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London Stock Exchange Group

LCH.CLEARNET

For immediate release

9 March 2012

LONDON STOCK EXCHANGE GROUP PLC TO ACQUIRE MAJORITY STAKE IN LCH.CLEARNET GROUP LIMITED

LEADING GLOBAL PARTNERSHIP IN MULTI-ASSET, MULTI-VENUE CLEARING AND RISK MANAGEMENT SERVICES

- **Strongly positions Enlarged Group for long-term, leading role in global market infrastructure, in partnership with customers**
- **Combines LCH.Clearnet's open, horizontal model with LSEG's proven track record of customer partnerships and reinforces LCH.Clearnet's stakeholder governance model**
- **Reinforces LSEG's diversification strategy and enhances portfolio of leading global brands, products and services to drive growth**
- **Builds on the combined expertise of LCH.Clearnet and LSEG in owning and successfully developing regulated, systemically important businesses across multiple geographies**
- **Accepting LCH.Clearnet Shareholders will receive €20 per LCH.Clearnet Share acquired, comprising the Offer of €19 per LCH.Clearnet Share in cash plus €1 per LCH.Clearnet Share from the Special Dividend (payable by LCH.Clearnet in 5 years, subject to deductions)**
- **LCH.Clearnet total implied value of €813 million (£677 million), comprising total implied Offer value from LSEG of €772 million (£643 million) plus Special Dividend of €41 million (£34 million) (payable by LCH.Clearnet in 5 years, subject to deductions)**

- **LSEG to become majority owner of LCH.Clearnet, holding up to 60 per cent.; LCH.Clearnet Shareholders to retain at least 40 per cent.**
- **Maximum consideration to be paid by LSEG will be €463 million (£386 million), funded from existing resources and bank facilities**
- **Immediately earnings accretive for LSEG and return on invested capital is expected to exceed LSEG's current cost of capital in the first year**
- **Undertakings received from LCH.Clearnet Shareholders to vote in favour of the LCH.Clearnet Resolution and to accept the Offer, representing 62.7 and up to 46.9 per cent. of LCH.Clearnet's Issued Share Capital respectively**

LCH.Clearnet Group Limited ("**LCH.Clearnet**") and London Stock Exchange Group plc ("**LSEG**") today announce that they have reached agreement on the terms of a recommended cash offer to be made by London Stock Exchange (C) Limited ("**LSEC**"), a wholly-owned subsidiary of LSEG, for LCH.Clearnet's Issued Share Capital. On Completion, LSEG will become the majority owner of LCH.Clearnet, holding up to 60 per cent. of LCH.Clearnet's Issued Share Capital.

Under the terms of the Transaction, accepting LCH.Clearnet Shareholders will receive €20 per LCH.Clearnet Share acquired, comprising cash consideration of €19 per LCH.Clearnet Share payable by LSEG under the Offer plus €1 per LCH.Clearnet Share from the Special Dividend payable by LCH.Clearnet (which may be reduced by the cost to LCH.Clearnet of any Relevant Claim(s)). The total implied value of LCH.Clearnet under the terms of the Transaction is €813 million (£677 million), comprising a total implied Offer value of €772 million (£643 million) and assuming €41 million (£34 million) paid under the Special Dividend. The maximum consideration to be paid by LSEG at Completion, assuming LSEG acquires 60 per cent. of LCH.Clearnet's Issued Share Capital, will be €463 million (£386 million), which will be financed from existing cash resources and bank facilities.

Through this Transaction, LCH.Clearnet and LSEG will partner as a global leader in multi-asset, multi-venue clearing and risk management services, providing customers with an enhanced product and service offering.

Commenting on today's announcement,

Chris Gibson-Smith, Chairman of LSEG said:

> *"Strategically, structurally and financially this is a highly persuasive transaction. At a time when experience, stability and trust count for so much, we are delighted to be partnering with LCH.Clearnet as global leaders in market infrastructure. Together, we have secured the Enlarged Group's long term role in the operation of international capital markets and we look forward to continuing to successfully deliver on our diversification strategy and to drive shareholder value."*

Jacques Aigrain, Chairman of LCH.Clearnet added:

"We are pleased to partner with LSEG which has a shared philosophy of horizontal architecture and close partnership with customers. We look forward to working together to build on our respective strengths as we seek to deliver one of the premier global multi-asset, multi-venue clearing and risk management businesses."

Xavier Rolet, Chief Executive Officer of LSEG said:

"The Transaction will be transformative, delivering a strong, customer-focused clearing partnership between LSEG, LCH.Clearnet and our customers, the broker-dealer community. We will seek to promote greater innovation, choice and competition in the listed derivatives market through this new-style open-access clearing model, building on the successes we have already had with our existing equity and fixed income trading partnerships, Turquoise and MTS."

Ian Axe, Chief Executive Officer of LCH.Clearnet added:

"Transforming LCH.Clearnet into a best in class international CCP will be accelerated by the partnership's enhanced capabilities. We see significant revenue opportunities opening up as a result of both customer and regulatory demand for more efficient and more sophisticated tools to manage market risk."

Background to and reasons for the Transaction

Regulatory change and customer demand are creating significant new opportunities for clearing and risk management services globally. The LCH.Clearnet Group enjoys a leading position as a multi-asset, multi-venue provider of clearing and risk management services and, together with the LSEG's existing clearing operations, will ensure that the Enlarged Group is well positioned to take advantage of these opportunities.

Developing its post-trade capabilities, especially in clearing, is a key priority for the LSEG Group. This priority recognises the importance of providing customers with an efficient and attractive service offering across each stage of the trading value chain. The Transaction meets LSEG's strategic objectives to continue to build upon its existing assets and to seek new opportunities, particularly in the post-trade arena, accelerating diversification and growth for the LSEG Group. The Transaction will enable the LSEG Group to develop its current product and service offering, broadening its international clearing capabilities and providing the LSEG Group with exciting new opportunities for innovation, including, for example, the opportunity to seek to develop a new listed fixed income derivatives business.

LCH.Clearnet has already initiated a transformation plan to increase efficiency, de-duplicate technologies and further develop its sophisticated risk and collateral management capability. LSEG is supportive of this transformation plan and expects that its own successful experience of driving cost and other efficiencies will assist LCH.Clearnet in delivering its strategy.

Background to and reasons for LCH.Clearnet's recommendation

On 28 May 2011, LCH.Clearnet confirmed that it had received various proposals from third parties indicating an interest in pursuing some form of business combination or other cooperation with LCH.Clearnet. LSEG's subsequent proposal combined an attractive value proposition to LCH.Clearnet Shareholders with an overall strategy supporting LCH.Clearnet's horizontal model and the ongoing involvement of stakeholders in the governance and operations of the LCH.Clearnet Group. Taking account of all proposals received, and their key terms, including price, certainty, governance, proportion of LCH.Clearnet Shares to be acquired and strategic rationale, the LSEG transaction is considered to be the proposal most likely to be in the best interests of LCH.Clearnet Shareholders and to promote the success of LCH.Clearnet.

The LCH.Clearnet Shares are not publicly listed and the Transaction presents an attractive opportunity for LCH.Clearnet Shareholders to realise, in cash, their investment in LCH.Clearnet in respect of the LCH.Clearnet Shares which they sell under the terms of the Transaction.

The Transaction supports LCH.Clearnet's existing strategic objective of enhancing its position as a leading global provider of multi-asset, multi-venue clearing and risk management services. At the same time, the Transaction provides a stronger foundation on which to compete effectively in the market for both listed and OTC clearing services whilst preserving LCH.Clearnet's horizontal model, balanced governance arrangements and institutionalised client participation. LSEG has committed to LCH.Clearnet's continued adherence to the principles of an open access, horizontal multi-asset class and multi-venue clearing model and the terms of the Transaction ensure the ongoing involvement of key stakeholders in the governance and operations of the LCH.Clearnet Group.

Benefits of the Transaction

Through this Transaction, LSEG will acquire a majority stake in LCH.Clearnet to form a leading global partnership in multi-asset, multi-venue clearing and risk management services, building on both the LCH.Clearnet Group's and the LSEG Group's existing clearing and risk management services. Together, LCH.Clearnet and LSEG will also be better positioned to respond to the growing demand for multi-asset CCPs and the increased need for post-trade services.

Annual revenue synergies of up to €20 million (£17 million) are targeted by the end of year 3 and up to €40 million (£33 million) are targeted by the end of year 5. Total annualised cost savings from LCH.Clearnet's strategy are expected to amount to €35.8 million (£29.8 million) by the end of 2012, of which €3.6 million (£3.0 million) has been delivered in 2011. One-off implementation costs with regard to LCH.Clearnet's planned cost savings are estimated to be €41.4 million (£34.5 million). In addition, LCH.Clearnet and LSEG have identified incremental cost savings of €23 million (£19 million) per annum by the end of year 3 and €25 million (£21 million) by the end of year 5. One-off implementation costs with regard to these incremental cost savings are estimated to be €14 million (£12 million).

The Transaction is expected to be immediately earnings accretive for LSEG. Return on invested capital is expected to exceed LSEG's weighted average cost of capital (***WACC***) in the first year, falling slightly due to the expected loss of NYSE Euronext's business in the second year (detailed in section 15) and thereafter meets and then exceeds WACC as the Enlarged Group benefits from full synergies and growth in the Enlarged Group's business.

This statement regarding earnings enhancement is not intended to be a profit forecast and should not be interpreted to mean that the earnings per LSEG Share for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

Timetable and LCH.Clearnet Shareholder support

Completion is expected by the fourth quarter of 2012 and is subject to regulatory and other approvals, including anti-trust clearance. In addition, the Transaction is subject to approval by LSEG Shareholders, acceptance of the Offer in respect of a majority of LCH.Clearnet's Issued Share Capital and LCH.Clearnet Shareholders approving the adoption of the New LCH.Clearnet Articles and the Special Dividend.

LCH.Clearnet and LSEG have received undertakings from LCH.Clearnet Shareholders to vote in favour of the LCH.Clearnet Resolution in respect of 62.7 per cent. of LCH.Clearnet's Issued Share Capital and to accept, or procure the acceptance of, the Offer in respect of up to 46.9 per cent. of LCH.Clearnet's Issued Share Capital. These undertakings will cease to apply in certain circumstances, as described in Appendix E.

This summary should be read in conjunction with the text of the attached full announcement.

Conference call & webcast details

Analyst call is at 09:00
Dial-in: +44 (0)20 3003 2666
Participants should ask to join the London Stock Exchange Group plc call
Participants will be able to access the webcast / presentation by going to the LSEG website using the following link:
http://www.londonstockexchangegroup.com/investor-relations/investor-relations.htm

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Forward-looking information

This document contains forward-looking statements. These statements are based on the current expectations of the management of LCH.Clearnet and LSEG and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Transaction on the LCH.Clearnet Group and the LSEG Group and other statements other than historical facts.

Forward-looking statements include statements typically containing words such as “will”, “may”, “should”, “believe”, “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import, or variations or the negatives of such words. Although LCH.Clearnet and LSEG believe that the expectations reflected in such forward-looking statements are reasonable, LCH.Clearnet and LSEG can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the conditions to the Transaction, as well as additional factors such as: local and global political and economic conditions; unforeseen fluctuations in trading and/or clearing volumes; competition from other exchanges, clearing houses or marketplaces; changes in trading and/or clearing systems commonly relied upon by market participants; FX rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); legal or regulatory developments and changes; the outcome of any current or future litigation; the impact of any acquisitions or similar transactions; competitive products and pricing pressures; loss of existing customers; success of business and operating initiatives; failure to retain and attract qualified personnel; failure to implement strategies; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Given these risks and uncertainties, recipients of this announcement should not place undue reliance on forward-looking statements as a prediction of actual results. Neither LCH.Clearnet nor LSEG nor any of their respective affiliates or representatives undertakes any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

This disclaimer will not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

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LCH.Clearnet Group Limited ("**LCH.Clearnet**") and London Stock Exchange Group plc ("**LSEG**") today announce that they have reached agreement on the terms of a recommended cash offer to be made by London Stock Exchange (C) Limited ("**LSEC**"), a wholly-owned subsidiary of LSEG, for LCH.Clearnet's Issued Share Capital. On Completion, LSEG will become the majority owner of LCH.Clearnet, holding up to 60 per cent. of LCH.Clearnet's Issued Share Capital.

Under the terms of the Transaction, accepting LCH.Clearnet Shareholders will receive €20 per LCH.Clearnet Share acquired, comprising cash consideration of €19 per LCH.Clearnet Share payable by LSEG under the Offer plus €1 per LCH.Clearnet Share from the Special Dividend payable by LCH.Clearnet (which may be reduced by the cost to LCH.Clearnet of any Relevant Claim(s)). The total implied value of LCH.Clearnet under the terms of the Transaction is €813 million (£677 million), comprising a total implied Offer value of €772 million (£643 million) and assuming €41 million (£34 million) paid under the Special Dividend. The maximum consideration to be paid by LSEG at Completion, assuming LSEG acquires 60 per cent. of LCH.Clearnet's Issued Share Capital, will be €463 million (£386 million), which will be financed from existing cash resources and bank facilities.

Through this Transaction, LCH.Clearnet and LSEG will partner as a global leader in multi-asset, multi-venue clearing and risk management services, providing customers with an enhanced product and service offering.

1. Key terms and structure

The Transaction will be implemented by a recommended cash offer to be made by LSEC, a wholly-owned subsidiary of LSEG, for LCH.Clearnet's Issued Share Capital. On Completion, LSEG will own between 50 per cent. plus one LCH.Clearnet Share of the issued share capital of LCH.Clearnet as at Completion and 60 per cent. of LCH.Clearnet's Issued Share Capital.

The balance of LCH.Clearnet Shares not held by LSEG will be held by existing LCH.Clearnet Shareholders which retain some or all of their LCH.Clearnet Shares and any new Venues that have been invited by LSEG (with the approval of LCH.Clearnet) to become LCH.Clearnet Shareholders.

Under the terms of the Transaction, accepting LCH.Clearnet Shareholders will receive €20 per LCH.Clearnet Share acquired, comprising cash consideration of €19 per LCH.Clearnet Share payable by LSEG under the Offer plus €1 per LCH.Clearnet Share from the Special Dividend payable by LCH.Clearnet (which may be reduced by the cost of any Relevant Claim(s)).

Following Completion, LCH.Clearnet's current Non-Executive Chairman, Jacques Aigrain, and current Chief Executive Officer, Ian Axe, will remain in their roles and Ian Axe will also be invited to join LSEG's executive committee.

2. Background to and reasons for the Transaction

Developing its post-trade capabilities, especially in clearing, is a key priority for the LSEG Group. This priority recognises the importance of providing customers with an efficient and attractive service offering across each stage of the trading value chain. The Transaction meets LSEG's strategic objective to continue to build upon its existing assets and to seek new opportunities, particularly in the post-trade arena, accelerating diversification and growth for the LSEG Group.

The financial services industry and, in particular, the capital markets infrastructure sector, continues to evolve rapidly, demonstrating high growth in a number of specific areas. Ongoing regulatory developments and an industry increasingly focused on transparency and risk management are driving important structural changes in the sector, including heightened customer demand for post-trade services and the expected new regulatory requirements for central clearing, including in OTC derivatives. These developments are occurring in the context of strong historical growth in volumes in listed and OTC derivatives: specifically, trading volumes in European listed equity and fixed income derivatives grew by circa 10 per cent. between 2005 and 2010; and trading volumes in global OTC derivatives grew by circa 20 per cent. (CAGR) in terms of notional outstanding value between 1998 and 2011. These dynamics present significant potential opportunities for the LSEG Group, in line with its stated ambition to diversify the LSEG Group's activities.

The Transaction will enable the LSEG Group to develop its current product and service offering, broadening the LSEG Group's international clearing capabilities and in particular allowing the LSEG Group to:

- develop deeper relationships with customers and other venues around the world through partnership, prioritisation of product development, innovation and responsiveness to customer needs;
- secure a long-term, leading role in important pan-European market infrastructure;
- provide strong, competitive, customer-focused European clearing operations, building on the existing clearing and risk management services of both the LCH.Clearnet Group and the LSEG Group;

- form a leading global partnership in multi-asset, multi-venue clearing and risk management services, providing customers with operational and capital efficiencies;

- with the support of the LCH.Clearnet Group's customers, take advantage of global growth opportunities, including the growing importance of multi-asset CCPs, the increased need for post-trade services (including in OTC derivatives) and the general market and regulatory trends for enhanced risk management; and

- benefit from exciting new opportunities for innovation, including, for example, the opportunity to seek to develop a new listed fixed income derivatives business.

