 3
- One-off investments to achieve revenue synergies of approx. £5m (over 2 years)

Debt Financed; Prudent Capital Structure

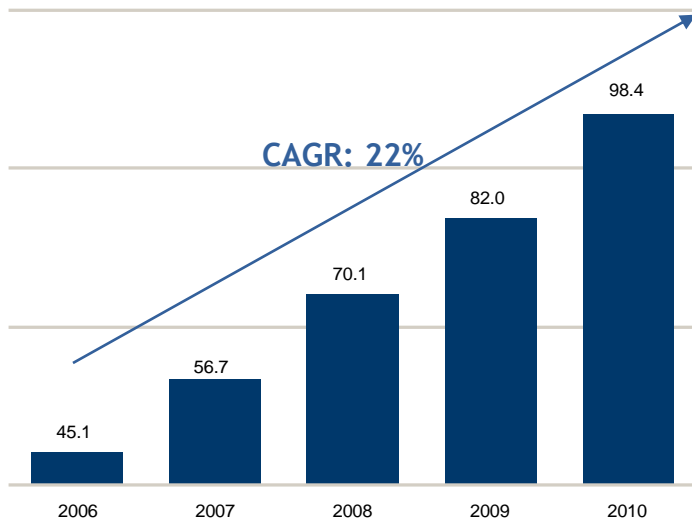
- LSEG retains a prudent capital structure and substantial further access to capital
- Additional commitments to new debt facilities of £350m secured to maintain Group flexibility subject to final documentation
- Pro forma for the transaction, the group will have leverage of 1.6x (adjusted Net Debt / LTM 30/9/11 EBITDA)

FTSE - Strong Track Record of Growth

- Strong growth track record and attractive financial profile
 - Consistently high historical growth: 2006-2010 revenue CAGR of 22% and EBITDA CAGR of 22%
 - Adds a substantial revenue stream, based on good customer relationships, which performed well in volatile markets
 - Strong EBITDA margins
- Strong growth maintained by FTSE in 2011 YTD
 - Revenue growth FY 2011 broadly in line with 5 year track record (22%)
 - EBITDA FY 2011 growing at slightly above level of growth in 2010 (31%)

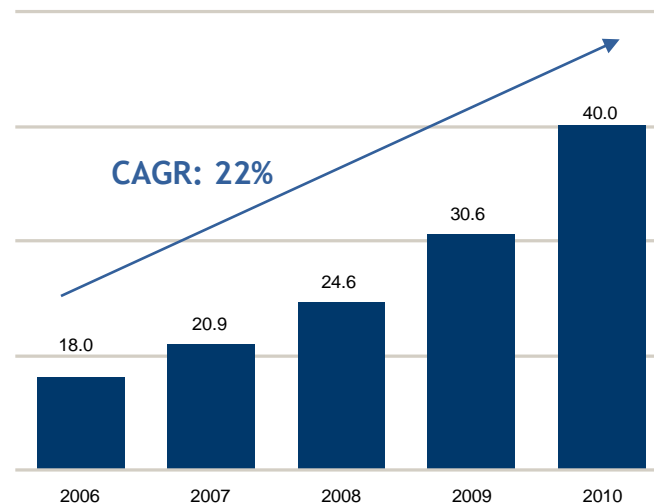
Revenue Growth

£ m



EBITDA Growth & Margin

£ m





Full Ownership of a Leading Global Index Business with Significant Growth Opportunities

Opportunity and Diversification

- ✓ Top 3 Global indices provider with widely used benchmark products
- ✓ Highly attractive business - strong growth track record and experienced management team
- ✓ Increases diversification of LSEG and further extends global reach

Growth

- ✓ Significant accelerated growth opportunities across product classes and geographies
- ✓ Complementary fit within Group, consistent with strategy to develop assets and enhance growth
- ✓ Strong financial benefits with significant cost and revenue synergies