In addition, following the Transaction, LCH.Clearnet and LSEG intend to develop LCH.Clearnet's global strategy and they are considering the potential for future partnering arrangements with a number of trading venues and market infrastructure providers. It is possible that these arrangements may involve an issue of LCH.Clearnet Shares (within the LCH.Clearnet Directors' current standing authority to allot up to five per cent. of LCH.Clearnet's Issued Share Capital) and/or inviting such a partner to propose a director for appointment to the LCH.Clearnet Board. From Completion, it is expected that any director so appointed would be a Venue Director.

3. Background to and reasons for LCH.Clearnet's recommendation

The Transaction presents an attractive opportunity for LCH.Clearnet Shareholders to realise, in cash, their investment in LCH.Clearnet in respect of the LCH.Clearnet Shares which they sell under the Offer. At the same time, the Transaction provides a stronger foundation on which to compete effectively in the market for both listed and OTC clearing services, whilst preserving LCH.Clearnet's horizontal model, balanced governance arrangements and institutionalised client participation.

In recommending the Transaction, the LCH.Clearnet Recommending Directors took into account, *inter alia*, the following factors:

- on 28 May 2011, LCH.Clearnet confirmed that it had received various proposals from third parties indicating an interest in pursuing some form of business combination or other cooperation with LCH.Clearnet. LSEG's subsequent proposal combined an attractive value proposition to LCH.Clearnet Shareholders with an overall strategy supporting LCH.Clearnet's horizontal model and the ongoing involvement of stakeholders in the governance and operations of the LCH.Clearnet Group. Taking account of all proposals received, and their key terms, including price, certainty, governance, proportion of LCH.Clearnet Shares to be acquired and strategic rationale, the LSEG transaction is considered to be the proposal most likely to be in the best interests of LCH.Clearnet Shareholders and to promote the success of LCH.Clearnet;

- the LCH.Clearnet Shares are not publicly listed and the Transaction presents an attractive opportunity for LCH.Clearnet Shareholders to realise, in cash, their investment in LCH.Clearnet in respect of the LCH.Clearnet Shares which they sell under the terms of the Transaction;

- LSEG has committed to LCH.Clearnet's continued adherence to the principles of an open access, horizontal multi-asset class and multi-venue clearing model;

- LSEG is a trusted operator of regulated and systemically important market infrastructure businesses;

- LCH.Clearnet and LSEG will form a leading global partnership in multi-asset, multi-venue clearing and risk management services, generating cost efficiencies and revenue opportunities;

- as an existing stakeholder of LCH.Clearnet, LSEG will continue to use the LCH.Clearnet Group as one of its clearers of listed products, as well as committing to using the LCH.Clearnet Group as a clearer for its derivatives business. This will assist the LCH.Clearnet Group in stabilising its listed product flow; and

- the terms of the Transaction ensure the ongoing involvement of the various stakeholders in the governance and operations of the LCH.Clearnet Group.

4. Benefits of the Transaction

Through this Transaction, LSEG will acquire a majority stake in LCH.Clearnet to form a leading global partnership in multi-asset, multi-venue clearing and risk management services, building on both the LCH.Clearnet Group's and the LSEG Group's existing clearing and risk management services. Together, LCH.Clearnet and LSEG will also be better positioned to respond to the growing demand for multi-asset CCPs and the increased need for post-trade services.

In particular, it is expected that the Transaction will accelerate growth and diversification. The Enlarged Group will have the opportunity to seek to develop its listed derivatives franchise, while benefiting from further growth in OTC derivatives. In this context, volumes in listed and OTC derivatives have been growing rapidly; specifically, trading volumes in European listed equity and fixed income derivatives grew by circa 10 per cent. between 2005 and 2010 and trading volumes in global OTC derivatives grew by circa 20 per cent. (CAGR) in terms of notional outstanding value between 1998 and 2011.

The Enlarged Group will build on the combined strengths of the LCH.Clearnet Group and the LSEG Group, namely:

- the LCH.Clearnet Group's strong reputation and open, horizontal model: preferred by customers, this client-focused model features stakeholder-focused advisory committees in respect of different asset classes;

- the experience and reputation of LCH.Clearnet and LSEG in owning and successfully developing regulated, systemically important businesses, including the LCH.Clearnet Group's clearing and risk management services and the LSEG Group's post-trade businesses, CC&G and Monte Titoli (a settlement provider and central securities depository);

- shared open and trusted dialogue and relationships with regulators;

- LSEG's expertise in operating business models in partnership with customers (e.g. Turquoise and MTS);

- LSEG's experience of successful execution and growth in previous transactions (Borsa Italiana, MillenniumIT, Turquoise, FTSE) and LSEG's proven success in driving cost efficiencies;

- the international reach and expertise of both organisations (Amsterdam, Brussels, Colombo, Hong Kong, London, Milan, New York, Paris, Porto and Rome); and

- the strong global brands of LCH.Clearnet and LSEG.

The Transaction highlights LCH.Clearnet's and LSEG's continued commitment to the provision of customer-focused products and services. Following Completion, the decision of where products will be cleared will be driven by customer choice and commercial considerations. Existing LCH.Clearnet Shareholders, including many major customers of LCH.Clearnet, will continue to own at least 40 per cent. of LCH.Clearnet's Issued Share Capital and will maintain a strong ongoing interest in LCH.Clearnet. A shared commitment to an open, non-discriminatory clearing model will be enshrined in LCH.Clearnet's constitution as a Core Operating Principle from Completion (Appendix B contains further details).

Revenue Synergies

Annual revenue synergies of up to €20 million (£17 million) are targeted by the end of year 3 and up to €40 million (£33 million) are targeted by the end of year 5. There are no anticipated material technology upgrades required in relation to revenue synergies. These synergies are expected to be generated across a range of areas, by offering customers new products and services and delivering efficiencies, including through a better aligned trading and clearing offering. For example, LSEG will seek opportunities to develop its listed fixed income and equities derivatives franchise, including equity index and fixed income derivatives.

Cost savings

LCH.Clearnet's current strategy is to deliver increased efficiencies, de-duplication of technologies and enhanced risk and collateral management services through its transformation plan. LSEG supports LCH.Clearnet's strategy and endorses LCH.Clearnet's commitments to reducing costs, which will remain a key priority for the Enlarged Group's business following Completion. LSEG expects that its own successful experience in driving cost and other efficiencies will assist LCH.Clearnet in delivering its strategy. LSEG expects that further efficiencies will be achieved through scale benefits (including through the sharing of some internal support services), further enhancing IT project management and through a joint purchasing approach in areas such as IT.

Total annualised cost savings from LCH.Clearnet's strategy are expected to amount to €35.8 million (£29.8 million) by the end of 2012, of which €3.6 million (£3.0 million) has been delivered in 2011. One-off implementation costs with regard to LCH.Clearnet's planned cost savings are estimated to be €41.4 million (£34.5 million).

In addition, LSEG and LCH.Clearnet have identified incremental cost savings of €23 million (£19 million) per annum by the end of year 3 and €25 million (£21 million) by the end of year 5. One-off implementation costs with regards to these incremental cost savings are estimated to be €14 million (£12 million).

The revenue synergies and cost savings are expected to accrue partly in LCH.Clearnet and partly in LSEG and will thereby benefit continuing LCH.Clearnet Shareholders as well as LSEG Shareholders.

5. Financial effects of the Transaction and financing

The LSEG Board believes that the Transaction will deliver enhanced growth and substantial revenue synergies, as well as creating the opportunity for cost savings, as outlined in section 4 above.

The Transaction is expected to be immediately earnings accretive for LSEG. Return on invested capital is expected to exceed LSEG's WACC in the first year, falling slightly due to the expected loss of NYSE Euronext's business in the second year (detailed in section 15) and thereafter meets and then exceeds WACC as the Enlarged Group benefits from full synergies and growth in the Enlarged Group's business.

This statement regarding earnings enhancement is not intended to be a profit forecast and should not be interpreted to mean that the earnings per LSEG Share for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

Pro forma for the Transaction, Adjusted net debt[1]/Adjusted EBITDA (based on historic pro forma Enlarged Group Adjusted net debt of £1,235 million and Adjusted EBITDA[2] of £590 million) would be circa 2.1x. LSEG's target is to reduce Adjusted net debt/Adjusted EBITDA to 2.0x or below within a year of Completion based on strong cash generation by the Enlarged Group.

Completion will require the payment by LSEG of a maximum of €463 million (£386 million) in cash, being the consideration payable for 60 per cent. of LCH.Clearnet's Issued Share Capital.

LSEG intends to finance the Transaction, its related costs and expenses and the ongoing operations of the Enlarged Group from existing cash resources and bank facilities. On 15 December 2011, LSEG completed a new committed revolving credit facility for £350 million (€420 million) with Lloyds TSB Bank plc, The Royal Bank of Scotland plc, Morgan Stanley Bank International Limited and The Bank of Tokyo-Mitsubishi UFJ, Limited.

[1] Pro forma Enlarged Group Adjusted net debt is calculated on the basis of an acquisition of 60 per cent. of LCH.Clearnet's Issued Share Capital amounting to €463 million (£386 million) plus LCH.Clearnet's Adjusted net debt, including the Special Dividend of €41 million, of €122 million (£102 million) and LSEG's existing adjusted net debt of £747 million.
[2] See Appendix D for detailed breakdown

To ensure consistency of terms between the new facility and the LSEG Group's pre-existing facilities, an amendment to the pre-existing facilities has been completed which effectively permits the maintenance of acquired debt instruments if these are maintained specifically for regulatory purposes and consequently the Enlarged Group will retain LCH.Clearnet's existing balance of €177 million Preferred Securities. The issued Preferred Securities receive 50 per cent. equity credit from Standard & Poor's.

LCH.Clearnet will pay the maximum amount required in order to fund the Special Dividend into an escrow account at or around Completion. LCH.Clearnet intends to finance this payment from existing cash resources. The Special Dividend will use €41 million (£34 million) of retained profits that could otherwise have been applied against any increased regulatory capital requirements of the LCH.Clearnet Group companies. The LSEG Group has undertaken to subscribe up to a maximum of €24 million (£20 million) of additional capital if required by LCH.Clearnet in order to meet the regulatory capital requirements of the LCH.Clearnet Group.

6. Governance, management and ongoing relationship between LCH.Clearnet and LSEG

The governance arrangements relating to the LCH.Clearnet Group will reflect its ownership structure following Completion, the need for appropriate stakeholder representation, the requirements arising from the regulated status of the LCH.Clearnet Group companies and LSEG's requirements for appropriate controls as the majority LCH.Clearnet Shareholder. It should be noted that such arrangements may be subject to change, depending on the finalisation of new regulatory requirements. In particular, the governance arrangements that will be implemented as part of the Transaction with respect to board composition may need to be amended to bring them into line with the final requirements of regulators, EMIR and Dodd-Frank.

The governance and management arrangements, together with certain ongoing relationship matters, are principally set out in the New LCH.Clearnet Articles and the Relationship Agreement. In light of the horizontal model which LCH.Clearnet and LSEG are safeguarding through the Transaction and to support LCH.Clearnet's planned international expansion, especially into the US and Asia, flexibility has been maintained in the governance structure to incorporate future Venue partners, which may be invited to propose a director for appointment to the LCH.Clearnet Board as a Venue Director. The Business Plan and the Budget will set out strategy and financial matters in relation to the management of LCH.Clearnet. In addition, certain terms of reference and policies will, pursuant to the terms of the Implementation Agreement, be adopted with effect from Completion.

Although LSEG will not be entitled to appoint a majority of the directors on the LCH.Clearnet Board, LSEG has appropriate controls as a majority shareholder in order to safeguard its interests, through certain consent mechanisms and through the right to appoint and remove up to four directors to the LCH.Clearnet Board, including the Chief Executive Officer of LCH.Clearnet. In addition, the LCH.Clearnet Group will operate in accordance with the Core Operating Principles agreed between LCH.Clearnet and LSEG. Following Completion, LCH.Clearnet's current Non-Executive Chairman, Jacques Aigrain, and current Chief Executive Officer, Ian Axe, will remain in their roles and Ian Axe will also be invited to join LSEG's executive committee.

Provisions regulating the operation of the clearing business of LCH.Clearnet and LSEG following Completion are contained in the Relationship Agreement and summarised in Appendix B.

Appendix B sets out further detail in relation to governance, management and the ongoing relationship between LCH.Clearnet and LSEG, including the Core Operating Principles.

No significant changes are anticipated to the approach taken to the regulation of the LCH.Clearnet Group and the LSEG Group by their respective regulators as a result of the Transaction. LCH.Clearnet will continue to be lead-regulated by the ACP and LSE plc by the FSA.

7. SwapClear Businesses

LCH.Clearnet has harnessed the expertise and the financial resources of a number of the leading investment banks active in the swaps market (the ***SwapClear Banks***) to develop SwapClear and, more recently, ForexClear and CDSClear (together, the ***SwapClear Businesses***). LCH.Clearnet has entered into agreements in respect of each SwapClear Business with the SwapClear Banks (the ***SwapClear Agreements***), under which the great majority of the cost of developing and operating the SwapClear Businesses is borne by the SwapClear Banks, and accordingly governance and financial returns from the SwapClear Businesses are shared with them.

SwapClear is in operation but neither of the other two SwapClear Businesses is yet operational. Accordingly, the impact of the SwapClear Businesses on the revenues and profits of the LCH.Clearnet Group has yet to be fully realised; however, with the strong regulatory impetus to have a much higher proportion of OTC transactions centrally cleared, the prospects for the SwapClear Businesses are strong and LSEG expects them to become an increasingly significant part of the LCH.Clearnet Group's operations and financial performance. In addition, achieving cross margining offsets as between different clearing houses will be a critical area of development over coming years for the SwapClear Businesses, and efforts are already underway to explore how that might be achieved in the US for SwapClear.

The SwapClear Agreements

The terms of the SwapClear Governance Agreement (most recently entered into in 2010), the ForexClear Agreement (entered into in 2010) and the CDSClear Agreement (which is still to be entered into) are substantially similar:

(a) the SwapClear Banks, through the companies established by them, have the right to oversee the development and operation of the SwapClear Businesses (including the management of the separate business units established to operate the SwapClear Businesses) and have a majority on the separate governing committees of the SwapClear Businesses;

(b) the SwapClear Banks directly or indirectly finance or underwrite most of the development and operating costs for the SwapClear Businesses;

(c) there are detailed provisions for the calculation and allocation of annual surpluses earned by LCH.Clearnet in respect of the SwapClear Businesses set out in the SwapClear Agreements, the cash flow impact of which is described under the heading "Cash Flow Allocation from SwapClear Businesses" below; and

(d) in each case, the SwapClear Banks are able to terminate the SwapClear Agreements on one year's notice after an initial period, but in respect of the SwapClear Governance Agreement and the ForexClear Agreement the earliest effective date of termination in some circumstances is 2014. Where any of the SwapClear Agreements are terminated, the SwapClear Banks are entitled to certain IP and IT rights. In addition, each of the SwapClear Agreements contains provisions entitling the SwapClear Banks to terminate the relevant agreement with immediate effect on a change of control of LCH.Clearnet. In such circumstances, LCH.Clearnet may have either to reimburse the relevant counter party for capital expenditure costs incurred (being the position under the CDSClear Agreement) or, alternatively, be unable to recover capital expenditure costs incurred by it on behalf of the relevant counter party (being the position under the SwapClear Governance Agreement and the ForexClear Agreement). See also below in relation to the modification of the change of control termination rights in the SwapClear Agreements.

Cash Flow Allocation from the SwapClear Businesses

Cash flows generated from the operation of the SwapClear Businesses are used to:

- pay LCH.Clearnet a priority profit share; and
- repay sums invested in developing the business in question;

and thereafter they are allocated between the SwapClear Banks (reflecting their bearing the risk of underwriting the development and operating costs of the relevant business) and LCH.Clearnet.

Proposed changes to the SwapClear Businesses arrangements

Certain US regulatory rules coming into force in May 2012 require LCH.Clearnet to substantially lower the criteria of minimum net worth for its clearing members. LCH.Clearnet wishes to limit the risks posed by the broadened membership criteria by creating a segregated SwapClear default fund and introducing a loss distribution mechanism which was agreed by the members and which limits the amount of resources that LCH.Clearnet is required to make available in the event of a SwapClear default. The introduction of a segregated default fund has been approved by clearing members in a ballot and is now going through a regulatory approval process.

LSEG and LCH.Clearnet have also agreed with the SwapClear Banks to slightly amend the existing change of control provisions in the SwapClear Agreements to provide that if there is, during the term of the relevant SwapClear Agreement, a change of control of LCH.Clearnet, including as a result of there being a change of control of LSEG, pursuant to which LCH.Clearnet comes under control of an exchange or other equivalent market operator, the SwapClear Banks will be entitled to terminate all or any of the SwapClear Agreements. The

SwapClear Banks have agreed to waive their rights under these provisions in the SwapClear Agreements in relation to the Transaction.

8. Employees

The LSEG Board attaches great importance to the skills and experience of management and employees in the Enlarged Group and believes that they will be an important factor for its continuing success. The LSEG Board believes that employees will generally have greater opportunities arising from the Transaction owing to the enhanced growth prospects of the Enlarged Group. The LSEG Board is also pleased to note that positive opinions have been received from LCH.Clearnet's French works council and its Dutch employee representative body in relation to the Transaction on 12 December 2011 and 15 December 2011 respectively.

9. LCH.Clearnet Shareholder support

LCH.Clearnet Resolution

LCH.Clearnet Shareholders which, in aggregate, have an interest in 62.7 per cent. of LCH.Clearnet's Issued Share Capital, have undertaken to vote in favour of the LCH.Clearnet Resolution.

Offer

LCH.Clearnet and LSEG have received undertakings to accept, or procure the acceptance of, the Offer from LCH.Clearnet Shareholders in respect of LCH.Clearnet Shares representing 46.9 per cent. of LCH.Clearnet's Issued Share Capital (subject to the scaleback and allocation in accordance with the conditions set out in the Offer Document (see section 10 below for further detail) and subject to the other terms and conditions of the Offer).

Each of these undertakings will cease to be binding in certain circumstances, including in all cases (a) following a change in the recommendation of the LCH.Clearnet Recommending Directors, (b) if certain of the key milestones in the Offer timetable are not achieved, and (c) if the Offer lapses or is withdrawn (which will occur if the Implementation Agreement is terminated). In addition, each of the undertakings permits the relevant shareholder not to vote in favour of the Transaction and/or to accept the Offer if a third party offer is proposed for LCH.Clearnet. The terms and basis on which a third party offer or proposal would need to be made in order to give rights of termination vary between the undertakings. Additional information on the LCH.Clearnet undertakings is included in Appendix E.

10. Key terms of the Offer and of the Special Dividend

On Completion, LSEG will own between 50 per cent. plus one LCH.Clearnet Share of the issued share capital of LCH.Clearnet as at Completion and 60 per cent. of LCH.Clearnet's Issued Share Capital. The balance of LCH.Clearnet Shares not held by LSEG will be held by existing LCH.Clearnet Shareholders which retain some or all of their LCH.Clearnet Shares and any new Venues that have been invited by LSEG (with the approval of LCH.Clearnet) to become LCH.Clearnet Shareholders.

It is possible that, prior to Completion, LCH.Clearnet could enter into commercial arrangements with trading venues and/or market infrastructure providers that may involve an issue of LCH.Clearnet Shares (within the LCH.Clearnet Directors' current standing authority to allot up to five per cent. of the issued share capital of LCH.Clearnet) or a transfer of LCH.Clearnet Shares.

If, prior to Completion, LCH.Clearnet issues any LCH.Clearnet Shares which would, even though the Minimum Acceptance Condition has been fulfilled, result in LSEG having a holding of 50 per cent. or less of the issued share capital of LCH.Clearnet as at Completion, LSEG shall be entitled and obliged to subscribe at the Offer Price at Completion for such number of additional LCH.Clearnet Shares as will provide the LSEG with a shareholding of 50 per cent. of the issued share capital of LCH.Clearnet as at Completion plus one LCH.Clearnet Share.

Under the terms of the Transaction, accepting LCH.Clearnet Shareholders will receive €20 per LCH.Clearnet Share acquired, comprising cash consideration of €19 per share payable by LSEG under the Offer plus €1 per share from the Special Dividend payable by LCH.Clearnet (which may be reduced by the cost of any Relevant Claim(s)). The Offer will be made on and subject to the terms and conditions to be set out in the Offer Document and the Form of Acceptance, including the conditions to the Offer which are set out in Appendix A. The conditions are expected to be satisfied (or waived) and the Offer declared wholly unconditional by the fourth quarter of 2012.

The Offer is not subject to the Takeover Code.

Details of the Special Dividend are set out below.

Offer Mechanics

LCH.Clearnet Shareholders will be asked to conditionally accept the Offer in respect of some or all of their LCH.Clearnet Shares. In addition, LCH.Clearnet Shareholders will be given the opportunity to specify what their preferred shareholding following Completion would be, up to the level of their existing shareholding in LCH.Clearnet (a ***Target Holding Election***). LCH.Clearnet Shareholders will be able to make a Target Holding Election to retain some or all of the LCH.Clearnet Shares they have conditionally assented to the Offer.

LCH.Clearnet Shares in excess of the Minimum Acceptance Percentage conditionally assented to the Offer will be allocated on the basis of the scaleback and allocation principles set out in the Offer Document.

In summary, these scaleback and allocation principles provide that:

(a) LCH.Clearnet Shares in excess of the Minimum Acceptance Percentage that have been conditionally assented to the Offer will initially be available to any new Venue partners invited by LSEG (with the approval of LCH.Clearnet) to be LCH.Clearnet Shareholders, provided that such new Venue partners may only acquire, in aggregate, up to 10 per cent. of LCH.Clearnet's Issued Share Capital;

(b) once any such allocations to new Venue partners have been satisfied, the determination as to which persons will purchase LCH.Clearnet Shares in excess of the aggregate of the Minimum Acceptance Percentage and such new Venue partner allocations (the ***Excess Offer Shares***) shall be made on the basis of the Target Holding Elections (if any);

(c) if the Minimum Rollover Condition would not be met were all the Target Holding Elections to be satisfied in full, LSEG shall only acquire (or agree to acquire) such number of Excess Offer Shares as will ensure that the Minimum Rollover Condition is satisfied; and

(d) the extent to which any Target Holding Elections may be satisfied, and any scaleback of the number of Excess Offer Shares to be acquired by LSEG as described above effected, will be determined in LCH.Clearnet's and LSEG's sole discretion, taking into account the aim of:

  (i) providing a full cash exit to LCH.Clearnet Shareholders (in particular, smaller LCH.Clearnet Shareholders) that wish to sell their entire shareholding; and

  (ii) achieving balanced ongoing ownership with each major User Shareholder (as far as practicable and having regard to the flow contributed by each User Shareholder) continuing to hold in the range of 1.5 – 2.5 per cent. of LCH.Clearnet's Issued Share Capital.

Special Dividend

LCH.Clearnet will, conditional on the passing of the LCH.Clearnet Resolution, declare a special dividend of €1 per LCH.Clearnet Share (plus an additional amount calculated by reference to interest payable on the LCH.Clearnet bank account after deduction of certain costs), subject to the deductions referred to below, to Qualifying LCH.Clearnet Shareholders conditional on the Offer becoming unconditional in all respects (the ***Special Dividend***).

Following the declaration of the Special Dividend, LCH.Clearnet will enter into a deed poll in favour of Qualifying LCH.Clearnet Shareholders under which it will commit to pay the Special Dividend on the fifth anniversary of the Offer becoming unconditional in all respects (subject to acceleration or delay in certain limited circumstances). The Special Dividend may be reduced by the amount of the cost of any Relevant Claim (or Claims) (in each case after insurance recoveries and taking account of the tax effect of any such payments as well as the deduction of applicable costs and withholding taxes). Payment of the Special Dividend may be made sooner if any Relevant Claim(s) is/are finally determined or settled within the five year period, or if the LCH.Clearnet Independent Directors determine in good faith that there is not a reasonable likelihood of further Relevant Claims or costs arising, so that the remaining amount of the Special Dividend can be safely paid out to Qualifying LCH.Clearnet Shareholders. The five year period may also be extended for as long as the LCH.Clearnet Independent Directors determine is reasonably required if a Relevant Claim is in fact threatened or made and has not been determined or settled by the fifth anniversary of the Offer becoming unconditional in all respects.

LCH.Clearnet will pay the maximum amount required in order to fund the Special Dividend into an escrow account at or around Completion. LCH.Clearnet intends to finance this payment from existing cash resources.

The Special Dividend will use €41 million (£34 million) of retained profits that could otherwise have been applied against any increased regulatory capital requirements on the LCH.Clearnet Group companies. LSEG has undertaken to subscribe up to a maximum of €24 million (£20 million) of additional capital in LCH.Clearnet if required by LCH.Clearnet in order to meet the regulatory capital requirements of the LCH.Clearnet Group.

As will be explained in more detail in the LCH.Clearnet Circular, the LSEG Circular and the Offer Document, a clearing house's extensive powers and obligations when a member defaults may have to be exercised in situations of great uncertainty and market volatility, under extreme time pressure and on the basis of imperfect information. Such circumstances can give rise to liability to clearing members if the steps taken are held to be negligent or in bad faith. The LCH.Clearnet Group has not received any claim or threat of any claim for alleged negligence or bad faith in respect of any past default. However, the possibility of such claims being made or being successful, and of not being fully covered by the £75 million of insurance coverage carried by the LCH.Clearnet Group, cannot be excluded.

LSEG is satisfied that the effect of the Special Dividend, which will result in LCH.Clearnet Shareholders bearing the net cost after insurance recoveries and taking account of the tax effect of any Relevant Claim(s) up to €41 million (£34 million), is that the risk of liability in respect of past defaults should not be material from the perspective of LSEG Shareholders.

11. Risk Factors

The LSEG Circular and the Offer Document will describe the risk factors considered to be material in the context of the Transaction and the LCH.Clearnet Circular will cross-refer to the risk factors set out in the Offer Document. An overview summary of these risk factors is included at Appendix C.

12. Board Recommendation

LSEG

The LSEG Board, which has received financial advice from Morgan Stanley, Citi and Societe Generale, considers the terms of the Transaction to be fair and reasonable. In providing such financial advice to the LSEG Board, Morgan Stanley, Citi and Societe Generale have relied on the LSEG Board's commercial assessment of the Transaction.

The LSEG Board believes the Transaction and the LSEG Resolution to be in the best interests of the LSEG Shareholders as a whole and, accordingly intends, unanimously to recommend that the LSEG Shareholders vote in favour of the LSEG Resolution to be proposed at the LSEG Meeting, as it intends to do in respect of its own beneficial holdings of, in aggregate, 204,710 LSEG Shares, representing approximately 0.08 per cent. of the issued share capital of LSEG as at 8 March 2012, being the last practicable day before the publication of this announcement.

LCH.Clearnet

J.P. Morgan has provided financial advice to the LCH.Clearnet Board in connection with the Transaction and Rothschild has provided a fairness opinion to the LCH.Clearnet Board in connection with the financial terms of the Transaction.

The LCH.Clearnet Recommending Directors, who have received advice from Rothschild, consider that under the terms of the Transaction the total consideration of €20 per LCH.Clearnet Share for each LCH.Clearnet Share acquired, comprising the cash offer of €19 per LCH.Clearnet Share, and the Special Dividend of €1 per LCH.Clearnet Share, is fair from a financial point of view.

In providing its financial advice to the LCH.Clearnet Board, Rothschild has taken into account the commercial assessments of the LCH.Clearnet Directors, but has not considered the impact of the Transaction on the value of any LCH.Clearnet Shares retained by existing LCH.Clearnet Shareholders or the impact of any LCH.Clearnet Shareholder's election in respect of the Offer not being satisfied in full.

The LCH.Clearnet Recommending Directors, who have received financial advice from J.P. Morgan, consider the Transaction to be in the best interests of LCH.Clearnet Shareholders as a whole. Accordingly, the LCH.Clearnet Recommending Directors intend to unanimously recommend the Transaction to LCH.Clearnet Shareholders and that LCH.Clearnet Shareholders vote in favour of the LCH.Clearnet Resolution.

In providing its advice to the Recommending Directors, J.P. Morgan has taken account of the Recommending Directors' commercial assessments.

The LCH.Clearnet Directors other than the LCH.Clearnet Recommending Directors have not participated in this recommendation due to conflicts of interest.

13. Timetable

The Offer Document, LCH.Clearnet Circular and LSEG Circular are expected to be published within 14 days of this announcement and the LCH.Clearnet Meeting and the LSEG Meeting are expected to take place in early April 2012. Subject to obtaining shareholder and regulatory approvals, the proposed Transaction is expected to become effective by the fourth quarter of 2012.

14. About the LSEG Group

The LSEG Group operates a broad range of international equity, bond and derivatives markets, including the London Stock Exchange; Borsa Italiana; MTS fixed income platform; and Turquoise, offering pan-European and US lit and dark equity trading. Through its markets, the LSEG Group offers international business unrivalled access to Europe's capital markets.

The LSEG Group is a leading developer of high-performance trading platforms and capital markets software and also offers its customers around the world an extensive range of real-time indices and reference data products and market-leading post-trade services.

Headquartered in London and with significant operations in Italy and Sri Lanka, the LSEG Group employs approximately 1,900 people. Further information on the LSEG Group can be found at www.londonstockexchangegroup.com

15. About LCH.Clearnet

LCH.Clearnet is a leading User-owned and User-governed CCP group, serving major international trading venues and customers, as well as a range of OTC markets.

LCH.Clearnet is a private limited company, registered in the UK. It is a holding company created as part of the merger of London Clearing House and Clearnet S.A. in 2003 and oversees its two wholly owned operating subsidiaries, LCH.Clearnet Limited (incorporated in the UK) and LCH.Clearnet S.A. (incorporated in France). LCH.Clearnet Limited is a Recognised Clearing House regulated by the UK Financial Services Authority. LCH.Clearnet S.A. is a Credit Institution and Clearing House regulated by a regulatory college of central banks and market regulators from France, Netherlands, Belgium and Portugal. Another subsidiary of LCH.Clearnet, LCH.Clearnet (Luxembourg) S.à.r.l., serves as a holding company for the LCH.Clearnet Group's intellectual property.

As a CCP, the relevant LCH.Clearnet Group company registers and processes trades and assumes the counterparty risk involved when two parties (or members) trade and clear the trade through the relevant LCH.Clearnet Group company. When the trade is registered with the relevant LCH.Clearnet Group company, it (and in certain cases a CCP that is interoperable with the relevant LCH.Clearnet Group company) becomes the legal counterparty to each side of the trade. To protect itself against the risk that a clearing member defaults on any of the trades registered with the relevant LCH.Clearnet Group company, it collects default fund contributions as well as initial and variation margin (which may be in the form of cash or other collateral) from its members. The amount of margin is decided by the relevant LCH.Clearnet Group company's risk management processes, which involve the assessment of a member's positions and market risk on at least a daily basis. Should members default on their obligations under a trade, the relevant LCH.Clearnet Group company will manage the defaulting member's open position using some or all of the collateral and default fund contributions placed by the member with the relevant LCH.Clearnet Group company. In extreme situations, where the defaulter's own collateral and default fund contributions prove inadequate, the relevant LCH.Clearnet Group company's own funds and the default fund contributions of other members will be exposed. The LCH.Clearnet Group has successfully managed a number of high profile defaults, without recourse to non-defaulters' default fund contributions or to the LCH.Clearnet Group's own funds.

By assuming the counterparty risk, the LCH.Clearnet Group underpins many important financial markets, facilitating trading and increasing confidence within the market.