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Appendices



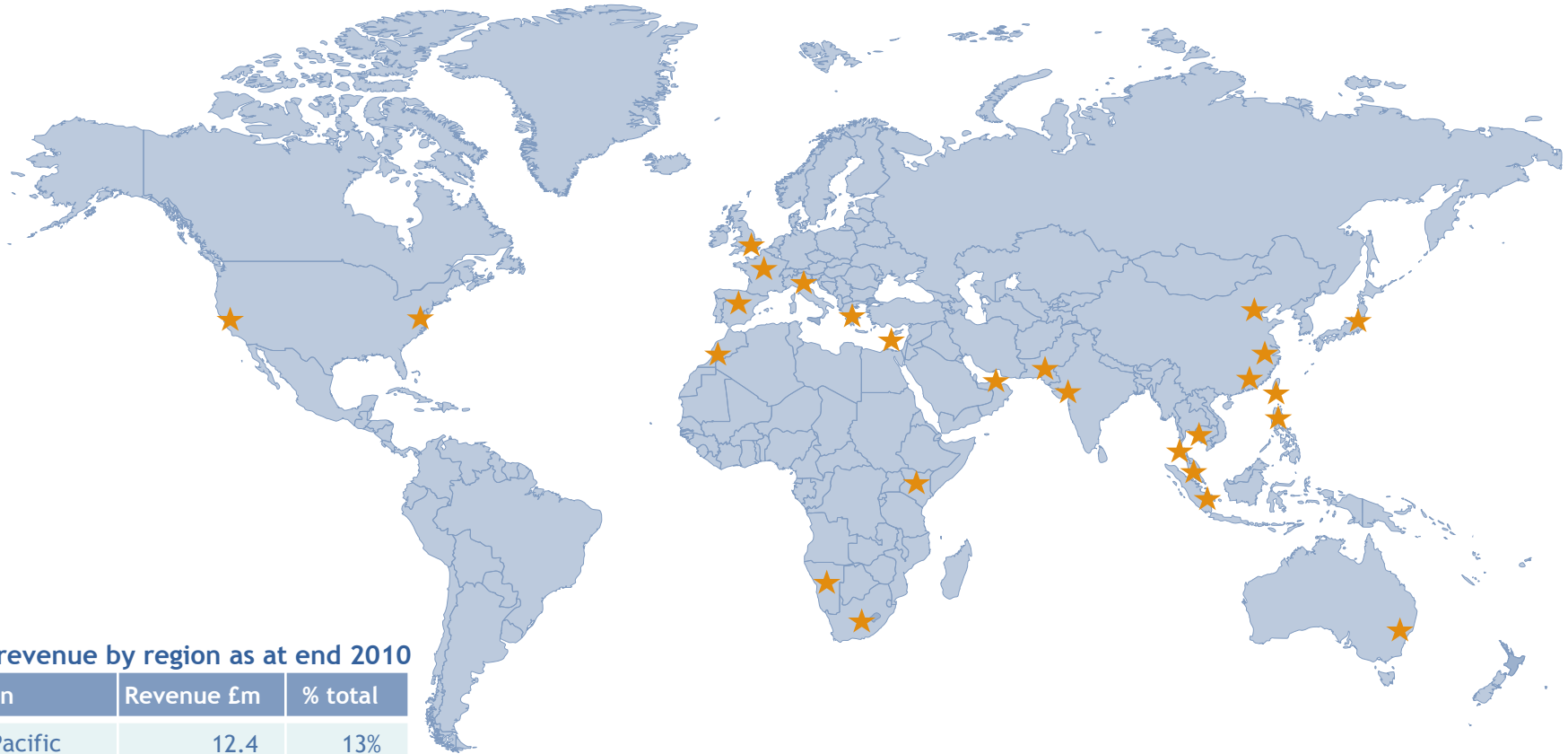
FTSE Financials

£m	2006	2007	2008	2009	2010	CAGR
Revenue	45.1	56.7	70.1	82.0	98.4	22%
Growth	20%	26%	24%	17%	20%	
Costs	28.0	37.3	47.2	53.3	60.9	21%
Growth	14%	32%	27%	13%	14%	
EBITDA	18.3	20.9	24.6	30.6	40.0	22%
Growth	30%	16%	18%	24%	31%	
Margin	40%	37%	35%	37%	41%	

- FTSE to be reported as part of Information Services, LSEG will no longer receive JV income (LSEG FY 2011 royalties: £11.3m; £5.0m share of profit)
- FTSE effective tax rate likely to be similar to UK rate



FTSE - A Global Index Provider



FTSE revenue by region as at end 2010

Region	Revenue £m	% total
Asia Pacific	12.4	13%
EMEA ex UK	12.4	13%
UK	44.4	45%
North America	29.2	30%

★ FTSE offices and trading venue partnerships



Strong FTSE Governance Unchanged

- The calculation, management and operation of FTSE Indices will remain unchanged by transaction
- Index committees will continue to oversee independent management of indices
- Key senior management committed to post transaction growth of business
- Mark Makepeace to remain FTSE CEO; David Lester to continue as Chairman of FTSE
- Single owner brings clarity of strategic and management focus, and full commitment to seize opportunities
- Transaction unlocks the potential to become the global leader