The LCH.Clearnet Group performs clearing and risk management services for a broad range of asset classes (including equity securities, commodities, fixed income products, such as euro and sterling denominated bonds and repos, energy, freight, metals contracts and exchange traded derivatives and OTC derivatives, including interest rate swaps and CDSs) and works closely with market participants and trading venues to identify and develop clearing and risk management services for new asset classes. In particular, the LCH.Clearnet Group has strong CCP offerings in:

- cash equities (16 per cent. of 2011 total revenues): a leading European equity CCP, providing clearing and risk management services to clients for equities and equity equivalents, including ETFs and REITs;

- fixed income (29 per cent. of 2011 total revenues): one of the largest clearers of fixed income and repo products in the world, offering a broad set of services, including classic repos, buy-sell back repos, and cash bonds;

- commodities, comprising metals (7 per cent. of 2011 total revenues) and freight & energy (3 per cent. of 2011 total revenues): provides clearing and settlement services for both the exchange traded and OTC commodity markets;

- listed derivatives (24 per cent. of 2011 total revenues): provides clearing, risk management and support services for listed derivatives (NYSE Liffe and NYSE Euronext); and

- OTC derivatives (22 per cent. of 2011 total revenues): SwapClear is a global service which clears a significant proportion of the current addressable OTC interest rates swaps market. The LCH.Clearnet Group also provides a clearing and risk management service relating to European CDS contracts.

In these areas, the LCH.Clearnet Group is well positioned to benefit from continued growth in existing markets and, in certain cases, from expansion into new markets. LCH.Clearnet has developing operations in the following growth areas: contracts for difference, energy, precious metals, iron ore, steel, agricultural commodities and emissions and environmental risk management products.

LCH.Clearnet also plans to launch CDS and FX derivatives clearing and risk management services in 2012.

LCH.Clearnet is implementing a transformation plan with three core objectives:

- to ensure consolidation and efficiency of LCH.Clearnet as ‘One Firm’;

- to promote the horizontal multi-asset clearing model; and

- to expand the client risk and collateral services model.

In creating ‘One Firm’, LCH.Clearnet is leveraging the strength and synergies across the LCH.Clearnet Group and aligning its businesses closer to its clients’ needs. LCH.Clearnet intends to develop a single infrastructure by reducing the costly duplication of systems across the LCH.Clearnet Group. The implementation of the LCH.Clearnet Group fixed income platform has already commenced and a further 37 LCH.Clearnet Group-wide applications have been identified for de-duplication. In addition to the IT cost efficiencies, there are multiple process efficiencies under consideration. Total annualised cost savings from LCH.Clearnet’s strategy are expected to amount to €35.8 million (£29.8 million) by the end of 2012, of which €3.6 million (£3.0 million) has been delivered in 2011. One-off implementation costs with regard to LCH.Clearnet’s planned cost savings are estimated to be €41.4 million (£34.5 million).

Following Completion, LCH.Clearnet intends to continue to operate an efficient, client-focused, for-profit model, delivering tangible benefits to stakeholders. In particular, LCH.Clearnet’s ongoing client-focused business model is intended to provide revenue growth opportunities through greater product innovation for customers, whilst managing costs and preserving User interests. It is intended that this will be achieved through improved service, quality and responsiveness, as well as increased efficiencies (in particular, subject to applicable regulatory requirements, through cross-margining and risk management across asset classes for customers and market participants).

In May 2010, NYSE Euronext announced that it intends to establish its own clearing house for its European securities and derivatives markets by year end 2012 and served a termination notice to LCH.Clearnet with respect to those businesses. NYSE Euronext has since extended its contract to June 2013 in respect of the European derivatives businesses and to December 2013 in respect of the European securities business.

While LCH.Clearnet is operating on the assumption that European securities and derivatives arrangements with NYSE Euronext will terminate in 2013, LCH.Clearnet has no knowledge of the stage of development of NYSE Euronext’s proposed clearing house and cannot provide any certainty as to whether its clearing house will be operational by 2013, whether a further extension to the existing contracts will be requested or whether the termination notice will be cancelled entirely. Consistent with its horizontal model, LCH.Clearnet remains fully prepared to continue to serve these businesses for NYSE Euronext as a key client and member.

In 2011, LCH.Clearnet's revenues related to NYSE Euronext's European securities and derivatives markets businesses were €98.0 million. This excludes revenues related to NYSE Liffe (London)’s business of €35.5 million, with respect to which no termination notice has been served. It should be noted that these historic figures may not be a reliable indication of the impact of a withdrawal of the NYSE Euronext businesses on LCH.Clearnet due to the uncertainties related to any potential restructuring and associated costs which may result thereafter. However, LSEG and LCH.Clearnet believe that it is possible that the costs associated with these businesses may be able to be substantially reduced or utilised in supporting alternative business flows.

In December 2011, LME announced that it intends to establish its own clearing house and launch its own clearing services by the first quarter of 2014 and also stated that “potential suitors are preparing bids for the LME but it is too early to say whether the LME board will recommend any bid to the shareholders”. LCH.Clearnet has no knowledge of the stage of development of LME’s proposed clearing house nor of its process regarding potential suitors for the LME. LME has not served a termination notice to LCH.Clearnet and continues to clear its business with LCH.Clearnet. LCH.Clearnet remains fully prepared to continue to serve the LME as a key client and member.

Conference Call & Webcast Details

Analyst call is at 09:00
Dial-in: +44 (0)20 3003 2666

Participants should ask to join the London Stock Exchange Group plc call
Participants will be able to access the webcast / presentation by going to the LSEG website using the following link:
http://www.londonstockexchangegroup.com/investor-relations/investor-relations.htm

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Morgan Stanley is acting exclusively for LSEG and LSEC and for no one else in connection with the Transaction and other matters described herein and will not be responsible to anyone other than LSEG and LSEC for providing the protections afforded to clients of Morgan Stanley, nor for providing advice to any other person in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Citi, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for LSEG and LSEC and for no one else in connection with the Transaction and other matters described herein and will not be responsible to anyone other than LSEG and LSEC for providing the protections afforded to clients of Citi, nor for providing advice to any other person in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Societe Generale, which is authorised and supervised by the Autorité de Contrôle Prudentiel (the French Prudential Control Authority) and is subject to limited regulation in the United Kingdom by the FSA, is acting exclusively for LSEG and LSEC and for no one else in connection with the Transaction and other matters described herein and will not be responsible to anyone other than LSEG and LSEC for providing the protections afforded to clients of Societe Generale, nor for providing advice to any other person in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Barclays Capital, which is authorised and regulated in the United Kingdom by the FSA, is acting as corporate broker to LSEG and for no-one else in connection with the Transaction discussed herein, and will not be responsible to anyone other than LSEG Group for providing the protections afforded to customers of Barclays Capital nor for providing advice to any other person in relation to the Transaction or any other matter referred to herein.

J.P. Morgan, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for LCH.Clearnet and for no one else in connection with the Transaction and will not be responsible to anyone other than LCH.Clearnet for providing the protections afforded to clients of J.P. Morgan nor for providing advice in relation to the Transaction or any other matter referred to herein.

Rothschild, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for LCH.Clearnet and for no one else in connection with the Transaction and other matters described herein and will not be responsible to anyone other than LCH.Clearnet for providing the protections afforded to clients of Rothschild, nor for providing advice to any other person in relation to the Transaction, the contents of this announcement or any other matter referred to herein.

Save for the responsibilities and liabilities, if any, of Morgan Stanley, Citi, Societe Generale and J.P. Morgan under FSMA or the regulatory regime established thereunder, Morgan Stanley, Citi, Societe Generale and J.P. Morgan assume no responsibility whatsoever and make no representations or warranties, express or implied, in relation to the contents of this announcement, including its accuracy, completeness or verification or for any other statement made or purported to be made by LSEG or on LSEG's behalf or by Morgan Stanley, Citi, Societe Generale and J.P. Morgan or on Morgan Stanley's, Citi's, Societe Generale and J.P. Morgan’s behalf and nothing contained in this announcement is, or shall be relied on as a promise or representation in this respect, whether as to the past or the future, in connection with LSEG or the Offer. Each of Morgan Stanley, Citi, Societe Generale and J.P. Morgan accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this announcement or any such statement.

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Forward-looking information

This document contains forward-looking statements. These statements are based on the current expectations of the management of LCH.Clearnet and LSEG and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Transaction on the LCH.Clearnet Group and the LSEG Group and other statements other than historical facts.

Forward-looking statements include statements typically containing words such as “will”, “may”, “should”, “believe”, “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import, or variations or the negatives of such words. Although LCH.Clearnet and LSEG believe that the expectations reflected in such forward-looking statements are reasonable, LCH.Clearnet and LSEG can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the conditions to the Transaction, as well as additional factors such as: local and global political and economic conditions; unforeseen fluctuations in trading and/or clearing volumes; competition from other exchanges, clearing houses or marketplaces; changes in trading and/or clearing systems commonly relied upon by market participants; FX rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); legal or regulatory developments and changes; the outcome of any current or future litigation; the impact of any acquisitions or similar transactions; competitive products and pricing pressures; loss of existing customers; success of business and operating initiatives; failure to retain and attract qualified personnel; failure to implement strategies; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Given these risks and uncertainties, recipients of this announcement should not place undue reliance on forward-looking statements as a prediction of actual results. Neither LCH.Clearnet nor LSEG nor any of their respective affiliates or representatives undertakes any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

This disclaimer will not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

Appendix A

Conditions to the Offer

1.1 The Offer is subject to the following conditions:

(a) LSEG receiving, on or prior to the Closing Date, valid conditional acceptances of the Offer in respect of (or it or any other member of the LSEG Group otherwise acquiring) LCH.Clearnet Shares in aggregate equal to or greater than the Minimum Acceptance Percentage (the ***Acceptance Condition***);

(b) LCH.Clearnet and LSEG determining that, on the basis of valid conditional acceptances to the Offer (and the application, if any, of LCH.Clearnet's and LSEG's discretion with respect to the scaleback and allocation of LCH.Clearnet Shares validly conditionally assented to the Offer), at Completion, LCH.Clearnet Shareholders as at the date of the Announcement will continue to hold LCH.Clearnet Shares representing, in aggregate, at least 40 per cent. of the LCH.Clearnet Issued Share Capital (the ***Minimum Rollover Condition***);

(c) the LCH.Clearnet Circular being despatched on or before 31 March 2012, unless the failure so to despatch the LCH.Clearnet Circular is attributable to any action or omission of the party seeking to invoke this condition so as to cause the Offer not to proceed, to lapse or to be withdrawn;

(d) the LSEG Circular being despatched on or before 31 March 2012, unless the failure so to despatch the LSEG Circular is attributable to any action or omission of the party seeking to invoke this condition so as to cause the Offer not to proceed, to lapse or to be withdrawn;

(e) the LCH.Clearnet Resolution being passed by no later than 30 days after the date for the LCH.Clearnet Meeting specified in the LCH.Clearnet Circular;

(f) the LSEG Resolution being passed by no later than 30 days after the date for the LSEG Meeting specified in the LSEG Circular;

(g) formal regulatory approvals in respect of the Transaction (or, where applicable, confirmations of non-objection) having been received from the ACP, AMF, the Dutch National Bank, the AFM and any other Regulatory Body whose approval (or non-objection) in respect of the Transaction (i) is required prior to Completion, or (ii) LCH.Clearnet and LSEG agree to be desirable;

(h) no material Regulatory Licences held by the LCH.Clearnet Group or the LSEG Group at the date of the Announcement:

 (i) being withdrawn; or

 (ii) becoming subject to regulatory conditions or requirements as a result of the Transaction, in each case if such withdrawal, condition or requirement has had or would reasonably be expected to have a material adverse effect in the context of the Transaction, on the LCH.Clearnet Group and/or the LSEG Group as the case may be;

(i) confirmation from the relevant regulators, on terms reasonably satisfactory to LSEG, including the FSA and ACP, that the Transaction will not result in LSEG becoming an FHC;

(j) in so far as the Transaction constitutes a concentration deemed to have a Community dimension pursuant to Article 4(5) of the EU Merger Regulation, or in the event that a referral request is made to the European Commission pursuant to Article 22(1) of the EU Merger Regulation to review all or part of the Transaction and such a request is accepted, the European Commission:

(i) declaring the Transaction to be compatible with the common market pursuant to Article 6(1)(b), 8(1) or 8(2) of the EU Merger Regulation; or

(ii) not issuing a decision within the required deadlines with the consequence that the Transaction is deemed compatible with the common market pursuant to Article 10(6) of the EU Merger Regulation;

(k) in so far as the Transaction is not deemed to have a Community dimension pursuant to Article 4(5) of the EU Merger Regulation:

(i) in relation to the UK:

(A) confirmation having been received in writing from the OFT that the OFT does not intend to refer the Transaction or any matters arising therefrom (including but not limited to any public interest consideration(s)) to the Competition Commission; or

(B) following a reference of the Transaction or any matters arising therefrom (including, but not limited to, any public interest consideration(s)) to the Competition Commission, confirmation having been received in writing from the Competition Commission that the Transaction may proceed;

(ii) in relation to Spain:

(A) the CNC having confirmed in writing that the CNC's Council has, pursuant to Article 57(2) of the LDC, decided that the Transaction may proceed; or

(B) following a further investigation pursuant to Article 58 of the LDC, the CNC having confirmed in writing that the CNC's Council has, pursuant to Article 58(4) of the LDC, decided that the Transaction may proceed; and furthermore, that the Ministry of Economy has decided not to refer the Transaction to the Spanish Government pursuant to Article 58(6)(a) of the LDC; or, where it has decided to do so pursuant to Article 58(6)(b) of the LDC, the Spanish Government has, pursuant to Article

60(3)(a) of the LDC, confirmed the CNC's decision; or, pursuant to Article 60(3)(b) of the LDC, the Spanish Government has decided to clear it; or

(C) the Transaction is deemed to have been tacitly cleared pursuant to Articles 38(2) to (4) of the LDC once the time periods to adopt and notify the decisions by the CNC, the Ministry of Economy or the Spanish Government provided for in Articles 36(2) to (4) of the LDC have elapsed;

(iii) in relation to Portugal:

(A) confirmation having been received in writing from the PCA that the Transaction may proceed; or the PCA does not adopt a decision after the initial time period of 30 working days after complete notification (which may be extended if the time period for a decision is suspended either by reason of additional information being requested by the PCA, or for any other reason provided for in the PCA) expires; or

(B) following an explicit decision of the PCA to initiate an in-depth investigation, confirmation having been received from the PCA that the Transaction may proceed; or, the PCA does not adopt an explicit decision after the time limit of 90 working days after complete notification (which may be extended if the time period for a decision is suspended by reason of additional information being requested by the PCA, or for any other reason provided for in the PCA) expires;

(l) in so far as a notification is made under the HSR and the waiting period applicable to the consummation of the Transaction has expired or been terminated:

(i) neither LCH.Clearnet nor LSEG being subject to any order or injunction of a court of competent jurisdiction in the US that prohibits the Transaction; and

(ii) neither LCH.Clearnet nor LSEG having received any indication of threatened antitrust litigation or an antitrust investigation by the US Federal Trade Commission or Antitrust Division of the US Department of Justice concerning the Transaction, including by issuance of a Civil Investigative Demand or subpoena from the US Federal Trade Commission or Antitrust Division of the US Department of Justice;

(m) no material breach by LCH.Clearnet of any of the LCH.Clearnet Pre-Completion Obligations;

(n) no material breach by LSEG of any of the LSEG Pre-Completion Obligations; and

(o) no regulatory development occurring between the date of the Announcement and Completion which has had, or would reasonably be expected to have, a material adverse effect in the context of the Transaction on the LCH.Clearnet Group and/or the LSEG Group as the case may be.

1.2 The following shall not result in a failure to satisfy the conditions at sub-paragraphs 1.1(h) and 1.1(o):

(a) the imposition of regulatory conditions or requirements that, prior to the date of the Announcement, have been:

(i) announced;

(ii) formally publicly proposed (provided that the party relying on the condition would reasonably be expected to be aware of such formal public proposal); or

(iii) otherwise communicated directly to the party seeking to rely on the condition;

(b) the withdrawal of any Regulatory Licence in connection with the winding-down by any member of the LCH.Clearnet Group or the LSEG Group of any of their business lines or their businesses in any jurisdiction, provided such winding-down is not restricted by any of the LCH.Clearnet Pre-Completion Obligations; or

(c) the withdrawal of any Regulatory Licence if such Regulatory Licence is replaced by a Regulatory Licence that permits the same business to be conducted as under the original Regulatory Licence.

1.3 LSEG shall at all times use all reasonable endeavours to obtain the satisfaction of the conditions in sub-paragraphs 1.1(j) 1.1(k) 1.1(l) of this Appendix A (the ***Merger Control Conditions***) by the Longstop Date, save that:

(a) if the LSEG Board concludes, acting reasonably, that to proceed with the Transaction on the terms required to satisfy the Merger Control Conditions (for the avoidance of doubt, whether relating to LCH.Clearnet or LSEG) would materially reduce the overall advantages of entering into the Transaction to LSEG and/or the Enlarged Group, LSEG may terminate the Implementation Agreement; and

(b) if the LCH.Clearnet Board concludes, acting reasonably, that to proceed with the Transaction on the terms required to satisfy the Merger Control Conditions (relating to LCH.Clearnet) would materially reduce the overall advantages of entering into the Transaction to LCH.Clearnet, LCH.Clearnet may terminate the Implementation Agreement.

1.4 LSEG and/or LSEC reserves the right (but shall be under no obligation) to waive the following conditions, in whole or in part: 1.1(c), (e), (m) and (to the extent that the material adverse effect is on the LCH.Clearnet Group) (o). LCH.Clearnet reserves the right to waive the following conditions, in whole or in part 1.1(d), (f), (n) and (to the extent that the material adverse effect is on the LSEG Group) (o). The remaining conditions may be waived by mutual written agreement between LCH.Clearnet and LSEG.

1.5 The Offer will lapse if:

(a) the Conditions have not been satisfied or waived by the Longstop Date; or

(b) the Implementation Agreement is validly terminated by LSEG or LCH.Clearnet in accordance with its terms.

1.6 If the Offer lapses, LCH.Clearnet Shareholders who have accepted the Offer and LSEG shall then cease to be bound by acceptances of the Offer.

Appendix B

Summary of governance, management, shareholding structure and other ongoing arrangements between LCH.Clearnet and LSEG

INTRODUCTION

The governance arrangements relating to the LCH.Clearnet Group will reflect its ownership structure following Completion, the need for appropriate stakeholder representation, the requirements arising from the regulated status of the LCH.Clearnet Group companies and LSEG's requirements for appropriate controls as the majority LCH.Clearnet Shareholder.

The governance and management arrangements together with certain ongoing relationship matters are principally set out in the New LCH.Clearnet Articles and the Relationship Agreement. The Business Plan and the Budget will set out strategy and financial matters in relation to the management of LCH.Clearnet. In addition, certain terms of reference and policies will, pursuant to the terms of the Implementation Agreement, be adopted with effect from Completion.

Set out below is a summary of the key governance, management, shareholding structure and ongoing relationship matters. The summary below captures the material terms of each of the Relationship Agreement and the New LCH.Clearnet Articles under headings relating to various aspects of the arrangements, noting the source of the relevant provisions where appropriate.

GOVERNANCE AND MANAGEMENT

Following Completion, the following governance and management arrangements will apply to the LCH.Clearnet Group:

LCH.Clearnet Board

The New LCH.Clearnet Articles and the Relationship Agreement provide that the LCH.Clearnet Board will initially comprise 16 directors, consisting of:

- the current Non-Executive Chairman of LCH.Clearnet, Jacques Aigrain;
- the current Chief Executive Officer of LCH.Clearnet, Ian Axe;
- three LCH.Clearnet Independent Directors;
- five User Directors nominated by the LCH.Clearnet Nomination Committee in accordance with the Nomination Terms of Reference and subject to approval by LSEG;
- three directors appointed by LSEG; and
- three Venue Directors (note that LSEG may nominate LSEG Independent Directors for appointment to the LCH.Clearnet Board in substitution for such Venue Directors if

there are insufficient Venue Shareholders which LSEG considers appropriate to appoint as a Venue Director).

The existing director appointment rights of NYSE Euronext contained in the current LCH.Clearnet articles of association will be retained unless otherwise agreed with NYSE Euronext. The appointment rights contain, *inter alia*, minimum shareholding criteria. Any director appointed pursuant to such rights would be in addition to the directors described above.

The Relationship Agreement provides that the composition of the LCH.Clearnet Board will also be subject to changes required from time to time as a result of regulatory requirements.

Under the proposed arrangements:

- LSEG will be entitled to appoint and remove up to four directors to the LCH.Clearnet Board, including the Chief Executive Officer of LCH.Clearnet (such appointment rights being set out in both the New LCH.Clearnet Articles and the Relationship Agreement);

- in appointing a Non-Executive Chairman, the LCH.Clearnet Nomination Committee will consult with LSEG with regards to the suitability of the short-listed candidates being considered for appointment (which is reflected in the Nomination Terms of Reference to be adopted at Completion);

- in relation to the appointment of the five User Directors, appointments will be carried out pursuant to procedures set out in the Nomination Terms of Reference which will require that the relevant appointees have to be approved by LSEG;

- in relation to the appointment of the three Venue Directors, such appointees will have to be approved by LSEG (in accordance with the Relationship Agreement);

- in relation to the appointment of the LSEG Independent Directors. appointments will be made in accordance with the Nomination Terms of Reference; and

- in relation to the appointment of the three LCH.Clearnet Independent Directors, appointments will be made in accordance with the Nomination Terms of Reference.

The Nomination Terms of Reference may not be amended without the consent of LSEG or without Minority Shareholder Approval.

Pursuant to the Relationship Agreement, LSEG has agreed with LCH.Clearnet that:

- LSEG will not exercise its statutory voting rights to remove directors (other than the Chief Executive Officer, the three additional directors appointed by LSEG, the Venue Directors and the LSEG Independent Directors) from the LCH.Clearnet Board in circumstances where it would not be reasonable to do so;

- LSEG will consult with the LCH.Clearnet Board (except in exceptional circumstances) before removing any Chief Executive Officer; and

- notwithstanding any changes to the composition of the LCH.Clearnet Board required from time to time as a result of any regulatory requirements, LCH.Clearnet and LSEG shall procure that, to the greatest extent possible, the balance of the categories of directors on the LCH.Clearnet Board set out above will remain the same until such time as the LCH.Clearnet Board determines otherwise, with LSEG's consent.

Under the New LCH.Clearnet Articles:

- subject to any regulatory requirements, the quorum for any LCH.Clearnet Board meeting shall be at least one LCH.Clearnet Independent Director (or the Non-Executive Chairman of LCH.Clearnet), two directors nominated by LSEG and one User Director;

- LCH.Clearnet Board decisions will be by the majority of votes of directors present and eligible to vote or by written resolution and every director will have one vote; and

- the Non-Executive Chairman will not have a casting vote.

Committees

Under the New LCH.Clearnet Articles, the establishment of the LCH.Clearnet Board committees and their terms of reference will be at the discretion of the LCH.Clearnet Board. Following Completion, it is contemplated that there will be audit, nomination and remuneration committees. The boards of LCH.Clearnet Limited and LCH.Clearnet S.A. currently have risk management committees.

Subject to regulatory requirements, the quorum for each of the LCH.Clearnet Board committees shall be at least one LCH.Clearnet Independent Director, one User Director and one director nominated by LSEG or, in the case of the remuneration committee, one independent non-executive director of the LSEG Board (who may be but is not required to be a director of LCH.Clearnet appointed by LSEG) and ideally will be a member of LSEG's remuneration committee.

Pursuant to the Relationship Agreement, LSEG is entitled to appoint the vice-chairman, or such other person as LSEG chooses, to the risk management committees of LCH.Clearnet Limited and LCH.Clearnet S.A.

Remuneration committee

It is not expected that there will be a standardised approach to remuneration structures and levels as between the LCH.Clearnet Group and the LSEG Group. However, the respective chairmen of the remuneration committees of LCH.Clearnet and LSEG will consult with each other on a regular basis in respect of their remuneration policies and principles, and changes to the remuneration of the Chief Executive Officer of LCH.Clearnet and any member of the LCH.Clearnet executive committee (save for the heads of any SwapClear Business, whose remuneration is determined by the relevant SwapClear governance committee) will be made in accordance with an agreed process and be subject to the consent of the LSEG remuneration committee. These provisions are set out in the Relationship Agreement.

Subsidiary boards

The following provisions relating to the subsidiary boards of significant operating subsidiaries of LCH.Clearnet are set out in the Relationship Agreement:

The LCH.Clearnet Limited board will initially comprise up to 11 directors, consisting of:

- the current Non-Executive Chairman of LCH.Clearnet, Jacques Aigrain;
- the current Chief Executive Officer of LCH.Clearnet, Ian Axe;
- the Chief Financial Officer of LCH.Clearnet;
- the Chief Risk Officer of LCH.Clearnet;
- two LCH.Clearnet Independent Directors;
- two User Directors;
- one of the three directors nominated by LSEG to the LCH.Clearnet Board; and
- up to two of the three Venue Directors or, if appointed in substitution for the Venue Directors (see "LCH.Clearnet Board" above), LSEG Independent Directors,

and such number of additional LCH.Clearnet Independent Directors as may be required from time to time to ensure that the LCH.Clearnet Limited board includes an adequate proportion of LCH.Clearnet Independent Directors to comply with any regulatory requirement and good governance principles.

The LCH.Clearnet S.A. board will initially comprise up to 12 directors, consisting of:

- a Non-Executive Chairman, who is expected to be an LCH.Clearnet Independent Director resident in France;
- the current Non-Executive Chairman of LCH.Clearnet, Jacques Aigrain;
- the current Chief Executive Officer of LCH.Clearnet, Ian Axe;
- the Chief Risk Officer of LCH.Clearnet;
- the current Chief Executive Officer of LCH.Clearnet S.A.;
- two LCH.Clearnet Independent Directors;
- up to two User Directors;
- one of the three directors nominated by LSEG to the LCH.Clearnet Board; and

- up to two Venue Directors or, if appointed in substitution for the Venue Directors (see "LCH.Clearnet Board" above), LSEG Independent Directors.

Notwithstanding any changes to the LCH.Clearnet Limited board and LCH.Clearnet S.A. board or any other significant operating subsidiaries of LCH.Clearnet required from time to time as a result of any regulatory requirements, LCH.Clearnet and LSEG shall procure that, to the greatest extent possible, the balance of the categories of directors on such boards will remain the same until such time as the LCH.Clearnet Board determines otherwise, with LSEG's consent.

Management of LCH.Clearnet

Pursuant to the Relationship Agreement, the day-to-day management of the LCH.Clearnet Group and implementation of the Business Plan and the Budget will be delegated by the LCH.Clearnet Board to the Chief Executive Officer of LCH.Clearnet on the terms of the Executive Delegation. The Executive Delegation is subject to the LCH.Clearnet Board Reserved Matters, the New LCH.Clearnet Articles and the other terms of the Relationship Agreement.

Under the terms of the Executive Delegation, the Chief Executive Officer of LCH.Clearnet is authorised to:

(a) approve any item of expenditure or the incurrence of a liability (including expenditure or liability in excess of any specifically budgeted amount) by any LCH.Clearnet Group company without further reference to the LCH.Clearnet Board if such expenditure or liability does not: (i) exceed £10 million; and (ii) result in the total limit on spending or costs set out in the Business Plan and the Budget exceeding the budged level by more than 10 per cent.;

(b) take all decisions and steps to agree and execute all such documents and take such other actions on behalf of LCH.Clearnet as may be necessary, expedient and proper in connection with any matter that is not an LCH.Clearnet Board Reserved Matter; and

(c) pursue exploratory discussions for transactions that may involve expenditure or the incurrence of any liability by any LCH.Clearnet Group company that is in excess of the amount set out in sub-paragraph (a) above, or is not for a purpose that the Chief Executive Officer of LCH.Clearnet is authorised to approve pursuant to sub-paragraph (b), provided that no commitment is entered into without the approval of the LCH.Clearnet Board and the LCH.Clearnet Board is kept informed of the content of such discussions.

Pursuant to the Relationship Agreement, the Chief Executive Officer of LCH.Clearnet is permitted to appoint his own management team including the head of the LCH.Clearnet Group's risk management function.

Under the New LCH.Clearnet Articles, the direction and supervision of LCH.Clearnet's business will be the responsibility of the LCH.Clearnet Board, subject to the LSEG Consent Matters, the Push Matters and the Minority Protection Reserved Matters (each as contemplated by the New LCH.Clearnet Articles and the Relationship Agreement). In addition, as contemplated by the New LCH.Clearnet Articles, the LCH.Clearnet Group will be operated in accordance with the Core Operating Principles to be adopted by the LCH.Clearnet Board at Completion.

Pursuant to the Relationship Agreement, the Business Plan and the Budget will, subject to the Consent Matters and the Push Matters, be prepared annually by the Chief Executive Officer for approval by the LCH.Clearnet Board and will look forward for the next five financial years.

Core Operating Principles

The Core Operating Principles are summarised below:

- operation of safe and trusted clearing venues so as to comply with the LCH.Clearnet Group's legal and regulatory obligations at all times;

- operation of the LCH.Clearnet Group as a fully commercial and for-profit business;

- preservation of the SwapClear Businesses' structure, operating models and arrangements without change, including in relation to governance, pricing, management and control (unless otherwise agreed between the parties to the relevant SwapClear Agreement, LCH.Clearnet and LSEG);

- services offered on terms that are fair, reasonable, open and non-discriminatory and on a basis such that LCH.Clearnet's risk is adequately controlled;

- an agreed dividend policy, which would allow the LCH.Clearnet Board to calculate at semi-annual intervals the amount of distributable profits available for paying dividends, taking into account prescribed factors (including regulatory requirements), with LSEG having the ability to determine whether, and to what extent, to distribute that amount;

- preservation of the RepoClear operating model and arrangements in all material respects; and

- arm's length contractual arrangements between any LCH.Clearnet Group company and any LSEG Group company.

The Core Operating Principles will be adopted by the LCH.Clearnet Board at Completion and may only be amended with LSEG's consent (as described below). Material amendments to the Core Operating Principles may only be made by special resolution and with Minority Shareholder Approval. The determination of whether a proposed amendment to the Core Operating Principles is material shall be made by a majority decision of the LCH.Clearnet Independent Directors.

Product level governance

With regard to product level governance, LCH.Clearnet intends to put in place arrangements for each divisional managing director to be supported by an advisory committee for each major product line within LCH.Clearnet. It is anticipated that these advisory committees will provide specialist input and advice to the relevant divisional managing director, in relation to the relevant product line. It is intended that the advisory committee for each product line will consist of eight members, including both members of the LCH.Clearnet executive team and clearing participants, although the detailed scope and composition of each advisory committee may vary depending on User feedback.

Notwithstanding the product governance proposals described above, the current product governance in relation to the SwapClear Businesses will be preserved without change and in relation to RepoClear will be preserved in all material respects, save to the extent that any applicable laws or regulations require the governance or models to be altered from time to time.

LCH.Clearnet Shareholder meetings

Under the New LCH.Clearnet Articles, the quorum for an LCH.Clearnet Shareholder meeting shall be at least two LCH.Clearnet Shareholders, one of which shall be LSEG.

LSEG Consent Matters

The LSEG Consent Matters are set out in the Relationship Agreement. Under the New LCH.Clearnet Articles, the LSEG Consent Matters will require the written consent of LSEG. Material amendments to the LSEG Consent Matters can only be made by special resolution and with Minority Shareholder Approval.

In summary, LSEG Consent Matters are:

- material acquisitions and disposals;
- material borrowings;
- material IT investments;
- settlement of certain litigation;
- adoption of, material variation of, or departures from the Business Plan or the Budget;
- any transaction which LCH.Clearnet is aware would constitute for LSEG a significant transaction under Listing Rule 10 or a related party transaction under Listing Rule 11 (in order to ensure that LCH.Clearnet is aware of such matters, it is agreed in the Relationship Agreement that LCH.Clearnet will co-operate with LSEG with respect to the identification of such transactions and to provide relevant information for such purposes (including for any relevant shareholder circular));

and any matters which:

- would represent a change to, or divergence from, the Core Operating Principles or Executive Delegation;

- would be reasonably likely to cause a material change in the regulatory obligations or regulatory capital requirements applicable to business of the LCH.Clearnet Group or the LSEG Group;

- would reasonably be expected to constitute:

  - a material increase in the risk profile of the investment policy or the collateral management policy; or

  - a change in the liquidity policy which would result in a material decrease in liquidity resources available to the LCH.Clearnet Group; or

- would represent a material change to, or divergence from, the Business Plan and/or the Budget (other than to the extent that the relevant matter is executed within the limits contained in the Executive Delegation).

LSEG Consent Matters will not require the consent described above if the matter is:

(a) set out in reasonable detail in the Business Plan and/or the Budget or in, or in the attachments to, the LCH.Clearnet Disclosure Letter and is executed within the financial and other parameters and/or limits contained in such plan, budget, letter or attachments; or

(b) required by any applicable laws or regulations.

The LCH.Clearnet Disclosure Letter sets out certain matters in relation to LCH.Clearnet and the Transaction, including certain aspects of LCH.Clearnet's growth strategy (including in the US) and of the ongoing development of the SwapClear Businesses.

No matter which LCH.Clearnet is required to undertake in order to comply with its obligations under a SwapClear Agreement shall constitute a LSEG Consent Matter.

Push Matters

The Push Matters are set out in the Relationship Agreement. The New LCH.Clearnet Articles set out the approval arrangements for Push Matters. Material amendments to the Push Matters can only be made by special resolution and with Minority Shareholder Approval.

Under the Push Matter regime, LSEG or any of the directors appointed by LSEG (which, for the avoidance of doubt, does not include the Venue Directors and the LSEG Independent Directors) may require that a resolution be put to LCH.Clearnet Shareholders which:

(a) has already been decided upon by the LCH.Clearnet Board; or

(b) LSEG wishes to be put to resolution by the LCH.Clearnet Board, but which the LCH.Clearnet Board has failed to consider or on which it is unable to reach agreement, in each case within such reasonable period of time as may be allowed by LSEG.

Push Matters elevated to LCH.Clearnet Shareholders will require the approval of LCH.Clearnet Shareholders in a general meeting. For such a Push Matter to be validly approved, at least: (a) 60 per cent. of the votes attaching to the LCH.Clearnet Shares cast by LCH.Clearnet Shareholders; and (b) 25 per cent. of the votes attaching to the LCH.Clearnet Shares cast by User Shareholders, in each case, on the relevant resolution must be in favour.

In summary, Push Matters are:

- expansion into new geographies;
- introduction of new Venues;
- adoption of, material variation of, or departures from, the Business Plan or the Budget;
- any material matter relating to LCH.Clearnet's IT strategy;
- material acquisitions and disposals;
- material borrowings; and
- entry into, termination or material variation of any material contract.

A matter shall not be capable of being a Push Matter if approval of the relevant matter would result in LCH.Clearnet not complying with a requirement of any applicable laws or regulations.

No matter which LCH.Clearnet is required to undertake in order to comply with its obligations under a SwapClear Agreement shall constitute a Push Matter.

Minority Protection Reserved Matters

Pursuant to the Relationship Agreement, Minority Protection Reserved Matters (which are set out in the Relationship Agreement) will require the approval of LCH.Clearnet Shareholders holding at least 80 per cent. of the votes attaching to the LCH.Clearnet Shares cast on the relevant resolution at an LCH.Clearnet Shareholder meeting. Minority Protection Reserved Matters may also be approved by written resolution. In addition, pursuant to the New LCH.Clearnet Articles, Minority Protection Reserved Matters that are required to be approved by LCH.Clearnet Shareholders pursuant to the Relationship Agreement shall not occur or be implemented unless they have also been approved by special resolution.

In summary, Minority Protection Matters are:

- altering the constitutional documents of LCH.Clearnet;
- a material change in the Core Operating Principles;
- a change to the share capital of LCH.Clearnet on a non pre-emptive basis, subject to any share issues: required in order to maintain sufficient regulatory capital (including pursuant to the Regulatory Capital Subscription Agreement) or introduce new Venues; in connection with acquisitions approved as Push Matters; or for cash, conducted

pursuant to the LCH.Clearnet Board's standing authority in the New LCH.Clearnet Articles as refreshed by special resolution from time to time;

- any proposal to wind up LCH.Clearnet or any material LCH.Clearnet Group company or other voluntary proceedings seeking liquidation, administration, reorganisation, readjustment or other relief under any bankruptcy, insolvency or similar law or the appointment of a trustee, receiver, administrator, liquidator or similar officer; and
- any material amendment to the Relationship Agreement (save for any amendment(s) pursuant to any legal or regulatory requirement).

However, the following matters will not require the approval described above:

(a) any proposal to wind up LCH.Clearnet or any material LCH.Clearnet Group company as described in the Minority Protection Matter set out above which the LCH.Clearnet Directors, in the proper exercise of their fiduciary duties, determine shall not require such approval; and

(b) any matter which the LCH.Clearnet Independent Directors reasonably determines is not material to the User Shareholders.

SHAREHOLDING ARRANGEMENTS

Shareholding structure

Pursuant to the terms of the Offer, on Completion, LSEG will own between 50 per cent. plus one LCH.Clearnet Share of the issued share capital of LCH.Clearnet as at Completion and 60 per cent. of LCH.Clearnet's Issued Share Capital. The balance of LCH.Clearnet Shares not held by LSEG will be held by existing LCH.Clearnet Shareholders which retain some or all of their LCH.Clearnet Shares and any new Venues that have been invited by LSEG (with the approval of LCH.Clearnet) to become LCH.Clearnet Shareholders.

Under the Relationship Agreement, LSEG has agreed that it will not dispose of its LCH.Clearnet Shares for a period of 12 months following Completion, subject to any sale to new Venues that do not reduce LSEG's shareholding in LCH.Clearnet below 50 per cent. plus one LCH.Clearnet Share.

Under the New LCH.Clearnet Articles, all ordinary shares will rank *pari passu* including as to dividends and other distributions, voting and return of capital.

Under the New LCH.Clearnet Articles, subject to all relevant laws and regulations, an ownership cap will prevent LCH.Clearnet Shareholders from holding, directly or indirectly, 10 per cent. or more of the issued share capital of LCH.Clearnet and the voting rights of LCH.Clearnet Shareholders will be capped at 5 per cent. These caps will not apply to LSEG for so long as it maintains an interest of 10 per cent. or more in LCH.Clearnet. The voting rights attaching to LCH.Clearnet Shares in excess of the 5 per cent. cap are exercised by the company secretary of LCH.Clearnet in accordance with the recommendation of the LCH.Clearnet Board.

Pursuant to the Regulatory Capital Subscription Agreement, LCH.Clearnet may (if so determined by a resolution of the LCH.Clearnet Board, and within 18 months from the date of Completion) call for LSEG to subscribe at the Offer Price for further LCH.Clearnet Shares if required in order to meet LCH.Clearnet's regulatory capital requirements. If LCH.Clearnet calls for subscription by LSEG, such issue may be made on a non pre-emptive basis and this could result in LSEG's holding exceeding 60 per cent. of the issued share capital of LCH.Clearnet.

New LCH.Clearnet Shareholders

Under the New LCH.Clearnet Articles, any new LCH.Clearnet Shareholders will need to be: interdealer brokers, clearing members which are party to clearing arrangements with LCH.Clearnet, buy-side institutions (including asset managers), exchanges, trading platforms and settlement facility providers or any other legitimate market participant (subject to LSEG's consent), provided in each case that the number of the relevant entity's contracts or trades cleared by the LCH.Clearnet Group is considered by the LCH.Clearnet Board to be significant or the relevant entity otherwise demonstrates a mutual business relationship or interest to the satisfaction of the LCH.Clearnet Board (and the LCH.Clearnet Board may take into account the regulatory good standing of such entity when determining whether it is so satisfied).

Under the New LCH.Clearnet Articles, any new Venues must be approved by the LCH.Clearnet Board.

Issues of LCH.Clearnet Shares

Under the New LCH.Clearnet Articles, the LCH.Clearnet Board will be granted a standing authority to allot up to one third of the existing share capital of LCH.Clearnet and to make annual non pre-emptive issues for cash of up to five per cent. of the existing share capital of LCH.Clearnet, subject to any such issues in any three year period representing no more than 7.5 per cent. of the existing share capital of LCH.Clearnet. The LCH.Clearnet Board will also be permitted to allot LCH.Clearnet Shares for cash on a non pre-emptive basis to new Venue partners, for the purposes of maintaining sufficient regulatory capital, and to enable LSEG to subscribe for such number of LCH.Clearnet Shares as is required to enable LSEG to hold 50 per cent. of the issued share capital of LCH.Clearnet as at Completion plus one LCH.Clearnet Share.

Under the New LCH.Clearnet Articles, the allotment of LCH.Clearnet Shares shall be subject to the consent of LSEG.

Under the Relationship Agreement, for the 12 months immediately following Completion, any issue of LCH.Clearnet Shares in order to facilitate the introduction of new Venue Shareholders shall be made at a subscription price of no less than €19 per LCH.Clearnet Share unless otherwise agreed between the LCH.Clearnet Board and LSEG.

Under the New LCH.Clearnet Articles, on any share issue which would result in:

(a) LSEG's shareholding falling below 50 per cent. plus one LCH.Clearnet Share, 40 per cent., 20 per cent. or 10 per cent., prior to such issue LSEG will be entitled to subscribe on the same or equivalent terms in order to maintain a shareholding percentage of LCH.Clearnet Shares of 50 per cent. plus one LCH.Clearnet Share, 40 per cent., 20 per cent. or 10 per cent. (as appropriate); or

(b) the User Shareholders aggregate shareholding falling below 25 per cent. or, if it is already below 25 per cent. prior to such issue, below 20 per cent., the User Shareholders will be entitled to subscribe on the same or equivalent terms in order to maintain an aggregate shareholding percentage of LCH.Clearnet Shares of 25 per cent. or 20 per cent. (as appropriate).

Transfers of LCH.Clearnet Shares

The following provisions are set out in the New LCH.Clearnet Articles.

Subject to the discretion of the LCH.Clearnet Board to approve any transfer of LCH.Clearnet Shares if it considers that the interests of LCH.Clearnet would be best served by the LCH.Clearnet Shares being transferred on a non pre-emptive basis to a particular entity, on a transfer of LCH.Clearnet Shares:

(a) by an LCH.Clearnet Shareholder which is not a Venue Shareholder; and

(b) by LSEG other than to a Venue eligible to be an LCH.Clearnet Shareholder and approved by the LCH.Clearnet Board,

the remaining LCH.Clearnet Shareholders will have a right of first refusal on a *pro rata* basis.

On a transfer of LCH.Clearnet Shares by a Venue Shareholder, LSEG will have a right of first refusal. The LCH.Clearnet Board's discretion described above will not apply to the extent that, in exercising such right, LSEG's percentage holding of LCH.Clearnet Shares would not exceed its percentage holding immediately after Completion. However, if LSEG does not exercise such right, or if LSEG exercises such right but there are excess LCH.Clearnet Shares that it is not entitled to acquire, the remaining LCH.Clearnet Shareholders will have a right of first refusal on a *pro rata* basis in respect of the LCH.Clearnet Shares the Venue Shareholder wishes to transfer or the excess LCH.Clearnet Shares (as applicable).

LSEG will be able to transfer LCH.Clearnet Shares on a non pre-emptive basis to any Venue eligible to be an LCH.Clearnet Shareholder and approved by the LCH.Clearnet Board.

On a pre-emptive offer, any share transfer shall be conditional on the relevant transferor being able to transfer the minimum number of LCH.Clearnet Shares specified by such transferor to the other LCH.Clearnet Shareholders. If this condition is not met the relevant transferor shall be entitled to transfer such LCH.Clearnet Shares on a non pre-emptive basis.

Sale of LSEG's interest / impact of dilution

Under the New LCH.Clearnet Articles and the Relationship Agreement, on a sale of LSEG's entire interest, or more than 50 per cent. of its interest, in LCH.Clearnet to a purchaser, such purchaser shall adhere to the Relationship Agreement. On a transfer of more than 50 per cent. of LSEG's interest, if LCH.Clearnet, LSEG and the purchaser wish to materially vary the rights and obligations that would apply to the purchaser, LCH.Clearnet and LSEG must obtain Minority Shareholder Approval.

In the event that LSEG sells part of its interest in LCH.Clearnet or does not exercise its anti-dilution protections, its governance rights and protections will be scaled back in accordance with the provisions of the New LCH.Clearnet Articles and the Relationship Agreement. A number of LSEG's key rights (including the right to appoint and remove the Chief Executive Officer, the LSEG Consent Matters and the Push Matters) will be lost if LSEG no longer holds 40 per cent. or more of the issued share capital of LCH.Clearnet.

Cessation of LSEG rights

In certain limited circumstances, LSEG's rights under the Relationship Agreement will cease (and it will be treated as a "Dormant Member" under the New LCH.Clearnet Articles with the result that it will no longer be able to exercise the voting rights attached to its LCH.Clearnet Shares and LCH.Clearnet may redeem such LCH.Clearnet Shares at a price of €15 per LCH.Clearnet Share or require them to be sold at fair market value). These circumstances include:

(a) the termination by LSEG of its clearing agreement with LCH.Clearnet other than for cause;

(b) the termination by LCH.Clearnet of its clearing agreement with LSEG as a result of a termination event triggered by LSE plc's insolvency or the termination of LSE plc's Recognised Investment Exchange status (provided that, in the latter case, LSEG's rights shall be reinstated if LSE plc regains Recognised Investment Exchange status); and

(c) except where LSEG has done no more than exercise its rights of appointment or removal, or to give or withhold consent to the appointment of directors to the LCH.Clearnet Board, as provided for in the Relationship Agreement, the New LCH.Clearnet Articles or the Nomination Terms of Reference, if LSEG exercises its statutory voting rights to appoint directors to, or remove directors from, the LCH.Clearnet Board such that LSEG obtains an overall majority on the LCH.Clearnet Board unless:

  (i) LCH.Clearnet has materially breached the Relationship Agreement and the breach remains unremedied for a period of 30 days;

  (ii) (A) if LCH.Clearnet has given notice to LSEG to restore the balance of the LCH.Clearnet Board, the balance has been restored within 30 days; or (B) LCH.Clearnet has given no such notice to LSEG; or

  (iii) LCH.Clearnet and LSEG have been in dispute as to whether LCH.Clearnet has been in material breach as described in (i) and there has been an agreement or final judicial or arbitral determination that LCH.Clearnet has not been in material breach, and the balance of the LCH.Clearnet Board as existed prior to LSEG (or any LSEG Group company) exercising its voting rights has been restored within 30 days of the date of such agreement or determination.

OTHER ONGOING RELATIONS BETWEEN LCH.CLEARNET AND LSEG

Independence

Subject to the other provisions of the Relationship Agreement as described above, the Relationship Agreement provides that the LCH.Clearnet business will be carried on independently of LSEG. LCH.Clearnet will have its own management team which will be responsible for day to day running of the business.

The New LCH.Clearnet Articles and the Relationship Agreement provide that, notwithstanding that directors on the LCH.Clearnet Group boards may have a conflict of interest in respect of a particular matter as a result of their directorship of, or employment by, a member of the LSEG Group or another member of the LCH.Clearnet Group, such directors will be entitled to attend and vote at any meeting at which that matter is to be discussed and are entitled to receive information relating to that matter. However, if the LCH.Clearnet Independent Directors determine that there is a conflict of interest between:

(a) an LCH.Clearnet Shareholder that has appointed a director and a member of the LCH.Clearnet Group due to a dispute, or the entry into, material variation or termination of a contract, between the two parties; or

(b) an LCH.Clearnet Shareholder (other than LSEG) that has appointed a director and a member of the LCH.Clearnet Group in relation to any other matter,

then the relevant director will, subject to the discretion of the LCH.Clearnet Independent Directors, be prevented from attending and voting at any meeting at which that matter is to be discussed and from receiving confidential information in relation to that matter.

Also under the New LCH.Clearnet Articles, if the LCH.Clearnet Independent Directors determine that, in order to prevent breach of applicable competition law or regulation, a director appointed or nominated for appointment by a particular shareholder should not have access to certain competitively sensitive information, the relevant director shall not be entitled to receive such information, attend any part of a meeting at which such information is discussed, or participate in discussions or vote on any resolution at meetings of the LCH.Clearnet Board or any committee of the LCH.Clearnet Board relating to such information, unless a majority of the LCH.Clearnet Independent Directors agrees otherwise.

Related party transactions

Under the Relationship Agreement, it is provided that any dealings or contracts between LCH.Clearnet and LSEG will be on *bona fide* arm's length commercial terms and will be subject to the prior approval of a committee of the LCH.Clearnet Board consisting solely of LCH.Clearnet Independent Directors and, when determined appropriate by the LCH.Clearnet Independent Directors, directors not associated with LSEG.

Operating arrangements

The following arrangements are set out in the Relationship Agreement.

With effect from Completion, LCH.Clearnet and LSEG have agreed that they will each continue to operate their respective CCP services businesses as they exist, and in accordance with their business plans, at that time. Subject to this and to certain exceptions, including with respect to LSEG's post-trade technology business, CC&G's operations in Italy and certain other specified jurisdictions, CC&G's services for Italian customers and certain geographies where LCH.Clearnet and LSEG have agreed to operate in accordance with their individual business requirements, LSEG intends to conduct all of its CCP services through LCH.Clearnet. In addition, in the event of an acquisition by LSEG of a clearing business as part of a merger or acquisition, LSEG is obliged, subject to certain exceptions, to offer it for sale to LCH.Clearnet.

These arrangements will terminate on the earlier of five years after Completion or LSEG ceasing to hold 40 per cent. of the issued share capital of LCH.Clearnet.

SwapClear Businesses

LSEG has agreed not to introduce any SwapClear Business products onto its exchange or other execution platforms without the approval of the governance committee relating to the relevant product, subject to applicable regulation not mandating electronic trading in such products and subject to compliance with all applicable antitrust laws. LSEG will not be bound to observe this obligation in respect of those products relating to a SwapClear Business whose associated SwapClear Agreement has been validly terminated.

Provision of information

Under the Relationship Agreement, LCH.Clearnet undertakes to provide LSEG with sufficient financial and other information reasonably required by LSEG to meet any applicable reporting requirements or standards and for LSEG's budgeting and forecasting processes in a timely fashion.

Other provisions of the Relationship Agreement

In addition to the points summarised above, the Relationship Agreement includes conventional boilerplate provisions, such as those relating to confidentiality, announcements, notices and costs.

Amendments to the Relationship Agreement

Any material amendment to the Relationship Agreement (other than any amendment(s) pursuant to any legal or regulatory requirement) are a Minority Protection Reserved Matter and must also be approved by special resolution.

Further information

Further information on the ongoing relations between LCH.Clearnet and LSEG is set out in the New LCH.Clearnet Articles and the Relationship Agreement, which will be available for inspection from the date of the LSEG Circular up to and including the date of the LSEG Meeting, as described in the LSEG Circular.

Appendix C

Risk factors

1. Risks relating to the Transaction

- The Transaction is subject to a number of conditions which may not be satisfied or waived.
- Merger control clearances may take a lengthy period of time to complete.
- The Enlarged Group may fail to realise the expected benefits of the Transaction.
- The value of the LCH.Clearnet Shares purchased by LSEG may be less than the consideration paid by LSEG.
- Share issuances by LCH.Clearnet may dilute LSEG's shareholding in LCH.Clearnet.

2. Risks relating to the clearing industry and financial markets

- The post-trade business of the Enlarged Group will be subject to the impact of market and economic conditions beyond its control.
- The Enlarged Group may be subject to risks associated with the Eurozone debt crisis.
- The policy of the ECB on Eurozone clearing may negatively impact the Enlarged Group.
- Performance of rights and duties as a CCP can expose the Enlarged Group to liability to clearing members.
- Competition within the post-trade environment in which the Enlarged Group operates is expected to continue to intensify.

3. Risks relating to regulation of the Enlarged Group

- Regulatory restrictions will apply to the Enlarged Group's post-trade and other businesses.
- The Enlarged Group may be subject to more intensive regulatory scrutiny (including over previously unregulated areas of the Enlarged Group's business) and such scrutiny could impact the Enlarged Group disproportionately.
- Changes in applicable regulations or requirements may have a negative impact on the Enlarged Group's business.
- Increased liquidity requirements for CCPs and a more restrictive investment policy may adversely affect the Enlarged Group's CCPs.
- LSEG may become a Financial Holding Company which will result in the Enlarged Group being required to hold significantly more regulatory capital.
- Regulatory capital requirements may negatively affect the Enlarged Group.
- Regulatory changes may adversely impact the Enlarged Group's clearing members and, as a result, the demand for the clearing and risk management services of the Enlarged Group may decrease.

- Other regulatory developments in Europe and other jurisdictions bring further risk of changes to the regulatory environment in which the Enlarged Group will operate.
- There may be conflicts between regulatory regimes in countries in which the Enlarged Group or its customer or target customers are located.

4. Risks relating to the Enlarged Group

- The revenues and profits of the Enlarged Group's post-trade businesses may be adversely affected if it is unable to retain its current customers or attract new customers.
- There is no guarantee that the OTC initiatives of the Enlarged Group will be successful.
- The Enlarged Group's OTC clearing businesses are subject to particular risk.
- An increased concentration of value in the clearing of fixed income will magnify any adverse impact of changes to the trading and clearing of fixed income products.
- The Enlarged Group's enlarged clearing activities will form a greater proportion of the Enlarged Group's total business and the Enlarged Group's aggregate exposure to the particular risks run by CCPs will increase accordingly.
- The governance structure of the LCH.Clearnet Group post-Completion will restrict the control exercisable by LSEG over the LCH.Clearnet Group's activities and LSEG may need to take corrective action to ensure that it continues, for Listing Rules purposes, to control the majority of the LSEG Group assets.
- The Enlarged Group may be affected by the proposed introduction of an EU financial transaction tax.
- The Enlarged Group may be affected by a US transaction tax.
- The Enlarged Group will be highly dependent on the development and operation of sophisticated technology and advanced information systems.
- Systems failures, capacity constraints or security breaches may materially harm the Enlarged Group's ability to conduct its operations and execute its business strategy and may mean that it is subjected to significant costs and liabilities.
- The Enlarged Group will depend on a number of third party suppliers.
- The Enlarged Group may not be able to protect its intellectual property rights, which may materially harm its business.
- Any infringement by the Enlarged Group of the patent rights of others could result in litigation and adversely affect its ability to provide the Enlarged Group's products and services.
- Any reduction in the Enlarged Group's credit rating could impact the availability and cost of funding from the capital markets.
- Any impairment of the Enlarged Group's goodwill and other intangible assets or investments may result in material, non-cash writedowns and could have a material adverse impact on the Enlarged Group's results of operations and LSEG Shareholders' equity.
- The Enlarged Group will be exposed to FX rate fluctuations.
- The Enlarged Group will be exposed to interest rate fluctuations.
- The funding status of the Enlarged Group's pension arrangements may change.

Appendix D

Sources and Bases of Calculations

- The sterling to euro exchange rate used as at the latest practicable date is 1.200.
- The sterling to euro exchange rate used as at 31 December 2011 is 1.1972.
- The sterling to euro exchange rate used for the 2011 calendar year is 1.1527.
- LCH.Clearnet's Issued Share Capital is: 40,632,643.
- Where appropriate, figures in this announcement have been rounded to the nearest €1 million or £1 million.
- Pro forma Enlarged Group Adjusted EBITDA calculated as follows:

LCH.Clearnet adjusted EBITDA

	€m
Total income[1]	391.5
(-) Operating expenses (before impairment and non-recurring)	(323.9)
(+) Unrealised net investment loss	39.3
(+) Depreciation and amortisation	23.5
LCH.Clearnet underlying EBITDA	130.4
(+) Additional depreciation and amortisation to agree to Income Statement	2.3
(-) LSEG restatement of pension interest cost/asset returns from operating expenses to net interest expense	(1.2)
LCH.Clearnet adjusted EBITDA (per LSEG restatement) €m	**131.5**
LCH.Clearnet adjusted EBITDA (per LSEG restatement) £m [2]	**114.1**

LSEG & Enlarged Group EBITDA Calculations

	£m
LSEG LTM 30 Sep 2011 – as reported	
EBITDA y/e 31 Mar 2011	390.6
(-) Elimination of EBITDA 6 m/e 30 Sep 2010	(182.8)
Resulting EBITDA for 6 m/e 31 Mar 2011	207.8
(+) EBITDA 6 m/e 30 Sep 2011	233.0
LSEG EBITDA LTM 30 Sep 2011 - as reported	440.8
Full year impact of FTSE	
(-) Elimination of FTSE royalties - 6 m/e 31 Mar 2011	(6.0)
(-) Elimination of FTSE royalties - 6 m/e 30 Sep 2011	(6.7)
(-) Elimination of FTSE share of JV profit - 6 m/e 31 Mar 2011	(2.6)
(-) Elimination of FTSE share of JV profit - 6 m/e 30 Sep 2011	(3.4)
(-)Total FTSE elimination	(18.7)
(+) FTSE EBITDA y/e 31 Dec 2011	53.6
LSEG EBITDA LTM 30 Sep 2011 - including full year of FTSE	475.7
Enlarged Group	
LCH.Clearnet adjusted EBITDA y/e 31 Dec 2011	114.1
Enlarged Group adjusted EBITDA	**589.8**

[1] Rounding difference of €0.1 million
[2] 2011 average FX rate of 1.1527

Appendix E

LCH.Clearnet Shareholder Support

The following LCH.Clearnet Shareholders have undertaken to vote in favour of the LCH.Clearnet Resolution in respect of all their LCH.Clearnet Shares and to accept the Offer in respect of the percentage of LCH.Clearnet Shares indicated below:

Name of LCH.Clearnet Shareholder group	% of LCH.Clearnet Shares held	% of LCH.Clearnet Shares to be assented to the Offer[1]
LME	8.05	8.05
J.P. Morgan	5.92	4.92
Credit Agricole	4.90	3.90
BNP Paribas	4.80	3.80
RBS	4.55	3.55
BofA Merrill Lynch	4.51	3.51
Credit Suisse	4.10	2.80
Citi	4.06	2.56
UBS	3.94	2.94
Morgan Stanley	3.89	2.89
MFG (acting by its joint special administrators)	2.39	2.39
Nomura	1.97	0.97
Deutsche Bank	1.85	0.85
Goldman Sachs	1.79	0.79
HSBC	1.74	0.74
ABN Amro	1.62	0.62

[1] This column indicates the percentage of LCH.Clearnet Shares that the providers of undertakings have committed to the Offer. Whether all such LCH.Clearnet Shares will ultimately be sold through the Offer will depend on overall acceptances and Target Holding Elections (if any) made by such holders and the application of the scaleback and allocation principles.

Barclays	1.55	0.55
ING	1.07	1.07
Total	**62.70**	**46.90**

Summary of key terms

A summary of the MFG undertaking is set out below. In relation to each of the other undertakings, they will cease to be binding in certain circumstances, including in all cases (a) following a change in the recommendation of the LCH.Clearnet Recommending Directors, (b) if certain of the key milestones in the Offer timetable are not achieved, and (c) if the Offer lapses or is withdrawn (which will occur if the Implementation Agreement is terminated).

In addition, each of the undertakings (other than the MFG undertaking) permits the relevant shareholder not to vote in favour of the Transaction and/or to accept the Offer if a third party offer is proposed for LCH.Clearnet. The terms and basis on which a third party offer or proposal would need to be made in order to give rights of termination vary between the undertakings. Taking in turn the various key elements of the alternative transaction termination provisions[1]:

- the number of LCH.Clearnet Shares to which the alternative transaction must relate range from an offer for more than 50 per cent. (undertakings for 34.57 per cent. of LCH.Clearnet Shares) down to an offer for any number of shares (undertakings for 17.85 per cent. of LCH.Clearnet Shares) although in certain cases such proposal has to be made within a limited timeframe following announcement after which the threshold moves back up to 30 per cent.;

- the aggregate value at which the alternative transaction must be offered ranges from €23 per LCH.Clearnet Share through to a test of any price which the relevant shareholder concludes at its discretion is a better alternative; for undertakings in respect of 37.02 per cent. of the LCH.Clearnet Shares the competing offer value must be at €22 or more;

- in addition, certain of the undertakings require the alternative transaction to be a firm offer or an offer capable of acceptance (undertakings for 23.33 per cent. of the LCH.Clearnet Shares) whereas others require only a proposal to be made (and in some cases that proposal can be a private proposal); and

- in the case of one shareholder the undertaking can simply be terminated on notice.

Certain of the undertakings (representing undertakings in respect of 8.44 per cent. of the LCH.Clearnet Shares) may lapse if antitrust regulators require modifications to the Transaction which the relevant shareholder reasonably considers might materially alter the Transaction.

[1] Percentage references to undertakings in respect of LCH.Clearnet Shares relate to number of LCH.Clearnet Shares held by the holders (rather than number of LCH.Clearnet Shares to be assented to the Offer).

MFG Undertaking

LSEG has received an irrevocable undertaking to vote in support of the Transaction and to accept the Offer from MF Global UK Limited (in special administration) ("**MF Global**"), acting by its joint special administrators, Richard Fleming, Richard Heis and Mike Pink of KPMG, in respect of the 970,656 LCH.Clearnet Shares held by MF Global (representing 2.39 per cent. of the LCH.Clearnet Issued Share Capital) (the "**MF Global Shares**"). Under the terms of this irrevocable, LSEG has an option to purchase the MF Global Shares (the "**Call Option**") and MF Global has an option to require LSEG to purchase the MF Global Shares (the "**Put Option**") for an initial cash consideration of €14 per LCH.Clearnet Share (the "**Initial Consideration**"), or €13.6 million in total, from the date three days after the earlier of the LCH.Clearnet Meeting and the date four months after signing of the irrevocable, for a period of two weeks. LSEG will pay interest to MF Global at the rate of 2 per cent. on the sum of €13.6 million from the date of signing of the irrevocable to the date on which completion of the Put Option or Call Option occurs.

In addition, if the Transaction completes (or LSEG on sells the MF Global Shares to a third party at a price greater than €14 per LCH.Clearnet Share) within a year of the exercise of either of the Put Option or the Call Option, LSEG has agreed to pay to MF Global a price per MF Global Share of 60 per cent. of any difference between the Initial Consideration and the price payable by LSEG per LCH.Clearnet Share under the Offer (or received by LSEG per MF Global Share on such on-sale). The transaction will be funded from existing resources. There will be no on-going financial impact on LSEG as a result of this transaction, save for receipt of any dividends from LCH.Clearnet.

Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise:

Acceptance Condition	has the meaning given in Appendix A of this announcement;
ACP or ***Autorité de Contrôle Prudentiel***	means Autorité de Contrôle Prudentiel, the French banking and financial supervisory body as defined and regulated in articles 612-1 and seq. of the French monetary and financial code;
Adjusted EBITDA	means earnings after inclusion of pro forma 12 month FTSE EBITDA and before interest, tax depreciation, amortisation, non-recurring items (including the profit on repurchase of the Preferred Securities) and unrealised net investment losses;
Adjusted net debt	means the sum of LSEG's borrowings, less unrestricted cash and cash equivalents plus the preferred securities, finance leases and the Special Dividend offset by LCH.Clearnet's freely available cash of €97.2m (deemed to equate to the excess of regulatory capital over Pillar I and Pillar II);
AFM	means *Autoriteit Financiele Markten*, the Dutch financial market authority;
Agreed Form	means, in relation to a document, the form of that document as initialled for the purpose of identification by or on behalf of the parties (in each case with such amendments as may be agreed by them or on their behalf);
AMF	means the French financial market authority established pursuant to article L. 621-1 of the French monetary and financial code;
Board	means the board of the LSEG Directors or the LCH.Clearnet Directors as the context requires;
Borsa Italiana	means Borsa Italiana S.p.A., a company incorporated in Italy and a subsidiary of LSEG;
Budget	means the current budget as most recently acknowledged by the LCH.Clearnet Board;

Business Plan	means the current business plan as most recently acknowledged by the LCH.Clearnet Board;
CAGR	means the compound annual growth rate;
CC&G	means Cassa di Compensazione e Garanzia S.p.A., a company incorporated in Italy and a subsidiary of LSEG;
CCP	means a clearing house acting as a central clearing counterparty;
CDS	means credit default swap;
CDSClear	means the clearing service that LCH.Clearnet is establishing for clearing OTC CDS trades;
CDSClear Agreement	means the agreement to be entered into between LCH.Clearnet S.A., CreditDerivClear Limited and certain of the SwapClear Banks in relation to CDSClear;
CFTC	means the Commodity Futures and Trading Commission;
Citi	means Citigroup Global Markets Limited;
Clearing Participants	means those persons other than LSEG who are or, pursuant to the New LCH.Clearnet Articles will be eligible to be, LCH.Clearnet Shareholders;
Closing Date	means the First Closing Date, or such later date to which the Offer may be extended in accordance with the terms of the Implementation Agreement and the Offer Document;
CNC	means the Spanish Comisión Nacional de la Competencia;
Companies Act	means the Companies Act 2006, including any statutory modification or re-enactment thereof;
Completion	means completion of the Transaction;
Core Operating Principles	means the core operating principles set out in Schedule 4 of the Relationship Agreement and summarised in Appendix B of this announcement;
Dodd-Frank	means the Dodd-Frank Wall Street Reform and

	Consumer Protection Act;
EBITDA	means earnings before interest, tax, depreciation, and amortisation;
ECB	means the European Central Bank;
EMIR	means the proposed European regulation on OTC derivative transactions, CCPs and trade repositories;
Enlarged Group	means the LSEG Group as enlarged by the Transaction;
ETF	means exchange traded fund;
EU	means the European Union;
European Commission	means the Commission of the EU, originally constituted under Article 4 of the Treaty establishing the European Economic Community, signed in Rome on 25 March 1957;
Eurozone	means the subset of European countries who have adopted the euro;
Excess Offer Shares	has the meaning given in section 10 of this announcement;
Executive Delegation	means the terms of reference for delegation from the LCH.Clearnet Board to the Chief Executive Officer of LCH.Clearnet set out in Schedule 8 of the Relationship Agreement and summarised in Appendix B of this announcement;
FHC or ***Financial Holding Company***	means a financial holding company (compagnie financière) as defined in Article 517-1 of the French code monétaire et financier or in the laws, rules or regulations of any other EU Member State transposing Article 4 of Directive 2006/48/EC or Article 3 of Directive 2006/49/EC;
Financial Conduct Authority	means the regulatory authority established as part of regulatory reforms to be introduced by the UK Financial Services Bill, which will be responsible for regulating conduct in retail and wholesale markets, supervising the trading infrastructure that supports those markets, and for the prudential regulation of firms not prudentially regulated by the Prudential Regulation Authority;

First Closing Date	means 30 March 2012, or such later date specified in the Offer Document as being the first date on which the Offer will cease to be open for acceptances;
ForexClear	means the clearing service that LCH.Clearnet is establishing for clearing OTC FX trades;
ForexClear Agreement	means the agreement dated 8 December 2010 between LCH.Clearnet, FXGlobalClear Limited and certain of the SwapClear Banks in relation to ForexClear, as amended by a deed of variation dated 5 October 2011;
Form of Acceptance	means the form of acceptance to be sent to LCH.Clearnet Shareholders with the Offer Document;
FSA or ***Financial Services Authority***	means the Financial Services Authority of the UK or any successor authority or authorities (including the Prudential Regulatory Authority and the Financial Conduct Authority);
FSMA	means the Financial Services and Markets Act 2000 (as amended);
FTSE	means FTSE International Limited;
FX	means foreign exchange;
HSR	means the Hart-Scott-Rodino Antitrust Improvements Act of 1976;
Implementation Agreement	means the implementation agreement between LCH.Clearnet, LSEG and LSEC entered into on or around the date of this announcement;
J.P. Morgan	means J.P. Morgan Limited;
LCH.Clearnet	means LCH.Clearnet Group Limited, a company incorporated in England and Wales (registered number 4743602) whose registered office is at Aldgate House, 33 Aldgate High Street, London EC3N 1EA;
LCH.Clearnet Board Reserved Matters	means the schedule of matters reserved to the LCH.Clearnet Board to be adopted on Completion;
LCH.Clearnet Circular	means the shareholder circular to be posted to LCH.Clearnet Shareholders in connection with the LCH.Clearnet Meeting;

LCH.Clearnet Directors	means the current members of the LCH.Clearnet Board;
LCH.Clearnet Disclosure Letter	means the letter dated on or around Announcement from LCH.Clearnet to LSEG;
LCH.Clearnet Funding LP	means LCH.Clearnet Funding Limited Partnership;
LCH.Clearnet Group	means LCH.Clearnet and its current subsidiaries as at the date of this announcement;
LCH.Clearnet Independent Directors	means the independent non-executive directors of the LCH.Clearnet Board from time to time;
LCH.Clearnet Limited	means LCH.Clearnet Limited, a company incorporated in England and Wales (registered number 25932), whose registered office is at Aldgate House, 33 Aldgate High Street, London EC3N 1EA;
LCH.Clearnet Meeting	means the shareholder meeting convened by LCH.Clearnet to approve the LCH.Clearnet Resolution;
LCH.Clearnet Nomination Committee	means the nomination committee of LCH.Clearnet from time to time, constituted, from Completion, pursuant to the terms of reference set out in the Nomination Terms of Reference;
LCH.Clearnet Pre-Completion Obligations	means the pre-Completion obligations of LCH.Clearnet set out in clauses 4, 5 and 7 (which, for the avoidance of doubt, shall include the pre-Completion undertakings set out in Schedule 3) of the Implementation Agreement;
LCH.Clearnet Recommending Directors	means the LCH.Clearnet Independent Directors;
LCH.Clearnet Resolution	means the resolution of LCH.Clearnet Shareholders to adopt the New LCH.Clearnet Articles conditional on Completion and to approve the Special Dividend;
LCH.Clearnet S.A.	means LCH.Clearnet S.A., a company incorporated in France as a société anonyme (registered in the commercial and company registry of Paris under number B692032485);
LCH.Clearnet Shareholders	means the shareholders of LCH.Clearnet from time to time;

LCH.Clearnet Shares	means the ordinary shares in the capital of LCH.Clearnet;
LCH.Clearnet Written Resolution	means a written resolution of LCH.Clearnet, passed in accordance with the procedure set out in the New LCH.Clearnet Articles;
LCH.Clearnet's Issued Share Capital	means the issued share capital of LCH.Clearnet as at Announcement;
LDC	means Law 15/2007 on the Defence of Competition;
Listing Rules	means the listing rules and regulations of the UKLA (as amended);
LME	means The London Metal Exchange Limited, a company incorporated in England and Wales (registered number 2128666), whose registered office is at 56 Leadenhall Street, London EC3A 2DX;
Longstop Date	means 31 December 2012 or such later date as the parties may agree in writing;
LSE plc	means London Stock Exchange plc, a company incorporated in England and Wales (registered number 02075721) whose registered office is at 10 Paternoster Square, London EC4M 7LS;
LSEC	means London Stock Exchange (C) Limited, a company incorporated in England and Wales (registered number 07943990) whose registered office is at 10 Paternoster Square, London EC4M 7LS;
LSEG	means London Stock Exchange Group plc, a company incorporated in England and Wales (registered number 05369106) whose registered office is at 10 Paternoster Square, London EC4M 7LS and/or, where the context so requires, LSEC;
LSEG Circular	means the shareholder circular to be posted to LSEG Shareholders in connection with the LSEG Resolution;
LSEG Consent Matters	means the matters set out in Schedule 1 of the Relationship Agreement and summarised in Appendix B of this announcement;
LSEG Directors	means the current members of the LSEG Board;

LSEG Group	means LSEG and its current subsidiaries as at the date of this announcement;
LSEG Independent Directors	means the independent non-executive directors of the LCH.Clearnet Board from time to time, put forward for appointment by LSEG;
LSEG Meeting	means the shareholder meeting to be convened by LSEG to approve the Transaction as required by Chapter 10 of the Listing Rules;
LSEG Pre-Completion Obligations	means the pre-Completion obligations of LSEG set out in clauses 4, 6 and 8 of the Implementation Agreement;
LSEG Resolution	means the LSEG resolution of LSEG Shareholders to approve the Transaction;
LSEG Shareholders	means the shareholders of LSEG from time to time;
LSEG Shares	means the ordinary shares of $6^{79}/_{86}$ pence each in the capital of LSEG; and
Member State	means a member state of the EU;
Merger Control Conditions	has the meaning given in paragraph 1.3 of Appendix A of this announcement;
MillenniumIT	means Millennium Information Technologies Limited, a subsidiary of LSEG;
Minimum Acceptance Percentage	means 50 per cent. of LCH.Clearnet's Issued Share Capital plus one LCH.Clearnet Share;
Minimum Rollover Condition	has the meaning given in paragraph 1.1(b) in Appendix A of this announcement;
Minority Protection Reserved Matters	means the matters set out in Schedule 3 of the Relationship Agreement and summarised in Appendix B of this announcement;
Minority Shareholder Approval	means the approval of LCH.Clearnet Shareholders holding at least 80 per cent. of votes attaching to the LCH.Clearnet Shares cast on a resolution at an LCH.Clearnet Shareholder meeting (convened in accordance with the New LCH.Clearnet Articles), or by way of an LCH.Clearnet Written Resolution signed by LCH.Clearnet Shareholders holding at least 80 per cent. of votes attaching to the LCH.Clearnet

	Shares;
Monte Titoli	means Monte Titoli S.p.A., a subsidiary of LSEG;
Morgan Stanley	means Morgan Stanley & Co. Limited;
MTS	means Società per il Mercato dei Titoli di Stato Borsa Obbligazionaria Europea S.p.A., a subsidiary of LSEG and the owner and operator of an electronic trading platform for European fixed income securities;
New LCH.Clearnet Articles	means the new articles of association of LCH.Clearnet in the Agreed Form;
Nomination Terms of Reference	means the terms of reference for the LCH.Clearnet Nomination Committee set out in Schedule 5 of the Relationship Agreement;
NYSE Euronext	means a Delaware corporation organised on 22 May 2006 and whose principal executive office is located at 11 Wall Street, New York, New York 10005, USA, or any successor or surviving entity;
NYSE Liffe	means the global derivatives business of the NYSE Euronext group;
Offer	means the offer to be made by LSEC to acquire LCH.Clearnet's Issued Share Capital, on the terms and subject to the conditions set out in the Offer Document and Form of Acceptance;
Offer Document	means the document to be sent to LCH.Clearnet Shareholders containing the terms and conditions of the Offer;
Offer Price	means €19 per LCH.Clearnet Share;
OFT	means the Office of Fair Trading;
OTC	means over-the-counter;
PCA	means the Portuguese Competition Authority;
Preferred Securities	means the €200,000,000 fixed rate/floating rate guaranteed non-voting non-cumulative perpetual preferred securities, originally issued on 18 May 2007 in denominations of €50,000 each representing an interest in the LCH.Clearnet Funding LP and including any further preferred securities of the

LCH.Clearnet Funding LP of the same series issued after 18 May 2007 and ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the LCH.Clearnet Funding LP;

Prudential Regulation Authority	means the regulatory authority established as part of regulatory reforms to be introduced by the UK Financial Services Bill, which will be responsible for the prudential regulation of deposit-takers, insurers and certain investment firms which it has designated;
Push Matters	means the matters set out in Schedule 2 of the Relationship Agreement and summarised in Appendix B of this announcement;
Qualifying LCH.Clearnet Shareholders	means LCH.Clearnet Shareholders on the LCH.Clearnet register of members on the Special Dividend Record Date who therefore qualify to receive the Special Dividend;
Recognised Clearing House	means a clearing house in relation to which a recognition order is in force pursuant to section 285 of FSMA;
Recognised Investment Exchange	means an investment exchange which is declared by a recognition order pursuant to section 290 of FSMA for the time being in force to be a recognised investment exchange;
Regulatory Body	means any governmental, regulatory or licensing authority or any Tax Authority having jurisdiction over any member of the LCH.Clearnet Group or the LSEG Group (as the case may be), including, but not limited to, in the UK: the UK Government, HM Revenue and Customs, the OFT, the FSA; in the USA: the CFTC, the United States Securities and Exchange Commission; in France: the ACP and the AMF, in the EU: the European Commission; and the equivalent regulators in the Netherlands, Belgium, Portugal, Italy, Japan and in any other country in which the LCH.Clearnet Group or the LSEG Group (as the case may be) carries on business including successors thereto;
Regulatory Capital Subscription Agreement	means the subscription agreement entered into by LSEG and LCH.Clearnet pursuant to which LCH.Clearnet may, subject to LCH.Clearnet Board approval, and for a period of 18 months from Completion, call for LSEG to subscribe for further

	LCH.Clearnet Shares for regulatory capital purposes;
Regulatory Licences	means material licences, consents, approvals or exemptions;
REIT	means real estate investment trust;
Relationship Agreement	means the relationship agreement to be entered into between LCH.Clearnet, LSEG and LSEC in the Agreed Form (the material terms of which are summarised in Appendix B);
Relevant Claim(s)	means any claim(s) received by any LCH.Clearnet Group company alleging that it has, on or prior to 28 September 2011 (the date on which LCH.Clearnet and LSEG entered into their exclusive negotiations which led to the Offer) been negligent in the performance of its rights or obligations under its clearing agreements, which is successful or which is settled for an amount exceeding €500,000;
RepoClear	means the clearing service that LCH.Clearnet provides for clearing cash bond and repo trades;
Rothschild	means N M Rothschild & Sons Limited;
Societe Generale	means Société Générale, London Branch;
Special Dividend	has the meaning given in section 10 of this announcement;
Special Dividend Record Date	means the date of this announcement;
subsidiary	means a subsidiary as defined by section 1159 of the Companies Act;
SwapClear	means the clearing service that LCH.Clearnet provides for clearing OTC interest rate swaps;
SwapClear Agreements	has the meaning given in section 7 of this announcement;
SwapClear Banks	has the meaning given in section 7 of this announcement;
SwapClear Businesses	has the meaning given in section 7 of this announcement;
SwapClear Governance	means the agreement dated 28 June 2010 between LCH.Clearnet, OTCDerivnet Limited and certain of

Agreement	the SwapClear Banks in relation to SwapClear, as amended by an amendment letter dated 27 June 2011;
Takeover Code	means the City Code on Takeovers and Mergers, as amended from time to time;
Target Holding Election	has the meaning given in section 10 of this announcement;
Tax Authority	means any taxing or other authority (whether within or outside the United Kingdom) competent to assess or collect any tax;
Transaction	means the acquisition by LSEG (directly or indirectly) of a majority interest in LCH.Clearnet;
Turquoise	means Turquoise Global Holdings Limited, a subsidiary of LSEG;
UK *or* ***United Kingdom***	means the United Kingdom of Great Britain and Northern Ireland;
UKLA	means the FSA acting in its capacity as competent authority for the purpose of Part VI of FSMA;
US or ***United States***	means the United States of America;
User	means Clearing Participants other than Venues;
User Director	means a director connected to or associated with a User Shareholder;
User Shareholder	means an LCH.Clearnet Shareholder that is a User;
Venue	means a Clearing Participant which is an exchange, trading venue, multilateral trading facility, alternative trading system or similar;
Venue Director	means a director connected to or associated with a Venue Shareholder;
Venue Shareholder	means an LCH.Clearnet Shareholder that is a Venue;
Written Resolution	means a written resolution of LCH.Clearnet, passed in accordance with the procedure set out in the New LCH.Clearnet Articles.

The singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

Unless otherwise indicated, all references in this announcement to “sterling”, “pounds sterling”, “GBP”, “£”, “pence”, or “p” are to the lawful currency of the United Kingdom; references to “euro” or “€” are to the official currency of the Eurozone; and references to “US dollars”, “USD” or “$” are to the lawful currency of the United States.

References to time are to London time.